

Advanced Data-Driven Growth Strategies: Best Practices That Maximize Banking Relationships

Becky Summers,
Thought Leadership and Strategic Guidance
Raddon

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Using Advanced Analytics to Achieve Strategic Objectives

An aerial, isometric view of a city at night. The buildings are dark, but their windows and streets are filled with glowing lights in various colors (yellow, orange, blue, green). The overall scene has a digital, data-driven feel, with many small, bright points of light scattered across the cityscape.

90% of the world's data
was created in the
last two years.

Turning Data at Rest Into Data in Motion



Turbocharge Cross Selling

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Turbocharge Driven Cross Selling With Deep Data Analysis

Demography

Look-a-Like Cross
Selling

Next Best Product

Personalize with
Transaction
Behaviors

Target Held-
Elsewhere
Accounts

AI Modeling
Enhances and is
Scalable

Improving Cross Sell – Home Equity Lines

Traditional Marketing Criteria

- Retail Household (Core/MCIF)
- Homeowner (Demographic)
- Current Mortgage Holder (Core/MCIF)
- Exclude if they have a HE/HELOC and Other Normal Exclusions (Core/MCIF)



Improving Cross Sell – Home Equity Lines

Data Driven Marketing Criteria

- Paying a Competitive Mortgage (Transaction Data)
- Paying Property Taxes (Transaction Data)
- Paying Home Insurance Payments (Transaction Data)
- Shopping for a HELOC (Browsing History)
- Shopping at Lowes frequency and recently (Transaction Data)



Improving Cross Sell – Home Equity Lines

Campaign Results

131,521

Targeted
Impressions
Delivered

Served an ad and viewed by
target accountholders or
potential accountholders

278

HELOC
Influences

Influenced post
impression and, in this
case, opened a HELOC

\$8,044,713

Face Value
HELOCs
Generated

The dollar value of each
goal achieved



Targeted equations can be customized to include those members making specific payment levels to competing institutions.

Personalizing Messages

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Personalizing Homebuyer with Kids

- Mortgage Predictive Candidate
- Is a Renter
- Is a Pet Owner
- Have Children
- Visited Mortgage Online Application Page
- Visited Mortgage Information Page
- Visited Mortgage Rates Page
- (-) Consumer Mortgage
- (-) Competitive Mortgage

