



## EVENT-BASED MARKETING (EBM)

Is the next-gen DNA ready for intelligent banking?

### Abstract

Event-based Marketing (EBM) has emerged as a new analytical archetype in the market, that enables banks to shift from segment-based marketing to customer-centric focus with great deal of personalization in context. EBM curates banks with the paths less taken, in meeting each customer's needs and preferences using analytics as their primary lever. This paper discusses on how banks are laying their ecosystem aligned with event-driven architecture (EDA) and fine-tuning digital natives (WhatsApp, Facebook, chat bots for personalized context) to truly disrupt their customers with endless opportunities.

## Restraining from keeping customers at center stage

Banking industry has witnessed a massive transformation whilst walking on the tight rope of balancing regulatory requirements, digitalization, open banking, and data privacy simultaneously. Traditional banking and servicing need an overhaul, especially for error-prone and time-consuming processes. The tide for banking industry is rapidly changing with advancing digitalization. The explosion of new fintech firms with agile and technology-focus has not only changed the landscape of banking operations, but also raised the bar of competitive dynamics in banking

industry. While leading banks in the market has managed to beat these disruptions ahead of curve, many banks struggle to prioritize their resources for innovation and wrangle their over 40 years old legacy systems to find a way forward.

Rapid advancements in technology have let the banks to face increasingly demanding expectations from its customers and deliver needful services on time more quickly. In the US market, industry experts predict that customers considering switching banks in next 12 months increased by 86% from a year before, where customers citing

the need for better digital banking and personalized services as major motivators.

For the banking industry, digital has become good as gold! It is mainly due to customers preferring self-service and digital channels as their primary choice of usage. Industry experts recognize that the legacy channel usage is steadily dwindling among banking customers while the digital channel usage is firmly on the rise. The shift to digital is being accelerated by young, tech-savvy generations like millennials, who are quickly becoming the bank's largest addressable market.



