

LARKY

Push Notification Best Practices and Data

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Introduction

In today's ever-growing world of digital communications, cutting through the noise is becoming more difficult. For financial institutions, engaging with their account holders via digital means is more important than ever. According to S&P Global Market Intelligence, there were 2,126 bank branches that were shuttered across the US in 2020. That was a record until 2021, when even more branches — 2,927 to be exact — closed. The COVID-19 pandemic certainly accelerated that trend, but the fact is, more people are expecting to perform complex financial transactions online that might otherwise have required a trip to the local branch. FI's must be able to communicate with their account holders on the platforms they prefer – which these days, is mobile.

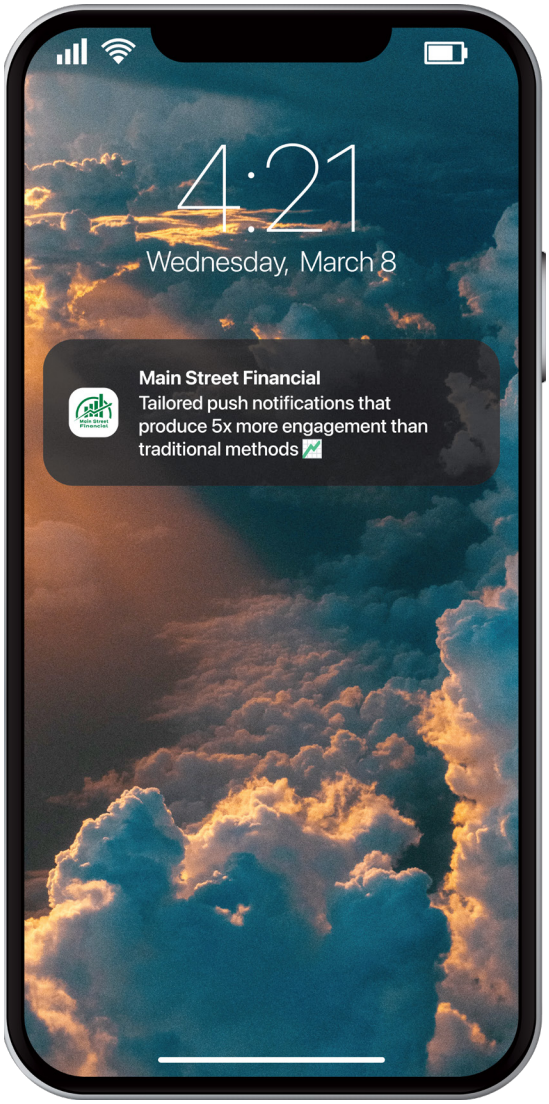
In this white paper, we'll explain why push notifications are critical in today's financial marketing strategy, the difference between a push notification and an SMS text, critical statistics regarding tap rates and impressions of push notifications vs other marketing methods, and best practices and examples of great push notification messaging. At the end, you'll have a better understanding of what push notifications are, why they're important, and how your financial institution can use them to drive higher account holder engagement than any other communication channel.



Why Push Notifications

Email may be one of the easiest marketing tools to use, but it's not a failsafe channel. There are security concerns that your account could be compromised to send phishing or spam messages to all your contacts. Even well-written, "safe" emails are subject to the mercy of the modern email filter, which could mean that message you carefully crafted could be forever unread.

According to one study, Americans check their phones on average every four minutes, and spend nearly three hours a day on their phones. Mobile communications therefore are a prime channel to reach your account holders. Enter push notifications.



Push notifications are powerful because they're proactive, keeping you top of mind when your account holders may not be thinking about you. They're also more trustworthy because they're coming from an app they know and trust: their financial institution's mobile banking app. That means you have a real chance to influence and encourage your account holders in every stage of their financial journey. That's pretty powerful, no?

Push Notifications vs SMS Texts

Are push notifications the same as texts you receive from your family or friends — and increasingly — businesses? No. While they are both avenues for mobile-based communication, they are very different. Here are a few tips to help you distinguish between the two:



Push Notifications

- Come from the apps you install on your device; safer than SMS.
- Do not require a phone carrier, only an internet connection.
- Only delivered if the recipient has given permission as part of the application's preliminary initialization process.
- Can lead users to a specific web page or use deep linking to have them interact within the app itself.
- One-way communication: People may interact with them by tapping on a link or opening the app, but they cannot reply.



