++

The Power of Engaging the Digital Client:

Elevating Customer Experience with Loyalty, Rewards, and Retention Strategies for Financial Services

synpulse   MONEYTHOR
Acquire. Activate. Engage.

E-BOOK

Contents

The new era of loyalty and rewards for banks

The rise of fintech has turned the traditional banking landscape on its head, forcing financial institutions (FIs) to reevaluate their approach to customer loyalty and retention. In today's digital-first world, conventional strategies for customer acquisition and retention are no longer sufficient. Building lasting relationships now requires a deep understanding of changing consumer behaviours and preferences, as well as a willingness to innovate and adapt to stay ahead of the curve.

The changing face of customer engagement

Modern customers expect seamless, personalised experiences across all touchpoints. The digital revolution has conditioned them to demand convenience, transparency, and immediate access to everything they need, including financial information and services. Furthermore, the rise of fintech disruptors has only heightened this expectation. As fintechs continue to elevate the customer experience, traditional banks must radically transform their approach to customer engagement or risk losing relevance in a fast-moving market.

Loyalty and rewards as key differentiators

Loyalty and rewards programmes have emerged as essential tools for FIs seeking to differentiate themselves in this crowded market. By offering tangible benefits and personalised experiences, these programmes incentivise customers to remain loyal, engage more frequently with their FIs, and explore a wider range of products and services. A well-designed rewards programme can significantly boost customer retention by fostering deeper relationships and providing value beyond basic banking services.

Navigating the digital landscape

The digital landscape presents both challenges and opportunities for FIs. While digital channels offer unprecedented rebuilding, a robust digital presence is no longer a luxury but a necessity.

Mobile apps are now the primary interface for many customers, serving as gateways to a wide array of financial services. Loyalty and rewards programmes integrated within these apps can significantly enhance customer engagement by providing personalised offers, gamified experiences, and easy access to rewards redemption, driving deeper engagement and satisfaction.

Key trends shaping customer behaviour

Several key trends are shaping customer behaviour in the financial sector:

1 ————————

Mobile-first
With more customers relying on their smartphones for banking and financial management, mobile apps are no longer just a supplement to online banking; they are the primary channel for banking interaction for many customers.

2 ————————

Personalisation
Today's customers expect tailored experiences and rewards that align with their personal preferences, financial goals, and spending habits. Generic, one-size-fits-all approaches no longer resonate.

3 ————————

Instant gratification
Customers demand instant access to information, services, and rewards. Loyalty programmes that offer real-time rewards redemption and personalised insights are more likely to succeed.

This eBook explores the strategies necessary for FIs to thrive in this digital age. It delves into the pivotal role of loyalty programmes, rewards systems, and customer engagement initiatives designed specifically for financial services operating through digital channels and mobile applications. We hope to provide actionable insights and practical guidance to help FIs foster lasting relationships with their customers, enhance brand loyalty, and drive sustainable growth.

S

The role of loyalty and rewards in customer activation and engagement programmes

In the highly competitive and evolving financial services landscape, customer loyalty and engagement have become more critical than ever, especially with the shift to digital channels and mobile apps. Loyalty and rewards programmes are key to attracting and retaining customers, but they have distinct roles:

Loyalty
Represents the emotional connection and commitment a customer feels towards a brand, built through positive experiences and trust.

Rewards
Tangible benefits given to customers as appreciation for their continued engagement and patronage.

The psychology of rewards

Rewards, in their various forms, tap into the fundamental human desire for recognition and appreciation. They create a sense of reciprocity, where customers feel valued for their loyalty and are more likely to reciprocate with continued business. Research shows that rewards stimulate the brain's pleasure centres, releasing dopamine and reinforcing positive brand associations. This creates a loop of customer satisfaction, engagement, and ultimately, loyalty.

In financial services, rewards can take many forms—cashback on purchases, discounts on financial products, access to exclusive events, or even personalised financial advice. The key to success is tailoring rewards to individual preferences and financial goals, making them relevant and valuable to each customer.

The evolution of loyalty programmes

The concept of loyalty programmes is not new, but it has evolved significantly over time. Originating with simple trading stamps and punch cards in the 19th century, the concept has grown into a sophisticated strategy that can encompass frequent flyer miles, credit card rewards, and tiered benefits.

19th century

Trading stamps and punch cards

Prior to the Industrial Revolution, loyalty programmes were primarily informal, based on personal relationships and trust. Trading stamps and punch cards were introduced in the 19th century, where customers received stamps for every purchase which could later be redeemed for merchandise.[1] This simple yet effective strategy laid the foundation for modern loyalty programmes, demonstrating the power of rewarding customer loyalty.

Late 19th to early 20th century

The rise of S&H Green Stamps

In 1896, Sperry & Hutchinson (S&H) introduced their iconic Green Stamps, further popularising the concept of loyalty rewards.[2] Customers collected stamps from various participating retailers and pasted them into booklets, which could then be redeemed for a wide range of products from the S&H catalogue. S&H Green Stamps became a cultural phenomenon, symbolising thrift and savvy shopping.

Mid-20th century

Airline mileage programmes take flight

In the mid-20th century, loyalty programmes evolved with the launch of American Airlines' Advantage in 1981, which rewarded frequent flyers with miles based on flight distance.[3] This pioneered the concept, and shifted the focus to, rewarding spending and brand loyalty, quickly becoming a standard in the travel industry.

Late 20th century

Credit card rewards enter the scene

The late 20th century saw the proliferation of credit card rewards programmes, further expanding the loyalty landscape. Discover Card launched its pioneering Cashback Bonus programme in 1986, offering customers a percentage of their spending back in cash. This move revolutionised the credit card industry and consumer loyalty, offering tangible benefits directly tied to everyday spending, and forcing competitors to develop their own rewards programmes to attract and retain customers.

Early 21st century

Pioneering loyalty programmes in banking and finance

The early 2000s marked a pivotal moment for loyalty and rewards in the banking sector. As digital adoption grew and competition intensified, financial institutions began recognising the value of customer retention and engagement. Here are a few standout examples from those early years:

1 Timeline: the evolution of loyalty programmes

1. The Evolution of Loyalty Programs (Switchfly).
2. S&H Green Stamps (Britannica, 2024).
3. Advantage Celebrates 40 Years of Loyalty Innovation (American Airlines Newsroom, 2021).

- **Bank of America Preferred Rewards (2004):** Bank of America's Preferred Rewards programme offered tiered benefits based on combined balances across accounts. It incentivised customers to consolidate their financial relationships and maintain higher balances through perks like higher interest rates and ATM fee waivers.

