



October 2022

Marketing in 2023: Opportunities and challenges

CONTENTS

3

A test for marketing in a complex year to come
Higher interest rates, a growing risk of recession and the possibility of smaller budgets may present a tough environment in 2023.

6

Generational trends that marketers should understand
BAI's research uncovers clear preferences that distinguish boomers from Gen Zers and everyone in between.

9

Today's social media requires a deft touch
Playing it safe may be over, but banks and credit unions still need to be thoughtful and strategic in their approach.

12

5 marketing strategies to consider for 2023
Tighter regulations around privacy, a shift to cookieless browsing and restrictions on targeting don't have to limit your reach.

15

The importance of digital customer journeys
How identity verification helps financial institutions win customers and keep them.

18

The growing downside of customer disengagement
Financial institutions that try to manufacture engagement may actually be driving customers toward the exit.

21

Marketing success in a cookieless future
In a digital marketing world where privacy matters more than ever before, personalization must be a top priority.

Knowns and unknowns for marketing teams in 2023

BY **TERRY BADGER, CFA**
tbadger@bai.org



Heading into 2023, financial institutions have so many big uncertainties to consider—monetary tightening, economic weakening, asset market turbulence, the possibility of a pandemic resurgence and more—that any plans made for the coming year will necessarily come equipped with ample caveats and room to maneuver.

But on the marketing side, at least, there are some areas where planners can budget with a high level of confidence.

Perhaps at the top of that list is the high likelihood that the growth of digital banking will continue at the same accelerated pace that we've seen in recent years, so resources will have to be smartly allocated to leverage that trend to acquire new customers. Likewise, there's little reason to think that competition from fintechs and other upstarts will ease off, so tactics to limit defections also stand to pay off.

We address these and other challenges facing marketing teams at banks and credit unions in this month's Executive Report.

In our lead article, contributor Marilyn Kennedy Melia gathers perspectives from a range of marketing practitioners and other experts on how they see the 2023 landscape shaping up, along with advice on what others should be thinking about and preparing for.

One of the potential outcomes she explores is the possibility of a double-negative scenario: declining top- and bottom-line numbers at banking institutions that amplify the need for more marketing muscle, combined with reduced budgets that make it harder to exert that muscle. While escalating rates have widened net interest margins, they have also hammered the mortgage lending that has been a key profit driver over the past decade for many banks and credit unions.

Many banks will likely prioritize marketing designed to increase lending opportunities, while others will focus on building up core deposits, particularly if the economy slips into recession. Using creativity, research and data to achieve measurable success in whatever priorities emerge can help marketing gain status as a strategic partner in the business, Melia writes.

To a greater degree than in years past, banks and other corporations are expected to use social media to stake out public positions on prominent national issues such as diversity and inclusion, environmental policies and gun rights. In today's charged political environment, such demands create the possibility of damaging missteps.

Contributing writer Dawn Wotapka tells us more about how institutions are walking the line on potential hot-button issues in their social feeds. Her interviewees said that they're mindful of the risk of upsetting or alienating portions of their customer base, but that a greater risk would arise if they sought to steer around these important societal issues.

Much of the push for greater public presence on prominent issues is coming from younger Americans. I conducted a Q&A with BAI research director Karl Dahlgren about some of the generational differences regarding banking that marketers should know. Spoiler alert: The younger folk may be easier to catch than to keep.

Also in this month's Executive Report:

- » **5 marketing strategies to consider for 2023:** Lisa Nicholas from Vericast acknowledges that financial services marketers face tighter regulations around privacy and a shift to cookieless browsing, but she says these obstacles don't have to limit an institution's reach. Her article proposes a handful of practical actions that marketers should consider, beginning with reevaluating their approach to digital.
- » **The importance of digital customer journeys:** Christina Luttrell from GBG Americas advises bank marketers to concentrate on the entire customer life cycle, starting with the first online interaction, to understand customers' needs and desires. This includes offering seamless digital workflows to enhance convenience and minimize abandonment rates, along with a mobile onboarding process.
- » **The growing challenge of customer disengagement:** Matt Gillin from Relay Network suggests that many financial institutions' efforts to build engagement may in fact turn alienate customers. He says the best way to reduce churn is for banks to develop "true" customer engagement that centers on trust, care, connection and reliability.
- » **Marketing success in a cookieless future:** Nathan Barling and Lincoln Hull from Salesforce write that personalization must be a leading priority in digital marketing because customer concerns about privacy have created a backlash against the third-party cookie. To engage consumers in this changing landscape, banking institutions need to use data to humanize the experiences they're offering.

We hope this Executive Report provides value that you can apply to your marketing plans for 2023. Feel free to [email me](#) to let me know what you think.

Terry Badger, CFA, is the managing editor at BAI.

A test for marketing in a complex year to come

Higher interest rates, a growing risk of recession and the possibility of smaller budgets may present a tough environment in 2023.

BY MARILYN KENNEDY MELIA





A preview of sorts for financial institutions’ marketing themes in 2023 is available now, given the inflation and attendant interest rate increases that are reshaping today’s economic landscape and are likely to spill over to next year.

Still, there remain economic unknowns, with whether or not the U.S. will fall into a recession at the top of the list. Other aspects of the current climate are also surprising, making it difficult to compare to any past economic period, says [Onker Basu](#), senior director of strategy and execution for consulting firm

[Cornerstone Advisors](#). For one thing, he notes, the pandemic temporarily upended the job market, but hiring in 2022 is strong despite repeated large rate hikes by the Federal Reserve.

