

FAQ:

Why Invest In Digital Money Management Now?



While the banking industry **dug its way out of the financial crisis by reducing costs and increasing profitability**, it now faces the challenge of growing revenues. **Security and compliance certainly loom large** as financial institutions plan an increase in technology spend but senior IT executives are also focusing on generating top-line growth. Responding to Ovum's ICT Enterprise Insights survey, 43 percent highlighted **supporting revenue growth as one of their top three strategic priorities for 2015**. "The need to grow topline revenue through sales and customer conversion rates is driving investment into digital channels," said Kieran Hines, Practice Lead for Financial Services Technology at Ovum.

Digital money management can help FIs generate revenue growth in a variety of ways. **Digital money management users buy more financial products than non-users** and contribute greatly to interchange revenues, as they're more likely than non-users to charge purchases to a credit or debit card. And as they aggregate external accounts to obtain a full view of their finances, these users provide an FI visibility into the pieces of the relationship they do not own and the means to compete for them. Consumers double the number of relationships they hold with financial institutions between age 20 and 35 but most of the financial products they're purchasing go to secondary FIs that win business around credit cards, mortgages and auto loans. Having an account holder open up a checking or savings account with a primary FI is not enough and in many cases the **cost of maintenance has an FI providing such service at a loss**. It is imperative for FIs to increase their share of wallet but that can only be achieved when they understand an account holder's full financial picture and how they can help them.

To deepen the relationship with your account holders you need to be an advocate for them. When customers believe that their bank looks out for their financial well-being, **they gain confidence in that institution and purchase more financial products** — such as checking and savings accounts, debit and credit cards, mortgages, brokerage and investment accounts — than customers who do not think their bank is on their side. Gallup notes that "customers

who say their bank looks out for their financial well-being are much more likely to be fully engaged with their bank, leading to better financial outcomes for their bank ... these customers have a **13% higher penetration in credit products and a 22% higher penetration in investment, insurance, or advisory products.**" Customers who strongly agree that their primary bank looks out for their well-being also place a much higher percentage of household investments with that institution.

"My bank looks out for my financial well-being."	Do not strongly agree (rating 1 to 4)	Strongly agree (rating 5)
Total number of products at primary bank	5.8	6.5
% of customers extremely satisfied with all channels they use	43%	86%
% of household's total investments are with primary bank	13.3%	25.4%

Source - Gallup

MX provides FIs with the tools to become true advocates and empower financially strong account holders who are more loyal and profitable. MX's product suite enables account holders to:

- Manage a debt plan, prioritizing liability accounts with the highest interest rates and projecting debt payoff dates.
- Improve their financial literacy through an online tutorial and assess their financial health, while developing next steps to improve their financial well-being.
- Receive money saving offers on an array of financial products through Insight & Target, MX's next generation analytics and marketing platform.

In an era of unprecedented customer choice, the financial institutions that advocate for their account holders and provide them with the means to become more financially strong will prevail. The cost of doing nothing — merely investing in security and compliance and not pursuing those opportunities to improve the customer experience and deepen the relationship through the addition of new financial products — is watching the competition strip you of your most profitable account holders. The sooner you provide your customers with an engaging digital money management experience that turns your institution into their financial hub, the sooner you can begin to monetize through cross selling opportunities that provide that customer with a way to save money.