

Building primary banking relationships through digital engagement

Blend engaged [Nazare Advisors](#) to provide industry insights for this ebook. Nazare Advisors provides strategic advice for financial services and technology companies to meet the demands of 21st-century consumers and businesses. They provide valuable insights that support underserved markets with technological discontinuity and help build new capabilities to address real market challenges.

There's no denying the importance of primary customers to banks. But relationship dynamics are changing, and these customers are becoming more coveted — and harder to keep. The commonly accepted definition of a primary relationship doesn't always align with how customers think about financial institutions.

With the rise of digital, consumers are more aware of their options than ever before, and weighing the benefits of these options is simple. There's an opportunity to get back to the traditional idea of a primary relationship, but it requires adapting to customers' needs.

We believe that banks that shift how they view and serve their primary customers can hold on to them — especially when underpinned by a concrete understanding of the nuances of digital engagement. We've outlined a four-pronged strategy to cultivate and secure lasting relationships with the potential primary customers of today. Dive in to understand these four crucial pillars and how Blend's platform can help.

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Section 01

Threats to the primary relationship

The primary relationship, defined

For years, the industry has defined the primary customer as someone who holds multiple products with a bank. Their low-cost, long-term deposits provide an advantage that cannot be matched by other funding sources. Primary customers also provide 5-10x higher fee revenue and due to their greater tenure, higher deposit balances, and use of more products, generally offer a better risk-adjusted yield on credit.¹ Because of the existing relationship they hold with their bank, they have 4-5x lower attrition rates than non-primary customers and tend to be less price-sensitive when looking to sign on for more products.² It's safe to say the returns from these customers are key to banks' success.

A primary customer...



Supplies low-cost, long-term deposits

Yields transaction fees

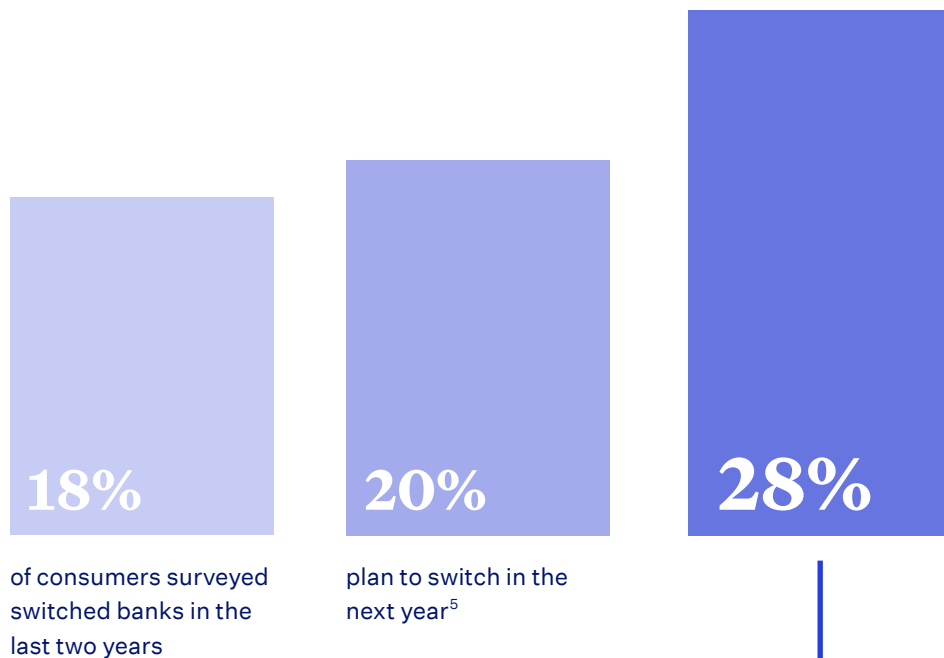
Provides a better risk-adjusted yield on credit

Is less price-sensitive

Is less likely to switch banks than a non-primary customer

Primary relationship, interrupted

Historically, there has been inertia with primary bank relationships. Incidences of switching primary banks have typically been low,³ with customers usually leaving due to poor service, unmet expectations, and changes in life circumstances.⁴ While these factors still remain key causes of primary bank switching, the landscape is becoming more complicated. The primary relationship is at risk now more than ever before, with a rising share of consumers switching banks in 2021.



