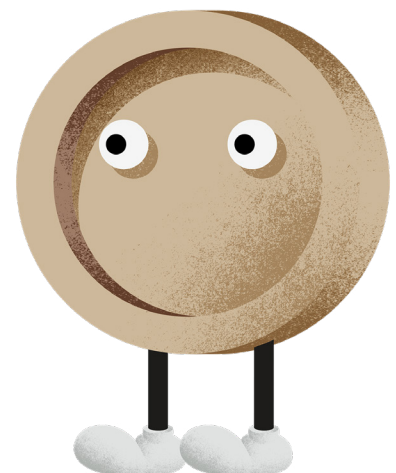**Tink's guide to**

Improving digital banking through personalised insights

How personalised insights and advice can help engage, inspire and convert customers.

tink

A Visa Solution

What you'll find in this guide

Bringing financial advice to the digital age

The relationship between a bank and its customers has always been based on trust, but gone are the days when most people have a personal relationship with a bank branch's employees. Nowadays, banking is primarily digital. This means banks need to find new ways to build trust and loyalty, and give that personal touch to make customers feel valued as individuals.

In the digital world, this translates to personalisation.

At this point, personalisation isn't just a nice addition. Today's customers expect it. A study from Salesforce shows that 64% of customers expect tailored engagement based on their past interactions, and 62% expect companies to adapt based on their actions and behaviour. And these numbers are even bigger when you look at younger generations.

In order to succeed long-term, digital services need to go beyond generic recommendations. Be it in streaming services, content platforms or online shopping, people are used to getting smart tips based on their interests and situation. So why should they settle for generic financial advice?

When it comes to digital banking, providing tools that make it easier for customers to understand and manage their finances is a great first step. But it's not enough. Customers want to get smart tips and relevant offers too. That's where personalised insights come in.

With personalised insights, you can replace the role of a trusty financial adviser – but at a much lower cost. Instead of physical appointments, you can meet your customers in the digital channels they're already using, and prompt them with smart, meaningful advice they can actually appreciate.

This guide lays out how you can transform the digital banking experience and build long, lasting (and more profitable) relationships with customers through personalised insights. And how you can make it all a reality in just a couple of months.

Personalised insights: a trusted digital adviser

The simplest, most effective way to provide personalised insights is by analysing customers' transaction data to give actionable advice based on their spending behaviour.

But you need to go beyond just summarising expenses and providing advice at the end of the month. To provide a valuable experience, you need to use real-time data and turn it into predictive and timely guidance. This way you can give customers truly relevant nudges – at the right moment in time.

Besides help and advice, you can go a step further and send relevant offers too, giving customers access to products that better meet their financial needs.

Providing this type of personal, relevant and timely advice, you show customers that you have their back. By helping them to spend more wisely, reach financial goals or find better deals, you can build trust and loyalty – deepening their bond with your brand.

If you can simplify people's lives in a meaningful way, your service quickly becomes something they won't want to be without. Customers will keep coming back, place more of their business with you, and maybe even bring their friends along.

Personalised insights add a human touch in a world where services are increasingly automated. All while genuinely adding value to the lives of your customers – and the bottom line of your business.

3 ways personalised insights can help you win over your customers

Automating financial advice to give each user an experience that is completely personalised to their needs, goals and behaviour is not just great for your customers. It also comes with big benefits to your business. Here are a few examples.
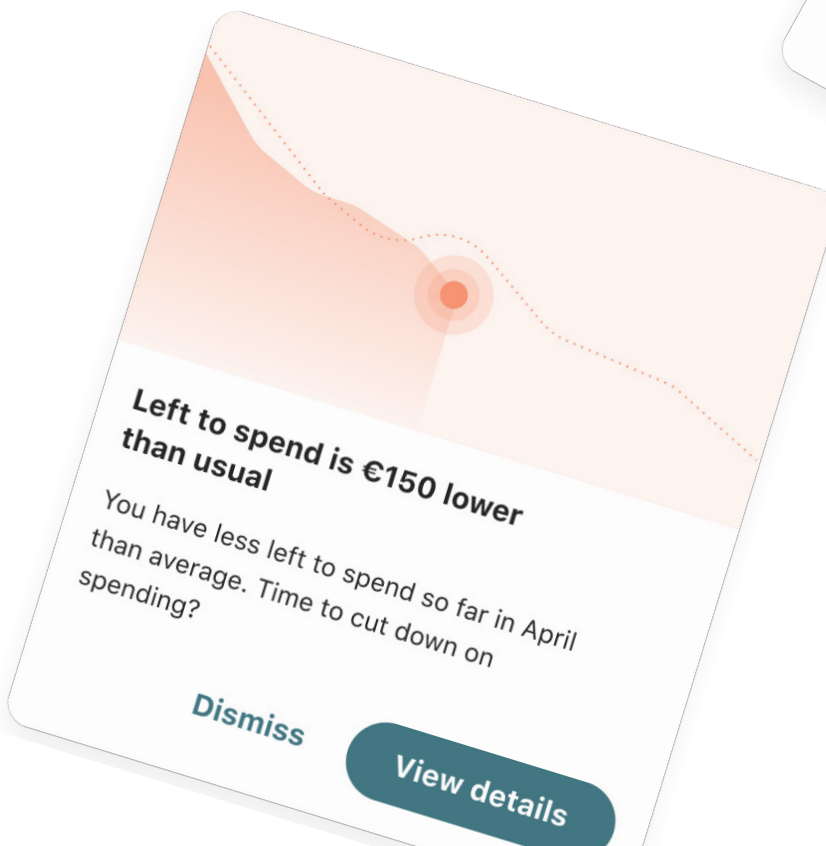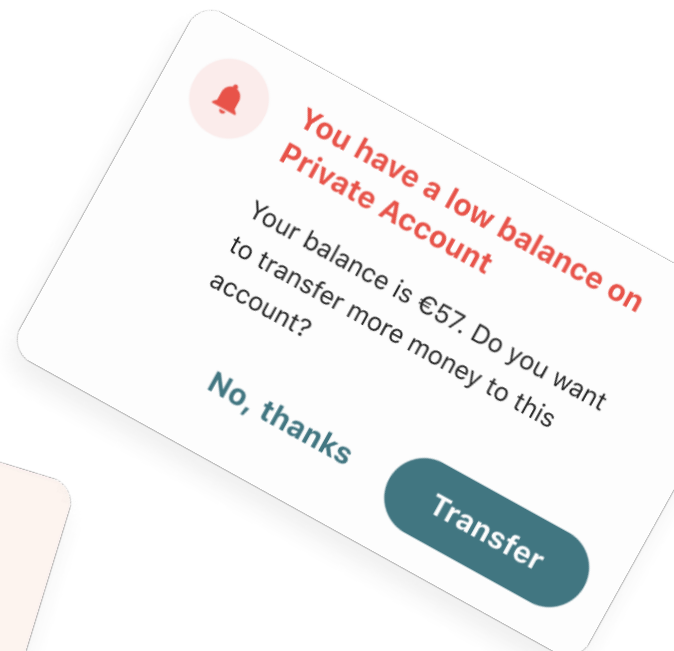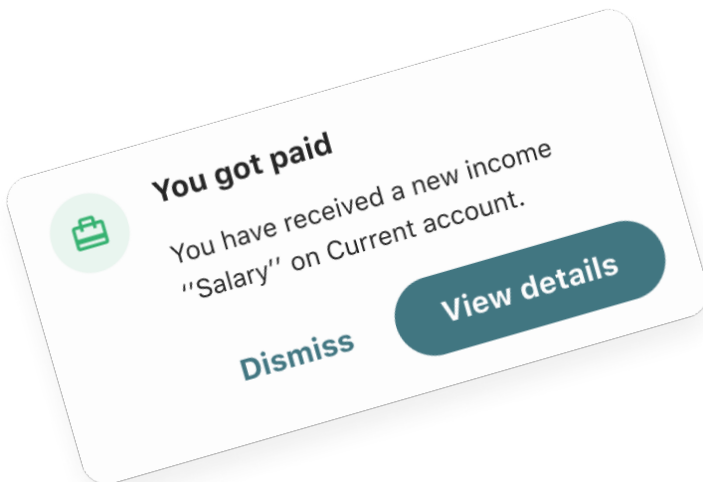
Increase engagement

