Rob Rubin, Tiffani Montez, and Grace Broadbent

The Banking & Payments Show: How banks sell trust

Audio

On today's podcast episode, we examine how banks build and use trust to win new customers. Here's a look at what we're talking about:

- In our "Headlines" segment, we discuss recent data breaches at banks and question what the difference is between a bank's security breach and a breach at a partner company's system.

- In “Story by Numbers,” we focus on personalization and reveal if it successfully engenders trust or just seems creepy.
- In “For Argument’s Sake,” we ponder what would happen if banks were required to report to customers when they shared their personal information with third parties and how it would impact customers’ trust and banks' marketing campaigns. Tune in to the conversation with host Rob Rubin and our analysts Grace Broadbent and Tiffani Montez.

https://business.adobe.com/resources/infographics/make-or-break-trust-with-every-financial-experience/thank-you.html?faas_unique_submission_id=87756CE3-2EB1-C851-D140-DCDE9BDBBF4B

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Episode Transcript:

Rob Rubin:

A level of trust is required every time a consumer completes a loan application or applies for a new checking account. How do you earn more of it? The Adobe Trust Report found that what most consumers are looking for is empathy, data security, and relevant content. Find out why and get the highlights in Adobe's infographic, Make or Break Trust With Every Financial Experience at www.adobe.com/go/trust. Don't worry, we put the link in the show notes.

Tiffani Montez:

Consumers are willing to share personal information with you to get personalized products or experiences, but it really comes down to are you creating value when you're doing so. And so I think to the degree that you're creating value, that actually will influence the marketing campaign results versus it being something that you lead marketing efforts with making them aware of.

Rob Rubin:

Hello everyone, and welcome to the Banking and Payment Show, a Behind the Numbers podcast from eMarketer sponsored by Adobe. Today is August 22nd. I'm Rob Rubin, GM of Financial Services and your host. If you enjoy this podcast, please give us a five star rating and subscribe. The title of today's episode is How Banks Sell Trust. I invited principal analysts, Tiffani Montez and senior analysts Grace Broadbent back to talk about how banks build and use trust to win new customers. Hi Tiffany. Hi Grace. How you doing?

Tiffani Montez:

Good, how are you? It's good to chat with you again. And for the record, I'd give you five and a half stars.

Rob Rubin:

Well, I appreciate that. I gave myself five stars, if I'm being honest. I voted. I want to start with some quickfire questions. And Grace, I'm not picking on you, but I'm going to pick on you.

Grace Broadbent:

Go for it.

Rob Rubin:

What is your top of wallet credit card?

Grace Broadbent:

It is Discover.

Tiffani Montez:

Why do you like Discover?

Rob Rubin:

Yeah.

Grace Broadbent:

Why? I like Discover because it was the first credit card to accept me right after college.

Tiffani Montez:

Oh.

Rob Rubin:

A loyalty play.

Tiffani Montez:

There you go.

Rob Rubin:

Who do you trust more, Discover or your everyday bank?

Grace Broadbent:

I trust Discover. I have good trust in them, I think.

Rob Rubin:

Do you have good trust in your everyday bank as well?

Grace Broadbent:

I have no complaints right now. I've not been the victim of anything badly yet.

Tiffani Montez:

It's interesting that she says that though, right? It's like you have my trust until you lose my trust.

Grace Broadbent:

Exactly.

Rob Rubin:

That's life, right?

Grace Broadbent:

Yep.

Rob Rubin:

I trust you till I don't.

Grace Broadbent:

Exactly. Yeah, I think I'm a very trusting person.

Tiffani Montez:

Trust you until you screw it up.

Grace Broadbent:

Yeah. Exactly. I'll trust you until you wrong me.

Rob Rubin:

Yeah, and then we're done.

Grace Broadbent:

Yes.

Rob Rubin:

Well, there's a stat in here which we're going to quote about that, so let's get right into it. In the Headlines. We chat about a story that relates to our episode, and today I've chosen a few recent stories about data breaches at banks and the links to the stories are in the show notes.

Nothing breaks banks more than a data breach. And according to the Trust Report from Adobe, 55% of consumers say once a company violates their trust, they'll never do business with them. So I think Grace, you and I are in that 55% camp.