But one predictable casualty of the Fed’s monetary policy tightening—a decline in mortgage activity—has definitely occurred. Basu says this effect is hitting community institutions and credit unions that rely heavily on mortgages particularly hard.

Regardless of the mortgage drop-off, financial institutions overall should see yields on earning assets increase due to rising rates, notes [Steve Rick](#), chief economist at [CUNA Mutual Group](#). But on the flip side of rising rates, he predicts financial institutions will fall short of the loan-to-savings ratios needed to lift net interest margins to “acceptable” levels. As a result, marketing centered on boosting lending opportunities is expected to be part of many bank and credit union efforts in 2023.

Some institutions will focus their attention on building core deposits, says [Mark Gibson](#), senior consulting associate with [Capital Performance Group](#), which regularly conducts economic assessments with some 20 institutions. Those surveys show that the pandemic-era influx of deposits is waning, he notes. Basu, however, doesn’t see widespread deposit drains yet.

In the event of a recession, economic challenges will increase, and this will likely leave marketing officers with fewer financial resources. “Banks have to cut costs wherever they can, and marketing is one of those areas,” says Gibson.

ALIGNING WITH BANK GOALS

“At the end of the day, marketing’s job is to enhance the business,” Gibson observes.

Now, with the economy pressuring profits, aligning with business goals and presenting a value proposition is more important than ever.

But marketing teams at many institutions are “struggling to be seen internally as a strategic partner,” says [Amanda Swanson](#), a director at Cornerstone Advisors. “Speaking the language of business results” can help marketing earn that recognition, Gibson adds.

[Erin Pryor](#), executive vice president and chief marketing officer at the \$85.1 billion-asset [First Horizon Bank](#), says that when she joined the Memphis-based institution two years ago, she “had one-to-one meet-

ings with nearly 100 associates from various areas within the organization. Through those conversations on goals, products and operations, I gained knowledge that enabled the marketing team to better align to the business and bring actionable strategic ideas to the table.”

Ongoing communications allow marketing to more quickly craft strategies, and efficiency is especially important in today’s fast-changing rate environment, notes [Wendy Kagan](#), executive vice president and chief engagement officer at the \$2.3 billion-asset [BankNewport](#), based in Middleton, Rhode Island. “I will



MARK GIBSON
CAPITAL PERFORMANCE GROUP



ERIN PRYOR
FIRST HORIZON

tell you that pricing committee discussions are getting more interactive, trying to get ahead of it.”

While close communication informs marketing officers of bank business needs, marketing can tap into research and data that allow them to present analytically based product and messaging solutions. For instance, marketing can propose strategies targeted to achieve specific results by using CRM data to reveal how particular customers are interacting with a product.

Before launching a promotion, the \$268 million-asset Wyandotte, Michigan-based [Michigan Legacy Credit Union](#) uses a third party to simulate the results a



WENDY KAGAN
BANKNEWPORT

promotion might yield, explains [Carma Peters](#), MLCU’s president and chief executive officer. For instance, MLCU, which serves a low-income market, recently introduced a credit card balance transfer offer to preapproved members, allowing them to enjoy a lower credit card charge but still providing MLCU with a favorable rate. So far, results have been favorable and in line with expectations.

SELECTING EFFORTS TO PRIORITIZE

Marketing budgets are always limited, especially in grim economic times, calling for careful resource allocation.



CHRISTINE M. LANDI
ATLANTIC UNION BANK



There are a lot of marketing requests; you can’t respond to everything on the fly. And systems like a marketing/compliance tracker and automated request forms can help us prioritize and make us more efficient in meeting requests.”

WENDY KAGAN, BANKNEWPORT



“We don’t spread a marketing budget too thinly across channels, because that makes the impact of the messaging and placements less meaningful,” says [Christine M. Landi](#), senior vice president and chief marketing officer at the \$20 billion-asset [Atlantic Union Bank](#), based in Richmond, Virginia. “People are exposed to a lot, and we want to get noticed.”

Just as simulating results from a proposed project helps define what’s worth spending on, so too can measuring campaign results as accurately as possible—

using data on clicks, account openings and the like. “Quantifying campaign results accurately provides insights for future campaigns—where and how to spend,” says Landi. “We look at how (campaigns) actually perform, and at the cost to get those results.”

While promotions boosting the bottom line are likely to increase next year, they aren’t the only messages required. “Even in this economic climate, campaigns aren’t limited to the products that data and analytics predict will provide the biggest bottom-line boosts,” says Pryor. “Maybe your institution is moving into new markets; in that case, introducing potential customers to an institution’s brand difference rises in importance.”

Indeed, given the dizzying number of messages bombarding financial institution marketers—customer privacy, fraud, serving the underbanked, diversity issues and more—managing funding allocation is difficult.

A disciplined approach to prioritizing helps, says Kagan. “There are a lot of marketing requests; you can’t respond to everything on the fly. And systems like a marketing/compliance tracker and automated request forms can help us prioritize and make us more efficient in meeting requests.”

Marilyn Kennedy Melia is a Chicago-area writer concentrating on banking and financial topics.



Generational trends that marketers should understand

*BAI's research uncovers clear preferences
that distinguish boomers from Gen
Zers and everyone in between.*

BY TERRY BADGER, CFA



Technology is steadily lowering the barriers to entry to banking, and it's no surprise that a wide range of competitors—neobanks, fintechs, Big Tech and others—have moved in to try to tempt customers away from traditional players in the space. Those same competitors are also looking to attract those who need banking services but don't have any existing relationships, among them digital-native younger Americans.

BAI's research department conducts surveys several times each year to identify emerging issues and publishes them as the [BAI Banking Outlook](#). This research includes generational trends that could provide valuable insights for bank and credit union marketers.

