



Realtime Electronic Payments

# Digital Customer Engagement

**WHAT IT IS AND WHY YOU NEED IT**

REPAY WHITEPAPER

# You've Heard of Digital Customer Engagement, but Are You Getting the Most Out of It?

Digital customer engagement, also known as DCE, is any interaction where a lender engages with a borrower through digital channels in order to create loyalty or enthusiasm.

Interactions happen all the time. They could be something small like an automated letter welcoming a new borrower to your branch. They could also be more involved, like a member of your team providing exemplary customer service.

When lenders engage with borrowers, tension exists. DCE can help savvy lenders ease that tension by increasing the borrowers' sense of comfort and control.

All interactions create the opportunity for tension. But not all interactions are examples of good DCE.

So what makes for good DCE? In order to answer that, let's first look at poor quality examples of quality DCE.

## ⋮ Automated Welcome Letters

These simple, automated form letters are not good examples of DCE because they offer little, if any, opportunity for borrowers and lenders to interact.

## ⋮ Web-Driven Loan Management System

While wonderful for streamlining in-house operations, these systems do not directly impact a customer's relationship with the lender.

## ⋮ Accepting Cryptocurrency

While the benefits of accepting cryptocurrency could be debated, accepting it as a form of payment has no bearing on lender-borrower relations.

## So, What Is Digital Customer Engagement?

DCE makes use of digital platforms as a way for lenders to interact with borrowers to improve the quality of customer engagement and address tension. Most recently, this has been achieved through the use of mobile applications that connect businesses to their customers.



# Three Examples of Great Digital Customer Engagement

01

## Mobile Banking



Customers are almost always near their phones. What better way to engage those customers than through their phone using a mobile app? Studies estimate that 203 million people in the U.S. used mobile banking in 2022.<sup>1</sup> By 2025, that number is expected to grow to 216 million.

02

## Buying and Selling Vehicles Online



The car buying and leasing experience is quickly moving toward digital. In 2020, nearly 30%<sup>2</sup> of all U.S. auto sales occurred online or via mobile app. And most auto dealers expect the majority of sales to be online by 2030.<sup>3</sup> This means that more and more Americans are finding meaningful DCE online and through apps when it comes to buying a car.

03

## Telemedicine



Even before COVID-19, telemedicine was on the rise through digital platforms. Now? A 2021 study by the U.S. Department of Health and Human Services showed a 63-fold increase in the use of telemedicine.

<sup>1</sup>[www.bankrate.com/banking/digital-banking-trends-and-statistics/#digital-trends](https://www.bankrate.com/banking/digital-banking-trends-and-statistics/#digital-trends)

<sup>2</sup>[abcnews.go.com/Business/consumers-shopping-online-cars-dealerships/story?id=76650042#:~:text=Nearly%2030%25%20of%20U.S.%20new,%2C%22%20Haig%20told%20ABC%20News](https://abcnews.go.com/Business/consumers-shopping-online-cars-dealerships/story?id=76650042#:~:text=Nearly%2030%25%20of%20U.S.%20new,%2C%22%20Haig%20told%20ABC%20News)

<sup>3</sup>[www.progressive.com/resources/insights/online-car-buying-trends/](https://www.progressive.com/resources/insights/online-car-buying-trends/)

## How Does Digital Customer Engagement Impact ROI?

As lenders, increasing your ROI is critical. Unfortunately, there's one key metric that is often ignored when measuring ROI — the borrower's experience when it comes to customer engagement.

# Four Ways Every Organization Stands to Benefit from Digital Customer Engagement

01

## Customer Retention

“Stickiness” is a website or app’s ability to retain customers. Things like providing value to the customer, offering simple navigation and easy-to-find information will keep customers coming back. Stickiness creates customer loyalty through strong DCE. Take Amazon, for example. Most buyers aren’t loyal to Amazon. However, Amazon’s DCE is high because it is easy to use and customers can often find what they need.

02

## Measurable Savings

A site or app with strong DCE means customers can do what they want and find the information they need. As a result, fewer customer service calls occur. This means less budget spent on staff. In other words, strong DCE provides customers with the ability to serve themselves and requires fewer customer service representatives.

03

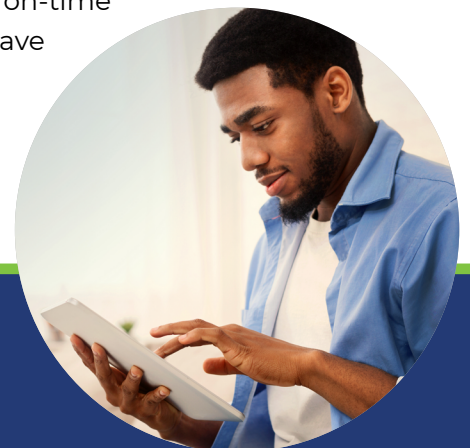
## Increases Borrower Satisfaction

A site with strong DCE gives the borrower the power to perform more loan functions more quickly. This not only saves the borrower time but increases their satisfaction as a result.

04

## Improves Financial Performance

DCE reduces the friction between lenders and borrowers by offering lenders more ways to connect with a borrower. This ease of connection leads to fewer delinquencies and default rates, lower costs spent on staffing and reduced write-offs for credit losses. With more on-time payments and lower operating costs, lenders will have more budget to invest in their business, making them more competitive and increasing their bottom line.