Grace Broadbent:

Yes, absolutely.

Rob Rubin:

Especially if there's other choices. If I don't trust you but I don't have another choice, then I might have to trust you. But if there's other choices, definitely.

Tiffani Montez:

So you're a hostage.

Rob Rubin:

Yeah, that's right. I can be a hostage. I can be taken hostage. The first story is about a data breach at Deutsche Bank. They have a partner, MOVEit, who facilitates automated account switching for new customers in Germany. And then the second story is about a data breach with a partner, Capital One, that purchases their bad credit card debt or some of it. In both cases, the banks were quick to say that it wasn't an actual breach of their systems, it was a breach of their partner systems. And if they're sharing data with their partners, then what's the difference?

Grace Broadbent:

I really don't think there is a difference, at least for the consumer viewpoint. Yes for them, but to the consumer, it's all the same.

Tiffani Montez:

Yeah, I'd agree. They're managing the financial institution to whatever expectations that you set. And I think that is similar behavior that we see across all industries. If you purchase something from a company, it doesn't matter to a consumer in the background if you didn't meet the commitment to deliver something on time because it was a vendor's fault. They view it as whoever they're working with to purchase that product as the one responsible for any delays or just not meeting a commitment that they've promised.

Rob Rubin:

Right. If you're building a house and you hire a general contractor to do it and then the electrician messes up, you're mad at the general contractor because they're the ones that hired the electrician.

Tiffani Montez:

Yeah, exactly.

Grace Broadbent:

Yeah. It's their responsibility to vet the partner. You don't have the ability to even vet the partner, so you're going to blame the person you're doing business with.

Rob Rubin:

Exactly. I wanted to read this quote. It came from Andrea Pennycooke, she's an SVP at Truist, and it was in the Adobe report and I liked it. She said, "Protect their data. Data privacy in a digital age is so important, especially with the rise of identity theft and new privacy regulations being put in place. Letting your customers know that you understand these threats and are doing everything to protect them is important and builds trust. So even these giants like Deutsche Bank and Capital One, they have to partner with other companies, so banks want features that delight customers, but the reputational risk of a data breach with a partner is so great. So my, I guess, my long-winded point here is that every time it happens, what a bank ends up doing is saying, "Here, we're going to give you credit monitoring for a year. On the side of caution, we're going to do that." So why don't banks just give people credit monitoring all the time, because they're always going to be partnering with other companies?

Tiffani Montez:

That's a great point. It costs money though, and depending on how many customers they have, you have millions of customers. It's not going to be an easy decision to give it to everyone. But it is a great point because it's probably cheaper to give it to everyone than it is to have to deal with the exposure that a data breach creates.

Rob Rubin:

If you think about how much it costs to deal with the exposure, the PR, the communications to your customers. You got to buy the credit monitoring services anyway for everybody.

Tiffani Montez:

And basically how it tarnishes your brand, right?

Rob Rubin:

Right. It ruins it for a period of time.

Tiffani Montez:

I was being polite when I said tarnish.

Rob Rubin:

So aside from credit monitoring though, what can banks do to make sure a breach doesn't impact or minimizes new customer acquisition campaigns in particular? Because that's really the killer, right?

Grace Broadbent:

Yes. It's really all just about due diligence with their partners, I'd say. I do think they should probably be investing in the credit monitoring. In all of our research, we have found that security and control is the top category that consumers demand when looking to pick a bank partner or pick a credit card. It was the top category for our US cash back credit card report and our US travel credit card report. Demand for, example, free identity theft insurance and social security number monitoring was well above the study's other 47 features, they were the top two. So it's definitely worth the investment in my opinion, because also there's not much else you can do besides vetting and trusting your partners.

Tiffani Montez:

We found the same for the US mobile banking, so I think we can kind of say across all of the retail banking products, it is a number one feature

Rob Rubin:

Is to have that. And it's the go-to every time there's a breach. So I guess the weakness is, if you say you offer that to everybody, then maybe some people will think that that means that there's going to be a breach.

