Push Notifications Are Redefining Financial Communications

Is It Time for Your Institution to Revisit Your Alerting Strategy?

The Changing Digital Landscape

The digital age is completely changing the way financial institutions engage with their customers. As smart devices become an integral part of daily life, today's consumers are demanding tighter control over their day-to-day finances. That means their expectations for real-time information about their money are growing as well.

Financial institutions can meet these expectations with app-generated push notifications that expand alert capabilities well beyond simple balance and transactional updates. Just-in-time delivery of actionable alerts can drive deeper digital banking engagement and position financial institutions as trusted partners. Institutions that develop an enterprise alert strategy are aligning themselves to build critical rapport with their customers.

The following terms are referenced throughout this paper in the scope of financial communications.

- **Push notification** – The delivery of information from a software application to a computing device – such as a smartphone or tablet – through that device's operating system (rather than to a phone number). Push notifications are delivered without a specific request from the receiver of the message.
- **Alert** – A notification warning the receiver that a significant change has happened with their financial account(s), such as overdrafts, low balances, potential fraud or bill pay status.
- **SMS notification** – Short Message Service (SMS) notifications are text messages delivered via phone, web or mobile communication devices.

The smartphone has become a lifeline to consumers. Information about anything and everything is available in real time with just a few taps on the screen. This abundance of information creates an upside/downside scenario for financial institutions. Real-time communication with customers offers an excellent opportunity to continuously strengthen relationships over time. However, today's digital consumer is constantly bombarded with messages, from Facebook "likes" to LinkedIn updates and text messages confirming dinner reservations. Trying to cut through that clutter to deliver valuable financial alerts can be challenging. But research shows that with the right kind of alert strategy, financial institutions can effectively drive higher engagement, reduce fraud exposure and grow revenue.

The Push Notification Is the New Communication Powerhouse

A comprehensive alert strategy provides financial institutions with the opportunity to help consumers monitor and manage their finances anywhere, anytime.

According to the Javelin Strategy & Research Advisory Services Report, "Push Notifications Change the Game for Financial Alerts," push notifications are expected to become central to consumers' lives within the next five years with more than half of online consumers expected to be receiving financial alerts by 2019.

Recent Fiserv research on alerts mirrors the Javelin findings. In late 2015, Fiserv conducted a U.S. online survey of consumers and small business owners to gauge their perspectives on alerts. The consumer participants were at least 18 years old, with at least one account with a financial institution. The 600 consumers in the study were demographically balanced to represent online population by age, gender and income. In addition, six focus groups (similar demographics) were also conducted.

The small business participants in the study represented 300 small businesses with revenue between $100 and $999K, that had been in business for at least two years and had conducted at least some business with a company account.
This consumer and small business research included an examination of:

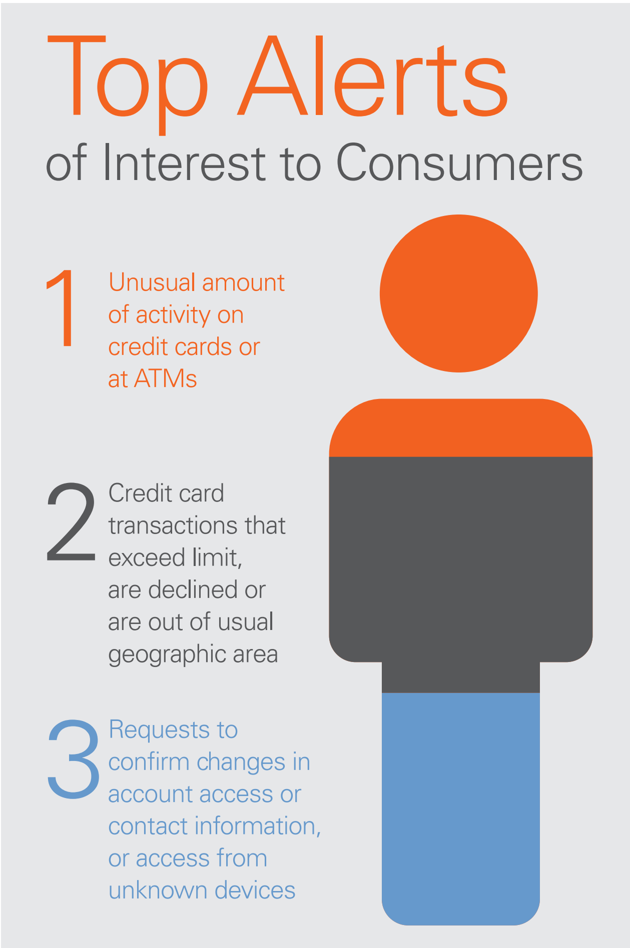
Consumer

- Current use of alerts
- Which alerts were most beneficial for financial management
- How much respondents would pay (if anything) for alerts
- How alerts should be delivered
- To which devices alerts should be delivered
- Demographics

