



White Paper

Digital Banking Personas and Insights:
Fashioning a Tailored Experience



Digital Banking Personas and Insights: Fashioning a Tailored Experience

Digital banking is no longer just about the online channel. The proliferation of mobile banking and the emergence of tablet banking have resulted in two additional, yet closely related digital channels. Research shows that consumers have different expectations and uses for the online, mobile and tablet channels based on both the attributes of the device and the context in which it is most likely used. These expectations and usage habits are best understood through the use of personas – archetypal models defined by consumers’ goals, attitudes, motivations and mindsets. By understanding the factors that shape consumer personas and influence their online, mobile and tablet banking behaviors, financial institutions can develop appropriate strategies and make the investment required to tailor the user experience for each channel. In turn, this will lead to more loyal and profitable customers.

Digital’s Influence in Banking

Consumer use of digital banking channels is now mainstream and growing, with a recent Netbanker report noting that over 60 million U.S. households used online or mobile banking in 2012. By 2016 it’s expected that 107 million consumers (55 percent of U.S. adults) will use mobile banking, according to the Javelin Strategy & Research 2012 Mobile Banking, Smartphone and Tablet Forecast. In other words, in the last decade growth in digital banking has more than kept pace.

Tablet banking in particular is on the rise and could soon become dominant. According to the 2012 Fiserv Consumer Trends Survey, nearly half of tablet owners have used a digital device to access their financial institutions’ banking services and almost two-thirds of future tablet owners would like to do so. The 2012 Tablet and Banking Report by Javelin Strategy and Research also demonstrates how tablets influence and are influenced by other digital channels: 40 percent of mobile phone owners are projected to own a tablet by 2016, and 44 percent of tablet owners responding to the survey had used mobile banking in the previous 90 days.

As digital channels grow more pervasive, they are impacting the nature of financial institutions’ relationships with customers. On one hand, digital channels open the door for non-traditional providers – from newer entrants like Simple to entrenched technology players like Google – to offer financial services and disintermediate financial institutions from customers.

On the other hand, digital channels pave the way to develop new forms of relationships through interactivity, self-service, direct communication (such as instant messaging, alerts and Skype), and personalized offers and services. Digital channels can also deliver

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functionality that produces relevant, tangible outcomes for consumers, directly connecting the experience to their needs. For this reason, financial institutions that provide meaningful digital banking experiences have the potential to inoculate financial institutions from losing relationships to non-traditional competitors.

For financial institutions, the key to a successful strategy lies in tailoring the user experience to leverage the unique benefits that online, mobile and tablet banking offer as distinct channels.

Understanding Digital Behaviors

As the number of digital channels has grown, so has the complexity of designing and delivering specialized services for each of those channels. To help financial institutions gain a deeper understanding of how to effectively deliver tailored multichannel banking experiences, Fiserv conducted qualitative research with participants from customer segments considered to be users or potential users of digital banking services.

Research participants represented a diverse demographic audience: people ranging in age from 18 to 65, based in regions across the U.S., with personal incomes from below \$25,000 to more than \$100,000. To participate, they must have reported using the Internet several times a week and ownership of a smartphone and/or tablet.

The Fiserv User Experience team – a group of seasoned research professionals – spent hundreds of hours talking one-on-one with consumers during in-depth, in-home and telephone interviews. Participants also took part in a week-long diary study, receiving prompts and tools to help them record their financial behaviors and their feelings about money. The research aimed to better

understand the relationship consumers have with their financial institutions, how they manage money, how they formed their financial attitudes and habits, and technology's role in their financial lives.

Fiserv researchers also explored the boundaries and relationships between digital channels and devices, seeking to understand how, when, where and why consumers engage with each digital channel, at what point they switch channels, and how those channels fit into their financial world.