When you have an offering that brings value to customers and helps them in their everyday life, you're more likely to have them coming back and consistently using your service.

A first step to giving an engaging digital banking experience is letting customers see and manage all their financial accounts in one place (with what's called multi-banking). This gives them one go-to app for their finances. Instead of having to use several banking apps to check up on different accounts, they can just keep coming back to yours.

Customers will also engage more with your service if you're giving them valuable, personalised insights – which you can do by leveraging their data. With representative data, you can proactively engage users, sending relevant and timely insights and nudges on their own terms.

You got paid
You have received a new income "Salary" on Current account.

Dismiss   View details

You have a low balance on Private Account
Your balance is €57. Do you want to transfer more money to this account?

No, thanks   Transfer

Left to spend is €150 lower than usual
You have less left to spend so far in April than average. Time to cut down on spending?

Dismiss   View details

In a customer survey, ABN AMRO found that 50% of people wanted a better understanding of their finances. To provide that, you need to first make the data understandable and representative on an individual level, so you can give clear spending overviews to help each customer understand where their money is going.

An easy and convenient way to give people more visibility into their spending patterns is by automatically categorising their expenses (as long as your categorisation is accurate*).

You can also give them more control by letting them create custom tags so they can sort their expenses in whatever way suits them.

And the more customers interact with these types of tools, the better the service can become in the long run, because it can learn from their choices to become smarter.
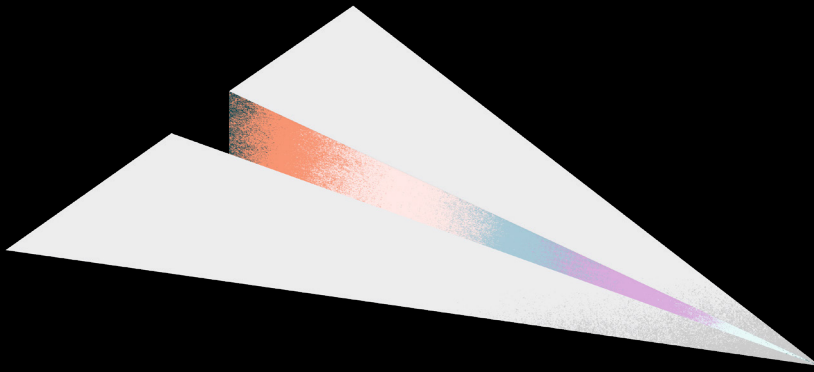
Eventually, your service can be so insightful that it becomes indispensable.

ABN AMRO released the Grip app with these types of features. This is how their customers reacted:

73%
said they'd recommend the app
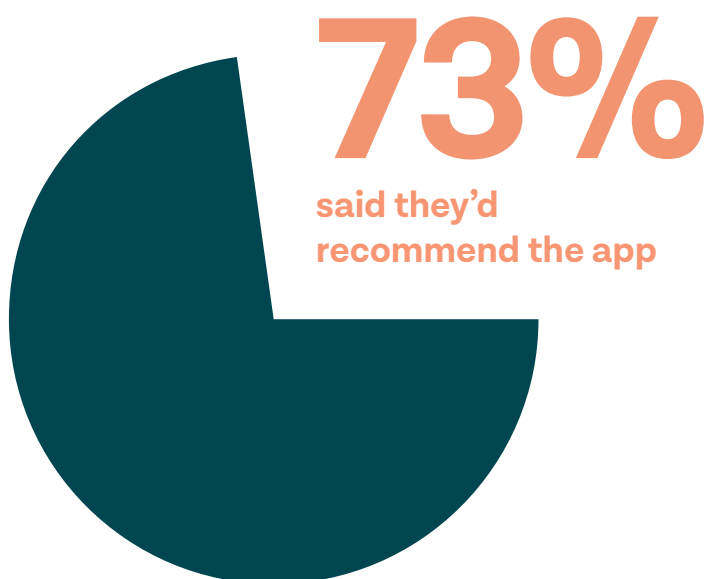
50%
said their perception of the brand improved

