

How to Increase Customer Engagement: Leveraging First Party Data with Data Analytics

Financial institutions understand that customer growth is critical for success. Growth includes both acquiring new customers and, just as importantly, reengaging existing customers. Strengthening customer engagement extends their lifetime value, lowers customer acquisition costs for new business, leads to better business outcomes, and expands revenue growth.

However, a recent [Forrester study](#) found that banks and credit unions find it more challenging to reengage customers than to obtain them. A number of obstacles stand in the way, namely: keeping pace with changing

customer needs or expectations, earning and nurturing trust, identifying what customers want in order to more effectively target the market, and having a 360-degree view of customers that would enable more informed and strategic decision making.

The Forrester study found that out of 154 banks and credit unions who participated in the survey, 79% agree that reengaging customers who are disengaged is increasingly a challenge. In addition, the study found that a significant number of respondents said the following areas were important or very important:

87%

Building and maintaining customer engagement

82%

Increasing customer satisfaction

77%

Building and maintaining customer trust

67%

Growing customer loyalty

65%

Reengaging disengaged customers

62%

Avoiding churn/improving customer retention

And yet, financial institutions are investing less in tools that improve existing customer engagement and longevity than they are in acquiring new customers—with disengaged customers falling between the cracks. Furthermore, 73% of respondents said that customers are increasingly opting out of marketing communications year-over-year, and 62% felt that it's hard to deliver customer experiences that drive outcomes and address their needs.

Accelerating Engagement Using First Party Data with Data Analytics and Predictive Modeling

A strong approach to increasing engagement involves using your institution's first party data about your customers. Many institutions have focused on acquiring third party data to use for marketing campaigns. But using the data that you already have in-house provides far superior customer engagement and meaningful interactions when coupled with data analytics and predictive modeling to drive smarter marketing campaigns.

Financial institutions that are still using traditional marketing tactics to interact with customers are likely missing out on the value that modern technologies can deliver and are not getting value out of their own data. Your data, including the story of each customer told by your data, is more powerful than buying lists or other types of third party data. You have the data that you need to grow customer wallet share—you just need it to be organized, combined from your different data sources to see the full picture of your customers, and analyzed to provide actionable insights and make it usable for your team. Leveraging AI-driven analytics and predictive modeling to mine this data can generate a 360-degree view of customers and deep customer intelligence that enable highly personalized, more meaningful interactions that accelerate engagement.

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In its 2023 *Banking And Capital Markets Outlook: Strengthening Resilience, Accelerating Transformation* report, Deloitte points out that “hyperpersonalized services that can factor in a customer’s financial well-being holistically should form the core of customer relationships. To achieve this goal, banks can integrate their disparate data architecture across lines of business and functions and combine it with artificial intelligence (AI)-driven analysis to create a 360-degree view of customers.”

Gathering basic information about customers is relatively easy, but doesn’t provide the highest value. Capturing more complex data, such as transactional data, and applying AI-driven analytics and predictive modeling to it often reveals significant business insights. This is because the information provided can be analyzed to forecast future customer behaviors. This can be acted on strategically to determine products and services the customer will require so that appropriate offers can be issued at the right time.



Mastering AI-driven analytics is essential to achieving the kind of customer personalization required to foster engagement. And yet, banks are lagging in the development and deployment of AI solutions compared to all other industries. According to Accenture, **only one percent of financial institutions can be considered AI achievers**, and even more concerning is the reality that 75 percent of financial institutions are still in the early experimental stage of AI development.