Personalization Across All Channels



CRM



Email



Call Center



Teller

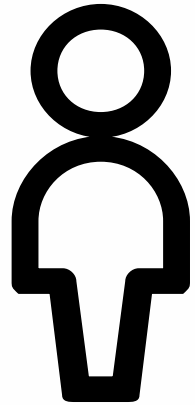


Mobile

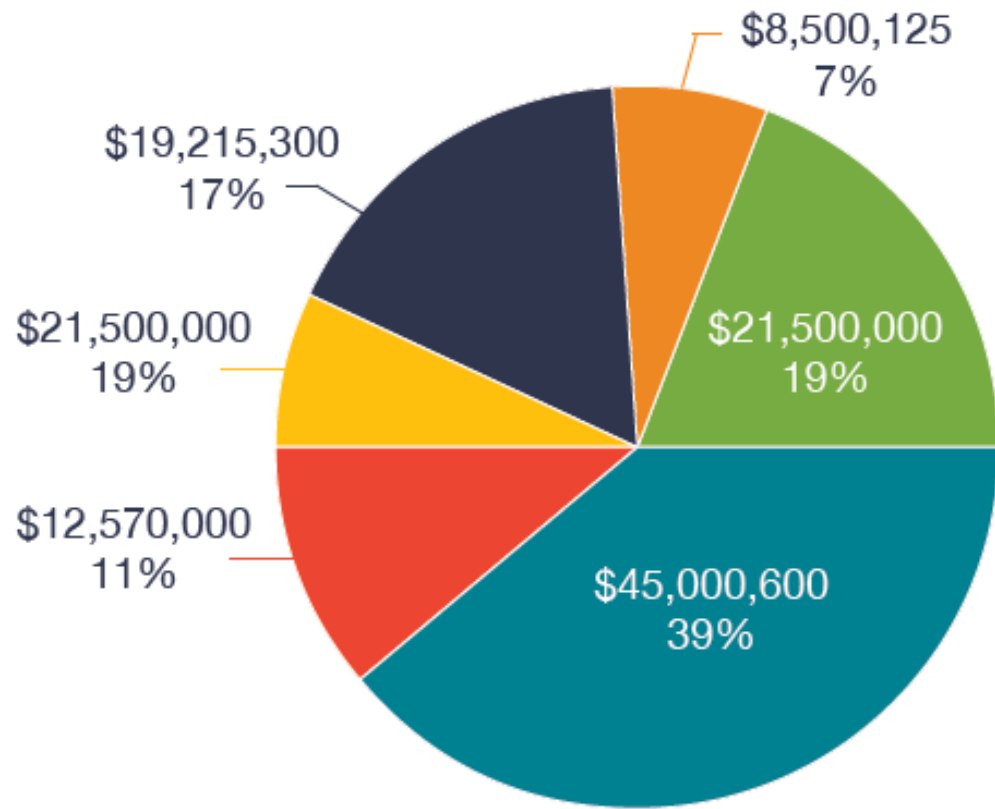
Plus All Other FI Channels

Understanding Payments Leaving Your Institution

Unlock the Power of Transaction Data



Unlock the Power of Transaction Data



Total Spend by Product

- Mortgage Loans
- Other Loans
- Auto Loans
- Credit Cards
- Investments
- Student Loans

Source: *Predictive Analytics from Raddon powered by Segment; results represent one client

Unlock the Power of Transaction Data

Competitor	Total Spend	Avg Payment Amount	% of Spend	# of Account Holders
Chase Bank	\$12,034,119	\$1,461	10.46%	12,536
Capital One	\$11,437,050	\$2,109	9.95%	11,489
Huntington	\$9,218,628	\$1,227	8.02%	9,741
Ally Bank	\$7,525,941	\$1,024	6.54%	4,991
Merrill Lynch	\$4,993,173	\$682	4.34%	2,639
Discover	\$3,421,939	\$991	2.98%	6,632
Quicken Loans	\$2,306,709	\$1,549	2.01%	9,632

Source: *Predictive Analytics from Raddon powered by Segmint; results represent one client

Accountholders Are Telling Us Valuable Information

How do we compare from a product **strength** perspective?

Do we have product, product positioning or sales **weaknesses**?

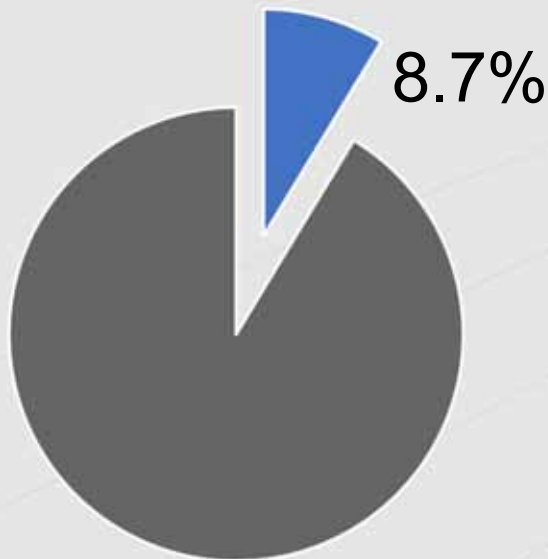
What **opportunities** do we have against the competition?

What are the competitive **threats** illustrated by the payments?

Credit Card Research

Cleansed Data Helps Evaluate Held Elsewhere Accounts

How many households are making credit card payments to other financial institutions?



