

Driving customer engagement with the Banking Analytical Suite

How Knab embedded a uniformed customer approach on a shared image of value



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In 2014, Knab realised an exponential growth in their number of customers by using the power of Data Analytics.[1] After this success, there was a strong wish in the organisation to continue this fact-based steering and spread it throughout the organisation. Therefore, the Analytical Suite of Micompany—a standardised analytical environment where the value development of customers can be followed, predicted and evaluated—was customised for Knab in 2015. The resulting Banking Analytical Suite helps Knab to focus on their customers' needs, even with a rapidly expanding customer base. It is used by different disciplines within the organisation, including finance, marketing, service, sales, and last but not least, Knab's board. The different modules make it possible to follow customers' development from different functional angles, supporting fact-based decisions in all these departments. This results in a continuation of growth and an active and satisfied customer base.[2]



Figure 1. Modules in de Banking Analytical Suite

The Banking Analytical Suite (BAS) is a standardised MCompany technology solution fit to the specific needs of a bank. The solution is based on a longitudinal customer view,¹ and consists of different analytical modules that follow the development of customers. The different modules all have a specific topic, focusing on customer flows, customer development, and customer activation. They support the different departments within Knab to evaluate their work and reveal opportunities for improvement. For example, the suite enables Knab to focus on customer activation, monitor customer outflow, and improve the effectiveness of their customer contacts, all of which we will describe later in this article.

We will start by illustrating three aspects that contribute to the success of the Banking Analytical Suite at Knab:

1. Empowering senior management with in-depth customer insights.
2. Creating one version of the truth within the whole organisation.
3. Focussing on the development of customers.

Empowering Senior Management with In-Depth Customer Insights

In order to enable senior management to make fact-based decisions, the Banking Analytical Suite empowers them by giving them insight into value development of their customers. These insights are updated every week, with the newest numbers available on Monday morning, where they are used in the commercial board to make strategic decisions. The standardised insights show the most important develop-

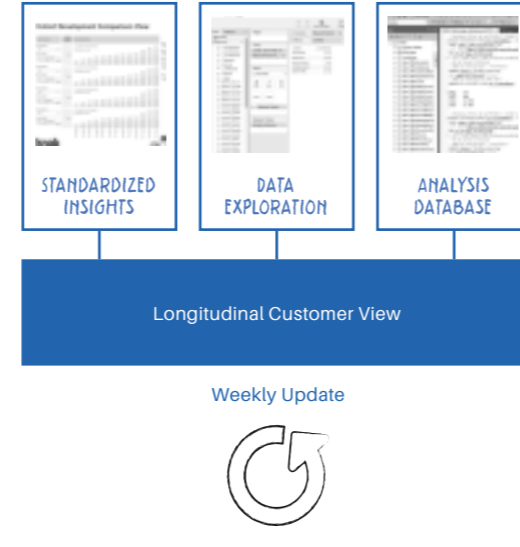


Figure 2. Weekly Update

ments in customer flows like in- and outflow and up and down sell. But it also gives them insights into the activation of customers and the effectiveness of their customer contacts and marketing initiatives.

This weekly scoreboard enables Knab to make decisions on a strategic level and brings focus to the marketing, sales, and service departments. Frequent updates of this information, without needing to wait for analysts to perform them, allows Knab to react directly to the latest developments.

Creating One Version of the Truth Within the Whole Organisation

When different people or departments within an organisation are seeing different numbers, it is impossible to make effective fact-based decisions. Therefore, Knab chose the Banking Analytical Suite as a central source of their data and insights that is used by all their levels and departments. To meet the objectives and requirements of the different user groups, the Banking Analytical Suite facilitates three ways of working with data:

1. Standardised insights: Automated and interactive weekly insights for the most important KPI's, customer flows, and activity measures consisting of the different modules showed in Figure 1.
2. Data exploration: Interactive tooling to deepen the standardised insights without programming knowledge.
3. Analysis database: Integrated longitudinal customer view for executing in-depth analyses.