These numbers increase for millennials, with 28% either very likely, likely, or somewhat likely to switch from their primary bank, indicating a trend toward potentially decreased loyalty in the future.⁶

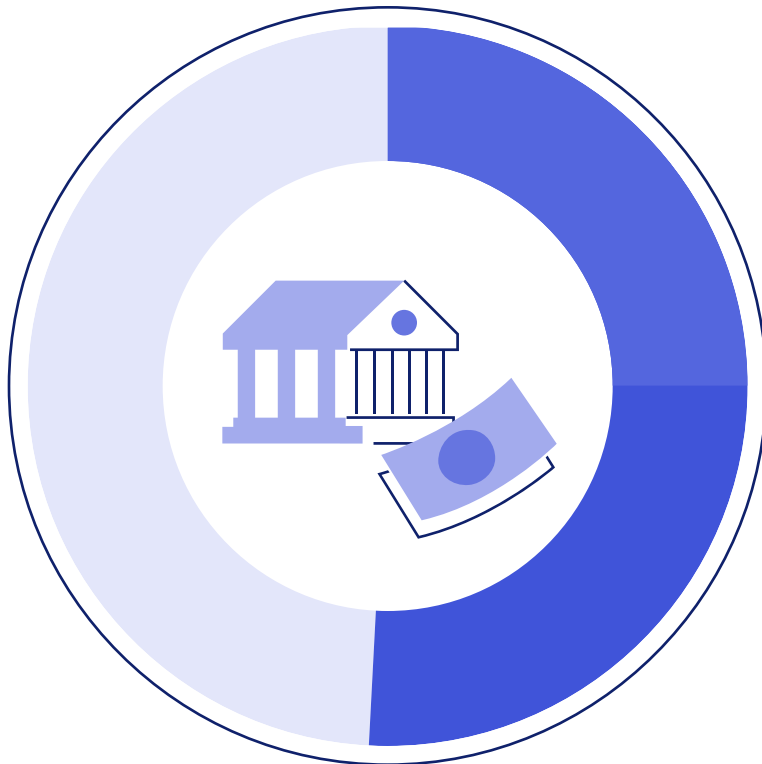
3 [J.D. Power, 2019](#)

4 [J.D. Power, 2011](#)

5 [Morning Consult, 2021](#)

6 [Deloitte, 2021](#)

In some cases, customers fully abandon their primary bank. In other cases, they abandon the traditional idea of a primary relationship, keeping deposit and core current accounts at their primary bank but opting to use products and services at competing banks.⁷ This hidden defection, in which a customer holds products with multiple institutions, weakens the relationship and makes a once-primary relationship less valuable.



25-51%

Between 25-51% of all banking product purchases go to banks that aren't the customer's primary bank.⁸

⁷ [Bain, 2021](#)

⁸ [Ibid](#)

More digital options and the ease of defection



To understand what's causing this shift, it's important to look at the increasing number of banks that are offering great digital solutions, as well as the ease of shopping online for financial products.

Digitally-advanced incumbent banks and challenger banks are leveraging customer insights and cutting-edge technologies to deliver seamless experiences, posing threats to primary relationships with banks that haven't upped the digital ante. Neobanks have grown market share, with 11% of Americans considering a digital bank their primary financial institution.⁹ These institutions have impacted megabanks' primary customer relationships, with megabanks losing 6.5% of their market share of primary customers in 2020 alone.

And when on the hunt for financial products, consumers are armed with a wealth of information, like rate and product comparisons pulled from easy-to-understand charts on aggregator platforms. Readily available and transparent options are making it easy for them to make a switch.

