

**WHITEPAPER SERIES:**

Digital Transformation  
Challenges & Opportunities  
In Financial Services

**THE MASSIVE VALUE OF SUCCESSFUL DIGITAL  
ENGAGEMENT FOR FINANCIAL INSTITUTIONS**



A DEEPTARGET WHITEPAPER  
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## Introduction

Any organization which has retail or commercial consumers - what are typically classified as B2C businesses are increasingly digital in nature. Financial Services is no different. For more than the past decade, credit unions and banks of varying sizes have been undergoing their own digital transformations to be in a position to attract and retain the modern banking consumer. The modern banker consumer themselves is evolving every day so financial institutions must also adapt.



This whitepaper series will cover various aspects of the digital transformation where digital customer engagement, retention and cross-selling are necessary to sustain and grow those businesses.

Clearly, digital consumer engagement, retention and cross-selling are pillars to sustain and grow financial institutions. This

edition of the whitepaper speaks to some of the challenges and opportunities facing financial institutions today with a focus on digital consumer engagement.

## Industry Dynamics

The financial services industry is undergoing a significant transformation due to the rapid growth of digital technologies and the increasing importance of digital consumer engagement. Some of the key dynamics in the industry related to digital consumer engagement are:

1. **Shift to Digital Channels:** Consumers are increasingly using digital channels such as mobile apps, websites, and social media platforms to engage with financial service providers. This shift is driven by the convenience and accessibility of digital channels and the increasing use of mobile devices.
2. **Personalization:** Financial service providers are investing in data analytics and machine learning technologies to personalize their services and products based on

consumer behavior and preferences. This includes targeted marketing campaigns, personalized product recommendations, and tailored advice.

3. **Enhanced User Experience:** Digital channels offer financial service providers an opportunity to create a seamless and intuitive user experience that is critical for engaging consumers. Providers are investing in user interface and design, as well as in new technologies such as chatbots and virtual assistants, to improve the customer experience.



4. **Security and Privacy:** With the increasing use of digital channels, financial service providers are facing new challenges related to security and privacy. Providers are investing in new technologies such as biometric authentication and encryption to ensure the security of consumer data and transactions.

5. **Integration and Collaboration:** Financial service providers are partnering with fintech startups and other players in the industry to integrate their services and products into broader ecosystems. This includes collaborations on payment platforms, financial management tools, and investment advice.

Overall, the financial services industry is becoming increasingly digital and customer-centric, with a focus on providing personalized, secure, and seamless digital experiences for consumers.



## Challenges

The transformation of financial institutions into digital entities poses several challenges, particularly in the area of digital consumer engagement. Some of the challenges faced by financial institutions in this process are:

1. **Legacy systems and processes:** Many financial institutions have legacy systems and processes that are difficult to modernize or integrate with new digital platforms. This can hinder the ability to offer seamless, real-time digital services to customers.
2. **Data management and privacy:** Financial institutions must be able to manage and protect large amounts of sensitive customer data as they transition to digital platforms. They must comply with strict privacy regulations and ensure that customer data is not vulnerable to cyberattacks or data breaches.



3. **Skills gap:** The transformation to digital requires a range of specialized skills, including data analytics, user experience design, and software development. Financial institutions may struggle to find and retain talent with these skills.
4. **Customer trust:** Digital engagement relies on customer trust. Financial institutions must ensure that customers feel secure and confident in their digital services. This includes providing transparent information about data management, security measures, and privacy policies.
5. **Compliance and regulation:** Financial institutions must comply with a range of regulations that apply to their digital services. They must also be prepared to adapt to new regulations as they emerge.
6. **Integration with third-party providers:** Financial institutions often rely on third-party providers to offer digital services such as payment processing and data management.

Integrating these providers with the institution's own systems can be complex and require ongoing maintenance.

Overall, the transformation to digital can be a challenging process for financial institutions, particularly with respect to digital consumer engagement. Addressing these challenges requires a combination of technical expertise, strategic planning, and a customer-centric approach to digital transformation.

## **Opportunities, Benefits, Advantages**



Financial institutions that invest in digital customer engagement have several opportunities and benefits, including:

1. **Improved customer experience:** Personalized digital communications can provide customers with a more engaging and relevant experience. Financial institutions can use data analytics to understand customer behavior and preferences, and then tailor their communications accordingly. This can lead to increased customer satisfaction, loyalty, and retention.
2. **Increased customer engagement:** Digital channels provide financial institutions with an opportunity to engage with customers more frequently and through multiple touchpoints. This can increase customer engagement and improve the chances of cross-selling and upselling.
3. **Cost savings:** Digital communications can be more cost-effective than traditional marketing channels such as print media and direct mail. Financial institutions can save

on marketing and advertising costs while still achieving high levels of engagement and conversion.

