

**FS**tech

[roundtable]

# Smart marketing in the highly regulated financial services industry



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# Smart marketing

FStech's latest roundtable, held in conjunction with Aprimo, saw an expert panel discuss marketing trends and challenges in the financial services industry, the role of marketing operations and how technology can shape the future of the sector

The recent PwC report 'Retail Banking 2020 – Evolution or Revolution?' states that banks believe simplification of processes will reduce costs by 58 per cent and improve time to market by 42 per cent. This means freeing up resources to test new ideas,

## Attendees

### Chair:

**Daryl Wilkinson**, Managing Director, DWC

### Panellists:

**Zoran Almuli**, Sales Director, Aprimo

**Lynzi Ashworth**, Marketing Manager, Aon

**Simon Burrows**, Director, PwC

**Anna Flach**, Marketing Manager, Commerzbank AG

**Graham Hill**, Associate Partner, Optima

**Stephen Ingledeu**, Former Marketing Director, Standard Life

**Katie Khan**, Marketing Manager, Raphaels Bank

**Lorna Loney**, International Product Solutions Director, Aprimo

**Paul Martin**, Head of Compliance, Quilter Cheviot

**Guy Priestley**, Head of Compliance, QIB-UK

**Ben Shaw**, Rise Delivery Manager, Barclays Bank

**Pascal Spreen**, Senior Associate, Markets Advisory Compliance, UniCredit

**Jamie Tolentino**, Marketing Associate, Investec Asset Management

**Claire Truscott**, Senior Communications Manager, PwC

**Jon Williams**, SVP, Aprimo

embrace new channels, get the message to market quicker and ultimately 'do more for less' without cutting corners, compromising on quality or increasing exposure to regulatory risk. And with increased customer expectations, channel proliferation and new disruptive technologies, customers want nothing less.

This FStech roundtable, held in association with Aprimo, examined the regulatory challenges facing marketing within the financial services industry, how marketing professionals can deal with these issues and what the future of marketing in this highly regulated industry will look like moving forward.

**Daryl Wilkinson:** Have any of you found that you're still in that stage of trying to explain what marketing operations is and its value to the business, whether through analytics or through the data that you're collecting on customers?

**Katie Khan:** I think it's so much better than how it was. It used to be a case of 'go and design a brochure'. The budgets for websites and customer insight are huge nowadays for example. I find it refreshingly forward thinking.

**Graham Hill:** Nowadays, customer service is often referred to as customer experience. Many companies are ditching the CMO and saying I need a chief experience officer to orchestrate all those end-to-end interactors in the journey. Huge changes are coming, provided they add to the experience.

**Lynzi Ashworth:** We've seen every other sector doing it. It's like financial services has gone 'yes maybe we should be doing that as well'. In terms of technology, maybe it's a little about keeping up because if that's where your prospects, consumers and clients are then that's where you need to be. Our whole lives are based around digital interactions, so you need to be able to incorporate that into financial services.

**Daryl Wilkinson:** Does anyone have a sense of the budget that they're expending on technology-based marketing solutions versus traditional marketing?



**Stephen Ingledeu:** You can't separate them out. You can't say that there's an analogue world there and a digital world here. This means you need to consider going beyond traditional innovation which is about incremental improvements through technology on what you're already doing. Challenger or disruptive innovation is actually about the opportunity to use new technology to upend existing markets and to create new markets with a focus on the customer first rather than being like 'we've got a product, how do we get it out there?'

**Paul Martin:** Lots of firms are carrying a back book of clients who are either averse to digital marketing or want a means by which to contact or see you through the website, but not necessarily be marketed to.

**Lynzie Ashworth:** Many financial companies have also been around for hundreds and hundreds of years so you haven't just got archaic systems but you've got archaic cultures and I think that's a big problem. As a marketing professional often you're trying to sell what seems like wacky ideas to people who think you're bonkers.