But what, ultimately, is prompting these switches? Consumers rank online banking capabilities in their top three reasons, only after the protection of their data and prices and fees.¹⁰ And mobile banking capabilities rank fourth, making it clear that customers demand digital experiences — and are willing to switch banks if they're not getting experiences that are up to par.

9 [Forbes, 2021](#)

10 [Morning Consult, 2021](#)

Section
02

How banks can update their view and treatment of primary customers

Customers are ditching or becoming less active with their primary banks. As primary relationships become less secure — and more sought after — it’s important to first re-examine how you evaluate them. Once completed, you can adapt your strategy for securing new relationships and cultivating them for the long-haul.

Instead of simply measuring the strength of a relationship by the number of products a customer holds, banks can consider engagement as a metric of primacy. In a world where consumers are less hesitant to make a switch and are looking for banks with digital capabilities, understanding every touchpoint your customer has with your bank, including with online portals and mobile apps, can give you a more holistic and accurate depiction of the quality of the relationship.

The traditional measurement of primacy

- Product relationships
- Balances
- Transaction activity
- Share of wallet



The new measurement of primacy

- Channel activity
- Responsiveness to bank communications and offers
- Use of bank partner platforms
- Advice activity

- Product relationships
- Balances
- Transaction activity
- Share of wallet

By expanding upon traditional methods of measuring primacy, banks can gain a more holistic view of their relationships. This evolution helps banks meet the needs of today’s primary customers

This understanding can also help you formulate the end-to-end digital journeys that will help you attract, and more importantly, maintain, primary customers. Instead of simply evaluating transactions and delivering one-size-fits-all offerings, you can focus on curating meaningful customer interactions to develop lasting relationships. Shifting from traditional cross-selling and product bundling to more personalized offerings can help nurture these relationships.

The new framework: Cultivating primary relationships in the modern era

We understand that redefining primary relationships is easier said than done. With the understanding that the true metric of primacy is engagement, we've developed a four-pronged approach to increase engagement. This approach, which takes into account the clear changes in customer ideas and behavior, is designed to help you secure primary relationships and protect you against attrition.



Deliver smart servicing and experiences - Offer fast, simple, and intuitive interactions across end-to-end digital journeys.



Anticipate and serve individual customer needs - Personalize offerings to target and meet the needs of each customer.



Ensure a connected omnichannel experience - Never lose track of your customers' journeys by collaborating across product lines and channels.



Enable market responsiveness - Evolve offerings to deliver innovative solutions that meet the fast-changing needs of consumers.

Section
03

Power the primary relationship with Blend

Blend helps you...

Let's dive into how Blend's unified platform can propel you to deliver top-notch experiences, personalization, seamless interactions across channels, and innovations the market is looking for.

...deliver smart servicing and experiences



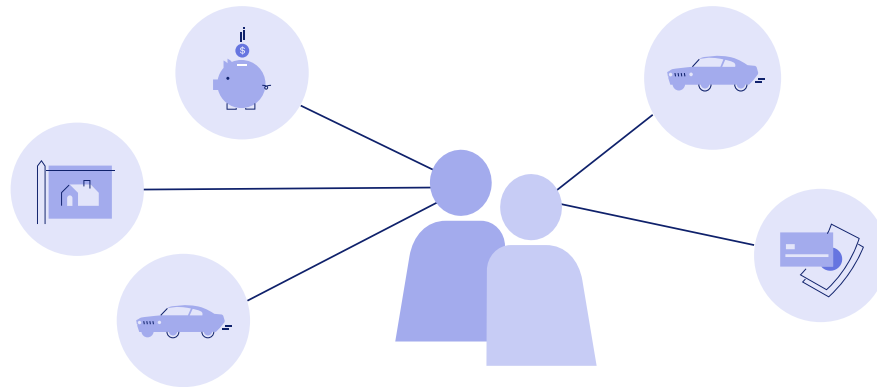
Consistency is key, and Blend helps you deliver dependable interactions to your customers. Our out-of-the-box product solutions for home equity, personal loans, credit cards, deposit accounts, and vehicle loans are built with extensive domain knowledge specific to each individual product. Additionally, our modular technology makes for the streamlined development of other products that suit your business needs.

