White Paper

Enterprise Alerts: The Superhighway to Delighting Customers With Timely, Relevant and Actionable Information
Due to continuing economic pressures, consumers want more control when it comes to managing their finances. Wherever they are and whenever they need to know, they expect access to up-to-date information about their financial situations. Alerts can provide consumers—ranging from those concerned with indebtedness to savvy financial managers—with the up-to-the-minute knowledge needed to avoid fees and capitalize on opportunity. For financial institutions, alerts provide a way to offer customers a more-interactive relationship, while lowering costs to comply with mandates for customer communications and tracking.

Alerts Can Help Consumers Direct Their Finances

A comprehensive alert strategy provides banks and credit unions with the opportunity to help consumers redefine how they monitor and manage their finances, and to create a platform for interactive finance. According to Javelin Strategy & Research, “Alerts can serve as ‘conversation starters’ that put financial institutions in position—potentially on a daily basis—to spur customer interaction and online and mobile banking engagement.” By delivering timely, relevant and actionable alerts, financial institutions can improve their level of service and increase customer satisfaction and loyalty, while also helping to drive customers to a lower-cost channel. However, in terms of the range of alert options that can be offered and the number of consumers using alerts, the industry has only just begun to scratch the surface.

According to Javelin Strategy & Research, 65 million adult consumers are receiving financial alerts online and on their mobile devices (25 million by both texts and emails, 33 million by emails alone and eight million by texts alone), and there are still 127 million adults that have yet to opt in to alerts (see Figure 1).
In addition, the 2013 Power Consulting Study™ reports that two out of five mobile device users do not yet receive mobile alerts from their financial institutions and there is an opportunity for financial institutions to maximize use among the ones that do.

Consumers Want Alert Options

When it comes to alerts, research conducted by the Varolli Corporation has determined that consumers want choices, as evidenced by the fact that so many consumers opt to receive alerts through both online and mobile channels (see Figure 2). Successful alert strategies enable customers to receive alerts on their chosen devices—computers, smartphones and tablets—and through a variety of end points, including some or all of the following:

- Email
- Text/SMS
- Secure messaging inbox (within online banking)
- Instant messaging/chat
- Voice mail
- Social media
- Smartphone or tablet banking apps (via push notifications)

Many alert types primarily lend themselves to a one-directional flow of information related to balances and transactions from the financial institution to the customer. For example:

- Account balance alerts—Allow users to set balance thresholds (both high and low) to trigger an alert
Scheduled alerts—Allow users to schedule account balance notifications on a regular basis (for example, daily, weekly and monthly) as defined by the user.

Event-based alerts—Notify users of a specific event, such as bill presentment or irregular account activity that might be indicative of fraud or another problem.

Instant messaging and secure messaging facilitate a conversation between the financial institution and the customer. Driving the evolution of consumer alerting to a new level, push notifications go beyond information exchange to enable action and provide a powerful new way for financial institutions to enable customers to immediately link into an app to transact.

Push Notifications Preferred by Smartphone Users

It is important for financial institutions to deliver channel-specific user experiences to encourage the adoption and use of banking channels. Smartphone users are accustomed to downloading apps to gain access to functionality and information, and banking is no exception.

Push notifications specifically cater to mobile device users by leveraging their financial institution’s app to send alerts and provide a link back to the app to enable customers to immediately act on the information (see Figure 3).

About.com defines push notifications as “…a technique used by apps to alert smartphone owners to content updates, messages, and other events within an app that users may want to be aware of.” When such an app is installed, the user has the ability to select how to indicate a new alert has been issued using a sound, vibration or icon. Once alerted, customers can read the information and then conduct a transaction within the app.

For example, a low-balance alert can include a response option that enables the consumer to immediately transfer money into the account directly from the phone. That level of facilitation is very difficult to replicate with email or text. And, since consumers usually carry their phones with them, push notifications via smartphone apps tend to be noticed more quickly, making it more likely that a consumer will take action.

Push notifications uniquely provide the ability for financial institutions to effectively evaluate and measure alert programs. Unlike text and SMS, push notifications are not limited by carrier policy restrictions. For this reason, push notifications open the door for innovation. By tying the action a consumer takes directly to the alert, push notifications facilitate Enterprise Process Management (EPM) with the ability to measure the value of alerts (see Figure 4).

Consider this scenario: A customer’s credit card is stolen and unusual transactions begin to appear on the
account. The bank notifies the customer of the potential fraud on their credit card using a non-push delivery—in this case, a text. After receiving the message, the customer calls the bank to dispute the transactions—or possibly even cancel the credit card. The bank has no system or data to tie the bank’s message and the customer’s resulting action together so the financial institution is not aware of any activity (process, outcome or financial consequence) that resulted from the alert.

However, by sending a real-time push notification of unusual activity or transactions, a customer can immediately respond to the notification by either canceling the card or disputing the transaction through an “in-app” action option. Since the alert and the customer’s action occur within a consolidated platform, the financial institution is able to measure the consequences and results—financial, temporal and customer impact—to understand trends. Measurement of alerts and responses is vital to improving organizational performance across process areas within the financial institution.

