



# Referral: Powering Customer-Led Growth for Financial Services

*A Best Practices Guide*



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*Our best practices outline the following core principles of customer-led growth:*

- **Focus on delivering uniquely Finserv referral experiences**
- **Target high-quality referrals with rich rewards**
- **Different customer segments, different approach**
- **Get technical**
- **Leverage every innovation**
- **Marketing post-conversion is key**
- **Use data to glean high-value, actionable insights**





# Referral Marketing: Driving Value to Finserv Enterprises

## *Best Practices for Finserv-Focused Refer-a-Friend & Advocacy Programs*

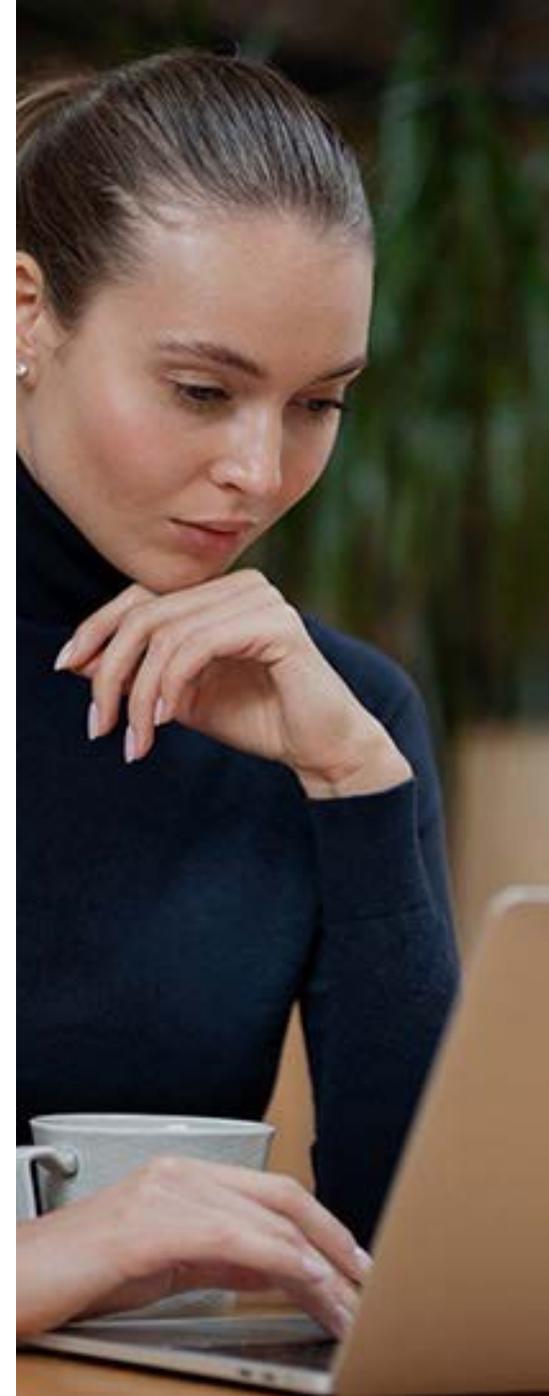
There are **2.04 billion** finserv customers in the world today. By 2024, that number is expected to reach **2.55 billion**.

This projected growth is a clear signal that the finserv industry is booming, which creates fierce competition to find and gain new loyal customers.

To stay competitive, financial institutions should place a premium on referral marketing.