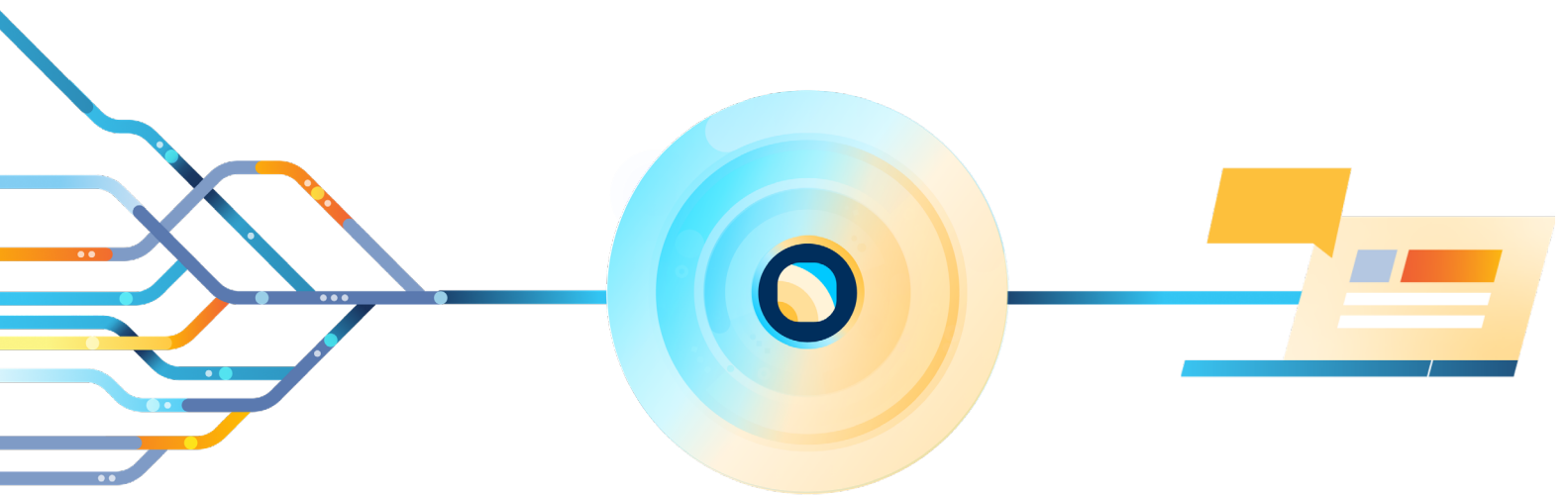
Mid-Market Challenges

In particular, mid-market banks and credit unions are at a disadvantage because they lack expert-level data talent. Large banks and fintechs can afford to have teams of data experts such as data scientists and engineers in house, but the rest of the financial industry cannot. This talent is hard to find, and most banks in secondary and tertiary markets or mid-sized and community institutions have difficulty finding and retaining this talent.

Another challenge for mid-market banks and credit unions has to do with data and data management itself. Banks, like most organizations, have a plethora of data that needs to be properly prepared in order to unlock the value of data analytics. Data is often siloed across the organization and can't be trusted for accuracy, making it difficult to leverage for valuable insights. Legacy data warehouses, lack of automation and integration, and no capability for machine learning and artificial intelligence can leave smaller financial institutions feeling overwhelmed and unsure of where to start.

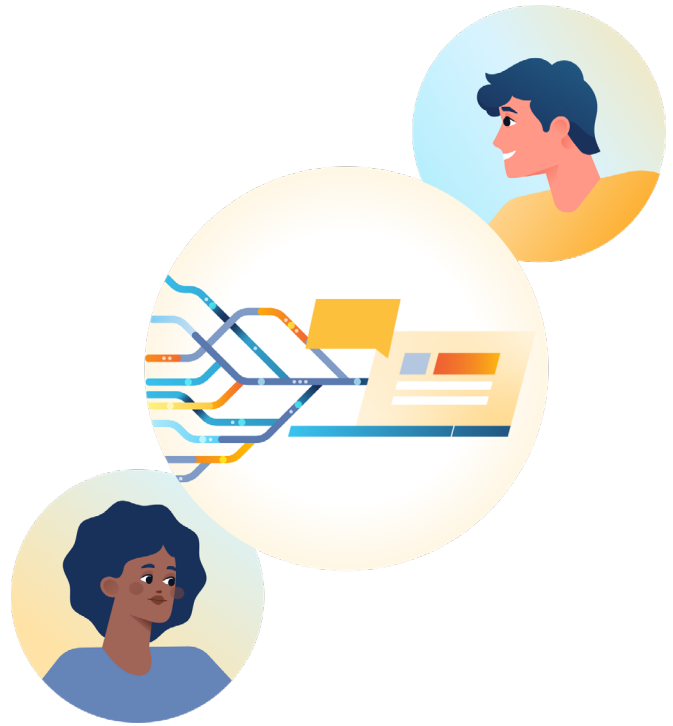
Mid-size banks and credit unions require a different option—one that offers access to the needed tools, resources, and support, while integrating, enriching, and training in using AI, machine learning, and predictive analytics to achieve useful results.

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Partnering with Data Experts

Finding the right partner is the key for mid-market banks, and an efficient way to leverage the skillsets of experts who already have these capabilities. The mid-market bank can partner with a consolidated group of experts that offer managed IT and analytics services, and benefit from a side-by-side model that couples technology with talent. Integrating the right tools along with data-expert talent will enable mid-market financial companies to accelerate their strategic approach to AI so they can achieve a 360-degree customer view and intelligent insights that enable them to customize their interactions and increase engagement and satisfaction. Anything less will leave unprepared banks floundering and at the back of the pack—a death knell to any organization in this cutthroat industry.



About Aunalytics

Aunalytics is a leading data management and analytics company delivering Insights-as-a-Service for mid-sized businesses and enterprises. Selected for the prestigious Inc. 5000 list for two consecutive years as one of the nation's fastest growing companies, Aunalytics offers managed IT services and managed analytics services, private cloud services, and a [private cloud-native data platform](#) for data management and analytics. The platform is built for universal data access, advanced analytics and AI—unifying distributed data silos into a single source of truth for highly accurate, actionable business information. Its [Daybreak™](#) industry intelligent data mart

combined with the power of the Aunalytics data platform provides industry-specific data models with built-in queries and AI for accurate mission-critical insights. To solve the talent gap that so many mid-sized businesses and enterprises located in secondary markets face, Aunalytics' side-by-side digital transformation model provides the technical talent needed for data management and analytics success in addition to its innovative technologies and tools. To learn more contact us at +1 855-799-DATA or visit Aunalytics at <https://www.aunalytics.com> or on [Twitter](#) and [LinkedIn](#).