

Growing Bank Deposits with Targeted Prospecting

Bank Discovers \$5.6 Billion in Potential New Assets

Challenge: Costly Direct Mail Campaigns Fail to Bring in Significant New Assets

Many bank marketing efforts rely on segmentation systems that are built solely on demographic, lifestyle or survey-based data or that use only a few variables to segment millions of customers. This results in firms wasting their scarce marketing and prospecting budgets.

Common segmentation ailments include:

- Ignoring key financial behaviors
- Targeting prospects that have limited investment potential
- Communications materials that do not have the right message or offer for the target audience
- Media plans that are ill-suited for the prospects the bank is trying to engage

In order to achieve the specific goal of growing deposits, firms need to assess prospects' portfolio allocation and deposits capacity. Effective targeting for deposit acquisition requires much more granularity to pinpoint the highly differentiated needs present across a firm's millions of prospective customers. Those banks that understand individual financial behaviors and preferences will have the advantage in moving deposits to their firms.

Solution: Use Financial Cohorts to Identify High Potential Deposit Prospects and Communicate Effectively

Leading banks can leverage valuable financial measures such as average total investable assets, deposits assets, total income, portfolio allocation, and risk tolerance to improve their segmentation efforts.

Financial Cohorts[®] asset-based household segmentation system defines and segments households into 61 clusters based on our proprietary database of approximately \$24 trillion of direct-measured[™] anonymous asset data. Its clusters are defined by consumer financial tendencies, and proprietary measures of income, spending, and credit to provide a holistic view of households' financial pictures. Demographic and attitudinal information is incorporated to describe the cluster, thus enabling banks to develop highly targeted messages that will resonate with an individual household.

IXI[™] Network Member Financial Services Firm

CHALLENGE

Due to insufficient deposit gathering efforts, banks are leaving billions of deposit dollars on the table for their competitors to bring under management. Banks need more insight on the financial capacity of prospects they are targeting.

SOLUTION

Banks can use Financial Cohorts segmentation system to identify prospects that are likely to have an affinity to begin a relationship with the bank as well as have significant deposit assets.

RESULTS

By using Financial Cohorts, a leading bank was able to unlock an expected 21% improvement in campaign conversion rates and identify over \$5.6 billion in potential new assets.





Steps for a Targeted Prospecting Campaign

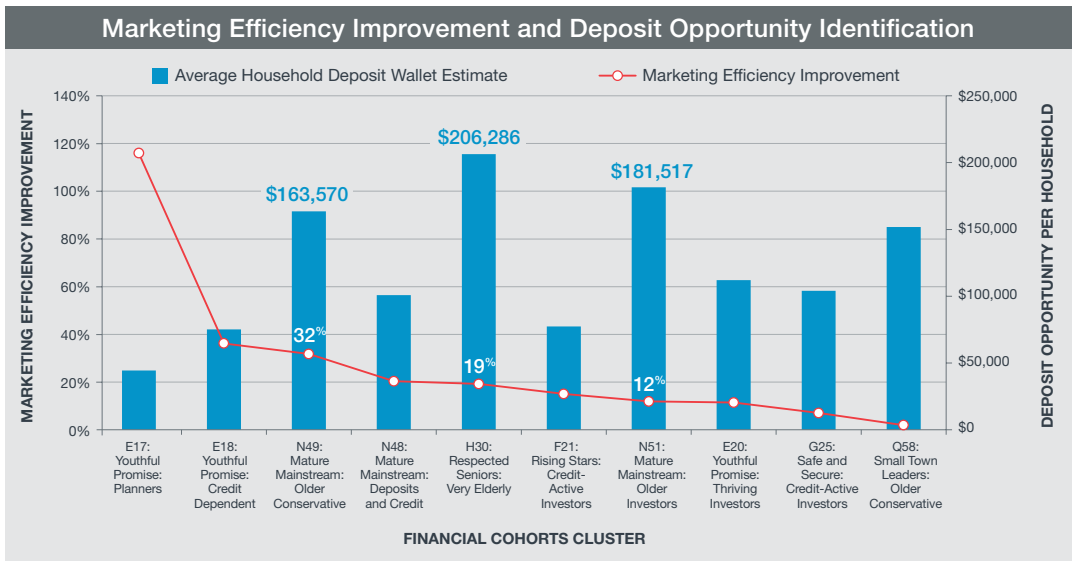
Financial Cohorts enabled a leading bank to develop a strategy to identify prospects that would be likely to have an affinity to begin a relationship with the bank as well as have significant deposit assets. The process was as follows:

- Categorize the firm's existing customer base by placing each household into one of Financial Cohorts' 61 clusters.
- Identify and analyze those clusters that have a strong propensity to bank with the firm. This is achieved by comparing the clusters' presence within the bank's customer base to the clusters' presence in the bank's overall footprint. Those clusters that show a higher presence at the bank versus the footprint have a higher affinity for conducting business with the bank.
- Identify prospect households that are in the high affinity clusters.
- Prioritize the prospects based on their potential deposit opportunity as measured by total wallet estimates.

Results: Improved Marketing Campaign Efficiency of 21% and Over \$5.6 Billion in Potential New Assets

The depth of the Financial Cohorts segmentation system enabled the bank to pinpoint prospects that mimic its existing best customers, as well as prioritize them to enhance marketing efficiency.

The chart below shows the impact of the above process. While 10 clusters were found to have a higher than average propensity to bank with the firm, three clusters had significantly higher deposit assets than the others. These three clusters were identified as the target group for the prospecting campaign.



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By targeting these three high affinity, high potential clusters, the marketing efficiency of the campaign is projected to increase by 21% and has the potential to yield over \$150,000 in deposits per household and over \$5.6 billion in new assets.

Case Study. Results may vary based on actual data and situation.