Breed trust by providing low-friction journeys with consistent application experiences for any product. With a responsive design that's optimized for any device, customers

can apply how and when it works for them. Applications are also equipped with contextual help, real-time assistance, and click-to-call buttons if a customer needs more in-depth assistance.

Because of these features and an intuitive interface that guides customers through the process, the Blend application can help expedite application completion and increase conversion rates. A unified application experience ensures customers get the same great digital experience in every interaction and across every product — helping to increase customer lifetime value and solidify long-term loyalty.

Anticipate and serve customer needs



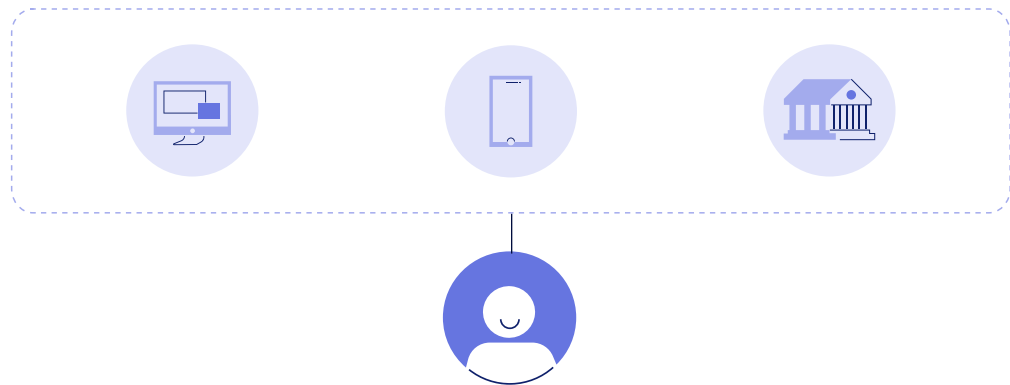
You want to be there for every financial milestone in your customers’ lives, supporting them with unique offerings designed to meet their next financial goal. Kickoff or cement a relationship with a proactive approach to cross-sell by being there for a customer at the moment they need it, in a way that can help increase their financial wellness.

Instead of a one-size-fits-all approach to cross-selling, Blend provides insights that can help inform meaningful recommendations. Dynamically present relevant offers within the application experience based on application information, credit score, and other consumer-permissioned third-party data.

Enable customers to claim their cross-sell offer for a credit card or deposit account in a few clicks with Blend’s “review and submit” feature. Customers can review previously provided application information in one screen and only fill in new fields.

To make the process more seamless, show bankers and consumers the same relevant product offers so bankers can make these offers in-branch and on calls.