We spoke with Karl Dahlgren, BAI director of research, about the latest findings that highlight the different banking wants and needs of various generations of Americans. The interview has been edited for length and clarity.

BAI: Were there any notable surprises for you in the latest generational survey results?

Karl Dahlgren: Number one, loyalty is shifting—and that's across all generations. There's a decrease in the number of consumers who said they would still be with their primary financial services organization within a year. Trust has also been impacted. And then also, as you would expect, technology is more

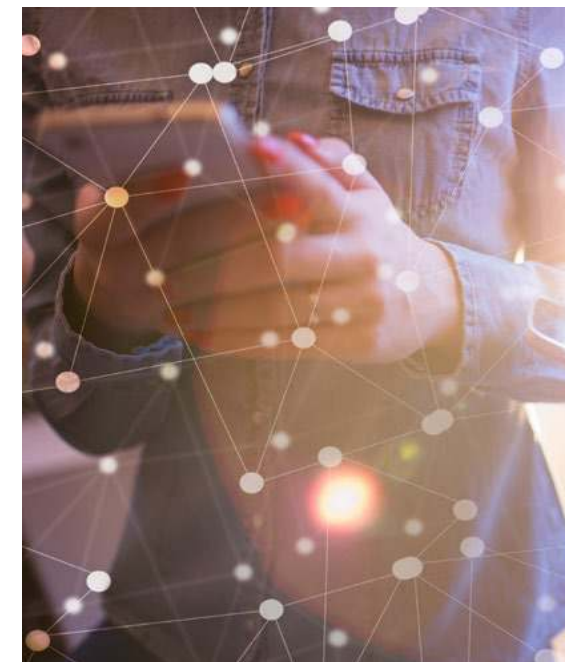
of a priority. We found an increase from the previous year across generations in consumers being willing to switch their primary financial services provider simply for a better app.

Baby boomers place a high level of trust in their financial services providers, but also have the least faith among the generations that their bank or credit union will protect them from fraud or identity theft. What do you make of this?

Yes, these are two metrics that seem to be going in opposite directions. Only 63% of boomers felt that their financial services organization will protect them



KARL DAHLGREN
BAI



adequately, as you mentioned. And that's quite a bit different than, for example, Gen X, which is 76%, and millennials, which is 74. And this is me editorializing here—it's certainly the case that as you get older, you start to form a different relationship with risk. Boomers have been around and have been able to accumulate some wealth, so they have more to lose.

A large segment of Gen Xers say their top reason for choosing a primary financial services organization is to get the best rates, and most would consider nonbanks as an alternative. What does this tell incumbent banks and credit unions?

Everyone's talking about hybrid for a variety of reasons—customers willing to take their products and

“

What’s the thing that’s really of interest to [millennials]? Quicker money transfers. That’s their top choice. They want to be able to move money quickly.”

KARL DAHLGREN, BAI

split them up. They’ll use one bank for, say, a checking account, but if they can find better rates for savings or CDs, they’ll do that. It used to be that consumers were tethered to an organization for geographical reasons. Now they’re more tethered for digital reasons, and digitally, you’re only a click away. It’s a lot easier to take an account and move it somewhere else to get that better rate.

Millennials are also a flight risk for their current bank or credit union, but their big thing is the mobile app. What are some of the other things that distinguish millennials from the other cohorts?

They’re very much career and investment focused and they’re also stable, which I think is interesting to financial service leaders. Eighty-five percent of

millennials said that they’re financially independent, and 71% are fully employed. This is a generation that has been raised in the digital age, so they value speed. They’re not interested in hearing, “Hey, that’s on a different system,” or “That’s a different department.” Close to 80% of them have opened a deposit account online, and 85% say they would bank with a nontraditional provider, such as Amazon, Apple or PayPal. How do you try to attract them? What’s the thing that’s really of interest to them? Quicker money transfers. That’s their top choice. They want to be able to move money quickly.

Millennials are also very heavy users of banking services—50% more transactions per month than boomers and more than four times as many as the typical Gen Zer. Why do you think that is, and what does that mean for banks and credit unions that are serving them?

It’s kind of a conundrum. Millennials are the customers of today and of the future, but they’ve never met a channel that they don’t like. They use drive-thrus and branches even more than boomers. So they just use a lot of services everywhere, which makes things relatively expensive. This is an important generation—the most employed and the most stable—but they’re also using the most services. So they’re a little heavy on the expense side for the bank. And the question is, how do you make sure that you’re profitable with these folks?

Most of Gen Z is still too young to have much interaction with financial services providers, but what are we learning about those who are now in their early 20s?

Fifty-nine percent of Gen Z consumers said they’re financially independent, and that’s up from when we asked that same question before the pandemic. And

just like millennials who were raised in the digital age, they’re very comfortable with digital banking and opening deposit accounts online. If we make a distinction between online banking and mobile accounts, this group is heavy into mobile. And because they’re young, they stay up late—they really want 24/7 customer service. If you want to track these folks, that’s what they ranked the highest in terms of their interest.

Our research shows that more than half of Gen Zers bank at the same place as their parents. The challenge for financial services providers is keeping that early advantage, so how do they do that?

It’s good for the incumbents, and you don’t want to lose them when they become more profitable. Some

things that are interesting about them—they avoid debt, and they use debit cards more than anybody. So excelling with that product with that group is important. They’re the most mobile-centric, so they like to open deposits using their mobile app, quite a bit more than any of the other generations. And back to 24/7 customer service, they’re looking for that convenience. If you’re able to provide that, it’s going to be very attractive to them. And if they can find that with the incumbent financial services provider that their parents are using, they’re far more likely to stick around.