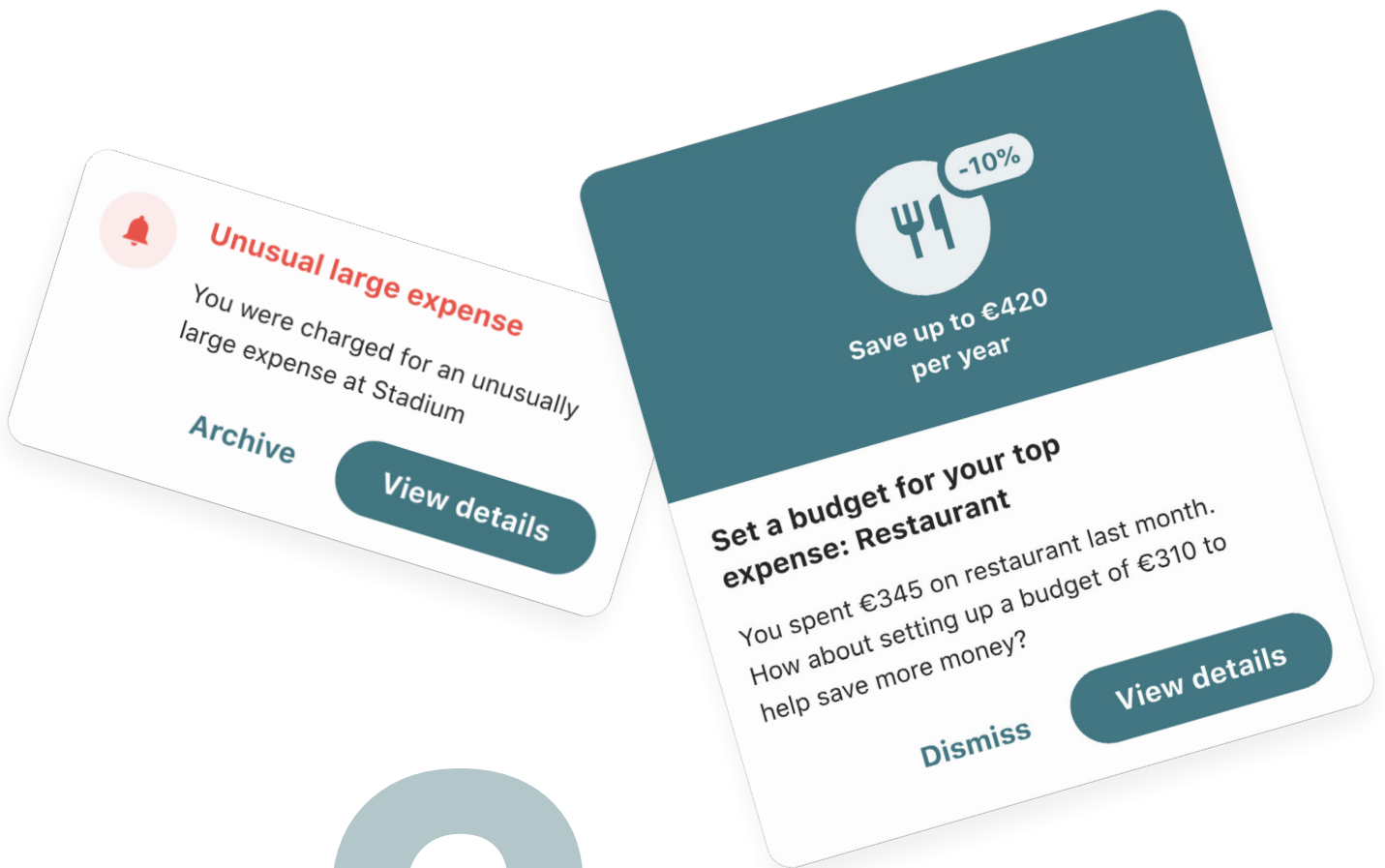# *Why accurate categorisation is key – and how to get there

Categorisation can go a long way towards helping people understand their finances – but it's only useful for customers if it's accurate. If users need to manually change every other expense to the right category, it will only lead to frustration. That's not what anyone wants.

Great categorisation boils down to scale, and can really only be effective if it's based on machine learning. By leveraging global data and text-processing algorithms, it can learn how to classify a transaction it's never seen.

It can also learn from individual preferences in order to adapt to and become more accurate – for each particular user.

For any machine learning algorithm to work well, it needs data from which to learn. From our experience, a great training set has tens to hundreds of thousands of categorised transactions. But the bigger your data set the better.

When your algorithms have access to more data – and classify more transactions – they learn faster and offer more accurate categorisation.

Unusual large expense

You were charged for an unusually large expense at Stadium

Archive

View details

-10%

Save up to €420 per year

Set a budget for your top expense: Restaurant

You spent €345 on restaurant last month. How about setting up a budget of €310 to help save more money?

Dismiss

View details

2

Inspire action

€520 / €650

You managed to keep your total budget in April

Nice going, you made it below budget. Want to transfer €130 to a savings account?

Dismiss

Transfer

Once customers are engaged and can count on you for insights into their spending, you can further the relationship by encouraging them with tips to help them improve their situation and reach their goals.

A first step could be to help your customer set budgets for different areas of their spending, and then help them stick to it by motivating them to stay on target.