- **American Express Membership Rewards (1990s - 2000s):** American Express's Membership Rewards programme, originating in the early 1990s, expanded significantly in the 2000s. It offers flexible points redeemable for travel, merchandise, and experiences, appealing to affluent customers with premium rewards.

- **Citi ThankYou Rewards (2004):** Citi's ThankYou Rewards programme, launched in 2004, provides a versatile points system redeemable for travel, merchandise, and more. It also offers point transfers with partner airlines and hotels, catering to a broad audience seeking flexibility and choice.

These early pioneers demonstrated the potential of loyalty and rewards programmes to drive customer engagement, retention, and brand loyalty in the banking and financial services sector. They set the stage for further innovation and evolution in the years to come, as technology advancements and changing customer expectations continue to shape the future of loyalty programmes.

The power of loyalty and rewards

When executed effectively, loyalty and rewards programmes have become essential tools for driving engagement, retention, and advocacy. In fact, recent research indicates that loyalty programmes are a key differentiator for FIs in the modern banking landscape:

- Loyal customers are 5 times more likely to repurchase, 5 times more likely to forgive, 7 times more likely to try a new offering, and 4 times more likely to refer.[4]

- Increasing customer retention rates by 5% increases profits by 25% to 95%.[5]

- 70% of customers say rewards from financial institutions influence their decisions.[6]

- A combined one-quarter (24%) of respondents would switch or have switched because another bank offered a cashback or reward programme, or it had a better version of a rewards programme.[7]

- Customers who are members of loyalty programmes generate between 12% and 18% more incremental revenue growth per year than those who are not.[8]

- 57% of consumers say they spend more on brands to which they are loyal.[9]

4. New Temkin Group Research Shows Connection Between Net Promoter Score Metric And Loyalty (Temkin Group, 2016).
5. The Value of Keeping the Right Customers (Harvard Business Review, 2014).
6. Bank Loyalty Programs: 10 Successful Examples (Open Loyalty, 2024).
7. Survey: One Quarter of U.S. Consumers Will Switch Banks for a Better Shopping Rewards Program (Wildfire, 2022).
8. Customer Loyalty Benchmarks: Key Metrics and Insights for 2024 (LoyaltySurf, 2024).
9. 50 Stats That Show The Importance of Good Loyalty Programs, Even During A Crisis (Forbes, 2021).

These statistics underscore the powerful impact loyalty and rewards programmes can have on customer retention, engagement, and advocacy. The most successful loyalty programmes today go beyond transactional rewards. They focus on building emotional connections with customers, fostering a sense of community, and creating personalised experiences that resonate with individual needs and preferences. By understanding customers on a deeper level and delivering value beyond the transaction, FIs can cultivate long-lasting relationships that drive customer loyalty and advocacy.
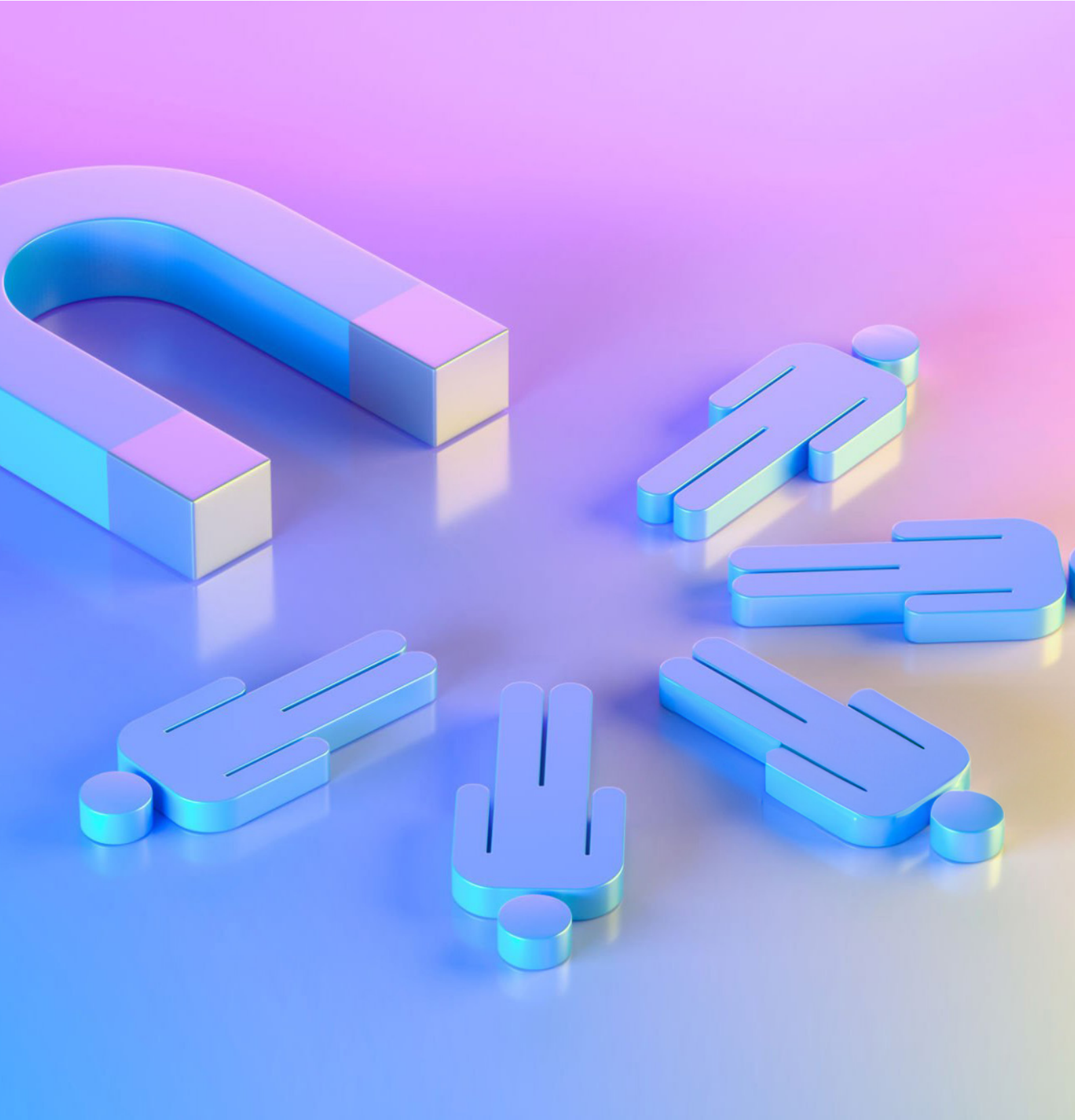
What is causing the decline in customer loyalty towards banks?