Terry Badger, CFA, is the managing editor at BAI.



Today's social media requires a deft touch

Playing it safe may be over, but banks and credit unions still need to be thoughtful and strategic in their approach.

BY DAWN WOTAPKA



Minnesota-based [Hiway Federal Credit Union](#) has long turned to social media to showcase products, services and community events. But in the summer of 2020, things changed. As civil unrest gripped Minneapolis after the death of George Floyd, demonstrations and protests got close to some of Hiway Federal’s branches.

The credit union, a financial cooperative with some 85,000 members and assets topping \$1.6 billion,

turned to social media to alert members that some branches were closing early or even temporarily halting business. In early June, Hiway went further by [honoring Floyd’s memory](#) on Twitter. “There is more and deeper work to be done than simply rebuilding our infrastructure,” the company wrote, using the [#georgefloyd](#) hashtag. “The time to start is now.”

“I think there is always some concern when posting on social issues, especially recently, as there are extremes on both sides of most issues,” says Hiway



KENT WIPF
HIWAY FEDERAL CREDIT UNION

senior marketing specialist [Kent Wipf](#). “For the most part, we aren’t taking a side or trying to support one side over another. We mainly want to demonstrate our awareness of the issues.”

Hiway is hardly alone: Social media is an integral part of the daily conversation for banks and credit unions. “Banks that choose to ignore social media or eliminate it from their marketing portfolio are losing far more than they are gaining,” says [Preetha Pulusani](#), chief executive officer of DeepTarget, Inc.

But the days of playing it safe may be behind us, with more and more institutions facing decisions about how to weigh in on social issues or other current events. More than ever, bank marketers need to be



PREETHA PULUSANI
DEEPTARGET, INC.

agile. “When news hits hard and fast, banks need to be conscientious about their social media activity,” says [Doug Wilber](#), CEO of Denim Social. “Every headline and social situation is different, and responses should be individually considered in the context of an institution’s values and community.”

This has to be handled delicately and with the utmost sensitivity. “Anytime a major social event occurs, organizations of all shapes and sizes rush in to comment and add their voice,” says [Richard Dedor](#), marketing communications director at GreenState Credit Union.

“The key things to think about before any social-related post are two complementary and sometimes competing questions: ‘Does this issue impact our



core mission and values?’ and ‘Is this important to our community;” he continues. “Banks and credit unions should only enter into social news events when at least one of those things is true.”

Here are five tips for dealing with social media in tumultuous times:

Check scheduled content: Remember to review your preplanned social posts. “You may have scheduled them weeks in advance, but you should re-review and scrutinize them in today’s context,” Wilber says.

Amid social unrest or disaster is not the time to continue with promotional pushes that may seem out of



MARTHA BARTLETT PILAND
BANKTASTIC



In times like [a natural disaster or large public crisis], posts about the bank’s dog mascot may come across as tone-deaf. It makes more sense to post words of sympathy or concern for victims and perhaps call on others to help in specific ways.”

MARTHA BARTLETT PILAND



date or clueless. Plus, “audiences may be understandably distracted and they may not be as receptive to your campaigns,” Wilber added.

If there is a natural disaster in a bank’s location or a large public crisis in progress, be extra sensitive, says [Martha Bartlett Piland](#), president of Banktastic, which offers branding services. “In times like those, posts about the bank’s dog mascot may come across as tone-deaf,” she says. “It makes more sense to post words of sympathy or concern for victims and perhaps call on others to help in specific ways.”



RICK HALL
BKM MARKETING

Consider customers/members: Think about the customers and the communities that you serve and what is important to them. “We have a very diverse membership and our staff members come from diverse backgrounds, so we try to take that all into account when we post on any social issue,” Wipf says.

Be sure to think about how your institution has shown up in the past. “Unless it is part of your institution’s previously stated values, social commentary may not be well received,” Wilber says.

Think hard before you post: Look at every word, picture and hashtag multiple times before posting. Ask people of different races, genders and backgrounds

to do a sensitivity check. “Posts could live on longer than you like. It’s unlikely that anyone will realize if you don’t post or comment, but they’ll certainly remember if you post poorly,” Wilber points out.

“Bank social media is not the place for controversial topics, negativity or name-calling,” Piland advises.

See the bigger picture: Remember that whatever you post speaks for the entire bank or credit union, from the CEO to the tellers. Everyone needs to speak in a single voice. “We also remind everyone that there is no distinction between our ‘private voice’ and our ‘public voice.’ It’s all public,” Piland says.

Exercise caution with religion and politics: Certain topics require an extremely light tread. “In most cases, we aren’t going to post on religious or political issues,” Wipf says. “We work with legislators on both sides of the aisle who support credit unions and the credit union mission.”

Hiway has hosted and participated in events with congressional representation and posted about them. “We aren’t taking a political stand as much as we are demonstrating our civic duty and our desire to work with the decision-makers in our communities,” he says.

Bottom line, when it comes to social media, “success comes from strategy and thoughtfulness,” says [Rick Hall](#), managing director for banking and financial services at BKM Marketing. “Banks can’t be random in their approach.” ➡

[Dawn Wotapka](#) is a BAI contributing writer.



5 marketing strategies to consider for 2023

Tighter regulations around privacy, a shift to cookieless browsing and restrictions on targeting don't have to limit your reach.

BY LISA NICHOLAS



The fourth quarter of 2022 is upon us. While many organizations and teams are winding down for the year, others are in full planning mode. 'Tis the season when marketing budgets and strategies are evaluated and fine-tuned for next year. This usually involves a look back at this year's activity and results, as well as a look forward to what lies ahead.

