

## “What Big Data Really Means and What It Offers Credit Unions and Banks”

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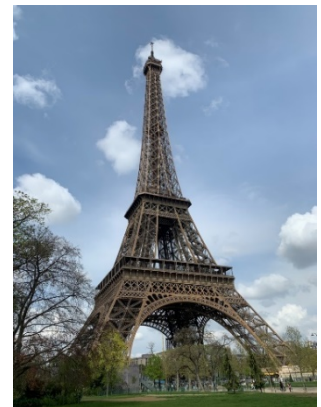
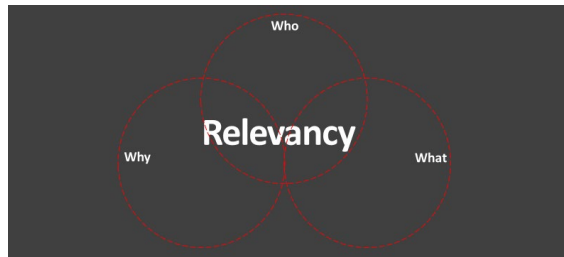
August 27, 2019



- Brian came to the CU from Oracle.
- Auburn University graduate.
- Been with CU 3 years.



- BECU is \$20 Billion in assets/60 branches/1.2 Million members.
- 1 in 5 people in Seattle, WA is a member of BECU.
- CU was started in 1935 during the Great Depression by Boeing engineers to loan money to each other for tools.
- They only have teller lines in 2 branches.
- Just back from Paris and *everywhere* people were on phones.
- As marketers, we need to find a way to be relevant.
- **Relevance is KEY!**



- Much easier to open an account with other companies than our CUs.
- It is painful to switch FIs.
- We know a lot of info about our members. We know the products and services they are buying. THIS IS A GOLDMINE OF DATA.
- BECU's marketing has gone from:
  - Level 1- Spray and Pray/Batch and Blast (2016)
  - Level 2- Reactive and Automated (2017)
  - Level 3- Always On (2018+)

### Takeaway #1: Organize your data

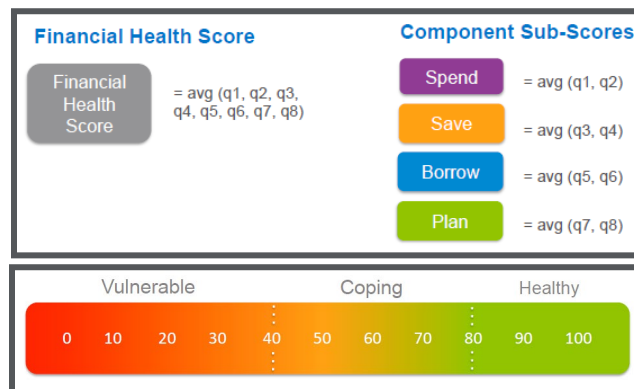
- Lots of info and so little time. If you want to strive for an Always On approach to marketing, you must get and organize data.
- BECU is moving card processing from PSCU to TSYS.
- Aggregating data on [Amplero](#) and using [Salesforce](#) (marketing cloud and DMP).
- Level 2 marketing examples:

- CU sends out credit card solicitation e-mail. BECU gets 60-80% read/click rates.
  - BECU sets web trigger when member clicks on a CC web page and abandons it.
- Search Engine Optimization (SEO).
  - Use Google- they make \$32 Billion on this search engine. It works.
  - BECU has 2 FT staff that bid on terms for Google.
  - They do not want to pay for ads for current members unless it is something they do not have/use. Suppressing ads to members has saved CU big \$\$.
- Level 3 marketing- machine learning.
  - PSCU and Fiserv send the member data to mobile vendor. CU analyzed member income vs. expenses and account balance. Learning member behavior. Not just what Lisa's spending habits are, but also that they look like Mike's. Then we can group members together.
  - Can now target members better. BECU sends out 50K marketing e-mails per day.

### Takeaway #2: How we focus in on our KPI's

#### GOALS:

- Growth and PFI share.
  - We add 100K new members per year!
- Product engagement, service levels and NPS.
  - Our Net Promoter Score (NPS) is 73.
- Look at financial health.
  - We measure financial health on CFSI framework.
    - Spend—Save—Borrow—Plan
  - Offer lower rates on CCs for those that pay on time. We actively lower rates. That is a differentiator. Nobody else does this. 10% rate credit card.
  - **We are the ONLY CU in the US that created a member financial health score.**
  - It is the right thing to do and it leads to more \$.



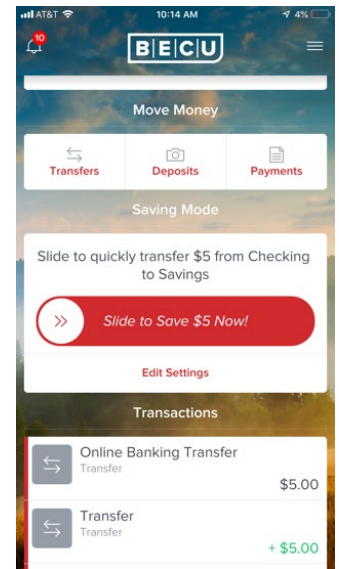
### Takeaway #3- Understanding the needs and changes for ML (machine learning) powered marketing

- AI vs. ML
  - AI- human intelligence exhibited by machines, not doing well now

- ML- algorithms to parse data and learn from it, machine is trained to learn to do something
- We create 8 different creatives for 1 campaign so if we do not get them in first round, try another.

#### Takeaway #4- Think incrementally, not revolutionary

- Do not change everything, build on it.
  - We have an 80-person marketing department.
  - 16 people do what I do.
- Peach State FCU mentioned their new round up debit transaction savings program that has impacted 500 members. BECU is about to launch “Quick Save”. A prompt will appear on mobile banking and says **SLIDE TO SAVE \$5 NOW**. Then it will start to gamify the savings experience. Hoping to create a habit when member sees savings grow. CU might consider matching the first \$5 deposit.



#### Takeaway #5- There are no magic wands, just tools to help you along

- Brian attended the MarTech Conference in 2019 in San Francisco- 7K companies and 8,500 attendees. There are a lot of tools we can use. No silver bullet.
- We have come a long way, but this is far from figured out. Even with our size/resources.

#### Q&A:

**Q: What about analytics in credit risk area? Lending risk scores. Do you use data for that?**

A: Yes, but that is not my area. We do share the info we do in marketing with lending in hopes that it can help them (tools, resources). We would like to get to a point where we do not depend on credit bureau score data. I used to work for REI. REI decided to stop opening for Black Friday. It was a risk. But they did well with it and made up the difference in online sales.

**Q: Do you do SMS/text messages to members?**

A: Yes, but that has a 100% open rate and you cannot really tell what people are reacting to. We do send texts, but only good news or messages that way. Example- when we deposit incentives (\$100 referral). Our new CRM is [Pegasystems](#). We will likely launch in 2021, next logical product, next logical promo to send to members.

**Strive to be better than BAU (business as usual).**

**Q: What is your budget?**

A: \$10 Million a year- half is spent on media (online digital). 30% is spent on staff. My people are expensive. I am an expensive employee. We need to invest, and the world is only going more digital. I am an advisor for Salesforce. We spend \$350K a year on that system. Newest project is customer data platform. Have University of Washington and Washington State sponsorships for cards. Launching Washington State Cougars.