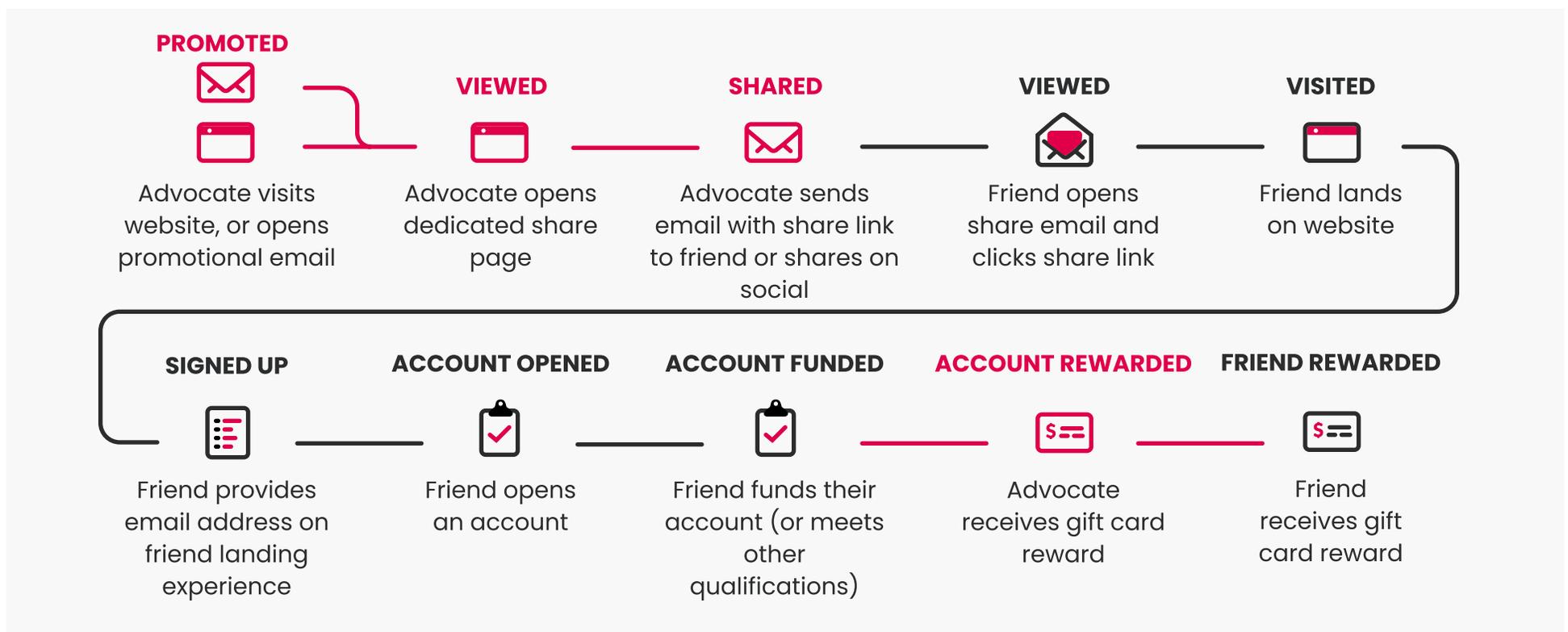
Why? First, because an estimated **92% of customers** trust referrals from individuals they know. Second, because referral marketing works. As many as **30%** of banks and other financial institutions in North America use referral programs to acquire, retain, and enhance the banking experiences of their clients.

The key for financial service providers is to create and implement referral marketing programs that are tailored to the specific needs of their customers. When you turn your most valuable clients into your greatest ambassadors, their recommendations can drive their friends to choose your product over the competition, drive more value to your organization, and unlock a new stream of high-value customers—but only if you're smart about it.



# Referral Programs: Always Evolving

Every good referral program uses rewards. An “advocate” typically gets a reward when a customer they have referred performs a desired action; in this case, becoming a member of a financial organization and availing of its products and services.



Best practices around rewards are constantly evolving, Coupon codes are still the dominant reward for most retailers, and loyalty points remain the most popular alternative. Account credits and external gift cards—either issued by the same retailer or an open-loop alternative—also remain popular.

However, the nature of financial services processes, products, and requirements entail a unique referral marketing approach that is different from traditional models designed for retail or eCommerce.

Financial decisions have a greater gravity for most people. Moreover, financial institutions usually have to deal with more compliance, regulatory, and privacy concerns than other organizations in less regulated industries.

We at Extole recognize this uniqueness and opt to follow a different baseline flow for financial services companies. We take a look at your target customers and provide you with referral programs that are distinctly focused on the finserv customer profile

Here, we present our 40 best practices for optimizing your finserv referral program so it delivers real results.





# 40 Best Practices

## Focus on delivering uniquely Finserv referral experiences

### 1. Referral experiences must be brand-specific.

Your messaging material must reflect the look and feel of your institution. The color, transparency, and opaqueness of your buttons and CTAs should reflect your brand. Doing so can improve your brand recognition by as much as **80%**, and conveys consistency. Of course, you can always experiment with colors outside of your branding palette to find what works best, but you can never go wrong by sticking to what is already familiar.

