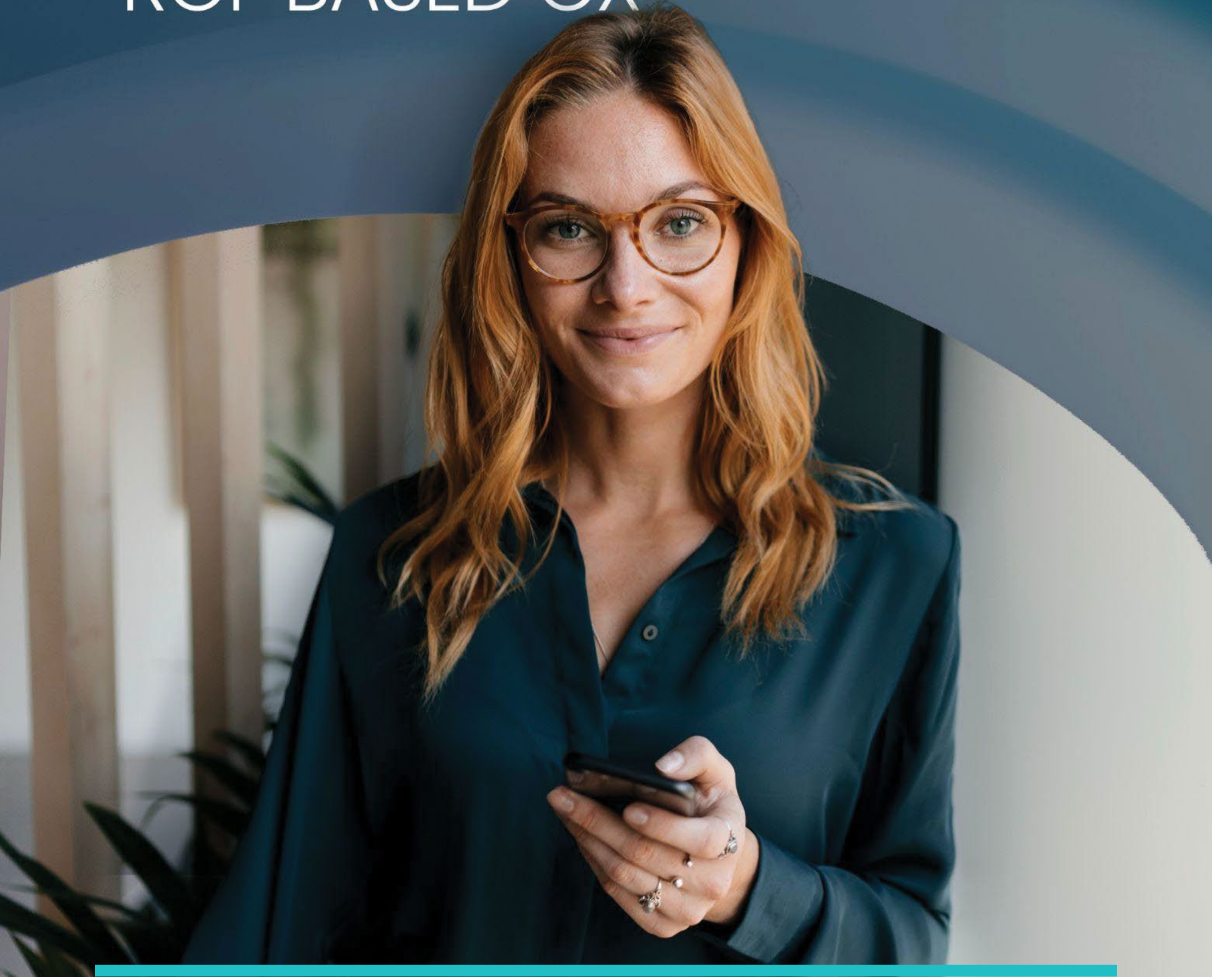
DRIVING BANKING CUSTOMER ACQUISITION AND LOYALTY THROUGH ROI-BASED CX



A recent survey by BAI, a banking research organization, noted that just

4% of banks rated their customer experience as excellent.

That's a stunning indictment, but what exactly constitutes an exceptional experience for your bank's customers, and how does the bank measure these metrics? Unfortunately, most banks can't answer either of those two questions.