After that, you can encourage them to get into a savings habit, and help them set a target that's realistic considering their situation. And then you help them get there, by showing that if they spent just 10% less on restaurant visits monthly, they could hit their goal in one year. A simple yet effective way to help them improve their finances.
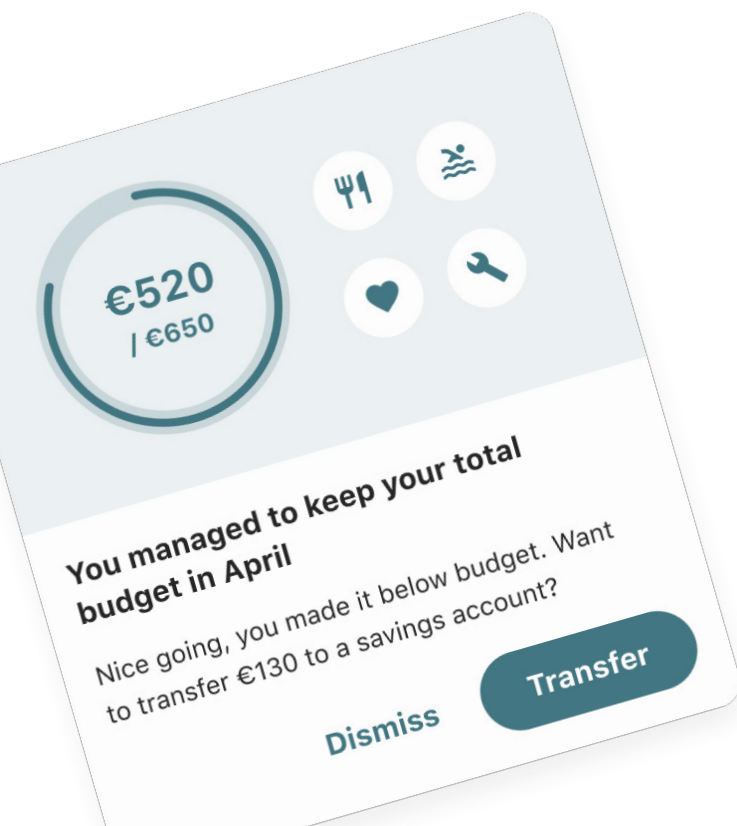
With each step, you can create a chain reaction of relevant recommendations, each building on the last to add more value to the advice.

The important thing is giving these recommendations in the right way at the right time, to inspire action that adds real value. This is only possible when you can analyse customers' data effectively and understand their priorities and needs.

After offering personalised insights, NatWest saw:

22%

click-through rate on recommendations

*compared to an industry average of 3%

Boost conversion

3

Once customers are engaged and have a personal connection to your service and brand, they will likely be more open to hear what you have to say and accept new offers from you.

Having access to financial data can help businesses target customers more intelligently, because they already know which services their customers use, how much they are paying for them, and where the holes in their finances are. Add to that a good understanding of their income and expenditure, and companies can cross-sell way more effectively, with highly relevant and personalised offers that people will actually appreciate.

Great job - you have €200 left of your income in March

Want to transfer the remaning amount to a savings account?

Dismiss

Transfer

A → B

Checking account
0% interest

Saving account
0,8% interest

Switch to a savings account to see your money grow

Make more out of the €4,500 you have in Acme Bank current account by transferring it to Better Bank saving account.

Dismiss

Transfer money

Good news – your investments are up by +20%

Your investments in Avanza investment account have gone up since March.

Dismiss

View details

For example, when you know a customer is saving towards a particular goal, you can help them cut costs by offering better deals on a product they're using – and paying too much for. You also have a good opportunity to reach out with highly relevant offers, and at the right time.

If they're close to reaching a savings target for a trip, you can suggest they apply for a credit card that doesn't charge a fee for overseas spending. If they're saving up to buy an apartment, you can proactively offer a great rate on a mortgage before they start searching the market.

The key is then to make it easy for customers to convert – and provide a seamless experience that lets them take up on your offer or switch to a new provider with a few clicks.

According to an Epsilon study, consumers are

80%

more likely to make a purchase when brands offer personalised experiences

A McKinsey research shows that personalisation can deliver

5x–8x

**the ROI on marketing spend – and lift sales 10% or more**

Making it a reality with Tink's Money Manager

Providing personalised insights can be a game-changer for any digital banking or finance management app. The good news, it can be done quite simply. And in a couple of months.

With Tink's Money Manager you can automate financial advice and recommendations on a massive scale, giving each customer a highly relevant service that is completely personalised to their needs – and in line with your brand.

We bring the open banking tech, a deep understanding of how to make sense of the data, and years of experience in creating delightful and insightful finance management experiences. You bring your vision, and the expertise on your brand and your customers.

Here's how Tink's tech makes it possible.