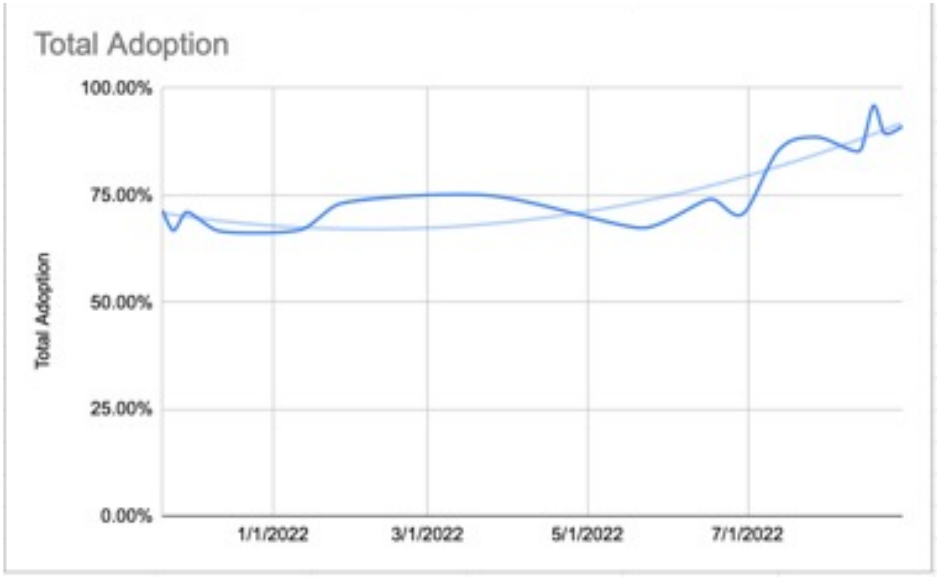
SMS (Short Messaging Service)

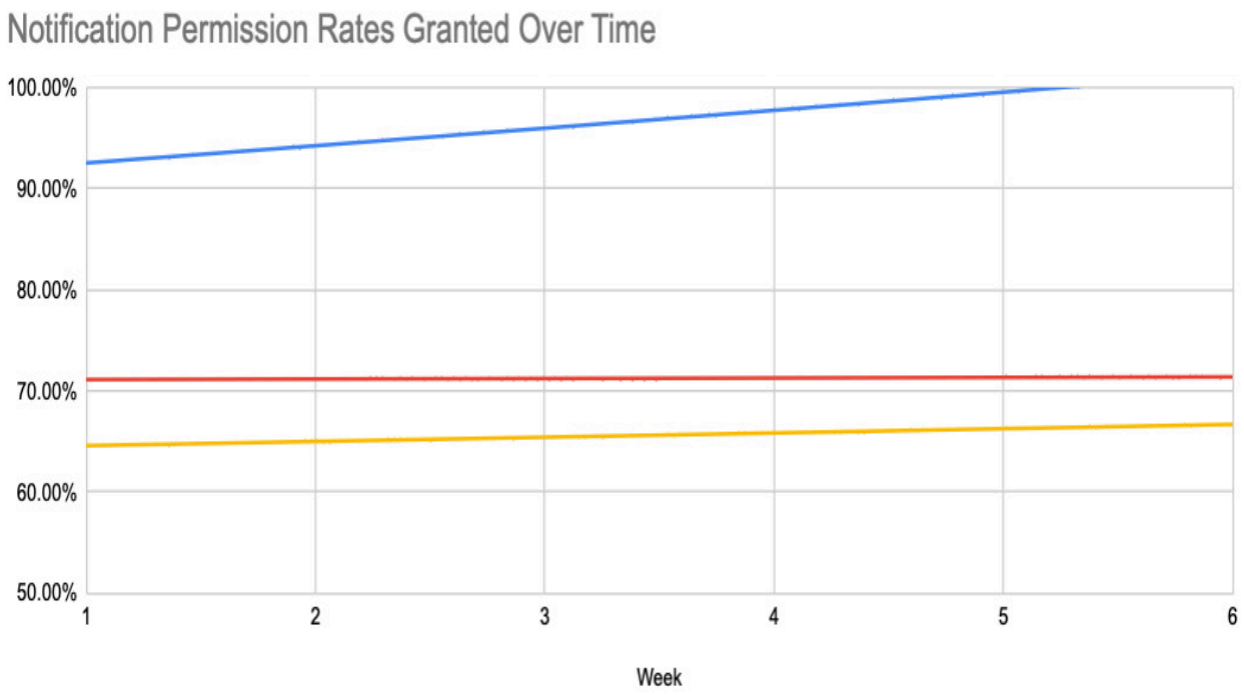
- Messaging that's delivered through your phone carrier, such as Verizon or AT&T.
- May incurr messaging charges.
- Requires a phone number in order to be delivered.
- Can easily be spoofed and often used for phishing.
- Must include URL if they want the user to interact with them.
- Two-way communication: People can respond to a text.