Learn how your bank can identify the experiences that need to be improved or instituted and the value these enhancements will add to your results.

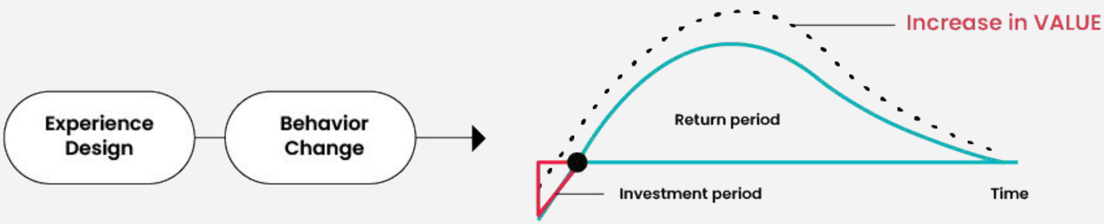
We'll start by going back to the **basics.**

A bank, or any other enterprise, aims to increase the value of the customer relationship with experience enhancements that result in value-generating behaviors.

Put more simply; your bank wants to increase the value of each customer interaction, the frequency of those interactions, and the length of the relationship.

Relationship Value Model

GOAL: Increase the value of the relationship (area under curve) with experience enhancements that result in value-generating behaviors.



Net present value of the customer relationship increases with increases in:

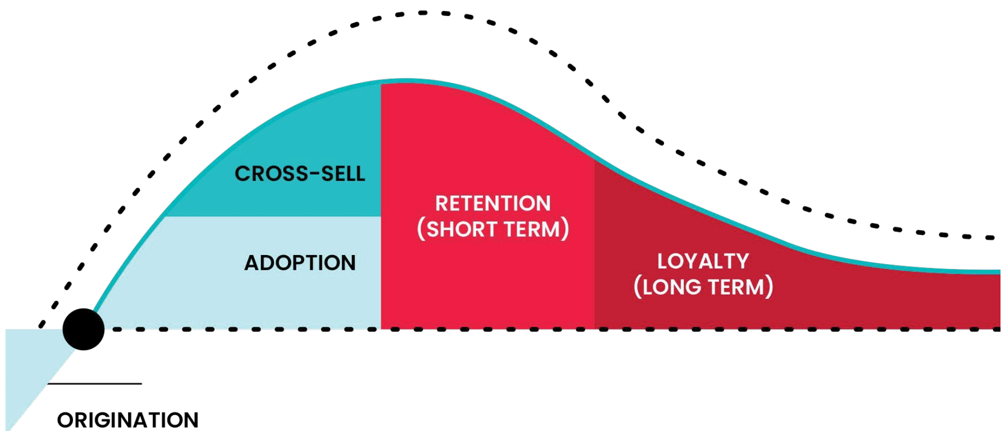
1. **Value** of the interaction
2. **Frequency** of interactions
3. **Longevity** of the relationship

The banking customer lifecycle has five distinct phases that require different experience enhancements to change customer behavior in value-generating ways. Each stage has unique aspects of customer experience to optimize, technical requirements to get there, and key performance indicators (KPIs) your bank must measure to gauge progress.

The five phases are below. **We will focus on the first three:**

Five Strategies & Relationship Curve

Mapping strategies to the customer relationship



Each strategy applies to a critical component of relationship value - whether to reduce costs, increase revenue, or decrease attrition - which all result in increased value throughout the relationship.

Customer **Acquisition**

Acquiring new accounts in digital channels will likely become even more competitive over the next couple of years, so banks must identify gaps that users encounter in product discovery, offer delivery, application processing, and onboarding.

