A FINEXTRA RESEARCH SURVEY

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SEPTEMBER 2014

FINTECH MARKETING REPORT 2014

AN ANALYSIS OF THE PERSONAL OBJECTIVES, ORGANISATION STRUCTURE, DAY-TO-DAY CHALLENGES AND INVESTMENT PLANS OF MARKETERS IN THE FINANCIAL TECHNOLOGY SECTOR.

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FINTECH MARKETING REPORT 2014

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INTRODUCTION

1:1 Finextra Research

This report is published by Finextra Research.

Finextra Research is the world's leading specialist financial technology (fintech) news and information source. Finextra offers over 100,000 fintech news, features and TV content items to visitors to www.finextra.com.

Founded in 1999, Finextra Research, covers all aspects of financial technology innovation and operation involving banks, institutions and vendor organisations within the wholesale and retail banking, payments and cards sectors worldwide.

Finextra's unique global community consists of over 30,000 fintech professionals working inside banks and financial institutions, specialist fintech application and service providers, consulting organisations and mainstream technology providers. The Finextra community actively participate in posting their opinions and comments on the evolution of fintech. In addition, they contribute information and data to Finextra surveys and reports.

For more information:
Visit www.finextra.com, follow @finextra, contact contact@finextra.com or call +44 (0)20 3100 3670

1:2 Metia Group

This report is sponsored by Metia Group.

Metia Group works with many of the world's leading fintech vendors, providing multi-discipline marketing and PR programmes. These activities embrace both traditional and digital marketing channels, to engage influencers and decision makers inside banks and financial institutions worldwide.

Metia has supported fintech firms for 25 years, ranging from helping dynamic startups, to serving the needs of established Fortune 500 firms. Metia's deep financial services and fintech specific industry knowledge is complemented by expertise in the latest content, social and search techniques.

Through its offices in London, Seattle, Austin and Singapore, Metia employs over 130 marketing professionals with a diverse range of industry sector and audience specific expertise. In 2013 Metia produced content in over 50 languages.

For more information:
Visit www.metia.com, follow @Metia, contact info@metia.com or call +44 (0)20 3100 3500.

1:3 Steve Ellis

This report was written by Steve Ellis, Founder, Metia Group.

Steve Ellis started working in technology and finance at the time of deregulation in the City of London in 1987. During that period he experienced the dramatic impact technology change would make upon the operation of traditional financial markets. Subsequently, he has advised fintech vendors operating in all areas of the wholesale banking, retail banking and payments sectors, on their marketing programmes.

Steve founded Metia Group in 1989. He has advised many of the world's largest fintech service and solution providers. As a result of the growth of Metia Group into adjacent technology, telecoms and media sectors, he has also developed marketing strategy for global telcos, software, hardware, news and information vendors serving B2B and B2C customers. These projects have covered both the design of audience specific sales and marketing programmes, and also the optimisation of internal marketing organisations, processes and infrastructure.

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02 BACKGROUND

2:1 Objective

The objective of this report is to better understand the priorities and concerns of marketing professionals working in financial technology organisations worldwide.

Particular areas of interest include:

- Maturity of the marketing function and the clarity of its role within the organisation
- Adoption of new marketing channels and tools
- Budget prioritisation and investment intentions
- The barriers and frustrations that challenge fintech marketers

2:2 Target audience

This report is intended to be a helpful reference tool to marketing professionals working inside fintech vendor organisations. It will help them to benchmark their marketing activities, capabilities and plans against their peers in the industry.

It is also intended to offer a useful source for senior managers within fintech vendors when considering the focus, structure, skills and resourcing of their organisation's marketing function.

2:3 Methodology

Using the Finextra Research community, a 21 question survey was conducted in early 2014. Community members who work for fintech vendors of various sizes and areas of specialisation were contacted via email and asked to participate by completing the questionnaire.

51 individuals responded and completed the questionnaire. Respondees were promised anonymity regarding their individual responses.

In addition to considering the responses to the survey, for comparison and context we have cross referenced to other surveys examining marketing professionals in other sectors and their use of new channels and technologies.

03

CONTEXT

A sleepy corner, undisturbed by new ideas?

The evolution of fintech marketing has largely been defined by two primary factors:

- The characteristics of the target audience, the decision makers who influence and authorise technology purchases inside financial institutions
- The nature of the sales process in this marketplace

With a few notable areas of exception, financial services institutions as a broad group have not been innovative pioneers of new technology. Security, reliability and continuity have been the overarching characteristics banks have sought in their technology purchases. Practical considerations and responsibility for critical service level continuity have limited the appetite for technology innovation.

Little encouragement to innovate

In a highly regulated marketplace, bank's own marketers have also been cautious in their adoption of new marketing channels and techniques as methods of engaging their own customer audiences. As a consequence, fintech marketers have generally not been encouraged to innovate in the methods used to engage and influence technology purchasing decision makers within financial institutions.

An obvious example is in the use of social media. Banks themselves initially struggled to understand how or why they might use social media to engage their own audiences. In these circumstances it is not surprising that fintech marketers were conservative in embracing this channel as a suitable route to engage their prospects inside banks.

Harsher observers might argue that for many years banks were far from a natural breeding ground of either innovative technologists, or ground breaking marketers. Today this stereotypical view is finally changing. Banks are now embracing technology and marketing innovation both as a tool to better engage and satisfy their own customers, and in order to send a clear signal of change in terms of their own behaviour: a new Twitter channel will not fix every customer satisfaction issue but it does send a statement of intent regarding their commitment to listening and engaging customers.

The impact of a complex sales process

Aside from banks' and their employees' characteristics and behaviour, fintech marketing is shaped by the rhythm of the sales process and the procurement hurdles necessary to overcome inside financial institutions.

The fintech sector is characterised by complex, multi-stage business-to-business (B2B) sales processes and high value, long-term investment commitments requiring informed decision making and carefully considered business cases. Historically, this has skewed marketing activities toward those that activate or support direct engagement and relationship building within an extended sales process.

In this scenario, in order to be effective for the organisation, it is important that marketing and sales functions are tightly aligned. The extent of any gap – sometimes chasm – that can exist between marketing and sales functions is critical.

Constraints on achieving modern marketing objectives

The complexity of the sales process has also held back the achievement of more contemporary marketing goals, such as automated lead tracking, nurturing and attribution. These goals are problematic in complex, extended sales processes involving large organisations with multiple stakeholders and decision makers.

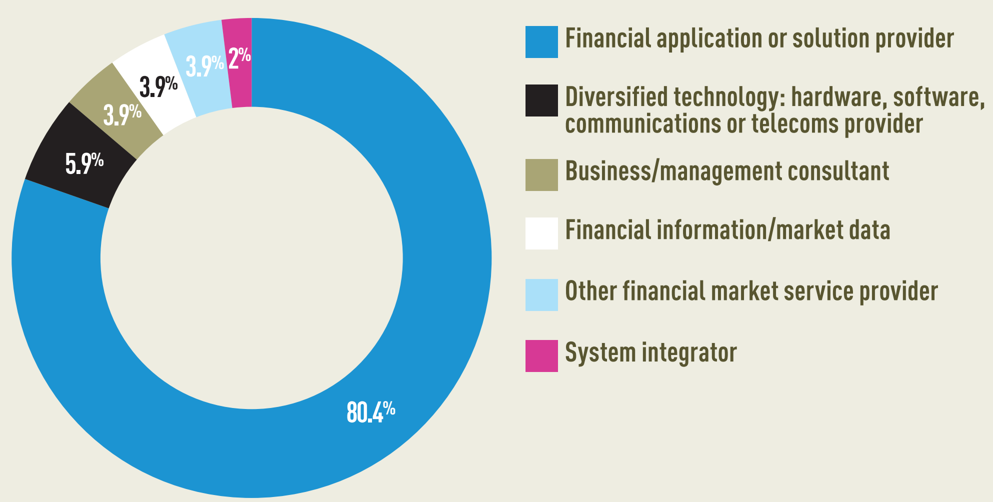
If this brief snapshot builds a picture of a sector that has been inherently conservative and slow to evolve, then it is deliberately so. This context has strongly influenced how fintech vendors have generally marketed to these decision makers (notwithstanding the inevitable variations and exceptions that have occurred).

The purpose of this report is to better understand the degree to which this picture remains valid today, and the degree to which the target audiences, and therefore also the marketing tools and techniques applied to engage them, have evolved and will continue to do so in the years ahead.

