CASE STUDY

Neobank Improves Engagement & Repayment by Adding SMS Channel to Digital Customer Communications

As digital-first preferences have evolved for consumers in the U.S., online-only banks, or neobanks, have gained popularity with consumers by offering no-fee digital checking and savings accounts, competitive loan and savings rates, cash advances and the ability to open accounts with no minimums—all made possible by not relying on legacy banking technology and costly networks of physical branches.

These kinds of online institutions are well-versed in digital communications with customers, but not necessarily throughout their entire financial journey. How do you know which digital channels are going to resonate with your customers, especially for sensitive delinquency communications? The answer is not which, but which combination—let's take a look.

Challenge

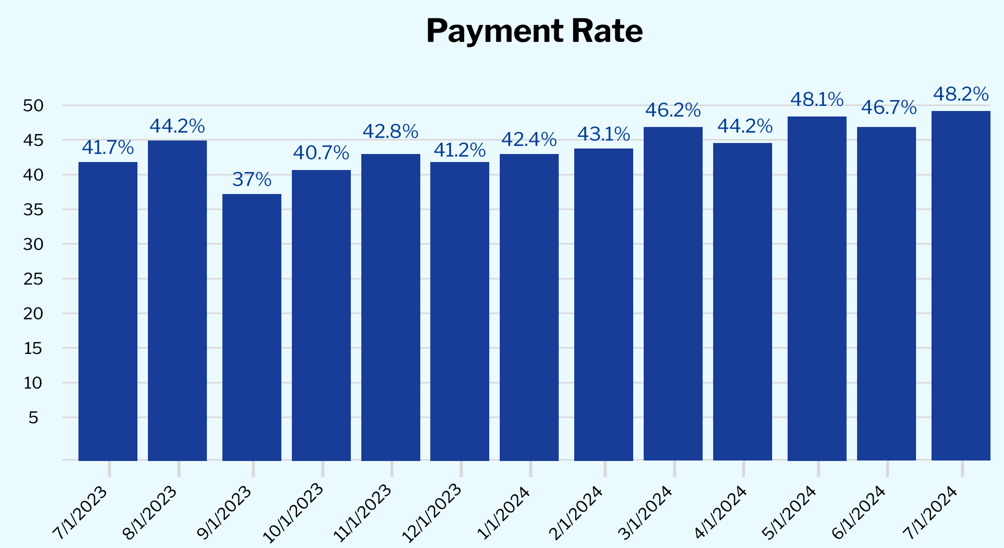
One leading neobank's customers have come to expect a frictionless, digital experience when using the bank's services, which are available via a user-friendly app. It's no surprise then that this neobank had already switched to digital communications for customers who fall behind on their payments after conducting a head-to-head comparison of Retain by TrueML Products' email capabilities versus outbound calling for customer engagement and repayment (read more on that test here). But email engagement rates, while better than the call-based approach, hinted that some customers were still not responding, leaving room for improvement.

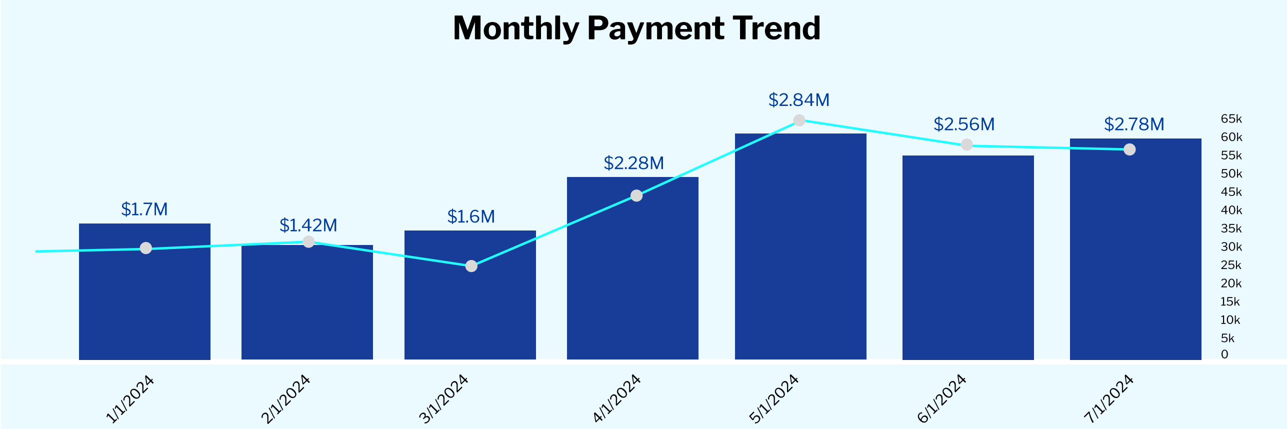
Solution

While using email to send communications digitally is a step in the right direction and provided increased repayment results for this neobank, there was opportunity left to utilize other consumer-preferred digital channels and reach even more of its customers where and when they like. So the bank decided to add SMS messaging as a channel in their digital customer communications for their in-house debt collection efforts, and the results did not disappoint.