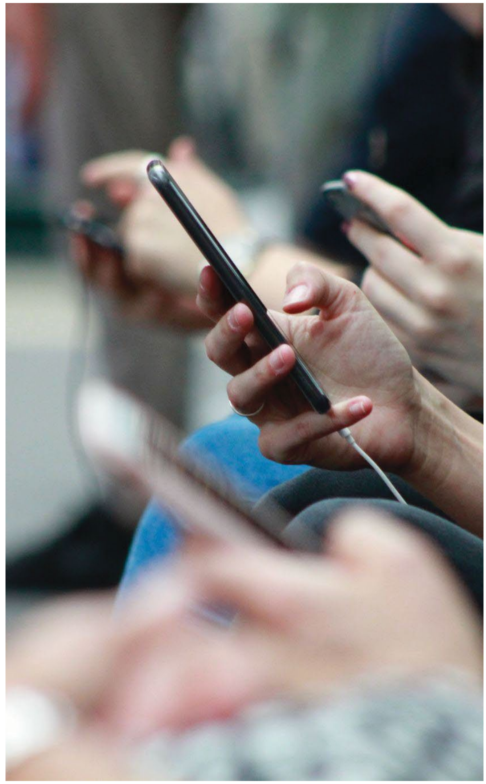
Acquiring customers is costly, and relationships begin long before they become customers. As a result, optimizing marketing touchpoints through better market intelligence and customer data has become table stakes. Reducing friction and waste in this process involves the expert use of centralized customer data and marketing platforms.

In the customer acquisition phase, the main goal of the customer experience is to increase awareness of your bank and its services, resulting in more account applications.

For now, we'll assume that your bank is an expert at search engine optimization (SEO) and other marketing tactics to get prospects to visit your website. We'll discuss how your bank can achieve better results once prospects or customers arrive at your online sites.

Modular, cloud-based Digital Experience Platforms (DXPs) provide flexible and affordable tools for banks of all sizes to provide a personalized experience for those that visit its websites.

Customer Acquisition
Experience Essentials



Offers Management

Greet every person that arrives at your bank's homepage with an offer that changes based on the person's interaction with the site.

The goal is to understand user intent better and present a more tailored entryway into the experience.

For example, show someone who spent most of their previous visit looking at checking accounts an offer when they return to the homepage. Your bank's online product ads should also deliver those that click on them to a relevant product offer on your website. Too often, potential customers are not presented with an offer when redirected from online ads, a missed opportunity.

Targeting

Your bank should have a unique home page for each customer type (i.e., consumer banking, small business) and an engine that delivers offers for products that the customer needs to have with your bank. For example, if a checking account customer visits, perhaps offer a home equity line of credit.

Technical
Requirements

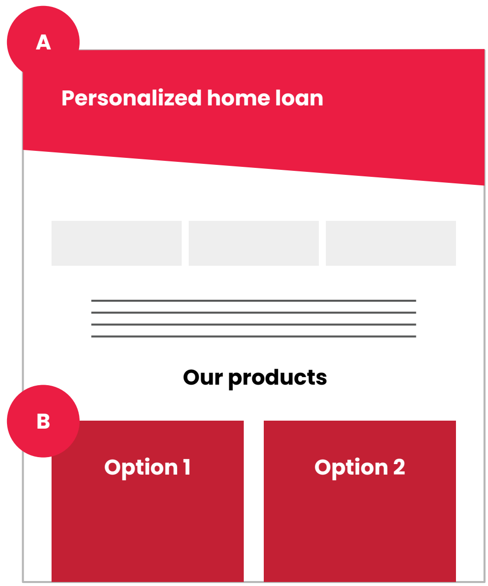
Content Management System (CMS)

Content management systems, a module of modern DXP platforms, make the personalized experience just described accessible for banks of all sizes. But first, your bank needs to deploy a marketing intelligence engine (also part of a DXP) to collect, analyze and take action on customer data.

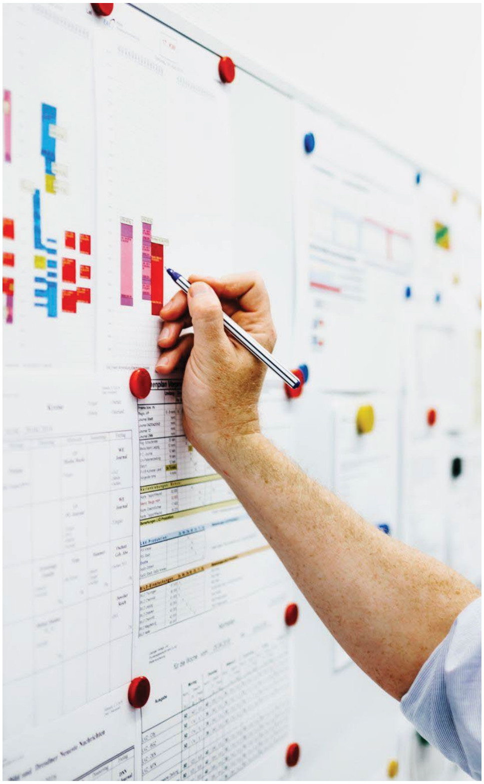
Each visitor to your site will have unique identifiers, known as tracking pixels, attached to pages visited on your website. Based on an analysis of page engagement, create alternative homepages to serve the user a relevant offer on subsequent visits. You can customize what you want on these alternative pages - perhaps just the header image and message.

