

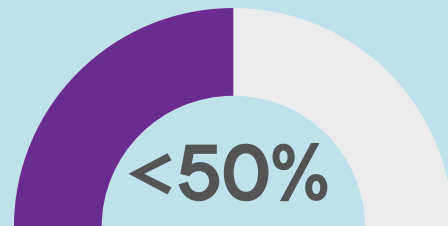
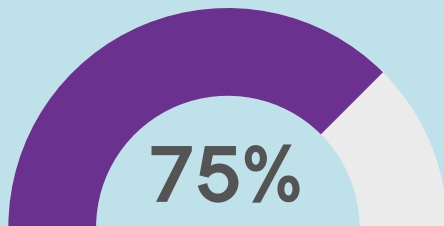
The Importance of Data Enrichment





The future of digital banking is clean, categorized, and enriched data. The current state—without transaction data enrichment – leaves institutions with unnecessary costs and users who feel more frustrated with their banking experience. Data enrichment is the first crucial step institutions must take before adding additional features to their platform.

This white paper reviews the importance of data enrichment to institutions' digital platforms and user experience.



75 percent of organizations have identified costs stemming from poor quality data while less than 50 percent of companies claim to be highly confident in the quality of their information.¹

Levels of Transaction Enrichment

- **Transaction Cleaning**
- **Transaction Categories**
- **Transaction Tags**
- **Persona Tags**

Leverage all of the above for personalization and higher wallet share.

1. <https://www.managedoutsource.com/blog/how-data-cleansing-can-enhance-the-performance-of-banks/>



Transaction Cleansing

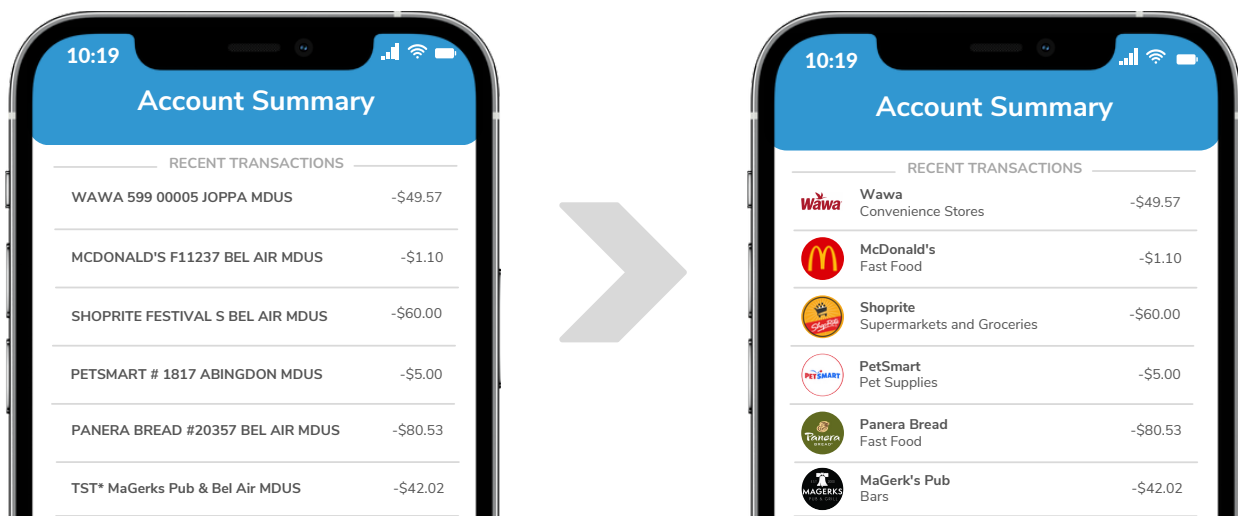
While transaction data seems to be only a small piece of the overall digital banking experience, it is one of the main reasons customers utilize their bank's digital platform.