Knowledge Gained / Action Taken

■ Competition

- The top five competitors were inconsistent from what they believed were the top five competitors
- More affluent accountholders were paying/using other competitive credit cards
- Younger and older accountholders were less likely to make card payments elsewhere
- Financial Institution's accountholders are more likely to use card for everyday purchases but not for large purchases

■ Sales

- Client's primary cardholders indicated 62% of them learned of the card from an employee
- Those with primary elsewhere more likely to hear about it from mail, at a store or online advertising
- FI's primary card holder most focused on rates instead of rewards

Changes and Outcomes

Used
Accountholder
Feedback
through Data
and Surveys

Redesigned
Product Based
on Research
Deepened
Reward
Programs

Personalized
Marketing –
Played to their
Strengths

Heavily
Involved Staff to
Promote and
Sell the Product
but added
Direct Mail and
E-Mail

Consider Attrition

Attrition Risks Are Costly

Attrition
comes with a
tremendous
cost

40%

Newly acquired accountholders leave before attaining profitability

\$300+

Average Acquisition Cost of a New Accountholder

1-2%

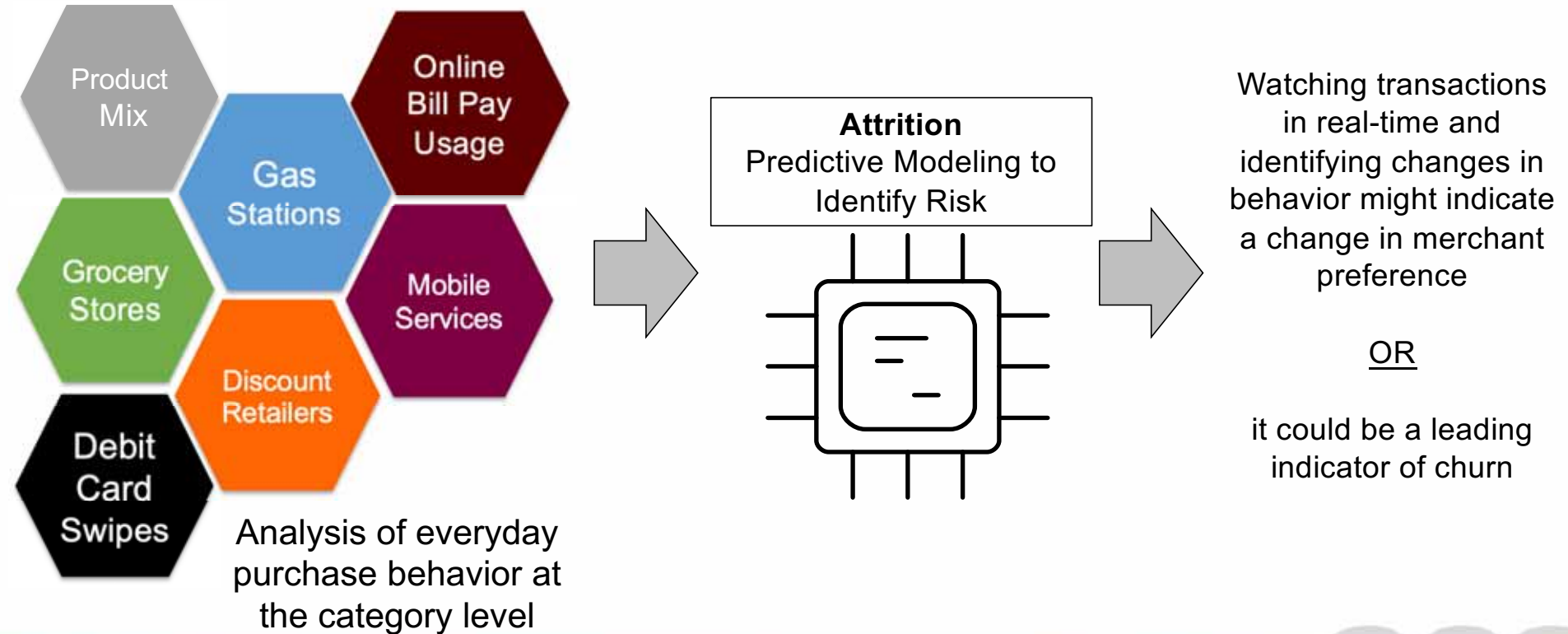
Net Income Loss for each point of customer attrition

2

or more years

For a Financial Institution to achieve profitability on a typical retail customer depending on product mix.