Ensure a connected omnichannel experience

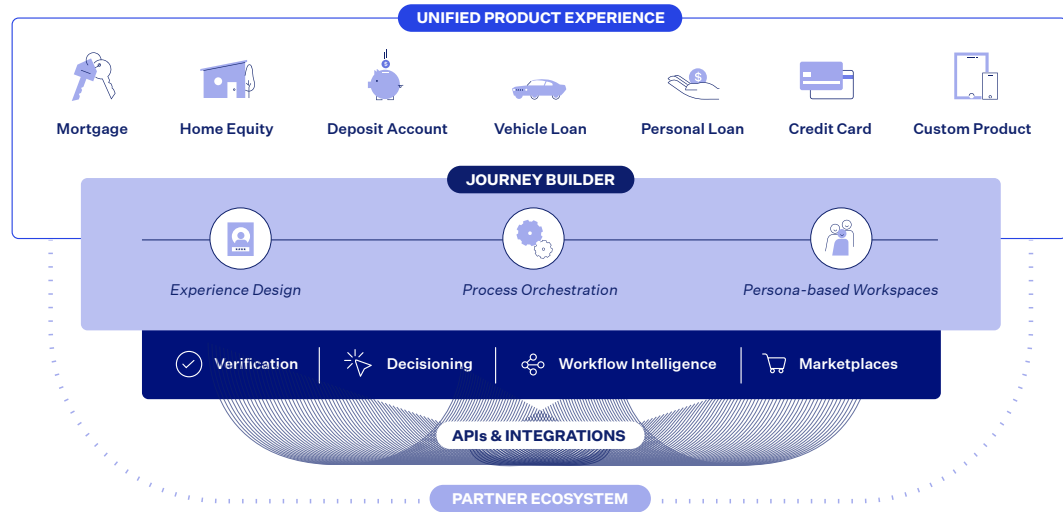


If you don't understand how customers interact with you at each stage in the customer journey, you can't pinpoint areas for improvement. With Blend, you can reduce worries about your customers falling through the cracks.

Customers can move swiftly from channel to channel without interruption or a loss in their progress. For example, a customer can initiate a mortgage loan application online. If a question arises, they can utilize the click-to-call feature to connect with a loan officer. The customer can get their question answered, then complete the application on the phone with the help of the loan officer, hang up and continue online, or even drive to a branch location to finish it up in person. If the customer wants to take a break, their progress will be saved and they can continue at a time that works for them.

Additionally, you can evolve your measurement of the quality of your relationships by utilizing a comprehensive view of each customer across channels and products. Blend offers a holistic view of customer interactions. You can see application completion rates and determine points of friction in the application process. Understand which products are of more interest to your customers via product-specific submission calculations and submission rates by loan type. These insights allow you to optimize your outreach approach with future prospects as well as your process for deepening relationships with existing customers.

Enable market responsiveness



Fast movers get — and keep — customers. Blend’s agile technology arms you with the flexibility you need to implement changes and enhancements as market needs arise so you can offer customers the innovative products they’re looking for. Utilize our enterprise-level of support to implement new advancements and products that make sense for your business and its strategy.

As your team dreams up new ideas, leverage our modular technology components to configure new products, test, iterate, and bring them to market in a timely manner. Through low-code design tools, you can create flexible, consumer-facing forms, user flows for data collection, and automated communications that all reflect your brand and align with your other product experiences and customer interactions.

We understand that the workflow for these custom products will likely be different, so a drag-and-drop editor helps to create personalized workflows that guide consumers through this process. And the persona-based workspaces your teams and other stakeholders are accustomed to using for other Blend product experiences will still be available to them.

Meeting market demands isn’t always easy, and it’s not always clear where to start, but our team of experts and agile technology can give you the support and tools to meet — and exceed — demands.

Understand and deliver meaningful digital engagement

Digital engagement is the foundation of current and future primary relationships. This understanding, bolstered by smart servicing and experiences, tailored offerings, a connected omnichannel experience, and the anticipation and flexibility to serve evolving customer demands, can help you keep up with today's demanding and smart primary customer. Blend supports each element of this strategy, offering:



Consistent, low-friction digital experiences across products



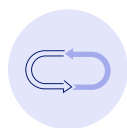
Cross-sell capabilities informed by meaningful insights



Seamless channel-switching to suit modern needs



A holistic understanding of each customer



Agile technology to bring custom products to market in a timely manner

Want to learn more?

Schedule a demo to understand how these platform capabilities work in action.

[Mortgage Suite](#)

[Close](#)

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[Consumer Banking Suite](#)

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Powered by Blend

Blend helps lenders maximize their digital agility. We streamline the journey from application to close for any banking product across every channel. Our Digital Lending Platform is used by Wells Fargo, U.S. Bank, and over 285 other leading financial institutions to acquire more customers, increase productivity, and deepen customer relationships.

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