**Zoran Almulic:** But this sort of cultural change is hindered by the systems that those institutions are using every day. So even if they're willing to change, they're looking down below them and

seeing these technology islands which are hard to navigate.

**Graham Hill:** I remember a statistic along the lines of 50 per cent of all the contacts but 75 per cent of all the money comes from people over the age of 55. So if I'm a FinTech, I'm marketing to a small number of poor people, relatively speaking, rather than the older affluent customer.

**Lorna Loney:** We also have to remember that a lot of the older generation who have the money to invest are coming to their children and grandchildren to ask for advice. They're saying 'what do you think I should do?'

**Daryl Wilkinson:** Another point I want to touch on is that fear of what we can and can't do because of regulation. With GDPR coming in what does that mean for marketing departments?

**Lynzi Ashworth:** What our compliance



bods get slightly nervous about is the fact that now there isn't a static, single or set journey and we're also trying to introduce very basic personalisation. For them to not have control and documentation of 'this is what a journey looks like and it will do this', is hard for them. And for us as marketers it's difficult to sell to them.

**Stephen Ingledeu:** This reflects the fact that we are living in an era of digital Darwinism which means consumers and technology are changing faster than organisations and regulations can adapt to. This means financial services and the regulations need to be much more responsive to the rapid changes that are happening around us.

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**M**any companies  
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 the CMO for a chief  
 experience officer”

**Daryl Wilkinson:** I'm curious how you would prepare for this?

**Stephen Ingledeu:** It depends on how you engage with the regulator and this is where the importance of co-creation comes in. Customers don't have all the answers and they won't necessarily tell you what they need. You need to understand their behaviours and their actions, not just what they say. You have to empower customer teams who are closer to the market and turn the organisational decision making upside down because the most senior person is the person most removed from the

data and the customer. However, it is vital to get the regulator comfortable with this form of real time decision making process.

**Pascal Spreen:** I think it's an exploration process both on the compliance but also on the regulator's side and it's interesting to see different approaches to this. For example, the FCA's regulatory sandbox concept gives FinTechs the chance to play around with financial technology and see how it works in a simulated environment. This approach is somehow promising but young innovative firms who lack regulatory know-how require clear rules. There are all sorts of solutions based on promising technologies being deployed but sometimes we as compliance get insufficient guidance from the regulators so it's hard to guide the business.

**Daryl Wilkinson:** What do you think about the FCA requirements around vulnerable customers? What does the term vulnerable customer mean to you?

**Paul Martin:** The idea of a vulnerable customer is a difficult concept to grasp because it's a subjective judgement. It could be someone who's lost their husband in an accident who may on the face of it be a perfectly normal customer and then two days later they're extremely vulnerable and open to all sorts of persuasion. So just basing it on age is nonsensical.

**Jon Williams:** In a regulated industry like this then you're going after the emotions and, in terms of vulnerable people, you potentially don't know where you're hitting people when you're aiming for these emotions.

**Anna Flach:** I think it's really crucial because banking is very much a service industry, where people and emotions play a key role in service delivery and marketing. It's an industry that is in crisis because of the lack of trust, so the question is how

do we solve that lack of trust?

**Daryl Wilkinson:** We've certainly seen more TV commercials, particularly with the retail banks, trying to get us to think about nostalgic things. It's what one of my colleagues described as the 'John Lewis effect'.

**Claire Truscott:** It's one of the opportunities of digital marketing, the idea that it's not about thinking or even emotion but is actually quite practical in terms of reaching people at the right time. I was talking to a colleague in marketing who was saying it was great to see all this stuff about mortgage rates when he was a first time buyer, but now that he's got a home the last thing he wants to see is the rate he missed out on.

**Lynzi Ashworth:** In financial services as well you're often selling them 'what if's' and if the worst does happen, trying to sell that in an emotional but not too depressing way.

**Jamie Tolentino:** I'm kind of mixed on this because you're assuming that consumers are very emotional. I guess there is a subconscious element in making decisions on which provider to go with but then for financial services products it's always about cutting the best deal for yourself and you can't be too emotional.

