How to Retain Customers and Grow Deposits in a Digital World

Performance monitoring helps improve consumers’ digital experience and can directly impact business outcomes.
Consumers continue to embrace all things digital. The majority (81%) of U.S. consumers are online every day, and more than one-quarter (28%) say that they are online almost constantly. This digital lifestyle has implications for all industries—including financial services. By 2021, 58% of consumers will bank using mobile devices, predicts Javelin Strategy. And 115.6 million consumers will use mobile banking at least once per month, says eMarketer.

It's natural for consumers, impressed by fast and convenient one-click shopping, image-rich websites and mobile apps, and personalized offers from digital retail giants to compare their digital banking experience with their shopping experiences. Unfortunately, the digital banking experience often falls short of expectations. While most (80%) consumers rate shopping on a mobile device as easy, almost one-fourth (24%) of consumers say that mobile banking is not easy.

In addition to the impact of the Amazon shopping effect on consumer expectations, financial institutions are also feeling pressure from the increasing number of fintechs disrupting areas of finance that were traditionally the domain of banks. Non-banks including Stripe and Kabbage are offering financial products to consumers in areas such as payments, lending, and personal finance. Fintechs are even partnering with issuing banks to offer checking account-like products.

The reality is that these digital disrupters often offer more engaging digital experiences with web and mobile app design that puts the customer first—in stark contrast to financial institutions’ more utilitarian digital offerings.

Financial institutions have always relied on the advantage of consumer trust to compete with non-banks. But while it’s true that consumers still trust financial institutions to keep their money safe, they no longer have a stranglehold on consumers’ trust. According to Bain & Company, 29% of consumers trust a technology company more than they trust their primary bank. Sixty percent of consumers say that they are willing to try a financial product from a technology firm. For consumers under age 35, the percentage increases to 73%.

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The Digital Experience is the Branch of the Future

Traditionally, financial institutions relied on their branch network to inspire consumer confidence. They invested in opulent branches with plenty of marble and rich wood to create a brand that exuded stability, wealth, and trust. The more well-appointed the branch, the more trustworthy the bank appeared.

Today, branches matter less and less, especially for consumers under 35 years of age. According to PwC, only half of consumers over 35 choose a bank based on the local presence of a branch or ATM. For consumers under 35, only 30% make a choice based on location. Digital-only banks such as Ally and Simple attract billions of dollars in deposits without brick and mortar locations.

Consumers are increasingly using online and mobile banking more than they use branches. The digital experience has become the branch of the future—and consumers expect much more than a pretty home page to rate a digital interaction with their financial institution positively. The digital experience—just like the branch experience of yesterday—needs to make good on its brand promise of stability, wealth, and trust.

What Builds (and Erodes) Trust and Loyalty in a Digital World?

Without the physical presence of marble and dark wood—and with customers who rarely visit a branch anyway—how can financial institutions build trust and loyalty? Financial institutions may not have a physical location but they do have a digital location comprised of websites and mobile apps that serves as one component of the full customer experience.

To build trust and loyalty, the digital experience must be flawless. Consumers want fast, convenient, and reliable interactions that are available anytime on any device. They expect no failed transactions and have no tolerance for security breaches. Perhaps one of the most frustrating experiences for consumers is to push the action button when the page looks ready but receive no response because the page is still loading in the background.
Digital users quickly lose patience when digital experiences don’t meet their expectations. Google research found that more than half (53%) of mobile site visitors will leave a page that takes longer than three seconds to load.\(^9\) This impatience extends to financial services: 43% of Millennials abandoned mobile banking activities because the process took too long or was too complicated.\(^10\)

The website or mobile app must download quickly. Slow transactions not only frustrate consumers but erode trust, with 44% of consumers saying that slow online transactions make them unsure if the transaction was successful, according Akamai research.

In fact, slow transactions can be even more damaging to customer trust and loyalty than an outage. In an Akamai study, sites that went down had a permanent abandonment rate of 9% while the permanent abandonment rate for sites that suffered from slow performance was 28%.

