

HOW IT WORKS: INTELLIGENT CUSTOMER ENGAGEMENT

The Key to Driving Deeper, More Profitable Customer Relationships

Intelligent customer engagement is an innovative, technology-based marketing approach that helps Retail Banks drive higher acquisition, retention and profitability from their customers. Regardless of how valuable any one customer is to a Bank today, they have “behavior gaps” which, if closed, can increase the profitability of that Bank tomorrow.

Exchange Solutions’ intelligent customer engagement programs identify and value these key customer behavior gaps, then lever targeted incentives to drive the behavior change necessary to close those gaps, one customer at a time. Customers are offered choices of incentives to create true one-to-one engagement. Intelligent Rules ensure that this is done in an economically-rational way to drive profitability and positive ROI.

Addressing the Needs of Retail Banks

An intelligent customer engagement program from Exchange Solutions addresses five key pain points experienced by most Retail Banks:

1. Customer & balance attrition
2. Flat or declining customer & product acquisition rates
3. Sub-optimal customer share of wallet (i.e., underperforming cross-sell)
4. Sub-optimal sales process & sales officer effectiveness
5. Lack of data-driven sales analytics

The challenges Retail Banks face are often compounded by operating in multiple countries or markets, each with very different product economics, market positioning and market competitiveness. As such, our intelligent customer engagement programs are easy to customize so they are fully adaptable to each market situation.

How it Works

Our cloud-based, managed services platform and supporting processes / analytics enable Retail Banks to drive true one-to-one engagement with their customers, delivering quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs. This is achieved through a 3-step process:

Step 1: Real-time Customer Profiling & Engagement

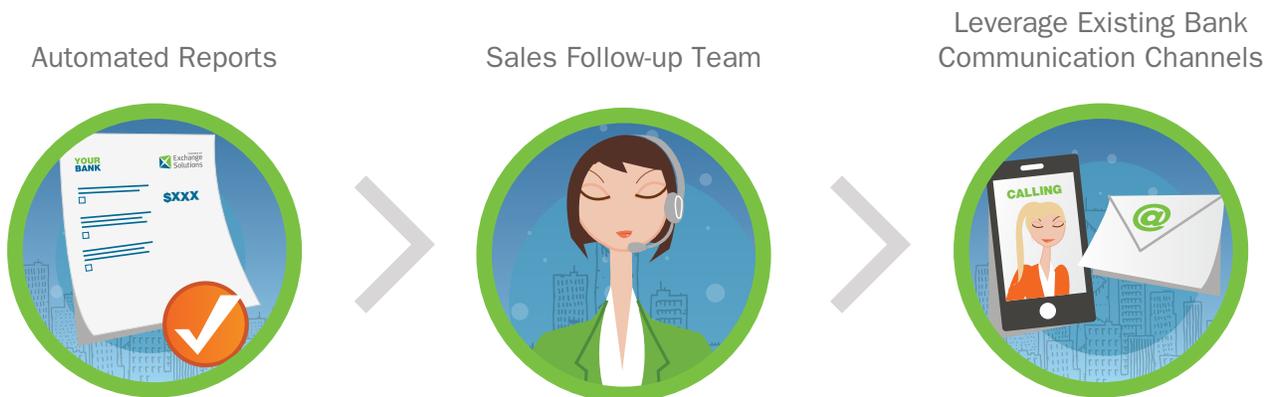
First, customer data is analyzed to identify each customer’s “behavior gaps” and potential value to the Bank. “Intelligent Rules” are created to ensure each customer is presented with the right targeted incentives, with the right value, to drive the right incremental behavior (i.e., doesn’t incent for behaviors that would have been performed anyway). The incentives available to drive each behavior are always economically rational, ensuring profitability to the Bank.

Next, when the customer interacts with the Retail Bank (either online, on the phone, or in branch), an automated one-to-one negotiation is initiated, allowing the customer to choose the incentive they want to receive (e.g., cash, points, rate / fee adjustment), in return for performing incremental behaviors with the Bank (e.g., open credit card, open/increase a loan, enroll in Direct Deposit, etc.). The customer is given a set time period to complete their behaviors and receive their reward.



Step 2: Automated Omni-Channel Follow-up

Automated, omni-channel follow-up processes ensure customers complete their behaviors. Follow-up data captured at the point of interaction enable sales teams to execute “pull selling” during follow-up (i.e., rep calls customer to “help” him / her complete behaviors (to receive a reward) as opposed to cold call cross-sell and redirects).



Step 3: Reward Payout on Incremental Behaviors and Ongoing Optimization

The customer receives the reward after their behaviors are fulfilled. The program engine baselines the customer's portfolio holdings at the initial time of interaction and then measures again when the offer period ends, ensuring that rewards are only paid on incremental business brought to the bank. Performance data is then used for future behavior gap analysis and ongoing program optimization.



Bank obtains incremental business from customer



Customer receives reward

- Cash
- Points / Merchandise
- Rate / Fee adjustment

In-Market Example

An implementation of the Exchange Solutions capability by a major financial institution was rolled out across its branch network in 22 countries. Program results (FY2010-2014) have shown a significant impact to the bottom line, as well as strong adoption / benefits across the customer, sales officer and leadership levels:

- 70%+ increase in the average new balances generated in each customer interaction
- A 72% increase in incremental profitability, because Intelligent Rules motivate customers to select higher margin products, as they earn higher value rewards for opening those accounts
- Cross-sell improvement of 28%
- Positive Customer Net Promoter Score: 79.3%

The bottom line? As a result of implementing an intelligent customer engagement program from Exchange Solutions, the Bank has driven **\$5 billion** in incremental balances, **\$140 million** in profit, creating a program ROI of **324%**.

Implementation Process

Exchange Solutions intelligent customer engagement programs are deployed via our cloud-based platform as a “managed service,” allowing clients to launch quickly and avoid a large technology burden and development lead-time. What’s more, Exchange Solutions can operate under commercial terms which include a nominal monthly fee plus a share of the incremental results of the program. By structuring agreements with a performance-based component, Exchange Solutions shows it is willing to stand behind its unique approach to delivering intelligent customer engagement programs which result in better ROI than traditional loyalty programs.

About Exchange Solutions

Exchange Solutions designs, builds and operates intelligent customer engagement programs that improve customer acquisition, retention and profitability by identifying and closing high-value “behavior gaps”. Intelligent Rules target each customer with a choice of economically rational incentives to drive that incremental behavior change.

Exchange Solutions’ cloud-based platform permits rapid implementation in all channels, customized to each client’s needs. Our proprietary approach and in-market experience deliver quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs.

From our offices in Boston and Toronto, Exchange Solutions has been helping leading retailers, financial institutions and online businesses create sustainable and profitable communities of engaged customers since 1996.

Contact us to learn more

For more information about the capabilities we provide and how to get started, please contact Exchange Solutions:

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