Once the user clicks on the offer, take them to a page specific to the chosen product.

For example, if the user clicks on a mortgage offer, you could take them to a page such as the one here:



Part A presents types of home loans (ie mortgage refinance, home equity loan, etc.) and part B the loan choices that appear when a mortgage purchase loan is selected.



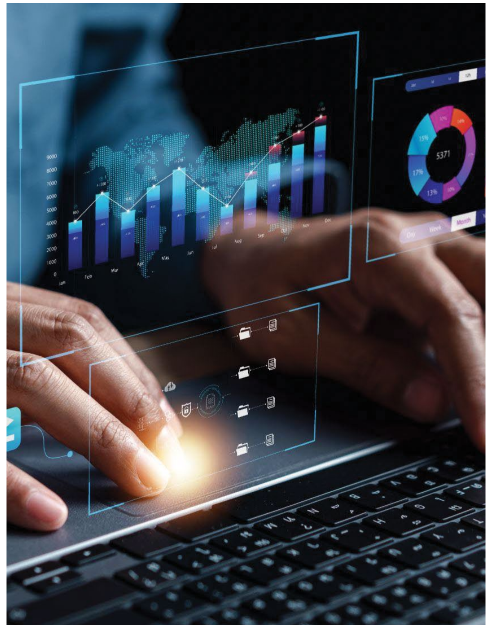
At a minimum, your bank requires a **lead management application** to track the progress of home loans and any other loan or service with more than a simple origination process.

Your bank needs a modern **loan origination application** to collect and process the prospect's relevant information. The goal at this stage is to minimize the data your customer has to enter.

For example, a current checking account customer should not have to enter demographic information in a loan application since it already exists in the customer's account record.

A Customer Data Platform (CDP) enables your bank to provide this experience for your customers and prospects.

Key Performance Indicators



If you've improved the customer experience, the data should confirm as much.

First, as you review the application and onboarding process, **record the actions the customer must take -** the number of mouse clicks, the amount of data they must enter, the number of screens they must view, and the time each screen takes to load.

This leads to a customer effort score or a usability score. The goal is to minimize friction while complying with all regulatory requirements and capturing the data required for the underwriting decision, if applicable. This process sounds obvious, of course, but it is striking how poor this customer experience is for most banks we review.

With improved lead management and customer experience, your bank should **realize an enhanced ratio of new accounts to site visits which in turn means lower acquisition cost per new account.**

And now we will demonstrate how to improve customer experience to maximize the value of your *existing* customers.

Adoption of **Services**

Experience Essentials

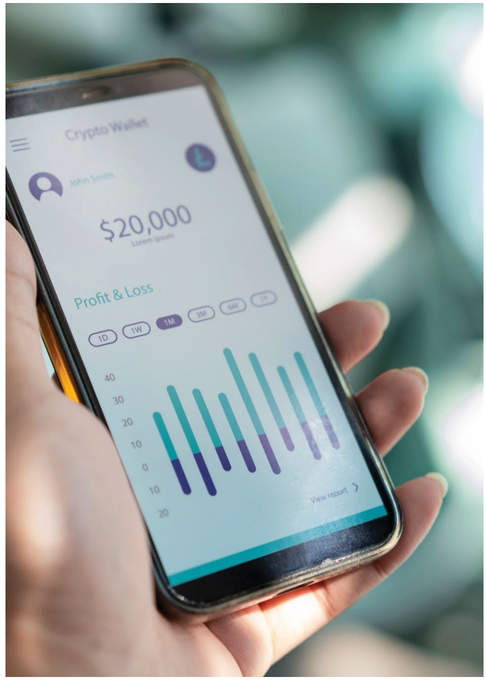
Education

Let's start with a retail customer who opened an individual checking account on your website.