**Lorna Loney:** It also depends on the products you're selling and the markets you're targeting. If you look at insurance comparison sites, I'm an absolute sucker for the meerkat. It ultimately comes down to emotion and your perception of what you're buying into.

**Paul Martin:** There's a perception of trust as well. If you know a firm that's been around for 100 years you're



## We are living in an era of digital Darwinism"

going to have a fair amount of trust in them.

**Ben Shaw:** It is much more difficult in financial services though, because while Apple can make you feel really good about your iPhone, or BMW really good about your car, it's not very easy to make you feel good about your bank account.

**Stephen Ingledeu:** The challenge for financial services is to shift from a pure 'left brain' approach about the logic and the facts and recognise the importance of emotions in decision making and engagement. We're all emotional beings at the end of the day and our decisions are emotionally based. For example, considering how to engage with customers around the emotional aspects of money and what





it means to them.

**Jon Williams:** For me, once I've picked my pension I really don't want you talking about it because to be honest I'm not that interested. I know it's there, I know it's in the corner but do I want to hear about it again? I don't. So you've got that challenge, and if you can't link to the emotional side, people are probably going to be disengaged.

**Daryl Wilkinson:** There's an age old problem, the belief that we're not making volumes because the marketing awareness isn't right. Yet actually, the marketing awareness is great, it's the product that is terrible.

**Graham Hill:** Our products have not kept up to pace with what we can do with our marketing capabilities through personalisation, advanced decision making, channels, journey optimisation engines and all those sorts of things.

**Zoran Almuli:** You're stuck with it for a period. Nowadays I think people change their mortgages every couple of years.

**Paul Martin:** I think people should look for value rather than cost and actually I think sometimes people are pushed towards cost. The education of the general public is a factor in this and people buying

the products are thinking 'I'll get the cheapest thing I can rather than the best service.' People are afraid of talking about money and also there's an idea that actually it's OK or even quite cool to not be sophisticated about money and finances.

**Daryl Wilkinson:** There are some very specific marketing strategies capitalising on that very feeling. It does make me wonder, particularly given what I do, if I understand everything I need to about the generations and the messages that need to be delivered. Are you guys seeing surprises, changes, or radical strategies because of the different ways Generation Z wants to connect?

**Lynzi Ashworth:** I think for me what we're doing is very dated in terms of segmenting our audience like that. You can have your 70 year old woman who is internet savvy and has a full Instagram account, or you can have your 20 year olds that have decided to completely shun social media.

**Ben Shaw:** This is what drives the success of Monzo because although they have their marketing campaign right on the pressure points, at the same time they do actually deliver better rates. You have to have both. For example with Curve, another FinTech startup, people soon realised that you're actually spending far more than you're actually getting out of them in terms of benefits, and so it hasn't managed to take off even though it had a similar ad campaign to Monzo.

**Daryl Wilkinson:** I'm going to move the conversation on to the bots. What do we think of bots and AI?

**Graham Hill:** Frey and Osborne did a study at the University of Oxford in 2013 which identified jobs that were likely to be replaced by computers. And around 50 per cent of jobs probably could be replaced by computers in about 10 years but marketing

wasn't one of those. So the creativity involved in marketing means it is probably not going to be automated in the short term.

**Jamie Tolentino:** But not everyone who works in marketing has a role that requires creativity as such.

**Jon Williams:** There are a lot of people in marketing doing a lot of processing stuff. So the way I see it, many of them are basically unqualified project managers who just make sure that all the boxes are ticked and are actually doing very little marketing, so these areas can certainly be automated.

**Zoran Almuli:** I've been in IT for more than 30 years and in my experience it's the source of data and pulling the data together that is still the issue. I'm still surprised when I go to some trade fairs and people are still talking about the single customer view like they invented it, it's really worrying.

**Jon Williams:** In terms of the single customer view, no one really actually has one. Even if they think they have, the world moves so fast these days that some other data source, some other entry has appeared that means your single customer view is still missing and always will be. We're always playing catch up.

