What banks can do to optimize their cost per acquisition

Article

The strategy: Optimizing cost per acquisition (CPA) rates—which generally range from $150 to $780 in the financial industry—is key to maximizing profitability. Fintel Connect released a report on major contributors to rising acquisition costs and best practices in reducing them.

What drives CPA? Before financial institutions (FIs) can lower CPA, they must understand the rate's biggest influences:

- **Product and product type:** Consumers don't want or need all products equally, and some products—such as mortgages—have much longer customer journeys than others.
- **A brand's competitiveness:** If an FI has strong brand awareness, their marketing strategies may work more efficiently than competitors' and vice versa.
- **Marketing channels:** Search advertising has a higher cost than affiliate marketing, paid social, or email marketing. But they each have different advantages and reach.
- **Conversion events:** Approvals are the most common conversion event in the financial industry, but there are several layers that contribute to this event's cost—such as applications, qualified leads, and funded loans.
- **Market forces:** The rate environment and geopolitical landscape are two examples of external forces that can drive up FIs' costs per acquisition.

How to cut costs:

- **Evaluate and refine the partner network:** Banks should assess their existing partner network and prioritize those who consistently drive high-quality traffic and conversions.
- **Implement flexible payout structures:** Banks could tailor payout offers to partners based on key performance indicators such as conversion rates, activation speed, and average deposit amounts, ensuring the right incentives for each. Though, according to our interviews with influencers, this may not always be possible.
- **A/B test different promotional approaches:** Banks should experiment with various creative strategies and inform current and future campaigns with the data.
- **Use retargeting campaigns to reengage users:** Affiliate partners can help reengage audiences. Banks should provide them with the necessary tools to retarget visitors who have been reached but didn't fully convert.
- **Leverage seasonal campaigns for increased impact:** Seasonal trends—such as holidays, tax time, and big events like the Super Bowl—significantly impact campaign performance. Running time-sensitive campaigns creates urgency and captures consumer attention.

Key takeaway: Maximizing profitability through optimized CPA requires proactive planning and a deep understanding of customer needs and preferences. FIs should regularly assess marketing results and data to refine their strategies, ensuring more efficient and cost-effective acquisition efforts.