The standardised insights make the most important customer insights available to a broad audience within Knab. Due to the intuitive and interactive tooling, everyone can get the information tailored to their desired specifications. For example, it is possible to zoom in on a specific customer group, select the intersection that you want, or look at a particular moment in time. The standardised insights form the central commercial report and are the anchor of all further analyses.

The data exploration gives you even more flexibility without the need for programming knowledge. It is used by the marketing, sales and finance departments to explore their hypotheses independently. For example, it is used by the finance department on a weekly basis to follow and explain developments in total asset under management. But it can also be used by analysts, since it can answer multiple analytical questions without the need to use the more complex source data.

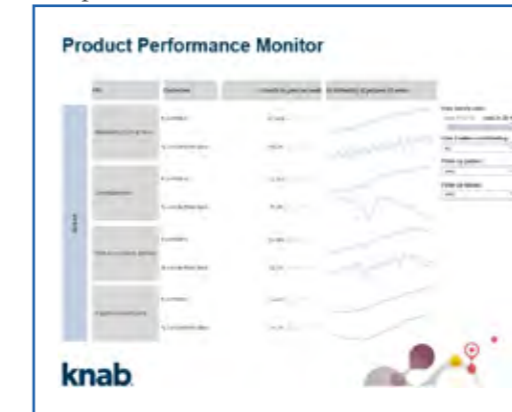


Figure 3. Product Performance Monitor

The analysis database is the most granular component of the Banking Analytical Suite, and contains information at a customer level. The longitudinal customer view makes it possible to follow customers over time. It is used by analysts on a daily basis to investigate interesting developments, build analytical models, execute commercial initiatives, and develop new

commercial and financial metrics. It is crucial for the usability of these components that they all give you the same answers. Therefore, all components of the Banking Analytical Suite are based on the same integrated and enriched data layer (the longitudinal customer view) and definitions. This ensures that, for example, a number found in the standardised insights can be easily reproduced and analysed further in the data exploration tool or analysis database.

Focussing on Customer Development

Most of the traditional banks focus on high-level KPI's like total net profit, credit volume, number of sold products, and total asset under management. As usual, Knab wanted to do it totally differently. This modern bank wanted their central scoreboard to be built around their number one priority: their customers.

Therefore the foundation of all components of the Banking Analytical Suite is a longitudinal customer view: a unique data model that enables you to follow customers over time. Of course, it is possible to follow the total number of customers and the overall in- and outflow of customers over the weeks in the Banking Analytical Suite. But the longitudinal customer view also allows you to follow individual customers throughout their lifecycle at Knab. And, perhaps most important from a Data Analytics point of view, the Suite has necessary data structuring to build strong and solid statistical models and make good evaluations of marketing initiatives.

In the following examples, we will illustrate how the Banking Analytical Suite helps Knab

focus on their customers to create a highly engaged customer base.

Steering on Customer Activation

To fulfill its purpose of financial conscious customers Knab focuses on the activation of its customers. It believes that its innovative products and services enable people to do more with their money and become more responsible for their own financial position and future. But customers can only experience these benefits when they actually use Knab's varied selection of financial products and services. For that purpose, Knab introduced a welcome program to activate new customers¹.

But it is not enough to design a one-off program. It is essential to follow developments in product usage when your customer base, the products that you offer, and the market around you are always evolving. Therefore, the use of multiple Knab products and services can be monitored in detail using the different Product Performance Monitors (PPM), each of which focuses on a specific topic. For example:

Previous analyses proved that the use of the current account was very important for creating loyal customers.¹ In the Current Account PPM, it is possible to follow the development of the number of customers that have a minimum balance on their current account. It is also possible to follow the number of customers that are using their debit card on a regular basis, or use the unique Knab service 'Smart Balance Management.'