04
PARTICIPATING FINTECH ORGANISATIONS

4:1 Profile

fig 1: **TYPE OF ORGANISATION: HOW WOULD YOU BEST DESCRIBE YOUR PRIMARY BUSINESS FOCUS?**



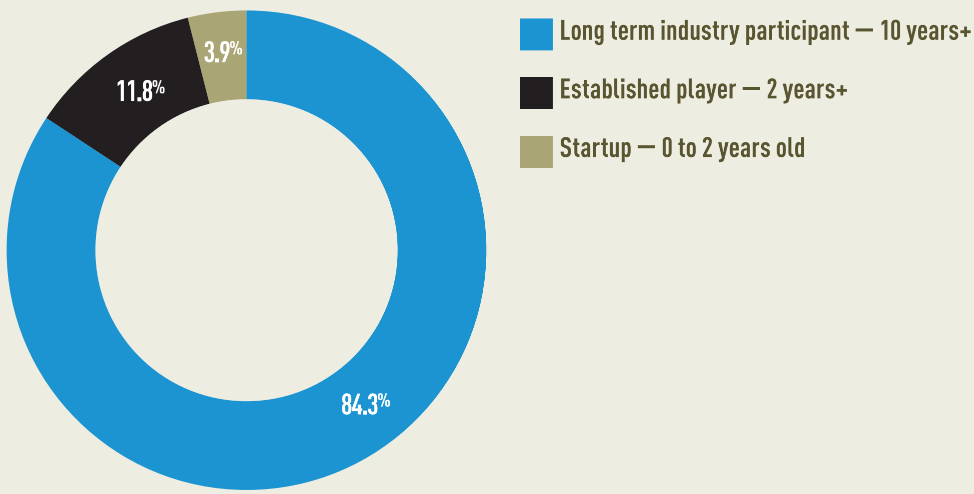
Respondents: 51

Who knew? Niche solution providers dominate a niche sector
Applying any taxonomy or segmentation to the fintech sector is fraught with difficulty. Participants are mostly complex, mature businesses, comprised of multiple different product and service offerings. It is also a sector that has been subject to a significant amount of M&A activity in recent years, as vendors extend or bolt-on new offerings. As a consequence categorisation needs to be applied at a high level.

The survey response reflected a bias which was expected. The survey was completed primarily by marketers inside organisations which are specialist financial applications and solutions providers. Inevitably this group has the greatest interest in understanding the subject. The remaining balance of respondents was spread equally across the other participants in the fintech arena.

4:2 Maturity

fig 2: **MATURITY OF YOUR ORGANISATION: WHICH DESCRIPTION BEST SUITS YOUR BUSINESS?**



Respondents: 51

In fintech, age is not a barrier

The vast majority of respondents work in long established businesses. This confirms expectations around the industry and the maturity of the vendors serving it.

A quick scan through the names of vendors consistently participating at key industry conferences (including SIBOS, BAI Retail Delivery) for over a decade or more, confirms the longevity of fintech organisations, once they become established.

Where are all the startups?

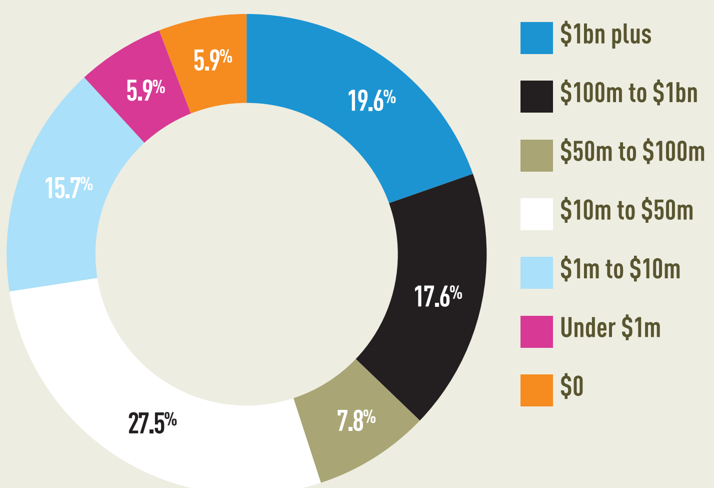
Less well represented are the new wave of startups emerging daily in the fintech sector. Globally, fintech investment has more than tripled over the past three years rising from $928 million in 2008 to $2.97 billion in 2013 (source: Accenture report *The Boom in Global Fintech Investment*). In addition to VCs, an extensive ecosystem of accelerators and mentors has emerged to help fintech startups grow their businesses. Marketers in startup organisations are not well represented by the survey. Given their characteristics this is not surprising.

Understandably, bootstrapped startups adopt a zero budget, DIY (do-it-your-self) approach to marketing that relies upon the aptitude and skillsets of the founders to market and sell the new business and its solution. Today's startups are inevitably 'born social'. They are comfortable with using social media channels as cheap and easy routes to gain visibility.

This approach works well in creating noise to attract the attention of potential funders. The potential weakness occurs at the point at which startups receive first or second round funding, or have achieved critical mass of client revenues. Startups then require the skills and expertise of experienced marketing professionals to go-to-market at scale.

4:3 Size

fig 3: **SIZE OF YOUR ORGANISATION BY ANNUAL REVENUES**



Respondents: 51

Even distribution of respondents by revenue

The largest single group of respondents by number fall into the typical revenue scale of mid-sized financial solution or application specialists, collectively 38.3% have from $10m to $100m of revenues. A similar number work within big corporations, collectively 37.2% have $100m or more revenues, of that 19.6% are at over $1bn. The remaining 27.5% are smaller organisations with under $10m in revenues.

For the purposes of achieving a broad view of the marketplace, the spread of responses and input achieved from all sizes of organisation is very helpful.

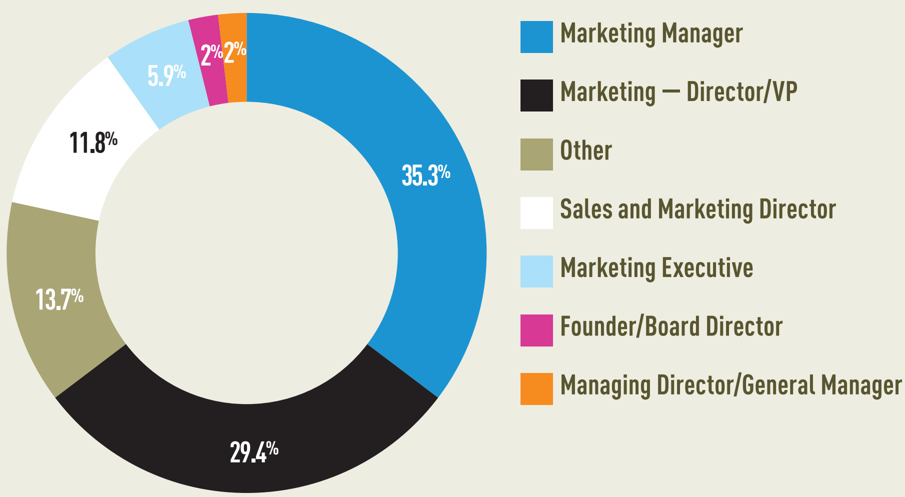
Respondents were of course offered anonymity. However in terms of establishing the credibility of the data gathered by the survey, it is worth noting that every organisation responding would be recognisable to the majority of participants in the fintech arena.

05

PROFILE OF INDIVIDUAL MARKETERS

5:1 Job titles

fig 4: **JOB ROLE: WHICH JOB TITLE IS CLOSEST TO YOUR OWN?**



Respondents: 51

Seniority brings credibility to views collected

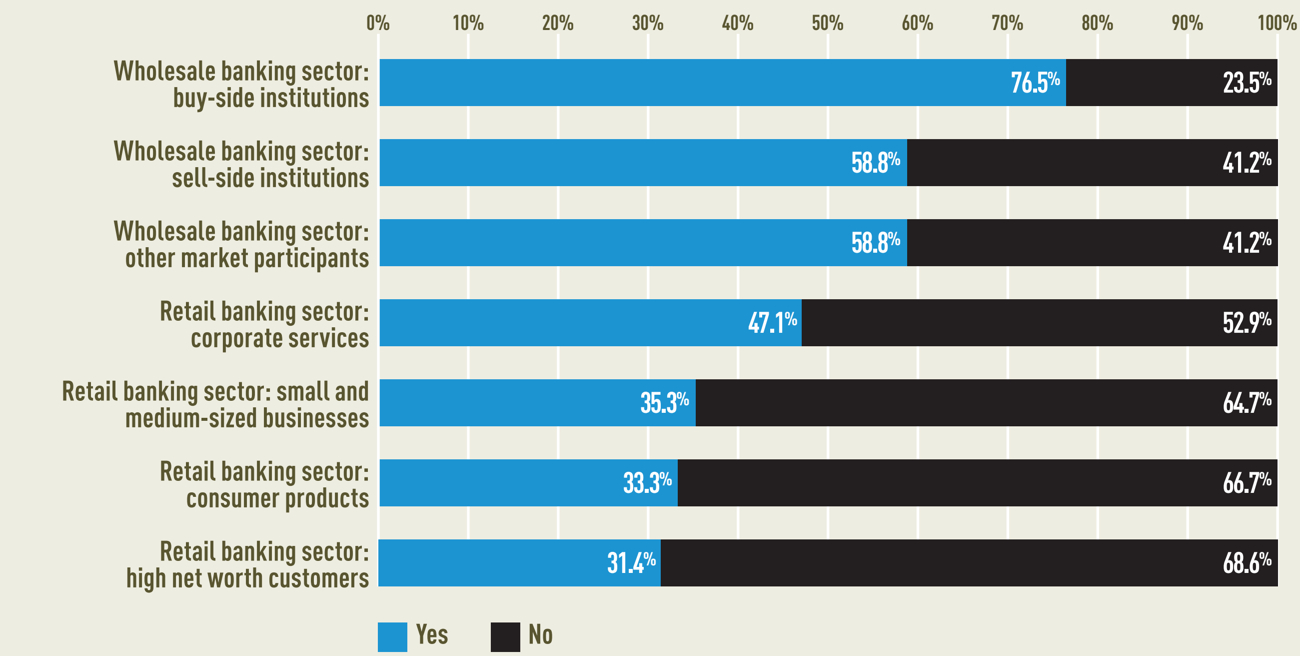
No surprises among the range of job titles identified. The seniority of the titles reflects well upon the credibility of the data gathered, especially when viewed alongside the scale of the organisations responding.

