Banking on change

Why read this?

As the finance industry emerges from a tumultuous time, marketing leaders are presented with a golden opportunity to refocus their efforts with the customer at the core.

There is no doubt the Hayne royal commission has cast a long shadow over the reputation of the Australian financial services sector. The aftermath has already seen an immediate focus on governance with renewed enthusiasm likely to come in the near future. But with crisis comes opportunity, and in this case the road to redemption will be lit by the marketers who hand the map and compass to their customers, and quickly, because the biggest shocks to the sector are just over the horizon.

As Australia embarks on a new era of 'open banking', an industry sector that once seemed immune to disruption will be 'open' for the first time. Customers, untethered and unhappy with their current financial providers, will be up for grabs: yours and everyone else's. When the biggest game in town is the competition to win back the loyalty of disenchanted customers, the winners will be the marketers who are ready, willing and able to step into the fray and make a real difference in their lives.

Change is here and with it is an opportunity for growth. But trust is at an all-time low. And that's where TV can help.

As financial services firms look first to rebuild customer confidence, there's little point using a media channel that brings its own trust issues. TV is Australia's most trusted advertising medium. And that's just the beginning of the story about the benefits TV brings.

In an open banking paradigm, the customer is the battleground – whether that means retaining existing customers or attracting new ones. TV is the proven media platform; TV tells us what's new and what's on offer in any and every category, and financial services is no exception.

Time and time again, research has proved that TV, on any screen, delivers the greatest attention, the greatest sales impact, the greatest memorability and the greatest return on investment (ROI) for the financial services sector.

You can bank on TV.

What is open banking?

Open banking is the practice of sharing a customer's financial information electronically, securely, and only under conditions that customers approve of. Application programming interfaces (APIs) allow third-parties to access financial information efficiently, which promotes the development of new apps and services.

Ideally, open banking should result in a better experience for the customer, providing more options for tracking and managing money, borrowing, and making payments.

01 Sunrise, Seven Network.
02 Australian Ninja Warrior, Nine.
03 Sky News, Foxtel.

If you read one bit, read this

We know you don't always have the luxury of reading the whole manual.
So, if you're short on time, read this.

1. THE PERFECT STORM OF CHANGE
The royal commission has cast a long shadow, eroding trust in brands and causing customers to consider the unimaginable. Switching banks. Despite the grumbling there is also a feeling that because all the banks are the same, switching is not worth the hassle. But now open banking is paving the way for 'neo banks', bringing purpose-built, entirely digital financial services platforms.

After the storm, winning back customers' trust will be first on the agenda. But marketers need to go one step further and set themselves up for the long haul by rebuilding their brands behind financial service offerings with the customer at the centre. (See pages 6 and 8 for more.)

2. MAKING THE TRUST LEAP
A little more than a decade ago it would have been inconceivable to suggest that millions of people would happily stay in the homes of complete strangers, let alone get into their cars, but platforms such as Uber and Airbnb have changed all of that.

Technology has enabled complete service transparency and word-of-mouth endorsement on an unprecedented scale, giving many of us the confidence to take a leap of trust and send our kids off to soccer in a complete stranger's car. What's to stop neo banks from doing the same? (See page 10 for more.)

3. PARTNER THROUGH KEY LIFE EVENTS
Almost one in four people have a significant life event in any given year, whether that is a new job, moving to a new house, retiring or getting hitched.

These big life events are natural triggers for bank switching, and when they do occur, we know where your customers go for information on financial services. ThinkTV's *Future of Banking* research showed TV plays a critical role, second only to the owned assets of financial institutions and online comparison websites. (See page 14 for more.)

01 Nine News Melbourne, Nine.
02 Australian Survivor, Network 10.
03 My Kitchen Rules, Seven Network.

4. TRUST BY ASSOCIATION
Following the royal commission, 50% of consumers now have less trust in banks. When it comes to rebuilding trust, you can't hitch your wagon to a media channel that brings along its own trust issues.

Brands, more than ever, must choose a medium that can provide them with a trust halo. According to the ThinkTV *AdNation* study, television is by far the most trusted medium, with 40% of Australians saying it is a source of advertising they trust. In case you're wondering, the next highest medium is newspapers at 15%. (See page 12 for more.)