Possible Indicators of Churn



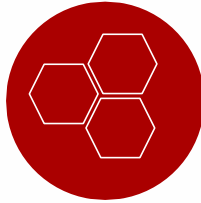
On-Demand Approach to Churn

Identify Better Data



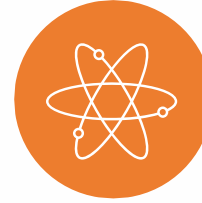
Everyday purchase behaviors are extremely predictive of churn using category and Individual level data

Daily Detection is Optimum



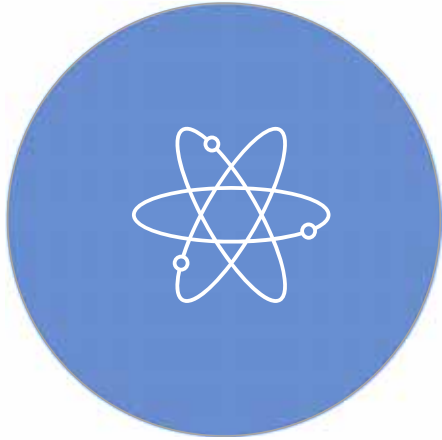
Observes data produced by customers daily to determine if behaviors will impact churn

Continuous Optimization

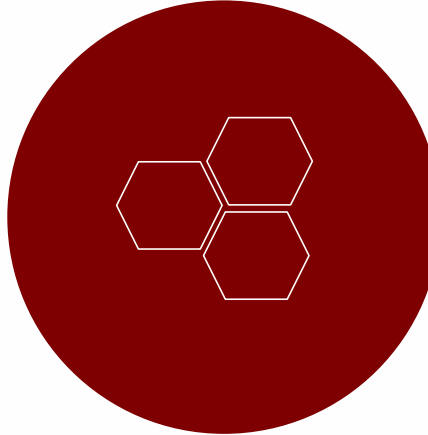


On-demand access to at-risk customers

Real-World Application



Attrition is identified and assigned to customers based on accountholder's probability of attrition



Accountholder Behaviors must be identified

- Held away payment activity
- Banking behaviors
- Product mix
- Spending patterns



Personalized accountholder engagements and usage

One Financial Institutions Journey

Traditional Attrition Metrics

Product Usage (usage down)

Deposit changes (balances down)

Withdrawals (usage up)

Last Transaction timing (90+ Days)

Three or Less Online Bill Payments in the last 90 days (usage down)

Competitive Product Usage

Had Competitive Investments

Had Competitive Automobiles

Had Competitive Checking

Had Competitive Credit Cards

Behavioral Indicators

Home Improvers

Travelers

Had Children

Moving Indicators (Various indicators)

Technology and AI Learnings Make Data Actionable

Standardize

- Understand the data and information that is available from your systems (core, MCIF, cards, LOS, etc.)
- Cleanse, normalize, and categorize data using analytics tools
- Ensure that you can query the data in a usable, categorized manner - AI Tools are a Must

Strategize

- Review strategic goals and develop questions for your data
- PFI status, micro-investing, BNPL, financial wellness and attrition, gig economy are a few topics to be considered
- Review data results to help drive the plan tied to your corporate strategies

Execute

- Develop a Multi-Touch Plan
- Consider Journey Mapping for proper accountholder experiences
- Develop KPI's and execute on the plan appropriately



Questions?

