# The Payments Growth and Activation Playbook:

Your Guide to Accelerating Customer Retention, Time to Revenue and Program ROI

galileo

*"a 5% increase in customer retention produces more than a 25% increase in profit, according to Bain & Company."*

CHAPTER 1

# **The Financial Account Activation and Funding Challenge:** You've Won the Customer — But Can You Monetize Them?

It goes without saying that accelerating digital banking customer account activation and funding maximizes spending rates, and ultimately revenue. But getting to revenue requires investment and a strategic plan to bring new customers through the onboarding process.

**Too many financial services organizations overlook the essential stages in nurturing customers from account creation to activation and spending—leading to a costly churn cycle with negative ROI.**

Once you've registered a new client, activating them - getting them to actively fund new financial or deposit accounts and transact - is critical to the success of your bottom line. In fact, in financial services, a 5% increase in customer retention produces more than a 25% increase in profit, according to Bain & Company. The challenge exists in nurturing the right customers through the right account lifecycle.

We call this the account activation challenge, and proactively addressing it boosts customer retention, accelerates time to revenue, increases customer lifetime value and ultimately boosts your program's ROI.

# Measuring Customer Value:
## Building a Profitable Program

- **Are you losing money every time you win a customer?**
- **Is every customer actually valuable?**
- **Will you break even on every customer you win?**
- **Can you drive customer activation and stickiness at the same time?**

These are questions worth evaluating, but you'll need some benchmarks to measure against. Your success depends on navigating the stages of turning a new customer into an active, engaged account.

Financial account activation rates can vary significantly by program size, type and strategy. Average activation rates can fluctuate widely, and for portfolios that don't experience as many challenges getting customers to fund and use their accounts, there are still many opportunities to extend their lifetime value with better account activation practices. With the potential for so many customers to drop off before they even become engaged in your ecosystem, every day of the activation cycle counts.

Why does activation matter so much? Even a modest improvement in activation rates means greater customer stickiness, improved customer engagement - including a higher chance to win top-of-wallet status - and more revenue opportunities via interchange.

**The fintech growth model of rushing to acquire customers without consideration for what value they present for the platform is where companies can get into a bind. Growth figures based on inactive customers can create a false sense of success, and is an unsustainable way to actually achieve customer acquisition ROI.**

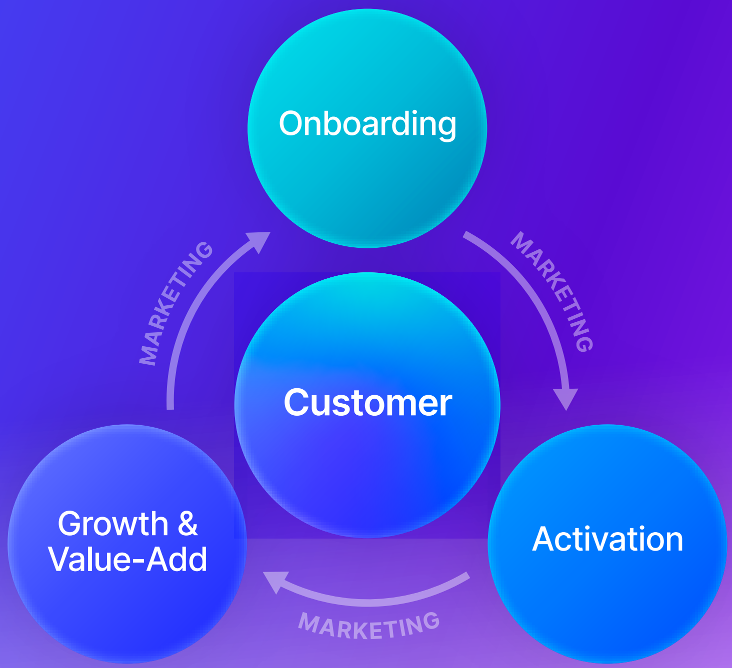
**Instead, building a profitable program revolves around getting more customers to activate their accounts, and then keeping them engaged and transacting. At Galileo, we call this the Customer Spending Loop. This is where what you do after you win a customer really matters.**

Financial services companies spend a lot of money attracting and winning new customers. Once you've onboarded a new client, activating them - getting them to fund new financial/deposit accounts and begin transacting - is critical to the success of your bottom line.

# Making Acquisition Count:
## Inside the Customer Spending Loop

Maximizing account activation and funding is the not-so-secret sauce to driving spend and financial growth for any payment card program.

Of course, the lifecycle of a customer extends far beyond securing them and keeping them as customers; you have to consider everything that keeps them adding to your bottom line. This starts with registering customers, and getting the card or account activated, but the real value is getting them to load funds and make repeated transactions.




### 1. Fast, frictionless activation is the foundation for everything:

Don't under-invest in this area. **Buck the trend of 90-10 investment in acquisition vs. activation** and ensure you are engaging new and existing customers with the right features and incentives at the right time to minimize friction and drive repeat behavior. This will drive higher average revenue per user, boost customer lifetime value, and create short- and long-term growth potential.

### 2. Position Yourself in the Spend Cycle

**Onboarding:** Connect the customer to their account. Get the customer set up faster and remove friction by issuing virtual cards, offering push provisioning to mobile wallets and providing instant account funding.

**Activation:** Make it easy for customers to spend early and often. Ensure they actually use the products and services by providing access to features like early pay access, direct deposits and rewards and incentives.

**Growth and Value Add:** For credit positive customers, extend their buying power responsibly with value-added services—such as secured credit, overdraft protection or BNPL programs.

### 3. Be sure you're attracting the right customers from the start:

Understand your target audience. Don't invest in converting a bad fit. Move on to customers that present the opportunity to engage long-term. **Measure customer churn to learn why some are becoming dormant in your ecosystem.** When a customer isn't the right fit, move on. Ensure you're creating rules for dormant bank accounts so you can prioritize your most valuable customers, who present the most potential for account funding growth.

# Where Activation Goes Wrong:
## 3 Ways Companies Miss the Boat

The biggest losses in customer engagement occur at two key points: between account creation and activation, and between activation and depositing funds into the account.

The process of converting a newly acquired customer into a fully engaged, funded user has traditionally been filled with high friction and many points of failure. These can include:

1. **Too many steps/points of failure:**
Friction during the customer activation process is the surest way to have a new customer fail to launch, or quickly become dormant. Key examples include confusing account verification or poor onboarding communications.