5. TUNE UP YOUR ROI WITH TV
Professor Byron Sharpe argues that mass media is critical for marketing success. ThinkTV commissioned leading independent research consultancy Ebiquity to find out whether all mass media is equally up to the task. Their *Payback Australia* study found that, within the finance sector specifically, the ROI of TV is almost five times greater than the next best medium.

The study also found that despite an ROI of 40c for every $1 spent, the finance sector is allocating more than 25% of media budgets to online display. Ebiquity found that growth in this sector could be increased by an average of 20% if the current TV allocation of media budgets was increased from 33% to 60%. (See page 16 for more.)

6. BE SEEN TO BE BELIEVED
It is a truth universally acknowledged that when brands need to capture the hearts and minds of disgruntled customers our thoughts turn to big, bold, emotional ads. But is there more to the story? ThinkTV's *Benchmark Series* found a low-emotion ad on a highly visible platform will outperform an emotional ad that is less visible.

The research found that ads have twice the impact when viewed on TV compared with social video. This impact compounds over time: ads viewed on Facebook decay 2.5 times faster than ads seen on TV, and ads on YouTube decay three times faster. TV is more visible, generates greater active attention and enables brands to be remembered longer. (See page 18 for more.)

A tale of customers loyal, laggard and lost

For many Aussies, our relationship with banking began at school. Pocket money turned to wages and that school banking account eventually became a mortgage, but despite all those changes one thing remained, and that was the bank.

On the face of it, Aussies are a loyal bunch but dig a little deeper and you'll find a deep-seated dissatisfaction with financial institutions. Some might even go so far as to call them disgruntled. ThinkTV's *Future of Banking* research found that one-third of consumers are less loyal to their bank than they were 12 months ago. Listen in on any backyard yarn or read comments online and you will find a steady grumble of criticism aimed at financial organisations.

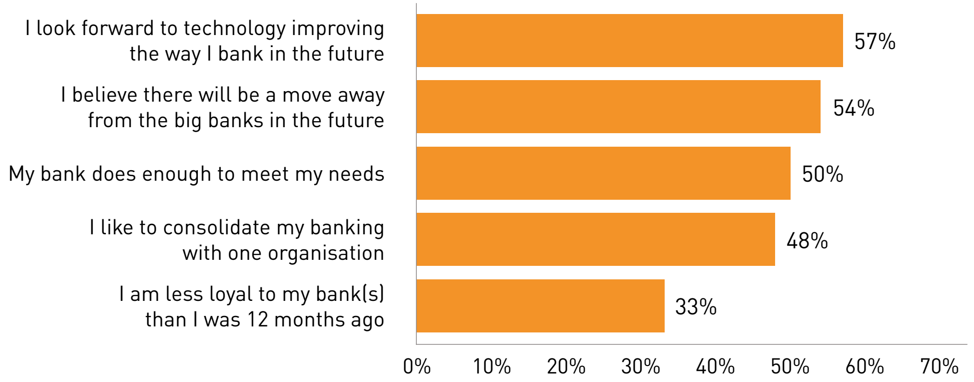
And while bagging the banks is virtually a national pastime, don't be fooled; ThinkTV's *Future of Banking* research found only 27% of people are likely to change banks in a post-royal commission world. So how can Australians be so deeply disgruntled and yet still loyal? It's a tension that is difficult to reconcile. Or is it?

Perhaps it all comes down to simple inertia, driven by the perceived complexity that comes with switching, changing or even updating existing financial relationships. Or maybe it's just a matter of time, with ThinkTV's *Future of Banking* research finding that 54% of Aussies believe there will be a move away from the big banks in the future. In fact, 50% say they are now more likely to look to smaller, independent banks.

