

Whitepaper

# ENGAGING THE NEGLECTED 47%

A Mobile CX Solution for Banking CDOs  
that Reaches More Consumers



## Introduction

The pandemic transformed the way people interact in every possible way. Digital banking, of course, had already been steadily gaining ground, but lockdowns of physical spaces created an immediate need for online access to banking tools and resources. The pandemic didn't introduce a digital transformation trajectory for the banking industry, but it definitely fast-tracked the trend for some.



In truth, the Financial Brand reports that only 53% of bank customers have fully adopted mobile banking apps, and the pandemic lockdowns, which were anticipated to accelerate adoption, only increased online banking adoption by a mere 3%.<sup>1</sup>

What should worry Chief Digital Officers (CDOs) is this question:

**Where are those 47% of bank consumers who are not adopting mobile banking despite the limited access to physical branch locations during a worldwide pandemic?**

It is precisely this group of consumers that CDOs should be focusing on as the world begins to return to a version of our pre-pandemic ways of work and life. What new ways of engagement forged during pandemic-enforced lockdowns helped us connect and work better that we can take with us into the future?

Banks that search for and seize opportunities to engage this missing 47% of customers who haven't adopted online or mobile banking yet can open the door to increased revenue, greater customer satisfaction and loyalty, and a broader customer base. Banks that neglect to engage this substantial group of bank consumers are at grave risk of losing them to the sea of online competitors.

This whitepaper explores the phenomenon of this significant group of disengaged bank consumers, how a mobile customer experience solution helps banks reach and meaningfully engage this group, and considerations to keep in mind as you make the business case for investing in digital strategies to build a sustainable bank of tomorrow.

<sup>1</sup> Online and Mobile Banking Adoption Soars, Setting New Benchmarks for 2021: <https://thefinancialbrand.com/107582/garret-online-mobile-banking-adoption-rates-covid/>

# Are You Only Leaving Money On The Table (Or Are You Losing Your Customers Entirely)?

Growth-focused banking CDOs have dual primary responsibilities: designing digital experiences for customers that grow the bank for today's consumer behaviors and needs, while preparing the bank's digital infrastructure for future growth. This includes enabling users to conduct banking activities online, promoting new products, and finding new ways to deliver services to customers.

Banking CDOs and their teams must strike a balance between the costs of investing in these lanes and keeping costs down. They are under pressure to simultaneously improve the end-to-end customer experience, differentiate their brand, shrink customer service and other costs through digital transformation, compete with new 'digital-only' challenger banks, mobile wallets, and non-traditional financial service providers, and deliver meaningful branded interactions outside of the bank's physical presence and in-person interactions (e.g., plastic cards, bank branches, customer service calls).

For many CDOs, improving the bank's most visible digital properties, like mobile apps and websites, is their top priority. As a result, these channels have become the primary venue for delivering a quality customer experience, selling products and services, and growing revenue.

## SHRINKING BRANCHES AND STRENGTHENING DIGITAL INITIATIVES

If just 53% of banks' customers have truly adopted mobile banking apps and the pandemic lockdowns only increased online banking adoption by 3%, relying on banking apps and websites to meaningfully engage customers who have no shortage of options is not an investment destined to deliver the returns CDOs are looking for to ensure long-term success.

47% of banking consumers represents a significant pool of potential customers, potential revenue, and potential growth opportunity to lose to competitors. This large group is comprised, of course, of individuals, and seeing them as such is the secret sauce

to engaging with them meaningfully and creating positive customer experiences.

Before the pandemic, some bank consumers were already migrating to digital banking. From fraud alerts, identity authentication codes, and payment reminders, many customers were used to engaging with banks via mobile channels. During pandemic lockdowns, customers sought out digital spaces and online services when shuttered branches prevented in-person interactions.

Business Insider reports that [U.S. Bank permanently closed approximately 25% of its physical branches](#) in recent years. "The cuts will leave U.S. Bank with a branch footprint of around 2,300 and will generate \$150 million in cost savings, some of which will go



toward strengthening digital initiatives and remodeling remaining branches.”<sup>2</sup>

Branded digital channels like mobile apps and websites are the new focal point of customer experience for banks. These channels have high brand integrity, low facilitation costs, and compounding returns as more consumers adopt online banking habits.