A 2024 study (J.D. Power, 2024) found that 8% of retail bank customers say they have changed their primary bank, up from 5% in 2018. What's more, 13% of retail bank customers say they "probably will" or "definitely will" switch banks in the next 12 months. Fewer than half (46%) of bank customers say they are certain they will remain with their current bank in the next year.

Traditional banks face an uphill battle in maintaining customer loyalty. Several factors have contributed to this decline, reshaping the financial landscape and challenging the long-held dominance of established institutions.

INCREASED COMPETITION

The emergence of digital banks, e-wallets, and embedded finance solutions has disrupted the banking landscape, breaking the traditional dominance of top-tier banks. In regions like Southeast Asia, easier access through digital banking licences in countries such as Singapore, Malaysia, and the Philippines, has opened the door to new "fee-free" players and super apps. These new entrants are intensifying competition, offering customers greater choices and flexibility beyond conventional banks, often at a lower cost, forcing traditional banks to compete more aggressively.

SHIFTING CUSTOMER PREFERENCES

Consumers now expect personalised, engaging digital experiences from their financial providers, influenced by platforms like Amazon, or Lazada and Grab in Southeast Asia. According to the 2022 Edelman Trust Barometer[10], only 56% of respondents expressed confidence in their banks. Customers are increasingly prioritising transparent, ethical practices and are quick to switch providers if their expectations aren't met.

UNBUNDLING OF SERVICES

Gone are the days of relying on a single financial provider for all their needs. Customers now mix and match financial products and services from multiple providers, such as banks, digital wallets, and Buy Now, Pay Later (BNPL) options. Modular banking and open banking initiatives are also driving this unbundling, allowing seamless access to various financial products through a single platform, further weakening traditional banks' customer loyalty.

CHANGING ECONOMIC CONDITIONS

Amidst rising interest rates and economic uncertainty, customers are focusing on financial prudence. They are prioritising savings, cutting expenses, and seeking better interest rates. This shift is leading more customers to explore new and alternate banking solutions that support their financial stability and future planning.

EROSION OF TRUST

The recent series of high-profile financial scandals and data breaches have significantly eroded customer trust in banks. These incidents have raised serious concerns about the security of personal and financial information, leading many customers to question the integrity and reliability of traditional financial institutions.

- **Flagstar data breach (2022):** One of the largest financial providers in the United States, Flagstar Bank, suffered a massive data breach in June 2022, compromising the social security numbers, banking information, and sensitive personal information of nearly 1.5 million customers. This latest breach was the third for Flagstar since March 2021. It had a significant impact on consumer trust, leading to a decline in confidence in financial institutions.

- **Truist Bank data breach (2023):** 65,000 employee acccounts of Truist Bank has fallen into the hands of an unauthorised third party. This unauthorized party used these accounts to obtain the information of some Truist clients. Truist Bank did not inform its customers of the breach in a timely and accurate manner. Subsequently, the firm is now facing two federal class action lawsuits and a severe blow to its reputation.

- **Evolve Bank & Trust (2024):** Over 7.6 million customers lost their data of social security numbers, bank account numbers, and contact information to a notorious ransomware gang known as Lockbit. The effects of the breach is far-reaching, resulting in grave concerns about the financial institution's ability to safeguard sensitive information.

These incidents, among others, have contributed to a growing sense of scepticism and distrust towards banks. For banks to regain customer trust and confidence, they must prioritise data security, transparency, and ethical practices to endure long-term loyalty.

---

10. 2022 Edelman Trust Barometer (Edelman, 2022).

S

Designing effective loyalty and rewards programmes for customer engagement

As customer loyalty continues to decline, FIs need to adapt by designing and implementing loyalty and rewards programmes that truly resonate with today's customers. A successful programme transcends transactional rewards, focusing instead on delivering personalised experiences, building emotional connections, and seamlessly integrating with customers' digital lives.

Here's a breakdown of the essential components of a winning loyalty and rewards programme, along with market-specific examples showcasing best practices.

Essential components of a successful loyalty and rewards programme

The impact of digital banking is evident in the rise of digital-only banks, also known as neobanks. These agile and innovative players have capitalised on this trend, capturing a significant market share by offering superior customer experiences, lower fees, and user-friendly interfaces. Some notable examples include:

PERSONALISATION

- **Understanding individual needs:** Leverage data analytics and AI to gain deep insights into customers' preferences, financial goals, and spending habits. This information empowers you to offer personalised recommendations, tailored rewards, and relevant communications, fostering a sense of recognition and appreciation.

- **Dynamic segmentation:** Segment customers based on demographics, behaviours, and preferences. This enables you to deliver targeted campaigns and offers that resonate with specific groups. It ensures that rewards are not one-size-fits-all, but rather, tailored to individual needs and desires.

MEANINGFUL REWARDS ☆

- **Experiential rewards:** Move beyond cashback and discounts by offering unique experiences, such as access to exclusive events, travel opportunities, or personalised financial advice. Research by the Incentive Research Foundation debunked the myth that incentive participants preferred cash when offered a choice: 80% of programme participants chose non-cash awards as part of their "total award experience" [11], emphasising the power of experiential rewards.

- **Choice and flexibility:** Empower customers to choose their rewards from a diverse selection that aligns with their interests and lifestyle. This flexibility enhances the perceived value of the programme and encourages active participation.

SEAMLESS DIGITAL INTEGRATION ⌘

- **Mobile-first approach:** Design your loyalty programme with a mobile-first mindset, ensuring a seamless experience across devices and platforms. 75% of consumers would engage more with loyalty programmes that make rewards mobile-friendly.[12]

- **Real-time rewards and insights:** Provide instant access to rewards balances, transaction history, and personalised insights through the mobile app or online banking platform, enhancing transparency and engagement.

TIERED STRUCTURES AND GAMIFICATION ▧

- **Tiered benefits:** Implement a tiered structure with increasing benefits at each level to incentivise higher engagement and spending. This creates a sense of aspiration and rewards customers for their loyalty.

- **Gamification elements:** Incorporate game-like elements, such as challenges, badges, and leaderboards, to make the programme more interactive and fun. Data shows that well-implemented gamification can increase customer engagement by up to 47%.[13]

PROACTIVE COMMUNICATION ☍

- **Personalised messaging:** Utilise customer data to deliver personalised messages and offers that are relevant and timely. Personalised emails, for example, are shown to have six times higher transaction rates than generic ones, highlighting the importance of tailoring communication.[14]

- **Multi-channel engagement:** Engage customers across various touchpoints, including email, SMS, push notifications, and in-app messaging, to ensure that your messages are seen and heard.