Tiffani Montez:

Yeah. You could inadvertently send the wrong message. I think it also becomes challenging and when you start to think about partnerships with fintechs. As Grace mentioned, you have to do your due diligence. But due diligence can't be something that's one and done, because if you start thinking about the relationships that other fintechs have with partners that they are doing business with now and the ones that they might bring on in the future, you have a couple of points where you could have breakage. And so if you've done that due diligence just in the beginning, but you don't understand who your fintech partners are partnering with, you've got additional exposure. And so at some point, when you keep chaining things together like that and you're stringing together partnerships, all it takes is one person in that whole chain to do something wrong that could create exposure to everyone else.

Rob Rubin:

Many episodes ago we had some folks from Wells Fargo on who were talking about how they invest in fintechs. And I think that a model that's pretty interesting for a bank is to invest in the fintechs and get close to them and support them, and then you know what's going on. If you're just a customer, then I think there's a lot of ongoing due diligence, whereas if you're an investor, you're setting direction, you have more control. So maybe some of the big banks are going to be making more investments in fintech.

Tiffani Montez:

Yeah, absolutely.

Rob Rubin:

As a way of protecting their trust, I think that that's a play.

Grace Broadbent:

Absolutely.

Rob Rubin:

Well, I think we've solved some problems here today for the bank. Don't become customers, become investors. And the point really is that your partners, whatever they do, wipes off on you as well. So you really need to make sure you're partnering with the right players as well as giving them the tools that they need to make sure that they're not going to get a breach and that they're doing all the right things.

I want to transition to our next segment, which is Story by Numbers. And in Story by Numbers, we pick a number or two that helps us dig deeper into the episode's topic, which is trust. So for Story by Numbers, I want to focus on how personalization can engender trust or seem a little creepy. But before we get into some numbers, I pulled another quote, and this one was from Zachery Anderson who's the chief data and analytics officer from NatWest. And I'm pulling this because this is actually my favorite quote.

"Whenever we show up and send you an email that's not really relevant or you show up and just get the generic site or a message that really isn't helpful to you, we erode a little bit of trust. And so personalization helps make sure that everything we send, everything we do is relevant to who you are and what you were trying to do on that day." And I think for all banks, that's an aspirational quote. You would like that to be true, but I think it's super hard. But I love how he said that whenever anyone gets this generic email or something that doesn't apply to you, it actually erodes trust. And from the Adobe report, 77% of Gen Z and Millennial consumers say relevant personalized content increases their trust. So how are banks personalizing marketing messages today?

Grace Broadbent:

Yeah, I think it's a great point that everyone wants to feel like your bank knows you, that you don't want just random messaging in your email inbox, we all get enough emails a day. And the way to do that is personalization, as you said. First party data is ideal, but also there's so much third party data out there that people can use to really personalize marketing messages.

Rob Rubin:

But how personal? There's different kinds of messages. There's messages where you send me an email, so you've gotten my email address, and I assume in a marketing situation you've bought my email address with some information about me, so you're personalizing that way. But if I come to your site, can you personalize it for me?

Tiffani Montez:

I think you've got limited ways to be able to do that by just going to the site. The only way to get to deep personalization, and I'm using this word personalization pretty loosely because I don't think there's a lot of great examples in the industry today of personalization. I think you see more customization than you do personalization. But on a website, unless you're logged in and you know something about that consumer, you're going to get a pretty light experience that might be based on traffic patterns or whether you've visited the site. But I think beyond that, you're not going to see much.

Rob Rubin:

Right. But I think that they can make assumptions based on where you are or what you're doing to make it more relevant.

Tiffani Montez:

Yeah. I think you can do that. But again, I think it's based on you've been to the site, what you've done, and then basically serving up an experience to try to drive you to the next thing that you should do.

Rob Rubin:

Have we seen anyone that's doing a good job at trying to draw people in with personalization? I know I'm throwing that question out there.

Tiffani Montez:

So the challenge with personalization, and I really like the quote that you used earlier, because in the quote it says, "what you're trying to do that day." And when I think about the statement of, "what you're trying to do that day," it probably really gets at whatever your financial need is in that moment. And so when you think about personalization, it is about showing up at the right time with the right offer, with the right messaging in context to what you're doing. And I'm going to dust off something that I used to say, I haven't used it in a while, but when it comes to personalization, there is a fine line between showing up like a hero or rolling out like a creep.