Push Notification Statistics and Data

Account holders are used to receiving notifications from their financial institutions when a deposit hits their account or they have a low balance alert. These transactional notifications are useful, but we've found that this communications channel has far more potential.

We compiled and analyzed data from our own clients and found that there is high overall adoption by account holders for receiving non-transactional push notifications from their financial institutions. **Overall we see an adoption rate of 85%**, with some financial institutions seeing rates as high as 95% adoption.





In order to maximize early adoption of push as a channel, we've also found that when a pre-rollout campaign aimed at boosting adoption is executed, adoption rates are higher than would be without this campaign. This is demonstrated by the slope of the blue trend line for an FI who executed such a campaign, as opposed to the other two examples. In all cases the trend is positive, but the rate of increased adoption is higher for the FI represented in blue.

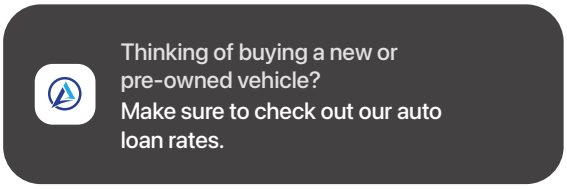
Pre-rollout campaign examples:

- Email
- In-branch messaging (displays in branches)
- ATM and VTM promotional content
- Statement inserts
- Other promotional mailers/postcards

Examples of Engaging Push Notifications

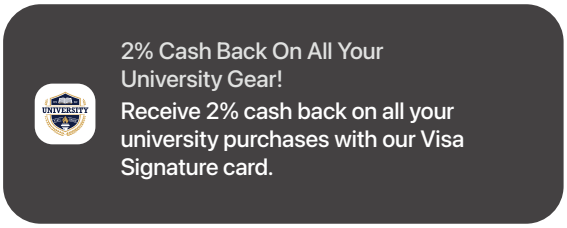
We've talked about what makes a great push notification – now let's show some examples. Push can be used for a variety of use cases, not just transactional alerts, as mentioned previously. The examples you see below came from actual financial institutions (though we have removed their names for their privacy). Examples include community events, product promotions, operational announcements and more.

FI New Product Promotion



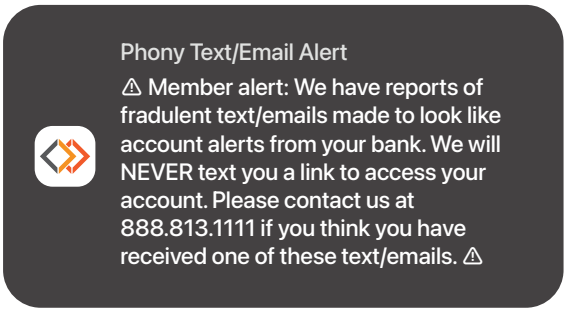
Impressions 13,195 Tapped 1,376 Tap Rate 10.4%

Product Growth



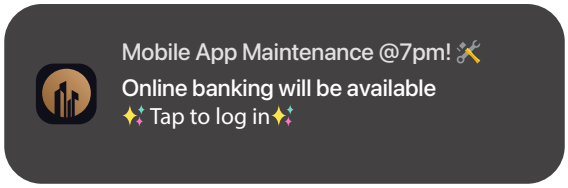
Impressions 209 Tapped 14 Tap Rate 6.7%

Fraud Alerts



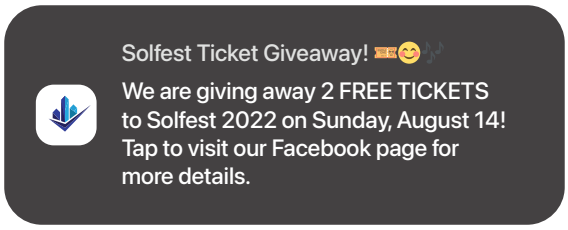
Impressions 4,929 Tapped 834 Tap Rate 17%

FI Operational Announcement



Impressions 2,627 Tapped 146 Tap Rate 5.6%

Community Event Announcement



Impressions 4,604 Tapped 169 Tap Rate 3.7%

Best Practices

Like any marketing channel, mobile push notifications can be overused, so you want to be sure to use them wisely. Many people consider their mobile devices as a gateway to their personal lives, so it's important to personalize your mobile-based communications based on the needs of the people you're reaching – don't assume they interact with your app the same way.