2. **Too much lag/time between account sign up and full activation:**
Customers often set up their accounts, but fail to finalize activation. Prime causes include slow card delivery and convoluted funding options.

3. **Targeting the wrong customer:**
Acquiring customers who will never convert, due to poor feature/benefit fit or fraud, for example.

These three issues combine to have a negative impact on active customers and overall average lifetime value. And not all customers who activate their accounts engage with their cards, which means that account is never really monetized.

But there are ways to remove friction and delays from this process to drive significant results. For instance, programs that issue virtual cards right away, while physical cards are enroute, boost transaction volume by 23% on average.

***"Programs that issue virtual cards right away, while physical cards are enroute, boost transaction volume by 23% on average."***

# Tackling the Activation Challenge:

## Quick, Easy Wins Help You Play the Long Game

Activation rates can vary, depending on industry, but being on the higher end (+40%) has significant financial benefits. To benchmark your activation rates, ensure you have a tool in place to track real-time use of your products and services.

The good news is you don't have to choose between short-term revenue and long-term profitability. The right programs account for both needs. An optimized program rollout presents quick wins to boost engagement while balancing the need to drive program enrollment.

For instance, virtual cards can be issued quickly to drive early adoption and enhanced transaction volume over the first few months. There are other features, such as direct deposit and early pay access, that drive long-term account engagement by increasing lifetime customer value with higher transaction volumes that lead to higher revenue per account holder.

Adding features that drive greater account activation can help organizations realize value in anywhere from less than two weeks, to under 90 days. Again, ROI time frames vary by type of program, but the common thread in this activation cycle is the ability to control how, when and why customers are more likely to activate and engage deeper into your ecosystem.

***"Adding features that drive greater account activation can help organizations realize value in anywhere from less than two weeks, to under 90 days"***

**We'll explore more specifics on what this means for revenue impact in later chapters. This activation playbook will help you up level your program strategies to improve KPIs across:**

- **ROI:** which strategies drive short- and long-term ROI
- **Time to Revenue:** which features have the biggest impact on time to revenue
- **Customer Lifetime Value (CLTV):** who are your best customers and how to increase your lifetime value through ongoing engagement, spend and retention

# You've Got Customers Activated — What's Next?

## Unlocking Customer Acquisition ROI

The fastest way to realize customer acquisition ROI is to get customers actively engaging in your ecosystem.  This gives them the opportunity to use more value-added services, which in turn, will drive ROI.

**Building a solid foundation gets activation done right and helps you unlock maximum ROI on customer acquisition.**

**Successful customer activation, incentives and engagement sets the stage for monetizing every other phase of the customer lifecycle moving forward.**

**When measuring overall customer lifetime value (CLTV), it's important to remember that the higher the average transaction (or number of fee-based activities per customer), the higher their overall lifetime value will be.**

As you seek to drive program ROI by moving customers through your ecosystem, don't overlook the value of increasing their CLTV through getting them properly activated, getting them engaged enough to spend, and implementing the tools to retain them as a customer so you can then focus on extending their buying power to drive long-term CLTV.

Given a firm understanding of how to navigate the activation cycle, it's time to consider what payment features will motivate your customers to engage faster and increase your customer activation success rate. **Catch the next chapter to learn where this potential exists for virtual cards, push provisioning and instant account funding.**

CHAPTER 2

# The Activation Challenge Stage 1:

## Going Digital-First to Connect Customers Faster?

*"The virtual card market is estimated to reach $500 billion by 2025"*

The first stage of the activation challenge centers on a vital step in getting a customer to spend: connecting them to their account spending tools quickly and seamlessly.

Digital is the fastest path to achieving this goal. There's a reason the virtual card market is estimated to reach $500 billion by 2025—gaining significant ground in both B2C and B2B markets.

What's driving this growth is the need for innovative financial services that remove friction in the setup process—from account creation, activation, funding, and spending— to help maximize account usage rates.

After securing a customer, next in the activation challenge is what we call Stage 1 of the Customer Spending Loop: onboarding.

**There are three card activation strategies to help you successfully move your customers into Stage 1 and get them quickly connected into their accounts.**

1. **Digital First:** Issue a physical card and immediately provide access to a digital version of the physical card. The customer can start using the digital card to make purchases right away and later receives a physical card in the mail.
2. **Virtual Only:** Issue a virtual card at account creation without offering a physical card.
3. **Virtual First:** Issue a virtual card at account creation, and give your customers the option to earn a physical card. If the customer meets your requirements for a physical card, you perform a product switch and a physical card is issued.