One Size Doesn't Fit All

The Fiserv User Experience team spent months conducting detailed analysis of the research findings, synthesizing the data and uncovering meaningful patterns. Their analysis surfaced several key insights that are critical to the successful delivery of digital banking services in a multichannel environment:

- Mobility – the ability to use a mobile device to transact anytime, anywhere – is transforming the financial services landscape
- Consumers expect tailored banking experiences for each digital channel
- Consumers' financial literacy, stage in the debt cycle and financial management approach all impact their financial behaviors and their use of various digital channels

As another Fiserv white paper explores, in our multi-channel world consumers' experience with mobile is certainly reshaping their expectations for other banking channels, both digital and brick-and-mortar. Yet, while there are certain things that should be consistent across all channels, the research demonstrated that consumers

view and use each digital channel differently and expect the user experience to reflect those differences.

Consumers expect consistency (also known as information synchronization) across channels – preferring that the same accounts and account information are displayed, the same passwords and preferences can be used, and the look and feel is the same, for example. Consumers see it as essential that the data is accurate, real-time and consistent across all channels at all times. Yet consumers also require tailored user experiences that provide the right functionality delivered on the right device, optimized for the attributes of the device and the context in which it is used. The combination of those expectations – channel consistency and specialization – means that consumers want their digital experiences to

share a common thread, rather than involve a patchwork of disparate experiences that create confusion.

To deliver tailored user experiences that meet consumer expectations requires an understanding of how consumer mindsets and postures vary by device type. Figure 1 illustrates what the research uncovered about the unique attributes of the computer, tablet and smartphone and how consumers use them accordingly. These distinctions drive consumers to expect a unique, specialized experience for each digital channel.

For instance, the tablet is conducive to visual displays of data, the touch screen lends itself to tactile functionality like swipes and taps, and its portability encourages browsing leisurely in a lean-back posture. Since consumers expect the tablet to provide data

Figure 1: People Have Different Mind-Sets and Postures When Using Different Channels

	 Smartphone	 Tablet	 Work
Where	Variable	Home	Work
Context	<ul style="list-style-type: none"> • Opportunistic • In-between moments • Partial attention • Multitasking • Simultaneous device usage 	<ul style="list-style-type: none"> • Casual • Social • Multitasking • Multiscreened 	<ul style="list-style-type: none"> • Requires data input • Requires large screen • Distraction-free • Focused
How Posture	Situational	Lean Back	Lean-in
Why Primary drivers of use	<ul style="list-style-type: none"> • Convenience • Urgency • Immediacy • Speed • Connection 	<ul style="list-style-type: none"> • Simplicity • Low Effort • Education • Information • Entertainment 	<ul style="list-style-type: none"> • Functional • Productivity • Necessity
What Tasks I might do	Snacking <ul style="list-style-type: none"> • Taking care of last minute tasks • Connecting with people I know • Keeping in touch with important events • Finding information and answers to questions that I need right now 	Free Lunch <ul style="list-style-type: none"> • Relaxing • Unwinding • Exploring • Effortless learning • Advice seeking • Information gathering 	Lunching <ul style="list-style-type: none"> • Planned work • Necessary activities • Organizing • Structured work

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instantly but aren't inclined to use it for data entry, it's ideal for a new breed of personal financial management (PFM) application that turns data insights into instant actions. The research demonstrated that consumers require positive financial outcomes, yet they don't engage deeply in financial planning activities and feel ill-equipped to make informed financial decisions. So the tablet could deliver a consumer-facing business intelligence solution that presents the consumer with a specific opportunity at the transactional level, designed to drive an immediate behavior that offers longer-term financial benefits with little effort on the consumer's part.

In contrast, a smartphone is ideal for quick and easy tasks and transactions on the go (such as checking account balances or transferring funds after receiving a low-balance alert), while a computer's larger screen and its use in a more formal posture makes it a good choice for data input and other structured work (such as entering data into a budgeting spreadsheet).

Behind the Behavior

While both the device and the context of its use impact a consumer's digital banking expectations and behavior, different consumer segments also bring their mindsets, attitudes and perspectives to the experience. The traditional ways that financial institutions have segmented customers – such as by age, gender and income – aren't sufficient to succeed in the digital space because they no longer tell the full story. Additionally, the complexity injected into the consumer market and consumers' financial behaviors as a result of the recent financial crisis means that stage in life is no longer an adequate measure of what types of financial products consumers might have, their stage in the debt cycle and their resulting behaviors. Understanding consumer motivations, contexts, behaviors and attitudes in a

broader sense is vital to delivering the tailored user experience consumers expect for each digital channel.

