

# Personalized Banking





# TABLE OF CONTENTS

What does personalization mean in banking? .....	04
What is hyper-personalization? .....	06
• Benefits for banks .....	07
Implementing hyper-personalization tools .....	07
• Behavioral Personalization .....	08
• IP-based Personalization .....	09
• Online Banking, CRM and Loan .....	09
5 Strategies on Personalized Banking .....	10

# How to reach and engage your audience with these 5 strategies on Personalized Banking?

COVID-19 didn't create online grocery shopping, mobile delivery and take-out services, online banking, or customer service chatbots, but it accelerated the adoption of digital-first and digital-only experiences.

Many consumers have been trying these experiences for the first time, creating potential converts for longer-term behavioral changes. The coronavirus is changing the face of the customer experience (CX) while igniting dramatic shifts in consumer spending patterns, economic confidence, and trust.

Airlines, hotels, banks, and other businesses whose customer experiences have been crushed in the pandemic are now more likely to invest in technology projects to remain relevant in the eyes of their customers.

**81% of surveyed businesses state that generating a 360-degree view of the customer to understand better intent and context will have a high impact on their operations over the next two years.**

According to a new study, [451 Research's Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey June 2020](#) found that, as customers change their behavior due to the pandemic, 81% of surveyed businesses state that generating a 360-degree view of the customer to understand better intent and context will have a high impact on their operations over the next two years.

What does this mean to banks as an industry? According to recent research, banking customers are more comfortable banking with a tech company – such as Facebook, Amazon, or Google if they could.

But, on the contrary, banks can also deliver a meaningful, personalized experience like tech giants by leveraging their existing data and everyday customer touchpoints. In order to compete and win against these new financial technology (or Fintech) companies, banks must forge a new strategic agenda to personalize the banking experience of customers.

A key initial step to Personalized Banking is to fully grasp what personalization is and what it is not.

## **What does personalization really mean in banking?**

Personalization in banking means delivering the right individual experience through the right channel at the right time. Customers expect the offers to be one-to-one, and tailored for their needs.

With market forces shifting, open banking coming into play, the digital relationship needs to intensify as customers have more and more choices. Moreover, you can't control how and when your customer wants to interact with you, and you shouldn't need or seek to control this.

But what you can do is understand what exactly your customers are looking for and deliver tailored, omnichannel experiences that meet or exceed their expectations.

And these personalized experiences don't just benefit your customers. It will help banks with:



**Lower costs-per-acquisition**



**Better efficiency**



**Boosted conversion rates**



**Superior customer experience**



**Increase in customer trust towards banks**

To put it point-blank, the result of better customer experience leads to higher trust among customers and hence, better financial outcomes for the banks.

**Frequency of interaction X One-to-one personalization = Trust**

The secret to providing one-to-one personalization to customers is by bringing together your in-house customer data and information from external sources. This doesn't just give you the ability to deliver highly personalized customer service experiences. You'll also be able to target your marketing to expand your client base and increase efficiency and revenue.

**Personalization can help to target your marketing to expand your client base and increase efficiency and revenue.**

According to BCG Retail Banking Advisory Survey, "estimates that for every \$100 billion in assets that a bank has, it can achieve as much as \$300 million in revenue growth by personalizing its customer interactions."

**BCG also expects personalized banking to drive material competitive advantage for first movers that embrace it over the next five years.**

But personalization alone is not going to help in today's competitive banking landscape. Going forward, contextual, real-time, and hyper-relevant (or hyper-personalization) interactions are required for survival in a marketplace where consumers are ever demanding.

### **What is hyper-personalization?**

Not long ago, personalization just meant changing the name on a generic leaflet or in an email and sending it to your customers or giving the same special offer to everybody in one location.

Now, hyper-personalization lets you serve an audience of one every time, which means giving your customers what they want. With hyper-personalization, you can deliver an omnichannel digital experience to your customers with machine learning and data analytics in real-time.

In simpler terms, Hyper-personalization takes advantage of real-time data and cutting-edge technologies like artificial intelligence (AI) to deliver the most relevant product or service information to your customers. It's an approach that takes personalization to the next level.

**Personalization at scale could represent an increase of 10% in a bank's annual revenue.**

According to [Boston Consulting Group](#), a successful personalization at scale could represent an increase of 10% in a bank's annual revenue. Investing in hyper-personalizing your customer experience is the need of the hour.

For banks and financial institutions with an abundance of customer data, hyper-personalization could turn out to be a game-changer to stay ahead of the curve with a value proposition that makes customers feel understood.