---

11. Cash is No Longer King (Inspirus, 2021).
12. 14 Customer Loyalty Trends to Follow in 2022 (Hub Spot, 2022).
13. How Does Gamification in Loyalty Programmes Drive Customer Engagement? (Propello, 2024).
14. Experian Marketing Services Study Finds Personalised Emails Generate Six Times Higher Transaction Rates (PR Newsire, 2014).

Market-specific examples

Different markets have unique cultural nuances and customer preferences that must be considered when designing loyalty and rewards programmes. Here are a few examples from the Asia-Pacific region:

Australia
Australian customers are known for their love of travel and experiences. Loyalty programmes that offer travel-related rewards, such as airline miles or hotel stays, can be particularly appealing.

Example: Commonwealth Bank
The Commonwealth Bank's Awards programme caters to Australians' love for travel and experiences by offering a wide range of travel-related rewards including airline miles, hotel stays, and travel insurance. The programme partners with popular third-party travel brands, allowing award points redemption for flights, holiday packages or hotel bookings, as well as award points conversion to frequent traveller programmes with flexible transfer partners. Customers can conveniently monitor their points balance and redeem online via CommBank Awards or through partner platforms.

Hong Kong
Hong Kong customers are tech-savvy and appreciate convenience. Loyalty programmes integrated with mobile apps and offering seamless digital experiences tend to resonate well in this market.

Example: HSBC
HSBC's Rewards programme in Hong Kong seamlessly integrates with the bank's mobile banking app, allowing for easy points tracking, redemption, and personalised offers. The programme also features a diverse range of redemption options, from travel and dining to shopping and entertainment, providing flexibility and choice to cater to diverse preferences.

Indonesia
Indonesian customers are increasingly embracing digital banking and mobile payments. Loyalty programmes that reward digital transactions and mobile app usage are gaining traction in this market.

Example: BCA
BCA's Rewards programme aligns with the growing adoption of digital banking and mobile payments in Indonesia. It offers bonus points for transactions made through BCA's mobile app and digital platforms, encouraging customers to embrace digital banking. The programme also features a variety of redemption options, including cashback, shopping vouchers, and dining discounts, catering to diverse preferences.

Malaysia
Malaysian customers are known for their price sensitivity and love for deals. Loyalty programmes in this market often focus on discounts, cashback, and other financial incentives that provide immediate value.

Example: Maybank
Maybank's TreatsPoints programme offers a wide range of redemption options, including cashback, discounts at partner merchants, and even the chance to win prizes in lucky draws. The programme's focus on tangible, immediate value resonates well with price-conscious Malaysian consumers.

Philippines

In the Philippines, where personal relationships and community ties are highly valued, loyalty programmes often incorporate elements of social interaction and shared experiences. For instance, a bank might offer rewards for referring friends or family members to their services.

| Example: BPI

The Bank of the Philippine Islands (BPI) Amore Rewards programme taps into the community-driven culture of the Philippines by offering points for referrals. It also features rewards like discounts at local merchants and donation options to charitable organisations, aligning with the strong sense of community and generosity in Filipino culture.

Thailand

Thai customers value status and exclusivity. Loyalty programmes that offer tiered rewards and VIP benefits can be highly effective in this market.

| Example: KBank

The KBank Reward Point programme offers a tiered structure with increasing benefits at each level, such as priority banking services, airport lounge access, and personalised wealth management advice, appealing to Thai customers who value status and exclusivity. The programme also offers exclusive experiences, like private dining and luxury travel packages, further reinforcing the sense of prestige associated with higher tiers.

## Building loyalty in the real-world

Customer activation versus marketing offers

It's important not to confuse marketing offers with creating engagement and loyalty. True customer loyalty is built through creating long-term engagement, not just through one-time marketing offers. Trust Bank, the first digitally native bank in Singapore, serves as a prime example of delivering personalised financial insights and innovative features that drives customer growth, engagement and satisfaction. In collaboration with Moneythor, Trust Bank has found that offering real-time tangible values, such as digital coupons and reward and redemption system, has been a key factor in motivating continued interaction with the banking platform.

Customer activation management focuses on the systematic and purposeful process of acquiring, engaging, educating, and motivating customers to use the FIs' products or services actively and effectively. The aim is to acquire and convert passive customers into actively involved and loyal ones, thereby maximising the value of each customer relationship and creating long-term engagement and loyalty.

Personalisation: A double-edged sword

While personalisation does lead to greater engagement, it can also go too far. Take for example geolocation advertising. Presenting offers when a client is in a specific location sounds positive in theory, however, this has been shown to elicit a negative reaction from clients who find this type of personalisation too intrusive. To fully maximise the potential of personalisation, banks need to employ personalisation effectively. In the case of location targeting, leading banks have seen success by using fixed locations like addresses to create similar personalised offers.
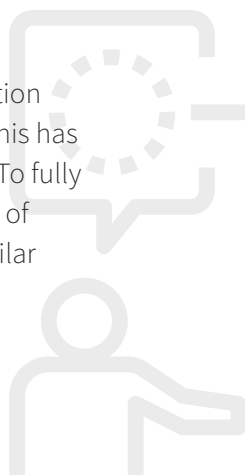
Gamification for financial literacy

Gamification techniques can help banks educate customers on key financial topics like money management and investing in a fun and engaging way. Mini-games and quizzes can help identify knowledge gaps and offer personalised feedback to enhance the users' understanding of the financial concepts. Lotteries and lucky draws, which offer multiple chances to win, can also attract new customers and drive high engagement levels. Trust Bank in Singapore, as previously mentioned, achieved 70% of its customer acquisition through a referral programme that included a chance to win a Tesla in their lucky draw, demonstrating the power of gamified loyalty strategies.

S

Creating lasting connections: effective strategies for elevating customer engagement programmes

Building an effective engagement programme involves integrating loyalty, rewards, and gamification elements to enhance the customer experience. Successful programmes go beyond one-time incentives. They begin with understanding customer behaviour and preferences through data-driven insights to provide personalised experiences, making customer engagement fun and rewarding.

Let's explore some strategies that make engagement programmes effective and see how transaction categorisation forms the foundation for a meaningful and successful engagement programme.

Loyalty, rewards, and gamification strategies

I. LOYALTY STRATEGIES

A well-structured loyalty programme should aim to develop customer advocacy, allowing consumers to take ownership of their financial wellbeing. It should be as interactive as possible to further strengthen their relationship between customer and bank, especially digitally. The programmes can include points systems, VIP tiers, exclusive offers, and personalised communication.

However, loyalty is just one aspect of a comprehensive engagement strategy. It's important not to confuse marketing offers with creating genuine engagement and loyalty. Customers do not build loyalty through marketing offers alone.