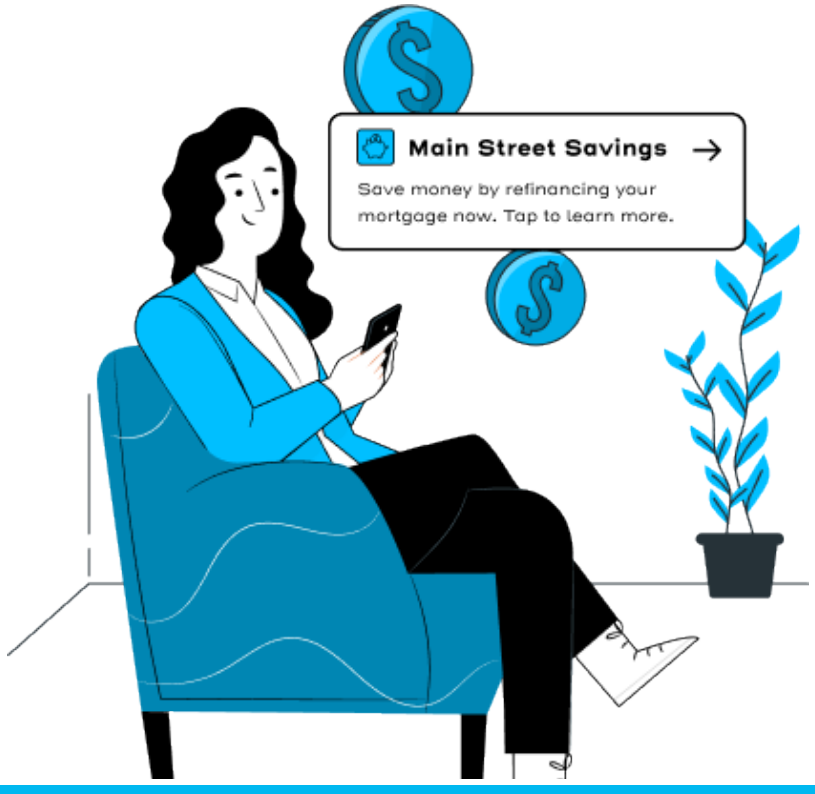
Make sure you also don't overdo it – just because people pick up their phones eight zillion times a day doesn't mean they're eager to hear from you each time they do it. You risk your users opting out of notifications entirely or even uninstalling your app if they've had a bad experience. For Larky users, the platform has built-in controls to keep users from being over-messaged.

Keep it focused

Where are your account holders in their financial journey? Are they just starting out? Or do they have the proverbial house and picket fence and are now focused on saving for retirement? Personalizing your campaigns means tailoring the content to your audience as much as possible. This will also help you focus your message.

Relevant

Similar to what we just discussed above, when people see information that's relevant to them and their circumstances, they're more likely to interact with it. The more you can segment your audience by different demographics (e.g. loans given, location, credit or debit card usage) the more targeted you can make your messages.



Friendly

Unless you're drafting up a formal loan contract that requires stricter language, we recommend you keep your communications conversational and friendly. Finances can be a tough subject for people to grasp – you want your account holders to know that you can take care of them and help them understand exactly what they're getting from you and how it benefits them. If they can't understand it, they won't be interested, and you'll lose them.

Using emojis in messaging

One way to strike that friendly tone is to use emojis. In fact, the financial industry enjoys a more successful engagement rate with emojis in mobile messaging than you might expect. Mobile marketing firm CleverTap recently analyzed nearly 200 million push notifications that included emojis. They found that the business and finance sector saw the largest improvement in click-through rates after adding emojis to their messages – growing from 5.46 percent (already quite strong) to 12.45 percent—an incredible 128 percent increase.

At Larky, we love emojis. They're fun, take up little space (important in messages that have a character limit) and can provide important emotional context to a message that might not otherwise be received. It may be easy to dismiss emojis as only for casual messaging between teenagers, but the most important thing to remember is to listen to your customers and respond to what they like. Try sending emojis in your next message and see what happens!






Conclusion

To be successful in marketing, you must consider all the ways your account holders receive information and process it. That may mean being more proactive and reaching your account holders first rather than waiting for them to see your email or log into your website. Push notifications are a great way to meet your account holders where they are and ensure they see critical information from you that's relevant to them, when it's relevant. This encourages them to engage with you more and perhaps explore additional offerings they may not know about otherwise.

We hope you found this white paper useful and informative! If you have further questions about push notification marketing or are interested in testing it out for yourself, Larky is happy to help answer your questions. Contact us or email us at hello@larky.com.