It is reassuring that relatively few organisations incorporate responsibility for marketing with the sales function. This approach can succeed with the right individuals. However, the overriding priority to close sales opportunities can focus marketing resource on short term tasks at the expense of longer term demand generation or brand building activities.

The success of the interplay between sales and marketing functions is a constant theme and sometimes also an area of conflict. It is further explored in later sections.

5:2 Target audiences

fig 5: **WHICH TYPES OF FINANCIAL INSTITUTIONS DO YOU MARKET TO?**



Respondents: 51

Stretched across sectors and audiences

The fintech marketers that responded focus on a mixed portfolio of products and/or solutions aimed at different market segments and audiences. There is a clear preponderance toward the wholesale banking sectors among the respondents.

What are the implications of this mixed portfolio of target sectors and audiences?

Fintech marketers will be required to build and sustain broad industry knowledge of developments in often quite separate segments within the financial services industry.

How to be an expert on many topics?

The challenge of understanding the issues within diverse segments shouldn't be under-estimated. The customer audiences, products and services of the financial institutions change. So do the regulations and the technologies applied. The gap between framing a marketing proposition or campaign around say a High Frequency Trading (HFT) solution versus a mobile payments app is significant.

Recruiting experienced and talented marketers with fintech domain knowledge is difficult. Senior managers responsible for marketing functions need to plan their strategies around the training, internal knowledge transfer and retention of their teams. This is an obvious and longstanding issue within the fintech niche. It will become increasingly critical as the job market improves generally and the lure of funded fintech startups increases.

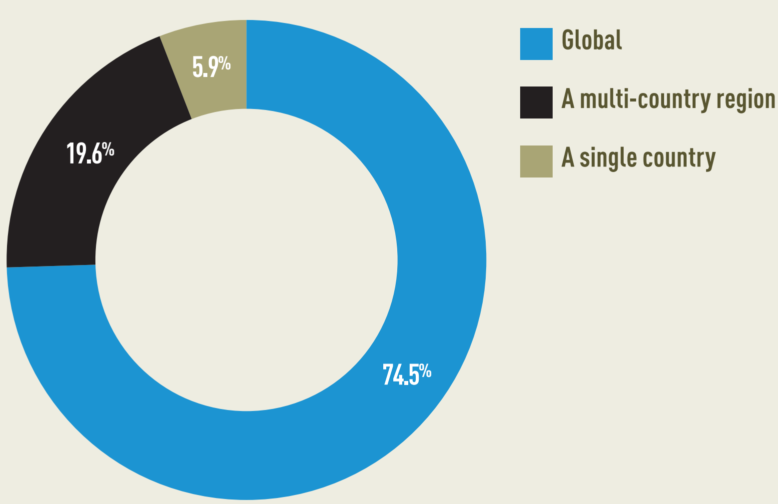
Are you ready for content centric marketing?

Finding marketers comfortable operating within the jargon of the banking and technology sectors, and with good experience of modern marketing techniques, has always been a challenge. Knowledge of fintech is neither quickly, nor easily learned. Current trends in marketing will only make this depth of knowledge an increasingly important issue. There is a clear risk to the effectiveness of the marketing function.

Expect content marketing and social engagement to play a greater role in future marketing activities. In a content-centric marketing landscape, fintech organisations need to be clear where their subject matter expertise resides. They need to be precise in describing the dependencies and setting expectations around capturing and re-purposing that knowledge for use in sustained content marketing outreach and social interactions.

5:3 Geographic responsibility

fig 6: **GEOGRAPHIC FOCUS: WHICH BEST DESCRIBES YOUR GEOGRAPHIC RESPONSIBILITY?**



Respondents: 51

Stretched across countries and cultures

In addition to multiple audiences, fintech marketers are also required to serve multiple geographies. Some 74.5% hold a global role, with an additional 19.6% also having multi-country responsibility (primarily within EMEA or APJ/APAC focused organisations). Overall some 94.1% serve multiple countries.

What are the implications of this broad geographical remit? Fintech marketers are required to build an understanding of the characteristics of banking and finance in diverse cultures, raising the same issues around audience understanding and subject matter expertise within the marketing function that were highlighted in question 5b. The sheer breadth and depth of this knowledge building requirement should not be underestimated by senior managers.

Conflicted objectives compromise execution

This broad geographical remit also raises issues around the structure of the marketing organisation and the accountability of individuals and functions. There can be an assumption that the large corporations responding have local subsidiary resources to help in execution. However experience suggests that even in the largest fintech organisation, the capability to execute can be limited by the availability of local resource, budget, conflicted priorities and the politics of reporting lines.

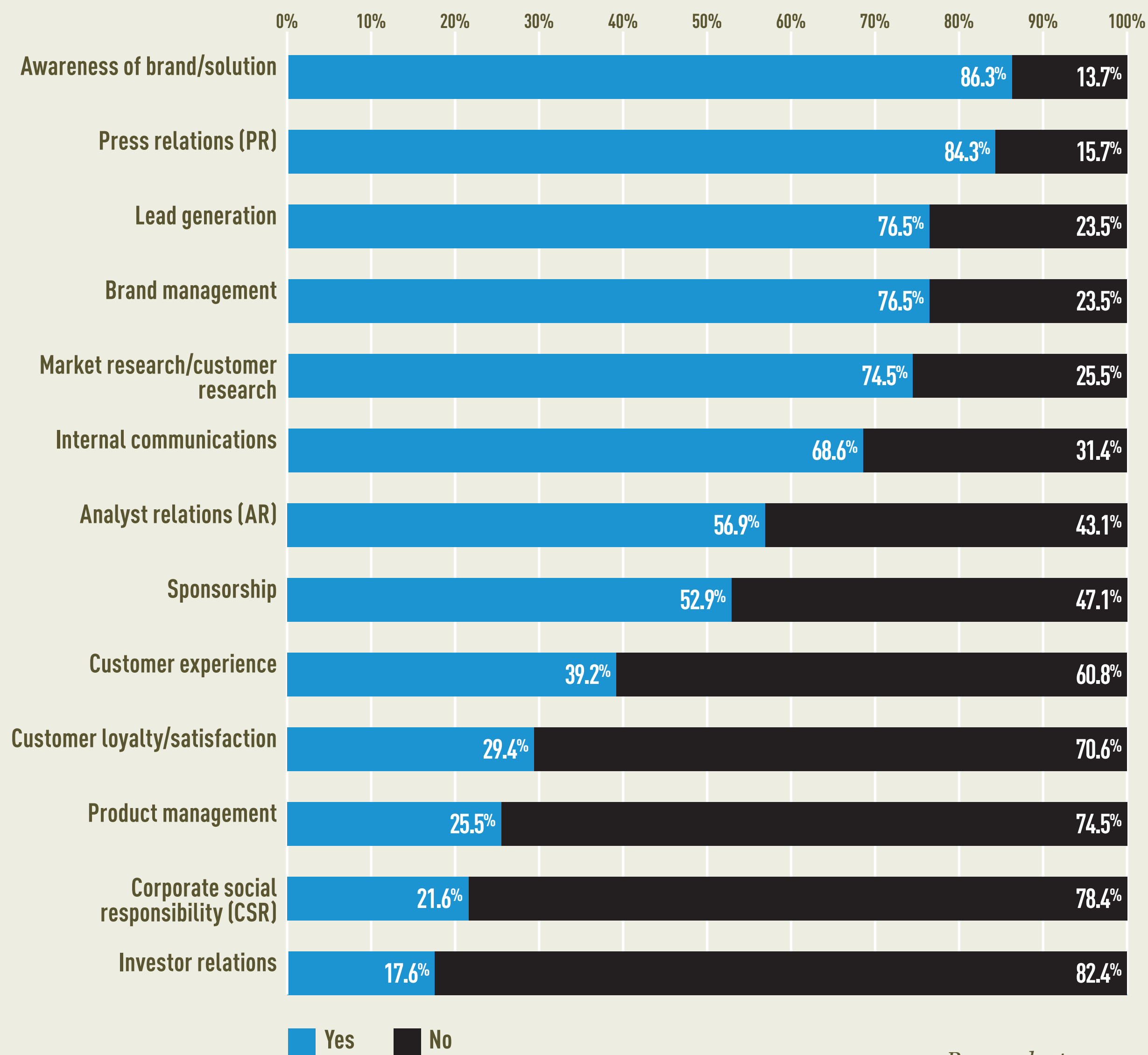
In smaller organisations the situation is typically less complex but no less challenged. A lack of local support and lower budgets place more responsibility on the individual marketer to create and execute activities.