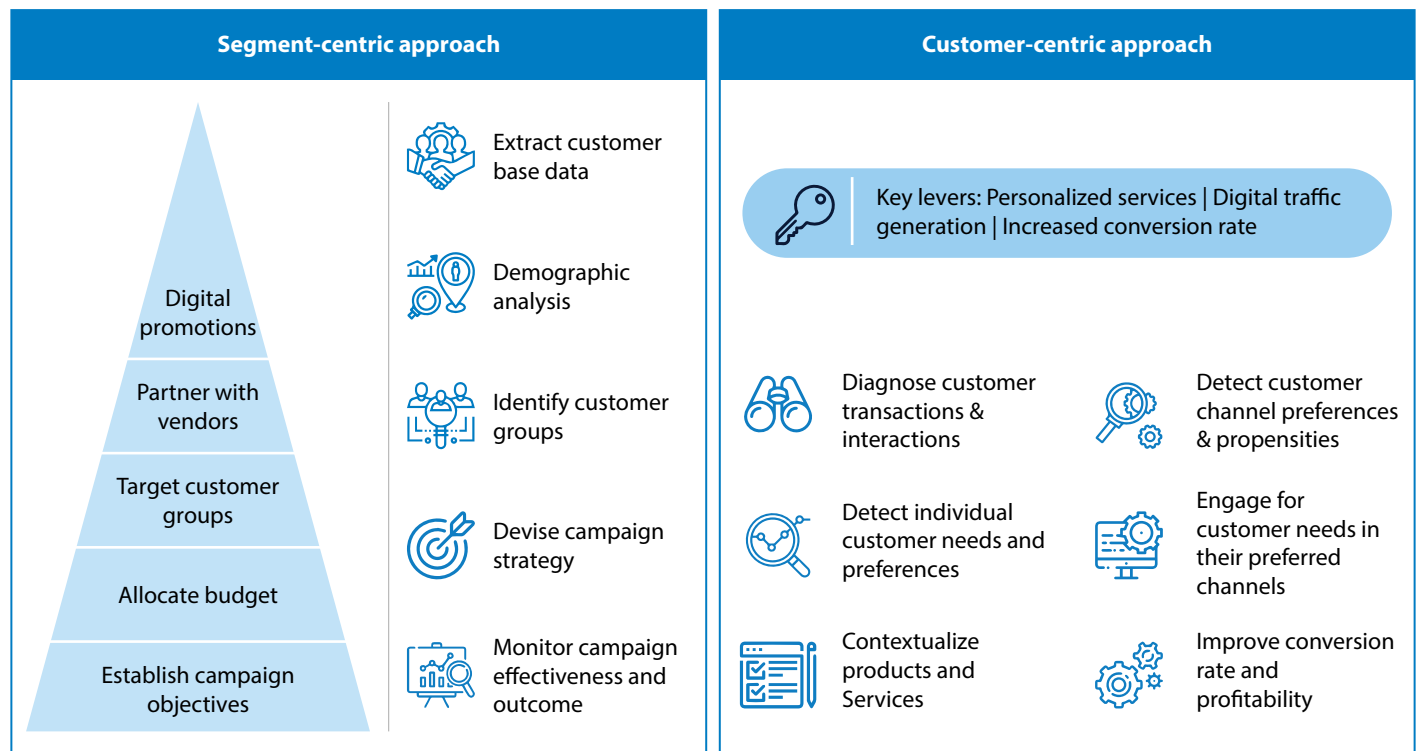
## Need for radical rethinking to serve

With the advent of technologies such as AI, ML, and RPA in the banking industry, banks started blending their rules aligned to digitized and customer centric processes.

As the rules of game centered around customer needs and behavioral aspects, industry experts endorsed with a study by estimating 80% of simple transaction and

2/3rd of product sales could be digitally fulfilled, particularly in countries where the digital inroads have already been made.

### Paradigm shift of banks' marketing approach



With digitization rapidly advancing amidst competitive battlefield, banks compelled to learn the ropes of digital transformations and carve out its strategy focused with

a “customer-centric approach”. When personalization continues to be a magic wand, there is an increasing demand in the banking industry to understand customer

behavioral characteristics and intelligently engage across digital channels to provide a tailor-made experience.





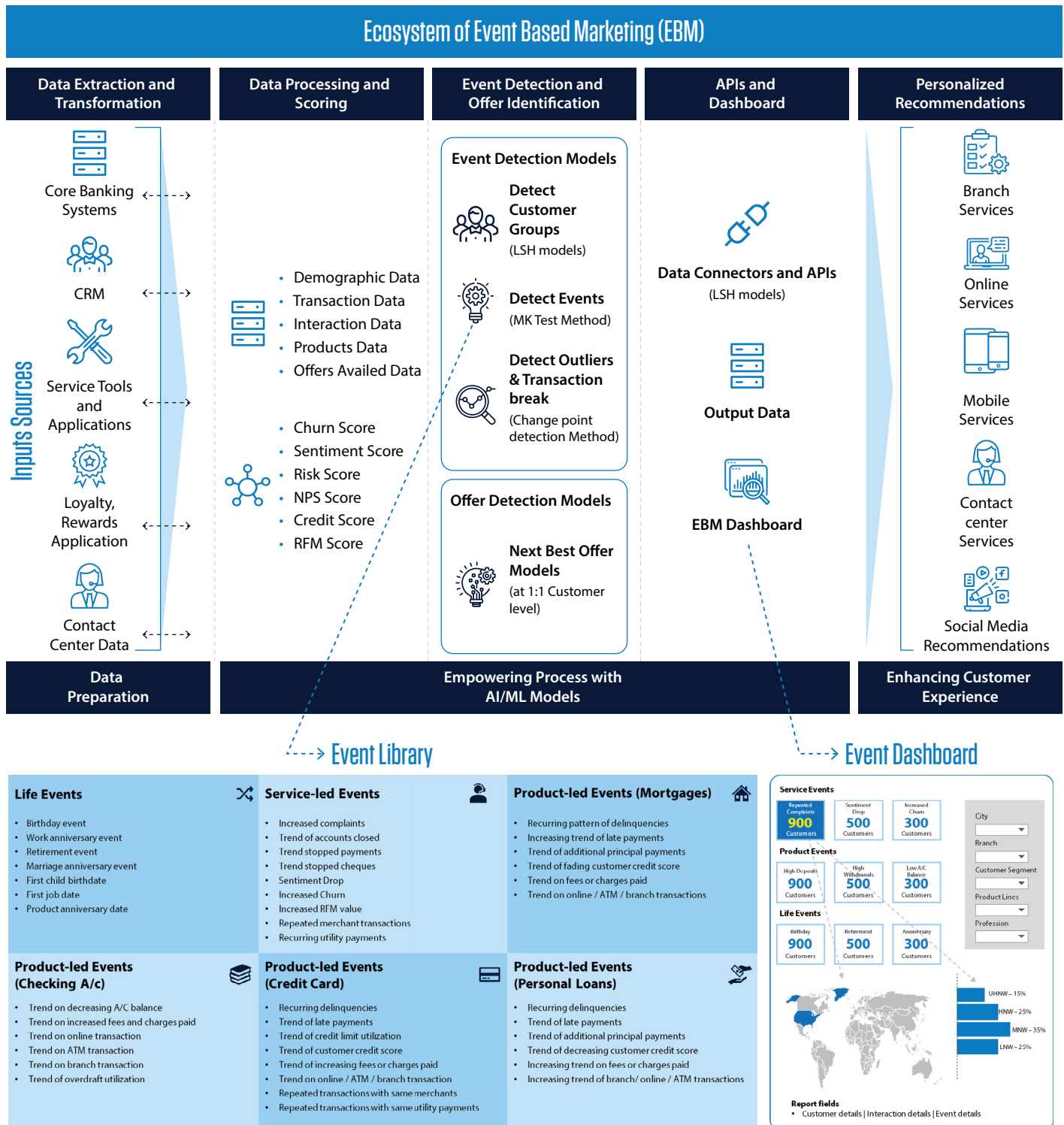
## How does EBM work?

