

WHITEPAPER SERIES:

Digital Transformation
Challenges & Opportunities
In Financial Services

**FROM INSIGHTS TO IMPACT: SUPERCHARGING
DEPOSITS (HINT: WITH CROSS-SELLING GOLD)**



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Introduction

In an era of rapid technological advancements and evolving customer expectations, retail banks and credit unions face the dual challenge of attracting deposits while maximizing cross-selling opportunities. This whitepaper explores how data-driven core transformation can empower these financial institutions to achieve both objectives seamlessly. By leveraging advanced analytics, personalized engagement and seamless integration, they can enhance deposit services, deepen customer relationships and drive revenue growth.

The retail banking landscape is undergoing a profound shift. Account holders demand seamless digital experiences and competition from fintech disruptors intensifies. Core transformation—modernizing legacy systems—is no longer a choice but a strategic imperative. However, merely upgrading infrastructure isn't enough. Financial institutions must harness data intelligently to engage account holders effectively and cross-sell relevant products.

The Crucial Role of Deposits

Deposits play a crucial role in the functioning of financial institutions and their importance remains steadfast in today's dynamic landscape.



Banks offer various deposit products to cater to unique needs of individual account holders. These include:

- Traditional Savings Accounts that are widely available and serve as a safe place to store funds while earning a modest interest,
- Certificates of Deposit or CDs that are time deposits with fixed terms and interest rates,
- Money Market Accounts (MMAs) combine features of savings accounts and CDs.
- Checking Accounts that are used for daily transactions, bill payments, and managing expenses, and
- Individual Retirement Accounts (IRAs) which are tax-advantaged accounts for retirement savings.

Let's first explore why deposits are critical:

Safe Storage and Financial Management:

Purpose: Deposits serve as a secure repository for funds. Individuals and businesses entrust their money to banks, credit unions, and other financial institutions.

Simplifying Transactions: Deposits simplify financial management by providing a central account for income, expenses, and savings.

Accumulation: Regular deposits allow individuals to accumulate funds for future needs, whether it is emergency expenses, education or retirement.

Fueling Loans and Economic Growth:

Lending Mechanism: Banks utilize deposited funds to finance loans for other clients. When you deposit money, it becomes part of the bank's pool of available funds.

Loan Disbursement: Banks lend these funds to borrowers—individuals, businesses or governments—for various purposes (e.g., home loans, business expansion, infrastructure projects).

Interest Income: Banks charge interest on loans, generating income. This cycle of deposits funding loans drives economic growth and development.

Interest-Bearing Accounts:

Deposit Accounts: Savings accounts, certificates of deposit (CDs), and other deposit instruments offer interest-bearing options.

Preserving Capital: Depositors not only safeguard their money but also earn interest.

Insurance Coverage: Accounts are often insured (e.g., FDIC or NCUA), providing additional security.

Liquidity and Stability:

Liquidity: Deposits provide liquidity—easy access to funds. Account holders can withdraw money when needed.

Stability: A robust deposit base stabilizes financial institutions. It ensures they can meet withdrawal demands and maintain operations.

Depositor Confidence: A strong deposit base fosters trust among customers and investors.

Funding Business Operations:



Business Loans: Deposits fund working capital loans, equipment financing and business expansion.

Capital Adequacy: Regulatory requirements mandate that banks maintain a certain level of capital relative to their deposits. Adequate capital ensures resilience during economic downturns.

Interest Rate Transmission: Central banks influence interest rates by managing the supply of money through deposit operations.

Digital Transformation and Customer Expectations:

Digital Channels: As banking goes digital, deposits remain the foundation. Online banking, mobile apps and electronic transfers rely on deposit accounts.

Customer Experience: Deposits contribute to a positive customer experience. Seamless transactions, personalized services and competitive interest rates attract and retain account holders.

In summary, deposits are the lifeblood of financial institutions. They fuel lending, support economic growth and provide stability. In today's rapidly evolving financial ecosystem, deposits continue to be critical for both institutions and account holders alike.

Data-Driven Insights for Deposit Growth



Leveraging Accountholder Data: Financial institutions possess a wealth of account holder data—transaction history, demographics, behavior patterns and preferences. By analyzing and understanding the various data elements, credit unions and banks can identify deposit growth opportunities. For instance:

- **Segmentation:** Segmenting account holders based on their financial needs and behaviors allows targeted deposit campaigns.
- **Predictive Analytics:** Predictive models can forecast deposit behavior, enabling proactive engagement.
- **Behavioral Insights:** Understanding how customers use banking services informs personalized deposit recommendations.

The Pivotal Role of Artificial Intelligence (AI)

Artificial Intelligence (AI) plays a pivotal role in driving data-driven insights during core transformation initiatives. Let's explore how AI enhances the process:



Predictive Analytics and Real-Time Insights:

AI Algorithms: AI algorithms, powered by machine learning, analyze vast amounts of historical and real-time data. They identify patterns, correlations and anomalies.