In this situation it is easy to see the case for the economies of scale offered by pan-regional fintech events and media platforms for the purposes of regional marketing outreach. Being able to organise centrally and execute locally is a significant benefit to time and resource challenged fintech marketers.

Fintech marketers themselves are a cosmopolitan and dispersed group. Respondents were based in the USA, Germany, France, UK, Netherlands, Belgium, Greece, Turkey, Ireland, India, Singapore, Hong Kong and Australia.

5:4 Personal responsibilities

fig 7: **WHAT RESPONSIBILITIES DO YOU HAVE?**



Respondents: 51

Stretched across marketing and beyond

Fintech marketers have responsibility for a very wide range of different activities and tasks.

It is no surprise to see the fintech marketing staples of lead generation, brand awareness, brand management, PR and AR feature prominently. However to see a reasonable number of the respondents also responsible for areas such as market research, internal communications, customer experience and product management was surprising.

Clearly it is a challenge to stay up-to-date on the latest innovations, tools and techniques across so many areas of responsibility.

To some extent the degree to which this might be an issue depends upon the size of organisation. In the larger companies responding (and based on the seniority of respondents) one can reasonably make the assumption that marketing teams exist, composed of individuals with specific expertise, each owning different areas of responsibility. Additionally, one can reasonably assume external suppliers and agencies are available to help support them.

Jack-of-all trades...?

However given the number of small and mid-sized organisations responding, it is clear that many individual fintech marketers are expected to cover a very broad scope of activities.

Marketers will recognise that many of these areas – including investor relations, corporate social responsibility, market research and internal communications – are specialised topics. If a 'jack-of-all-trades' approach is taken, there will be obvious compromises associated. Responses to previous questions have already indicated that respondents are stretched across different audiences and geographies. Now they are being pulled in several more directions.

Senior managers looking at this spread of responsibilities need to be realistic whether their marketing function is adequately resourced to lead and drive in all of these activities. Or is it more effective that they are geared toward directing and managing specialist third party suppliers or agencies? It is also important to be realistic in understanding that practical prioritisation choices are probably being made in the frontline which might prevent the organisation achieving its business objectives.

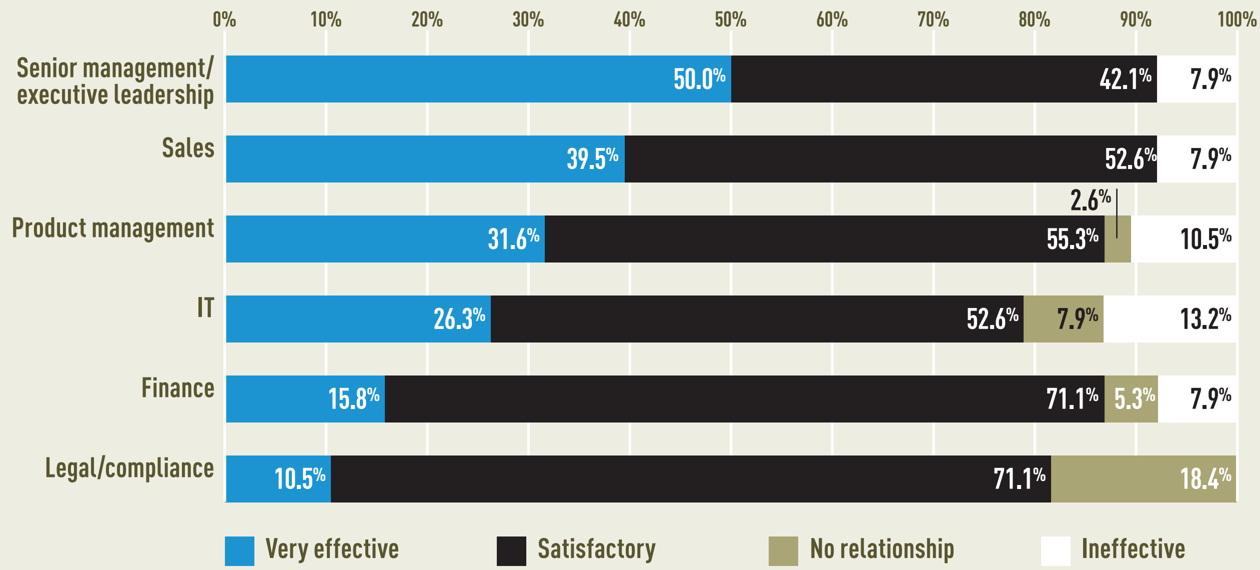
A call to better organise the Org. Chart?

Other discrepancies to highlight include that the survey shows 60.8% of respondents do not have responsibility for customer experience. Some 70.6% of respondents do not have responsibility for customer loyalty or satisfaction. This contrasts with other industry sectors, where much discussion is taking place around the evolution of the Chief Marketing Officer role, into that of a Chief Experience Officer, with clear and primary responsibility for the customer experience.

It is also worth noting that some 68.6% have responsibility for internal communications. This is no surprise but never seems to have a completely satisfactory outcome in practice. Internal comms seldom finds a comfortable resting place on the corporate organisation chart.

5:5 Quality of internal relationships

fig 8: **RATE THE EFFECTIVENESS OF THE MARKETING FUNCTION'S RELATIONSHIPS WITH OTHER INTERNAL FUNCTIONS**



Respondents: 38

My boss is my friend

Fintech marketers are a positive breed. Despite the considerable burden of their responsibilities, they did not take the opportunity offered to complain about their bosses. Some 92.1% reported a relationship with senior management that was either Very Effective or Satisfactory.

Similarly, 92.1% reported a relationship with their sales function that was either Very Effective or Satisfactory; although, the proportion is weighted towards 'just' being Satisfactory (52.6%), rather than Very Effective (39.5%). Perhaps surprisingly, given the potential for friction between sales and marketing functions, only 7.9% reported an Ineffective relationship with sales.

Does anyone know where the IT guy hangs out?

Most worrying for senior managers reviewing this data is that 22.1% of fintech marketers report having either No Relationship (7.9%) or an Ineffective relationship (13.2%) with their IT function. It is hard to understand how any contemporary marketer can be effective without a close relationship with their IT function to provision, integrate and support the points of integration between external facing marketing platforms and the organisation's core systems.

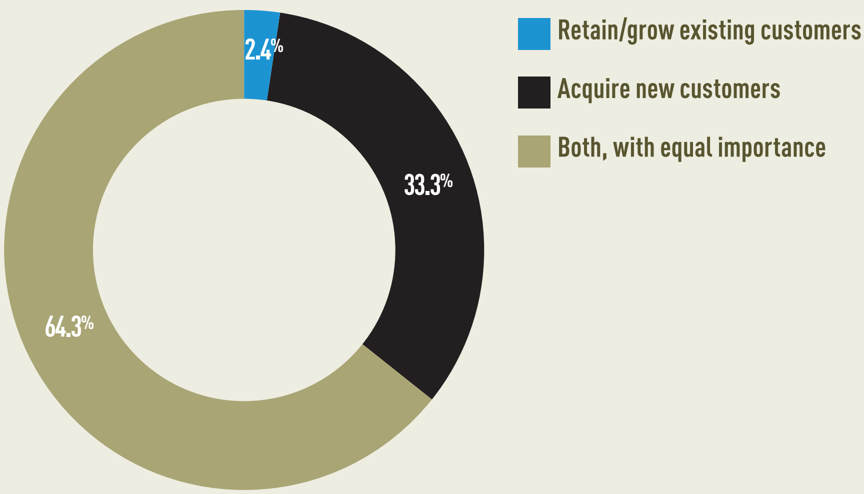
Analysts have gathered headlines by forecasting that the Chief Marketing Officer (CMO) will shortly have a larger technology budget than the Chief Information Officer (CIO) and now a host of exciting new marketing solutions offers organisations more effective outreach and engagement with the added efficiency advantages of process automation.

Later in this report, the same fintech marketers confirm their intention to increase their investments in a variety of marketing systems and infrastructure. In these circumstances any organisation with a significant gap between its marketing and IT functions is setting itself up to enjoy painful, prolonged implementation experiences. Senior managers clearly need to address this point.

06
MARKETING PRIORITIES

6:1 Priorities

fig 9: **MARKETING PRIORITIES IN 2014: WHAT IS YOUR MAIN MARKETING PRIORITY?**



Respondents: 51

Mature fintech vendor would like to meet rich budget holders, and lots of them
Nearly two thirds of all responding marketers are focused upon both acquisition and retention (64.3%). One third precisely is tasked exclusively with acquisition. Just 2.4% are tasked exclusively with the retention and growth of existing customers.