- In the Saving PPM, it is possible to follow the number of customers with a saving account, split by the different types of saving prod-

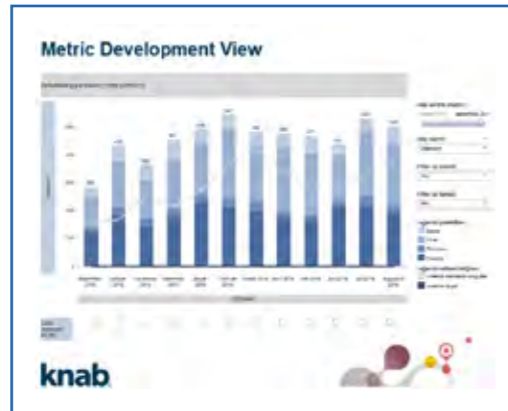
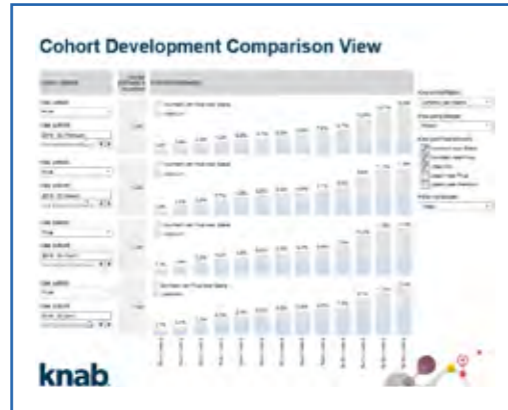


Figure 4. Cohort Comparison & Metric Development View

ucts that Knab offers. You can also follow the development of the total amount of savings in response to developments in the level of savings interest rates.

- In the Investment PPM, the number of customers using investment products can be followed, as well as the total amount of invested capital and the number of customers with periodic investments.

Continuous insight into all these different activation measures allows Knab to quickly respond to new developments. For example, when the use of a specific product or service decreases, it can get a more prominent place in an activation program or a specific campaign can be started. Developments shown by the Product Performance Monitors can also be further analysed in the data exploration or analysis database; for example, one can look at the type of customers that do or do not use specific Knab products or services. All these activation efforts result in a highly active customer base, and a large share of customers that consider Knab their primary bank.

Monitoring Customer Outflow

With a rapidly growing customer base, it is also very important to monitor the outflow of customers. If you gain customers rapidly, but they leave you at the same rate, your acquisition efforts won't lead to any growth. By looking at the outflow in the Metric Development View (see Figure 2), Knab can discover interesting developments in customer churn, such as increased outflow numbers when the interest rate decreases or during competitors' campaigns.

But the absolute value and time of the customer outflow does not always give the best reflection of the situation. With a growing customer base, an increasing number of churning customers is almost unavoidable. However, it is important to monitor whether the relative outflow is increasing and whether it is pronounced among specific customer groups. We monitor this using our Cohort Views, where the outflow of customer groups can be followed over time based on the longitudinal view of these customers. In the Cohort Comparison View, we can see whether customer groups who joined Knab simultaneously show an increased outflow percentage. For example, it would be wise to monitor whether customers acquired by a new acquisition channel or tactic show a higher churn or not — something you can imagine could happen if Knab chose a more aggressive acquisition tactic. Using the Cohort Development Comparison View, we can zoom in on the outflow timing to determine if it is continuous over time or concentrated at defined moments, such as when specific communications to the customers are sent.

With these insights, Knab can improve their customer loyalty, increase or decrease specific acquisition channels, modify acquisition tactics, or adjust their customer communication. It can also be the starting point of in-depth analyses; when a development can't be directly explained by specific events or communications, it can be worth while to zoom in. For example, it is possible to analyse whether there is a difference between the products and services that the churning customers did or did not use in comparison to the customers that

stayed. This can be valuable information that can help improving the activation programs mentioned before.

Improving the Effectiveness of Customer Contacts

One of Knab's unique characteristics is its personal approach towards its customers. Back in the days when Knab had a smaller customer base, employees called all new customers to ask about their experiences so far and help them to find the most relevant products and services that Knab had to offer them. And the CEO contacted unsatisfied customers himself to find solutions to their complaints.

