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Six Marketing TRENDS That Will Matter in 2016

With an unpredictable regulatory environment and shrinking resources, financial marketers have had to become evermore innovative. How are they coping? These **six** important marketing trends will, no doubt, be relevant in 2016 and into the future.

1 Unleashing the Possibilities With Data and Analytics

Financial institutions are rich with data. The challenge is in mining this enormous amount of data and turning it into meaningful, actionable insights — with limited staff and budgets.

Experts agree. According to Research and Markets, "The lack of skilled resources to manage big data could pose a challenge to the growth of the financial services sector."[1] And further, "Organizations can establish themselves against competition only if they understand and approach their customer in the most informed manner on a platform they prefer."[2]

The ability to sift existing data, bring in data from relevant outside sources and integrate it all for effective lead generation, acquisition, cross-selling and upselling is a must for financial marketers.

> *"Finance in 2025 will be fundamentally different because of a single reason:* ***data****"*[4]
>
> **Huy Nguyen Trieu,** Fintech guru and managing director at Citi

And there's another potential upside: the value of the data itself. Huy Nguyen Trieu, Fintech guru and managing director at Citi®, suggests that data monetization will be the game changer in financial services. Similar to Google®, which uses data to serve up targeted advertising, he suggests financial institutions will be able to make money from real-time financial information about their clients.[3]

Takeaway: *It's likely that you can do a lot more with your data, and testing a new approach isn't as expensive as you might think. In fact, many programs quickly pay for themselves. With well-augmented data, credit risk models and predictive analytics, financial marketers can define demand potential for various products and services, identify the best prospects based on propensity to buy, and create super-targeted, high-response multichannel campaigns that are cost-effective. Your data is valuable. Make it work for you. If you don't have the internal resources for data analysis, a third party with expertise in this area is a wise alternative.*

[1] Research and Markets, *"Global Big Data Market in the Financial Services Sector, 2012-2016,"* October 18, 2013
[2] Ibid
[3] Trieu, Huy Nguyen, *"The One Chart You Need to Understand Fintech,"* July 28, 2015
[4] Ibid

2 Focusing on the Account Holder

In 2014, 52 percent of consumers had opened or closed at least one banking product, and 40 percent planned to do so in a year.[5] Consumers have more financial services choices than ever before. How will financial institutions keep account holders loyal?

"The winners … will develop a much deeper, holistic understanding of their customers … they will be able to understand their customers and be present with a relevant solution at the time of need. They will simplify their product sets. And they will redesign their core processes from a customer point of view."[6]

Takeaway: *Twenty-two percent of consumers said they feel financial institutions are all the same.[7] But those financial institutions that understand the importance of retaining their account holders will use data and other resources to better understand and serve them — thereby differentiating themselves from competitors. Furthermore, financial institutions can use favorable insights and tactics to attract prospects who are similar to existing profitable account holders. Simply put, financial institutions that take an account holder-centric approach will thrive.*

3 Reaching Many Consumers Through Multiple Channels

Consumers have any number of ways to engage with brands. And they do. What does this mean for financial institutions? It means that they can no longer rely on account holders and prospects coming into their branches. Instead, financial institutions must deploy an omni channel marketing approach.

As Brett King, CEO of Movenbank®, put it, "Banking is no longer defined by a physical distribution network or physical artifacts; it is no longer somewhere you go, but something you do."[8] That's the new normal.

Takeaway: *Effective omni channel marketing requires optimizing every communications channel, including mobile, to reaching prospects and account holders. It means creating a communication strategy that provides value, meets account holder expectations and enhances their interaction. It means timely, relevant and personalized communications, including local and social media content. Messaging should be consistent — and repeated — across all mediums to increase the likelihood that the call to action will be followed.*

[5] thefinancialbrand.com, *Global Consumer Banking Study Offers Truckload of Insights for Everyone*, February 24, 2014
[6] Pwc, *Retail Banking 2020: Evolution or Revolution?*, 2014
[7] thefinancialbrand.com, *Global Consumer Banking Study Offers Truckload of Insights for Everyone*, February 24, 2014
[8] The Motley Fool, *The Biggest Mergers and Acquisitions in Banking*, April 22, 2015

4 Navigating Regulatory Complexity

Does it feel like the rules in banking are always changing? Many financial institutions seem to be suffering from what consulting firm Perficient calls "regulatory fatigue."