The digital advertising landscape has changed dramatically over the past two years. Tighter regulations around consumer privacy, the shift to cookieless browsing and limits on targeting parameters have affected how we identify customers and prospects. But none of this has to limit your marketing reach.

In light of current market trends, consider these five strategies that could have a big impact on your 2023 marketing results.

REEVALUATE YOUR DIGITAL APPROACH

How to make it happen:

- » Make sure you have a plan to use your first-party data or other methods for matching. [According to the Vericast 2022 Financial Services TrendWatch](#) report, fewer than one-third of financial institutions surveyed are ready for a cookieless world, with only 28% reporting they have a targeting strategy to address it.

There is a trend toward inviting more brand interaction across digital touch points. The easier it is to connect with your brand, the more people will believe that you know them, or want to get to know them.

» Take a fresh look at your behavioral targeting. Reevalue not only your digital strategy but also your partnerships. Be sure you're working with a company that is well versed in the dynamic landscape of display ads and Google keywords, email, short-form video, social media and connected TV.

ENGAGE CUSTOMERS VIA SOCIAL MEDIA

The adage "People don't care how much you know until they know how much you care" still holds true. Consumers gravitate toward companies that make a point of knowing not just the names of their customers but also what's important to them, what drives them and how they see themselves. Show you understand



this by producing social media content that not only informs but also demonstrates empathy.

How to make it happen:

- » Incorporate engagement opportunities into your stories. There is a trend toward inviting more brand interaction across digital touch points. The easier it is to connect with your brand, the more people will believe that you know them, or want to get to know them.
- » Be wise about the type and tone of content you produce for each social media channel. It's not a one-size-fits-all experience. TikTok users are very different from those on LinkedIn, for example. Sharing the wrong messages to the wrong audience can damage your reputation.

HELP YOUR CUSTOMERS SAVE

Your customers expect personalized financial advice and guidance on how to grow their money—in both the long and short term. Help them reach their savings goals and give them a reason to choose your financial institution.

How to make it happen:

- » Consider offering incentives for deposit promotions. Our survey work finds that nearly two-thirds of respondents say “yes” to incentives such as cash rewards for switching financial institutions.
- » Reevaluate your credit card offers, rewards and rates. This is also an ideal time to help your customers leverage their higher home values by informing them about home equity loans with fixed rates or low introductory rates.

LEVERAGE DATA FOR PERSONALIZATION

According to our survey work, 72% of consumers engage only with personalized messaging. Financial institutions should take advantage of their wealth of customer insights to enhance marketing efforts, including delivering personalized messages, offers and contacts.

How to make it happen:

- » Merge your customer data and transactional data with demographic information and other consumer insights to create smarter segmentation and targeted campaigns to serve customers and grow revenue.

REMEMBER WHAT’S OLD CAN BE NEW AGAIN

New technology and innovation have their place. For example, artificial intelligence and robot assistance are great at helping behind the scenes, but not so great for building meaningful relationships with customers. Sometimes tried-and-true methods offer the best solution.

How to make it happen:

- » Offer live chat agents with 24/7 availability or extended hours. People want to talk to live support when they need help. Use outsourced support that lets you scale up or down as needed.
- » Don’t discount direct mail. Direct mail is gaining favor among consumers as a source of discounts and coupons, especially when combined with QR codes and personalized URLs. ➡

—
[Lisa Nicholas](#) specializes in marketing and digital transformation for the financial services industry. She has more than 30 years of experience in the banking and tech industries.

REIMAG/NE

How You Connect With Consumers

-  **DISCOVER**
OPPORTUNITIES
-  **INSPIRE**
ACTION
-  **DEEPEN**
RELATIONSHIPS
-  **PROTECT**
INVESTMENTS

Our marketing solutions create meaningful connections with the people you serve to spark interest, inspire action and drive results.

Find out how at **Vericast.com**



The importance of digital customer journeys

How identity verification helps financial institutions win customers and keep them.

BY CHRISTINA LUTTRELL





Financial institutions will face a variety of familiar challenges in 2023, including meeting compliance regulations and staying ahead of fraud threats. With every institution striving to attract new clients, a strategy that prioritizes digital customer journeys can provide a competitive edge.

To create such a strategy, banks and credit unions need to look at the entire customer life cycle, from the first online interaction to the long-term relationship, to understand customers' needs and desires. They must optimize onboarding workflows and balance fraud and friction throughout customer relationships, moving any complex, yet necessary, processes to the background.

Offering seamless digital workflows today is mandatory to remain competitive. The past few years have brought explosive digital adoption, with [83 million Americans](#) signing up for online services in 2021 and 94% of them planning to continue using some or all of those services.

With customers spending more time online, their expectations for [personalized experiences have skyrocketed](#). And if an organization slips, [a McKinsey report suggests](#) that consumers are quick to take their business elsewhere. In onboarding alone, 93 million Americans abandoned efforts to sign up for new online accounts in 2021, saying the process was too difficult, too time-consuming or untrustworthy.

Mobile onboarding is a prime example of keeping a digital-first mindset. Mobile was the most-used channel in new account openings, with 64% of consumers saying they used a mobile device when signing up for a new account.

Financial institutions are seeing the highest adoption from younger generations, with [88% of millennials and Gen Zers](#) banking from a mobile device. These generations are commonly considered “thin files,” meaning they’re harder to locate in public or credit records because they don’t have a lengthy banking history. Identity verification technology that leverages multiple data sources beyond credit data is essential to win and keep this very important and growing market share.



