

USAA Bank's niche audience insights drive a highly personalized mobile app

Article

The news: USAA Federal Savings Bank, which also offers insurance and caters to military members and their families, has **overhauled its mobile app for the first time in 10 years**, per

American Banker.

USAA piloted the new app during Q4 2021 and began rolling it out gradually that year. The bank [plans](#) to make the update available to all members by June.

What does it do? Like the military service personnel it serves, the San Antonio-based bank is primarily mobile; it has only five branches within the US.

- USAA was one of the first banks to offer mobile check deposit and was an early user of app-based intelligent assistants, per American Banker.
- The bank offers retail deposit and consumer loan products on the same app for about 13 million customers and ranks as **the [17th largest US bank](#), based on deposit assets of \$211.7 billion.**
- In our [US Mobile Banking Emerging Features Report 2021](#), USAA ranked at No. 5 overall. It scored best on its security and control features, where it was second place, just behind Chase. But it scored lower on alerts sent to users—in the best-supported category within our rankings, it came in 12th.

What changed? Ameesh Vakharia, chief strategy and brand officer at USAA, told American Banker that **the bank is tailoring “to an audience of one,”** adding, **“The faster we can get to predicting what they need ahead of time is a big area of focus.”**

After the overhaul, a personalization platform triggers on-screen alerts and conversational interactions with the enterprise virtual assistant, EVA. These alerts and other communications now include:

- Nudges at log-in, to finish applications or set a travel notice, or reminders that a bill will be due.
- Offers to send instructions to the app if a user wants to make a simple transaction
- Evacuation alerts and tips on filing insurance claims.
- An ATM locator that uses geolocation technology to help its peripatetic users.
- A new search tool that uses natural language processing—typing ahead or speaking—so customers can be understood if speaking casually.

The stats:

- The app now has 120 use cases for personalized insights (American Banker gave the example of a warning that a bill is past due) with the goal of reaching 200; before the app update, there were only 50.
- 98% of transactions can now be performed in one to two taps.
- Modernizing the app infrastructure took 6.5 seconds off load time.

The big takeaway: USAA's close focus on a narrowly defined niche audience of military families has helped it address very specific customer needs and goals. Insight into its customers' lives drove the creation of highly relevant communications. This level of **personalization is critical to customer retention**—and it starts with the customer, rather than with the banks' products and transactions.

The highly personalized alerts and services also give USAA a competitive advantage. **The majority of consumers are not happy with the level of personalization they're receiving during interactions with their banks, per** J.D. Power's 2022 U.S. Retail Banking Satisfaction Study.

- It **found** that 78% of respondents would continue using their bank if they received personalized support, but **just 44% of banks are actually delivering it**.

**Importance of a Personalized Banking Experience
According to US Banking Consumers, Jan 2021**

% of respondents



Source: Capco, "Insights for Investments to Modernize Digital Banking," May 26, 2021

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