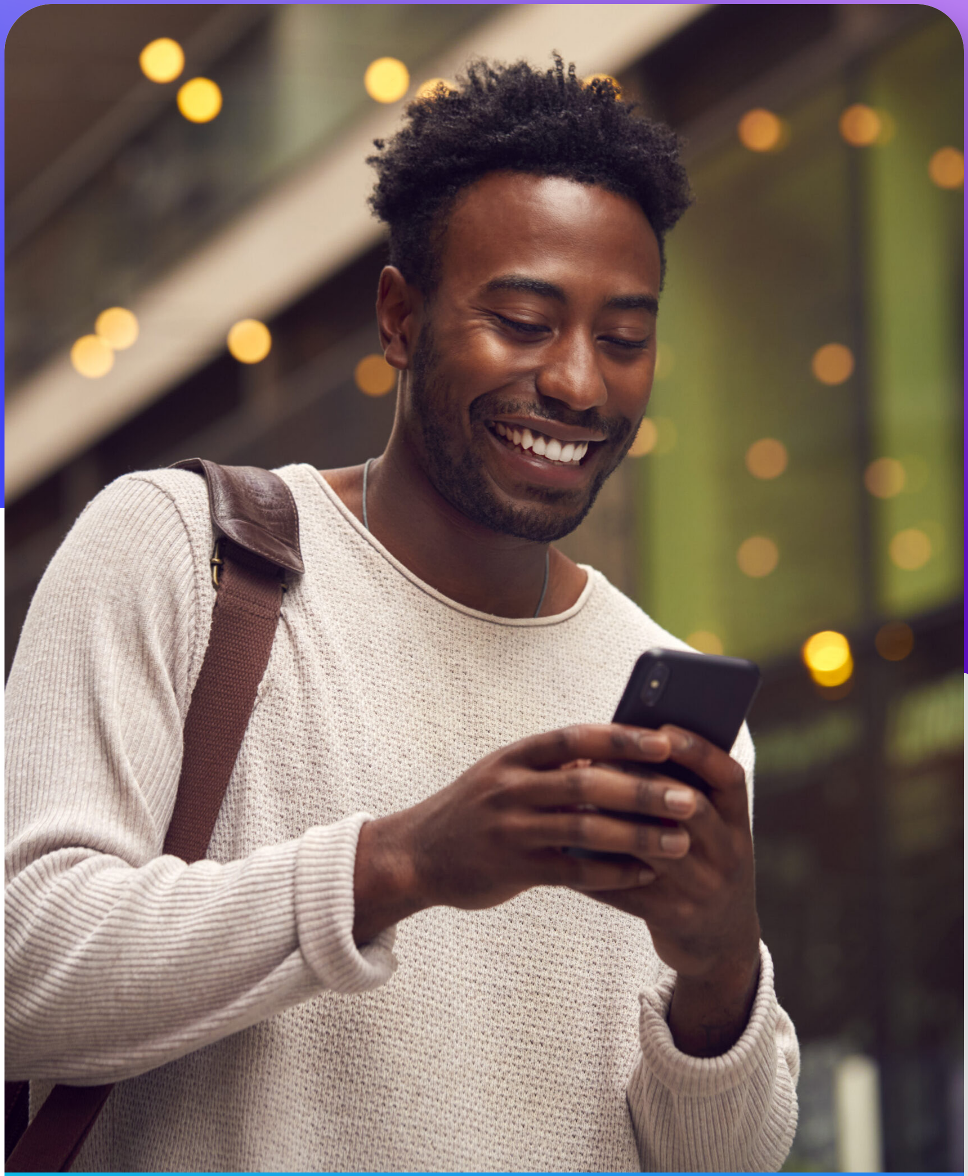
When coupled with the right marketing, incentive and funding strategies, digital and virtual cards drive earlier adoption rates and expedited transaction volume within the first few months of account opening. Optimizing account rollout with quick wins is a sure way to encourage faster activation and stronger engagement from the start. Implementing these activation strategies can lead to revenue-positive accounts much sooner.

# **Make Digital Count:** Engage with Customers in their Existing Ecosystems

Financial providers that want to encourage customers to engage quickly and frequently with their accounts — and win top-of-wallet share — must meet customers where they are already interacting in their everyday lives. Increasingly, this is via mobile and digital channels.

Consider how many financial activities your average customer is already conducting on their phone. Galileo's research indicates consumers are using more financial tools than ever, and digital is gaining greater share. Our survey indicates digital providers rank among the top choices for 44% of consumers. And it's not just Gens Y and Z; all ages are shifting to digital.

**Our research also shows that consumer desire to switch to digital-only banks is growing, as 61% of consumers surveyed say they are likely to switch their primary provider to a digital-only provider. Why? It's where their money already is; those same respondents said they already keep 35% of their funds in digital accounts.**



***"61% of consumers surveyed say they are likely to switch their primary provider to a digital-only provider"***

# Activate Faster with Virtual Cards— and Increase Chances of Winning Top-of-Wallet

You don't want to lose steam with your hard-won new customers who won't get their card for five to 10 business days. That a lot of time to lose the interest that motivated them to complete your account-opening process.

You can solve this activation challenge by making it easy for new customers to use either a digital or virtual card via a mobile wallet from the moment they've funded their account. With digital or virtual cards, your new customers can start transacting right away. While a digital card allows a provider to issue a digital version of a physical card with the same account number, a virtual card is a card without a corresponding physical card.

Industry data shows that almost half of instantly issued cards are used within eight hours—significantly, establishing new habits and loyalty well before their physical card arrives in the mail. Other reports on instant issuance cards suggest that 70% of cards are used within five days—and in just 45 days, data shows instant issuance performed 53% higher than mailed cards.

**Digital and virtual cards create fast, easy wins for creating more active, engaged customers. Based on Galileo client data, such card programs:**

- Lead to an average of 15% higher activation rates and 23% higher transaction volumes.
- Boost revenue per account by nearly 20%; spend per account is also boosted by more than 13%
- Drive engagement rates and transaction volume up in as little as 14 days post activation.

While physical card programs are vital for long-term engagement success, to secure faster activation account activation rates, digital issuance fits the bill. Digital and virtual cards are tremendously flexible and well-suited for consumer and commercial payment applications where the use of physical cards is impractical, or causes delays that derail your activation process.

Digital and virtual cards can significantly decrease time to profitability for an account through increasing activation rates and making clients top of wallet in its early months. Such cards are fast and can create earlier adoption in days and expedited transaction volume over the first few months, which can help jumpstart any card program's overall success.

# **Deliver Instant, Secure Access with Push Provisioning—** and Create Customer Stickiness

Most fintechs and challenger banks have already embraced push provisioning, a capability that automates the tedious process of manually loading a payment card to a mobile wallet. Instead of requiring a customer to enter card information or upload a card image, they can simply tap a button to “push” the card into their digital wallet. Data from Aite-Novarica indicates as many as 55% of all traditional credit unions and banks will be using push provisioning by the end of 2024.

By eliminating cumbersome manual input, push provisioning enables customers to instantly access their accounts using their mobile wallets—allowing digital-first customers to begin using their accounts faster, which also boosts top-of-wallet status.

**Aside from greater convenience, push provisioning can improve the customer experience and create customer stickiness for a number of reasons:**

- **Consumers are going contactless:** This provides a quicker ability to use their accounts to make purchases online or in store via a mobile wallet. The faster cardholders can use their cards, the more likely they may be to keep using those cards in the future.
- **Sensitive data is protected:** The tokenization technology behind push provisioning, whereby a digital token replaces sensitive card data, has significant security benefits.
- **Customers are supported when they need it most:** Ensure customers don’t have to stop spending. When fraud happens (or a card is lost), a replacement card can be provisioned to the wallet before a new card can be mailed out. This allows spending to continue and keeps your brand top-of-wallet.

# You've Connected the Customer — What's Next?

## Getting Them to Spend

As we discussed in the previous chapter, building a solid foundation gets activation done right and helps you unlock true customer acquisition ROI. Don't play the short game by getting stuck in the outdated fintech growth model of rushing to acquire customers without consideration for what value they present for the platform. Consider what features lead to higher customer spend that generates higher customer lifetime value.