- **Points systems:** A classic loyalty tactic, points systems reward customers for various actions, such as making purchases, using specific banking services, or referring friends. Points can then be redeemed for a variety of rewards, creating a sense of progress and achievement.

- **Tiered programmes:** Tiered loyalty programmes offer increasing benefits and privileges at each level, incentivising customers to deepen their engagement and spending. This fosters a sense of aspiration and rewards loyal customers with exclusive perks and experiences.

- **Personalised offers and communications:** Leverage customer data to deliver personalised offers and communications that speak directly to the customer's needs and interests. This shows customers that you understand their preferences and value their relationship with your institution.

- **Community building:** Create a sense of belonging and exclusivity by fostering a community among loyalty programme members. This can be achieved through online forums, social media groups, or exclusive events where members can connect and share experiences.

II. REWARDS STRATEGIES

Rewards are a critical component of customer engagement strategies, offering tangible incentives that drive behaviour and reinforce loyalty. FIs can employ a diverse range of rewards, including cashback, points, discounts, merchandise, experiences, and charitable donations.

Dynamic and personalised reward systems can significantly enhance the customer experience. Referral incentive programmes can also greatly impact engagement, and a multi-step programme can keep both existing and new customers coming back for more. Innovating beyond traditional rewards, incentives offered for frequent online visits or the regular use of specific app features can foster customer advocacy and empower customers to take ownership of their financial wellbeing.

- **Cashback and discounts:** Offer cashback on purchases or discounts on financial products and services to provide immediate value to customers. This tangible reward can be a powerful motivator for customer engagement and retention.

- **Experiential rewards:** Curated experiences, like access to exclusive events, travel opportunities, or personalised financial advice, can create lasting memories and emotional connections with customers. Research shows experiential rewards are often more effective than traditional rewards in driving long-term loyalty.

- **Charitable donations:** Allow customers to donate their rewards to charitable causes, appealing to their sense of social responsibility and aligning your brand with positive values and fostering customer goodwill.

- **Flexible redemption options:** Provide a variety of redemption options, from merchandise and gift cards to travel and experiences, catering to different customer preferences and needs.

III. GAMIFICATION STRATEGIES

Gamification brings an interactive and fun element to banking by incorporating game-like elements into non-game contexts. By integrating challenges, points, badges, lucky draws and leaderboards, banks can create an engaging banking experience that encourages frequent interactions with digital platforms.

Gamification also enhances user interaction and serves as an educational tool to introduce customers to financial products and services. Regular updates and fresh challenges keep the experience dynamic, motivating customers to explore new features and offerings. This approach not only strengthens the bond between the customer and the bank but also builds long-term loyalty by making banking more engaging and rewarding.

- **Challenges and badges:** Introduce challenges and badges to encourage customers to complete specific actions or achieve certain milestones. This adds an element of fun and competition to the programme, driving engagement and fostering a sense of accomplishment.

- **Leaderboards:** Create leaderboards to showcase top-performing customers, tapping into their competitive spirit and encouraging them to strive for higher levels of engagement.

- **Progress bars and visual cues:** Utilise progress bars and other visual cues to provide customers with real-time feedback on their progress towards rewards or goals. This helps maintain motivation and encourages continued engagement.

The foundation: transaction categorisation

A successful engagement programme starts with understanding customer behaviour, and that begins with categorising transactions. Using AI and machine learning, banks can analyse spending patterns to deliver personalised experiences through their engagement programmes.

- **Understanding spending patterns:** Transaction categorisation provides banks with deep insights into customer spending habits, identifying areas of interest, financial goals, and potential needs.

- **Tailored rewards and offers:** This knowledge allows for the creation of highly targeted and relevant rewards, increasing the likelihood of engagement and conversion.

- **Personalised financial insights:** Transaction categorisation can also power personalised financial insights and advice based on the customers' financial habits, helping them make informed decisions and achieve their financial goals.

How can banks effectively implement these strategies?

Synpulse's proven methodology

We take a proven, methodical approach to loyalty and rewards programme design. Starting with in-depth customer journey mapping and user research, we craft winning strategies that prioritise your customers' needs at every touchpoint. The result? A truly differentiated programme that builds lasting loyalty and drives sustainable growth for your bank.

A successful loyalty and rewards programme require a clear vision and well-defined principles, but also clear success factors. Our proven methodology ensures a comprehensive and impactful approach, tailored to the unique needs and objectives of your financial institution.

Ease of participation
- Easy enrolment to program
- Strealine the process for earning and redeeming rewards

Communication and transparency
- Clear rules of reward qualification
- Keep customer updated

Trackability
- Track end-customers activity for various loyalty campaigns
- Build on customer trends and efficiently incentivising loyal customers

Speed of fulfilment
- Swift delivery of rewards
- Enhance customer satisfaction and programme effectiveness

Innovative and relevant rewards
- Refreshing ideas once in awhile, i.e. gamifying to catch customers' attention
- Seasonal or tiered rewards for customers

Partnership
- Partnership with interesting brands enhance the range and attractiveness of rewards
- Leverage joint promotions and exclusive deals

Personalisation

Defining the vision

We begin by collaborating with you to articulate a clear vision for your loyalty and rewards programme. This involves outlining the programme's purpose, identifying key customer segments, products, locations, and timelines, and preserving existing strengths while addressing areas for improvement.

Key aspects of our vision definition process include:

- **Purpose**
  Establish the core objectives of the programme, such as increasing customer engagement, driving product adoption, or enhancing customer lifetime value.

- **Target audience**
  Identify specific customer segments that the programme will focus on, considering factors such as demographics, behaviours, and preferences.

- **Scope**
  Defining the products, services, and locations that will be included in the programme, ensuring alignment with overall business strategy.

- **Timeline**
  Set a realistic timeline for programme development, launch, and ongoing optimisation.

Building the target operating model

Once the strategic vision for the loyalty and rewards programme is established, the next critical step is to translate this vision into an actionable blueprint - the target operating model (TOM). This comprehensive framework serves as a guiding compass, ensuring that all aspects of the programme, from organisational structures to technology infrastructure, align with the strategic objectives.

Key components of the target operating model:

- **Organisation**
  A well-defined organisational structure is fundamental for efficient programme execution. The TOM outlines roles and responsibilities across various teams and departments, ensuring clear accountability and seamless collaboration. Governance structures are also established to oversee the programme's progress and performance, while effective communication channels facilitate information flow and decision-making.