Retaining long-time consumers is also vital given that more than 35 million Americans are considering switching financial services providers within the next 12 months. And negative experiences have lasting effects beyond abandonment.

Retaining long-time consumers is also vital given that more than 35 million Americans are considering switching financial services providers within the next 12 months. And negative experiences have lasting effects beyond abandonment. [A report by Dimensional Research](#) found that consumers are vocal about their experiences with brands, especially negative ones. Respondents who suffered a bad interaction were 50% more likely to share it on social media than those with good experiences.

BALANCING FRAUD AND FRICTION

While optimized and convenient experiences are key for a seamless journey, banks can expect greater scrutiny from customers over digital security. As



previously noted, customers are leaving difficult and untrustworthy onboarding workflows, and [88% said](#) they would discontinue a helpful personalization service if they didn't understand how their data would be managed.

Clearly, there are consequences for banks and credit unions that haven't optimized their digital experiences. Creating convenient experiences requires a delicate balance between fraud prevention and friction management. Institutions can deliver a user-friendly, low-friction experience by keeping identity verification and fraud processes in the background.

When implemented correctly, identity verification technology can empower FIs to locate, verify and approve more legitimate customers faster with nominal friction. And these experiences don't stop with onboarding. Organizations will need to reverify customer identities when a consumer is trying to log in to an existing account from a different device, requesting a new password or making a high-value transaction, for example.

Multilayered verification technology with automated orchestration allows institutions to provide low-friction

workflows and step up security only when risk is flagged. Additionally, relying on details that users may be more comfortable providing, like a phone number or email address, empowers banks to do more with less information.

Modern customers expect fast and convenient digital experiences, so financial institutions are under pressure to deliver. From new account creation to retention, the entire life cycle depends on customer-friendly workflows for customer acquisition and retention. Best-in-class identity verification is critical to win happy customers and retain them, while keeping fraud in check.

The right strategies, processes and technology to verify customer identities safely and quickly will be critical for FIs to create better digital banking experiences and drive growth. 

 [Christina Luttrell](#) is chief executive officer for GBG Americas (Acuant and IDology).

Approve More Customers **Without** Increasing Friction or Fraud

Industry Leaders Choose IDology:

4,000+
Customers

2,500+
Banks and Credit Unions

30+ of the Top 100
Financial Institutions

The IDology Difference:

- Grow your customer base with the industry's highest locate rates
- Drive more revenue through faster transaction approvals
- Decrease costs through reduced manual review processes



Visit [IDology.com](#) to learn more.

IDOLOGY
a GBG company

Innovative solutions to streamline customer acquisition, deter fraud,



The growing downside of customer disengagement

*Financial institutions that try
to manufacture engagement
may actually be driving
customers toward the exit.*

BY MATT GILLIN



Do you know what your customer disengagement rate is? More importantly, do you know the cost of customer disengagement?

Many customers today are disengaged. Among financial institutions alone, 22% of customers are disengaged and 44% are barely engaged, according to a [2020 survey](#) of 3,000 U.S. consumers by Cornerstone Advisors. The question is, why?

Many chief marketing officers identify [new customer acquisition](#) as a top goal. They see the growth of the customer base as the quickest way to increase revenue.

So they pepper prospects with display ads, TV commercials, social posts and other lead-generation tactics that occasionally find success. But what happens once a business acquires a new customer? Does it take the opportunity to develop the kind of mutually beneficial relationship that raises the top line not only now but also well into the future?

Through leading a company that provides customer engagement solutions, I've found that many businesses are not prioritizing what matters most: relationship building. The tactics that they use to establish engagement often turn customers off.

True engagement differs from traditional engagement, which is transactional and opportunistic and requires the customer to exert more effort. Customers who feel they're being truly engaged are far less likely to churn.

Business leaders today must focus on improving customer engagement. Consider these research findings:

- » Happy customers are [more than five times as likely](#) to renew as unhappy customers, according to a report by Qualtrics.
- » It can cost [five to 25 times more](#) to acquire a new customer than to retain an existing one, Harvard Business Review reported. That's because it takes more resources to find prospects and bring them through the funnel than to connect in a meaningful way with someone who already trusts the business.

- » Companies that provide a positive customer experience can [grow revenues](#) by 4% to 8%, research by Bain & Company found.
- » Even a 5% increase in customer retention has been found to [boost profits](#) by 25% to 95%, according to research by Bain and Harvard Business School.

Businesses that engage their customers are more likely to keep them, which has a positive impact on the bottom line. Yet, despite this, businesses continue to lose customers. Is it any wonder that preventing churn is a topic at every board meeting?

While there are many answers, the best way to reduce the rate of disengagement is for businesses to develop “true” customer engagement. This type of engagement is beneficial for both parties; it not only fulfills customer needs but also helps businesses achieve better outcomes. True engagement differs from traditional engagement, which is transactional and opportunistic and requires the customer to exert more effort. Customers who feel they're being truly engaged are far less likely to churn.

Another way to look at this is in terms of real-life relationships. Several key factors are critical in building relationships, including trust, care, connection and reliability. Parties must have each other's best interests in mind, conversations should be relevant and mutually beneficial, and relationships should be nurtured with consistent touch points.

To keep customers from disengaging, businesses need to build strong relationships with them. If customer engagement initiatives are falling short, it could be because they rely on technology investments

that create back-office efficiencies but don't lead to true engagement—the kind that builds relationships, fosters trust, maximizes customer lifetime value and reduces the cost of disengagement.