Users heavily rely on digital channels to interact with their bank, but not all institutions have prioritized transaction cleansing. If users continue to face pain points in their digital banking experience, switching will become more appealing. Retaining customers is a real concern for institutions -- 33% of 16 to 35-year-olds are open to switching banks in the next 90 days. If users continue to have negative experiences with their bank, they are likely to go elsewhere.

33%

of 16 to 35-year-olds are open to switching banks in the next 90 days.²

Transaction enrichment not only keeps users from facing frustrations in their banking experience but can improve engagement across the institution's platform.



2. <https://www.centurybizsolutions.net/wp-content/uploads/2015/04/Money-and-millennial-Capitalizing-on-a-growing-generation.pdf>



Why clean up and enrich your data?

Big Cost Savings

Enriched data can save institutions big time. When a user is confused about a transaction, they will often call or online chat with their institution for help in understanding the charge. On average, it costs \$4 for a teller or call-agent interaction.¹ Even if a user only calls 3 times a year, that's \$12 down the drain, and likely a frustrated user that had to take time out of

their day to make the call — where the cost of enrichment is a fraction of the price. Another report claims that reducing call-center volume by 5-10 percent can save a financial institution \$10 million a year.²

71% of users feel frustrated from unclear transaction data at least once per year

48% feel frustrated at least twice per year

Modern User Interface

Clean transaction descriptions, the inclusion of categorization, and the addition of merchant logos make the mobile banking feed more sleek and modern.

Understanding Users

Enriched data can help users and their institutions clearly understand their transactions and receive insights into their spending with categorization and descriptions. With enriched data, institutions can provide increased personalization with calls to action, spending insights, customized marketing efforts, relevant offers and promotions, and more. Increased personalization leads to user satisfaction, retention of current users, acquisition of new users, and increased conversions on offers.

Benefits to users

- Clarity about transactions and spending
- Better user experience
- Increased personalization
- Increase in relevant offers and insights

Benefits to institution

- Cost savings in less calls made by users to understand transactions
- Increased user satisfaction
- Better understand users spending habits and lifestyle
- Ability to provide personalized offers

1. https://www.bain.com/insights/bank-branch-call-center-traffic-jam/?utm_source=canva&utm_medium=iframe

2. <http://www.strategyand.pwc.com/reports/redefining-mission-banks-call-centers>.

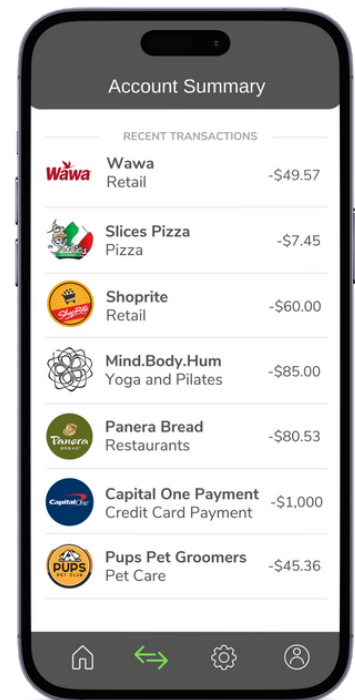


Transaction Categories

Data enrichers have many levels of categories that transactions can receive – high-level categories like Food Expenses down to detail-level categories like Pizza. Categories can range from loans, to bills, restaurants, grocery stores, and everything in between. And, depending on the data enricher an institution chooses, there are between 14 and 750+ categories.

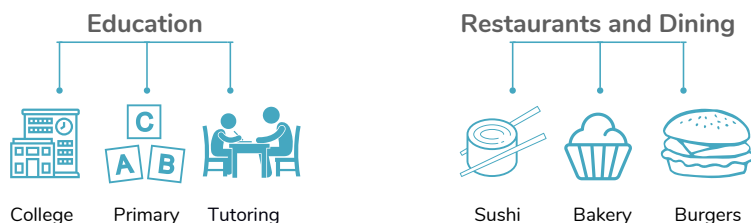
With more categories comes a deeper understanding of user spending, which has its benefits for both the institution and the user. The user can see their spending on a more granular level and understand where exactly they are spending, and where they could be cutting down. Categories can be an incredibly useful tool to institutions, allowing them to create a slew of new features and experiences from budgeting, to alerts, and more.

