MX

Discovered Accounts

Unlock the Data to Delightful Customer Experiences

Discovered Accounts: Unlock the Data to Delightful Customer Experiences

Today's financial institutions are feeling pressure like never before—from the advent of the nontraditional digital only neo-banks to big tech companies like Amazon and Apple entering the financial space. On top of that, consumers' demand more engaging and relevant experiences across all channels and devices. With competition from all directions in the financial industry, it's critical for financial institutions to closely scrutinize their traditional banking models and bridge their current methods with digital-first experiences.

In fact, a recent study by McKinsey discussed the threat of disintermediation: "advances in technology and changing customer expectations are leading to the collapse of the traditional banking value chain and the emergence of an integrated-network economy comprised of 'ecosystems'. The threat for banks [and credit unions] is the loss of the customer relationship." Data provided by MX further illustrates this point, showing that multiple large financial institutions have over a billion dollars per month leaving the institution to make payments or deposits to third party financial products such as credit cards, investments, mortgage payments, and loans (figure 1). Furthermore, half of all Americans have at least one checking or savings account outside of their primary financial institution.

Large Financial Firms (Assets >$5B)	
Credit Card	$619,632,539
Investment	$183,993,577
Loan	$70,258,725
Mortgage	$200,556,796

Medium Financial Firms (Assets $750M - $5B)	
Credit Card	$8,015,957
Investment	$2,625,515
Loan	$672,712
Mortgage	$2,076,246

Small Financial Firms (Assets <$750M)	
Credit Card	$2,485,021
Investment	$353,939
Loan	$311,043
Mortgage	$715,772

Figure 1: Based on MX data- Average $ per month leaving Financial Institutions by Category

With these significant shifts in the market, you have to focus on creating a superior customer experience if you want to stay on top. Developing a keen understanding of customer behaviors is the foundation to understanding their expectations, enabling you to create delightful and relevant experiences at the right time. And creating exceptional customer experiences starts with clean, accessible, and easily actionable data. Fortunately, with the advent of many new digital technologies, data has become more easily accessible and usable than ever before.

Challenges with
Data Strategy

There are two key challenges that plague most data strategies. First, many data solutions take an immense amount of data science expertise. And because there are so many technical requirements to make data easily accessible, it often remains unutilized. The truth is a lot of financial institutions don't have the capital to make the investment in data scientist teams, and even when institutions do have the resources, the teams are often allocated to other projects.

In either scenario, the data remains indecipherable and difficult to access or use for the teams who can use it to better serve the financial institution's customers.

Secondly, even in cases where the data is accessible, it's not always easy to take action on. In most financial institutions, data is often presented in a siloed fashion which makes it less directly actionable. An example of this could be that the analytics team produces a report which finds a financial institution is losing a lot of credit card business to another organization that offers a less competitive rate. Although this information is highly valuable and useful, the analysis doesn't always find its way to the marketing or product teams where they could develop a compelling offers.
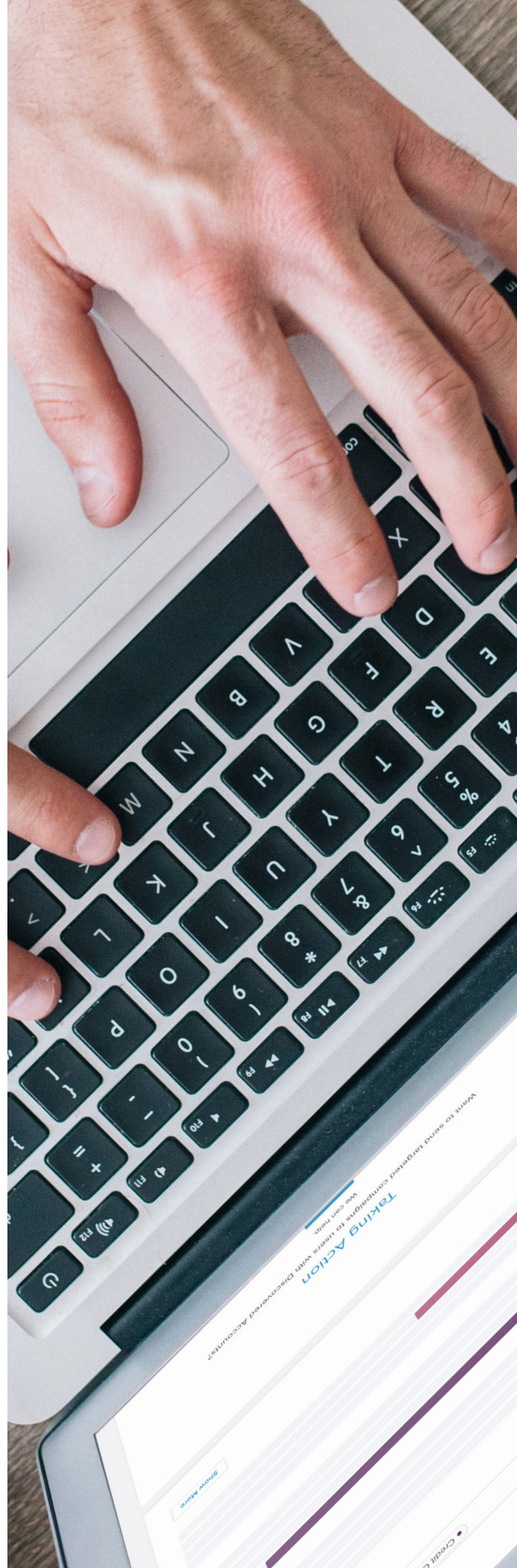
Accessible & Actionable Data Is the **Key to Success**