How can businesses achieve their full potential when many of their customers are disengaged? The good news is that it's not complicated. Businesses need to dramatically increase the depth of their customer engagement and the types of engagement that drive customer lifetime value by implementing these strategies:

Look at your engagement tactics: It's critical to establish meaningful touch points with existing customers and adapt to their changing needs. This is what transmits a sense of value. But find the right balance between establishing regular touch points with customers and overwhelming them with offerings. Insufficient communication can leave customers feeling neglected and underserved. Conversely, too much communication

can lead the customer to opt out of communications and possibly take their business elsewhere.

Examine your digital strategies: If your road map consists primarily of email, chatbots, and portal and web enhancements, then true engagement is not on your agenda. Challenge your team to think about disengagement rather than engagement. Institutions place too much emphasis on more and better engagement, and not enough on stemming the tide of bad outreach that causes disengagement. For example, how does your business prevent multiple business units from concurrently attempting to engage the same customer (thus likely causing that customer to become disengaged)?

Learn how customers engage with information and communicate accordingly: Many people engage with social media feeds on platforms such as LinkedIn, Instagram and TikTok. Feeds serve relevant content in a way that's familiar to today's digital users. Feeds are self-contained and sorted in the order most relevant to the user, and they catalyze the user to engage only when their algorithms identify a highly relevant engagement opportunity. They can create a content stream that makes the user experience contextually relevant and offer calls to action that feel timely and useful.

Businesses will continue to invest in systems that help acquire new customers and manage existing accounts more efficiently. And they should. But these systems are just part of the solution. More effective tactics will address the costs associated with churn and the disengaged customer by focusing on true customer engagement. It's the secret sauce that will generate value—not just this quarter, but across the full customer life cycle. 

 [Matt Gillin](#) is CEO of Relay Network.

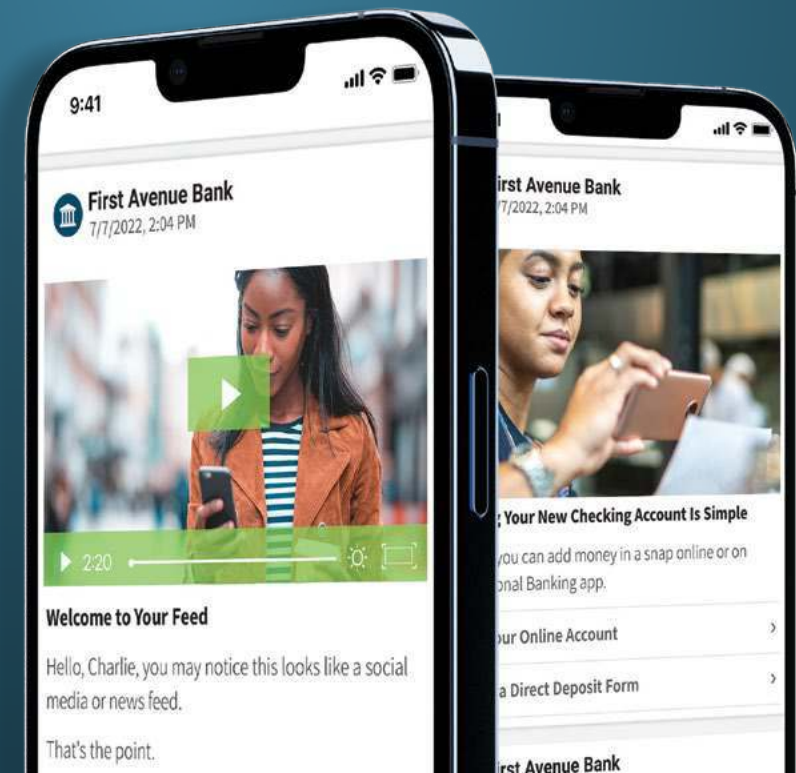


OUR BANKING CLIENTS AVERAGED 600% ROI. THIS PAST QUARTER.

You need a Feed.