As you move customers through the spending cycle and through your ecosystem, ensure you are taking the proper steps to getting them engaged enough to spend so you can retain them as a customer and extend their buying power.

With digital features making it easier than ever to connect customers to their accounts, you've got a fast pass to Stage 2 of the activation challenge: Ensuring customers actually use their accounts. Catch the next chapter to learn where this potential exists by providing value-added features like direct deposit, early pay access, instant account funding, rewards and incentives.

*"Don't play the short game by getting stuck in the outdated fintech growth model of rushing to acquire customers without consideration for what value they present for the platform. Consider what features lead to higher customer spend that generates higher customer lifetime value."*

CHAPTER 3

# The Activation Challenge Stage 2:

## Getting Customers to Spend

Welcome back. You've made it past the first stage of the customer activation challenge—getting them connected to their account. Don't lose momentum now.

There's critical work to keep those activated customers engaged. Time to move on to Stage 2 of the customer lifecycle: getting them to spend. This is the mid-way point in what Galileo calls the Customer Spending Loop.

When nurturing customers from account creation to activation and spending, getting them to actively fund new financial or deposit accounts and transact is critical to the success of your bottom line.

Financial account activation rates can vary significantly by program size, type and strategy. But getting customers to the higher end of activation and spend cycle depends on how you motivate them to actually use your products and services.

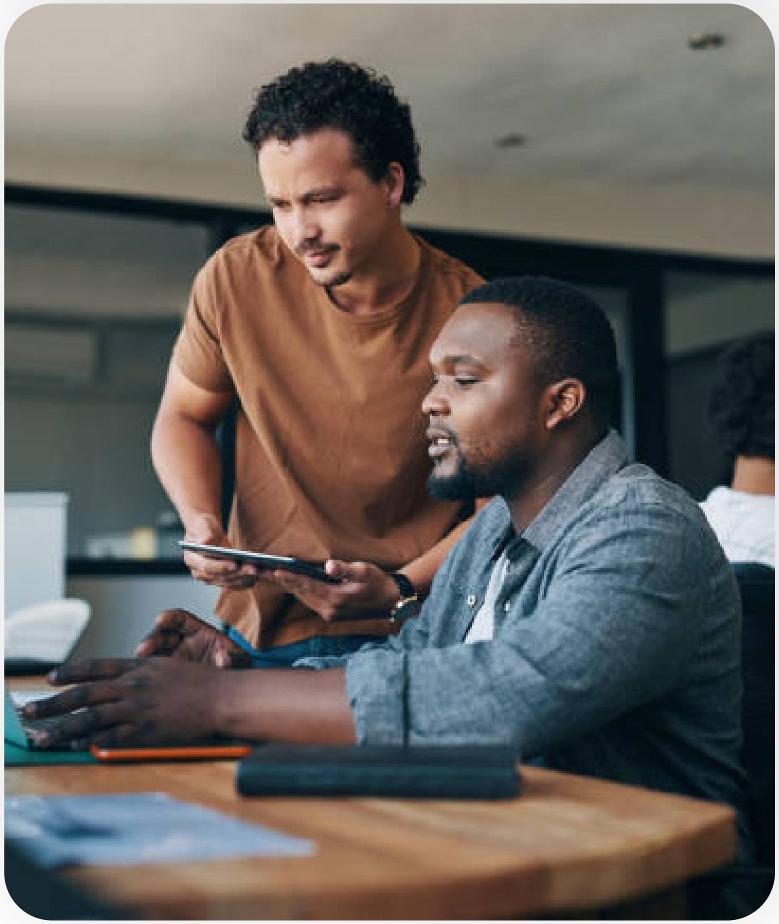
To successfully navigate through Stage 2 of the activation challenge, there are three core strategies we recommend that encourage customers to spend. Doing so entrenches them faster and deeper into your payment ecosystem—helping boost activation rates and customer lifetime value.

*"When nurturing customers from account creation to activation and spending, getting them to actively fund new financial or deposit accounts and transact is critical to the success of your bottom line."*

# The Power of Early Pay:
## Help Customers Build Financial Stability and Freedom

Financial uncertainty impacts nearly a third of U.S. households. In fact, Fed data shows that 32% of U.S. adults can't cover a $400 emergency. Getting early access to pay is more important than ever to cover both everyday and unexpected expenses, and can mean the difference between paying bills or expenses on time and taking out payday loans or overdrawing their accounts.

**Galileo Early Pay, for instance, allows direct deposit customers to access their pay when employers deposit wages into their accounts—typically, up to two days before the scheduled payday.**



Early Pay supports your ability to increase direct deposit accounts, which, as we'll cover in the next section, creates a solid revenue-driving customer base.

The ability to access funds earlier matters for activation rates, adopting other revenue-generating programs, increasing spend on the card, and adding to the overall customer lifetime value. Data from Galileo early pay clients indicates adding 2-Day Early Pay helps boost activation rates by at least 5%.

**Activation rate = Total # of Active customers / Total # of Customers**
**Activation is defined as:**

- Customer has had any activity/event during the past billing cycle
- Customer has a positive balance post account opening

The same Galileo client data also shows spend increases on the card by 156% for accounts with Early Pay access, which boosts the lifetime value of a customer by nearly 84%.

Early Pay also encourages sticky relationships. Fast access to pay puts your customers in control of their financial well-being, which builds brand affinity and encourages account use.

# Encouraging Direct Deposit:

## Driving Long-Term Account Engagement

**Another feature that significantly boosts long-term engagement is direct deposit, which increases lifetime customer value due to driving more transaction volume - more than 50% per account, on average - and sustained usage.**

For example, Galileo Direct Deposit Switch is a capability you can offer your customers to update their payroll and direct deposit information as part of your onboarding process. It can also be used beyond onboarding giving your customers the ability to easily update or modify payroll information at any time via your banking app or portal. This allows banks or fintechs to avoid needing multiple relationships and technology integrations with multiple partners.

Revenues are also realized more quickly when you combine the power of multiple features. For instance, those independent features that increase direct deposit engagement (Direct Deposit Switch, 2 Day Early Paycheck and other incentives like rewards) are key to boosting customer lifetime value as these products encourage 20-50% uptake in direct deposits.