With categories, the user and their institution can start to understand and see their spending in a new light.



Why More Categories Is Important

The fewer categories your aggregator offers, the more generic your customer understanding will be. There's a significant difference between identifying a restaurant transaction and distinguishing which users choose vegan restaurants or regularly frequent fast food locations. In fact, the more detail you gain, the more nuanced your identification of an individual or household becomes.





Transaction Tags

At FinGoal, we take categories a step further with transaction tagging to learn more about user values and preferences. By enabling transaction tagging, we can then start to build out detailed user profiles and begin to understand your users' values, preferences, and lifestyles. With the nuanced understanding that comes from transaction tagging, financial institutions can unlock endless possibilities for improving personalization in the digital banking experience.

Transaction tags are similar to categories in the sense that each individual charge made by a user is analyzed, and tags, like categories, are added to describe the purchase. However, more than one tag can be added to each transaction, unlike transaction categories that use just one category to define the transaction. Tags indicate more about what the *merchant* users are shopping at implies about them.

Transaction tags can communicate many different aspects of a user's life, ranging from a user's education, employment/income, living situation, and transportation, to things like hobbies, and shopping habits. For example, a transaction for Ikon Pass would have the overarching category of 'Entertainment' and a sub-category of 'Snow Sports' to provide a bit more detail on the transaction to the user. However, the tags added to this transaction would be 'active', 'outdoorsy', and 'skier/snowboarder'. There is no limit on how many tags can be added to a single transaction, adding more depth of understanding into transactions.



Ikon Pass

-\$1,112.10

Date | **December 1, 2022**

Category | **Entertainment**

Sub Category | **Snow Sports**

Transaction Tags | **Active, Outdoorsy, Skier/Snowboarder**

Merchant City | **Denver, CO**



As another example, take a transaction made at a Thrift Store. The master category would be 'General Merchandise' and the subcategory would be labeled as 'Vintage and Thrift'. The tags associated with this transaction would be secondhand shopper, frugal, and eco-friendly. In order to determine whether or not a user is really all three, FinGoal analyzes all other transactions and applies a set of rules and formulas to determine if they are truly a secondhand shopper, frugal, and eco-friendly.