The customer has many questions at this point. Ask yourself if your bank addresses these issues adequately.

For example, does the customer have to set up a direct deposit of their paycheck now, or can they do it whenever they want? Have you provided your bank's routing number and the new account number so they can set this up with their company's payroll provider?

When will I receive my debit/ATM card? Can I visit a branch to get my card immediately? Can card shipping be expedited for a fee? How can I order checks?



I recently changed my primary banking relationship, and because my wife and I wanted a joint account, we had to visit a branch.

I tried to open an account online but was advised to visit a branch with my wife to establish the account.

Despite this mild inconvenience, I noticed that the in-branch experience was nearly identical to the online one.

Technical Requirements

From a technical standpoint, ensuring your bank's new customers enroll in digital services is a matter of data processing and message delivery, both at the start and periodically after. My new bank delivers weekly emails that answer common questions like, how do I avoid fees? How do I order checks? (Yes, we still need them occasionally).

Content management systems, a module of modern DXPs, make personalization and message timing a reality for banks of all sizes. But first, you need to deploy a **marketing intelligence engine** (also part of a DXP) to collect, analyze and act on customer data.

Key Performance Indicators

If you've improved the customer experience, the data should confirm it.

Your bank should establish goals for customer adoption of digital services using industry benchmarks. For example, most customers should use your online and mobile banking applications. Indeed, registering for online banking should be part of the onboarding process once an account application is approved. Text the new customer a link to download the mobile app.

The new client should also receive clear instructions to enable direct deposit of their paycheck and get periodic reminders by email or text to set this up.

Cross-selling **Additional Services**

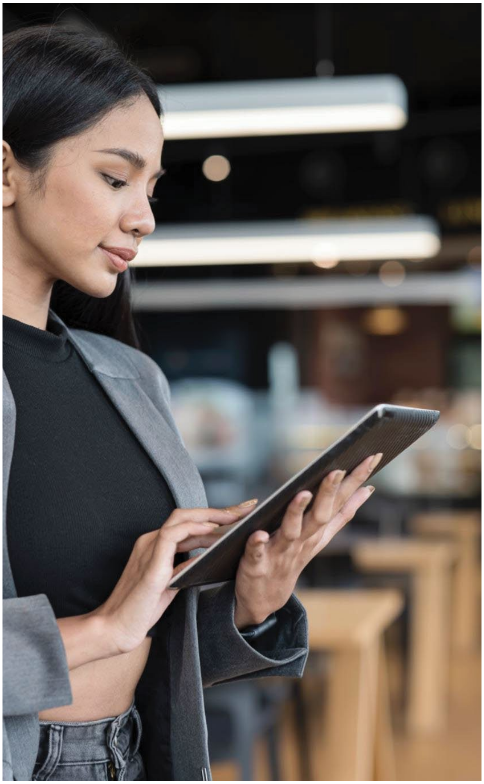
Experience Essentials

Offers Management

I have a checking and savings account with my new bank and already use two of their credit cards. When I opened the new accounts, the bank inquired whether I rented or owned my home. Additionally, they frequently ask me to update my income to assess whether to increase my credit lines. However, the bank could offer mortgage loans and other forms of credit using the same data. For example, the bank still needs to determine when I might be in the market for a car loan.

Cross-sell is a great place to use tactics you can deliver if you have a Digital Experience Platform or DXP. For instance, if a checking customer visits an educational article on your site about mortgages, we can serve them modules on the home page, or other suitable places on the site, that offer mortgages.

You can do the same if the user clicks on an ad or an email link. Essentially, any data you have about where the user has browsed, on- or off-site, can help deliver a more relevant experience to that customer so that they receive the right messages or offers at the right place and time.



Targeting

Your bank should have a dynamic home page that serves relevant content based on your knowledge of that user. For instance, a small business customer would see different options, messages, and content on the homepage than a retail banking customer would. A DXP used with a modular Design System can deliver that experience.

Account Aggregation

Banks must provide customers with a dashboard to consolidate their financial accounts.