01 Shark Tank, Network 10.
02 Patrick Melrose, Foxtel.
03 Lego Masters, Nine.

WHAT AUSSIES SAY ABOUT BANKING

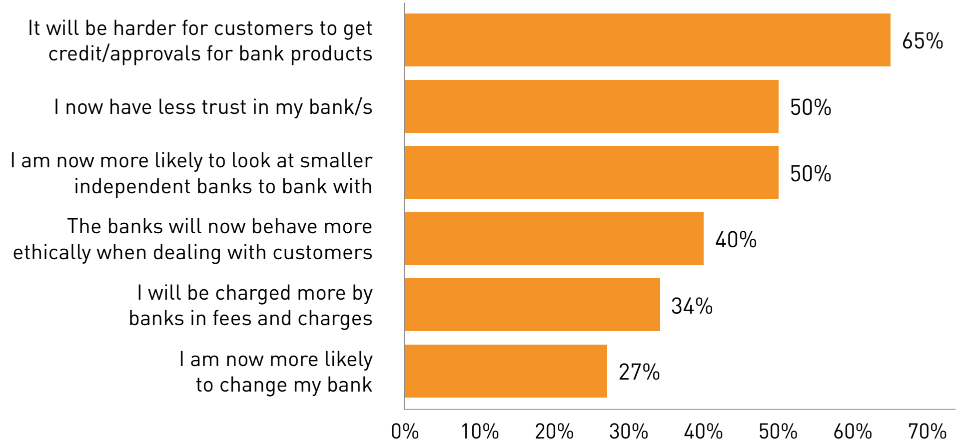
Statements made about banks and the banking industry in general.



Source: ThinkTV *Future of Banking* research, June 2019.

THE LIKELY EFFECTS FROM THE ROYAL COMMISSION

Below are statements made by people who believe that the banking royal commission will have an effect on them, the banks and/or the industry as a whole.



Source: ThinkTV *Future of Banking* research, June 2019.

A brave neo world of open banking

Thanks to the rise of disrupters such as digital-only neo banks, open banking has the power to turn the entire financial services industry on its head.

ThinkTV's *Future of Banking* research found that customers, while still disgruntled, do trust banks to keep their money safe. This is a big driver of loyalty, especially in combination with the perceived complexity of setting up linked accounts, direct debits and tax file numbers. It's frankly a giant pain in the neck to shift, and if your hard-earned money is safe, then why bother?

While the public image of Australia's biggest and oldest banks has taken a battering in the banking royal commission, many customers feel they have no other alternative but to use them. Coupled with the rise of financial disrupters such as digital-only neo banks, open banking has the power to change all that.

Open banking will allow customers to port credit and debit card, deposit and transaction account data between banks. What that means is that open banking opens the door to change for many of the people who put changing banks in the 'too hard' basket.

Neo banks are poised and ready to enter the market, offering customers more choice than ever before. The digital-only banks can be expected to offer a wide range of innovative banking services, delivered entirely through their apps.

With 57% of Aussies looking forward to tech advancements in the banking sector, the stage is set. The lure of tech-savvy solutions is going to be particularly strong for millennials and gen Z who are already confident making a trust leap.

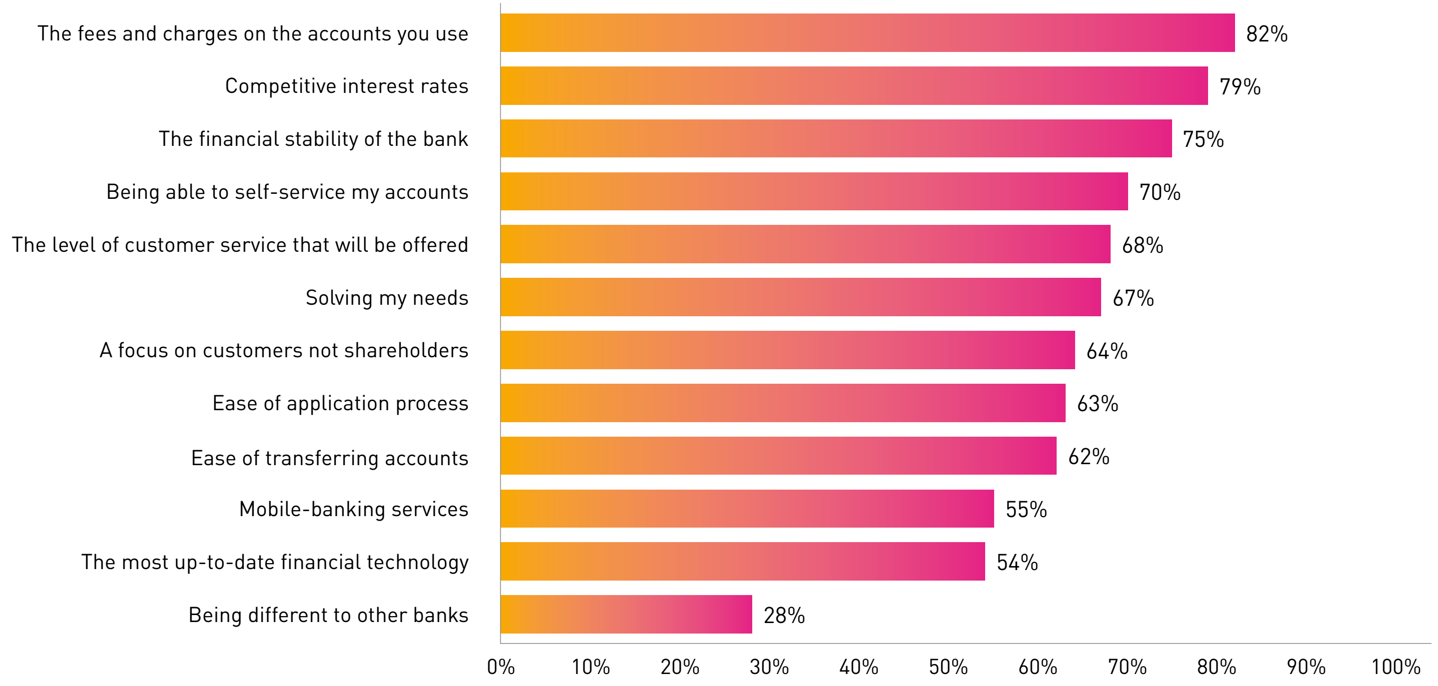
What is a neo bank?