Although push notifications are a powerful way to drive customer interaction and engagement, many financial institutions do not have the necessary integrated infrastructure—installed app, authenticated device and user, and mandatory consumer opt-in—to support push technology. Financial institutions have much to gain from more ubiquitous alert adoption and now have an opportunity to transform their existing alert offering from a reactive, event-driven service to a proactive personal financial management tool.

### Financial Literacy and Indebtedness Influence Consumers’ Demands for Enhanced Control

Different consumers need different alerts because they are in different phases of financial stability and sophistication. Recent primary consumer research conducted by Fiserv and shared in “Digital Banking Personas and Insights: Fashioning a Tailored Experience,” reveals that individual consumers’ degree of financial literacy and the extent and type of their debt often influence their financial management style (see Figure 5).

**Figure 5: Consumer Segmentation – Financial Management Approach**

![Figure 5: Consumer Segmentation – Financial Management Approach](source: Fiserv, Inc.)
The research shows that consumers will gravitate to products and services that help them manage and control their finances more effectively, and that includes alerts.

Alerts will help those in the ‘Growing Wealth’ segment take advantage of opportunities and help highly indebted consumers prevent and sidestep financial troubles, fees and penalties. For example, consumers that fall into the ‘Slow Recovery’ segment tend to focus on improving their financial situation by tracking spending and reconciling accounts frequently and would therefore benefit from account balance alerts especially when balances are low. While ‘Growing Wealth’ individuals tend to control their finances actively and would benefit from scheduled weekly balance alerts or event-based alerts related to bill payments and suspected fraud. Across all segments, alerts can be an effective tool for personal financial management.

Alert Tracking Poses Compliance Challenges

More stringent regulations and requirements for financial institutions regarding consumer information and disclosure have come online since the financial crisis. For example, the Electronic Fund Transfer Act (EFT) – Regulation E, requires financial institutions to provide disclosures of the terms and conditions of EFT services before the first transaction is made, at the time the consumer contracts for an EFT service, or even if there is a change in terms.

As the cost of compliance continues to rise, banks have been taking a closer look at existing notification systems and processes. Most have discovered that the data that drives financial alerts resides in multiple, disparate systems. This presents efficiency and compliance issues, such as possibly failing auditability requirements due to consumers being unable to easily manage their alert preferences and financial institutions lacking a unified tracking system that shows what communications were sent, inclusive of online and text alerts, and has the ability to track how subsequent consumer actions tie back to the alerts for evaluation purposes. To facilitate audit trails for communications, financial institutions need to be able to aggregate alert records at the customer level.

An Alert Superhighway to Offer Options and Support Compliance

Historically, financial institutions have viewed alerts as a necessary cost of doing business and have kept alert offerings simple, like a one-lane country road offers limited options for speed and destinations. Transitioning that approach to an enterprise alert strategy is more akin to building a superhighway, and such an undertaking takes time, planning and sustained investment to ensure that the offering can evolve over time to keep pace with customer preferences and regulatory demands. An alert superhighway will accelerate financial management for customers and expand the opportunity for financial institutions to deliver actionable alerts to customers via multiple endpoints and devices.

Mapping the Superhighway

Anyone who has put together a child’s toy, a piece of furniture or any “assembly-required” gadget knows how helpful a diagram can be. As the table below shows, consumer preferences are the first leg of the alert journey, followed by Triggerings, Composition, Delivery and Action. By mapping all of these requirements, financial institutions will establish a more interactive, effective and satisfying experience for customers.
### On-ramps and Off-ramps Connect to Data

For most banks and credit unions, the data for alerts resides in multiple and disparate internal and external systems and involves multiple technologies. Support of alerts across all channels entails locating and retrieving:

- Real-time data through Web services and similar interfaces
- Generic, industry-specific data
- Batch files, such as CSV files, directly or through intermediary technologies like file transfer protocol (FTP)
- Manual, typically from frontline staff members in call and operations centers

In order to be successful in supporting alerts across all channels, financial institutions need to build skills and experience in deployment of alerting services across multiple lines of businesses, all banking channels and delivery end-points.

### Providing Structural Support

Financial institutions should also consider the underpinnings required to support the alert superhighway and provide an exceptional user interface (UI) and user experience (UX) across channels (see Figure 6):

- Activation and enrollment
- Preference management
- Customer care and frontline staff visibility
- Reporting and analytics
- Risk and security
- Availability and performance tracking

<table>
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<th>Preferences</th>
<th>Triggering</th>
<th>Composition</th>
<th>Delivery</th>
<th>Action</th>
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<td>Consumers enroll and determine preferences based on need. For example, a consumer may choose to only receive event-based alerts on their mobile device via SMS.</td>
<td>Alerts are triggered in one of several systems or processes within the financial institution either by passing a pre-established balance threshold or by an out-of-the-ordinary event, for instance, and overseas credit card transaction, or from a scheduled recurring event like a weekly balance update.</td>
<td>Alerts are composed in the formats that correspond to consumers’ preferences.</td>
<td>Alerts are delivered through a number of end points such as email, SMS or instant messaging.</td>
<td>Consumers take appropriate action based on the information received.</td>
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As financial institutions build their enterprise alert platforms, they will need to address several questions:

- How are first-time digital banking customers with no digital credentials enrolled and supported?
- How are security and privacy handled within mobile and tablet banking and across other channels?
- What reporting is needed?
- What levels of auditing are required for compliance purposes?
- How will the enterprise respond to customer queries regarding alerts they have received?

