

Improving Customer Adoption of Digital-Only Banking Services in South-East Asia using Artificial Intelligence

Despite the substantial data banks have about customer usage, few banks employ the data sufficiently to guide their onboarding, activation, and engagement. The data has high practical value, however, especially for banks offering app-based services in the absence of traditional brick-and-mortar locations. The apps themselves yield very granular insights a bank can use to better understand their customers and improve campaign results.

This case study describes how Lynx Analytics is applying data science to help digital banks motivate new, digital-only customers to use their app-based accounts. Lynx Analytics created an AI targeting engine that closely tracks the customer journey for each user and feeds the findings into hyper-personalized reward campaigns. In just a few months, the approach has dramatically increased the pace of customer account activations, transactions, deposits, and lending for multiple digital banks.

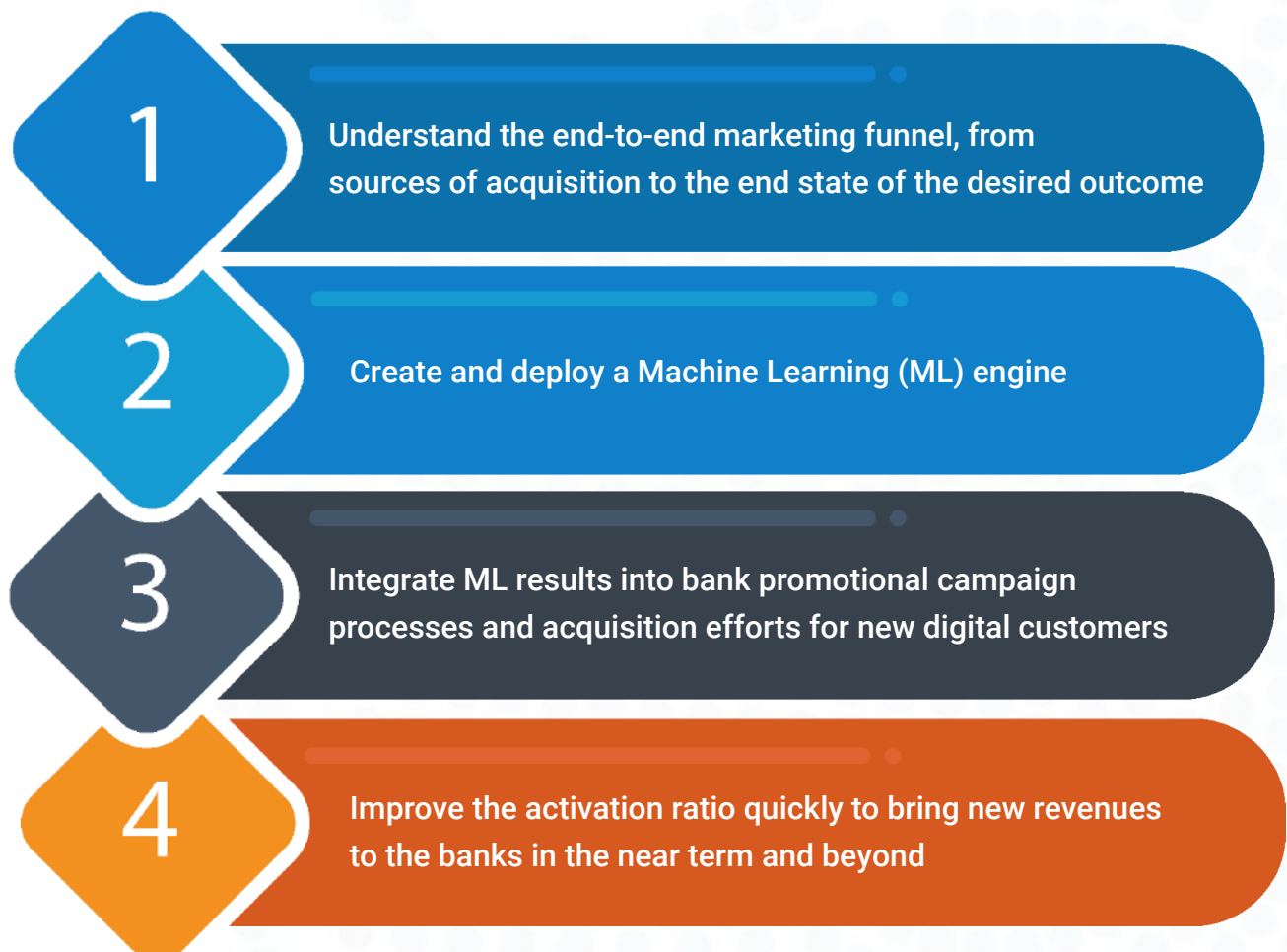
A Digital Banking Case Study



Improving Customer Adoption of Digital-Only Banking Services in South-East Asia using AI - Digital Banking Case Study

Objective

Employ data science techniques, in conjunction with targeted engagement campaigns, to reduce customer acquisition costs and improve the customer activation ratio (AR)—the proportion of customers, among all account holders, who complete the “Know Your Customer” activation process and successfully transact, take a loan, or fund their accounts.



The Challenge

A multitude of global financial institutions have recently introduced digital-only banking services targeting the tech-savvy younger generation of consumers in countries across South-East Asia, such as Malaysia, Indonesia, Myanmar, and the Philippines. The banks are targeting customers on digital channels, offering services strictly via free smartphone apps, and using digitally interactive channels to engage with customers. The approaches yield a rich feed of data, but the data must be used effectively to achieve the highest customer satisfaction. While most consumers are eager to download such apps, a significant proportion do not become active. They do not transact with the account in the first few days, or weeks, and the banks essentially lose engagement with these customers after the initial transaction.