- **Partnerships**
  Strategic partnerships can significantly enhance the value proposition of a loyalty programme. The TOM identifies potential partners, such as airlines, hotels, retailers, or other financial institutions, that can offer complementary benefits and expand the range of rewards available to customers.
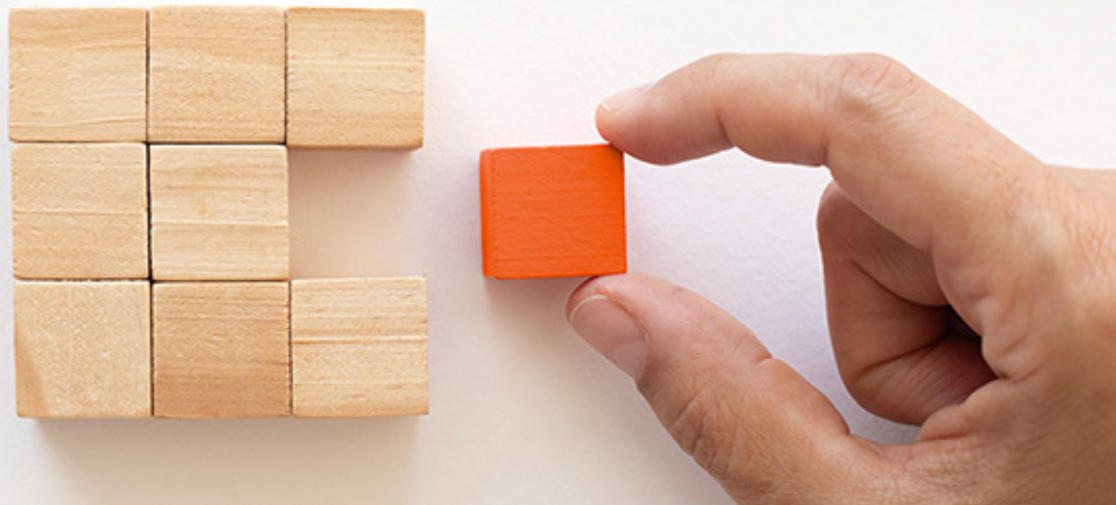
- **Products and services**
  The TOM meticulously defines the scope of the programme, specifying the products and services that will be included in the rewards structure. It also outlines how these offerings will be integrated into the programme, ensuring seamless redemption and a positive customer experience.

- **Timeline**
  Set a realistic timeline for programme development, launch, and ongoing optimisation.

- **Technology**
  The technology infrastructure is the backbone of a successful loyalty and rewards programme. The TOM identifies and evaluates various technology solutions, such as rewards management platforms, data analytics tools, and customer engagement platforms. It ensures that the chosen technology stack can effectively support programme operations, data collection and analysis, personalisation, and communication.
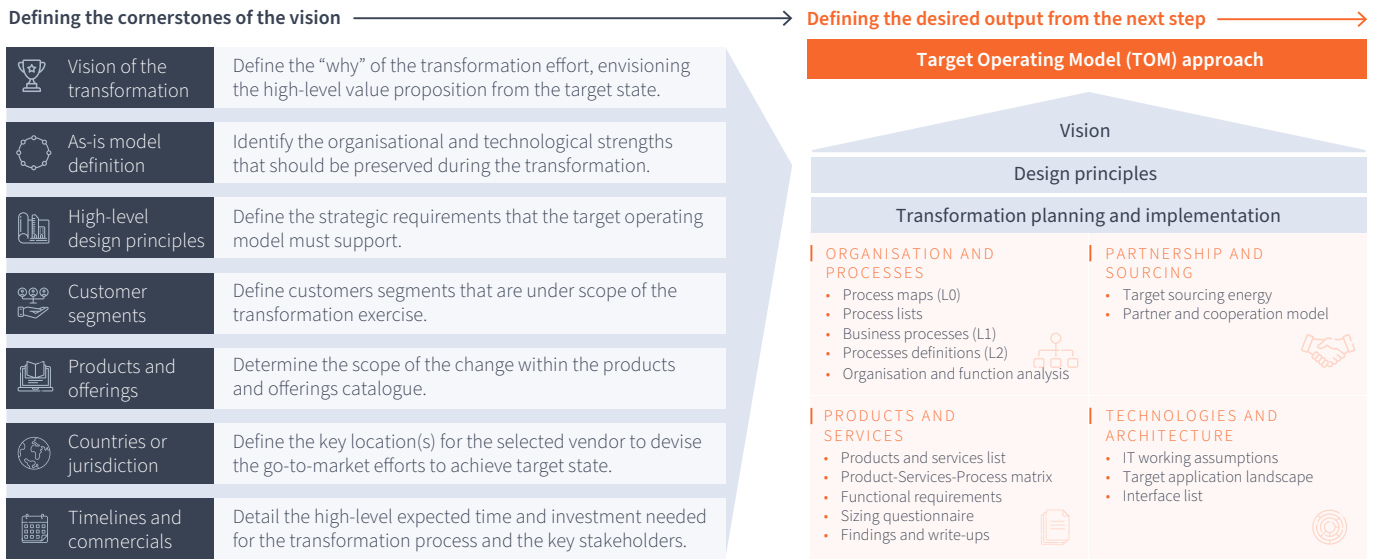
- **Data and analytics**
  The TOM emphasises the importance of data collection, analysis, and insights generation. It outlines the processes for capturing and utilising customer data to inform personalised rewards, targeted offers, and data-driven decision-making.

- **Customer experience**
  A customer-centric approach is woven into the TOM, ensuring that the programme delivers a seamless and enjoyable experience across all touchpoints. This includes user-friendly interfaces, intuitive navigation, and easy rewards redemption processes.

- **Financial sustainability**
  A sustainable financial model is essential for the long-term success of the programme. The TOM evaluates the costs and benefits associated with various programme elements and establishes a framework for ongoing monitoring and financial management.

Defining the cornerstones of the vision ─────────────────────────────→ | **Defining the desired output from the next step** ─────────→

Vision of the transformation	Define the "why" of the transformation effort, envisioning the high-level value proposition from the target state.
As-is model definition	Identify the organisational and technological strengths that should be preserved during the transformation.
High-level design principles	Define the strategic requirements that the target operating model must support.
Customer segments	Define customers segments that are under scope of the transformation exercise.
Products and offerings	Determine the scope of the change within the products and offerings catalogue.
Countries or jurisdiction	Define the key location(s) for the selected vendor to devise the go-to-market efforts to achieve target state.
Timelines and commercials	Detail the high-level expected time and investment needed for the transformation process and the key stakeholders.