From the analysis conducted by Fiserv researchers and the patterns identified, eight distinct personas emerged. These personas are archetypal character models that help to put a human face on a product or system user. The personas were shaped by three primary factors that influence consumers' financial behavior:

1. Financial literacy, comprising the individual's financial education, knowledge, skills and motivation levels
2. Stage in the debt cycle, including their level of actual debt, their debt-to-wealth ratio (relative debt), and their views about it
3. Financial management approach, ranging from passively monitoring finances, to actively monitoring finances, to taking a proactive approach to controlling their financial situation

In addition, the encounters explored the two dimensions of technology use that greatly influence consumer use of financial services:

- A. Speed of technology adoption
- B. Degree of technology engagement

How Personas Shape the Digital Experience

Each of the eight personas that emerged from the Fiserv research was plotted along the three factors that influence financial behavior: financial literacy, stage in the debt cycle and financial management approach. As Figure 2 depicts, consumers' degree of financial literacy and the extent and type of their debt often influence their financial management style, as well as the financial activities they are most likely to engage in now and in the future.

What is a Persona?

Personas describe, in storytelling form, characteristics that represent the people who use a product or service. They are archetypal character models based on the goals, needs, motivations, attitudes, perspectives and behavior patterns of a specific collection of individuals. Researchers craft personas from a synthesis of raw research data. Rather than aggregate data to arrive at an average end user, researchers look for patterns from which specific archetypes emerge. Personas contain rich detail that brings a human picture to life, allowing organizations to step into the shoes of the people who might use their products or services.

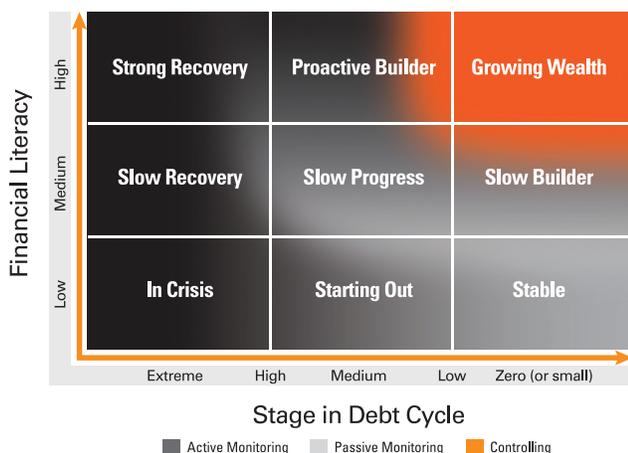
Consumers who have strong financial knowledge and skills, while at the same time having low actual or relative debt (residing in the upper right quadrant) tend to control their finances actively in order to grow their wealth. Personas at the other end of the spectrum – with limited financial knowledge and high debt (actual or relative), residing in the lower left quadrant – tend to monitor their finances passively and operate in crisis mode. In between those extremes are a variety

of personas that may be recovering from a financial setback, making slow but steady progress toward their financial goals or just starting out as independent of their parents.

The personas derived from the Fiserv research provide financial institutions with a wealth of insight that can guide their product and service strategies, particularly with respect to digital channels. As the findings demonstrate, different consumer personas have different goals, attitudes and needs that affect not only their financial behaviors, but their use of digital banking channels and their expectations for the experience. By understanding those variances, financial institutions can develop distinct strategies to tailor customers' experiences within the online, mobile and tablet banking channels and ensure delivery of relevant, compelling experiences that lead to increased adoption and engagement.

A closer look at two of the personas provides insight into consumer types that may appeal to financial institutions and how to engage them with each digital banking channel.