The dual focus of the majority of respondents holds no surprises. Neither does the fact that acquisition is clearly the biggest priority. Collectively 97.6% have acquisition as either a single or shared priority.

What does this imply?

Clearly the focus of fintech marketers is massively skewed toward acquisition of new customer relationships. To some extent this is understandable.

Businesses focusing upon growth invariably prioritise new customer acquisition and marketing is required to lead these efforts. This focus determines marketers' subsequent choices of activities and prioritisation. Inevitably this de-prioritises the importance of marketing to existing customers, a task usually left to account based sales teams.

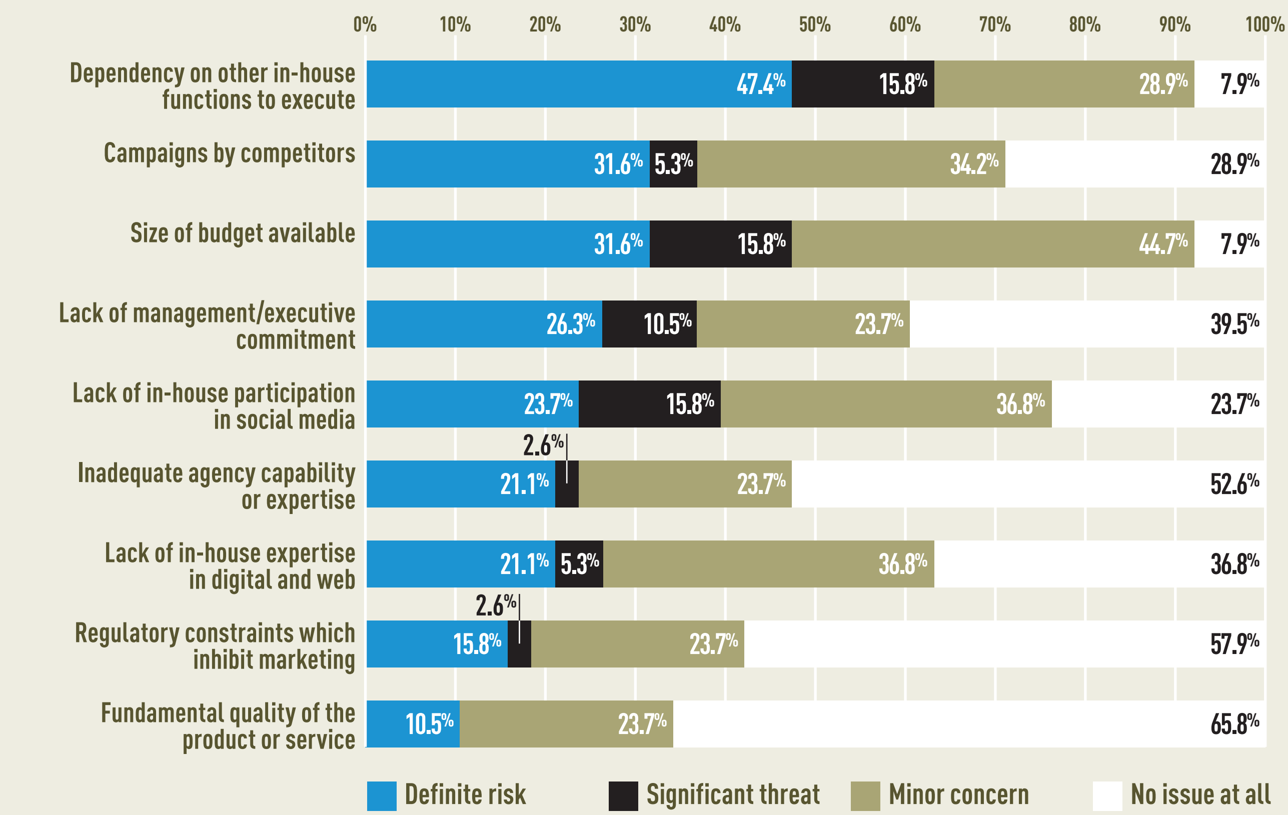
This focus contrasts with mainstream technology sectors, where marketers are increasingly responsible for helping to sustain engagement with customers. Often this reflects the faster movement toward renewal-based, hosted service models. In these situations more focus is placed upon marketers' responsibility for the customer experience lifecycle, contribution to the reduction of churn and growth in account value.

Learning from technology vendors
Mainstream technology companies typically also have more strongly developed customer advocacy and reference programmes than are found among fintech vendors. Often these are linked to early adopter programmes, and voice of the customer or customer satisfaction initiatives.

These programmes are typically tuned to help support the use of customer referencing within the sales process and to generate and amplify positive comments and discussion in social platforms. Fintech vendors need to examine these programmes and understand how they can apply the approaches and techniques used among their own customer base.

6:2 Barriers to success

fig 10: **WHAT ARE THE BIGGEST BARRIERS TO ACHIEVING YOUR MARKETING OBJECTIVES?**



Respondents: 38

Are we really all pulling in the same direction?
A wry smile is raised by the discovery that fintech marketers see their colleagues as a greater barrier to achieving their marketing objectives than the campaigns of their competitors.

Collectively, 63.2% see internal dependencies on other functions as either a Definite Risk or Significant Threat, compared to just 36.9% who see the campaigns of competitors as either a Definite Risk or Significant Threat.

While lacking confidence in their colleagues, in contrast fintech marketers are overwhelmingly confident in the capabilities of their products and services. Collectively some 89.5% have only Minor Concern (23.7%) or No Issue (65.8%) with the fundamental quality of their offering.

The inevitable budget question: how much budget is enough? hangs in the balance. Our interpretation of the response is that a bigger budget is always welcomed but there is also a maturity in the view that budget is also not the overriding determinant of success. Budget 'only' sits as joint second in terms of being a Definite Risk to achieving goals.

Anecdotally, many fintech businesses seem to be continuing with the tight budget lockdowns that helped them through the recession. This could mean they will fail to market themselves effectively as we head into a positive economic cycle. A contrarian might suggest, perhaps the 31.6% who regard their lack of budget as a Definite Risk, simply work inside better managed businesses.

Activate social inside the business for external success

Lack of in-house participation in social media is collectively considered a Definite Risk or Serious Threat for 39.5% of respondents. While a minority this is a large number and reflects a better understanding among marketers that success in social media cannot solely be achieved through channels managed by the organisation's marketers but also needs activation by other internal functions and individual colleagues. It would appear the task of education, encouragement and mentoring on the use of social media is invariably being added to fintech marketers To Do lists.

In contrast to the previous question (5e), regarding the good quality of internal relationships with executives, collectively 36.8% see lack of executive commitment as a Definite Risk (26.3%) or a Significant Threat (10.5%). Perhaps there is a difference between claiming a good relationship, and the ability to actually depend upon executives for serious investments of time or support.

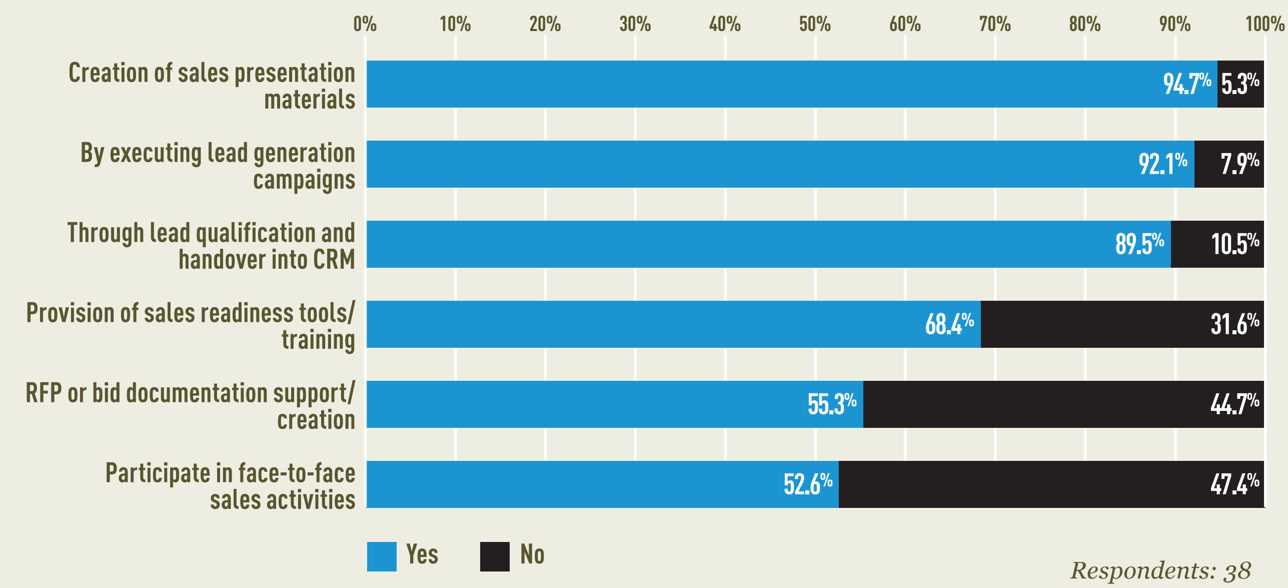
Are you satisfied with your agency?