€432

€653

€432
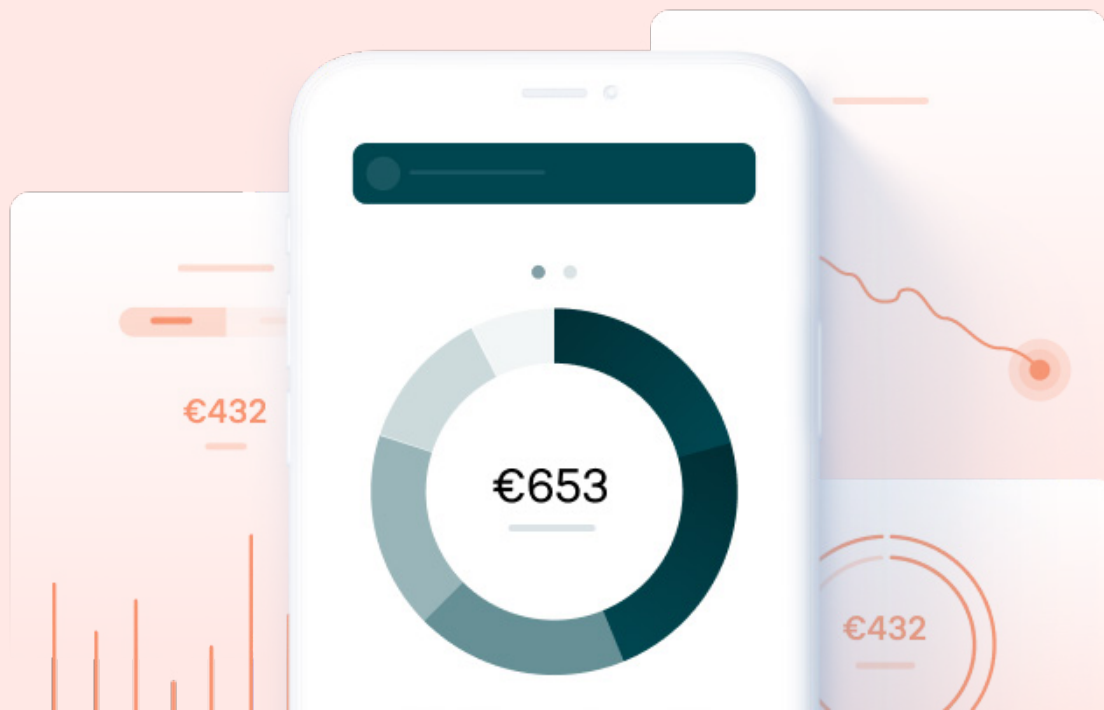
How it works: the tech behind the insights

Tink's tech makes it possible for banks to deliver hyper relevant and targeted digital advice. But how does it actually work? What's really going on behind the scenes to make it happen?

To deliver valuable, personalised insights, you need to have a detailed picture of your customers' financial situation. This means having access to quality data sits at the heart of the solution.

And getting quality data begins with data enrichment technology.

BIG DATA

Enriching raw data

Data enrichment is a process that takes raw data from a customer's account, then cleans it up and refines it to make it understandable. This makes it possible to figure out what each transaction relates to, so you can eventually see the bigger picture of someone's finances.

Original

visa/dankort Itunes

VISA UBER TRIP PFZ00 HELP.U

PP.1234.PP . SPOTIFY, Ihr Einkauf bei SPOTIFY

Categorized

	iTunes Today	- €9.99
	Uber Yesterday	- €16.00
	Spotify Yesterday	- €10.99

After the data is cleaned up (removing duplicates, making texts easier to understand), transactions are categorised. This lets you determine where people are spending their money, and how much goes to each category (like 'bills' or 'groceries').

Thanks to years of (machine) learning based on billions of transactions, Tink can accurately classify and clean up account data in an instant. And each data point it receives makes it smarter and more accurate in telling the story of your customers' finances.

Generating insights

Once the data is enriched, our Money Manager technology jumps in to turn the information you've gathered into insights that can be used to guide your customers towards better financial decisions.

These insights are aimed at increasing customer engagement by providing advice and offers that they can instantly act on, and they're generated based on each customer's real-time data. This is an important part of the solution because it ensures that the recommendations are highly relevant, but also unique to each person.

This could mean helping customers set up a budget and stick to it, sending reminders to ensure they'll pay their bills on time, and alerting them to better deals based on the products and services they're using.

The system can spot regular activity and behaviour, analyse it, and advise the customer on a good course of action.

Each insight is live for a limited time, depending on how long it might be relevant. After that, it gets deleted or regenerated if no action is taken.

This avoids people receiving outdated insights, instead focusing on timely activity that drives engagement, enabling people to take action right away, and with a few clicks.
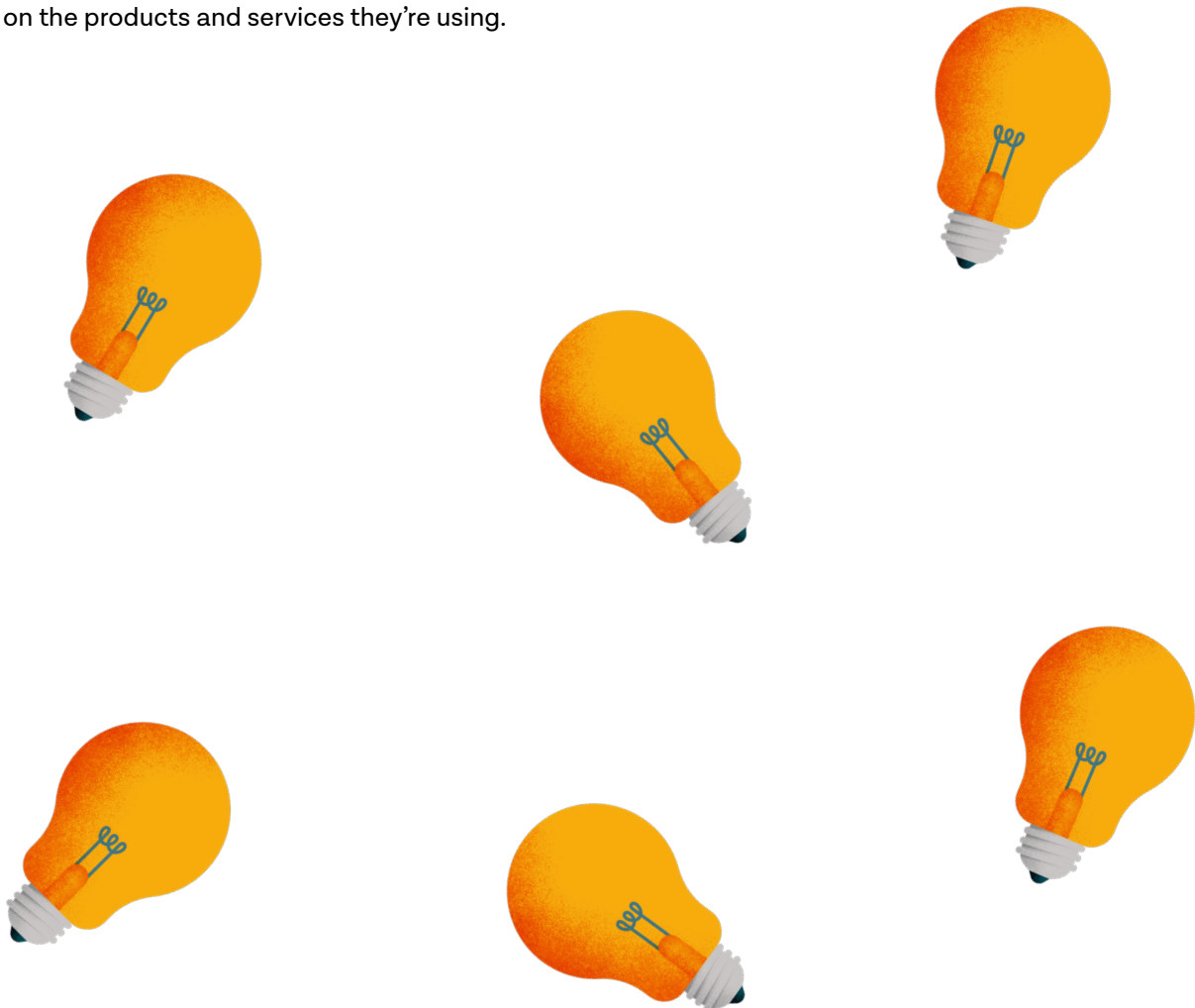
How you can manage it all: using the Tink Console

