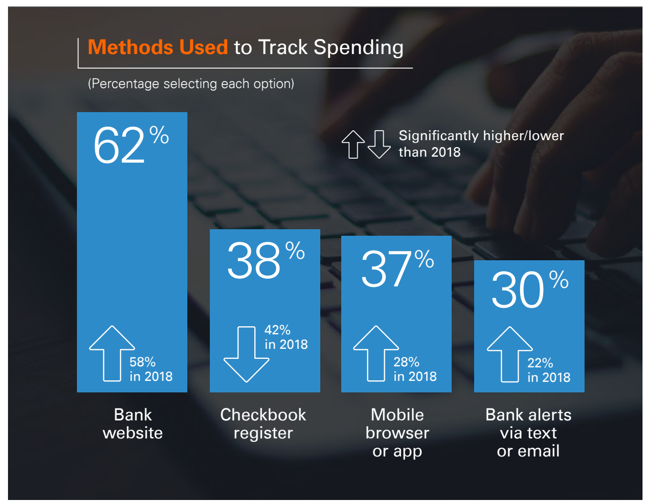
Making Data-Driven Decisions to Increase Engagement

As consumers embrace a widening range of technology options to manage their money, financial institutions face increasing expectations to create seamless, intuitive, personalized experiences that are in line with the rest of people's digital interactions. Data analytics provides the information financial institutions need to deliver the solutions consumers expect – today and tomorrow.

From news, shopping and real estate ads to jobs, restaurants and entertainment suggestions, many online activities are curated and tailored to reach the right person at exactly the right time. The most influential digital players know that engaging consumers and inspiring loyalty in a rapidly evolving digital world requires the ability to react to real-time information and gain insight into their habits and preferences. Likewise, when financial institutions understand how, when and where people want to move money and information, they are able to deliver solutions that help people take control of their financial lives.



Financial Technology Shapes Preferences

Consumers have rapidly increased their use of financial services technology in the past few years. For example, according to Expectations & Experiences: Consumer Payments (2020) consumer trends research from Fiserv, 53 percent of consumers report using mobile banking (up from 47 percent in 2018). That includes 83 percent of people under the age of 38. Consumers are also increasing their usage of person-to-person (P2P) payment services. For example, use of financial organizations' P2P services is up from 17 percent to 29 percent, with much of the growth led by millennials.

Expectations & Experiences: Household Finances (2019) found that financial organizations' technology offerings are increasing popular ways for consumers to track their money: Bank websites, mobile browsers and apps, and bank notifications/alerts are all up. Meanwhile, use of traditional paper-based tools like checkbook registers continued their decline (from 42 percent in 2018 to 38 percent in 2019).

This increased reliance on digital financial management creates an interesting dynamic. As consumers adopt new technology, they tend to use it with increasing frequency while their expectations for new capabilities and features grow. At the same time, increased technology use creates significant opportunities for financial institutions to mine new and expanding sources of data to better understand consumer behavior.

Consumers Expect More

Consumers are looking for more sophisticated, more integrated and more personal financial services offerings. Every day, Amazon suggests what pants (or paper or packing tape) a customer might want to buy. Google and Apple identify headlines of interest specifically to an individual, while Redfin and Zillow send alerts about homes in every neighborhood a person has ever shown an interest in. Consumers expect the same intuitiveness of their financial institutions. Whether they articulate it or not, they expect their bank or credit union to send personalized messages about a product they didn't even know they wanted.

Bills and payments can be complicated and time-consuming. That's why integration and convenience matter. According to Expectations & Experiences: Consumer Payments, 40 percent say the availability of ebills increases their satisfaction. Similar numbers say having access to multiple payments options increases their satisfaction. That same research found that ACH debit is now the most frequently used form of bill payment and the top reason people use their financial organization's bill pay service is because they want to be able to pay all of their bills in one place.