Lifelong Thrift Store

-\$24.86

Date | **Jan 18, 2022**

Category | **General Merchandise**

Sub Category | **Vintage and Thrift**

Transaction Tags | **Secondhand shopper, Ecofriendly, Frugal**

Merchant City | **Seattle**

User Tags

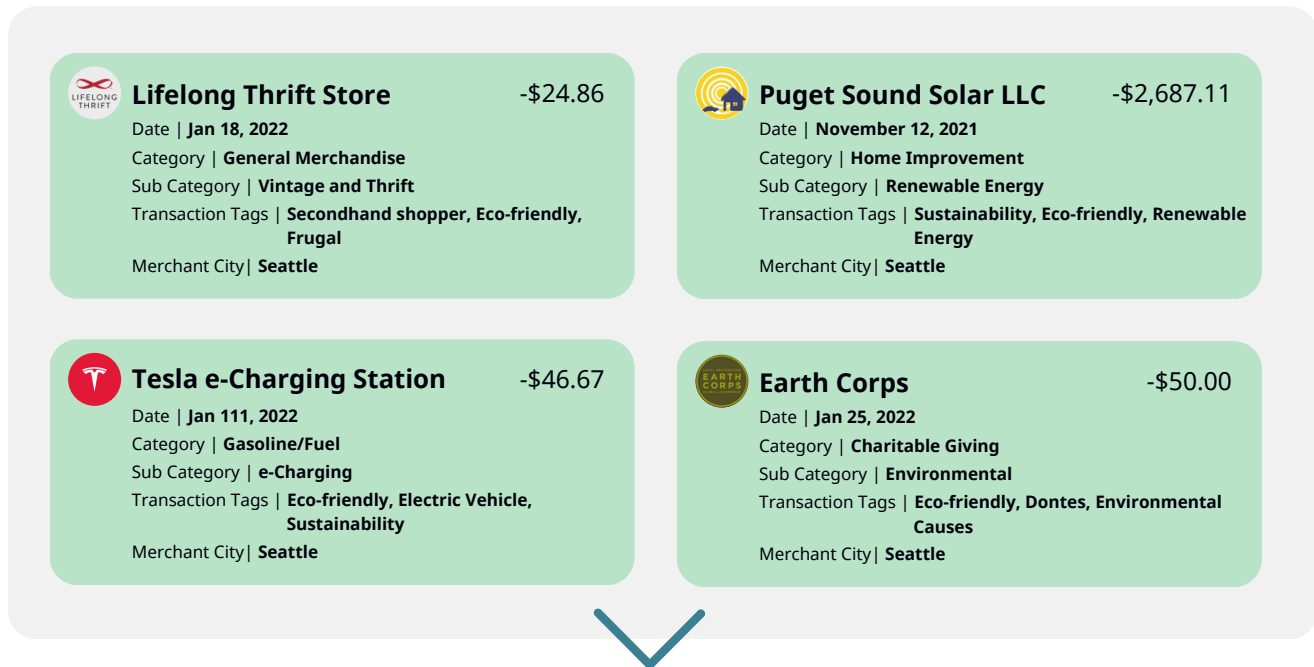
Transaction tags help piece together insights about a user that come together to form a detailed user persona. We call these user tags – tags that are derived through transaction tags and categories along with a set of rules and formulas to determine what actually applies to the user. Just because a person buys baby clothes does not mean they have children, but paying for a pediatrician makes it much more likely that the individual has kids.

In our last example, we discussed a transaction made at a thrift store. The tags associated with this purchase were secondhand shopper, frugal, and eco-friendly. But to determine if a user is truly a secondhand shopper, frugal, and eco-friendly we need to look at their spending and transactions as a whole.



The Importance of Data Enrichment

For example, if the user also purchased solar panels, has an electric vehicle, and donated to a non-profit fighting climate change we can determine they are likely in fact eco-friendly.