Visit us at:
relaynetwork.com

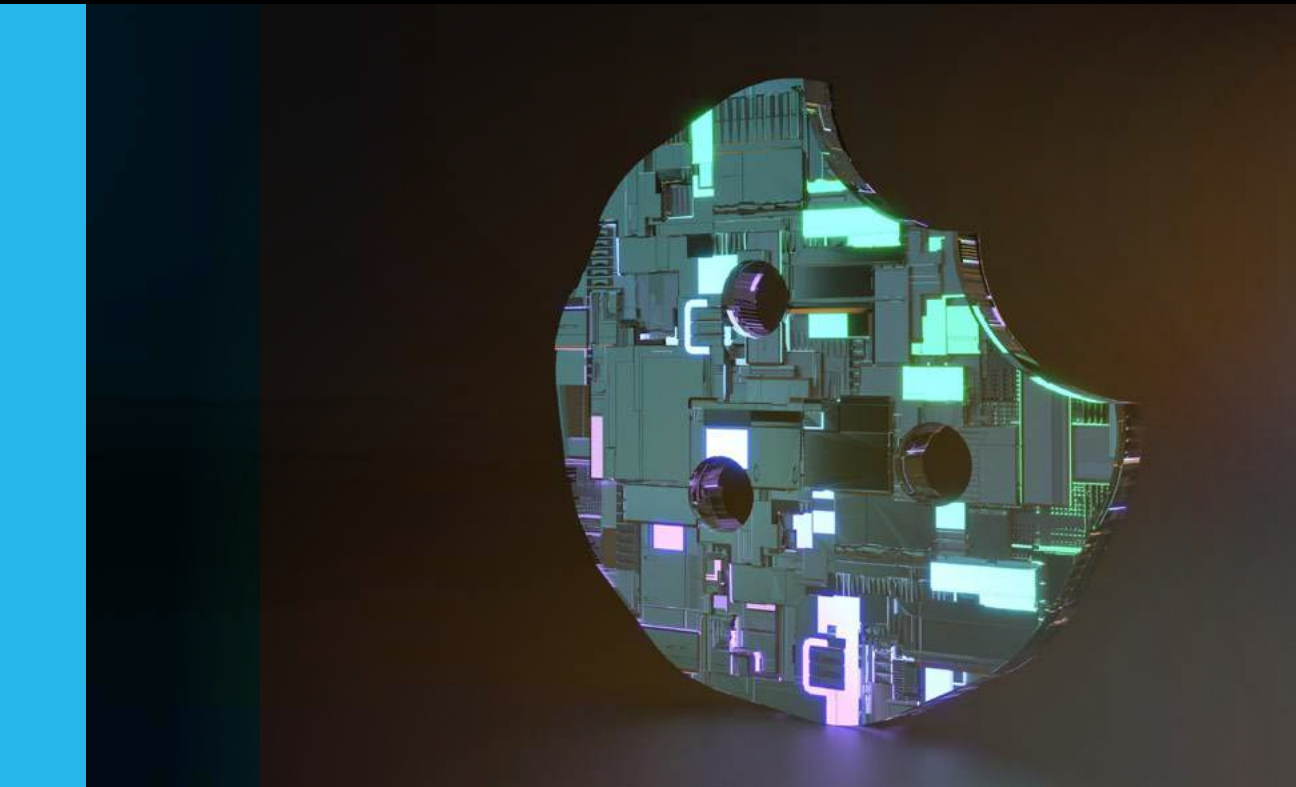


Marketing success in a cookieless future

In a digital marketing world where privacy matters more than ever before, personalization must be a top priority.

BY NATHAN BARLING AND LINCOLN HULL





Third-party cookies have long been a digital marketing mainstay to help advertisers understand and track consumer behavior across websites and devices, allowing them to personalize advertising and measure effectiveness. It's because of cookies that digital ads for shoes follow you everywhere online after you've viewed a pair of sneakers.

But now, in response to increasing privacy concerns and regulatory actions, reliance on cookies is crumbling.

In early 2020, tech pioneers Apple and Firefox began blocking third-party cookies on their web browsers. The following year, Apple started allowing users to

opt out of app tracking and then allowed them to hide email activity, including open rates, while also anonymizing email addresses from websites. Industry titan Google's plan to ban third-party cookies has been delayed, providing breathing room for organizations trying to adjust to an upended business model, but it is now scheduled to be deployed in late 2024.

First-party cookies aren't affected by these changes, so consumers can continue to have their usernames, passwords and other preferences automatically filled in on websites—which is great news for e-commerce sites. But third-party cookies, which are loaded from third-party servers for advertising and tracking purposes, are on borrowed time.

Consumers are gaining control: They can now opt out of sharing information. These data changes have fundamentally affected how marketers target audiences, identify and track customers, and track performance. In this reshaped landscape, personalization is key.

For many years, third-party cookies made marketing seem effortless. Now, it is imperative that companies quickly pivot in a world in which they have to ask for as much first-party information—including email, phone numbers, addresses, purchase history and consent to collect cookies—as quickly and succinctly as possible.

This has to be done delicately and with transparency. Nearly three-fourths of corporate leaders think their companies are consumer-centric, but only 30% of consumers agree. That perception gap is fueled

by fractured data, technology silos and a fragmented customer experience.

Meanwhile, customers are fickle: One-third will switch from brands they love after just one negative experience. However, the potential is there for data collection—seven out of 10 customers say they will share personal data about themselves if they get something of value in return.

Getting first-party cookies right requires a cross-team effort to create a unified customer view, while consistently delivering personalized experiences that motivate customers. Companies have to know their audience, humanize experiences and optimize engagement.



Nearly three-fourths of corporate leaders think their companies are consumer-centric, but only 30% of consumers agree. That perception gap is fueled by fractured data, technology silos and a fragmented customer experience.





Here are five tools for success:

- » **A real-time customer data platform:** Unified data and segmentation build a single source of truth to provide a unified customer view.
- » **Engagement:** Automated journeys and orchestration make it easy for marketers to build relevant data-driven experiences at scale.
- » **Loyalty:** Loyalty and promotions communicate value and build engagement in an intelligent and integrated ecosystem.
- » **Personalization:** Real-time personalization and experiences create moments that matter throughout the customer journey.

» **Analytics and intelligence:** First- and third-party data should be aligned to amplify outcomes while putting data science on every desktop in the organization.

The world of digital marketing is undergoing dramatic change, but success is still possible. Now, when privacy matters more than ever, personalization must be a top priority. 

 [Nathan Barling](#) is vice president of product marketing at Salesforce, where [Lincoln Hull](#) is director of product marketing.



2,500+ marketers shared their data challenges and goals.

See what they said.

Learn more at sfdc.co/3rd-marketing-intelligence-report



Past Issues

SEPTEMBER 2022

[Where does digital transformation go from here? »](#)

AUGUST 2022

[Technology is pushing lending in all directions »](#)

JULY 2022

[The power of data: How banks and credit unions can put it to work »](#)

JUNE 2022

[Changing priorities in bank customer service »](#)

MAY 2022

[Bank M&A is here to stay »](#)



STAY TUNED FOR

November 2022

THE FUTURE OF DIGITAL BANKING

December 2022

2023 BANKING OUTLOOK

BAI Banking Strategies Executive Report

Marketing in 2023: Opportunities and challenges

October 2022