Doing so will reinforce to the customer that your bank is their primary bank, helping them manage their entire portfolio. For the bank, it means intelligence about your customers' complete financial picture.

Technical Requirements

A data-sharing network, such as Plaid or Yodlee, typically provides account aggregation for banks, although banks should also consider implementing their own APIs for data exchange.

Content management systems make the process described above accessible to banks of all sizes. But first, you need to deploy a **marketing intelligence engine** (also part of a DXP) to collect, analyze and act on customer data.

Visitors to your site will have unique identifiers, known as cookies, attached to the pages visited on your website. Based on an analysis of page engagement, create alternative homepages to serve the user with a relevant offer on subsequent visits. You can customize what you want on these alternative pages - perhaps just the header image and message.

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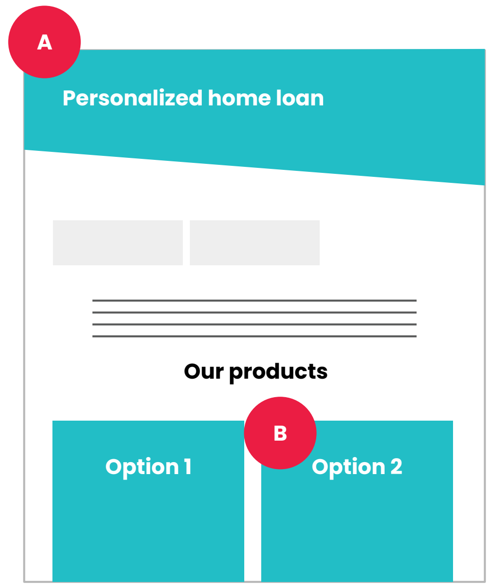


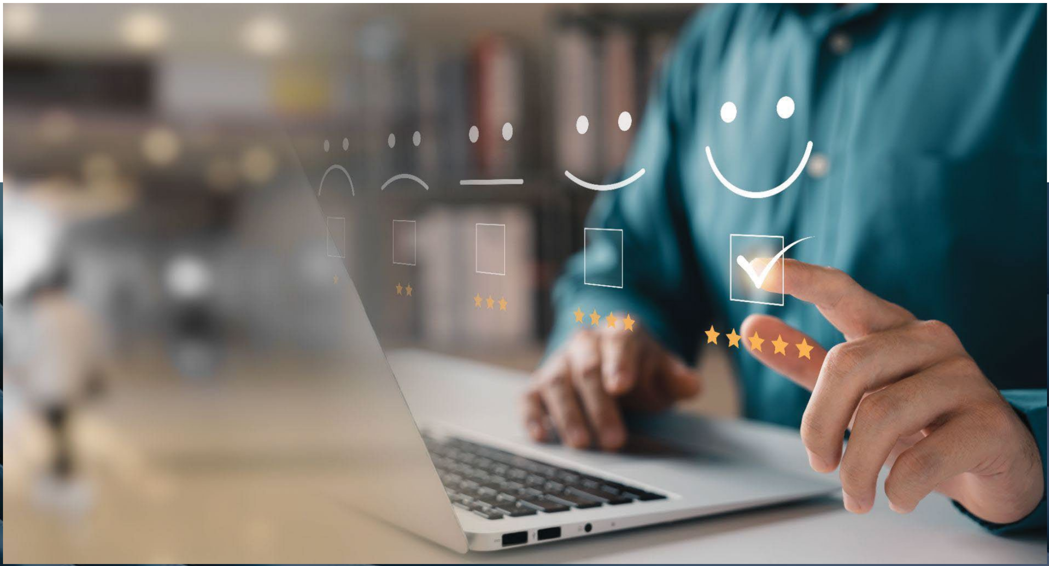
Key Performance Indicators

Banks judge cross-selling success using metrics such as products per customer and the percentage of customers with more than a certain number of products, typically one or two.

But banks need to measure how well they know their customers' needs in the context of their complete financial picture.

Conclusion

By understanding the five phases of the customer journey, institutions can tailor their approach to effectively influence customer behavior and drive value creation. Additionally, the identification of technical prerequisites, experience metrics, and KPIs is essential for achieving successful digital service adoption and maximizing cross-selling opportunities.



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