Neo banks operate entirely digitally, with no branches or physical infrastructure.

Neo banks are not reliant on any of the operating systems of the big banks; instead, using bespoke technology designed to provide banking services in a convenient, customer-centric, user-friendly manner.

THE MOST IMPORTANT CONSIDERATIONS WHEN CHANGING BANKS

Below are bank attributes that are mentioned by people who are assessing a new bank or banking product.



Source: ThinkTV *Future of Banking* research, June 2019.

Technology enables the 'trust leap'

Technology that enables social interaction at scale has changed the nature of trust. Instead of engendering trust from the top-down, trust is now built from the bottom-up, through word-of-mouth endorsement at scale.

01

As digital banking newcomers gain awareness, there's a danger that more and more customers will make the trust leap away from their traditional financial service providers.

What is a trust leap? It's a little bit like a leap of faith, but the trust leap is not blind, it is powered by the confidence engendered by the digital endorsements of millions of satisfied customers via recommendation platforms.

01 Tour Down Under, Seven Network.

A little more than a decade ago it would have been inconceivable to suggest that millions of people would happily stay in the homes of complete strangers, let alone get into their cars, but platforms such as Uber and Airbnb have changed all of that.

Technology has enabled complete service transparency and word-of-mouth endorsement at scale, giving many of us the confidence to take a leap of trust and send our kids off to soccer in a complete stranger's car. What's to stop neo banks from doing the same?

24 h

Reaching consumers

88% of people have watched TV in the last 24 hours.

Source: ThinkTV *Future of Banking* research, June 2019.

"Reputation of banking today is just above that of the tobacco industry, so these brands can't be complacent. The old rules gave you 10 years to repair broken trust but now, given consumers are increasingly willing to take a trust leap to new platforms, you have to sprint or you open the door to the disruptors.

Brands need to use channels consumers trust, and TV still has that halo effect of credibility."

Chris Savage
Business Growth Specialist, The Savage Company

NOW IS THE TIME FOR BANKS TO ENGAGE

Consumers are interested

67% have an interest in banking/finance (31% very interested)

Consumers are watching

50% have an eye on the banks

Champion the conversation

21% of consumers stay connected with their bank via advertising

one-third say they notice ads from their bank more than other banks

Source: ThinkTV *Future of Banking* research, June 2019.

The need to rebuild trust, and fast

With 50% of consumers saying they now have less trust in banks following the royal commission, the trust leap could be more stumble than purposeful stride unless corrective measures are taken.

Re-establishing trust is the first step for financial institutions who want to win new customers or even simply hold onto existing ones. But it doesn't happen overnight. In fact, rebuilding trust used to take brands 10 years or even more; but today, the world turns a whole lot faster.

Brand reputation expert Chris Savage suggests that marketers take a two-pronged approach to reputation repair. The first step is to demonstrate that your brand is reacting swiftly to address the issues at hand, and at the same time acting carefully and consistently to build a strong, customer-centric brand for the long term.

