



Boost Account Openings and Loan Sales With Personalized, Digital Communication



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A number of simultaneous changes are affecting the financial industry. The traditional ways of doing business, in which local banks could count on their relationships with local customers to sustain their business over the long term, are no longer valid. Instead, today's financial consumers look to their peers for recommendations on the financial institutions that are convenient and easy to work with.

For example, we're in the middle of the "Great Wealth Transfer," in which aging baby boomers are transferring their wealth to their children and grandchildren. As the net worth of many younger Americans increases, those younger Americans want different things from their financial institutions.

While older generations may have wanted personal relationships with their financial institution staff, younger generations place a higher priority on convenience and an easy, intuitive digital experience. Rather than remain committed to the financial institutions their parents and grandparents used, younger generations look for recommendations for the banks and credit unions that have worked best for their peers — and Google reviews are their go-to spot to find those recommendations.





At the same time, the pandemic has accelerated a widespread shift to doing business digitally, and Americans of all ages have grown more accustomed to managing their lives remotely. That means more consumers want to work with financial institutions that offer robust online experiences, providing personalized service without requiring consumers to leave their homes.

As a result, traditional approaches to connecting with customers simply no longer work. It's no longer enough to offer a great product or even a trusted brand. Podium research found that 89% of consumers based their purchase decisions on online reviews, so today's banks and credit unions must rely on current customers to review their experiences and drive additional customers to their institutions.

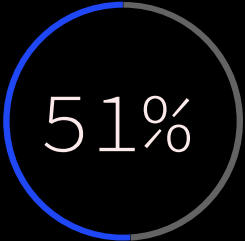
Banks and credit unions that open up personalized communication channels, such as texting, are landing more reviews — and acquiring new accounts and loans more quickly and at greater volume. This playbook will examine the new banking environment and how local banks can capitalize on customers' changing preferences to boost their business.



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Understand the new consumer environment



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The Great Wealth Transfer is underway. An estimated 45 million U.S. households will transfer more than \$68 trillion in assets over the next 25 years. As those assets are transferred, members of younger generations are becoming owners of the wealth and the businesses — and they have different expectations for their financial institutions than their parents and grandparents did.

Younger consumers are not as loyal to traditional brands. A recent survey found that millennial and Gen Z consumers were significantly less likely to describe themselves as loyal to their personal financial institutions, compared with Gen Xers and baby boomers. Instead, young consumers are more likely to locate the brands their peers are talking about.

Most often, they look for those recommendations in online reviews, said Jamie Cosgrove, vice president of enterprise sales at Podium. For instance, Podium research found that 51% of consumers said reviews were an important factor when choosing a financial institution, and almost 47% of consumers used reviews in their decision-making the last time they chose a local financial institution to patronize.

For banks and credit unions, that means selling more loans and opening more accounts depend on creating positive customer experiences, and ensuring that customers share those positive experiences with others.