Some consumers are also looking for a bit of help. For example, as younger consumers reach life stages associated with starting a family, buying a home or launching a business, they want financial products that can help them with their changing financial situation.

Consistent with the research, financial institutions are looking for data that helps them create personalized consumer experiences. A 2020 Aite survey of marketing and risk executives, found that 69 percent believe the ability to deliver personalized messages or information to customers across digital and offline channels is a major or moderate competitive differentiator.

Data Delivers Consumer Insights

With consumers' lives becoming increasingly digital, financial institutions are feeling the pressure to meet rising consumer expectations and attract and retain qualified consumers. Keeping pace with consumer expectations means financial institutions need to be able to understand and act on consumer behavior trends in real time – or at least close to it.

Financial institutions can use data analytics and reporting from electronic payments to learn more about enrolled users. In fact, many already are. According to a 2019 Aite study, 83 percent of marketing executives in financial services and the insurance industry cite data analytics and big data as important to their marketing strategies. And more than half plan to increase spending on most types of data sources.

With the rapid change in payments behaviors, data-driven financial institutions recognize that there are a few key areas analytics can help to address:

Understand consumer profiles and segments: Data helps financial institutions to do a better job of targeting customers and members, including identifying high-potential prospects and connecting existing consumers to products and services they are more likely to find valuable.

Monitor high-value consumer activity: By looking deeper into revenue-generating services, analytics can help financial institutions determine important metrics, such as adoption rates, trends and cross-selling opportunities. Cross-referencing this data with demographic profiles can help institutions create more personalized offerings that enhance the consumer experience and strengthen engagement.

Identify and address risk areas: When financial institutions can access data to understand risk-prone segments, such as dormant and low-interaction customer levels, and understand precisely when and where engagement falls flat, they can proactively engage to improve activity.

Make more informed business decisions: Taken together, data on consumer segments, activity and risk provides the opportunity for financial institutions to drive engagement, meet consumer demand for innovation and create the personalized experiences consumers have come to expect. For example, understanding which products are correlated to use of other products can help drive marketing messages and investments.

Moving Toward Personalized Experiences

Many organizations understand the importance and power of data. The challenge is that while financial institutions have unprecedented amounts of consumer data, not all of it is useful. Cutting through the noise requires specific skill sets and expertise – but it is not always practical to bring those in house. This highlights the importance of identifying the right tools.

Organizations looking at a payments data reporting solution, should consider the following:

- The ability to view and manipulate consumer data on demand
- Access to a wide range of data points that shed light on how consumers are using electronic payments products
- Options to rank and categorize users by activity, payment volume, payees, generational information, and so on
- A solution that offers regular feature updates and enhancements to help you stay a step ahead
- Easy-to-format, easy-to-understand reports

Insights Assist from Fiserv can help your team retrieve and report the right data at the right time. This includes in-depth insights into consumers' payments, payees, ebills and related criteria, such as customer age and payee industry, in a matter of minutes.

Here is an example of the practical application: Fiserv research on Consumer Payments found that 71 percent of consumers now use automatic/recurring payments. With Insights Assist, financial institutions can look deeper into the data to see what types of consumers are using automatic/recurring payments, for which payees and with what frequency and transaction value. Organizations can also understand which consumers have stopped using the service along with those who haven't yet adopted it. All of these payers can be ranked and categorized by various criteria.

That's just one example. When financial institutions apply that kind of examination to all of their payments channels, they're better positioned to anticipate and meet the evolving needs and expectations of today's consumers.

Connect With Us

For more information about Insights Assist, call 800-872-7882, email getsolutions@fiserv.com or visit Fiserv.com.

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization. Our solutions help clients deliver financial services at the speed of life to enhance the way people live and work today. Visit fiserv.com to learn more.

fiserv.

Fiserv, Inc.
255 Fiserv Drive
Brookfield, WI 53045

800-872-7882
262-879-5322
getsolutions@fiserv.com
www.fiserv.com

535555 07/20