Lynx Analytics therefore co-developed solutions with different banks' internal data science teams to help spur customers to use their accounts, stay engaged, and adopt more services. Also, importantly, the solution needed to highlight repeated long-term engagement with satisfied customers, as digital banks are aiming to outperform traditional banks in the domain of customer satisfaction.



01

Identify the best people to target on digital channels by using “look alike” audiences that do not reveal any personal information about existing customers



Decide what engagement actions or promotions to target them with once they have downloaded the app

02

03

Determine when to target them



Choose the best targeting channel

04

05

Repeat such actions in a closed loop process that will lead to the optimal return on investment (ROI) along with the highest customer satisfaction

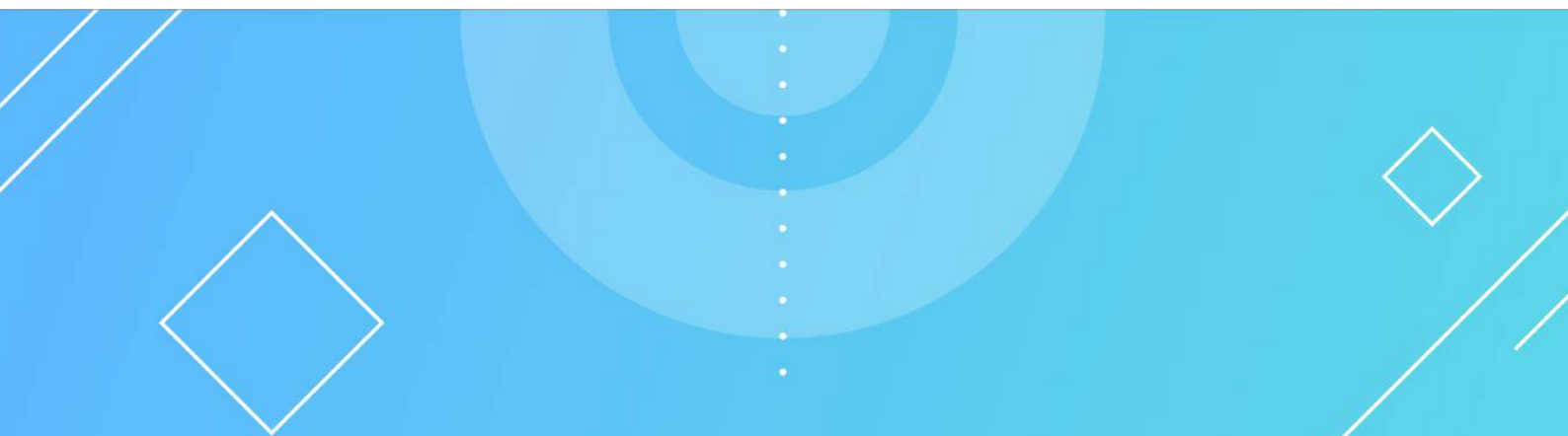


The Solution

The Lynx Analytics team created a machine-learning engine that manages the customer journey, finds meaning in customer data throughout the lifecycle, and contributes findings, as they are obtained, into banks actions and promotions. The solution is fluid and adaptive and enables the banks to offer promotions that are always directly relevant to individual customers. It is tailored to work with multiple types of application feeds, some in the cloud, some on premise. Lynx Analytics has encountered such hybrid architecture in multiple industries and countries.

The Lynx Analytics solution is notable for using data from multiple sources—including bank data and app analytics—to build an end-to-end view of customers and ensure engagement recommendations are not dependent on a single perspective. The engine tracks each step in the customer journey, from downloading the app to installing it, activating it, and recommending the best activation route, whether saving, lending, or transacting.

The solution is also notable for incorporating data science into the banks' businesses. The engine continually considers new data points and employs an iterative test, learn, and data harvest process for every round of interactions, which accelerates the implementation of preferred touchpoints to increase satisfaction and improve campaign outcomes. The solution so far has had significant success activating customers who were previously not yet transacting, and segmenting customers based on probability to respond.



Lynx Analytics tested a variety of campaigns at various times in the lifecycle for saving and lending, and found the solution helped digital-only banks in multiple countries achieve millions of dollars in extra savings or disbursed loans. The solution also generates customer flags for better digital channel acquisition, leading to lower cost per acquisition (CPA). The ROI is measured in increased financial impact in the near term, higher expected lifetime revenues per customer, and higher app review ratings across Android and iOS app stores. Most of the solution is based on open-source resources, and Lynx Analytics is iteratively providing knowledge transfer to help client teams onboard and use the solution.

In summary, Lynx Analytics has created a budget-friendly automation tool based on insights and learning it has gained from its last two years of experiences working with high-growth digital banks. The solution makes it easy and convenient for a bank to successfully target its digital base, across the entire life cycle, with different types of interactions.



Lynx Analytics

Founded in 2010 and headquartered in Singapore with an engineering team based in Hungary, we bring value to companies across the banking domain with artificial intelligence and predictive analytics solutions for credit scoring, customer acquisition, fraud detection and more.



[Facebook](#)



[LinkedIn](#)



[Twitter](#)



[Website](#)