

Client: Business Fintech website

The Need for Personalization and Hyper-personalization in Banking

A cardinal rule for every digital business is to ensure that they provide a first-rate personalization experience for their customers and clients. After all, it is essential and the first key step for them as they seek to compete in an online world that has endless competitors that span throughout the globe. The race is for them to ensure that this has been accomplished both successfully and competently at the same time to speed up results. After all, being able to digitally generate the ideal customer personalization experience can indeed help their businesses to profit and thrive. Therefore, it has become a basic and very essential requirement for those operating in the digitally connected world.

Personalization in Digital Commerce is Essential

Without personalization, customers will feel completely left out and disregarded by the digital business in question, which is not a good thing if both sides desire a fluid transaction that is both amicable and pro-digital commerce. If they feel left out, then the businesses will usually lose the opportunity of gaining their business as they failed to interact with the customers by not possessing the proper mechanisms to acquire knowledge about them. A big example that comes to mind deals with offering a financial product to a customer. For instance, it is common to create a sense of abandonment of the customer if the digital business offers a financial product to them and they are still required to fill out the basic publicly available information, such as name, address, and in some instance phone numbers. Such sloppiness is a recipe for disaster and illustrates a lack of being on top of the situation regarding the management of the customer-vender experience.

Providing a Quality Experience via Personalization within the Digital Banking Industry

This also applies to the digital banking industry as it is all about generating a series of tailored experiences for the customer as well as experiences across touch points and channels to make them meaningful, memorable, and magnificent. The key word here is experience and in digital banking it is a primary essential component that keeps the business profitable, operable, and trustworthy to the consumer. In fact, trust in the digital sphere is also imperative for business survival given that more people bank online than going inside at a branch. No one is looking into each other's eyes, so trust is going to be extremely crucial here when doing one's banking within the digital realm.

Experience is all about the collective micro moments that help drive the longevity in a relationship of any kind. However, in the digital banking industry it could consist of things like notification of bill pay, frictionless customer services, or even predictive objectives of when customers desire to reach out to the bank's customer services too. Personalization can be best defined by saying that it is a way of leveraging data and artificial intelligence (AI) to better target the right customer with the right information. This is why personalization is a cardinal rule for all digital businesses as utilizing these elements will help assist them to have a better understanding of not only who their customers are, but how to best service them as well.

Evolution from Personalization to Hyper-personalization

Once digital banks have achieved what is considered the standard norm in personalization of experience, it will be essential to begin placing greater emphasis on differentiation among their competitors. Differentiation is essential to help acquire a strategic competitive advantage that banks will need to utilize to move from the personalization stage to what is known as hyper-personalization. The targeting differentiation in this stage is that hyper-personalization would have the contextualization to a segment of one element of personalization and add another dimension to the right target as well as the right customer with timely and focused information. This is the strategic factor of hyper-personalization as it helps us hone-in on the specifics that create value, experience, and personalization in a way that goes beyond the call of duty, which is something that attracts customers that are long term and loyal to your products and services.

To draw a parallel example of hyper-personalization, let's say that someone eats at a local restaurant every Tuesday afternoon and either Google alerts or the bank app creates a specialized notification each time they drive past it. The notification then offers the person with a discount if they purchase their meal using their visa card. This takes traditional personalization to the next level and illustrates that bringing quality up a notch generates impactful sentiments by the customer. It does this by further leveraging customer history and data to deliver advanced and real-time customization of offers, content, and customer experience at the individual level.

Successful Hyper-personalization Tactics: Engagement, Relevance, and Trust

There are three elements that should be emphasized when a digital banking business embarks on utilizing successful hyper-personalization tactics. The first one deals with engagement, which is all about gaining the customer's attention. The second one deals with the element of relevance, which is illustrated by delivering the right message to

the right person at the right time. The third one is simply all about gaining trust with the customer and that is dependent on both engagement and relevance being executed very well, succinctly, and producing excellent results. As a result, a successful use of hyper-personalization tactics should be able to yield a customer relationship that can last a long time while yielding great repeat business and heightened loyalty.

Conclusion

Digital banking institutions should not shy away from capturing and presenting this information to their customers because it matters greatly to them even if it seems like it's among the little things in life. In fact, it is extremely more relevant now in the 21st century as we are now returning to an era where delivering an extremely personalized experience is becoming the norm once again. This was completely the norm before the technology evolution of the '90s took over the banking industry by focusing on transactions volumes and treated customers primarily as an account number.

The era we live in today is now expanding those concepts with the set of AI and machine learning technologies that provide widely accessible tools that help us target our customers with better individualized and personalized services. This is why digital interactions generate data abundance in the new digital world. After all, consumers continue to illustrate that they are very open and willing to trade their personal data for practical benefits with digitally invasive interactions. It has especially assisted businesses in analyzing their customer data in real time to develop more personalized interactions and services than has previously been experienced. So, if regular businesses are benefitting from these technological advances, then why not in the digital banking sector too?