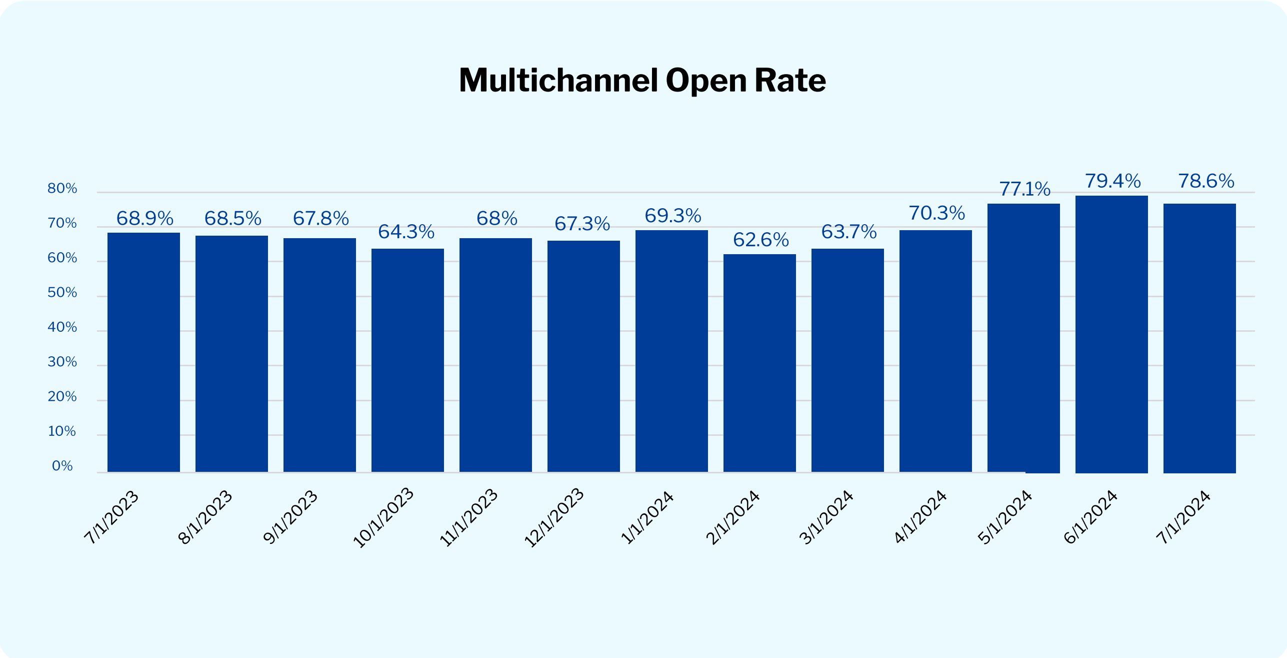
Results

Across a portfolio consisting of Demand Deposit Accounts (DDA) and short term loan products, **the neobank saw payment rates increase by 9% in just four months after adding SMS to the communication strategy and creating a multichannel digital approach**. Since this strategy evolution, the neobank has increased the volume of communications sent using Retain and has generated more than $2.6 million over four months, equating to **an ROI of 83:1 due to the combination of lower operational costs and higher engagement and repayment.**





The digital engagement rates tell the story of why this multichannel approach is successful. Email Open Rates alone were averaging around 64% prior to adding a second channel, and **increased to 78% after adding SMS**. Additionally, the overall Click Rate that had been hovering around 5% with email doubled to over 10% by July after expanding channel options. More customer engagement leads to opportunity for more action taken, which in this case means more debt recovery.



In Conclusion

Consumers today have high expectations for digital offerings, and appealing to those preferences throughout their financial journey, while tailoring their experience, will lead to better engagement and customer retention. This neobank already knew the performance and cost-saving benefits of automating its digital communications for customers with delinquent accounts using Retain, but by utilizing a multichannel, digital approach it was able to engage customers even more effectively while keeping operational costs low.

Ready to improve your customer engagement using Retain's proven digital-first communications?

Schedule a consultation today!

About Retain

Retain by TrueML Products is an intelligent delivery platform that leverages a patented machine learning engine to determine the optimal time and channel to deliver the client's communications within the confines of the compliance requirements outlined by the client.

TrueML Products is a fintech software company developing AI-driven products that enable intelligent, digital communication and prioritize customer experience for consumers seeking financial health.

Retain
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