When it comes to rebuilding trust, you can't hitch your wagon to a media channel that brings along its own trust issues. Brands, more than ever, must choose a medium that can provide them with a trust halo.

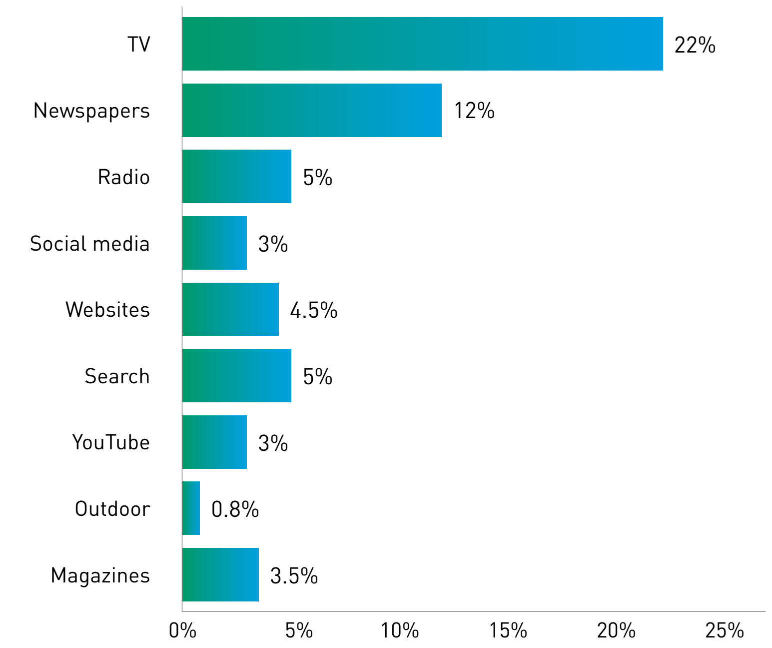
According to ThinkTV's *AdNation* study, TV is by far the most trusted medium, with 40% of Aussies saying it is a source of advertising they trust. In case you're wondering, the next highest medium is newspapers at 15%.

> "Rebuilding trust once broken requires you take a long term view of your brand and its customer experience, coupled with swift, short-term and urgent action for brands to communicate they understand what went wrong and that they are taking real action."
>
> ***Chris Savage***
> *Business Growth Specialist,*
> *The Savage Company*

01 Love It or List It, Foxtel.
02 The Block, Nine.

AUSTRALIANS TRUST TV ADVERTISING THE MOST

In which, if any, of the following places are you most likely to find advertising that you trust?



Source: ThinkTV *AdNation* research, 2017.

Putting the customer at the core... and for the long haul

In this new world, financial services brands need to be rebuilt with the ever-changing needs of the customer at heart, creating a brand that is there for customers in the moments that matter.

It's fair to say that the days of customers liking it or lumping it are well and truly past. As scores of industries are disrupted by small, nimble players that strive to put the customer first, it's time for financial institutions to do the same.

ThinkTV's *Future of Banking* research demonstrates that half of Australians believe their bank does enough to meet their needs, a pain point that is well on the way to becoming a tipping point in the brave, new world of open banking. To survive and thrive financial institutions will need to increase their focus on customers and their changing needs.

Open banking will enable easier switching between banks, so it makes sense that successful brands will be those that truly understand the needs of the customer. This means easing the transition through those key life events that so often trigger a change to their financial services.