But when the customer base started to grow exponentially, it became a challenge to keep up with this approach. The easiest options were to completely quit the personal contact with customers or to considerably increase the team responsible for the activation of (potential) customers by phone. Another option was to improve the effectiveness of customer contacts by contacting only specific customers with relevant offers. As a personal and data-driven organization, Knab choose this last option.

The Banking Analytical Suite enables Knab to improve the effectiveness of customer contacts in two different ways:

- Predict relevance: The information about the current products and behavior of customers tells us a lot about which other products and services could be relevant for a customer.
- Test-learn-improve: By measuring the effect of customer contacts, continuous learning and improving is facilitated.

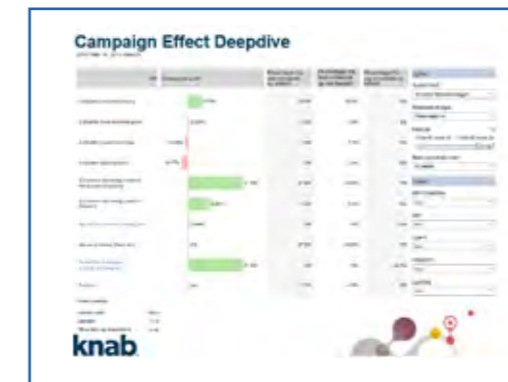
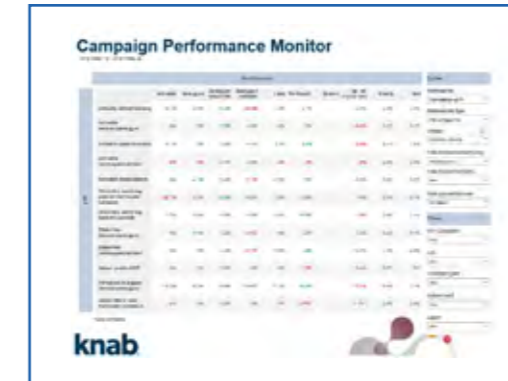


Figure 5. Campaign Performance Monitor & Campaign Effect Deepdive

The Banking Analytical Suite contains information at a customer level, and makes it possible to follow customers and their product usage over time. Therefore, it is a perfect data source to predict which other products and services would be relevant for a customer. For example, if many customers that use product A and B also start using product C, it can be very successful to offer product C to customers who already have product A and B. Or when all customers with a specific profile use the same product, it will be valuable to offer it to new customers with this profile instead of hoping they'll find the product on their own. The optimal timing for these offers can also be determined based on customer data.

For new products or products that are not used that often yet, it is not always possible to determine the right customers with this approach. In addition, the best way to approach customers is not captured in the product usage itself. Therefore, the Banking Analytical Suite contains a specific module to measure the effectiveness of all outbound customer calls. These insights make it possible to test and evaluate new approaches. By measuring the effect on a granular customer level, Knab can continuously learn from these insights and improve the relevance and effectiveness of their customer contacts. Thereby we look at the direct effect of calls, but also at their effects over the long run. We measure the effect on the specific products and services the contact was intended for, but we also look at the side effects on other products and services. Less positive side-effects like churn or down sell and how contacts affect different customer groups are also measured.

The standardised insights also show the performance of the different customer service agents. Where some companies mainly focus on the number of calls per hour, Knab aims to focus on long-term value creation. The information is not used to judge the customer service agents, but to learn from each other and thereby improve the overall performance of the team. For example, you can determine which agents perform the best on specific topics or products and thereby study what they are doing differently and what we can learn from them.

Future Avenues

With the customisation of the Analytical Suite for the banking sector, Knab has built the foundation for a uniform Data Analytics-driven company. First, the longitudinal customer view offers the opportunity to follow customers' development and build solid statistical models both now and in the future. Second, the standardised insights make Data Analytics accessible to different functional disciplines without the intervention of analysts. And third, the Banking Analytical Suite offers a shared vision for customer value creation. The Banking Analytical Suite will also further evaluate when new products and services are introduced, new data sources become available, or new models are developed for which the standardised insights could be strengthened throughout Knab.

Sources

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