Predictive Models: By training on historical data, AI models predict future trends, including deposit behavior, customer preferences and market shifts.

Real-Time Monitoring: AI enables continuous monitoring of initiative progress, allowing organizations to detect slippage or deviations early on.

Enhanced Decision-Making:

Data Synthesis: AI synthesizes insights from various sources—internal data, industry benchmarks and external datasets from other companies' transformations.

Benchmarks and Risk Mitigation: AI establishes benchmarks for comparison, informing risk mitigation strategies. Leaders can make data-driven decisions at the initiative, organizational or transformation level.

Agility: Real-time insights empower leaders to adjust initiatives dynamically based on changing circumstances.

Hyper-Personalization and Customer Insights:

Customer Behavior Analysis: AI-driven analytics delve into customer behaviors, preferences and transaction histories.

Segmentation: AI segments account holders based on their financial needs, risk appetite and engagement patterns.

Tailored Experiences: AI recommends personalized deposit products, cross-selling opportunities and engagement strategies.

Resilience and Adaptability:

Forward-Looking Capability: AI equips organizations to sense and adapt to external changes. Real-time information flows enhance resilience.

Continuous Learning: AI continuously generates new insights, allowing organizations to learn from ongoing performance and adjust strategies.

Operational Efficiency and Cost-Effectiveness:

Automated Analysis: AI automates data analysis, reducing manual effort and cost.

Low-Cost Implementation: Once set up, leaders can run AI analysis frequently using their own data.

Window into Performance: AI provides a real-time window into initiative progress, improving transformation success odds.

In summary, AI transforms data into actionable insights, enabling banks to optimize deposit mobilization, cross-selling and overall transformation outcomes. It is the engine that drives informed decisions and adaptive strategies in the dynamic banking landscape.

Personalized Engagement Strategies



Hyper-Personalization: Tailoring deposit offers to individual preferences enhances engagement. Examples include:

- **Contextual Promotions:** Offering time-bound deposit rates during significant life events (e.g., home purchase, retirement).
- **Behavior-Triggered Messages:** Sending alerts when account balances exceed a threshold, nudging users to consider term deposits.

Omnichannel Consistency: Seamlessly integrating data across channels ensures consistent messaging and personalized experiences.

Cross-Selling Opportunities



Unified Customer View: A consolidated view of customer relationships enables cross-selling. For instance:

- **Deposit-Loan Synergy:** Identifying customers with substantial deposits and offering personalized loan products.
- **Investment Services:** Suggesting investment options to account holders with surplus funds.

Behavioral Cross-Selling: Analyzing transaction patterns helps recommend relevant products (e.g., credit cards, insurance).

Agile Core Systems for Real-Time Engagement

API-Driven Architecture: Modern core systems should expose APIs for seamless data exchange. Benefits include:

- **Real-Time Insights:** Instant access to customer data for personalized interactions.
- **Third-Party Integrations:** Collaborating with fintech partners for innovative services.

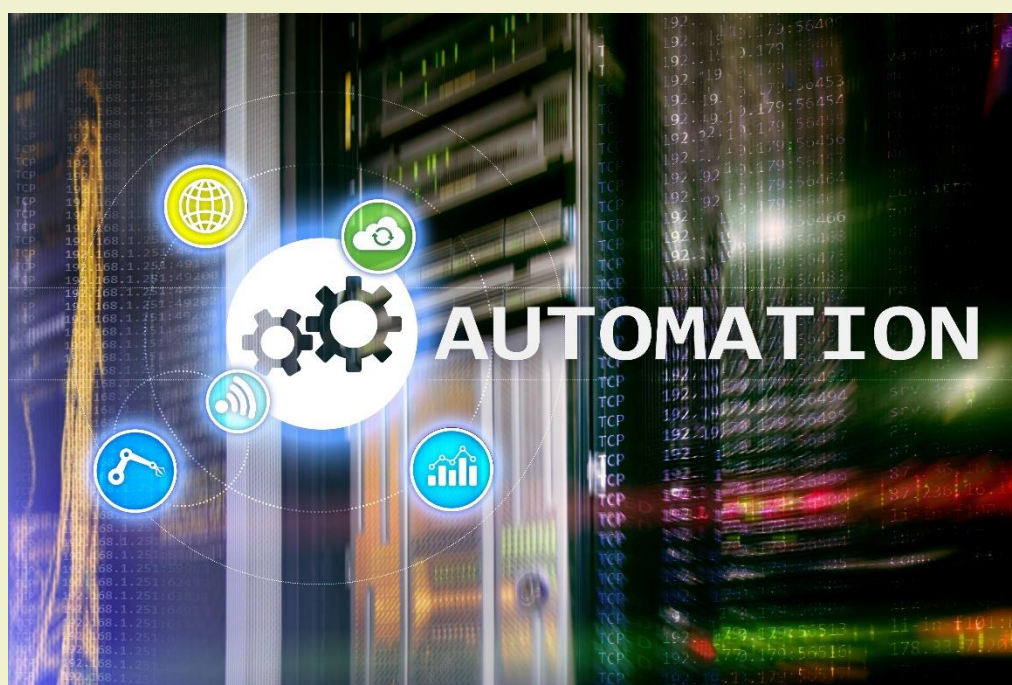
Scalability and Flexibility: Core systems must accommodate future growth and adapt to changing customer needs.