*"For financial institutions and fintech firms, a steady deposit stream is key to account profitability. Digitizing and automating this process presents enormous financial opportunities. Clients leveraging payroll connectivity features like direct deposit switch have seen as high as a 3-4X lift on direct deposit acquisition when benchmarked to other solutions."*

*- Lindsay Davis, Head of Markets, Atomic Financial*

# **Where Rewards and Incentives Matter:** Spending and Engagement Incentives

31%

Rewards remain a top motivating factor for cardholders. In fact, **31% of consumers** cited loyalty points and rewards as the second leading motivator for consumers to switch financial accounts in recent Galileo research.

67%

Similarly, **67% of consumers** cited points and rewards as a reason for choosing a primary financial provider. When looking to consolidate providers, roughly 40% of consumers said rewards programs and incentive offers were their top reasons.

Rewards and incentives can drive short-term activation behaviors such as card activation and funding, and can be used to maintain user momentum to push through traditionally high-friction points in the onboarding process—such as slow approvals and delayed card issuance. Rewards and incentives also are essential long-term tools to drive engagement, retention and user-led growth.

Of course, what motivates one consumer isn't universal for another, which is where offering a variety of incentives encourages different types of customers to stay engaged and keep spending. Leveraging cardholder data in a compliant manner gives providers the opportunity to learn and refine offerings to maximize results.

### These include:

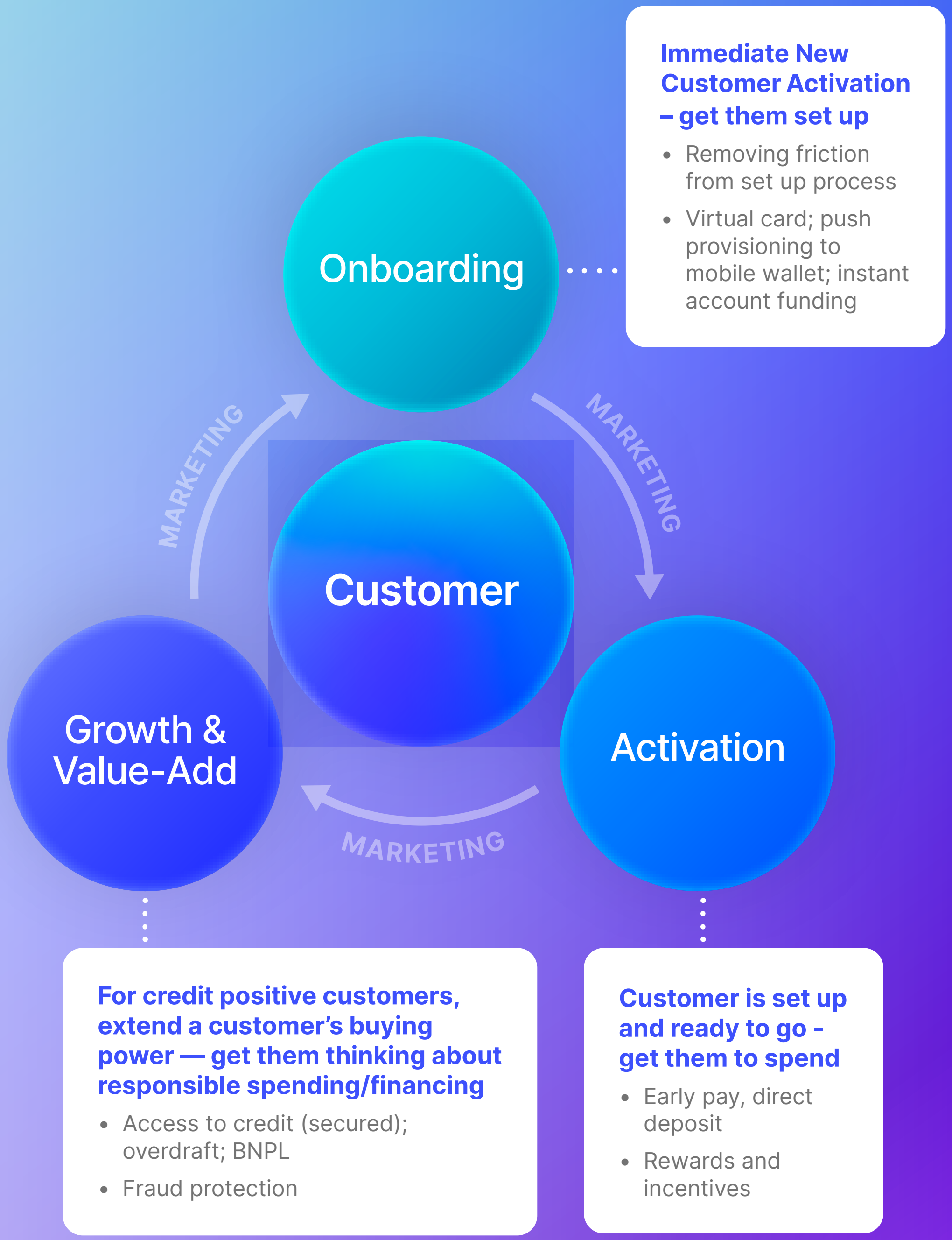
- **Cashback bonus:** Offer cash bonuses for account milestones, such as setting up direct deposit or spending a certain amount over a period, or rewards for continued, active account usage.
- **Customized card art:** For customers using physical cards, personalize the experience as an added perk by letting them choose their own card design.
- **Upgrade to metal or other specialty card materials:** Encourage spending and boost the chances of winning top of wallet with a card that stands out.
- **Gamified incentives:** Gamified bonuses, like rewards points, cash back, engaging with financial literacy content, card upgrade milestones and more can motivate customers to keep coming back.
- **Referral incentives:** Incentivize referrals by offering a bonus to both your existing customer and a referred account holder. A cash bonus encourages the referred customer to start engaging—and the original customer to keep referring.

# Your Customers Are Spending — What's Next?

## Extending Their Buying Power

As we discussed in the previous chapters, you need a solid foundation to get activation done right. As you move customers through the spending cycle and through your ecosystem, ensure you have the steps in place to connect customers to their accounts and get them to spend so you can navigate to Stage 3 of the Customer Spending Loop: extending customer buying power.