Target Operating Model (TOM) approach

Vision

Design principles

Transformation planning and implementation

ORGANISATION AND PROCESSES
- Process maps (L0)
- Process lists
- Business processes (L1)
- Processes definitions (L2)
- Organisation and function analysis

PARTNERSHIP AND SOURCING
- Target sourcing energy
- Partner and cooperation model

PRODUCTS AND SERVICES
- Products and services list
- Product-Services-Process matrix
- Functional requirements
- Sizing questionnaire
- Findings and write-ups

TECHNOLOGIES AND ARCHITECTURE
- IT working assumptions
- Target application landscape
- Interface list

3 Vision and TOM approach

What is Moneythor?

Moneythor provides a comprehensive solution that empowers financial institutions to create personalised and data-driven customer experiences across digital channels. The platform seamlessly integrates with existing banking systems, enabling banks to deliver targeted insights, actionable recommendations, and contextual offers to their customers in real-time. By leveraging advanced analytics, machine learning, and behavioural science, Moneythor ensures that every customer interaction is relevant, timely, and valuable.

Moneythor's vision for helping clients create effective loyalty programmes is centred on the belief that personalised, data-driven experiences are essential for building deeper customer engagement and loyalty within digital banking. Their approach integrates real-time, customised loyalty solutions into financial institutions' digital channels, enabling them to offer a range of rewards, such as points, vouchers, and gamified experiences, tailored to individual customer behaviours and preferences.

They focus on developing loyalty programmes that extend beyond traditional banking rewards by leveraging advanced analytics and behavioural insights. This allows them to deliver personalised nudges, recommendations, and insights that strengthen the relationship between financial institutions and their customers. Their platform is designed to manage complex loyalty campaigns, including virtual currencies, third-party rewards, and card-linked offers, with the scalability and adaptability to meet each institution's unique needs.
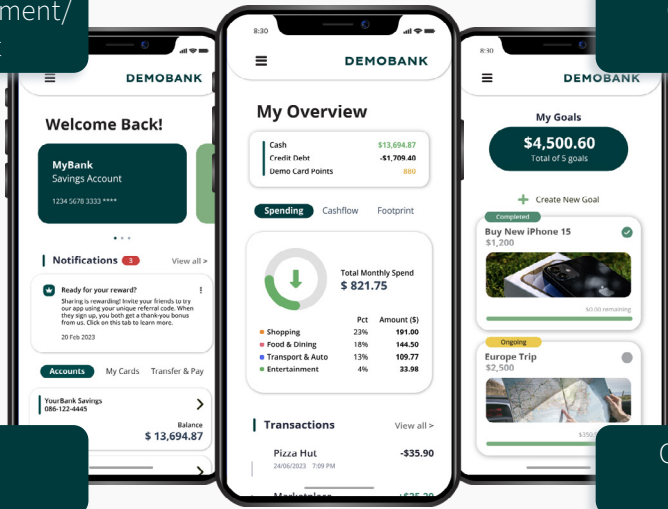
Ultimately, their goal is to cultivate long-term customer loyalty by creating engaging, memorable, and personalised experiences that elevate traditional rewards programmes into more impactful and lasting relationships.

How Moneythor solves key challenges in digital banking

Once the strategic vision for the loyalty and rewards programme is established, the next critical step is to translate this vision into an actionable blueprint - the target operating model (TOM). This comprehensive framework serves as a guiding compass, ensuring that all aspects of the programme, from organisational structures to technology infrastructure, align with the strategic objectives.

I. PERSONALISATION AT SCALE

⊙ **Challenge:** In a highly competitive market, customers demand personalised experiences that cater to their individual financial needs and preferences.

⊘ **Solution:** Moneythor's personalisation engine analyses transaction data, customer behaviour, and financial goals to deliver tailored insights, recommendations, and offers. This personalisation not only enhances customer satisfaction but also drives deeper engagement by making financial services more relevant and accessible.

II. ENHANCED CUSTOMER ENGAGEMENT

⊙ **Challenge:** Traditional methods of customer engagement are no longer sufficient in the digital age, where customer interactions are primarily driven through mobile apps and online platforms.

⊘ **Solution:** Moneythor enables banks to incorporate interactive and gamified elements into their digital platforms, such as challenges, rewards, and loyalty programs. These features encourage customers to actively manage their finances, fostering long-term engagement and loyalty.

III. ACTIONABLE FINANCIAL INSIGHTS

⊘ **Challenge:** Banks are inundated with data but often struggle to translate this information into actionable insights for their customers.

⊘ **Solution:** Moneythor's platform transforms raw data into meaningful and contextually relevant insights that help customers make informed financial decisions. This proactive approach not only improves customer financial well-being but also strengthens their relationship with the bank.

IV. REVENUE GENERATION THROUGH CROSS-SELLING AND UPSELLING

⊘ **Challenge:** Identifying the right opportunities to cross-sell and upsell products in a way that resonates with customers can be difficult.

⊘ **Solution:** Moneythor's advanced analytics capabilities enable banks to offer personalised product recommendations that align with each customer's financial situation and goals. By delivering the right products at the right time, banks can increase conversion rates and drive significant revenue growth.

V. SEAMLESS INTEGRATION AND IMPLEMENTATION

⊘ **Challenge:** Implementing new technology can be disruptive and time-consuming, particularly in complex banking environments.

⊘ **Solution:** Moneythor is designed for seamless integration with existing banking infrastructure, ensuring a smooth and efficient deployment process. Our flexible platform can be customised to meet the specific needs and objectives of each financial institution, making it an ideal solution for banks of all sizes.

Why Moneythor?

Gamified Loyalty Campaigns
Promote engaging customer journeys and sustain ongoing involvement by incorporating elements of gamification such as interactive games, captivating quests, and stimulating challenges.

These gamified experiences not only add an element of fun and excitement but also encourage users to actively participate, explore new features, and achieve milestones within the platform.
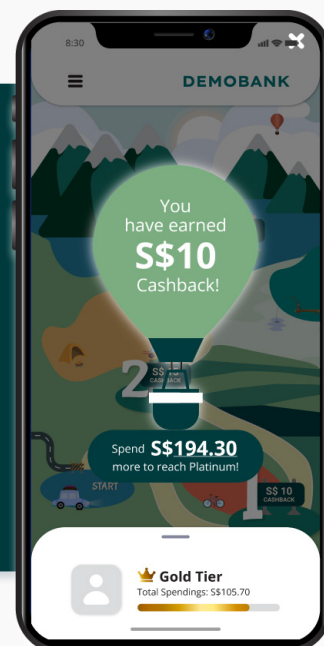
- **Proven success:** Moneythor is trusted by leading financial institutions around the world, with a strong track record of helping banks enhance their digital customer experience.