Seventy percent of financial services firms expect more regulations in the next year, and many institutions are having difficulty keeping up with increasing compliance requirements.[9] Compliance solutions provider Continuity has estimated that it would have required 1.35 employees just to address the new regulations issued during the first three months of 2015.[10]

Takeaway: *Building compliance into your go-forward strategies is a must. When choosing external resources to complement your internal team, be sure that they have the processes and expertise to navigate the ins and outs of the regulatory environment. Carefully vet your vendors and assess their security and risk management measures relative to specific industry regulatory requirements, from CFPB to AML, KYC and CRC. There's no room for laxity. Financial institutions exist to serve their account holders. Don't let the wave of new rules and regulations handcuff you. Get help if you need it so that you can continue to market and promote your products and services within the established guidelines.*

5 Anticipating and Managing Mergers & Acquisitions (M&As)

In 2014, there were 300+ bank and 200+ credit union mergers and acquisitions.[11] Clearly, there is a trend toward small or similar-sized institutions coming together. Given the improved credit quality and stock currency for buyers, the environment is more favorable for deals.[12]

More M&As are coming. "The obvious reason banks merge is to create more efficient operations," said the Motley Fool's Matthew Frankel. "The less obvious reason has to do with the post-crisis regulatory environment ... by combining assets, banks can move up the 'regulatory brackets' and operate at a significant cost savings."[13]

Takeaway: *Financial institutions involved in M&As are shifting their focus from the best financial deal to the best strategic fit. Your integration strategy should include a communications plan that is tied to and promotes strategic goals. To stem attrition, ensure that your account holders are fully informed of any merger or acquisition activity in which you participate. This will go a long way in eliminating any confusion or concerns they may have.*

What's the hallmark of a successful merger? Account holders who accept your financial institution as their financial institution. Gaining that acceptance requires making them feel welcomed, valued and assured.

[9] Thomson Reuters, *Sixth Annual Cost of Compliance Study*, 2015
[10] Continuity, *Bank Compliance Index*, 2015
[11] Ibid
[12] Bank Director, *Bank M&A Survey*, 2015
[13] The Motley Fool, The Biggest Mergers and Acquisitions in Banking, April 22, 2015

Three Keys to Small Business Banking

- Take the pain out of the lending process
- Practice value-based relationship management
- Go beyond core products and services[17]

6 Attracting and Growing Small Business Account Holders

Is your institution among the 88 percent looking to grow small- and midsize-business market share in the next few years?[14] Small businesses are the backbone of community banking, for whom they are the most profitable customers.[15] Apparently, the affinity goes both ways. In 2014, overall satisfaction among small business banking customers was up 14 points year over year.[16]

Some financial institutions are taking an altered approach to their small business account holders, offering more "holistic," fee-based services such as strategic planning, capital fundraising, cash management and bookkeeping, along with traditional banking services.

The hardest part of small business banking, though, seems to be bringing small businesses in the door. It takes an average of 10 to 12 touches for a cold prospect to agree to meet with a banker. An average of seven to eight calls is required to close the sale. However, bankers don't even get past the first call 23 percent of the time.[18]

Takeaway: *Many marketers aren't aware of all the means to identify prime small business targets. Effective lead generation can be executed at a fraction of the cost of having branch personnel do that job in their spare time. For example, did you know that approximately 21 percent of consumer accounts belong to small business owners or principals?[19] Do they also have a business account with you? Finding these hidden gems should be a priority, and part of your data and analytics goals. Once your small business targets become account holders, offer them services they really need — not just your usual fare.*

[14] Mineral Tree, *Treasury Strategy Survey*, 2013

[15] CFO.com, *How Well Do Banks Serve Small Businesses*, May 28, 2013

[16] J.D. Power, *U.S. Small Business Banking Satisfaction Survey*, 2014

[17] McKinsey, *Digital Models for a Digital Age: Transition and Opportunity in Small Business Banking*, 2013

[18] CBA Live 2013, "Metrics that Matter" and "Beyond Traditional Chalklines" presentations

[19] Equifax, *Small Business Study*, 2013

Our strategic, data-driven marketing programs are designed specifically for financial institutions.

For more information, please call **1.800.351.3843**,
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