An event is basically an interaction instance between the customer and a bank. It could be an instance of customer's life event, financial or non-financial events. A chronological sequence of events forms an event stream, which is a primary hotspot

for banks to detect events and contextual engage with customers.

Analytical solutions driven with such event-driven architecture (EDA) enable banks to stay in customer's limelight by delivering

personalized experience upon customer interactions as they occur. This translates into an immediate competence with banks to uplift better customer experience and service in an impactful way.



The ecosystem of EBM begins with consumption of data around customer profile, transaction, and service requests. Subsequently data is pre-processed for model-friendly consumption and undergoes following milestones post analytical processing:

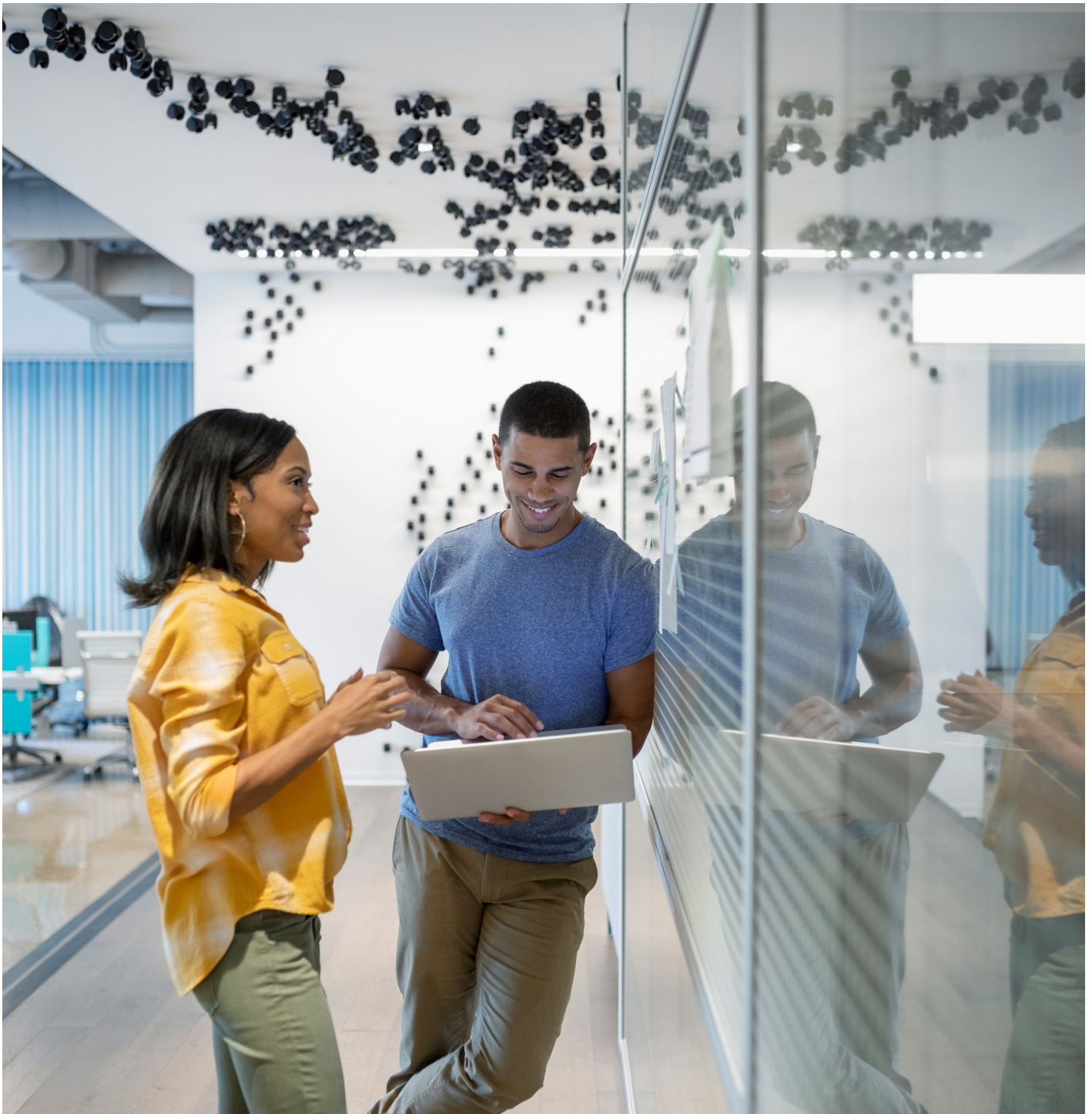
- **Identify customer segments:** Based on the customer demographics and