### 2. The in-person experience needs to match the online/app experience.

Don't neglect the in-branch referral experience—referrals are happening naturally every day. Create a process that allows your team to capture referrals for members who prefer the in-branch experience.

### 3. Enable one-click connections between your advocates and their referred friends.

**90%** of Americans will open a text message within three minutes of receipt. Provide advocates with native sharing tools that enable them to rapidly connect with referral candidates.





## 4. Make it easy for recipients to share branded messages and promos.

Make it easy for referral recipients to share. Even if they don't convert, they can pass the promos on to others who might. **92% of consumers** say they trust referrals from people they know, and they are **4x more likely** to purchase when referred by a family member or friend.

## 5. Offer a consistent experience across platforms.

Today's customers expect every marketing initiative from finserve organizations to be digitally accessible, seamless, and consistent—**76%** demand connected journeys. Thus, your referral marketing program must be accessible and consistent across all digital channels and devices.

## 6. Make sure your advocate has a great experience.

You can start by collecting feedback from your advocates on what constitutes a great experience. You can also leverage data from your previous campaigns to see what works for your advocates and what doesn't. The insights you glean will help you create and deliver experiences that are advocate-centered.

## 7. Build a referral system that leverages person-to-person connection.

Make it easy for advocates and their friends to communicate. Utilize one-click chat buttons to encourage meaningful communication between the referrer and the referred.

## 8. Enable your advocates to personalize their referral message.

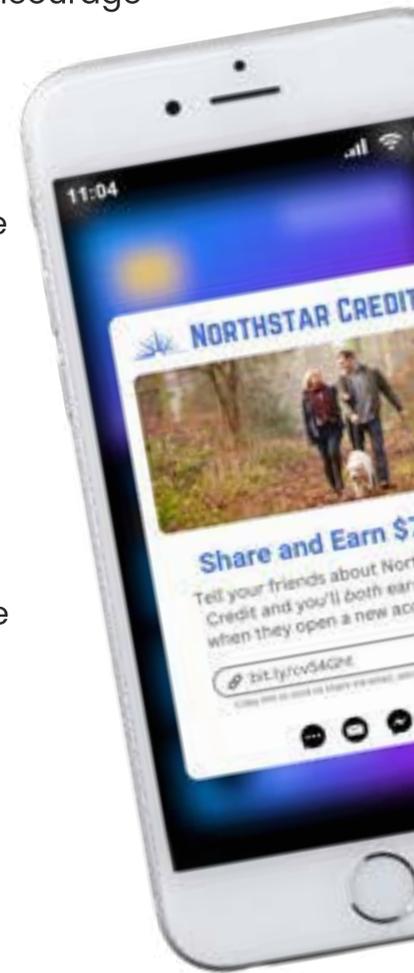
Friends tend to respond positively to branded messages delivered in a familiar voice or tone. The more personalization, the more impact. The data shows that personalizing your promotional emails can improve unique open rates by **29%**, and unique click-through rates by **41%**.

## 9. Recognize that referred customers are different from other customers.

The path to membership for referred customers should have a different starting point, different touchpoints, and different motivations and rewards than that of a standard customer. Showcase the positive experience of current members of your organization to referred friends and suggest that they can enjoy the same when they sign up. Avoid dropping referrals onto a standard landing page, confusing them with other offers, or neglecting to leverage the social proof associated with the advocate's recommendation. Design their journey accordingly to give them the best experience

## 10. Set security standards to prevent fraud.

Referral fraud, such as self-referrals, redeeming multiple offers, and opening multiple accounts, is a persistent concern for financial institutions engaged in referral marketing. Financial institutions need to take the necessary measures to identify both high-quality referrals and high-risk referrals.



## 11. Be transparent about consumer data rights and usage.

86% of consumers have concerns about data privacy. The good news is that 90% of them also express a willingness to share their data if they have a positive experience with a brand. One surefire way for brands to deliver a positive customer experience is by securing their information and being transparent about its use.