4. **Competitive advantage:** Financial institutions that invest in digital customer engagement can differentiate themselves from their competitors. They can offer a more personalized and convenient customer experience that sets them apart from other institutions.
5. **Improved efficiency:** Digital channels can improve efficiency by automating processes such as account opening, loan applications, and customer support. This can reduce the workload of staff and enable them to focus on higher-value activities.
6. **Data-driven insights:** Digital customer engagement generates a wealth of data that financial institutions can use to gain insights into customer behavior and preferences. This can inform product development, marketing strategy, and customer service.

Overall, digital customer engagement can provide financial institutions with a range of opportunities and benefits that can improve customer satisfaction, loyalty, and retention, while also reducing costs and improving efficiency.

## Case Study



### INNOVATIVE DIGITAL CAMPAIGNS BY ALTANA FCU TO ENGAGE AND BENEFIT ITS MEMBERS

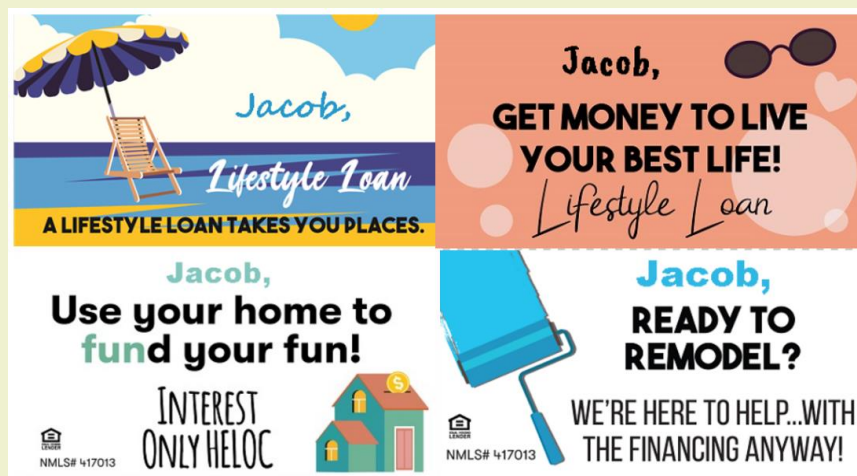
This section covers an in-depth case study of a U.S. financial institution's digital consumer engagement strategy.

Altana Federal Credit Union is a community-chartered credit union based in Billings, Montana. The credit union was initially chartered in 1949 as the Laurel Federal Credit Union by seven refinery workers. Later in 1996, they changed their name to its current name, Altana Federal Credit Union, to reflect its expansions in Montana and Wyoming [2]. Altana FCU's mission is to provide financial services to its members. They help members make a budget, save money, open an account, get a loan, and get out of debt. Altana FCU is committed to improving the financial well-being of its members, their families, and the communities it serves.

Today, Altana Federal Credit Union has \$427 million assets under management and several branches in Montana as well as Wyoming to serve its members. With a considerable number of financial institutions competing for market share in these states, it is crucial that Altana focus on member relationships and loyalty to provide an unmatched experience to their members and help them achieve their financial goals. Influenced by the recent increase in online and mobile banking users, Altana has optimized these platforms to provide optimal value to their members.

Altana Federal Credit Union developed several electronic campaigns using DeepTarget's patented Digital Experience Platform (DXP) and 3D Story. The main focus of their efforts was to promote and offer additional financial products and services to their existing members. By using their online and mobile banking platforms - Banno from Jack Henry, they deployed multiple digital ad campaigns using personalized banners as well as communication using the 3D Story carousel display.

The credit union aimed to enhance the value they provide to their current members by delivering personalized offers for products that meet their individual needs. Leveraging member data insights and artificial intelligence, the credit union identified the products that members were most likely to require at a particular time. This not only boosted revenue from current members but also fostered stronger member relationships, leading to higher levels of loyalty and retention.



Using DXP, Altana Federal Credit Union developed several campaigns for various products based on a diverse set of criteria for each. In some cases, member segments were identified using DeepTarget's AI/ML based predictive modeling which identifies the highest propensity purchases for a specific product. In other cases, Altana used all-user targeting to present offers that were relevant to all of their members.