But moving from physical spaces to mobile banking apps isn't quite enough. Yes, mobile apps are an essential part of the package; however, there are significant risks in limiting CX investments to apps, while neglecting other high-value engagement channels, like mobile messaging.

## CX AS COMPETITIVE ADVANTAGE

The financial sector is a crowded space. The proliferation of mobile wallets, payment apps, fintech, and digital banks make it really easy for bank consumers to navigate to fast, easy alternative solutions. Even credit apps are muscling their way into the competitive landscape by offering loans based on credit scores. The financial market is flooded with similar services. Within a few clicks, you can lose consumers to dozens of competing options.

This is precisely why customer experience (CX), which is how organizations engage with consumers throughout the entire customer journey, becomes an incredibly powerful critical differentiator for a bank. CX involves every interaction point – from marketing to sales to customer service, and each of these touchpoints presents an opportunity to meaningfully engage with consumers or risk losing their business in a crowded competitive market.

According to a [new report from Deluxe](#) that surveyed financial institutions, improving CX and enhancing mobile engagement are two of their top priorities for 2021<sup>3</sup>. Meaningfully engaging customers and consistently delivering a positive customer experience are essential ways CDOs can differentiate from competitors.

In an article on the importance of greater personalization in digital banking interactions, Jim Marous, co-publisher of the Financial Brand, writes:

“Real-time personalization and [contextual customer experiences are critical to differentiating yourself from competitors](#). With new technologies and the vast amount of consumer data available, the banking industry has the potential to understand how and when to best engage with customers and to deliver experiences that create satisfaction and loyalty. More importantly, as the number of in-branch visits continues to decrease and the number of digital transactions increases exponentially, the importance of making each engagement more personalized will be the key to success.”<sup>4</sup>

<sup>2</sup> Magana, Gregory. “U.S. Bank will close 400 branches by early next year, as it continues to report robust digital engagement.” Insider. <https://www.businessinsider.com/us-bank-plans-to-close-15-percent-of-branches-2020-10>

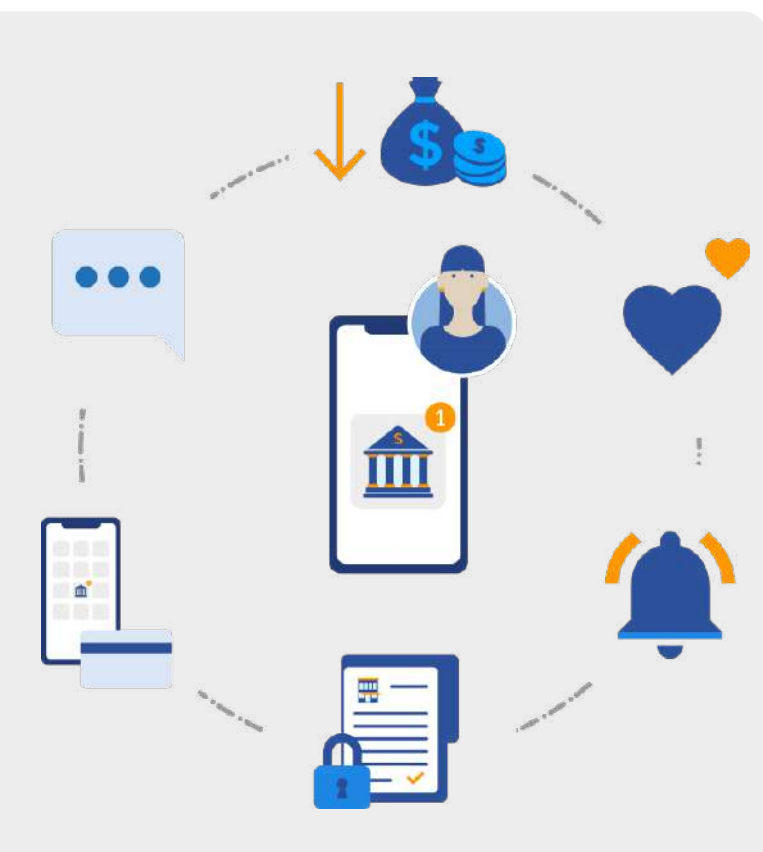
<sup>3</sup> Deluxe. “Vision 2021: Building a Marketing Organization That Thrives in a Digital World.” [https://www.deluxe.com/content/dam/deluxe/us/en/home/industries/financial-institutions/Deluxe-vision-2021-research-report-final\\_r2.pdf](https://www.deluxe.com/content/dam/deluxe/us/en/home/industries/financial-institutions/Deluxe-vision-2021-research-report-final_r2.pdf)