**Beyond just getting a customer to spend, repeat spend is where true customer loyalty that drives revenue is realized. Catch the next chapter to learn where this potential exists by providing value-added features like buy-now-pay-later (BNPL), access to credit, overdraft protection and fraud prevention that contribute to customer acquisition ROI.**



CHAPTER 4

# The Activation Challenge Stage 3:

## Strategies that Extend Customers' Buying Power

Customers manage their day-to-day finances with a variety of tools, and which tools they use most depends on the value each provides. Convenience and account security rank among the top factors that customers value from their financial services provider, according to our research, but features that allow customers to do more with their money—such as increasing access to the digital economy—are becoming increasingly important.

Value-add services like these fit into Stage 3 of the Customer Spending Loop: extending customers' buying power. In this chapter of the Activation Challenge, we've broken down four strategies that extend customers' buying power, driving more long-term value for them–and for your program.

# Strategy 1:
## Expand Financial Access by Bridging the Credit Access Gap

**An estimated 19% of U.S. adults don't have a conventional credit score—that includes 28 million adults who are credit invisible (no credit history with the credit bureaus), and 21 million who are un-scorable due to their thin credit history.** Clearly, credit access remains a sticking point for too many consumers. Catering to these nearly 50 million U.S. adults is a major market opportunity that fintechs have built their mission around.

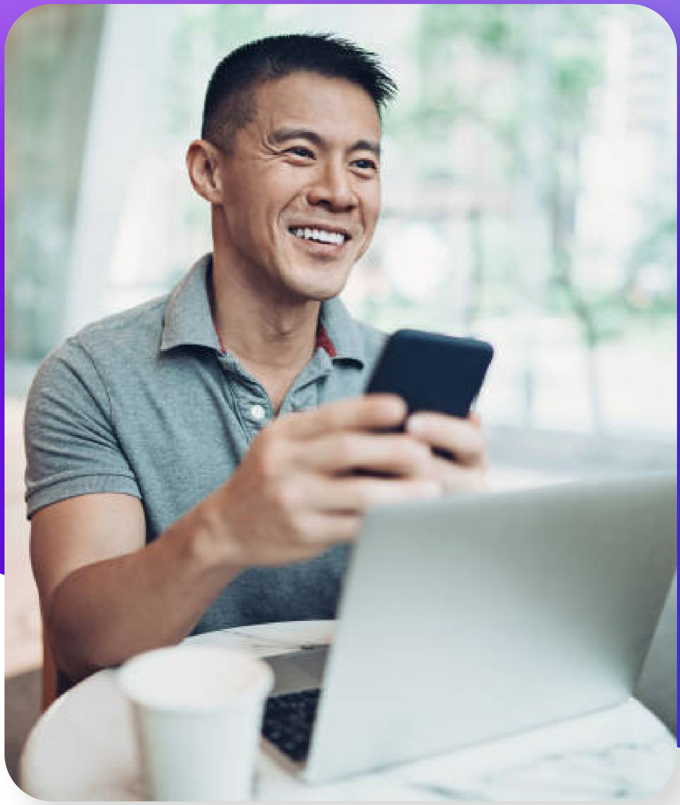
Brands like TomoCredit, for example consider banking history and income sources to assess credit worthiness, rather than credit scores. Their recent $222 million valuation speaks to the market opportunity — a prime example of how building a product for a specific population's needs can drive customer demand. **By using Galileo's APIs, TomoCredit was able to bridge the credit access gap and bring a new population of customers into the mainstream financial ecosystem.**

There are other ways to bridge the credit gap too. Secured credit products can help consumers along their financial journey in steps that come at the right level and right time.

Traditional secured credit programs allow customers with no, thin or poor credit to set up a special account that is held as collateral against any credit made available via the card. This gives consumers an opportunity to gain access to the financial ecosystem and the credit market that they have historically been kept out by from major financial institutions.

Galileo Secured Credit programs provide mutual benefits to our clients and their customers. Our secured credit model allows cardholders to add or remove funds at any time to increase their credit line or cash reserves, providing more flexibility than traditional credit programs.

**Galileo's clients benefit from secured credit as it provides revenue opportunities through better interchange rates; clients can leverage that revenue boost to build out more features and benefits for their own customers.**



# **Strategy 2:** Protect Customers from Financial Slip Ups: Turn Overdraft Protection into a Customer Win

Mistakes happen, but that doesn't mean your customer has to pay the price. Reassuring cardholders that they are protected and valued—even during a financial issue, or when they make a simple mistake—is another great way to keep customers active and engaged. Providing overdraft protection is a simple strategy that achieves these goals.

The right overdraft protection model can be tailored to your payment program's needs. For instance, you can set rules that ensure customers aren't charged fees until their overdraft exceeds a certain amount—and you can even set grace periods to replenish funds before they incur a fee. Flexibility in overdraft protection gives customers peace of mind and helps them maintain or improve their financial well-being.

Overdraft protection has also been shown to have a positive impact on customer spend. In fact, adding an overdraft protection program to customer accounts can lead to a more than 150% increase in point-of-sale activities (around $300 per average account holder). Overdraft protection features can also drive more than a 550% revenue bump per customer—or more than $150 per account.

Adding overdraft protection can also encourage customers to engage with other value-added services such as direct deposit:

**A Case Study: Generating $2.8M in Long-Term Customer Value with Overdraft Protection + Direct Deposit**

**The Customer:** A Galileo B2C neobank client wanted to boost direct deposit engagement, so they rolled out a fee-free overdraft protection program that allowed customers to leverage funds from their next direct deposit to pay off any overdraft on their account.

**The Impact:** The customer saw a 13% increase in direct deposit customers in just 45 days. What's more, these customers were highly engaged, transacting at least 15 times per month, with an average transaction value of $700. These customers' regular account activity led to an estimated $2.8 million in added value.

BNPL providers today have seen growth between 46%-104% over the past year

# Strategy 3:
Offer Customers Flexibility: Lean into BNPL

Buy-Now-Pay-Later (BNPL) isn't an eCommerce fad. The alternative payment option that gives consumers greater purchasing power to pay for an item over time continues to gain traction—**50% of consumers have used a BNPL solution.**

In a digital-first consumer ecosystem, the BNPL revolution presents an opportunity to capture those who prefer to leverage their mobile payment options. PYMNTS research indicates **54% of all mobile wallet users said they prefer to shop with merchants who offer BNPL.**

There's also a correlation between providers that offer BNPL and winning top-of-wallet share, data show. As a disruptor of the traditional credit card market, BNPL solutions aligns with a rising number of consumers who seek alternative payment options—or want to link BNPL with their existing accounts. BNPL providers today have seen growth between 46%-104% over the past year, showing where opportunities exist to leverage this value-add feature to boost customer spending.