#fbforum

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About Your presenter

Becky Banta Summers

Becky joined Raddon in 2017 with a background deep in financial services leadership. During her twenty plus year career with a multi-state credit union in the Midwest, Becky held a succession of roles from the management of service center operations through Senior Vice President of Retail Sales and Marketing. Additionally, for three years immediately prior to joining Raddon, Becky was President and CEO of Ronald McDonald House® of Michiana. She earned a BS in Marketing, Management, and Insurance from Indiana State University.

Currently as the leader of Raddon's thought leadership and strategic guidance team, Becky is committed to help financial institutions use data to inspire growth. Becky uses her financial services experience combined with data to help others understand the opportunities to enrich the lives of consumers. Her focus is on consumer needs and perspectives that drive opportunities to deepen accountholder relationships using data analytics, research insights and proven strategies.

LinkedIn: [linkedin.com/in/beckybantasummers](https://www.linkedin.com/in/beckybantasummers)

About Raddon

At Raddon, we arm financial industry decision makers with objective data gained through our innovative research techniques and unique database resources. We offer far more than data. We provide strategic guidance and tactical solutions to meet the challenges of the continuously changing financial services industry.

Since 1983, Raddon has provided innovative research data, insightful analysis, strategic counsel and marketing solutions to hundreds of financial institutions across the nation. Because we serve financial institutions exclusively, we have an in-depth understanding of the market and recognize critical issues that shape the industry.

www.raddon.com

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Thank you!

BECKY BANTA SUMMERS

✉ rebecca.summers@fiserv.com

🐦 [@bsummers5](https://twitter.com/bsummers5)

[in linkedin.com/in/beckybantasummers](https://www.linkedin.com/in/beckybantasummers)

☎ 219.921.9090

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Appendix

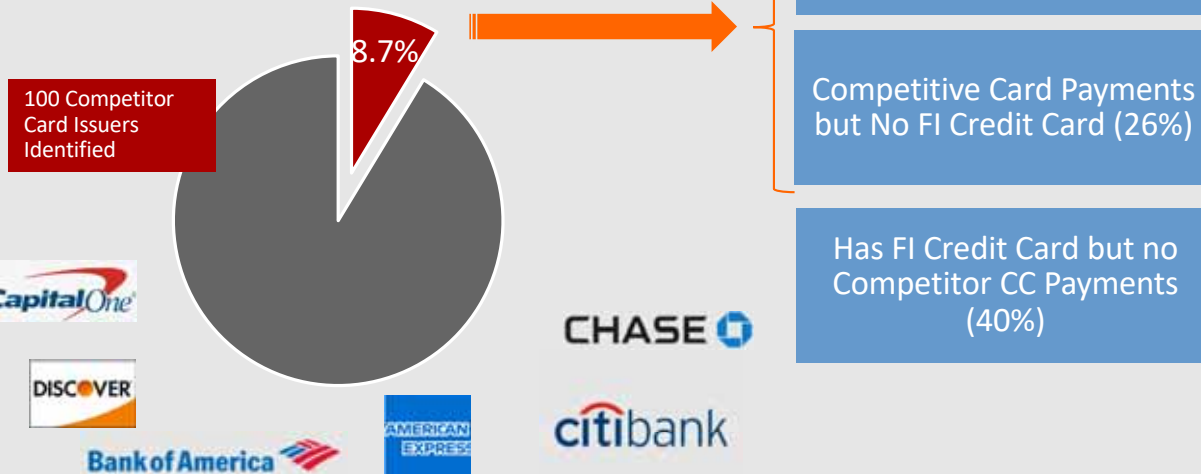
Credit Card Research

Cleansed Data Used to Identify Held Elsewhere Accounts

Uncover insights about accountholder's held-elsewhere accounts. Nearly one in ten accountholders were making monthly credit card payments elsewhere.