In order to address these questions, financial institutions must ensure that they build an enterprise alert platform that is seamlessly integrated with all channels to support information access and management reporting. For example, consumers should be able to access and manage alerting preferences through self-service enrollment tools within online banking, and frontline staff should also be able to access and manage alerting preferences on behalf of a consumer via a management tool at the branch or contact center. In addition, channel-specific processes and policies for authentication via user identity management integration, real-time security monitoring and enterprise customer care tools need to be supported.

**A Staged Roadmap Delivers Compelling Adoption Outcomes**

As for any new product or service, it has to be easy to register or enroll for alerts and get started. There should be a variety of enrollment channels, and the enrollment and preference management processes should be clear and easy to understand. The consumer should be in control at all times—during enrollment and after—should they need or want to change alert preferences or opt out.

Since the opportunities for alerts are so broad, Fiserv recommends phasing in alert types in the following five stages (see Figure 7):
Stage 1: Account-Centered alerts specific to account activity, including low balance, direct deposit, large debit amount.

Stage 2: Event-Based alerts indicate when bills are due, P2P payments are requested and other events that may prompt a follow-up action.

Stage 3: Security-Related alerts that notify when accounts may be compromised, like when there are international charges on a credit card, suspicious transactions or passwords have been changed.

Stage 4: Customer Care information that may be initiated by either the customer or the bank, for example; “Your auto lease is up for renewal. Do you want us to call you to discuss it?”

Stage 5: Actionable Insights provide financial management tips and guidance based on the customer’s activity, for example, “We noticed you spent less money on groceries last month. Would you like us to put that money into your savings account?”

While it may take some time and investment to reach the final stage, actionable insights are a core component of the future of digital banking. Simply put, it’s what consumers expect from their bank or credit union.

Developing an enterprise alert platform over time helps prevent overwhelming customers with too much information or being perceived as “Big Brotherish.” It can be difficult to find the right balance between getting critical and timely information to customers and not bombarding customers with so many messages that they stop paying attention or opt out. To avoid disappointing customers and triggering unnecessary customer care calls, financial institutions should try to understand what information is valuable and provide clear, timely and actionable alerts based on those preferences, which consumers can change as they see fit.

Encouraging the Use of Alerts

Financial institutions should focus on specific consumer segments to drive alert adoption. By focusing on consumers who are most interested in receiving alerts and have the greatest need for alerts, financial institutions can increase alert adoption. In a 2013 study, “Digital Banking Personas and Insights: Fashioning a Tailored Experience,” Fiserv identified distinct consumer personas that were primarily shaped by their financial literacy, stage in debt cycle, financial management approach, and technology adoption and engagement. Banks and credit unions can use this information to target alerting investments on key segments or personas and to ensure they meet consumers’ specific needs. Similarly, messaging used in adoption marketing campaigns should focus on how alerts can meet the needs of specific segments.

An effective ad campaign can promote alerts as a valuable service that can help consumers maintain better control over their financial situation, as illustrated in Figure 8.

Frontline staff can also function as ambassadors to promote alerts, especially among offline customers. According to a 2013 Fiserv study, “Mobile Banking Adoption: Your Frontline Staff Holds the Key to Adoption,” financial institutions have a significant opportunity to achieve adoption rates for digital banking products and services that are two to three times higher than the standard rate by leveraging the referral power of consumer-facing, frontline staff in
Alerts Are an Investment Priority

Consumer demand for timely, relevant and actionable alerts has increased and new technologies have emerged to force financial institutions to revisit their alert strategy. Financial institutions that deliver a successful enterprise alert strategy will do so by starting now to invest in alerts to achieve:

• Higher customer satisfaction, loyalty and retention due to increased engagement
• Increased ability to attract new customers and new alert users by positioning the institution as innovative, trustworthy and in tune with customer needs and preferences
• Reduced channel costs by shifting transactions away from high cost offline channels to the digital channel
• Lower internal process costs and risk through further automation of client communications and tracking
• Lower fraud rates by making consumers aware of potential fraud earlier and reducing ensuing losses

Banks and credit unions have new opportunities to redefine their enterprise approach to alerts in a way that satisfies consumer demands, assists with regulatory issues, makes products more interactive and generates value. The space is wide open for financial institutions to assume a leadership position—the rewards are there for the taking.
About Fiserv

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