Agencies emerge with credit, although there is polarisation between those happy with their agencies and those dissatisfied. In a sector where expertise is hard to find, collectively 76.3% consider lack of agency expertise either only a Minor Concern (23.7%) or No Issue (52.6%). However room for improvement does exist as 21.1% regard lack of agency expertise as a Definite Risk. For agencies the implication is that on average one in five fintech organisations will be reviewing whether its agency is fit for purpose.

Similarly, marketers consider they are well placed for in-house digital and web expertise. Collectively 73.6% consider lack of in-house digital and web expertise as either only a Minor Concern (36.8%) or No Issue (36.8%). Our reflection is that while pure technical skills are easy to secure internally, most organisations still struggle to establish motivate and retain adequate in-house creative and / or analytical resources.

6:3 Support for the sales function

fig 11: **HOW WILL YOU BE SUPPORTING YOUR SALES FUNCTION?**



Respondents: 38

Slideboy, can you make my deck look better?

It was a surprise to see the provision of sales presentation materials as the most frequently occurring sales support activity (94.7%). Not least as the provision of sales readiness tools / training drops to 68.4% of the respondents. There is a suspicion that the former more specifically described activity is at the level of helping sales with individual presentations or slide decks. This is supported by the fact that 55.3% of respondents are also involved in RFP and bid documentation creation.

From this data it would appear that it is difficult for marketers to police the line between providing the sales function with tools to improve their effectiveness and productivity, and getting drawn into the legwork of practical production chores.

Meet the customers and understand the audience

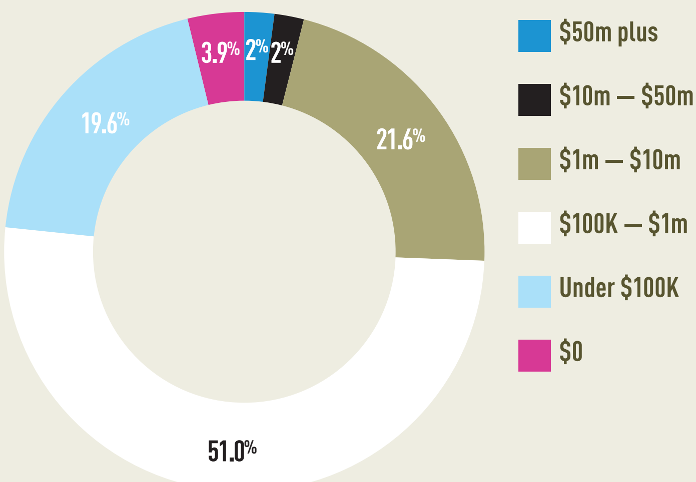
Over half of fintech marketers (52.6%) also participate in face-to-face sales activities. This is positive. Exposure to the sales process is invaluable for marketers. It helps them to understand the challenges faced by their colleagues in sales as they steer a prospect through the sales process. It also exposes them to the behaviour of prospects at firsthand to help inform marketing activities that might better accelerate the sales cycle.

07

BUDGETS IN 2014

7:1 Size of budget

fig 12: **SIZE OF YOUR MARKETING BUDGET**



Respondents: 51

Size is always relative

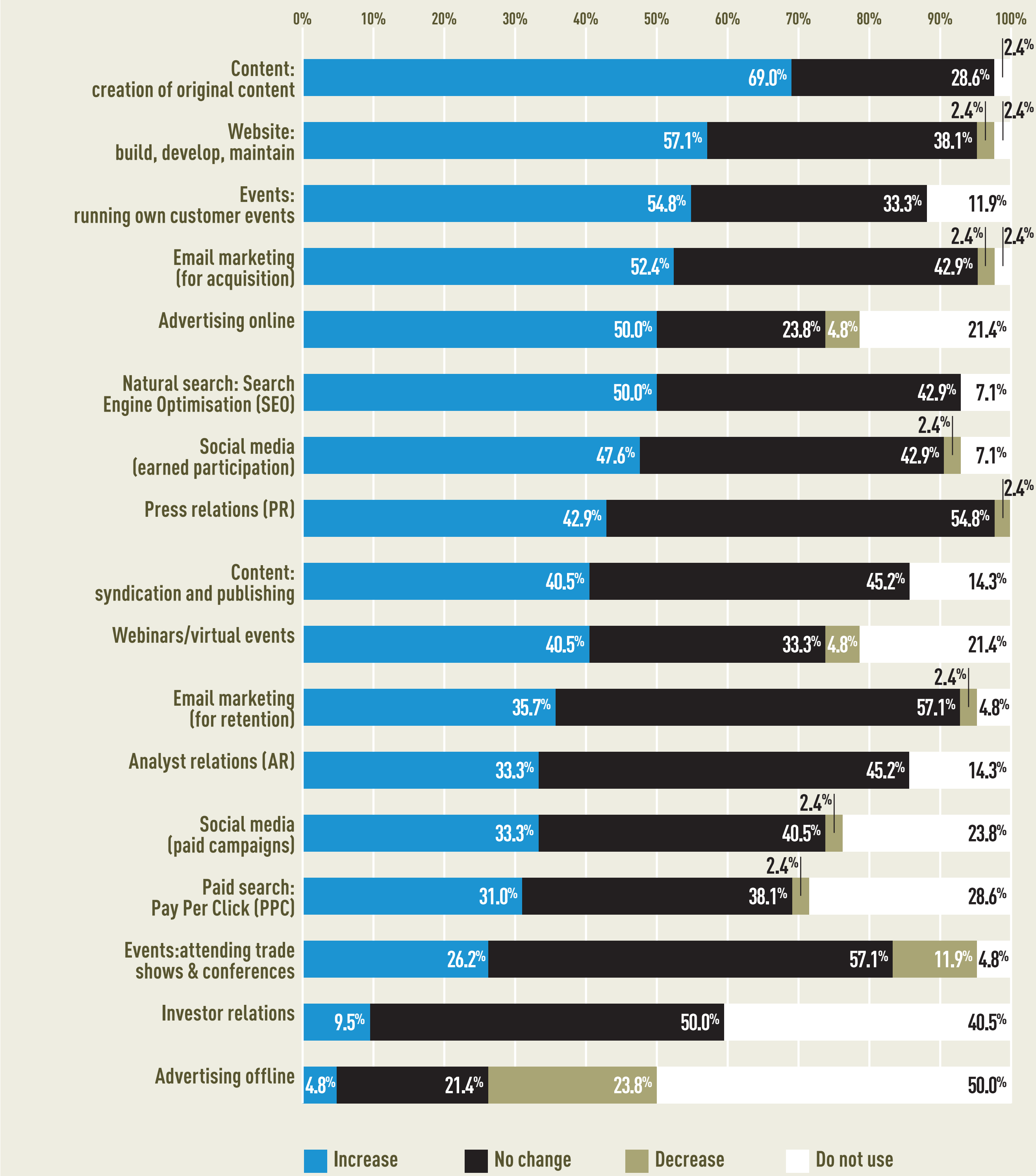
As we have seen in previous questions, opinions regarding marketing budgets are mixed. The majority of respondents (51.0%) are responsible for budgets between $100K and $1m. The spread across these amounts is quite large. Therefore it is hard to confidently draw conclusions. However given the spread of sectors, geographies, responsibilities and activities to be covered, it is safe to assume that these amounts will be spread thinly across many priorities.

In contrast collectively 23.5% manage with under $100K to spend. This group must largely be managing through their own practical efforts at creative self-help, rather than investing significantly in external agencies or media investments. It would be interesting to investigate the success of these DIY fintech marketers, and to what extent the evolution of simple-to-use technology and the availability of free social platforms has assisted them in their efforts in recent years.

Even among those better endowed with budget – 21.6% have budgets of between $1m and $10m available – it is possible to believe those amounts will also be spread thinly across global organisations.

7:2 Areas for increase/decrease

fig 13: **IN WHICH ACTIVITIES WILL YOUR MARKETING BUDGET INCREASE OR DECREASE?**



Respondents: 42

Budgets are bouncing back for fintech marketers

Marketing investments are generally increasing and the use of key digital channels is prevalent. Overall the weight of movement is toward increases in marketing investments, rather than decreases. This optimism is driven by both the upturn in the economic cycle and the newfound vitality of the fintech arena.

Where are fintech marketers increasing their marketing investments?

Any preconception that fintech marketers are lagging behind other sectors in their appetite to use contemporary marketing techniques has to be banished. That may have once been the case but this report confirms the intention to increase investments in areas such as content, web, email and search.

The report's findings mirror recent experiences and recommendations. In terms of demand generation typically, content leads, then search and social follow closely behind. Press relations and analyst relations are both important at influencing critical moments in the buying cycle. Website and email optimisation are core hygiene requirements to be sustained. Events remain valuable but need to be selected intelligently to develop high quality relationships.