Three groups were surveyed regarding their credit card behavior:

How many households are making credit card payments to other financial institutions?



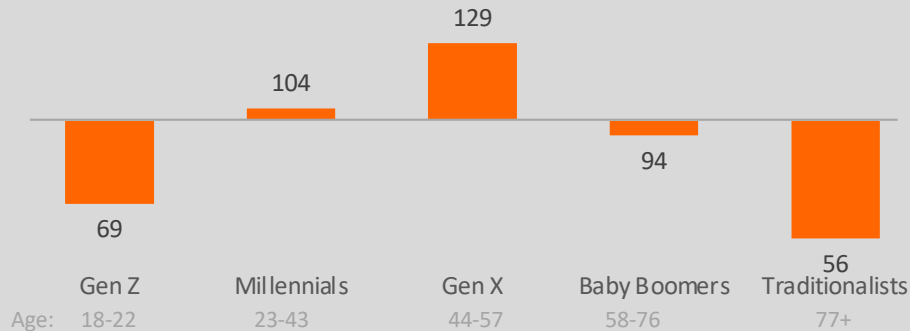
Source: Raddon Predictive Analytics \$1.1B Financial Institution



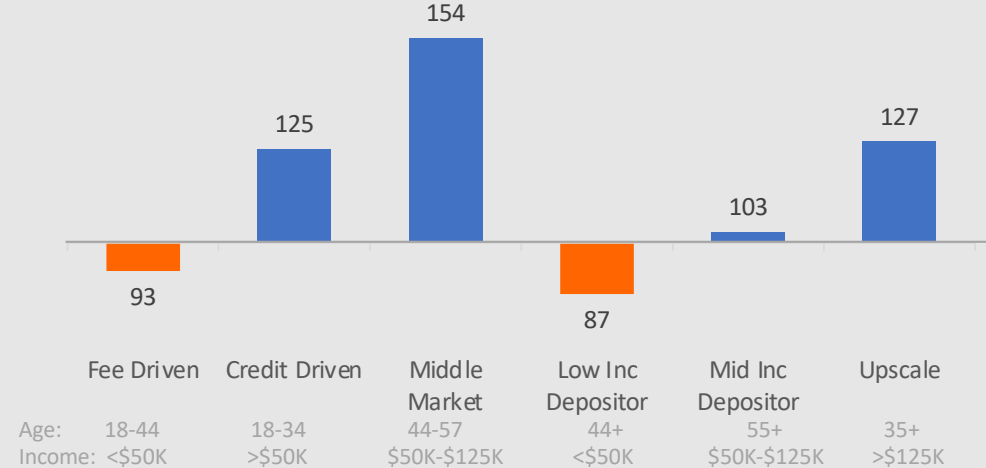
Credit Card Research

Cleansed Data Used to Identify Held Elsewhere Accounts

Which **generational segments** are making credit card payments to other financial institutions?



Which **consumer segments** are making credit card payments to other financial institutions?

