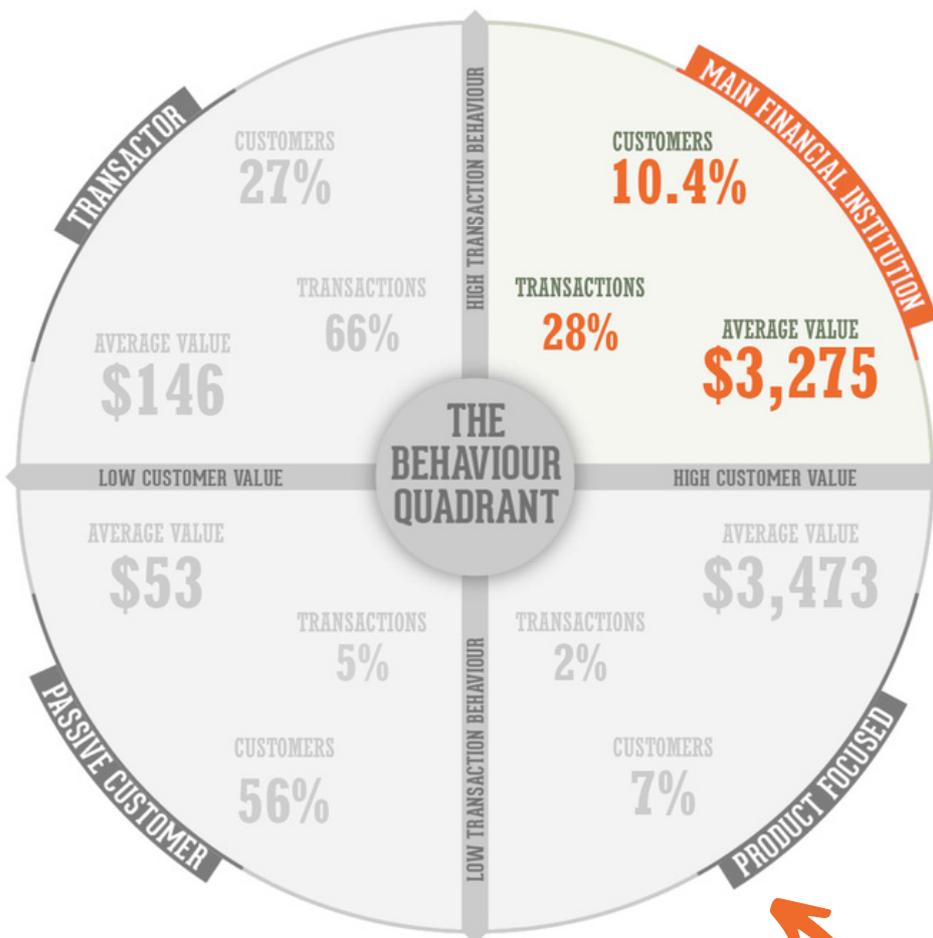


# Main Financial Institution

In this month's Insight, we take a closer look at Customers within the Main Financial Institution quadrant. More often referred to as 'MFI Customers' or 'MFIs', they represent approximately 10.4% of customers in mutual banking and are responsible for 49.7% of Value<sup>^</sup>.

Our report is based on the analysis of the value, product, and transactional behaviour of MFI Customers over the period of 12 months, from March 2020 to March 2021.



They regularly transact, are more receptive to offers and generate a **high proportion of value** for their bank.

The Behaviour Quadrant metric is a segmentation model for financial services that combines Customer Value with Customer transaction behaviour.

<sup>^</sup> Value refers to the annual revenue contribution a customer generates. It is based on net interest income and customer originating non-interest income.

## GENERAL OBSERVATIONS

### Quadrant Movement (Mar '20 – Mar '21)

78% of MFI's remained in the MFI segment.

1% left their Mutual Bank.

21% moved into another segment.

9% of Product Focused and 5% of Transactors transitioned to the MFI quadrant.

### MFI Transactions & Channels<sup>#</sup>

They make an average of 51 transactions across 3.2 channels each month.

85% use their debit or credit card each month.

This drops to 40% usage for non-MFI customers.

82% use digital channels each month, this drops to 44% usage for non-MFI customers.

### MFI Value & New Customers

MFI's have an average annual value of \$3,275 - a 5.9% increase from March 2020.

5.14% of new customers acquired during the analysis period are classified as MFI.

### Focus on Communication



MFI customers receive regular communications across multiple channels which includes operational, marketing and general information (i.e. newsletters). By comparison, the remaining segments receive less operational and marketing communications.

"As the race for the customer intensifies, front-runners will be those who demonstrate an understanding of the customer's specific circumstances to consistently deliver a personalised experience"  
- KPMG 2019

<sup>#</sup> **Channels** – Transaction channels include: Branch, Internet banking, Mobile banking, Card, Direct-entry or Phone banking

# OPPORTUNITIES TO ENGAGE, RETAIN AND SATISFY

*MFI customers as identified in Spark's Behaviour Quadrant are the most valuable and sticky segment of customers within retail banking. To ensure they remain MFI, consider the following actions.*

## **Stay connected with your customers:**

Implement set-&-forget marketing automation campaigns, such as milestone and nurture messaging, and satisfaction surveys.

Regularly distribute adhoc and seasonal comms, including newsletters and relevant product awareness comms.

## **Make it relevant:**

Utilise the myriad of customer profile characteristics to further personalise and tailor your communication templates.

## **Empower and inform frontline staff:**

Encourage the use of Customer View to provide a complete picture of comms between the organisation and customer. Integrate your Spark Platform Service with your organisation's CRM via our newly released APIs.

## **New customers:**

Implement Spark's Journey Map for New Customers. It works and is delivering results!



Our analysis is data driven. We acknowledge there are external factors that influence customer engagement. Data however, can often disclose a behaviour or opportunity to act.