Small Business

- Types of financial company accounts
- Alerts received and/or paid for today
- Alerts interested in receiving/not receiving
- Firmographics

The survey and focus group results pointed to a compelling conclusion: Alerts are a pathway to open new channels of communication and potential revenue with consumers and small businesses.



Source: Fiserv online and focus group studies, 2015.

The Consumer Perspective on Alerts

For consumers, alerts are part of their everyday lives. On average today, consumers receive most alerts by email. Text message is the second most common way consumers receive alerts, followed by phone calls. Consumers show some willingness to pay for certain alerts (for low account balances that could result in overdraft charges), but because most alerts they receive today are free, this group could be resistant to fees. This group clearly sees a difference between alerts and notifications. They view alerts as more essential, urgent and less common, while notifications are seen as more informational in nature, optional and even as advertising.

The alerts that most interest consumers include:

- Unusual amount of activity on credit cards or at ATMs
- Credit card transactions that exceed limit, are declined or are out of usual geographic area
- Requests to confirm changes in account access or contact information, or access from unknown devices

These preferences suggest consumers are most attracted to financial alerts involving security, fraud prevention, fee avoidance and problem avoidance. Financial institutions wanting to open and strengthen channels of actionable communication with consumers should focus on providing these types of alerts to their customers.

The Small Business Perspective on Alerts

Receiving alerts proved more common among the small business group than the consumer group. For small businesses, email is used to deliver the majority of the alerts, followed by a text message and then a phone call. Small businesses showed a greater willingness to pay for actionable alerts that could potentially protect their business assets.

From both the Javelin research and the Fiserv survey results, it becomes apparent that both small businesses and consumers have an appetite for receiving alerts from their institutions. The results should serve as a prime opportunity for financial institutions to take advantage of the powerful communication tool they have at their disposal.

If we look at common threads that exist between both consumer and small business preferences for alerts, security and fraud are top of mind for both groups. Marketing messages are considered more of a notification, and shouldn't be prioritized in the same way as alerts. And, most importantly, both groups value alerts that help protect assets from fraud and alerts that warn of possible fees or account problems.

Top Alerts of Interest to Small Businesses

1. Unusual amount of activity on credit cards or at ATMs
2. Deposits to accounts have cleared or failed to clear
3. Request to confirm changes in account access or contact information
4. Credit card transactions that exceed limit, are declined or are out of usual area

The Power of the Push

Push notifications offer financial institutions an excellent opportunity to drive real value to their consumer and small business customers, as well as to add revenue to their bottom line. Specifically, a robust alert strategy promotes:

- Enhanced customer engagement and retention through ongoing interaction with an institution's brand. Just-in-time alerts can simplify customers' lives and keep customers engaged long term. Push notifications build that communication bridge, leading to a strong, trusted relationship between institutions and their customers.
- Reduced fraud risk exposure by providing real-time alerts on unusual or potentially fraudulent activity. Push notifications can lower both the cost and occurrence of fraud by alerting customers to questionable activity and reducing fraud exposure windows.
- Greater customer self-service usage, which reduces support calls and branch visits. This provides customers with a convenient digital alternative for managing their finances. It also helps the institution control customer service costs. And, because users get directed toward actions they can take immediately from their device, an institution's staff can focus on higher value interactions such as loan requests or new account openings.
- Greater revenue opportunities through increased transactions and offer notifications. There is the potential to charge for certain types of high-value alerts and to provide focused marketing messages to a targeted customer base. An alert that a bill is due may trigger a payment, while an alert about upcoming events such as new loan rates might trigger inquiries about refinancing opportunities.