Below are a few examples of the campaigns Altana FCU developed and deployed recently using a diverse set of targeting methods and ad display technologies provided by DXP for Banno.

Campaign for Lifestyle Loans - *"loans that make your life cooler"*

Audience: All Users

3D Story Carousel Lifestyle Loan using several story frames to promote the loan benefits

Audience: All Users

Interest Only HELOC Campaign

Audience: Predictive Model for users with highest propensity for HELOC

CD Promo

Audience: All Users

DXP gives Altana the ability to launch an unlimited number of ad campaigns. The targeting methodology used determines the reach of each campaign. DXP automatically creates the stack of offers that are relevant to each member and displays them, as the member uses their online or mobile banking applications in their daily lives. Effectively using this digital real estate with meaningful communications and offers has resulted in excellent outcomes for Altana FCU and its members.

The unique and innovative 3D Story carousel ad platform, inspired by contemporary social media, simultaneously displays multiple highly targeted and personalized offers for each user in multiple story frames on a 3D cube. This provided an interactive and engaging experience for Altana's members.

Using DeepTarget's ad creation studio, Altana Federal Credit Union created a collection of colorful and engaging banner ads to effectively capture the attention of their members. They also employed DeepTarget's new 3D Story technology. The 3DST ad platform simultaneously displays multiple highly targeted offers for each user on a . This provided an interactive and engaging experience for Altana's members.

These ads are presented on all available platforms for online (OLB) and mobile banking. Given the clean and clear presentation of a single banner ad displayed on their online and mobile banking platforms, there is a high likelihood that members pay attention to these ads. Combining this with the fact that the ads are targeted and relevant, it truly engages members, maximizing digital touchpoints between the credit union and their members.



Altana has an average of 30 campaigns for their assortment of account offers running at any time. DeepTarget's DXP works by cross-referencing all current Altana campaigns with each individual member to identify which campaigns are the most relevant for each member. This results in every member being presented a unique set of campaigns, i.e. banner ads/offers that are relevant to them. Due to the advanced targeting employed on these campaigns, Altana ensured that their members only saw promotions and offers that resonated them and aligned with their individual financial journey.

## **The Results**

In 2022, Altana FCU ran a total of 80 digital campaigns. These campaigns collectively resulted in the following:

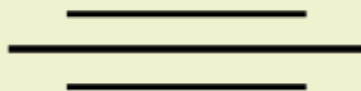
- 328,816 unique impressions,
- 2,398 clicks, and
- 1,749 product sales influenced by these digital campaigns.

Given the actual results of product sales influenced by DXP, Altana achieved an extremely high return on investment, virtually transforming its marketing department from a cost center to a profit center.

Altana Federal Credit Union's electronic marketing campaigns in 2022 were a testament to their commitment to member-centricity, featuring innovative technologies and persuasive messaging that effectively reached their audience.

With DeepTarget's Digital Experience Platform (DXP), Altana Federal Credit Union harnessed the power of online (OLB) and mobile banking platforms to showcase their distinctive products and services.

Altana FCU's investment in digital marketing initiatives paid off, leading to impressive results such as a significant surge in new accounts as well as an enriched customer experience.



## **Conclusion**

In conclusion, the growth and success of financial institutions are closely linked to their ability to engage with consumers in the digital age. By investing in digital customer engagement, financial institutions can improve their customer experience, increase customer loyalty and

retention, grow assets, and boost revenue and profitability. The benefits of digital customer engagement and the use of and data-driven insights extends beyond just financial gains, as this can help institutions to gain a competitive advantage and improve internal efficiencies.

On the other hand, failing to invest in digital customer engagement can lead to several repercussions for financial institutions. Consumers who are dissatisfied with a lack of digital engagement are likely to switch to competitors who offer a better digital experience. This can lead to a loss of deposits, loans, and revenue. Additionally, traditional financial institutions may fall behind in the fast-evolving digital market, as fintech startups and digital-native institutions continue to grow and capture market share.



In the modern world, digital customer engagement is essential for financial institutions to stay relevant and competitive. As customer expectations evolve, institutions that do not keep up risk being left behind. By embracing digital transformation and adopting customer-centric/member-centric strategies, financial institutions can build a loyal customer base, grow their assets, and remain profitable in the long term.

#### 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. GRaaS 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](http://www.deeptarget.com) and follow them on [LinkedIn](#).