This snapshot reflects a modern digital landscape in which prospects now pre-qualify potential suppliers using their own web research to create short lists. Preferences are determined based upon information downloaded from independent industry sites, conversations on social networks and the review of a company's online presence. Analysts and consultants still play a key role but they too are subject to these influences on their opinions.

If you publish they will come. Or possibly not

Content is clearly the top priority among fintech marketers. Content budgets were considered in two questions. The first asking about the budget for creating original content, the second asking about budget for the syndication and publishing of content. While a small number of our respondents simply did not use these techniques, none of the respondents were planning to decrease planned budgets in either of these areas.

Content creation is a well understood priority with 69.0% planning to increase their budgets. The need to invest in content syndication and publishing is less clear cut for some marketers with only 40.5% increasing their investment in these areas. This reflects the misconception that great content will simply find its audience. Investments in publishing, seeding and syndication are essential to maximise the value of investments in content creation. Social, search and analytics play key roles here.

In terms of social media the overwhelming majority are actively investing in earned social media activities. Some 47.6% are increasing budgets, with 42.9% sustaining their current budgets. Just 7.1% have found a reason for abstaining from earned social media participation. By contrast 23.8% do not use paid social media campaigns at all. This is either an issue of budget constraint or a lack of understanding of the value of these techniques. Paid social media campaigns can be used successfully to extend the reach of content and accelerate the growth of communities. It is an area for marketers to reconsider.

PR remains a cornerstone in fintech

Confidence in the use of PR is unshakeable. PR is the only technique used by 100% of our respondents. No less than 97.7% will collectively either sustain or increase their investment in PR. While the essence of good PR remains around effectively crafting and communicating key messages to the target media, competence in modern digital PR practices can only help to strengthen content and natural search performance.

Analyst relations, which has a more immediate and direct impact on the sales pipeline than press relations, sees a similar level of commitment with 78.5% either sustaining or increasing their investment.

If the death of print advertising was not already obvious through the shrinking page numbers of magazines aimed at the banker and other banking technology audiences, this report confirms it. Only 4.8% plan to increase their budget spend in print advertising. A massive 50% simply do not use print media at all.

Relationship building is still critical, even in a digital age

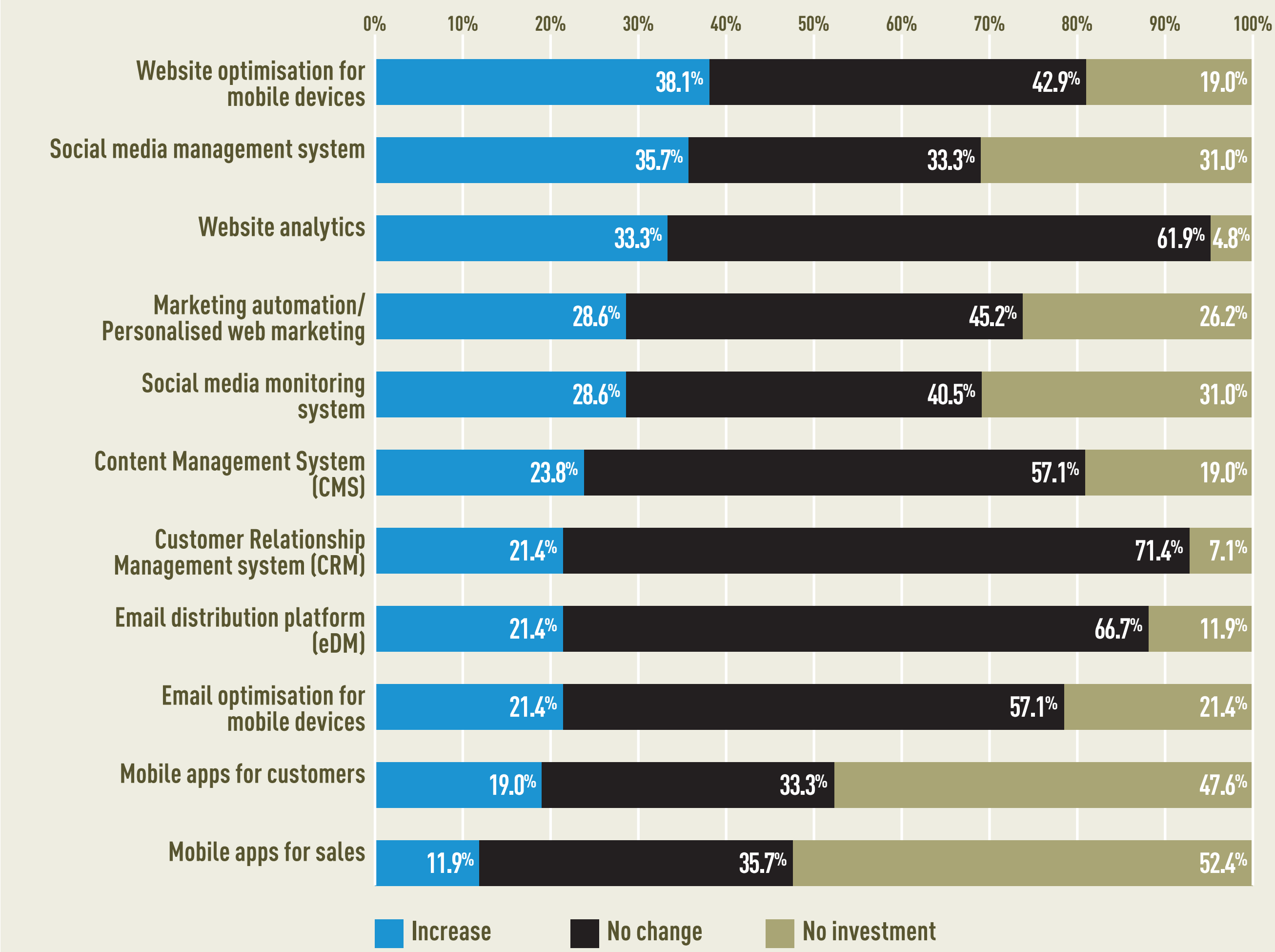
In stark contrast, the other traditional staple for fintech marketers, attending trade shows and conferences, sees increased budget from 26.2% of respondents and unchanged budget from 57.1%. Indeed running your own customer event will benefit from increased budget among no less than 54.8% of respondents and an unchanged budget among 33.3%. Remarkably, no-one who runs customer events is reducing the budget for the activity.

The data gathered reflects the polarisation not between online and offline channels but between passive and interactive marketing activities. This means some very old-fashioned marketing activities, notably events and conferences, are flourishing alongside the latest digital techniques.

The formula and personality of fintech events is also evolving influenced by inputs from the tech sector such as TED talks, hackathons and the unconference model. Technology itself is also changing the event experience with realtime interactivity and remote participation possible via social media and online streaming.

7:3 Investment in marketing systems

fig 14: **WHICH MARKETING TECHNOLOGY SYSTEMS/TOOLS WILL YOU INVEST IN?**



Respondents: 42

Marketers have extensive technology wishlists

Overall it is noticeable that more fintech marketers will be sustaining, rather than increasing their investments in marketing systems. The implication is that, therefore, many of these systems are already in situ.

The number of respondents increasing their investments is still a strong indicator of the focus on the use of systems to underpin aspects of marketing.

The number of systems apparently already in situ was surprising. The worry is that perhaps in truth many of these investments remain a work in progress. Typically, the promise of new, shortly to arrive, marketing systems is invariably loudly heralded. Whereas, the unfulfilled promise of stalled or failed technology investments is quietly forgotten. In anecdotal conversation fintech (and tech) marketers often reference the expected arrival of new marketing systems and tools but mitigate that comment with the proviso that it won't be a factor in the short term.

Mobility is a priority for everyone

The inexorable trend toward greater mobile internet consumption has pushed website optimisation for mobile and touch devices into the top priority for investment. Evidence of this demand is manifest in the number of RFPs for responsive HTML5 websites. Mobile optimisation is also a reasonably discrete achievable project for marketers to initiate without tight dependency on other systems for sucess.

The need to optimise email for consumption on mobile devices is less widely accepted with just 21.4% increasing budget in this area.

In contrast to websites, provision of mobile apps for either customers or the sales team is bottom of the list. Sustaining a customer facing app with refreshed content and maintaining two or more native code bases is a substantial commitment. Similarly, competing for mindshare with mainstream consumer, news and lifestyle apps is hugely competitive and can easily marginalise the efforts of even the best funded fintech vendors.

Have CRM investments delivered ROI?

The core building blocks of modern marketing infrastructure look to be well established. CRM, CMS and eDM platforms enjoy either increased or sustained budgets of 92.8% for CRM, 80.9% for CMS and 88.1% for eDM platforms. Given previous and new investments, there must be frustration that the ability to track and measure marketing ROI is still limited. This topic is explored in section nine.

Social is clearly an area of focused investment. Two thirds of marketers (69.0%) already use social media management systems, with 35.7% looking to increase their spending in this area this year. Almost exactly the same number (69.1%) use social media monitoring systems, with some 28.6% increasing their investment this year.