The Tink Console is your portal to all things Tink tech. Essentially, it acts as a command centre where developers can tap into Tink's API to build and launch financial data-driven services.

It gathers everything you need in one place, from the aggregation technology that lets you access customers' financial data (with consent, of course) and give them a comprehensive view of their finances, to the Money Manager functionalities that help turn this data into valuable insights – and ultimately an engaging service.
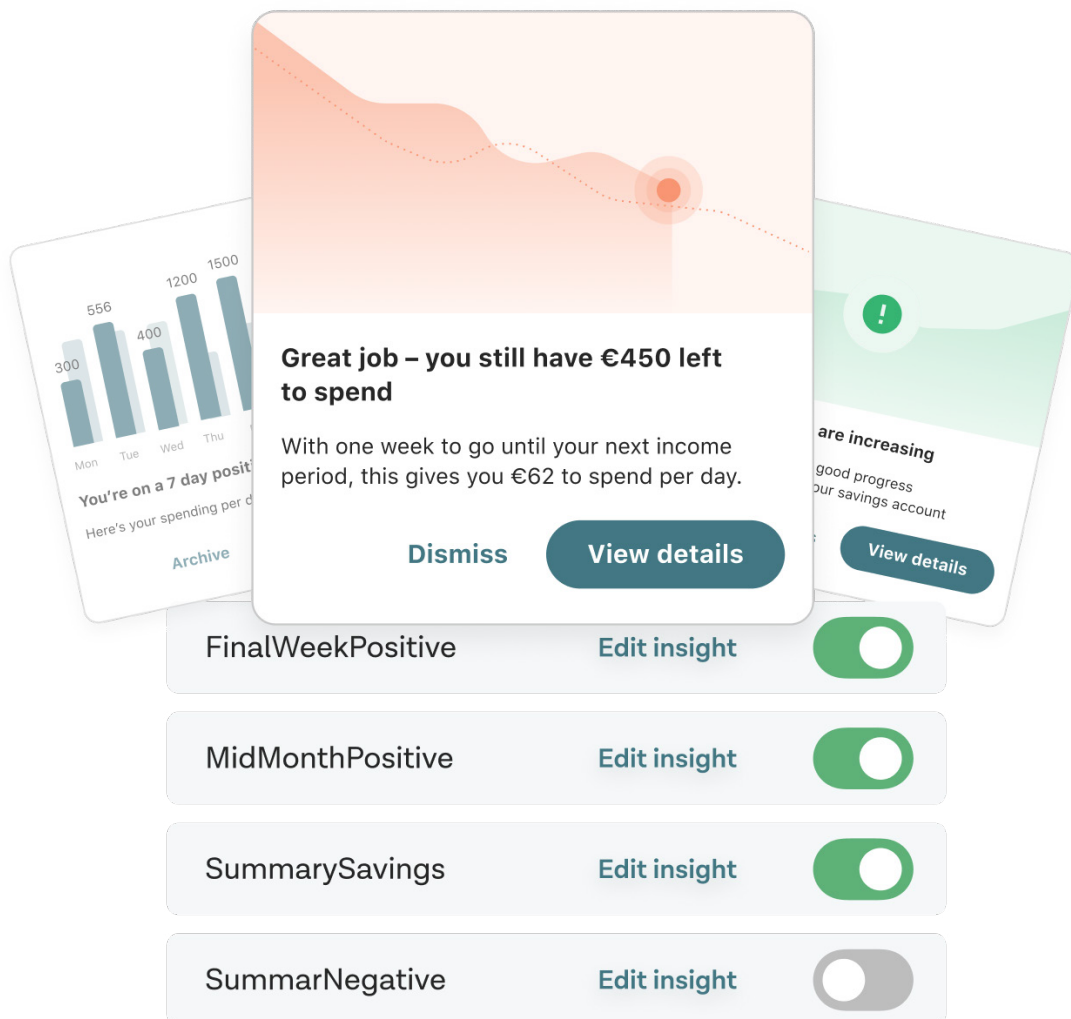
Using the Tink Console toolkit, you can access all our Money Manager features (which includes Insights) – and customise them to suit your needs.
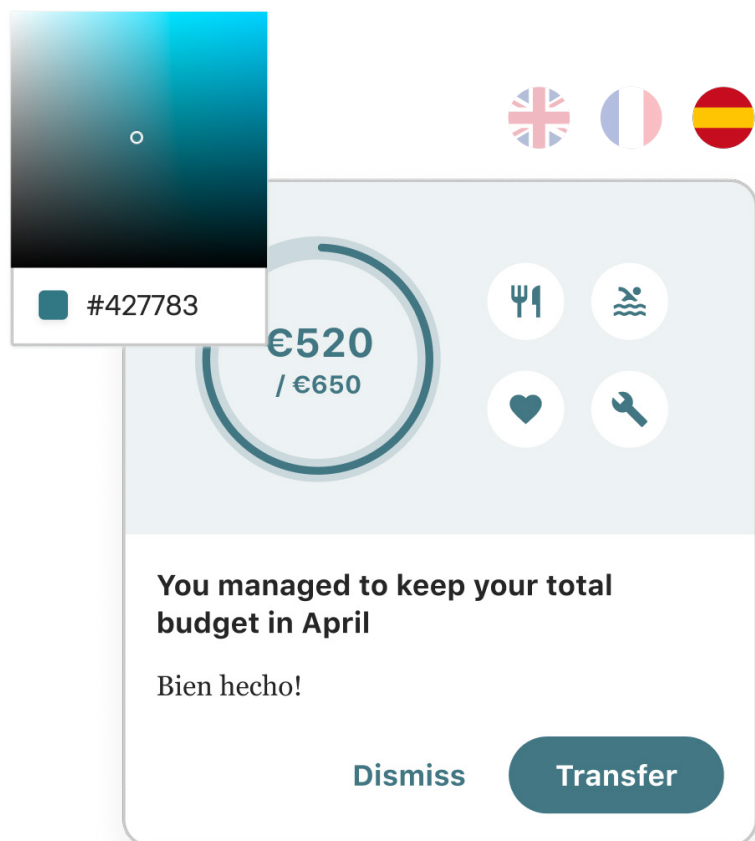
Choosing the Insights you want