<sup>4</sup> Marous, Jim. “Increased Digital Banking Interactions Require Greater Personalization.” The Financial Brand. <https://thefinancialbrand.com/118663/digital-banking-usage-requires-contextual-personalization-ai/>



## Why Invest in Mobile Communications for CX?

The pressure is on for CDOs to meaningfully connect digitally with consumers to improve the customer experience. Put simply, banking institutions can't afford to put off investing in a digital communication strategy that improves the customer experience and nurtures authentic connections with consumers at every opportunity of engagement.



According to Gallup research, fully engaged banking consumers account for \$402 in additional revenue annually<sup>5</sup>. And here's why: As mobile banking usage continues to rise, investing in mobile messaging enables banks to reduce operational costs. In fact, 91% of mobile bank customers prefer to conduct their banking activities online rather than having to go to a physical branch.

Mobile messaging unlocks the door to truly meaningful, personalized engagement, which has a direct impact on the bottom line. 84% of businesses that focus on enhancing the customer experience report an increase in revenue, and 92% report increased customer loyalty. In a sea of banking options and competition, customer loyalty has never been so valuable to a bank's long-term success.

Mobile messaging channels are gaining ground as the preferred method for meaningful customer engagement, which leads to better customer experiences. 98% of smartphone owners use text messages on a regular basis. The open rate of SMS is five times higher than traditional email, and response times are sixty times that of email. Personalization has the potential to significantly drive revenue growth – up to 15%.

Regardless of industry, today's customers expect to be able to flexibly use the communication channels and methods they prefer. And 9 out of 10 consumers want a seamless omnichannel experience when moving from one communication channel to another.

<sup>5</sup> Marous, Jim. "9 Secrets to Building Customer Engagement in Banking." The Financial Brand. <https://thefinancial-brand.com/37507/bank-cross-selling-onboarding-engagement-marketing/>

Compared to apps and websites, mobile messaging channels are more reliable and future-proof. SMS is already fully adopted, accessible to those without smart devices, easy to use, and a maturing venue for interaction and branding. As consumers move to interact with brands on other channels – such as WhatsApp, Viber, or Apple Business Chat – mobile messaging will provide continuity in enabling banks to connect with customers directly and proactively while maintaining control of the customer experience.

## CASE STUDY: How Mobile Improved a Bank's Loan Application Response Rate by Over 200%

Driving bank consumers to mobile apps or websites alone might save costs on the front-end, but it can end up creating unintended impacts on revenue and metrics when customer experience suffers.

This was precisely the experience of a CDO of a mid-sized bank who faced enormous pressure to grow the bank's customer base through promotional offers. Some of these promotions were slated for brand-new customers. As such, these initial interactions were critical for the bank to nurture a good customer experience from the very beginning. The bank's loan application process was the first opportunity for the bank to make a positive impression on new customers and gain a potential long-time customer.

### **THE PROBLEM: LOAN APPLICATION RESPONSE RATES BELOW TARGET (ONLY 13%)**

Response rates for promotional mortgage loans were stagnated at just 13%. Because of that, market share started to decline as customers drifted elsewhere for the services and experiences they were looking for.

The CDO investigated his competitors' strategies for winning new business and saw that his bank's loan application process was a likely source of the problem. The bank's competitors were doing a considerably better job communicating with loan applicants about where they were in the process. Competitors also completed the overall application process much quicker.

When the CDO rolled out initial strategies for improvement, the bank found that they were bottlenecked by low response rates and internal delays. Activating a multitude of online resources and channels to facilitate the applications didn't improve the customer experience or speed up the process even when extremely attractive promotions were offered to new customers.