### Benefits of hyper-personalization for banks

Even though there are many benefits of hyper-personalization, some of the significant advantages of hyper-personalization in banking are:

- ◆ Engage users across channels at a single user level
- ◆ Right message & right context
- ◆ Real-time personalization leading to better engagement and conversions
- ◆ Eliminates the problem of choice overload
- ◆ Boost Campaign Effectiveness
- ◆ Removes obstacles in the sales funnel
- ◆ Uncluttered banking experience

Lastly, hyper-personalization tools help analyze customer history, profile, and buying patterns to offer relevant personalization at scale by offering the right products and services, leading to loyal customers.

### How can banks implement hyper-personalization tools?

Hyper-personalization allows banks to know their customers better and provides the customer with relevant products and services.

For a moment, consider this situation – you're ready to take a personal loan, and you go to the bank website and review the different offerings available. But none of them are satisfactory and not what you anticipated. All of a sudden, you get a pop-up window that says, based on your relationship with the bank, your credit standing, and asset base, how you can design a loan to fit your needs. Now, you're able to choose from categories of interest, length, payment schedule, and down payment amounts to design your perfect loan – to meet your needs.

This is just one example of how banks can leverage data from multiple sources to deliver hyper-personalization. So how do banks get there? It all starts with the data.

**It all comes around to data- irrespective of any industry. But what leaps is how do you construct good data and how do you use that data in order to make decisions that would, in turn, will help you in business growth.**

According to Vasudevan Swaminathan, Founder & CEO of Zuci Systems, it all comes around to data- irrespective of any industry. But what leaps is how do you construct good data and how do you use that data in order to make decisions that would, in turn, will help you in business growth.

Banks need to gather and analyze data from a wide variety of sources, including customer interaction (physical and digital), websites, apps, and streaming/real-time sources.

Analyzing this data and creating insights then allows banks to hyper-personalized interactions into holistic, connected experiences that drive differentiation and strengthen customer loyalty.

Three things need to be considered to start the hyper-personalization journey.

### **Behavioral Personalization**

This personalization attempts to determine the visitor's interest based on their actions, which includes:

- ◆ **Search phrase tracking** allows customizing the customer experience for future visits
- ◆ **Visit count** tracking analyzes the number of visits a customer makes to the website to personalize content
- ◆ **Viewed content** helps in customizing the content experience during future visits

- ◆ **Performance functions** track the functions performed by the customer, such as starting a mutual fund or enquiring about insurance for personalizing the future experience of the customer
- ◆ **Referrals** keep track if a customer arrives from a referral site and customizes the website accordingly

## IP-based personalization

IP-based personalization is done by gaining access to the information of the anonymous visitor to the website from the IP address and DNS record. Geolocation tracking is also possible with IP –based personalization. The city, metro area, state, or country the visitor is coming from can be tracked, and the website is personalized in the local language for relevancy and improving customer experience.

## Online Banking, CRM, and Loan or Deposit applications

In this personalization model, the customer data from banking platforms are used to understand customer preferences and adapt accordingly. While this type of personalization may seem complicated, the implementation is often more straightforward than first perceived.

**It is further differentiated based on two factors:**

- ◆ **Products not owned:** Here, the customers are marketed with the products and services that they aren't aware of and are likely to be interested in.
- ◆ **The propensity to buy:** Based on the visitors (prospect or customer) behaviors on the website, a propensity model is created and is used for marketing personalization products and services.

In the wake of COVID-19, there is an ever more compelling business case for banks to wake up and begin delivering contextual hyper-personalized experiences.

# 5 Strategies on Personalized Banking

Implementing technologies that dynamically discover customer behaviors, facilitate data-driven experiences, ensure seamless customer journeys and drive stickier relationships is likely to become a top priority as businesses work to simultaneously secure loyalty and revenue.

Let's take a look at the different strategies that banks should consider for personalized banking - the new battleground for competitive differentiation.

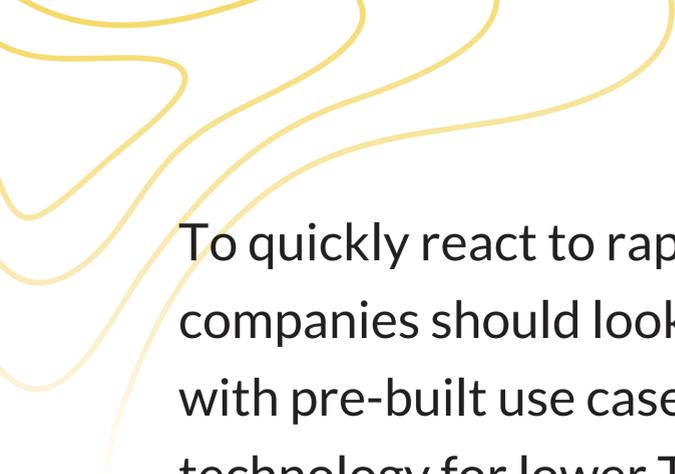
## 1. Building customer relations with data

Banks need to capture and unify disparate sources of consumer data, and effectively contextualize and operationalize information to push critical insights across channels and stakeholder groups that shape the customer journey.