A Vital Customer Connection

Results from the Expectations & Experiences Household Finances Survey from Fiserv released in April 2016 show just how important building and maintaining that relationship can be for your institution. According to the survey, while 76 percent of consumers are satisfied with their institution, rarely do households rely on only one institution to satisfy all their financial needs. In fact, households have relationships with four financial institutions on average. That means consumers will shop around for better rates, better customer service or maximum rewards.

Alerts can help an institution enhance engagement and grow the customer relationship. An effective alert strategy can also help to position that institution as the customer's number one go-to institution for financial services.

- Lower internal process costs and risks when the alert strategy uses an enterprise platform for notification and alert generation. A single alert and notification platform can eliminate the complexity, expense and risk of administering multiple alerting systems. A single system also increases efficiency, simplifies regulatory compliance and lowers compliance costs through a single set of audit trails.
- Real-time integration with other banking systems. Using a single push notification system platform that links to numerous other banking platforms, such as online and mobile banking, credit card solutions, fraud solutions and cash management solutions, increases efficiency and builds synergy to maximize the customer experience.

The Art of Engagement

Promoting alerts and driving a stronger adoption and engagement strategy can be a very organic part of the conversation. Here are a few ways to grow alert adoption with customers.

- **Think Customer First** – Think about which type of alerts customers want (for example, low balance, security, bill pay status), how they want to receive them (SMS, email, push) and when they want to receive them (quiet time windows). Make sure it's easy for the customer to set up alerts. If using icons for alerting, place a link on your home page to help raise awareness of each icon's meaning.
- **Create Relationships** – Use alerts to talk to your customers proactively. Alerts are just one of the ways institutions can stay connected – to help maintain (and even strengthen) the relationship in a digital environment of far less face-to-face time in branches. Managed correctly, alerts can become a daily conversation with customers to build trust and strengthen an institution's brand. Alerts can also trigger customer service and future sales opportunities with bankers via chat, call centers and branches.

  According to the Expectations & Experiences survey, this type of connection is what customers want and need. On average, U.S. adults grade themselves a "B" for short-term responsibilities, such as paying bills and sticking to budgets. Further, over half of households want their financial institutions to act as partners in managing their finances. An alert strategy that helps customers stay on budget, pay bills on time – and take advantage of money saving opportunities they learn about through a push notification – is exactly the type of financial help they desire.
- **Empower Customers** – Financial institutions have a responsibility to monitor accounts for fraudulent activity, data breaches and account takeovers. But alerts can also move customers to seek insight and advice that enables them to manage their financial lives more effectively.
- **Be Actionable** – Allow customers to take action upon receiving an alert by providing an easy and efficient way to manage security and money movement. For example, give customers the ability to immediately transfer money upon receiving a low balance alert.

The Future Looks Bright

Today, push notifications are mainly triggered by activity on a financial institution's account processing platform. Any activity out of the ordinary, such as large withdrawals or unexpected payments, would trigger an alert to the customer for verification, and an opportunity to take action if something needs to happen to correct a situation. But where does the future lead for push notifications?

The road map ahead shows a world of possibility to grow and enrich the institution-customer relationship. Imagine the opportunities that could arise from integrating the alerting platform with the lending, credit or investment services platforms. Potential conversations could include: "You've just deposited a large sum in your savings account. We can offer you better rates with our mutual funds portfolio bundle. Interested to learn more?" Or, "Your car lease expires in three months. It might be time to speak with us about our new lease rates. Tap here to find out more." This level of engagement builds trust with customers and promotes new revenue opportunities for the institution.

It's Time to Make Alerts a Priority

Timely, relevant, actionable alerts are increasingly in demand. Luckily, new technologies have emerged to offer financial institutions the ability and opportunity to revisit their alert strategy. A successful enterprise alert strategy requires investing in alerts to achieve stronger engagement, greater fraud mitigation and the potential for cross-sell and fee revenue opportunities.

Financial institutions have new opportunities to redefine their enterprise approach to alerts in a way that satisfies consumer demand, makes products more interactive and generates value. The space is wide open for financial institutions to assume a leadership position – the rewards are there for the taking.

Fiserv Can Help

As the digital universe expands to meet consumer demand, Fiserv enables our clients to connect with their customers on the mobile device through a variety of message options. The adoption of texts and push notifications is increasing, and Fiserv can help financial institutions grow engagement with customers, increase revenue and cross-sell opportunities, and differentiate their institution in a market vying for consumer attention.

About Fiserv

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