**Daryl Wilkinson:** I want to round thing up by looking at what the future trends are. We've heard about the inertia in organisations, we've heard a lot about the empathy of marketing and of course we've just discussed the fact that roles which require high empathy aren't going to be replaced with the bots. So what do you guys feel will be the challenges and the trends as we look forward? What are the things that you're thinking about building budgets for?

**Pascal Spreen:** One development which is crucial is the growing amount of internet devices. There are more than nine billion devices which can access the internet and are increasingly connected so you've got a lot of data flows between these different devices. I think this development is unstoppable so tools or software to get a hold of this unstructured ocean of data and draw conclusions out of it will become more important for marketing. However, there need to be limits in order to respect and protect personal privacy rights.

**Simon Burrows:** We haven't touched on the fact that Facebook hit the news today for blocking a startup insurer, Admiral, from using social media to price risk. Facebook have said explicitly that they're going to block this sort of thing and I think that's quite an interesting development, as are the possible implications.



## Emotions play a key role in service delivery and marketing"

If banks don't catch up to that before the regulation comes in then that area where we currently use our mobile app with the bank we know will very easily be taken over – not just by start-ups who operate in that field and aggregators from various banks, but maybe even Apple themselves if they bring out Apple Bank for instance.

**Stephen Ingledeu:** It's a fantastic point and one that will apply across various parts of the financial services sector. So for example, the Government proposals for the pensions dashboard could potentially allow the easy consolidation of pension assets into one account. So you're going to get these new types of customer interfaces, basically the equivalent of an Uber, where they don't own any assets but they own the interface, and that's where the future value is.

### In conclusion...

- Compliance issues remain a challenge for marketers
- It is important for marketing professionals to work alongside regulators
- Technology is playing an ever greater part in the lives of customers
- The lack of consumer trust in some financial institutions needs to be addressed
- Financial services firms need to be more adaptable and responsive to rapid changes

# 5 Tips to Make Compliance Part of Your Marketing

Financial services companies that can manage and track regulatory compliance can dramatically reduce both approval process time and the effort required for reporting. But, how does one move toward a process that welcomes compliance as part of its marketing?

These five tips put your organisation on the fast-track to better compliance and consistent branding:

1



## Communicate honestly with your customers through every channel.

Marketing materials must provide consumers with the accurate information they need to make informed decisions. If the information is misleading, trust is lost...and so is your customer. Triple-check your marketing pieces with various approvers before distributing them to the public.

2



## Get a single view of your organisation.

Having a centralised view of your organisation gives you—and all stakeholders—a “single version of the truth.” All marketers gain visibility into the details of every project for silo-busting collaboration.

# 3



## Improve (and shorten) your marketing-collateral approval process.

The back and forth of marketing review cycles can be endless. But, if reviewers and approvers are identified beforehand, as well as a proven process in place, you can ensure that content is thoroughly checked and finalised.

# 4



## Build a compliance repository.

Cope with the vast amount of regulations and their changes over time by dropping data into one reference library. All employees and executives can use the repository as an information source to provide more innovative customer experiences.

# 5



## Keep your brand consistent.

Dot your 'I's and cross those 'T's to ensure that your brand is consistent across all channels. Working with local partners? Provide approved, yet customisable, content that they can distribute. This way, your messages are guaranteed to properly represent your brand and its products.

Using a marketing operations platform is essential to standardise and automate marketing processes across all business units. Not only does it provide visibility within your organisation, it integrates compliance and regulatory standards into the marketing mix.

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Aprimo is a category-leading marketing operations platform that frees marketers to focus on smart marketing by automating the five essentials: plan, spend, create, distribute, and perform. Aprimo's comprehensive suite improves time-to-market and maximises a company's marketing investment to drive revenue. Aprimo is headquartered in Chicago, with global R&D and customer support in Indianapolis, and international operations based in London.

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