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Luckily, with various technological advances, financial institutions are well positioned to leverage partnerships and solutions that make their data easily accessible and actionable. At MX, one of our key products, Discovered Accounts, leverages machine learning and data science to give financial institutions insight into the types of accounts customers have and where. With these insights, financial institutions can quickly see which banks and credit unions their customers are doing business with, giving them a better understanding of the competition among the current customer base.

The power of Discovered Accounts comes from our ability to take in customer transactional data and run it through our data enhancement engine—cleansing, categorizing, and classifying the data. Data enhancement makes it faster and easier to understand and act on the information found within Discovered Accounts.

Put Data into **Action**

The data found in Discovered Accounts can be acted on in a myriad of ways. Here are a couple of examples of how to put it into action.

Drive Major Initiatives:

Discovered Accounts is most often leveraged to drive major initiatives. As an example, let's take the case of an internal push to drive mortgages within your financial institution. You could easily go into Discovered Accounts and quickly identify the top competitors among your financial institution's existing customers. In this case for example, the chart below shows that Bank of America, Wells Fargo, and USAA are the top three competitors. Now leveraging this data, you may decide that your rate is more competitive and create a campaign targeting all existing customers who are making mortgage payments to one of these top three competitors.

Bank of America	$473,912

Wells Fargo	$417,363

USAA	$329,189

$2,263,478

Sum of discovered payments to your top 3 competitors.

● Mortgage	$2,263,478

Export Data

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Discovered Accounts Filters

682792 users in this segment type | 4% of total users

Account Type

Account Type

Mortgage ⊗

Organization

Wells Fargo Bank ⊗

⊕ Add a Filter

30521
Users in segment

Broad   Targeted

Once you have the specific data needed, you can use Insight and Target to create customer segments based on that information. You can then use the segmented customer information to create custom campaigns, or export it to your third party tools.

Another example is creating targeted wealth management lists. With Discovered Accounts, you can quickly identify accounts where the end-user is making payments to a third party investment firm. According to MX data, institutions with >$5 Billion in assets are losing nearly $184 million per month to competitive institutions. Leveraging the capabilities in Target, you can give your wealth management associates the ability to act on segmented contact lists, giving them insights into what third party a customer is with when contacting the prospective client.

Decide what type of offer to promote:

Another way Discovered Accounts can provide value is in generating promotional ideas for your marketing department. Take credit cards for example: from a customer's perspective, many of the financial institution have non-differential credit card offers with similar give-back and benefits. And because it's difficult to differentiate on credit cards, it is imperative that you leverage highly personalized targeting techniques. Discovered Accounts offers insights into potential promotions. In the chart below, we can see that the top three competitors to this particular financial institution are Capital One, Chase, and Bank of America.

$2,001,310

Sum of discovered payments to your top 3 competitors.