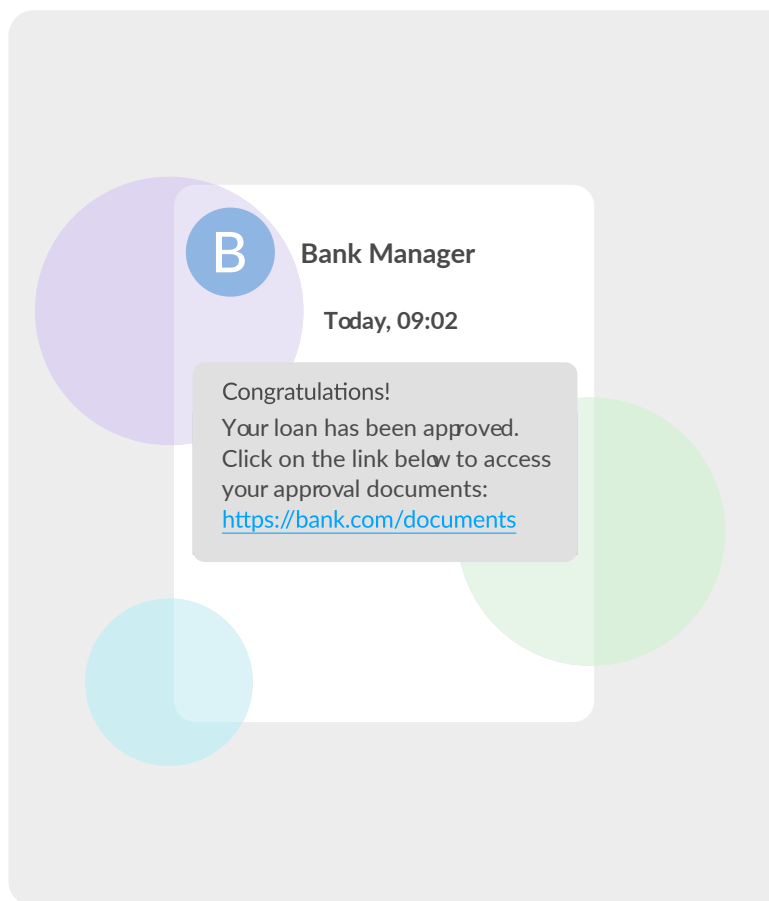
The CDO was left trying to answer questions from the executive team about why efforts on a high-profile initiative were failing and why the bank was hemorrhaging valuable customers.



## **THE SOLUTION: ADDING AN SMS CHANNEL TO SPEED UP PROCESS AND IMPROVE THE CUSTOMER EXPERIENCE**

That's when the CDO added an SMS channel to speed up the bank's loan application process, and the bank immediately observed a positive change in operations as well as in the overall customer experience.

The bank integrated its in-house loan application software with mobile reminders so that the CDO's team could be prompted internally to complete tasks required to move applications along. Bank employees received an automated text message upon a customer's loan application submission. Externally, customers were informed at every step in the process about where their application was, what their next steps were, and timing for completion.



## **THE RESULT: 200% IMPROVEMENT IN RESPONSE RATES**

Response rates for promotional loans jumped from 13% to 40% – an astounding improvement of 200% – and processing times improved to outpace the competition. Adding an SMS channel to the bank's digital communication strategy was a simple, but critical step in growing the bank's customer base and vastly improving the customer experience because it enabled the bank to introduce more meaningful interactions aligned to the outcome, both externally and internally.

## **3 Steps to Better Customer Engagement**

Mobile messaging enables CDOs to make sure the right critical messaging gets to consumers at the right time, like keeping customers informed of the progress of a loan application, for example, as the CDO in our case study experienced first-hand. Meaningfully engaging customers builds trust, nurtures stronger relationships, and cultivates long-term loyalty. This translates to a larger customer base and greater revenue.

In a nutshell, CDOs need to actively take three steps to create a better customer experience that ultimately delivers on the bottom line.



## **STEP 1: ENGAGE YOUR DIGITAL LAGGARD 47% OF CUSTOMERS BY IMPROVING YOUR MOBILE COMMUNICATION DESIGN STRATEGY**

Recognizing that nearly half of bank customers are in danger of being lost to the competition is a compelling place to start and should be a great motivator for improvement. Investing efforts and resources in proven strategies like personalized, relevant, and meaningful mobile communication will help CDOs kick-start engagement of the 47% of customers who haven't yet adopted mobile or online apps.

## **STEP 2: TAKE FULL CONTROL OF YOUR MOBILE CUSTOMER EXPERIENCE**

Allocate the same effort and resources into your mobile communication design that you've been pouring into your online and mobile apps. In fact, think of your online and mobile apps as intrinsically connected to your mobile communications, as they are one in the same.