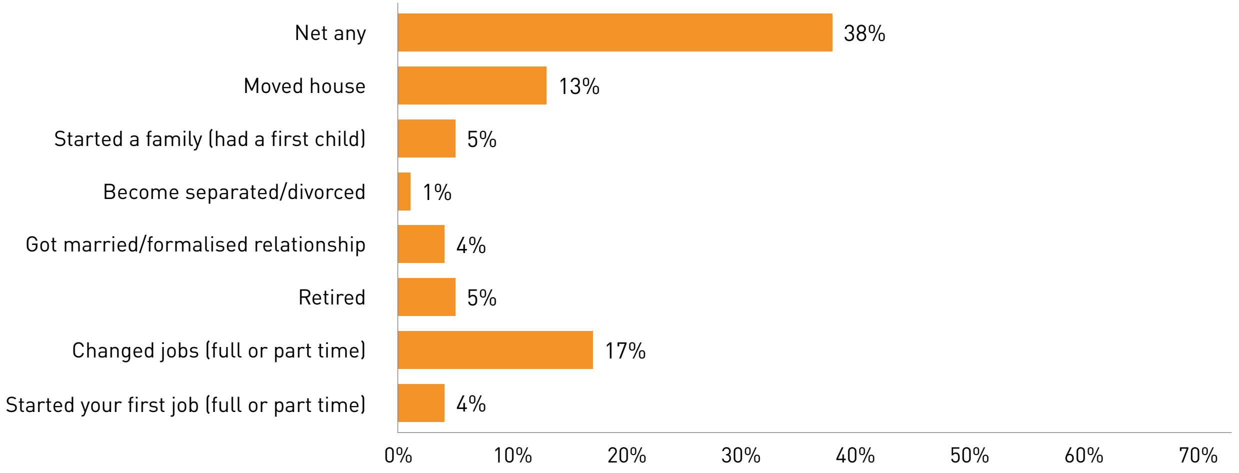
Almost one in four people have a significant life event in any given year, whether that is a new job, moving to a new house, retiring or starting a new relationship. These events are natural triggers for bank switching and it can be difficult for marketers to predict when these events will occur.

But when these common triggers do occur, we know where customers go for trusted information on financial services. ThinkTV's *Future of Banking* research showed TV plays a critical role, second only to the owned assets of financial institutions and online comparison websites, in providing this information.

01 Have You Been Paying Attention?, Network 10.

KEY CUSTOMER TRIGGERS FOR SWITCHING

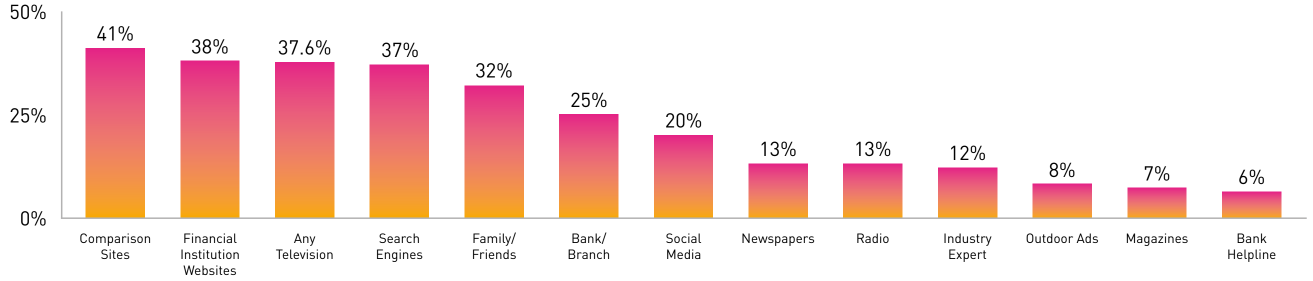
Life moments become triggers and opportunities for bank switching – 38% of consumers have, or plan to, experience a life event in a 12 month period. Changing jobs is the most frequent trigger.



Source: ThinkTV *Future of Banking* research, June 2019.

WHERE CUSTOMERS LOOK FOR INFORMATION

What information sources* have you seen or accessed that influence your credit/debit card purchase/potential purchase (in the different) phases of the purchase journey you have been through?



*On average 3.1 information sources were used at the 'awareness phase'.
Source: ThinkTV *Future of Banking* research, June 2019.

Everyone cares about return on investment

A simple readjustment of media investment to TV can generate a higher return, without spending an extra cent.

Acclaimed marketing scientist Professor Byron Sharpe has shown that brands need to reach the entire market in order to grow. Sharp argues that focusing on loyal customers won't grow brands, and that mass media is critical for marketing success.

To find out whether all mass-reaching channels could be relied on to deliver growth equally, ThinkTV commissioned a $1 million study by leading independent marketing analytics firm Ebiquity. TV was found to be the most efficient media channel when indexed across key participants from four of the economy's biggest sectors: fast-moving consumer goods (FMCG), automotive, finance and ecommerce.