- **Credit Card** $2,001,310

Export Data

Capital One	$387,189

Chase	$287,336

Bank of America	$256,291
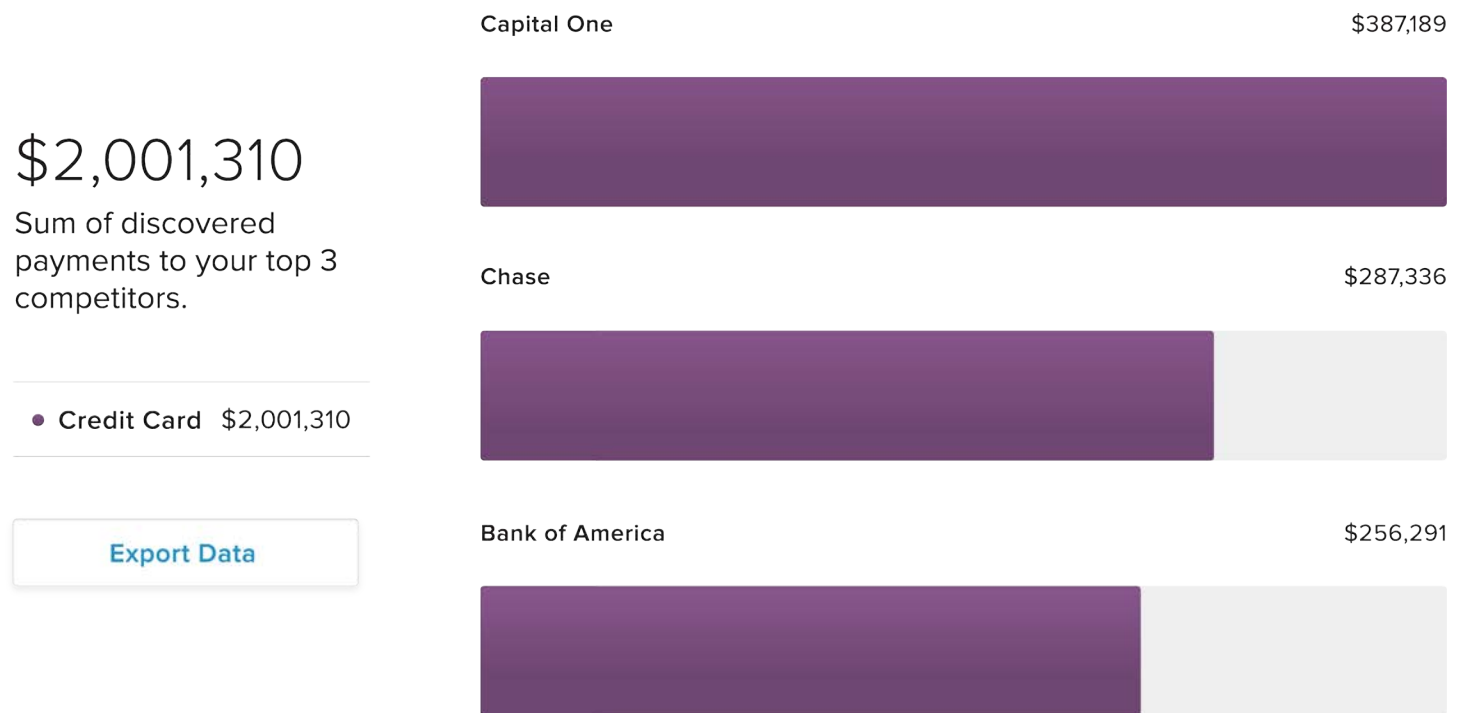
Our research shows that the average interest rate for these cards is approximately 16% with interest rates spiking to ~29.9% for penalty interest rates. If your financial institution had a competitive rate of 13% an ideal promotion would be to target these customers. Customers trying to pay off a balance of $7,000 over twelve months would save over $100 per month, and over $570 per month if they have a penalty interest rate. These advocacy-based promotions are both good for the consumer and your financial institution. Our findings have shown that conversation rates from promotions are typically very high.

Better Customer Experiences Start with Better Data

The path to providing relevant and delightful customer experiences start with understanding your data. Discovered Accounts is one of the foundational pieces for any organization using MX. Discovered Accounts can provide your financial institution with a wealth of data, making it a foundational piece for understanding where your customers have accounts outside of your institution. With that insight, you can then create competitive offers and products, positioning your institution as the primary FI.

If you'd like to learn more,

visit **MX.com** or call us at **801-669-5500.**

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