The Tink Console makes it easy to configure and customise your Money Manager offering. It lets you select which functionalities you want to include so you can create a unique Money Manager experience that feels 100% relevant for your business and your customers.

When it comes to Insights, you can select which types of nudges and notifications you want to provide by simply turning them on or off.

So if you want to build a Money Manager service with a more positive outlook (rather than being the bearer of bad news), you can easily skip the 'your account balance is low'-type notifications, for instance.

556
1500
1200
400
300

Mon   Tue   Wed   Thu

You're on a 7 day positi
Here's your spending per d

Archive

Great job – you still have €450 left to spend

With one week to go until your next income period, this gives you €62 to spend per day.

Dismiss   View details

!

are increasing

good progress
ur savings account

View details

FinalWeekPositive   Edit insight

MidMonthPositive   Edit insight

SummarySavings   Edit insight

SummarNegative   Edit insight

#427783

€520
/ €650

You managed to keep your total budget in April

Bien hecho!

Dismiss   Transfer

Customising the experience

Through the Tink Console, you can also easily customise UX elements to tweak the look and feel of your app.

You can create a unique design for your app by selecting the fonts and colours to use so it aligns with your brand.

You can also change the copy for the Insights, so it better suits your tone and style. (This also makes it easy to localise the texts for different markets.)

There's no one-size-fits-all here either, but rather complete freedom to personalise your offering.

You got paid

You have received a new income
''Salary'' on Current account.

Dismiss   View details

Insight	Salary
Created	75,349
Shown	68,058
Actions	54,539

INSIGHT	CREATED	SHOWN TO THE USER	USER ACTIONS TAKEN
New income transaction	74,329	58,499	39,439
Weekly summary expenses by day	72,493	67,349	38,985
Single uncategorized transaction	71,943	65,349	48,538
Budget close positive	68,348	61,132	42,828
Weekly summary expense transactions	66,349	59,349	39,948
Weekly summary expenses by category	63,489	55,359	35,348
Budget success	61,989	52,539	36,919
Account balance low	59,143	50,211	35,917
Weekly uncategorized transactions	58,342	48,349	34,958
Spending by category increased	55,394	46,234	33,238
Double charge	52,349	42,438	31,349
Left to spend negative	50,978	39,439	32,348
Large expense	49,958	39,857	27,499
Budget close negative	48,583	38,439	25,349

Seeing results with usage reports

The Tink Console also gives you access to statistics
and data on customer engagement, so you can
understand and analyse user behaviour without
needing any third-party tracking tools.

The usage reports give you visibility over how
customers are using your service, with a detailed
breakdown of how different Insights are performing.

This helps you understand what's working well, and
what areas could be improved, so you can tweak
your offering to provide the best and most relevant
experience for your customers

Insights
in real life

How CGD built a first-class mobile experience in 6 months

Portugal's leading bank, Caixa Geral de Depósitos (CGD) was looking for a way to respond to the evolving needs of their customers and build a first-class customer experience. They wanted to upgrade their digital offering to remain relevant in the increasingly cashless Portuguese market. They also wanted to go beyond their 4 million customers, and give all consumers across Portugal tools to help them understand and effortlessly manage their money.

To transform how it interacted with customers, CGD partnered with Tink. Six months later, they launched DABOX, a financial management app giving millions of consumers unprecedented insight into their economy.

It was the first open banking solution of its kind in Portugal – and anyone can use it. DABOX works like a financial coach that lets users:

→ **Get an overview of expenses from any bank (not just CGD)**

→ **Track spending by category and create budgets or savings goals**

→ **Receive personalised insights to help better manage their money**

The results

DABOX became a big success – winning awards in Europe and Portugal. Consumers across Portugal can now manage their money in an easier way, and get smarter guidance towards better financial well-being.

By learning more about its users' spending habits, CGD can give people more valuable, personalised insights about their finances – boosting customer loyalty and satisfaction.

Additionally, 33% of DABOX users are newcomers, who were not previously CGD customers – bringing a great potential for new business opportunities.