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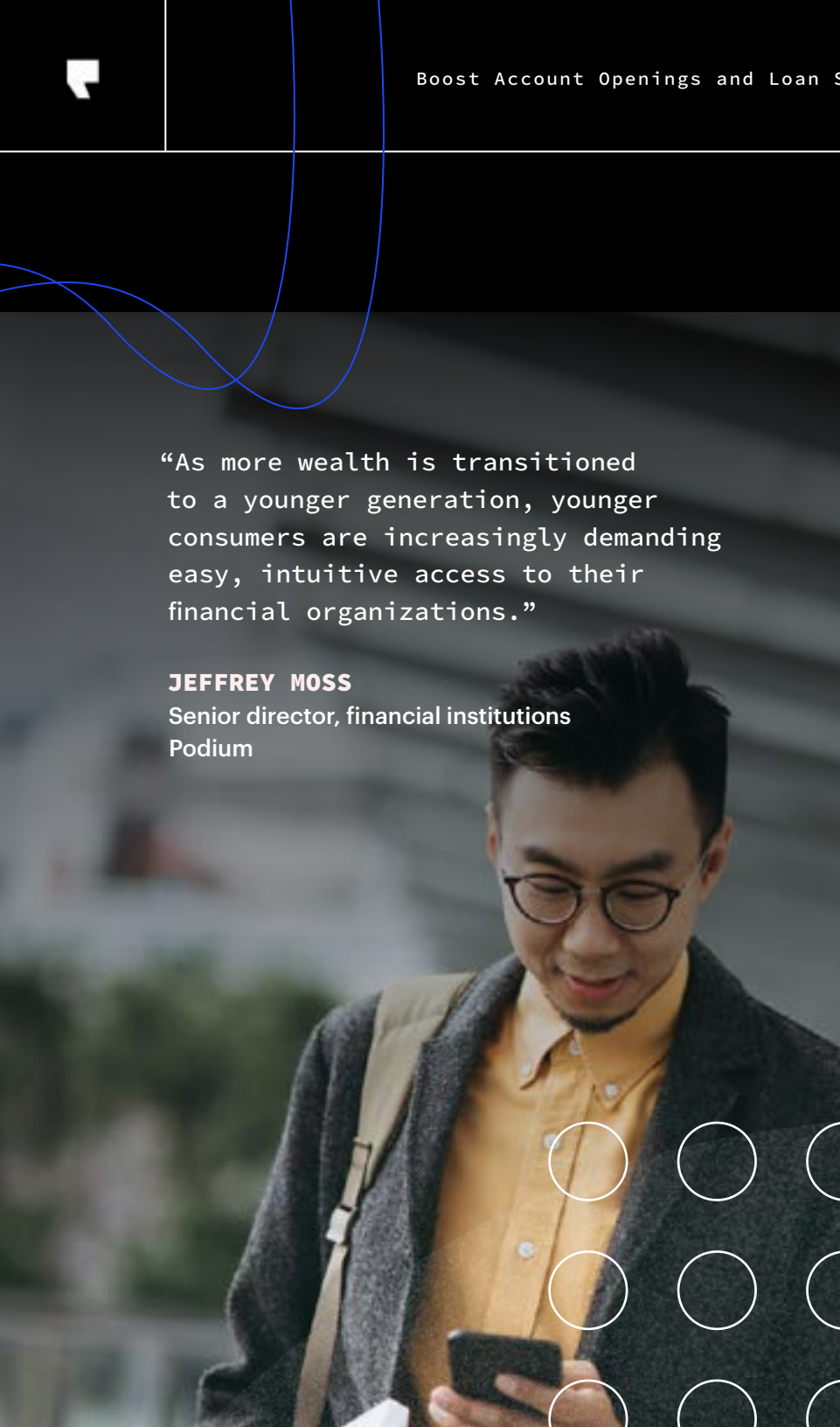
Senior director, financial institutions
Podium

The consumer decision process has changed

Consumers know what to expect when shopping for clothing, housewares or even groceries: They can search online, get automatic, personalized suggestions based on their prior activity, and purchase online or pick up in the store. But in the financial industry, doing business is not so convenient, easy and predictable.

For example, getting a loan might require calling around to several financial institutions to check rates, going in person to complete detailed financial forms, and waiting several days or longer to find out whether they’ve been approved.

“As more wealth is transitioned to a younger generation, younger consumers are increasingly demanding easy, intuitive access to their financial organizations,” said Jeffrey Moss, senior director, financial institutions at Podium. “After adjusting to conducting business online during the pandemic, consumers of all ages are joining them. And they’re all looking to their peers to find out which financial institutions offer the experience they want.”



For example, 32% of consumers said that online reviews played a big role in discovering a local financial institution, according to Podium research. And only 15% of consumers said that reviews did not play a role in discovering a financial institution. Further, about half of consumers were willing to travel farther and pay more to engage with a business that had higher reviews.

But a certain number of reviews and a certain star rating aren't all that matter. While consumers, on average, require a rating of 3.4 stars to consider engaging with a business, they're also looking for review quantity, quality, consistency, relevancy and diversity to increase their customer base, Podium research found.

Eighty-three percent of consumers said reviews must be recent and relevant for them to care. In addition, 68% said they didn't trust a high star rating unless there was a high quantity of reviews. The bottom line: To grow their business, banks and credit unions must motivate their satisfied customers to leave substantive online reviews that will be relevant to other potential customers, not just star ratings.