As businesses look to create more hyper-personalized experiences, the most meaningful (and ultimately profitable) experiences will be informed by data-driven context clues.

For instance, a banking customer may change his behavior by choosing online banking rather than coming into the branch due to safety concerns. By just tracking their movement to the online channel, a bank may miss an opportunity.

Similarly, by leveraging the customer's data, the bank can discover that the customer's car lease is expiring – and by anticipating them leasing a new vehicle, the bank can offer an online option for a loan and car insurance, and also alert them to low mortgage refinance rates having also identified that their credit rating has increased.



To quickly react to rapidly changing market demands and disruptions, companies should look for industry-specific out-of-the box solutions with pre-built use cases that can be easily integrated with their existing technology for lower TCO, and to help drive early, practical and sustained results.

## 2. Tailoring real-time customer experiences across channels

Banks data lives in many different systems, which includes marketing automation systems, web analytics, point-of-sale, customer relationship management, loyalty programs, and other banking platforms.

With the help of internal data systems and automated psychographic data, banks can create an analytics-driven approach that goes beyond conventional personalization.

By applying artificial Intelligence and machine Learning, banks can apply advanced analytics to the tailor customer journey in order to provide personalized product recommendations or realtime promotions at scale.

With customer data ready and accessible, banks can deliver real-time hyper-personalized experiences across channels.

## 3. Stay Consistent Across All Touch Points

According to a [Banking Technology article](#), “Research from Google has shown that 46% of people managing their finances online switch between devices before completing the activity. Often customers will start research on a smartphone before migrating to a PC or tablet to dig deeper into the information they need.”

Ernst & Young Consumer Banking Survey stated that omni-channel experience was listed as one of the key areas for improvement among banks.

Lastly to stay competitive, banks and credit unions need to continue building out channel capabilities to provide 24/7 real-time personalized access to banking, seamlessly, across channels.

## 4. Personalized marketing with next-best-offers

Next best offer (also known as next best action) is a form of predictive analytics that helps marketers and their organizations better judge customer spending habits and guide marketing efforts toward connecting with customers to close a deal.

Based on the insight extracted in the early stages of the customer's life cycle, personalized customer marketing can be designed to elicit specific next best offers, such as preventing customer defection or prompting an incremental purchase.

As a matter of fact, Amazon generates over \$100 million per day with targeted and personalized recommendations and meanwhile provides exceptional customer experience to users.

Along with the above, hyper-personalization engines with the help of advanced analytics can help personalize outbound campaigns, essentially targeting a segment of one. Such engines can be implemented with great success in banking especially for High Networth Individuals (HNIs) and Key Opinion Leaders (KOLs).

## 5. Optimize Customer-facing Operations

Even though the world is moving to digital, still a large portion of the population would consider direct banking with retail banks. And it becomes important for banks to carry the same personalization in the branches as well with the help of automation technologies.

For example, to open a savings account, a banker must validate all the customer information by verifying all his documents. If this verification is done manually, this process may take days affecting customer experience. This is just one example of how RPA can help.

Banks and credit unions are full of repetitive processes like document verification, KYC, account closure, accounts payable, and so on.



With RPA, the process will be more compliant with almost zero errors, with bots not making mistakes and following high accuracy rules. If you have not considered RPA till now, this is the moment. Implement RPA in your bank to automate customer facing operations and improve your customer satisfaction at branches.

## Hyper-personalization: A Win-Win Proposition

In conclusion, each of the personalization strategies mentioned above is readily available for banks to implement for a hyper-personalized banking.

Lastly, tailored real-time digital customer experiences can add value to the bank as well as the customer. With the right technology, banks could replace outdated attitudes with these modern digital strategies to reap the benefits and watch their investments appreciate over time.

To conclude, banks must ensure that they pivot to enable data-driven industry-focused solutions so they can view each stage of customer interaction along the customer journey, and take advantage of the opportunity to deliver consistent, differentiated experiences to attract, win and retain customers.



## About ZUCI

Zuci is a digital organization focused on the craft of building software which we have perfected over the years. A perfect blend of design thinking, engineering perfection, and customer-centricity in our DNA has enabled us to help small, medium and large organizations with superior digital solutions.

Zuci has worked with several financial institutions and helped them enhance their user experience journey using technology by building progressive web applications, mobility, and digital lending platforms, among other solutions. [Learn More.](#)

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