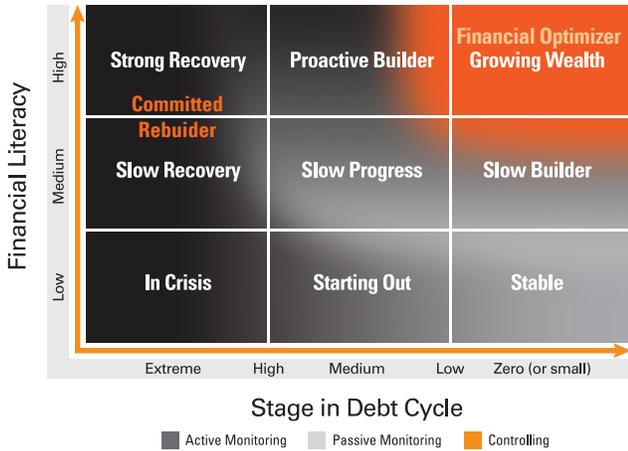
Figure 2: Consumer Segmentation – Financial Management Approach



Persona Example #1: The Financial Optimizer

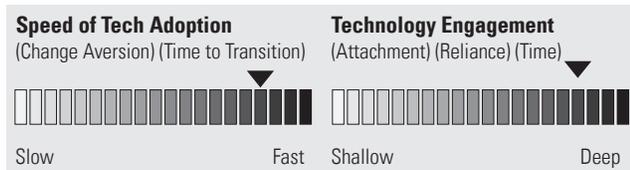
The Financial Optimizer (positioned in the upper right quadrant of Figure 3) is characterized by strong financial literacy, low debt and a desire to control the financial picture by monitoring financial activity, developing plans and acting on those plans. Financial Optimizers may have many credit cards, but the goal is to accumulate rewards opportunistically, not to maintain high revolving balances. Spending is done thoughtfully and is normally influenced by an established monthly budget.

Figure 3: Consumer Segmentation – Financial Management Approach with Identified Personas



The Financial Optimizer uses PFM tools that range from a simple checking account application (like Quicken) to more complex investment planners. A cost-cutter by nature, this persona seeks ways to reduce monthly expenses and often responds to cross-sell offers and discounts included in bills and statements. While the large number of accounts and tools makes for a complex financial ecosystem, the Financial Optimizer is able to manage it effectively.

Financial Optimizer Adoption and Engagement



These consumers adopt technology rapidly and engage in it deeply. Half of their technology time is on a computer, which they use to record transactions, track investments and keep in touch with a financial advisor. The remaining technology time is split between a tablet (used to check the stock market and browse financial web sites) and a smartphone (used to record debit and credit transactions in real time).

Financial Optimizer Channel Use



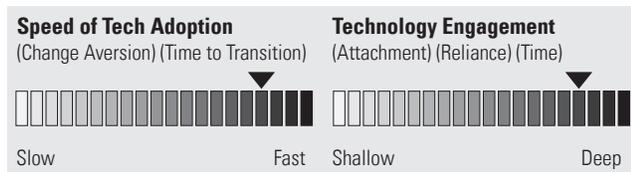
While Financial Optimizers are ideal targets for PFM services, they are likely deeply invested in their current financial tools – both from a behavior standpoint and in terms of the volume of historical data collected. Any PFM offering aimed at this persona must provide a significant value proposition beyond what they currently use. Since Financial Optimizers value and respond to relevant promotional offers, cross selling may be a way to successfully recruit them.

Persona Example #2: The Committed Rebuilder

The Committed Rebuilder has suffered a financial setback caused by life events that have increased debt and/or depleted savings, but is dedicated to getting back on track. Significant medical bills, a job loss, a career change or divorce are the most likely culprits. The Committed Rebuilder is likely maxed out on multiple credit cards and has put the brakes on spending until debt levels are reduced. Any saving and investing activities are aimed at rebuilding an emergency fund or replacing assets previously in place for retirement or college expenses.

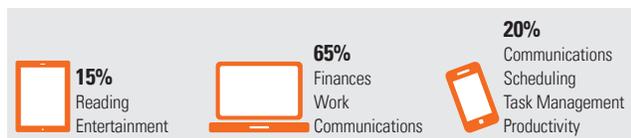
Committed Rebuilders leverage their moderate level of financial literacy in an effort to improve their financial picture. They tend to track spending and reconcile accounts frequently, creating a perception of control. But they fail to take the next step, for example, they don't manage spending against a specific budget, develop a plan to achieve their goals and turn their plans into action.