Lenders have dramatically reduced charge-off rates, saved on operating expenses, improved customer satisfaction and increased customer retention by using REPAY.

# Better Serve Those Who Are Dependent on Smartphones

Nearly every American manages at least some aspect of their daily life using a smartphone or other smart device. This includes shopping, applying for jobs, making payments and more.

Among Americans, there are two market segments that use their smartphones even more regularly than the rest.

The first segment is millennials. Millennials are adults ages 26 to 40. This group has grown up in a world where smartphones have been available most of their adult lives, so conducting everyday functions on their phone is not only convenient, it is the standard.

The second segment is lower-income or non-prime individuals. Typically, this market segment doesn't have access to a traditional computer and Wi-Fi setup at home, so using their smartphone to perform daily online functions may be their only option.

## How Can a Lender Better Serve Those Who Are Dependent on Smartphones and Other Smart Devices?

The most immediate way to better serve customer segments who are dependent on smartphones is to focus on improving the way you reach those customers online — often through a mobile app. With a mobile app, useful functions and easily accessible customer service are only a pocket away.

Empowering customers to access their own loan balance, make a payment, check payment history and download and complete loan documents on their smartphone limits the need for agent involvement.

Borrowers save more time while lenders save more money not having to staff for inbound calls. This form of DCE lowers the tension between lenders and borrowers and increases ROI.

## Decrease Reliance on Technology Where It Makes Sense

These days, buzzwords like artificial intelligence, or AI, are everywhere. For better or worse, AI has a long way to go before it can replace customer service outright. That's why it is important to still offer borrowers access to high-quality customer service. This gives the borrower confidence to manage their own needs through a mobile app, knowing an agent is still reachable should trouble arise.



## Increase the Customer-Friendliness of Your Mobile Phone App

# Adding a NativeChat Feature Can Help



NativeChat supports messaging within a mobile app. Familiar examples include the messaging systems within LinkedIn, Instagram and most banking apps. NativeChat is different from texting in that it personalizes the conversation by keeping communication within your app. This ultimately benefits the lender as it eliminates clutter and distractions encountered when texting or emailing.

At REPAY, we empower lenders to connect with borrowers by integrating NativeChat features within their mobile app. This increases the DCE for borrowers too busy to answer the phone or those simply not looking to speak with a person.

NativeChat offers three great benefits:

01

## **Increase Customer Service Capacity**

Unlike traditional telephone customer service where agents service one customer at a time, NativeChat allows agents to interact with multiple customers at once as chat conversations naturally ebb and flow.

02

## **Connect with Hard-to-Reach Borrowers**

Non-prime or delinquent borrowers are the hardest to reach, but they are also the most important. They are less likely to answer phone calls since they would prefer not to discuss delinquent payments. But they're more likely to respond to a chat message because they feel more in control of the conversation.

By allowing the borrower or the lender to initiate conversation, REPAY increases collections while reducing the need for phone calls.

03

## **Reach Millennials**

Millennials prefer typing over talking on the phone. Whether they are chatting with friends, family or coworkers, they communicate with messages they can reply to at their convenience. What better way to reach and communicate with an important market segment than through their preferred means of communication?

## Make Money Transfers as Easy as Possible

An app helps to simplify the way borrowers receive their loans. REPAY enables lenders to send funds directly to borrowers through their app. Buyers can also pay their loans through the app, which automatically increases on-time payments lenders receive.



# Social Media Can Improve Digital Customer Engagement

Many people receive their news and recommendations through social media. This makes leveraging social media for DCE a powerful tool. Studies show that well-done social media improves stickiness and encourages people to follow or return to a company's digital presence.

Here are a few ways to use social media to support DCE:

## 🔗 Announce New Products

Social media is more targetable than traditional media. Using social media to announce new products or services ensures more of your target audience sees what you have to say.

## 🔗 Show Proof

Using social media to share mini case studies on successful loans allows lenders to share borrower success stories with larger audiences, increasing the lender's credibility.

## 🔗 Easy How-To

By sharing links on how to start a loan application, prospective borrowers can take advantage of the enthusiasm they're feeling in the moment when reading mini case studies.

## 🔗 Help Each Other

Social customer service can enhance customer engagement and create a sense of community with borrowers.

## 🔗 More Ways to Be Reached

Social media is a snapshot of your company's character. For that reason, you'll need to develop rules for using the company's social media sites. You'll also need to assign a team of moderators to monitor social media traffic and respond quickly to complaints and concerns.

## 🔗 COVID-19 Accelerated the Need for DCE

The COVID-19 pandemic caused major disruptions for nearly every industry. For lenders, this led to a plunge in loan repayments and a spike in delinquencies. This forced lenders to leverage DCE as a means of meeting borrowers wherever, whenever and however they could.



# Thoughts for the Future

Customer engagement has always been a core tenet of the lending cycle. That has not changed. What has changed is the method by which that engagement occurs in an increasingly digital world.

To that end, REPAY is empowering lenders to gradually move their business from physical locations to an online presence by continuing to recommend new and exciting ways to engage customers.

**If you're interested in reaching customers in the digital age, REPAY is here for you.**



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