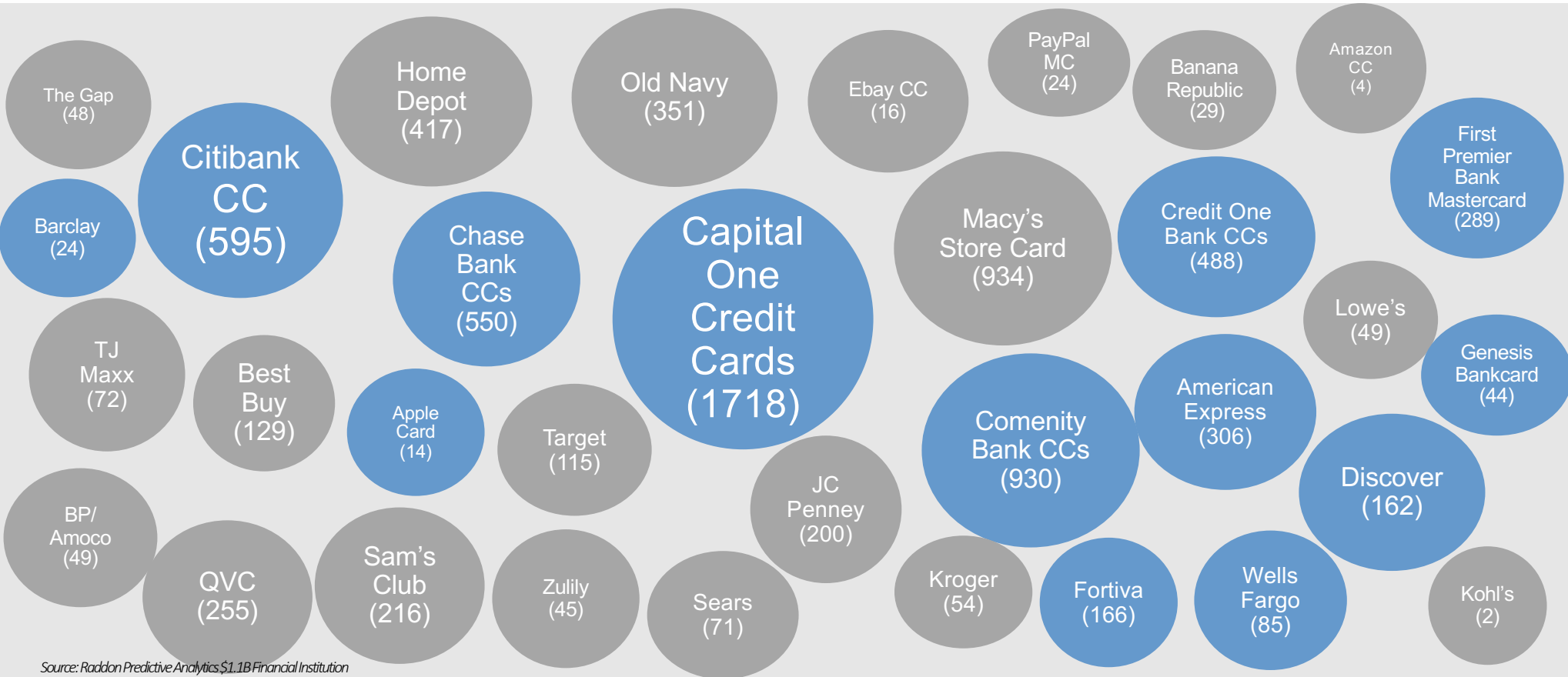


8.7% of member households are making credit card payments to other financial institutions.

Source: Raddon Predictive Analytics \$1.1B Financial Institution

Credit Card Research

Cleansed Data Used to Identify Held Elsewhere Accounts



Source: Radon Predictive Analytics \$1.1B Financial Institution

Attrition Positive Engagements Need to Be Prioritized

High Value Members

- Attrition Positive and Aggregate Balances > \$100K
- Attrition Positive and Average Monthly Deposit Balances \$10,000 - \$25,000

- Consumer Money Market OR Certificate of Deposits



Multiple
Touchpoint
Approach

Value Proposition

- Attrition Positive and has a retail checking and Direct Deposit process > 45 days
- Or Bill Pay was low frequency in last 45 days
- Has Low Mobile usage in the last 45 days

- Marketing of the value of direct deposit
- And bill pay
- And mobile



Value
and
Usage

Us Relationships

- Attrition Positive and Debit Card swipes low and credit card swipes low and single product HH
- Attrition Positive and Competitive Loan with Low credit risk

- Card Utilization
- Consumer borrowing products



Swipes
and
Usage

Deepen Relationships

- Attrition Positive and aggregate balance 1-2 products owned
- Attrition Positive and aggregate balance \$0.01 to \$499 with 1-2 products owned

- Auto Loans
- Checking



Product
Acquisition