**Flexibility, access and choice are driving BNPL adoption, and this presents an opportunity for providers to leverage network payment rails (Mastercard, Visa) and provide installment options for their customers seeking more flexibility and more responsible payment options for bigger purchases.** As an added bonus, you can add on a credit reporting feature to offer credit building opportunities for customers who make payments on time—another way to extend their buying power.

# **Strategy 4:** Fraud Protection That Maintains Active, Engaged Accounts

**Galileo's research shows that 96% of surveyed consumers cited security as the top reason for choosing a provider.** Of course, security takes many shapes, but a compromised account or unnecessary chargeback friction is a surefire way to bring spending to a screeching halt. Similarly, incorrectly declining legitimate cardholder transactions can result in customer frustration or, worse, over time, customer loss.

Defending your fintech and payments programs from card-present and card-not-present fraud by applying the right mix of fraud protection strategies protects your customers and your bottom line.

**Whether it's mitigating fraud losses or reducing false positives, you must have the right tools in place to prevent financial fraud, stay compliant and deliver frictionless transaction experiences for customers. Consider solutions that incorporate enhanced identity verification and technology that helps your team spot fraud patterns in real-time and near real-time to reduce cardholder disputes and keep good customers active.**

# You've Extended Customers' Buying Power—What's Next?

## Keep Them in the Loop

You've got your customers well-positioned in the spend cycle by getting them onboarded and connected to their account, making it easy for them to responsibly spend, and providing them value-added services that can extend their buying power. Now it's all about maintaining momentum to keep those active customers continually engaged over the lifetime of their account.

Beyond nurturing customers through the Customer Spending Loop, you must also have the right marketing strategies in place to deliver an excellent digital-first customer experience that keeps key features and services top of mind. **Check out the next chapter to learn how you can amplify results in all three stages of the Activation Challenge through multi-touch marketing strategies.**

CHAPTER 5

# Engaging Customers from Activation to Growth:

## Marketing Digital-First Financial Experiences

You've made it through the three stages of the activation challenge; now it's time to ensure you've set the wheels in motion to support your Customer Spending Loop and establish strategies that drive long-term, sustainable revenue opportunities.

Continually engaging with customers during the activation process establishes connections that can help achieve these goals. But you also must consider how, when and where you are engaging with activated customers. Keeping active customers engaged, responsibly spending and extending their buying power requires one key step that touches every stage: marketing.

Making customers aware of the value-added services that exist across your card programs requires an omni-channel approach. **Recalibrating your marketing framework to achieve these outcomes may require a shift in budget, but doing so creates a cohesive plan that achieves core activation goals:**

1. **Leverage every touch point you have in the customer journey** — from account activation onward to ensure customers are continually nurtured.
2. **Prioritize the promotion of key features** that drive both short- and longer-term activation and engagement behaviors.
3. **Re-activate dormant customers** to ensure you are maximizing the ROI of every customer that you paid to acquire.

# **From Acquisition to Retention, Every Touch Point Is an Opportunity:** Calculating ROI

Many card programs' marketing plans stall after acquisition. This is a critical mistake. Keeping the user engaged from sign-up through and beyond activation is essential to build long-term usage habits.

The activation process itself is often an overlooked opportunity to ease users directly into the next step of your digital experience. Simply adding marketing language to an online or contact center script or customer flow can help facilitate the use of key features that are foundational to user engagement in your digital ecosystem. This can also help turn your customer service cost-center into a revenue generator.

**The only way to understand the effectiveness of your digital channels is to have the right tools and technology to calculate the impact of customer interactions. It's not enough to know that customers are engaging with your products and services; you must understand the channel, the purpose, and the program value of that specific interaction.**

**Accurately measuring the ROI of how your programs are performing, and how successful your marketing strategies are, requires having actionable data and analytics that show in near real-time how your customers engage and spend.**

***"A well planned, digital-first marketing strategy can really make the difference when it comes to creating satisfied, profitable customers. Think of all customer touchpoints as opportunities to personalize, engage, remind, reward, and delight your financial customers."***

***- Shannon Lopez, Head of Strategy, Epic Research***

# Data-Driven, Personalized Experiences Build Longer-Lasting Customer Relationships

The easiest way to turn off a customer is encouraging them to act on something they've already done or offer an incentive that doesn't apply. Conversely, customers are easily delighted when they feel a company understands their preferences and provides an offer or a feature at just the right time. Getting this right opens up huge revenue opportunities as end-users engage deeper into your ecosystem.

## Get one step ahead and drive meaningful customer connections by:

### Tapping into a modern technology platform that can help you get the most value from your data.

Data access is the first step to personalizing the customer experience. Putting data into action is the second. You must have useful business intelligence that translates into actionable steps to apply across your customer portal.

Consider scalable, flexible tools that use rich data and predictive analysis to inform your activation strategy. Ensure you have comprehensive data visibility across your customer portfolio so you can personalize customer experiences using actual data instead of generic assumptions, and more quickly optimize your marketing spend.

### Leveraging data to craft a smart, highly efficient and personalized experience from day 1

Businesses that personalize experiences based on real-time insights from actual customer behavior are far better positioned to nurture customer relationships, from activation to engagement. For instance, using customer spending data to craft personalized, targeted communications about a specific program or feature can engage customers deeper into the funnel.

### Minimize Customer Churn — and Create Interactions that Resonate

Customer engagement drop-offs often occur between account creation and activation, and between activation and depositing funds into the account. As discussed in Chapter 1, customer engagement is typically hindered by four issues:

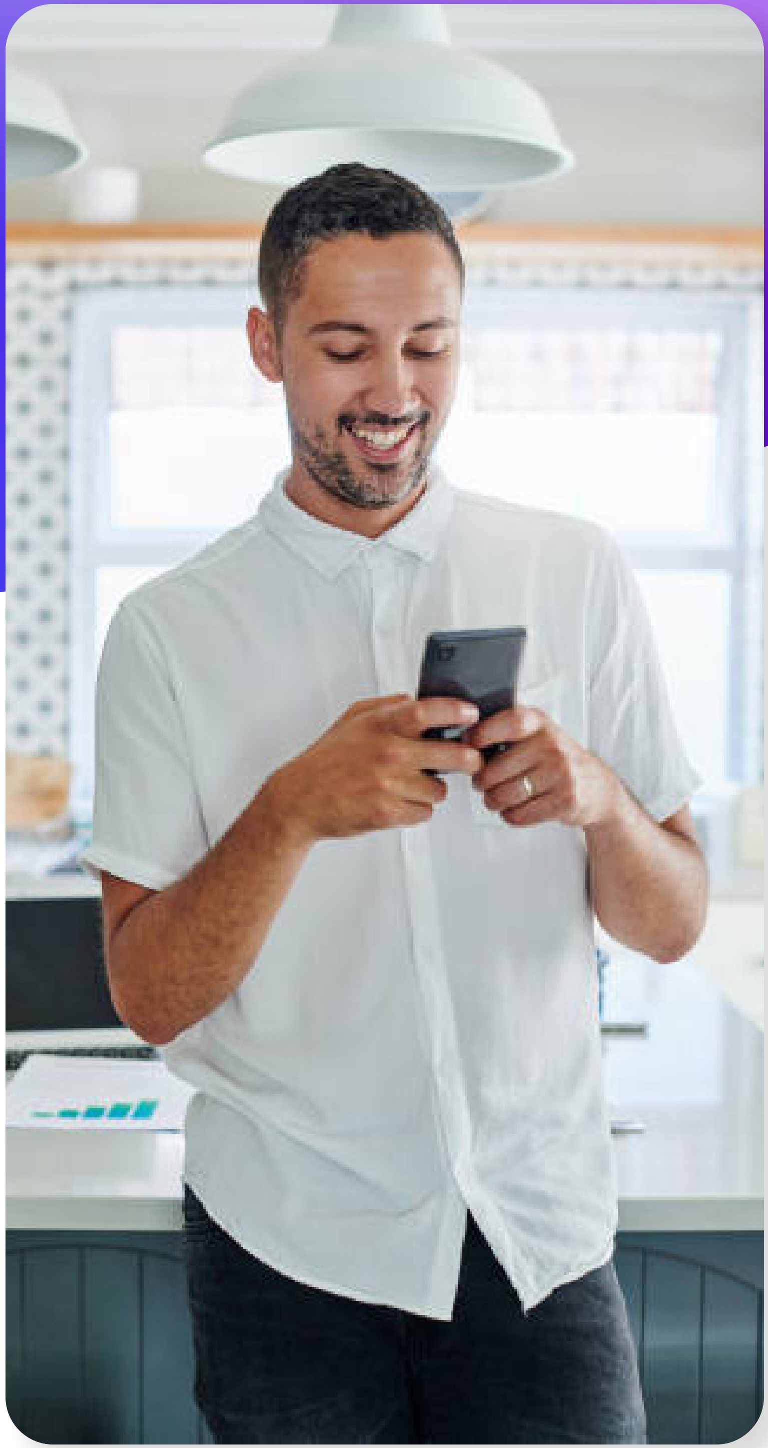
1. Too many steps/points of failure that create customer attrition
2. Too much lag/time between account sign up and full activation
3. Targeting the wrong customer and failing to deliver value
4. Failing to engage dormant customers who still hold potential value

### Every interaction is an opportunity to generate more customer value and boost customer lifetime value. To maximize this, businesses should:

1. Anticipate needs before they happen through a personalized approach: Ensure your self-help tips and tools are highly relevant at every stage of the customer journey.
2. Create positive interactions by making the first move: A data-based approach helps you anticipate customer needs and respond to other issues quickly. These positive interactions reduce churn and accelerate customers through the account and spend cycle. They will also drive brand affinity and referral behavior.
3. Make connections across multiple digital touchpoints: Encourage program engagement by making your app or online program portal the center of all communication. With so many channels for customers to engage with, it's important to provide a consistent experience. This is also why it's critical that data is shared ubiquitously across each channel to enable smooth handoffs.

# Effective Communication Means Engaging the Right Customer at the Right Time

The key to leveraging communication tools—such as email, in-app alerts and text messaging—in ways that optimize customer onboarding and activation rates is having access to UX and customer behavior data.



**Cut through this noise and stay top of mind** (which leads to top of wallet) by using data to inform the right timing to introduce new features/offers, or encourage specific behaviors. Let customer engagement metrics be your guide.

**Motivate customers to engage** with the onboarding process, ensure they get activated and help them explore value-added products and services. Do so thoughtfully, and tailor your approach based on demographic and usage factors, among other considerations.

## Make Your Personalization Strategy Come to Life

1. **Personalize at the first possible opportunity:** Segmentation is your best friend. Segment emails by customer demographics, behavior and stage of activation or onboarding. Use language and images that show your customer you understand them.
2. **Minimize friction:** Your UI starts here. Be short and concise. Link directly to the action you're hoping to drive and avoid having multiple logins that cause frustration–which can eventually lead to churn.
3. **Maintain trust by staying on brand:** Your customers expect it. Keep a consistent look and use the same language across all touchpoints, including online, in-app, chat or over the phone. Brand inconsistency leads to customer mistrust and lower activation rates.

# Staying Ahead of the Activation Challenge:

## Keeping Customers Engaged in Your Spending Loop

So you've made it through the activation challenge. You've gone through the investment to onboard the customer and get them connected to their account. You've made it easier for them to spend early and often, and you've given them value-added products to responsibly extend their buying power.

Now you've got your marketing plans in place—what's next? Rinse and repeat: keep guiding your active and engaged customers through the Customer Spending Loop.

**If you find your activation rates dipping, revisit Stages 1-3 of the Activation Challenge and see what steps you might be overlooking. As consumer demand evolves and innovation continues, it's important to stay close to your customers' needs and evolve with them. This may include a pivot to how you position features or which ones you prioritize, or it may involve introducing new features.**

Another key factor in crafting your activation strategy is having access to the right type of customer data in real-time. Allowing UX and account behavior metrics to guide the customer activation journey is the best tool to ensure your card program KPIs are being achieved, and that they are balanced against a sustainable path to achieving ROI.

**Successfully navigating through the activation challenge comes down to establishing repeatable digital-first processes that minimize friction and maximize value between account creation, activation, funding, and ongoing spending. The end results? Higher average revenue per user that leads to greater customer lifetime value, and a formula to create short- and long-term growth potential for your bottom line.**

**Are you ready to deploy your accounts and cardholders into the Customer Spending Loop?**

Connect with the Galileo team today to learn how you can get on the fast-track to getting your customers activated and engaged deeper into your ecosystem.