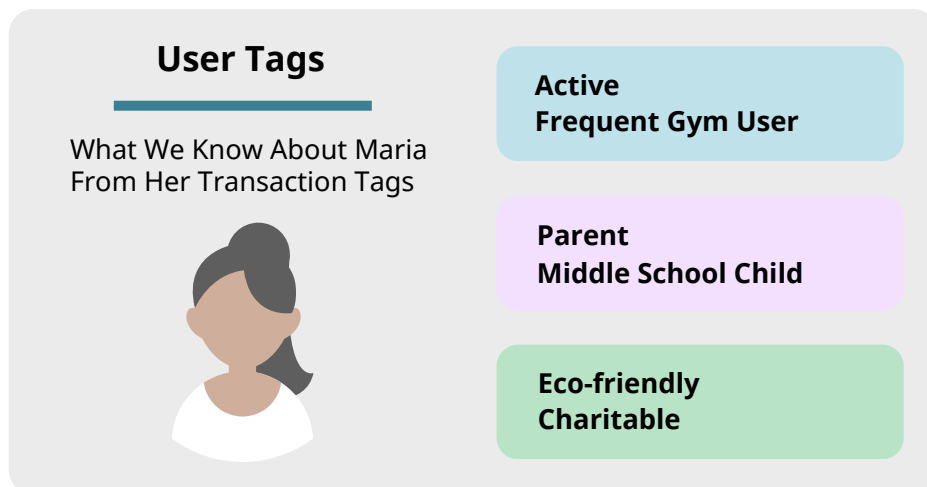
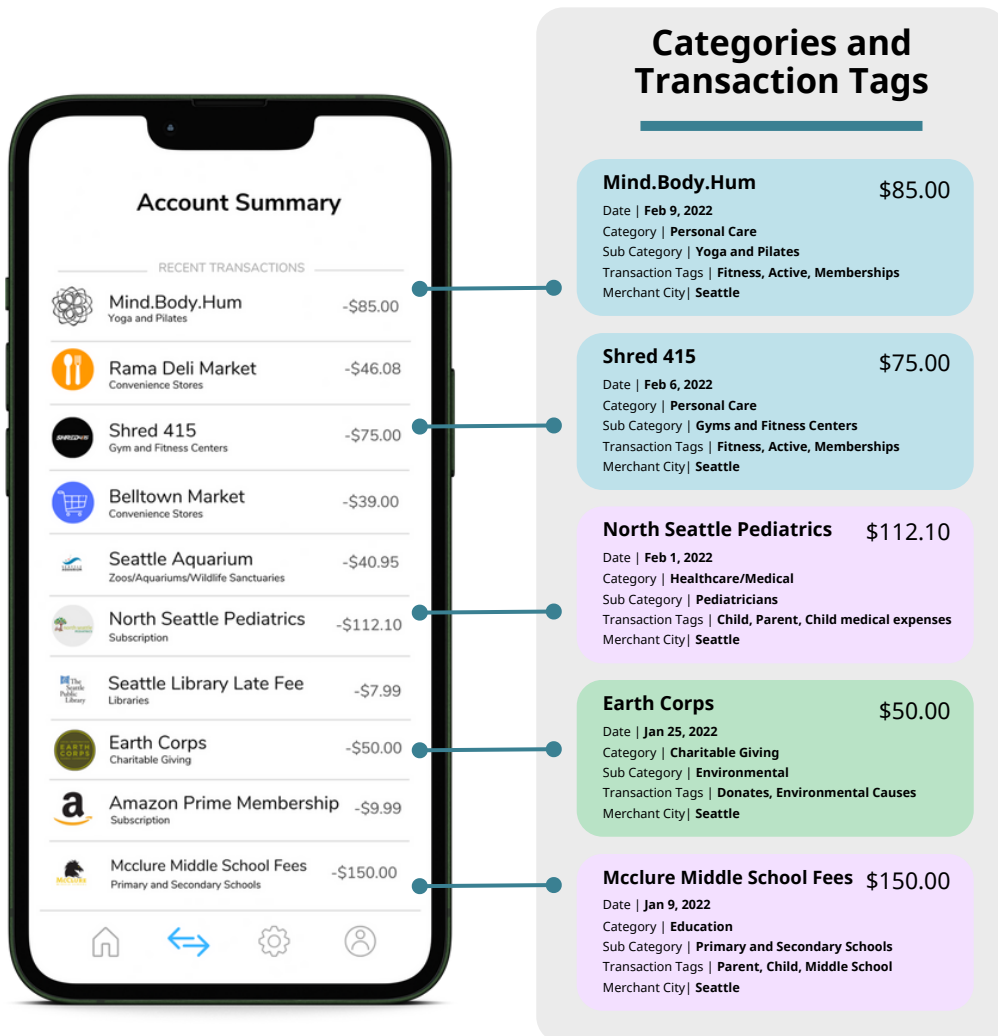
ECOFRIENDLY

User tags can also indicate the level of a transaction tag that applies to them. For example, we would need to see a certain amount of transactions made across different spending categories to quantify a user as 'very frugal', and much fewer transactions to be quantified as 'slightly frugal'. The number of these transactions required refers to the set of rules and formulas FinGoal has in place to determine highly accurate and meaningful user tags that come together to paint a detailed persona.

User tags then come together to form a user persona. What can be done with personas is entirely up to the institution. They can be used to boost personalization across the platform by using the understandings provided by the persona to inform the user experience. They can also be used to serve highly personalized advertisements and offers, and to determine which financial products would be relevant for users and how exactly they should be presented.