Of course, one way to ensure fast downloads is to eliminate graphics and video. However, a visually unappealing site does not have the same impact on consumers. Consumer expectations go beyond reliability and safety; they also expect a digital experience that is dynamic and engaging.

**Monetizing the Digital Experience**

The potential cost of a poor customer experience for mobile banking is high. Of those consumers who abandoned at least one mobile activity, 31% shared their negative experience with family or friends, opened an account at another financial institution, filed a complaint, or simply stopped banking with the financial institution.

The bad news for financial institutions is that low switching costs make it easier than ever for consumers to change banks. Almost half (46%) of Gen Z and 26% of Millennials plan to open a new deposit account this year—and half won’t open that account at their current financial institution. When they do decide to make a switch, consumers are 1.5 times more likely to open an account based on experience rather than interest rate.\(^11\)

Even if consumers don’t switch banks, a frustrating web or mobile experience has other monetary repercussions. If they are unsuccessful in a digital channel, some consumers will try to complete the transactions in the more expensive branch or call center channels.
Data Drives Performance Improvements

The more quickly financial institutions identify website and mobile app slowdowns and errors, the more quickly they can reap the rewards of delivering a better digital experience to consumers. Data is a critical component of knowing where to start and it’s imperative to have a broad view that monitors 100% of visitor traffic. Armed with real user data and advanced analytics, financial institutions can determine what performance issues are getting in the way of quality user experience and business success.

Digital performance issues aren’t created equal. Some performance issues have a more severe impact to the business than others so it’s critical to prioritize and fix the issues that, if corrected, will improve the metrics that matter most for your business.

Financial institutions can use advanced performance metrics like time to visually ready, time to interactive, and time to first interaction to understand the relationship of performance to user experience. They can then correlate those performance metrics to business metrics like conversion rate, form completion, or engagement to determine how making enhancements to the site and user experience translate into business opportunity.

In the following example, built-in data analysis calculates expected the business outcomes resulting from a change in performance.

Changing Page Load from 1.88s to 1.78s -100ms could change conversation rate to 2.21% +0.10 pts, resulting in a daily revenue change of +$58.9k.
Bounce rate would change to 16.11% -1.21 pts and session length would change to 12.2 +0.4 pages.
The following example illustrates page load time, comparing the time to the application visually looks ready (orange shaded area) to time it is actually ready (blue shaded area). This metric gives a much more accurate representation of what the user is actually experiencing.

**Find and fix analyze**
Are you using the same performance metric for everything?

Performance monitoring information empowers teams across the organization to coordinate efforts to improve the key performance indicators most valuable to the business and allows IT, marketing, and digital teams to partner on a shared view of success.

Once financial institutions identify and prioritize performance issues, they can remove performance barriers based on business impact. The most likely culprits are heavy JavaScript and high-resolution images.

For example, financial institutions can defer or block first or third-party JavaScript that is slowing down an application. They can also automate image optimization with a tool that uses a math-based algorithm to adjust the quality of the image, and intelligent logic to optimize the size and format. The lighter image downloads quickly, but any quality degradation isn’t detected by the human eye.
The Final Step: Integrating Performance Monitoring into a Digital Banking IT Organization

Performance optimization is not a once and done proposition, but a process of driving continuous improvement of the consumer’s digital experience. While technology is critical, successful performance monitoring also requires building a performance culture based on shared goals and a common set of metrics. This culture should align development, IT, and the business.

Information sharing helps build this culture. Financial institutions can implement dashboards to serve as an executive overview of digital performance or to support IT. Correlating performance monitoring to business results can help marketing and IT teams get on the same page regarding the impact of the digital user experience to the financial institution’s bottom line.

1 https://www.pewresearch.org/fact-tank/2019/07/25/americans-going-online-almost-constantly/
3 https://www.emarketer.com/content/is-mobile-phone-banking-usage-near-saturation
4 https://ww2.idology.com/second_annual_consumer_study
6 https://www.cbinsights.com/research/jpmorgan-chase-consumer-banking/
9 https://www.thinkwithgoogle.com/marketing-resources/data-measurement/mobile-page-speed-new-industry-benchmarks/
14 https://www.cbinsights.com/research/jpmorgan-chase-consumer-banking/