☆ SAPO Awards 2020

☆ European Excellence Awards 2019

☆ Portugal Digital Awards 2019

☆ Digital Awards 2019

🕐 Live in 6 months

↗ 1st open banking solution in Portugal

👤 33% are new users and not CGD clients

🏛 49% of all aggregations are not CGD
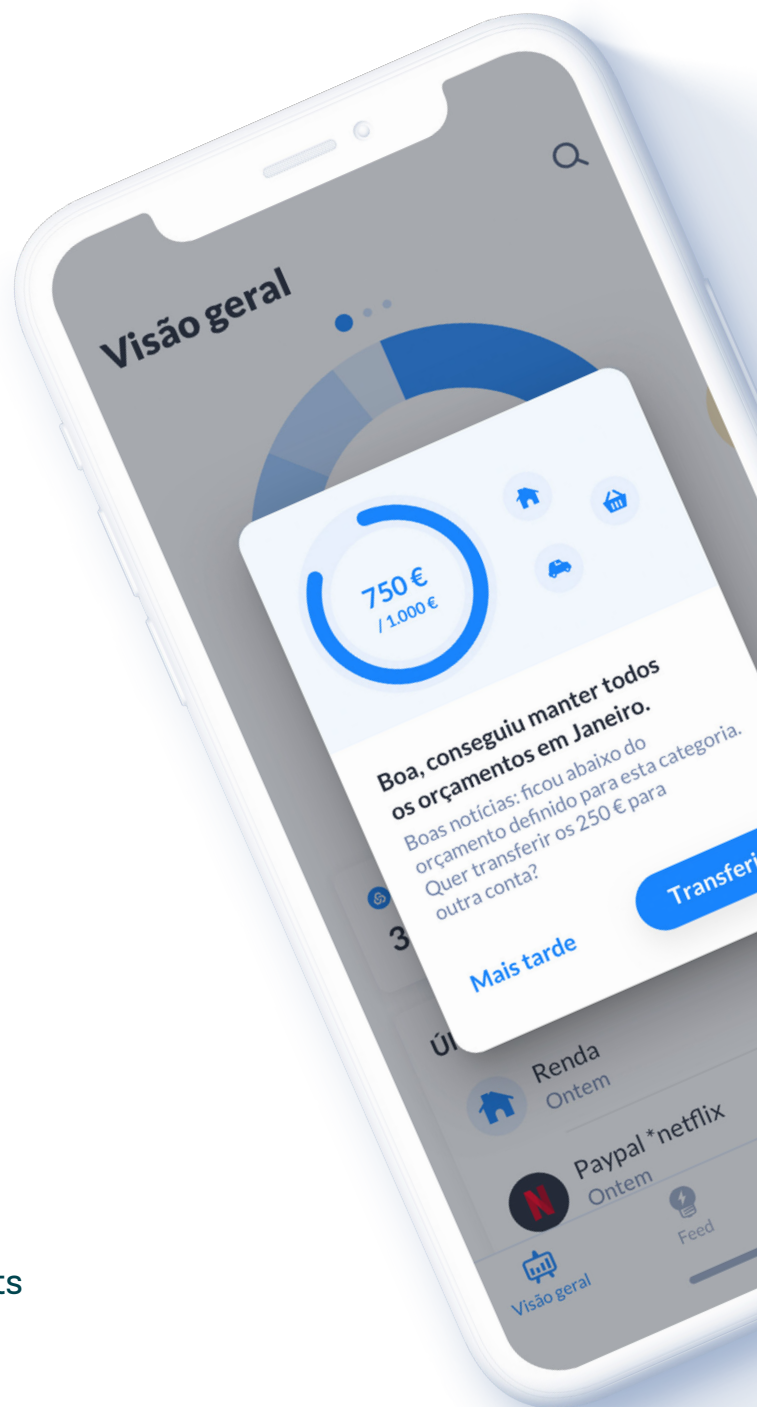
Ready to up your offering?

Insights opens up the world of financial advice to more customers, by effectively giving people a personal finance coach that lives in their pocket, without the time consuming nature and high costs associated with traditional financial advice.

The technology to truly help change people's financial behaviour for the better is here, and it's never been more accessible, for both businesses and their customers.
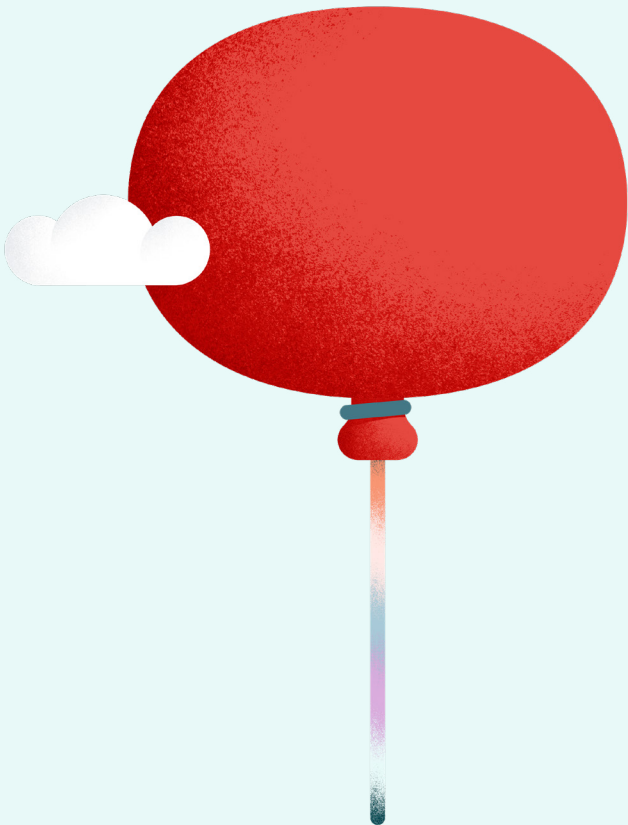
Let's talk

Get in touch with our team if you'd like to learn more about our personalised insights and how your business can benefit from <u>Money Manager</u>. Our experts are always happy to answer questions, or show a demo – just reach out:

partnerships@tink.com