



Taking A Page From Netflix's Playbook

business customers digital banking customer experience

Summary: Some financial institutions are taking a page from Netflix's playbook these days, by analyzing data from individual customers to provide them with extremely tailored offerings. Is this a move for you?

If you are a Netflix subscriber, you may not be surprised to find the top 3 shows in 2019 were: Stranger Things, Lucifer and Orange is the New Black. If you haven't watched them, the good news is that you can binge-watch any of these to catch up.

Speaking of Netflix, financial institutions (FIs) are taking a page from Netflix's playbook these days, by analyzing data from individual customers to provide them with extremely tailored offerings. These include banking services to discounts at retailers. Moreover, this trend is one that is only expected to pick up speed.

Much like the way that Netflix tracks user activity to recommend other shows the viewer is likely to enjoy, some FIs have begun stepping up their own data analysis by employing artificial intelligence (AI). They use this to not only understand the unique situation of individual customers, but also to determine how and where they spend the majority of their money. Digging deeper into a customer's saving and spending patterns allows you to identify products and services that individuals may need or want at the very point in time that they most likely will take advantage of them. These entry points may include when a checking account is running low or when a customer is likely to benefit from a service, such as overdraft protection or a line of credit.

Deep dive data analysis on customers also allows you to identify specific retailers or services that people prefer. This lets you offer catered perks, such as discounts to specific partner businesses. The benefits of such offers are two-fold. Customer-specific offerings can both enhance the experience that people have, as well as their ties to their institution. But, such partnerships with restaurants and retailers also provide FIs with an avenue to expand their ties to local businesses.

According to a survey of banking executives by Accenture, banks' usage of AI to provide customers with [more individualized service is a practice that is likely to be embraced](#) by large portions of the banking industry in the near future.

Knowing this, you may want to keep a look out for good ways to include AI. One current example is Spanish bank BBVA, which employs such analytics in its Bconomy app. Its app tracks customers' savings and spending patterns, using a guideline that proposes people use 50% of their income for day-to-day living needs, 20% for savings and the remaining 30% for disposable income. Even further, the app alerts their customers when they have deviated from these guides and may want to take action, such as transferring funds. BBVA's long-term goal is an app that will monitor all of a user's activities, to present people with real-time services and information likely to be most useful.

While the use of data for customized offerings is not new in the banking industry, AI is definitely taking it up a notch. Even if many FIs are still not using AI, it is only a matter of time before it is leveraged more broadly, providing more cost-effective access. For information on setting up an AI strategy, feel free to read, [Does Your Institution Need an AI Strategy?](#), and stay tuned as the AI developments continue!

SAVE TIME AND MONEY WITH OUR STRESS TESTING SERVICE

It is important to stress test loans of all types from multiple perspectives and on a portfolio basis. Get expert help to save you time and money. Learn more about [stress testing](#) today.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.