- **Cutting-edge technology:** The platform leverages the latest advancements in machine learning, predictive analytics, and behavioural science to deliver innovative solutions that keep pace with the demands of the digital age.

- **Comprehensive support:** From initial implementation to ongoing optimisation, Moneythor provides end-to-end support to ensure that banks fully realise the benefits of our solution.

Saas, on-premise or private cloud deployment

- **SaaS:** Moneythor's SaaS model uses AWS to allow easy accessibility, scalability and straight-forward maintenance with limited dependency on internal IT services. Moneythor holds certifications for ISO 27001 and SOC2 Type 2, ensuring robust ongoing security standards.

- **On-premise:** Moneythor offers an on-premise deployment option for clients that need to fully manage their infrastructure in-house. In this case, the Moneythor solution is installed on a client's own physical or virtualised servers, located within its data centre.

- **Private cloud:** Technically similar to the on-premise mode, the Moneythor solution can also be hosted and configured on the client's own private cloud platform. Clients can use the third-party cloud technology and PaaS provider of their choice.

Why financial service providers opt for a SaaS deployment of Moneythor

- Quicker time to market and simplified set-up

- Features can be easily scaled according to the bank's growing needs.

- Reduced costs of physical infrastructure and lower the dependency on internal IT resources.
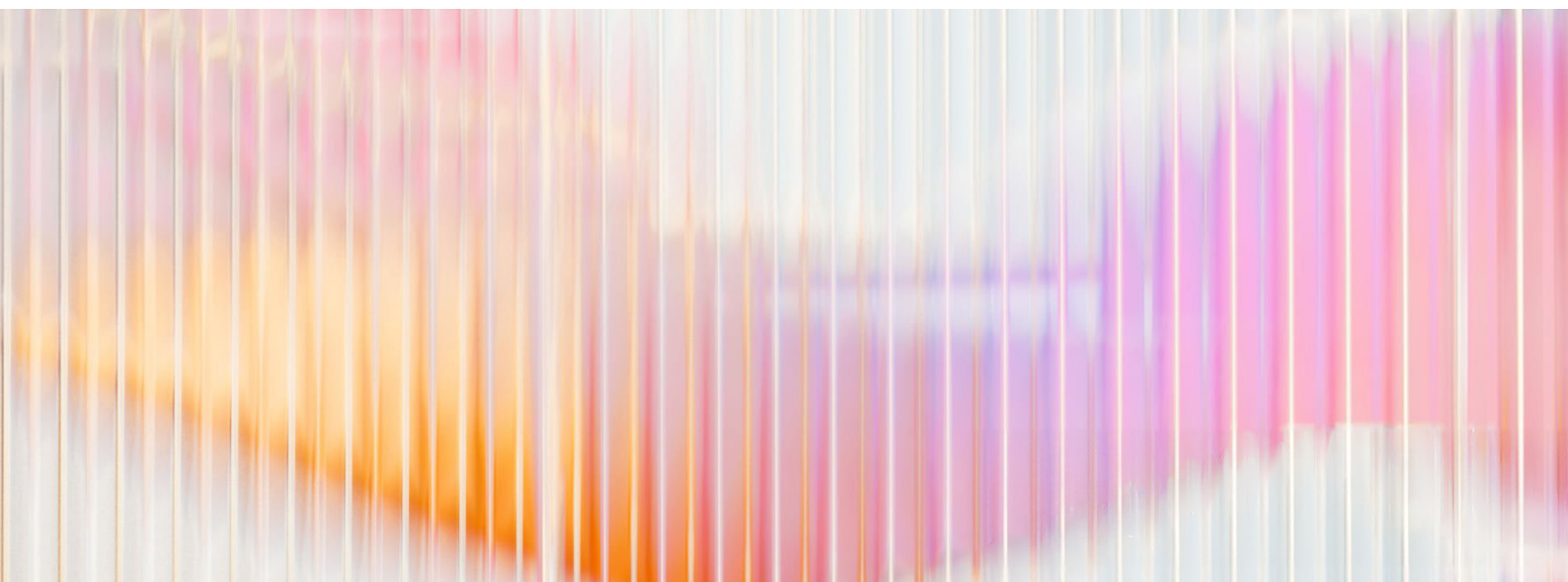
Conclusion

Building an effective engagement programme involves integrating loyalty, rewards, and gamification elements to enhance the customer experience. Successful programmes go beyond one-time incentives. They begin with understanding customer behaviour and preferences through data-driven insights to provide personalised experiences, making customer engagement fun and rewarding.
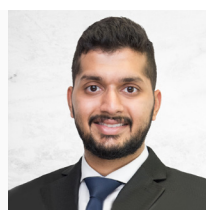
Speak to us to learn more, exploring strategies that make engagement programmes more effective, succeeding at winning the hearts and minds of your customers and take loyalty to the next level.

Your contacts

Rahul Bansal
Partner

rahul.bansal@synpulse.com

Alexander Kling
Managing Director

alexander.kling@synpulse.com

Moneythor

Martin Frick
CEO

martin@moneythor.com

Connor Larkin
Sales Director, Moneythor

connor@moneythor.com

About Moneythor

Moneythor provides an all-in-one personalisation engine for financial services that delivers actionable data-driven insights, recommendations, and nudges to support the entire customer journey from acquisition to activation to engagement. Examples of these include money management nudges, budgets, savings goals, predictive forecasts, financial literacy material, relevant offers, referral campaigns, gamification, loyalty programmes and more.

Headquartered in Singapore, Moneythor is also present in Paris, Dubai, South Africa, Sydney, Tokyo, and the USA. Moneythor's broad geographical footprint includes financial institution clients across Africa, Asia, Australasia, UK, and the UAE. ■

moneythor.com

About Synpulse

Synpulse is a global professional services company and a valued partner of leading players in the financial services and related industries. We optimise the proximity to our clients and deep domain expertise to create sustainable value using technology as a business driver.

Leveraging our strong network of over 100 ecosystem partners, we accompany our clients throughout their transformation journey – rom strategy and development to implementation and management.

With our tech powerhouse, Synpulse8, we collaborate with our clients to co-create digital experiences with innovative technologies and proprietary methods. Synpulse is powered by the passion and commitment of its more than 1,300 employees from 21 offices who come from over 30 countries. ∎

synpulse.com

AMERICAS	New York	Toronto
ASIA	Bangkok	Hong Kong	Hyderabad	Jakarta	Kuala Lumpur	Manila	Pune	Shenzhen	Singapore	Taipei
EMEA	Zurich (HQ)	Bratislava	Dubai	Dusseldorf	Geneva	London	Luxembourg	Paris
OCEANIA	Sydney