Using Data to Paint a Picture of Users





What We Can Offer Maria Based On Her User Tags

Once you have cleaned data that is enriched with categories and tags, you will have a detailed view of who your users are, what they care about and value. With this information you can begin to gain insight into where a user is in their financial journey, which product to offer next, and how they can find money with advice and by positioning other products and services that are better than their existing ones.

FIND MONEY

Because we know that Maria is active we found her a way to save \$48.00 per month without changing where she goes for fitness activities.

A ClassPass savings card with a blue circular logo at the top center. The card is divided into two columns. The left column is titled 'YOU SPENT' and shows '\$160.00' in large green text, with 'On Mind.Body.Hum and Shred 415' in smaller text below. The right column is titled 'WE FOUND YOU' and shows '\$48.00' in large green text, with 'By signing up for ClassPass which gets you access to both these studios for 1 low price!' in smaller text below. There are heart and share icons in the top right corner.

FINANCIAL EDUCATION

Because Maria has children, her institution knows that it's the perfect time to encourage her to start saving for college with a 539 account.

A financial education card with a white background and a blue border. It features a dollar sign icon on the left. The main text reads 'McClure Middle School Fees' followed by '-\$150.00' and the date '12/15/2021'. Below this, it says 'We see you just started paying Middle School Fees. Now's the time to start stashing away any extra money into a 529 account for your child.' At the bottom, there is a blue button with the text 'LEARN MORE'.

RELEVANT CROSS-SELLS

Since Maria has indicated that she cares about the environment, when she enters the market for a new car, her institution will deliver an advertisement for a preowned electric vehicle.

An advertisement for a preowned electric vehicle. It features a green background. At the top, it says 'In the market for a new car?' followed by 'Go green with a preowned EV' in green text. Below this, there is a 'LEARN MORE' button. At the bottom, there is an image of a green electric car parked next to a charging station.



Why Does Personalization Matter

As new customer acquisition becomes more difficult, customer retention and growth become crucial. But it's easier to change banks than ever before. In fact, nearly 45% of Americans are looking to change banks. It's no longer sufficient for banks to maintain customers, but they're striving to be top-of-wallet for their customers. Becoming the primary financial institution (PFI) builds loyalty and drives down the possibility of their customers switching banks.

But building their share of wallet and lifetime customer value in the modern banking landscape has not proved easy. Customers are discerning and online banking makes it much easier to shop around for the best products. In fact, the average American holds 8.5 financial products.

In this market, cross-selling becomes key for customer growth. Success rates and ease of cross-selling to existing customers is much more promising than marketing to new customers – nearly 50% easier, according to Forbes. In fact, PWC estimates an even higher success rate of 70% when targeting existing customers.

With user transaction data alone, banks can build rich user profiles or personas that review unique customer needs and interests. These personas can inform the user experience and provide personalization across the banking platform. Personas can inform what offers your surface, when you communicate them, and tailor the images and messaging used to reach that particular user. This new approach to cross-selling is easy to personalize at scale and allows institutions to only surface relevant offers based on the individual's circumstances.

Companies that invest more in personalization see 20 times the return on their investment. Targeted product offers result in higher conversion and increased wallet share. Not only are financial institutions satisfied with these results, but 71% of consumers prefer personalized ads, as opposed to generic offerings that don't resonate with them. By providing personalized offers, financial institutions see increased ROI and higher customer satisfaction.

