

How Tech Innovation is Transforming Marketing in Financial Services: Insights from Fintech Nexus 2022

By Jack Dobbin, Director of Research & Insights

The Javits Center in New York City was abuzz last week with the return of one of the largest fintech events put on by Lendit Fintech, that just prior to the conference rebranded as Fintech Nexus. This rebrand signifies the evolution of the fintech landscape from providing solutions for single-channel problems to an interconnected web of data providers, digital integrators, and as-a-servicers. Pick a term from column A, and match it with a term from column B. Whichever combination you picked, you could find a company at Fintech Nexus that does that ‘Thing.’

Column A	Column B
Artificial Intelligence	Decisioning
Machine Learning	Compliance
Blockchain	Verification
Open	Fraud Protection
Embedded	Payments
Cloud	App Integration

As this industry has become more sophisticated and specialized, lenders, issuers, and banks are finding new synergy with technology. The advancements that fintechs have brought to market have enabled financial companies to improve operations, translating into new underwriting strategies and the speed of app deployment to name a few examples. These benefits get passed along to customers, providing credit solutions to the previously underbanked and efficient access to those who have come to expect it. As LendingClub CEO Scott Sanborn said, “It would be great if someone could make it easier to make good financial decisions.”

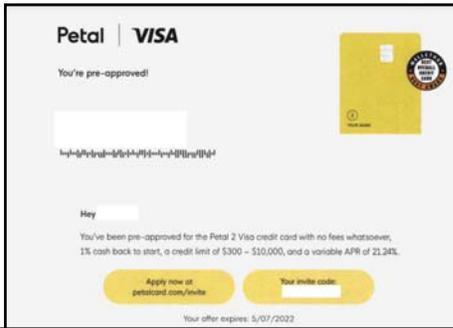
The energy at the conference was palpable, partly because attendees were rejuvenated by the excitement of an in-person engagement, but also because companies were eager to hear from the leaders in the industry who are rethinking the use of technology in financial services. Despite the excitement from financial companies to discuss these innovations and put them into practice, that same enthusiasm doesn’t always carry through in the marketing to customers – the same customers who are the primary beneficiaries of these innovations.

Analyzing how companies best communicate their vision through marketing is what differentiates Competiscan in the competitive intelligence market, and the following are our tips to help translate your tech innovations through marketing.

- **Give consumers a value proposition to get excited about**

Here’s a great example from Petal, whose CEO Jason Gross was a part of the panel on day one discussing underwriting innovations. Petal puts their reliance on technology and their “new approach to credit” front and center: they look beyond the traditional credit score by using banking history to offer customers “more credit at better rates.” It’s the same technology other credit issuers are using – but their message is transparent and celebrates the benefits.

Petal Visa Card Offers



Responsible credit for the modern world.
We're using technology to help more people start building credit with a card that has higher limits, great rates, and no fees.

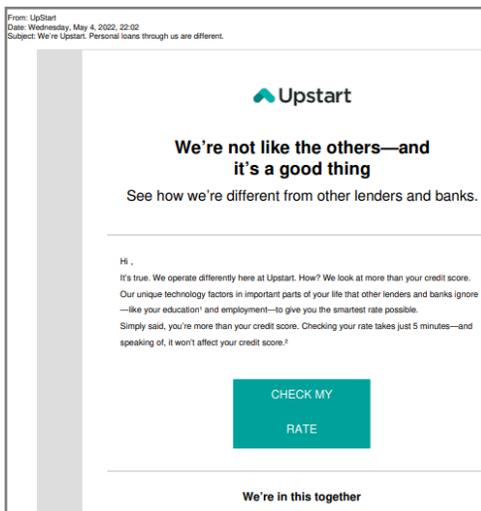


A new approach to credit.
At Petal, we look beyond your credit score to create a Cash Score based on your banking history. Your Cash Score shows your creditworthiness and can help you qualify for more credit at better rates.

- **Differentiate in crowded marketplaces**

The tech innovations happening in the financial industry – and those highlighted at Fintech Nexus 2022 – should serve as differentiators in crowded marketplaces. Make sure that what is unique to your product or service is featured and a lead selling point in the primary marketing message. In the most literal way, Upstart emphasized their mission of being different from other lenders and banks within the subject and headline in a recent personal loan acquisition campaign. The landscape has become incredibly diverse, and offers for financial products are more plentiful than ever before. Direct to consumer marketing gives the opportunity to tell your story and make consumers aware of the options and alternatives available.

Upstart Personal Loan Offer



It's true. We operate differently here at Upstart. How? We look at more than your credit score. Our unique technology factors in important parts of your life that other lenders and banks ignore —like your education and employment—to give you the smartest rate possible. Simply said, you're more than your credit score.

- **Have a Strategy for Retention and Customer Support**

The event's agenda could not overlook the current economy and the impacts particularly on consumer lending. A number of informative metrics and trends were shared in a breakout session on this topic by Lindsay Burkhalter of Curinos and Rosemary Kelley of KBRA.

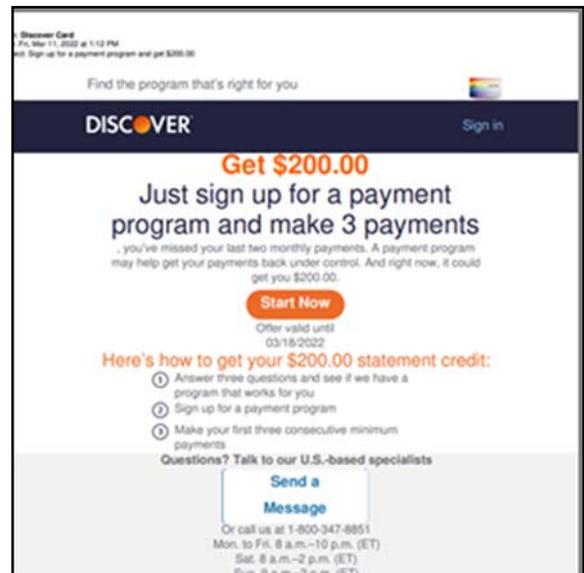
The last two years have had a profound effect on the consumer lending landscape. Personal savings as a percentage of disposable income has fluctuated drastically in recent years, skyrocketing as high as 34% early in the pandemic but more recently dropping down to 6.2%. At the same time, spending has increased, partially driven by inflation, and the average unsecured loan amount hit a peak of \$14,300 in Q1 2022. Historically, this combination of factors results in higher delinquency and increased potential for charge-offs. As lenders prepare for the possibility of increased exposure to risk, notably an area where fintechs feel comfortable operating, mitigation strategies through marketing will be vital.

These efforts start with retention tactics. Building deeper rapport and engagement can influence customers and their behaviors, potentially resulting in greater care with staying current and active on their accounts.

Something that recently caught our eye was a marketing tactic executed by Discover. Delinquent cardholders were offered a \$200 bonus if they signed up for a payment plan and made three consecutive minimum payments. It is not often that Competiscan observes an offer targeted to a cardholder who is past-due on their account. However, if a consumer is in a position where they must determine which bill to pay, this approach might influence their decision.

Technology is fueling exciting and vital innovations across the fintech landscape at astonishing speeds. But even as we embrace these advancements it is imperative that we recall and rely on our marketing fundamentals, especially in the face of continued economic uncertainty. As Tim Welsh of U.S. Bank reminded us at Fintech Nexus, in an increasingly digitalized financial ecosystem, it is the ability to form a human connection with your customers that enables differentiation.

Discover Card - Delinquent Cardholder Offer



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