

Personalization in banking – the key to your customer’s heart



It is safe to say that personalization stopped being an option and became the new necessity to every business and not just to those in the financial sector. The advancement of technology, development of analytical tools and change of consumers' perception of digital channels are creating endless options for banks to take a hold of personalization and utilize it to the benefit of everyone.

Segmentation as the tool of the past

However, since customers are exposed to personalization in everything they encounter on daily basis, the bar of expectations has been set very high. Banks are under a lot of pressure to meet this bar and according to [The Financial Brand reports](#) vast majority (94 %) are not delivering on their personalization promise. You may ask how is this possible, but it won't come off as such a surprise given the fact that most of these banks are only now slowly realizing that the basic segmentation of customers based on geographic and demographic factors **won't cut it anymore**. Quiet often on the contrary, this basic information about the customer has little to no connection with their actual need. The importance of marketing campaigns for masses is decreasing rapidly as people automatically dismiss anything that seems irrelevant to them.

The psychology behind personalization

Understanding how to make personalization effective has everything to do with learning why customers want personalization. Econsultancy's [2017 Conversion Rate Optimization Report](#) shows that 93% of companies report having more success in converting prospects into customers when their marketing is personalized. So, what sits behind this need for personalization? The two main driving forces are: **having control** and **(avoiding) information avalanche**.

Personalization makes customers feel like they won't receive any generic offers that will just waste their time and in return makes them more appreciative of receiving marketing messages and offers based on their past activities and behaviors. And **turns** out, this internal feeling of being in control of what they see and experience ultimately makes [customers feel happier, more successful and even healthier](#).

As mentioned above, the second reason why customers believe personalization is beneficial is that it helps them avoid the information avalanche. When we believe someone has already gone through the content and customized it to our liking, our engagement is better, and we feel like there is a lower amount of time wasted. With the amount of information, one has to process on daily basis, we appreciate any effort that helps us reduce the flood of information.

Win-win-win outcome

Finally, it only comes down to the right execution of personalization. The ability of financial institutions to provide customers the services that help to build trust and loyalty. This can also be done through careful selection of retail partners that can provide highly relevant offers to bank's customers. And done right, it can definitely bring a win-win-win outcome.