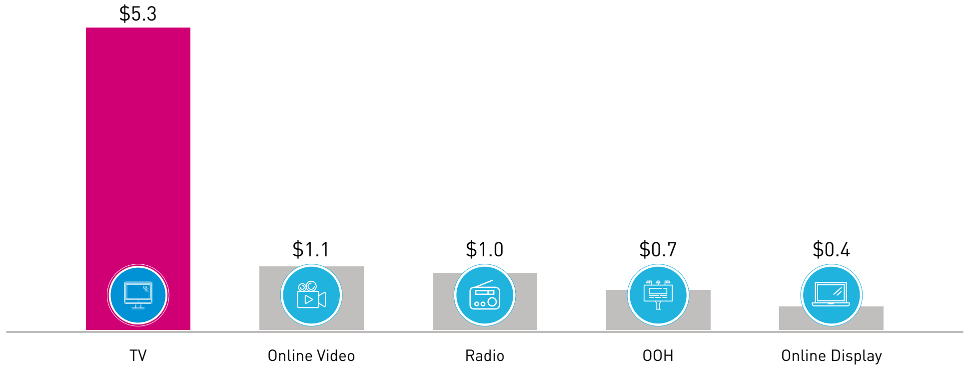
If we look specifically at the results for the finance sector, the *Payback Australia* study found TV's ROI to be almost five times greater than the next best medium.

The study also found that finance brands are over-investing in digital display advertising. Despite delivering an ROI of just 40c for every $1 spent, the finance sector is allocating more than 25% of media budgets to online display.

The results lead marketers to ask a critical question: what is the best mix of media to maximise overall business growth? Ebiquity used existing models to determine the ideal media mix that would allow advertisers to achieve extra growth without spending an extra cent.

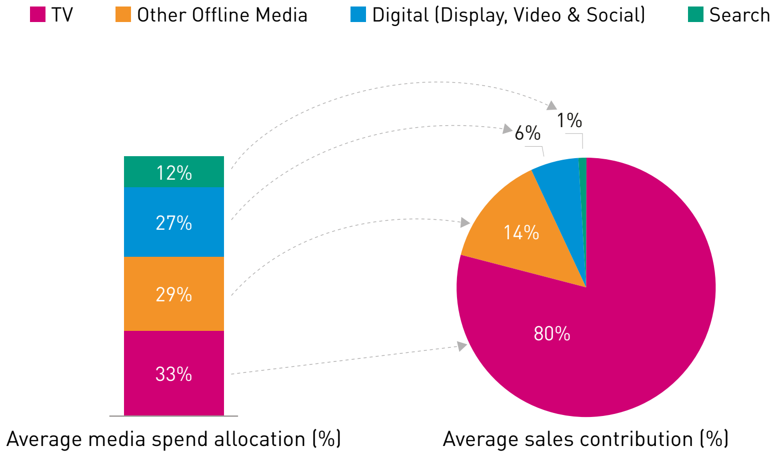
Ebiquity's modelling found that in the finance sector growth would be optimal if the current TV allocation of media budgets was increased from 33% to 60%. The study found that an additional $1.1billion in revenue, representing an average growth of 20%, would be possible if all advertisers within the four sectors increased their TV allocations in line with the recommendations. Ka-ching!

FINANCE SECTOR PLATFORM ROI



Source: Ebiquity, *Payback Australia* research, 2018.

TV OUTPERFORMS, DIGITAL UNDERPERFORMS



Source: Ebiquity, *Payback Australia* research, 2018.

Brands must be seen to be believed

If you're looking for an effective video advertising option, TV is the clear winner whether it's viewed on the big screen in the living room or the little screen in your hand.

When brands need to capture the hearts and minds of disengaged and disenchanted customers, thoughts naturally turn to big, bold, emotional ads.

There is no doubt that great creative generates an emotional response, but the *Benchmark Series* found that isn't all that matters. A low-emotion ad will gain more attention on a highly visible platform and will outperform an emotional ad that can barely be seen.

An ad that takes up 100% of a screen's real estate is always going to be more effective than a video you scroll past or see out the corner of your eye. And ThinkTV's *Benchmark Series* research proves that ads that fill the screen entirely generate twice the sales impact of ads that only cover half of it.

Good media is more visible, generates greater active attention and enables brands to be remembered longer. The *Benchmark Series* research found that the drop-off rate of those memories, known as decay, varies greatly by platform.

It turns out that video ads viewed on Facebook decay 2.5 times faster than ads seen on TV, and ads on YouTube decay three times faster.

And if you're looking to extend the reach of your TV campaign using online video, the *Benchmark Series* proved TV also offers the best second-screen platform through broadcaster video on demand (BVOD).