Nearly all smartphone owners use text messaging on a regular basis. Compared to email, SMS open rates are five times higher and response times are sixty times greater, making SMS a powerful tool for engagement and for cultivating a positive customer experience. And when included in an omnichannel approach, SMS enables banks to provide customers with a completely seamless and integrated experience regardless of a customer's preferred channel or device.

## **STEP 3: INVEST IN THE RIGHT TOOLS TO BUILD FOR A DIGITAL FUTURE**

CDOs who create a customer-centric mobile communication strategy that prioritizes meaningful, personalized engagement using consumers' preferred channels are building for a strong digital future.

Recent advancements in mobile communication technology present CDOs with significant new branding potential, new ways to interact, and even new opportunities to replace or replicate banking products and services right within a mobile communication channel.

These advancements also allow more consistency of a bank's brand and messaging across all channels, from digital channels like SMS, RCS, and WhatsApp to physical branch locations, which will drive the greatest possible value out of an automated, personalized mobile-messaging strategy – value that isn't limited to obvious external use cases with bank customers and prospects. The CDO at the midsized bank, for example, successfully integrated multiple existing internal systems and aligned marketing, loan processing, and customer service efforts to radically speed up process and improve CX.

CDOs who can deliver on a more meaningful mobile communication experience will gain a strong competitive advantage in an increasingly tough market and create a customer experience that engages more of the at-risk 47% of customers.



## How to Build a Business Case for Mobile Messaging

Making the case to invest in a digital transformation strategy can be a tough sell if stakeholders get caught up in a narrow view of implementation costs without understanding the tangible return on investment.

According to Forrester's CX Index, improving customer experience in the banking industry increases customer loyalty in the form of retention, enrichment through cross-selling and up-selling opportunities, and word-of-mouth advocacy<sup>6</sup>. Additionally, investments in creating a better customer experience provide other quantifiable benefits, such as greater customer engagement, larger customer base, and reduced operational and customer-service costs.

### Here's how to get started building a business case for a mobile CX solution:

**1. Create a Digital Strategy Team:** Gather your top minds to help create a digital transformation strategy.

**2. Assess Your Current Situation:** Document the challenges your bank faces today, like rising competition, declining revenue and market share, and the realities of your current CX strategy.

**3. Document Starting Assumptions:** Outline the possible quantifiable benefits that a unified, consistent digital communication strategy can provide to your bank.

**4. Research Industry Trends:** Understanding what leaders in the financial sector are doing can support your investment argument (e.g., Lloyd's Bank is investing +£500 million over 3 years for its CX transformation<sup>7</sup>).

**5. Distill into a Succinct Business Case:** Be sure to lead with benefits rather than jumping right into a budget request.

**6. Create Energy and Buzz:** Highlight a few compelling stats and drop them into conversations with colleagues, then watch them gain momentum.

**7. Measure ROI:** After implementation (assuming you've successfully argued your business case), track and measure key metrics, such as increased customer satisfaction or reduced churn over time.

Ready to explore a complete omnichannel communications solution?

Download our playbook on creating an effective business case for CPaaS

<sup>6</sup> Forrester CX Index. <https://go.forrester.com/research/cx-index/>

<sup>7</sup> Schmidt-Subramanian, Maxie. "The ROI of CX Transformation: The Business Case Report in the CX Transformation Playbook." Forrester. <https://www.forrester.com/report/The+ROI+Of+CX+Transformation/RES136233>

## About Soprano Design

Founded in 1994 in Sydney, Australia, Soprano is an award-winning global communication software solution provider. Soprano's omnichannel Communications Platform as a Service (CPaaS) solution, Soprano Connect, supports more than 3,500 enterprise and government customers, including more than 50 large financial institutions globally. Through its unique MNO partner model, Soprano counts AT&T, Telstra, BT, Vodafone, Orange, StarHub, Smart/PLDT, and Celcom among the telco partners that use its trusted platforms to offer CPaaS to their own customers.

Soprano Connect is an [enterprise-grade omnichannel CPaaS messaging platform](#) ideally suited to meaningfully engage a bank's digital laggard 47% of consumers. It offers banks a reliable, low-code solution with a distributed, secure network and robust hierarchy controls so that CDOs can establish a CX plan through CPaaS. Scalability makes it easy to integrate into any system and to powerfully engage every single customer. CDOs can securely manage an implementation of that plan across branches and departments with the platform driving proactive messaging, critical notifications, and adoption goals — all from a single omnichannel solution.