analytical profiles, customers are segmented for homogenous groups exhibiting similar behavioral or psychographic characteristics with the bank.

- **Detect customer events:** Identify customer level events through near real-time processing of data based on customer life stage or transaction-based

events with the bank (refer event library depiction)

- **Identify best product/ offer recommendations:** Utilize propensity models at analytical front and identify most accepted products or offers to recommend it through customer preferred channel during the circumstance of specific event



## The compelling factors of EBM

EBM generates seamless ideas for banks to delight their customers. By unleashing the power of analytical intelligence, many banks lead the field with innovative ways to make customers happy and engaged with their products and services. Consider these examples,



Mark, retired employee

Mark has been operating his salary account with the bank for more than 2 decades. On each salary credit, Mark generally spends to clear his credit card and medical bills, make utility payments, and rarely does online shopping.

As Mark retired from his service, a lump-sum amount got credited into his account. Behind the scenes, the transaction was immediately diagnosed using EBM frameworks and identified as an outlier, as the retirement amount was significantly higher (30X) than his monthly earnings. EBM framework could intelligently categorize the events (such as life stage event = retirement and transaction event = unusual high deposit), and identify customer groups with similar characteristics as of Mark, to determine most accepted offers and products.

Mark was recommended with mortgage loans along with Debt and Equity linked investment products. *"By proactively bringing these insights, Mark has been empowered and more aware of his options to make smart decisions for better outcome. Mark, is in control of his retired life and feels connected with the bank!"*



Linda, entrepreneur

Linda, an independent entrepreneur, is a frequent traveler and shopper. She travels by air at least 3 to 4 times in a month and utilizes her bank card as primary mode of transaction in booking air tickets. She also does the same for shopping on top brands in leading merchant outlets.

On a couple of instances, Linda was not aware of her spending habits and exhausted her overdraft limits and ended up paying excessive fees and charges with the bank.

Post EBM implementation at bank, Linda keeps getting personalized notification about the likely breach of her overdraft limits, after diagnosis of transaction habits and account balance trends. Linda receives timely offers on her WhatsApp, covering airlines and merchant-based offers, which are highly relevant to her travel and spending behaviors.

As a result, bank harnesses her acceptance rate to recommended offers has increased from x to 3x. *"Through EBM, Linda feels connected with the bank and enlightened to be more aware of her spending habits and make proactive decisions to control her expenses by making use of relevant and contextual offers."*

Banks have started propelling fast by acing EBM as their newest trump card in the game. Some of key pointers on EBM below:

1. Efficient campaigns: On many circumstances, most direct marketing response rates are often lower than 1%, which is not very encouraging for banks. In contrast, a leading US bank has generated around 570,000 sales by leveraging EBM within a year and achieved greater velocity in initiating
2. Faster Break-even: Timing EBM programs at the right moment generates impressive returns, and helps break even within 3 to 6 months. A leading American bank has generated \$1 million in new business in one district and achieved break-even with a week.
3. An efficient icebreaker: With massive amounts of events being generated and insights drawn on real-time, banks carry out effective cross-sell for enhanced outcomes. For example, a large regional bank at US has processed 5000 on-boarding triggers for new customers of which 1,500 from successful upsell.



## Conclusion

The evolution of EDA has been swift in recent years and brought great deal of disruptions in the banking industry. EBM adoption is highly irresistible for banks, as it carries countless deals of striking insights to quickly upscale their competitive landscape. Certain banks blazed a trail to augment newer use cases from blockchain, digital wallets etc., to handshake with EDA for future-ready state. It essentially looked with a perspective, to establish broad spectrum of ever innovating services and promote recognizable culture of keeping customers in primary focus.

Recent advancements from quantum computing with exponential increase in computing power and seamless acceleration from cloud computing has yielded larger hopes to tech community. It's true, that any one of these is revolutionary, but when it is mixed with EDA and digital natives together, that is where the magic happens, and it can be truly disruptive for banks with endless opportunities!



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