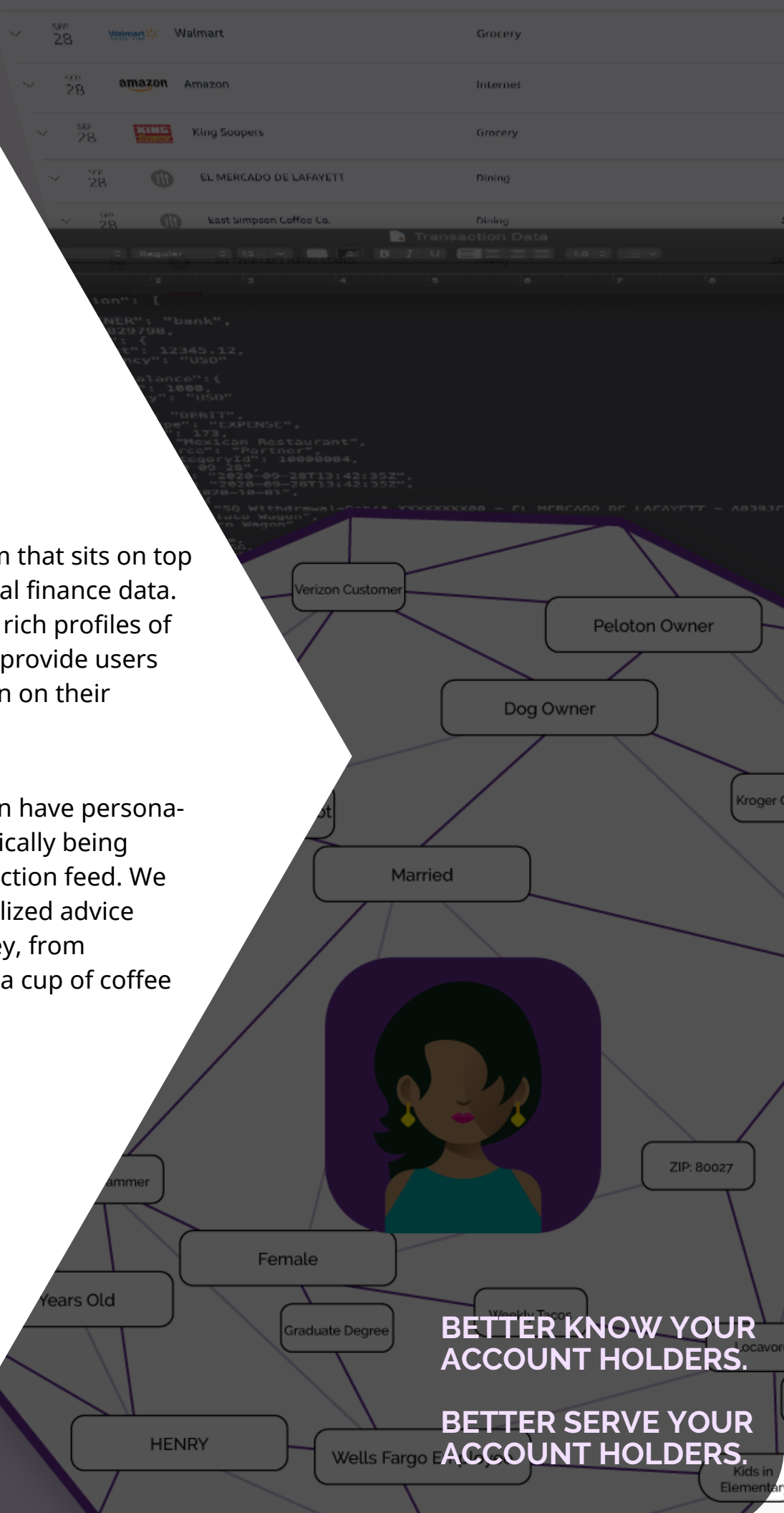
Getting Started

You can have clean, categorized, and enriched data flowing into your product in one to two weeks' time. Contact a member of our team at contact@fingoal.com to learn more.

About FinGoal

FinGoal is an insights platform that sits on top of digital banking and personal finance data. We enrich this data and build rich profiles of each end user enabling us to provide users with customized calls to action on their transactions.

Using the FinGoal API, you can have persona-based calls to action automatically being surfaced in your user's transaction feed. We can give users hyper-personalized advice everywhere they spend money, from subscriptions to insurance to a cup of coffee and everywhere in between.



BETTER KNOW YOUR ACCOUNT HOLDERS.

BETTER SERVE YOUR ACCOUNT HOLDERS.