And if you think about personalization, you have to show up with the right offer at the right place, at the right time with the right messaging and in the right context. If you nail all of those and do all of those things right, you're going to show up like a hero because you're showing up to actually address a need that they may have. But if you screw up any one of those things, then it automatically becomes creepy. And so that is why I think that personalization, there aren't really any great examples of it because I don't think that there's anyone that can manage all those dimensions well to be able to show up in context to a consumer.

Rob Rubin:

The funny thing is that when they look at the results, they become a hero. If they do that right time, right place with an offer and they get a 2% response rate. They're a hero. That was amazing. We got 2% of people to do that. That means that they were right time, right place, right offer for 2%. So what it means on the other end of the equation is that for the other 98%, it was kind of irrelevant or not. So did they gain trust with 2% and erode trust with the other 98?

Tiffani Montez:

It's a great way to put it, which is sad, but yes, it's a great way to put it.

Rob Rubin:

So did they win or lose in that? Are they counting the right metrics?

Tiffani Montez:

They're probably focusing on that 2% that you mentioned, right?

Rob Rubin:

Right.

Tiffani Montez:

Because 2% is better than the 0.2% that they were getting before

Rob Rubin:

The product manager's just looking at total applications.

Tiffani Montez:

Yep, exactly. Somebody else might be looking at the quality of those applications, but there's probably a disconnect between who applied and who actually was approved.

Rob Rubin:

I feel like part of gaining trust is to have a more fulsome conversation within marketing about what are you doing and what are your metrics. Because if your metric is simply, "We want to get our lead cost down to a hundred bucks," or, "We want this," then they're not really thinking about building or eroding trust.

Grace Broadbent:

I am going to throw in the buzziest word of the year though, that generative AI.

Rob Rubin:

Do it. Okay.

Grace Broadbent:

It's what everyone wants to talk about. But I do think it has a lot of potential to grade in that 2% and less than that 98% in the sense that it allows you to do so much more with data. You can use synthetic data sets to expand small amounts of data you have to make sure it is more accurate and you aren't sending emails out to those 98%. So we're seeing a lot of investment in that, and I do think it can have a big impact on those marketing campaigns. Definitely. We're not there yet, but I do think we are moving in the right direction.

Rob Rubin:

Well, I hope so. I hope generative AI does help us somehow engender more trust, because I think people are initially thinking about having machines talk to us as being something less trustworthy. And just from my own experiences, I think that machines would probably be potentially more trustworthy, but that's probably my bias.

I want us to go to our final segment, For Argument's Sake, to discuss a topic nicely where we might have different perspectives. So for today, I want to sort of talk about what if banks were required to report to customers when they shared your personal information with third parties. So they do loosely cover it in privacy policies about how they use your information, but what if there was a new section in the monthly statement that said, "Last month, these are the following partners that we shared your data with for the following reasons," how would that impact customer's trust?

Grace Broadbent:

I personally love it. I think it definitely could help. I think we are at a point where your data is being tracked and shared. That's just a given these days, and so it at least makes the process a lot more honest. It doesn't stop the process, but it brings more honesty to it. And I think we're pretty much at a point where you can't now go erase your however many years of data that's been out there on you. It's already there. So it's what can we do in the future to make it at least a more honest process?

Rob Rubin:

Right. And then they could organize it around, "Here are partners that we use for our marketing partners, here's our partners that provide features in your mobile app."

Grace Broadbent:

Yeah, absolutely.. I think it'd be also just very interesting. I'd love to see that personally from my providers.

Rob Rubin:

Where is it all connected and how is it connected, I think would be fascinating.

Tiffani Montez:

Sort of the cherry on top of that would be how do you make that permission based, so you allow someone to decide how and where they want their information used?

Rob Rubin:

Oh, I see. So they might not want their location information shared with the partner that tells them where the ATM locations are.

Tiffani Montez:

Yeah. For whatever reason. Or let's say that you partner with somebody else that's providing a product or a service that you're not interested in and you'd prefer to not have that information shared with that company.