Committed Rebuilder Adoption and Engagement



Because Committed Rebuilders are fast adopters and active users of technology, it’s likely they pay bills online, but still may receive some paper bills and statements. They’re highly engaged with mobile technology and unconcerned about security, but they use mobile primarily for work-related tasks like email and scheduling. They may enjoy using another family member’s tablet for reading and would like a device of their own, but given their precarious financial situation, a tablet purchase is on the back burner. Their interest in this channel and tendency to work at home during off-hours means Committed Rebuilders would enjoy the lean-back experience of tablet banking. For now the bulk of their technology time is spent on a computer, which they use for work tasks, communication and bill payment.

Committed Rebuilder Channel Use



Committed Rebuilders may need the guidance of a PFM tool, but their limited understanding of budgeting – evidenced by their tendency to simply track spending instead of managing it – will prove an obstacle. To appeal to this consumer persona, financial institutions will need to deliver PFM functionality that clearly helps customers achieve positive financial outcomes that match their goals. For instance, to offer the financial planning help these consumers need, financial institutions might use

consumer-facing business intelligence solutions to deliver instant, actionable insights that can be acted on by a simple tap on the tablet. Committed Rebuilders’ rapid technology adoption and high engagement also makes them prime candidates for mobile banking applications.

Developing a Successful Digital Strategy

With competition for consumer share of wallet increasing steadily, it is vital that financial institutions enhance their understanding of the different goals, attitudes, financial literacy levels and stage in debt cycles that make up the fabric of the consumer market. All of those factors greatly influence the wants and needs of different personas, and in turn shape how various consumer types view and use digital banking channels. Understanding these variables will enable financial institutions to deliver an experience tailored to each digital channel’s unique attributes and aligned with consumer expectations for each device.

An effective digital banking strategy also requires prioritizing targeted investments in all digital channels, to ensure they all provide a personal and purposeful experience. Every financial institution will need to define the most appropriate offering for its particular customer base. However, the following examples illustrate how products, services and functionality may be tailored to match each digital channel’s attributes and consumer expectations.

- Mobile – For consumers engaged with mobile technology, services like remote deposit capture and the delivery of contextually relevant data (such as rewards earning and redemption opportunities) may prove a good fit

- Tablet – To deliver the tactile, low effort and instant value experiences consumers expect of tablet interactions, financial institutions should consider functionality that mines consumer data to offer value-based, transactional-level opportunities that also address longer term financial goals – all conducted with a simple tap on the tablet; for instance, a consumer who was just charged a late fee by a particular biller could be prompted to tap to sign up for mobile alerts when payments to that biller are due, with a goal of using the avoided late fees to fund longer term savings
- Online – Given the formal posture indicative of computer use and its larger screen real estate, applications that support financial research or income tax preparation may lend themselves well to the attributes of the computer and how consumers use it

It is clear that the digital channel is actually a multi-channel environment in which consumer attitudes, expectations and behaviors differ by device and the context in which it is used. Distinct consumer personas are shaped by their financial literacy, stage in debt cycle, financial management approach, and technology adoption and engagement, resulting in different digital channel use and expectations.

To succeed in a multichannel digital world, financial institutions must recognize that one size does not fit all. Gaining a deep understanding of the consumer market and surfacing these insights through detailed personas will empower decision makers to build a bridge between consumers' growing expectations for their specialized digital banking experiences and the functionality delivered to them. They also must factor these insights into their strategies, priorities and investments, ensuring they invest appropriately in each digital channel – tablet, online and mobile – as each is a distinct channel with its own needs and requirements.

It is only through this tailored experience lens that financial institutions will be able to fashion a tailored user experience that delivers new and more loyal customers. By employing such a channel-specific approach and partnering with an experienced provider, financial institutions can realize a strong return on the digital channel investment in the form of customer retention, new customer acquisition and potential cost savings if those channels eventually replace brick-and-mortar investments.

About Fiserv

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization, and leading the transformation of financial services technology to help our clients change the way financial services are delivered. Visit www.fiserv.com for a look at what's next now.



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