## 12. Finserv referrals are not always primed for conversion.

Don't view referred friends as automatically ready for a conversion, such as performing a desired action or opening an account. Instead, enhance their experience by helping them learn more. Their first landing page experience should be all about knowing the value you offer.

## 13. Use social proof.

Reinforce the fact that the referral is coming from a friend. Testimonials and reviews from real people give your referral campaign more weight and credibility. Customers trust positive mentions and statements from people they know—use that.





## Target High-Quality Referrals with Rich Rewards

### 14. Go for high-quality referrals.

Implement strict criteria and objectives—active bank accounts, a client for a certain number of months—to ensure you have high-value potential. By limiting prospective referrals to a specific set of criteria, you are able to target the ones who can bring more lifetime value to the organization.

### 15. Leverage burst rewards.

Garner more attention and create a big, lasting impact with “burst campaigns.” Burst campaigns usually offer high-value rewards within a short time frame, like earning a \$500 credit when referrals sign up for a new credit card within a week. When expertly timed and executed right, financial services organizations can use burst campaigns to attract new users with potentially high value.

### 16. Don't penny-pinch.

Rewards must be compelling and of high value because finserv clients' lifetime value is considerably high. Customers are extremely discerning when it comes to making financial decisions. If they don't think your program will give them value, they likely won't participate.

## 17. Reward your advocates and referrals fast.

The faster people get their rewards, the more engaged they are with your program and your brand. Clients want to enjoy the fruits of their efforts and don't want to spend a long time waiting to receive their reward. When they have done their part, reward them.

## 18. Reward your advocates aggressively.

Even if referred users don't perform your desired actions, it is still beneficial to reward advocates to encourage them to keep participating and sharing. This also helps avoid WISMR ("where is my reward?") inquiries.

## 19. Expand offerings to non-members of the advocates' circle.

By rewarding non-members who share your program, you further grow your customer base and expand the reach of your referral marketing efforts.



## 20. Cross-sell to drive more value.

Cross-selling is a great referral approach for finserv institutions. Cross-selling drives customer LTV because it locks in clients for a long period of time.

## 21. More calls means something's wrong!

Call centers in the financial services industry should have a way to issue a reward manually to an advocate when they call in about a missing reward. If call center inquiries grow to more than 1% of the total number of advocates, something is amiss and you should troubleshoot your program setup.

### **Different Customer Segments, Different Approach**

## 22. Highlight the benefits.

Finserv clients don't think or see content the way retail clients do. They are more systematic, and eager to know more about the technical details of your offerings. Speak in financial terms, and speak to what matters to people when they're managing their money.





## 23. Leverage language localization.

Engaging referred visitors in their own language drives growth. **84%** of B2B marketers say that localization positively impacted their revenue, and over **72% of customers** say they are more likely to buy a product when it is presented in their own language. Ultimately, localization is about more than just translation—it is also a vital step in connecting with potential customers by respecting their customs, traditions, and idioms.

## 24. Design referral programs based on customer types.

Referral programs for more and less affluent customers must be handled differently. Moreover, referral journeys for finserv clients are different from those of retail customers. Don't shoehorn a customer into a journey designed for a retail company. By making referral journeys more specific to business segments, you are able to place touchpoints at optimal stages, further optimizing interactions and creating more customer-effective and efficient processes.





## 25. Define qualification criteria for referrals and communicate them clearly to advocates.

Designing a referral program includes being explicit about the eligibility requirements for referrals. Your advocates need to know who can send and receive referrals, or they could be deterred from submitting them.

## 26. Map out the referral journey.

Make it easy for your advocates to see what steps they need to take to get their reward. Track and capture all the events in each journey so that you can reward for key events, change the reward triggers easily, and measure customer quality (and drop-off). Optimized referral journeys deliver a better customer experience (CX), and an estimated **86% of consumers** say they're willing to pay more for better CX.

## 27. Personalize your landing page.

Too often, we see businesses direct referred visitors to a standard landing page, failing to leverage the powerful impact the advocate recommendation can have on the visitor's experience. It is great to give "first time" offers to anonymous prospects who visit your site, but referred visitors should have a landing page experience that reinforces their friend's recommendation.