Rob Rubin:

I think that would be really amazing, but I think it would be a big project because I think that they have a lot of partners.

Tiffani Montez:

Well, yeah.

Rob Rubin:

And then do they have to share the partners' partners? Where does it stop? I have this partner, but maybe it's just really a shell and it really is coordinating these three other companies.

Tiffani Montez:

Yeah, I agree, it could get messy. But what goodwill from consumers would you gain from providing that level of transparency?

Rob Rubin:

I think that you might expose too much plumbing and complexity. When I first say the idea, it's like, "Oh, that sounds so clever." But I think if you actually laid out what would it look like on a piece of paper, I think it would look so complex and confusing to consumers that they would think that their information was actually all over the world, which it is.

Tiffani Montez:

Yes. I think you'd have to level it up. You'd have to bring it up a level or two. You wouldn't show them like, this place has your first and last name and this place has your salary. I think it'd be more at a aggregate level. But yes, I get your point. It could get messy very quickly.

Rob Rubin:

Maybe it's just sharing who has PII.

Tiffani Montez:

Yeah, maybe you pick one thing to decide how and where. So I think what it really comes down to is find the places where there is exposure for your bank or for the consumer and put in the measures in place to protect both. So how do you protect your bank and how do you protect the consumers and then let them know that other people have access to and the controls around that drive those decisions?

Rob Rubin:

I think so. And I think it exposes a lot of other sort of functions of a bank. So who are your partners? So a lot of the sort of decisions that a bank could make about who they choose to partner with would come to bear, right?

Tiffani Montez:

Yeah, absolutely.

Grace Broadbent:

Yeah.

Rob Rubin:

And then what those partners' ethical standards are, for example, do they meet the bank's stated ethical standards?

Grace Broadbent:

Exactly. Yeah. It makes the process more honest. It makes you think about who you are partnering with. I think there's benefits to it.

Rob Rubin:

Is there a marketing campaign around it? You guys have studied trust and how trust can help improve acquisition or herd acquisition. So if you were to build this capability or this feature or become this transparent, is that a good marketing campaign? Who would you win? What customers would do business with you because of it?

Tiffani Montez:

I don't know that I think that necessarily more customers would choose to do business based on the transparency about how and where you're using your data. And I say this because based on research that I've done in my past, consumers are willing to share personal information with you to get personalized products or experiences, but it really comes down to are you creating value when you're doing so? And so I think to the degree that you're creating value, that actually will influence the marketing campaign results versus it being something that you lead marketing efforts with making them aware of.

Grace Broadbent:

Yeah, I think it's much more of a retention play than an acquisition play. I don't think anyone's necessarily going to choose a bank because of it, but it definitely will improve their trust and keep up goodwill with the bank, brand trust and the connection with them.

Rob Rubin:

It's a great campaign to hold as a guerilla marketing campaign so that when a competitor has an unfortunate breach through a partner and has to provide credit monitoring services, you have a ready to go campaign.

Grace Broadbent:

That is very true.

Tiffani Montez:

Yeah, that is true.

Grace Broadbent:

That could be great, honestly.

Tiffani Montez:

Use it when everybody else is down. Right?

Rob Rubin:

Kick them. Kick them. I have to say this was so much fun. I was a little worried about, we had recently done the trust reports, I was thinking that this was going to be sort of the same, but this was a really interesting conversation around trust and around how it's hard to gain and easy to lose. And I think we came up with some great ideas for bank marketers who are listening to maybe think about and to present as some new ideas. Thank you, Tiffani and Grace, as always.

Tiffani Montez:

Thank you.

Rob Rubin:

Appreciate everything.

Grace Broadbent:

Yes. Thank you. I had so much fun.

Rob Rubin:

Yeah. And thanks everyone for listening to the Banking and Payment Show and eMarketer podcast sponsored by Adobe. Also, thank you to our editor, Todd. In today's episode, we referenced Adobe's Trust Report, an article from bleepingcomputer.com, which is an f-ing great name, and the record. We have links in the show notes. Our next episode is on September 5th, and you'll not want to miss it. See you then. Bye.

Tiffani Montez:

Bye.

Grace Broadbent:

Bye, guys.