That may seem like too much to ask, but growing numbers of financial institutions are motivating their customers to do just that by making the review process simple and intuitive. For most people, the simplest form of communication today is texting, and texting customers to ask for a review is highly effective.

For example, TAB Bank has found that when texting customers, open rates are about 90%, compared with open rates of just 20% with email, said John Huntinghouse, vice president of marketing at TAB Bank. While TAB ran several email campaigns to amass customer reviews, the bank never found success until it implemented Podium's text campaign, offering links to an easy review tool. "It took us years to generate about 20 to 30 reviews, and with the text campaign, we generated more than 400 reviews in three months," Huntinghouse said.

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Take advantage of a level playing field

Before the pandemic, huge national banks controlled a large share of the consumer banking market, Moss said. “These behemoths often had better apps and in-house development teams and the deep pockets to acquire fintechs, all of which aided them in capturing market share,” Moss said.

However, the pandemic and related shutdowns revealed that financial institutions that can quickly pivot and meet consumers where they are will be the winners in the long run. Financial institutions became important front-line responders in the pandemic, responsible for supporting their customers, transmitting government stimulus funds, and providing emergency funding and forbearance to clients in need. Not all large banks could handle these tasks and maintain their positive reputations. In an [EY survey](#), only 17% of respondents said they trusted the activities of financial institutions in a crisis.

Perhaps because local banks seem more trustworthy, consumers are returning to local and community banks, Moss said. Many smaller local banks and credit unions are more nimble and can make decisions quickly and ramp up with new technologies more quickly than larger competitors, which means they can access digital tools quickly to level the competitive playing field. There’s opportunity in the market being created by the younger generation of consumers, and local banks can access tech tools to help them compete.

“Everything was already going digital, and the pandemic accelerated the change,” Cosgrove said. “Consumers’ purchase decisions will continue to move down that path. When you implement an easy-to-use, intuitive messaging system, you can create the type of personalized experiences consumers want, while ensuring that they will share their positive experiences with others.”





How TAB Bank boosted loan sales and account openings

At TAB Bank, implementing a text-to-review campaign transformed its ability to attract new customers and new business. The bank had launched a 4% interest-bearing account, but rather than getting lots of new accounts, the marketing team noticed a large increase in Google searches seeking information about TAB Bank.

“People wanted to validate whether the product was real and find out about TAB Bank,” Huntinghouse said. While the bank had been around for years, it had few online reviews, so those searchers were not finding valuable information.

After unsuccessful email campaigns to request reviews from current customers, TAB Bank turned to Podium’s reputation-management software. The platform sends text messages to current customers with an easy-to-use review link. “For some people, going through the steps of leaving a Google review seems like a hassle,” Huntinghouse said. “But with Podium, you don’t have to go through multiple steps; it’s easy and intuitive. Even for those who aren’t tech-savvy, it’s easy to leave a review.”

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Implementing the system almost instantly improved TAB's Google rating, with more than 400 new reviews and the bank's star rating going from 2.4 to 4.7 in three months. And the increased reviews translated into new accounts: The campaign's initial goal was to raise \$60 million in the first five years of the product, but it ended up raising \$100 million in the first six months, Huntinghouse said.

Not only did the texting campaign boost TAB's reputation and its business, but "it also showed us how much people would rather text than be contacted in other ways," Huntinghouse said.

In today's environment, banks and credit unions prepared to embrace simple communications can build more robust customer relationships and experiences, translating into stronger bottom-line results.



Podium is changing the way local business gets done. Whether it's messaging your leads and customers, chatting in context with your team, or getting reviews and actionable feedback to improve your business, Podium is here to handle every interaction, all in one powerful inbox. No more phone tag or unanswered emails; Podium powers interactions through simple messaging, so you'll meet your leads and customers where they're at.

Podium was founded in 2014 as a way for local businesses to more easily gather online reviews from their customers just by sending a simple text. Since then, the platform has grown to include Webchat, Feedback, Teamchat, Advertising Campaigns, Voice and Payments — every essential business interaction powered by messaging. Podium was recently announced, for the third year in a row, one of Forbes Cloud 100 software companies to be aware of.

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