## Get Technical

### 28. Leverage data for powerful customization.

Customization is essential to the success of any form of marketing, referral included. Customized copies and CTAs are shown to have **42%** higher conversion rates than programs with generic messaging. Derive insights from customers' data, preferences, and history to supercharge customizations and increase the odds of engagement and conversions.

### 29. Understand that fonts matter.

In the world of marketing, your choice of font, text size, and spacing matter just as much as the message itself. A psychological study revealed that people tend to assign personalities to fonts, which can impact how they perceive marketing materials. Make sure the “personality” of your font matches your brand.



### 30. Include the offer in your CTAs.

In a test where a marketer placed a descriptive copy of a promo first and put the CTA at the bottom, the placement resulted in a **304%** conversion lift. Receivers prefer to know more about an offer before clicking the CTA button, so make sure to give users a glimpse of your programs to make your CTAs more encouraging.

### 31. Make sure your landing page is more than a sign-up page.

State what makes your offerings unique and what a referred friend will need to complete in order to get rewarded. Joining a bank is a big decision, so it is crucial that your landing page contains all the information your customers need to make a decision.

### 32. Make A/B testing a habit.

It is critical that you conduct A/B testing on every aspect of your referral program. This will not only provide you with a clearer picture of your campaign, it will also enable you to further optimize your performance and deliver great results.





## Leverage Every Innovation

### 33. Streamline the referral journey with QR codes and deep links.

QR codes, mobile share sheets, SMS notifications, and deep links help enrich marketing campaigns by linking campaigns directly to media-rich content such as images, videos, events, and landing pages. This eliminates signposting and path guessing. Referred parties can then quickly locate the item or information, significantly reducing frustration and empowering them to continue their referral journey.

### 34. Strategically place QR codes.

Make it easy for your users to locate and scan your QR codes. Place them where they have direct access, such as on a desktop to share from their phones easily, in customer dashboards, in-store, in-branch, and in printed material. Doing this encourages sharing.

### 35. Reward advocates based on other factors that contribute to customer growth.

Most referral programs are designed to reward advocates once they have referred a friend. Finserv organizations can benefit if they provide rewards for other actions that may not necessarily lead to a direct purchase, but will impact their bottom line in the long run, e.g. number of leads submitted, customer quality, and journey progress.

## Marketing Post-Conversion is Key

### 36. Capitalize on moments of delight.

Happy clients are empowered advocates. Turn moments of delight into valuable connections by integrating CTAs into triggered emails and thank you pages to promote your programs and get more referrals.

### 37. Send new advocates a 'thank you' email when they've completed their first share.

Thank you messages are a great way to show how much you value your customers, further strengthening their relationship with your brand. The numbers don't lie: **60% of consumers** said appreciation should be delivered directly to both the referrer and the referred, and **44%** agreed that thank you messages should be personalized to make them more genuine.

### 38. Review your strategy and modify accordingly if you're not hitting desired thresholds.

Every referral marketing strategy has its own unique set of KPIs to gauge the program's success. If you're not hitting your desired thresholds, review your strategy closely, identify the pain points, and make the necessary adjustments.



## Use Data to Glean High-Value, Actionable Insights

### 39. Capitalize on high-value customer segments revealed by your referral program.

Your referral programs are brimming with customer information that you can use to create exclusive customer segments. Identify your most loyal advocates and successful referrals, group them together, and create exclusive offers for them.

### 40. Discover untapped customer segments based on the finserv firm's existing information.

Finserv enterprises have a treasure trove of customer information hidden in their CRMs, ERPs, and other sources. If you're a marketing firm working for a finserv company, that's where you should go first.





## Best Practices in Action

*Taking the next steps towards implementing your referral program*

Getting implementation-ready may seem daunting, but Extole has all the tools you need to launch efficient and effective referral programs that check off every box on this list, from customization to sophisticated audience segmentation to data protection and detailed reporting. Our platform can adapt to meet your business needs, as well as the unique steps in your customer journey.

### **Make customer-led growth a reality.**

Businesses just like yours are driving 10%, 20%, and even 30+% of new customer acquisitions through referrals. Maximize your growth potential with a winning referral marketing strategy, and see the powerful impact that customer-led growth can have.

[Request a Demo Today](#)



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