Automation - The Key to Achieving Scale



Automation is needed for financial institutions to leverage data insights and AI to drive intelligent campaigns, engage account holders and cross-sell financial products—all while prioritizing the financial well-being of individuals, families and businesses. Leveraging data insights requires easy and near real-time access to data to understand individuals and essentially understand the personalized profiles of individuals based on their characteristics, preferences and behaviors. AI algorithms analyze historical and real-time data. They predict future behavior, such as when an account holder might be interested in a specific product. All of this allows the financial institution to treat its consumers as individuals versus a homogenous mass.

Digital channels are then identified for outreach. These can include online and mobile banking, bill pay, PFM, eStatements and eLerts, email, text/SMS, website and more. Automation can then be used to design and deploy an unlimited number of campaigns to reach accountholders. The beauty of this is that not all campaigns will reach all accountholders. Data and AI insights ensure that only relevant and meaningful offers and messages reach the right audience based on these automated campaigns.



Campaigns combine data insights with emotional appeal. Visual and message content is designed with this in mind. In addition, personalized messages with the first name of the accountholder call attention to the offers. This encourages account holders to act – whether it is opening a new deposit account, applying for a loan, or exploring fee-based services. Automation seamlessly deploys personalized messages across the various channels (web, mobile, online banking, email, etc.).

These offers have a clear call-to-action which when the user clicks can further be automated to deep link to an account origination application automating the seamless user journey from promotion to opening an account.

The final piece of automation is in delivering macro and micro analytics that can provide a deep understanding of campaign performance allowing marketing professionals to continually optimize results.

So, while the core transformation to be data-driven can look quite like the mountain to climb, automation platforms can make this journey seamless and straightforward to undertake.

Ohio Valley Bank's Success Story

[Ohio Valley Bank](#), one of the oldest banks in the state of Ohio, realized they needed a way to enhance their marketing programs and better reach their customers with targeted messages. The Gallipolis, Ohio-based bank learned about DeepTarget through their relationship with Jack Henry, their core banking provider who integrates directly with DeepTarget's digital



"DeepTarget is an incredible vendor and resource that has helped us increase customer engagement at our bank. The numbers speak for themselves - \$5 million in CDs in one month with the help of DeepTarget's personalized digital campaigns! As of last year, we are also taking advantage of their managed services so that our strong digital customer communications focus is maintained."

Bryna Butler, SVP of Corporate Communications for Ohio Valley Bank

experience platform. The bank first implemented DeepTarget OLB (Online Banking) which uses customer intelligence to drive new leads and revenue through NetTeller, the online banking solution from Jack Henry. They later transitioned seamlessly to Banno for both online and mobile banking.

More recently, Ohio Valley Bank, used DXP to promote their CDs in online and mobile banking. These campaigns resulted in 94 new CD accounts opened for a total deposit value of just over \$5 million in December 2023 alone.

Ohio Valley Bank has been utilizing DeepTarget to both effectively and efficiently engage its customers digitally for several years. It is used to reach them through targeted advertising campaigns, educational materials and personalized messages. DeepTarget, combined with the digital solutions they had in place, even helped the bank weather the Covid-19 pandemic. When the pandemic hit, the bank was able to quickly shift its focus from using DeepTarget for

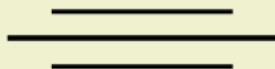
advertising and cross-selling promotions to providing meaningful critical communications, educational resources and community information, enabling the bank to serve as a trusted information hub for its customers in a time of uncertainty.

Conclusion



Data-driven core transformation is not just about technology—it is about reimagining banking experiences. By aligning deposit growth strategies with personalized engagement and cross-selling, banks and credit unions can thrive in the digital age. The whitepaper concludes with the recommendation for data-driven strategies to be combined with automation for financial institutions to embark on this transformative journey, ensuring a win-win for both institutions and account holders.

Remember, the future of deposit generation lies in data, insights and customer/member-centricity.



About DeepTarget

Powering the digital communication revolution for credit unions and banks with Growth as a Service (GRaaS), DeepTarget enables their growth of assets - deposits & loans, revenue, new members/customers, digital users, account holder relationships & loyalty and more. GRaaS is backed by a risk-free money-back guarantee and powered by their patented [DXP](#), currently deployed by 100s of FIs. It combines a skilled labor force and best practices to utilize data and AI insights from multiple data sources for a seamless, meaningful communications experience wherever, whenever and however their consumers' bank. For additional information visit www.deeptarget.com and follow them on [LinkedIn](#).