ThinkTV's *Benchmark Series* found that the combination of TV and BVOD generates twice the sales impact of TV paired with social video such as Facebook and YouTube.

Trust TV to help build a strong and vital future for your business.

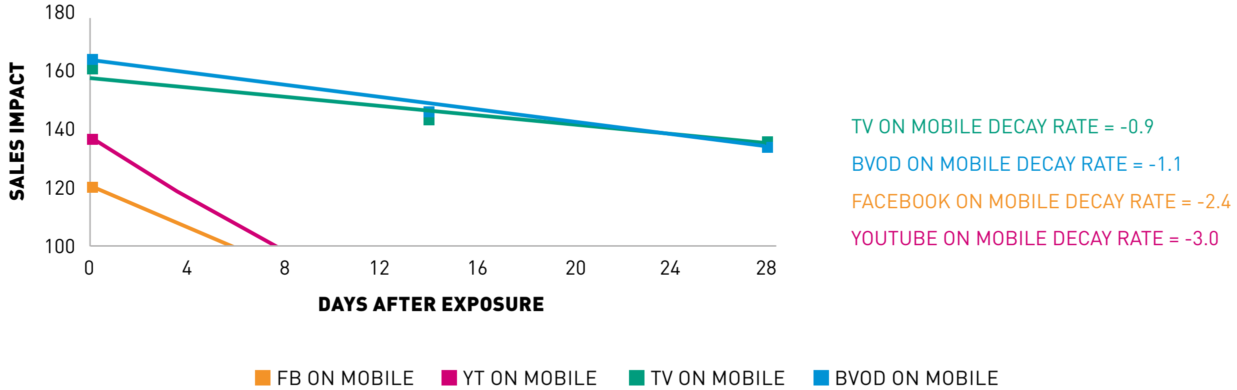
TV/BVOD GENERATES THE STRONGEST SALES IMPACT

Small screens deliver more sales for all platforms, including TV. TV's lowest impact device (TV on a TV 144) still outperforms the best of online video (YouTube on mobile 137).

TV	144	153	161
FACEBOOK	-	118	121
YOUTUBE	-	116	137

Source: ThinkTV *Benchmark Series* research, 2017.

DECAY BY PLATFORM



Source: ThinkTV *Benchmark Series* research, 2018.

The research

ThinkTV partners with some of Australia's most trusted audit firms and leading academics to undertake research that you can rely on. The research referenced in this booklet confirms what we all suspected. Nothing matches the effectiveness of TV.


01


02

FUTURE OF BANKING
ThinkTV commissioned Hoop Group to conduct a deep dive on the state of the financial services industry in Australia. Hoop Group conducted a survey with 1003 Australians from across the country aged 18 to 74 years in June 2019.

THE BENCHMARK SERIES
The *Benchmark Series* is an extensive multi-tranche research piece led by Professor Karen Nelson-Field exploring how TV stacks up compared to social video platforms such as YouTube and Facebook. Key findings from the study include the fact that TV advertising, for any category, on any screen, garners significantly more attention than social video, having the greatest impact on sales results and staying in people's memories longer.

PAYBACK AUSTRALIA
Payback Australia is Australia's largest econometric modelling exercise into media effectiveness. Conducted by independent marketing analytics firm Ebiquity, its goal was to determine the most efficient media marketing channel for four sectors, including finance. TV was found to return $5.30 for every $1 spent marketing financial services. Despite having only 33% of media allocation, it delivered 80% of sales contributable to media spend.

ADNATION
In 2017, ThinkTV set out to identify the differences and similarities in the way everyday Aussies and marketing industry professionals consume and think about media. The results were pretty striking with the *AdNation* study concluding that TV is hands-down the platform consumers most trust in the advertising they see.

01 Andrew Denton's Interview, Seven Network.
02 War of the Worlds, Foxtel.
03 The Project, Network 10.

Talk to us


03

Hopefully you are filled with facts and inspiration and ready to charge headlong into the challenges and opportunities that lie ahead. The ThinkTV website is a treasure trove of research reports and case studies, and on it you will find the full reports of all the research mentioned here. We're always happy to come along and talk to your marketing or agency teams. After all, ThinkTV is here to help you get the best out of today's multi-platform TV, so please don't hesitate to call us on 02 8016 9360 or email us on **contact@thinktv.com.au** and please do visit our website at **thinktv.com.au**.

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