While some areas of marketing systems (CRM, CMS and eDM are good examples) have already seen consolidation around a core set of vendors and product offerings, the arena of social media management and monitoring remains fragmented with a large number of players hoping to become established. In these changing circumstances marketers need to consider their choices of new systems and tools carefully.

Better analysis enables better decision-making

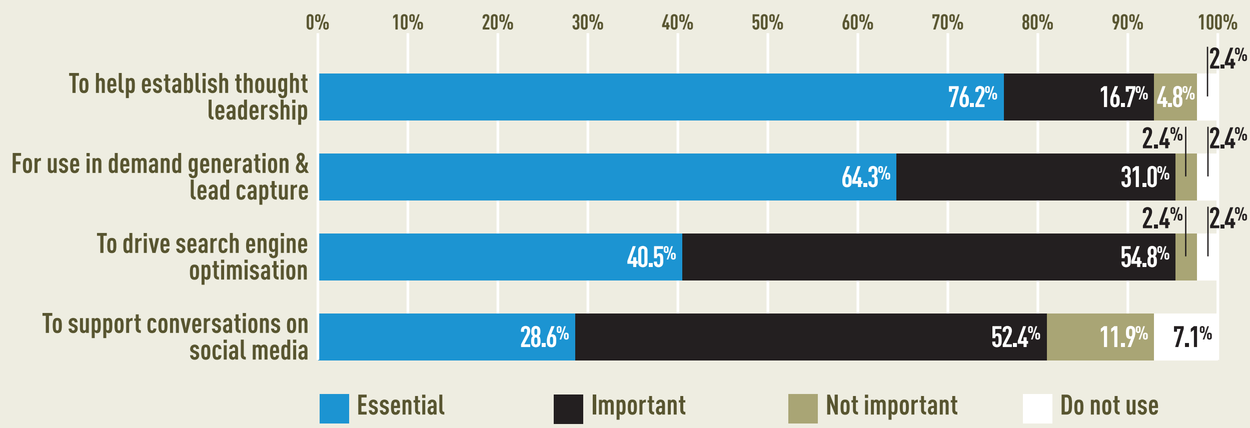
Increased investment in website analytics (among 33.3% of respondents) is to be applauded. Improved focus upon the discipline of analytics is essential to demonstrate the ROI from marketing.

A consistent focus upon better understanding site usage, traffic flows and the customer's online journey is a sign of maturity, aiding both website optimisation and digital marketing strategy. A failure to invest in analytics, or to then consistently turn that data into insight, prevents the multitude of small incremental improvements to websites and / or marketing processes that will improve performance.

08
MARKETING CHANNELS

8:1 Plans for content creation

fig 15: **WHAT MOTIVATES YOUR INVESTMENT IN CREATING ORIGINAL CONTENT ASSETS?**



Respondents: 42

Are you yet another author? Or are you an authority?

It has already been confirmed that content is critical to the fintech marketing mix. Of the content assets created their primary functions are to build credible thought leadership (Essential or Important for 92.9% collectively) and for use in demand generation and lead capture campaigns (Essential or Important for 95.3% collectively).

Recognition of the value of content to assist natural search engine optimisation (SEO) lags behind, as does its use to fuel conversation on social platforms. As search engines continue to tune their algorithmic models toward prioritising content not links, and also embracing social references within search results, this focus will need to change.

SEO has been something of a Cinderella discipline among fintech marketers. Skewed by pre-conceptions around the relevance of pay per click (PPC), SEO struggled to prove its value to the B2B purchase cycle. Now with greater understanding of the need to influence purchasers during their research and qualification of solutions, SEO is an area for increased focus.

Equipping salespeople to engage executives

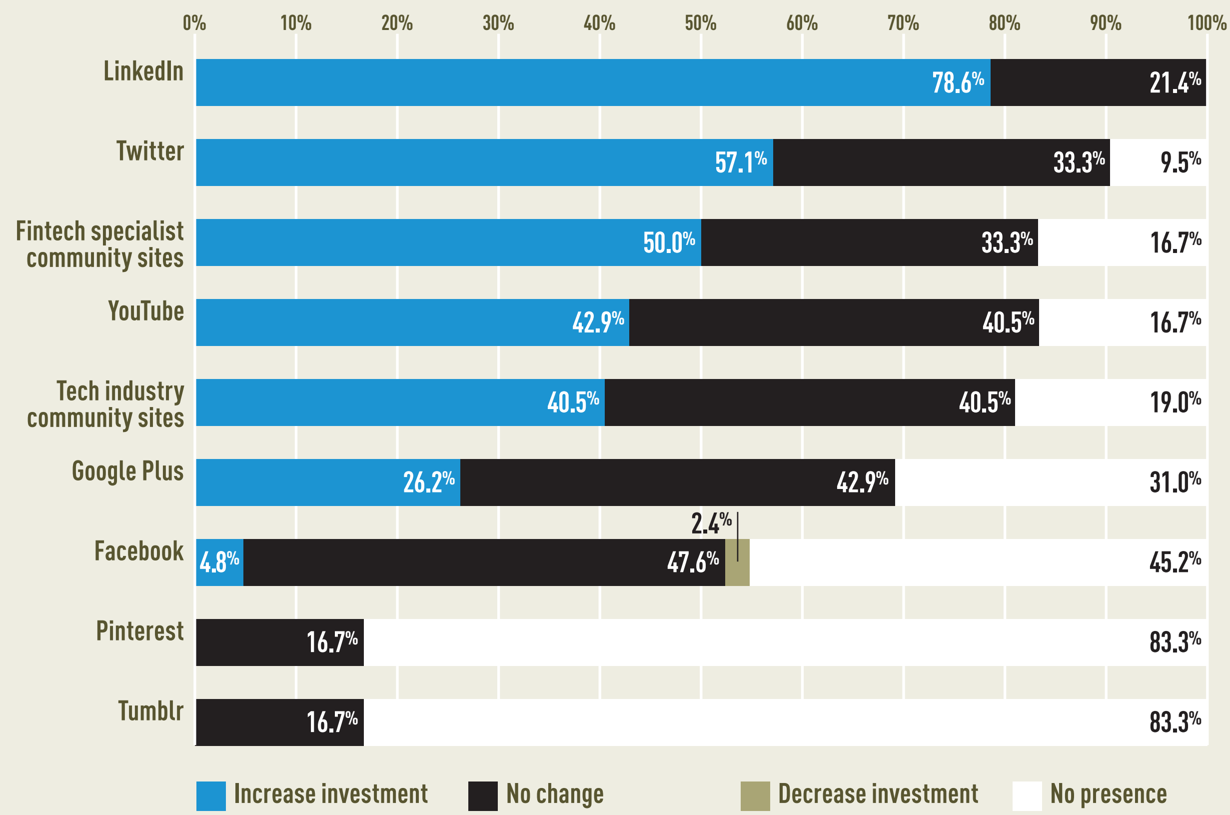
While using content to build thought leadership and amplifying it through digital and PR channels are clear priorities, content assets are also being used to support a more informed sales dialogue.

With opportunities to engage senior decision makers diminishing as they retreat behind online research and their own diary limitations, the sales function needs a supply of topical and interesting content in order to open up and sustain a relevant dialogue. Content assets created by the marketing function should be of direct value to field sales when packaged and shared in suitable formats.

All of these responses demonstrate the escalating importance of content. In these circumstances, fintech marketers need to have clear strategies for sustaining the creation, publishing and syndication of their content assets through multiple channels.

8:2 Choice of social networks

fig 16: **WHICH SOCIAL NETWORKS WILL YOU INVEST IN?**



Respondents: 38

Marketers are very LinkedIn but show little Pinterest

Previously (in question 7.b) it was identified that 90.5% of respondents planned to either increase or sustain their investments in earned social media. Some 73.8% planned to do likewise in their paid social media campaigns. It is valuable to learn which social platforms these investments will be directed towards.

LinkedIn is the pervasive social network among fintech vendors. It is the only social network where all responding companies have a presence. Although it is not clear if that presence is free or paid. Some 78.6% are increasing their investment in LinkedIn. Whether this 'increase' is through investment of time or budget is also unclear.

A significantly lower figure, some 57.1%, are increasing their investment in Twitter. Perhaps more remarkably, 9.5% of companies have yet to create a Twitter presence managed by marketing team.

Typically, Twitter scores well for engagement, interaction and community building but not traffic. Investment of either bandwidth or budget in any of the various social platforms needs to be informed by the value of the respective platforms to support strategic objectives.

Fintech industry sites provide immediate access to audiences

Specialist fintech community sites are also seeing increased investment from some 50% of all respondents, with 83.3% in total having a presence on these platforms. The collective group of fintech community sites includes community platforms such as Finextra.com and TabbForum.com. Their value is found in the immediate exposure to the target audience, often globally. In contrast, publishing content through owned platforms invariably requires additional investment of resource or budget in traffic generation.

For B2B organisations, YouTube is primarily a platform for hosting video and animated content offering improved search benefits and simpler – often free – hosting. Decisions around the appropriateness of making investments on YouTube hinge on the value of its search characteristics and the format and volume of content assets created by the fintech organisation.

Facebook receives far less attention

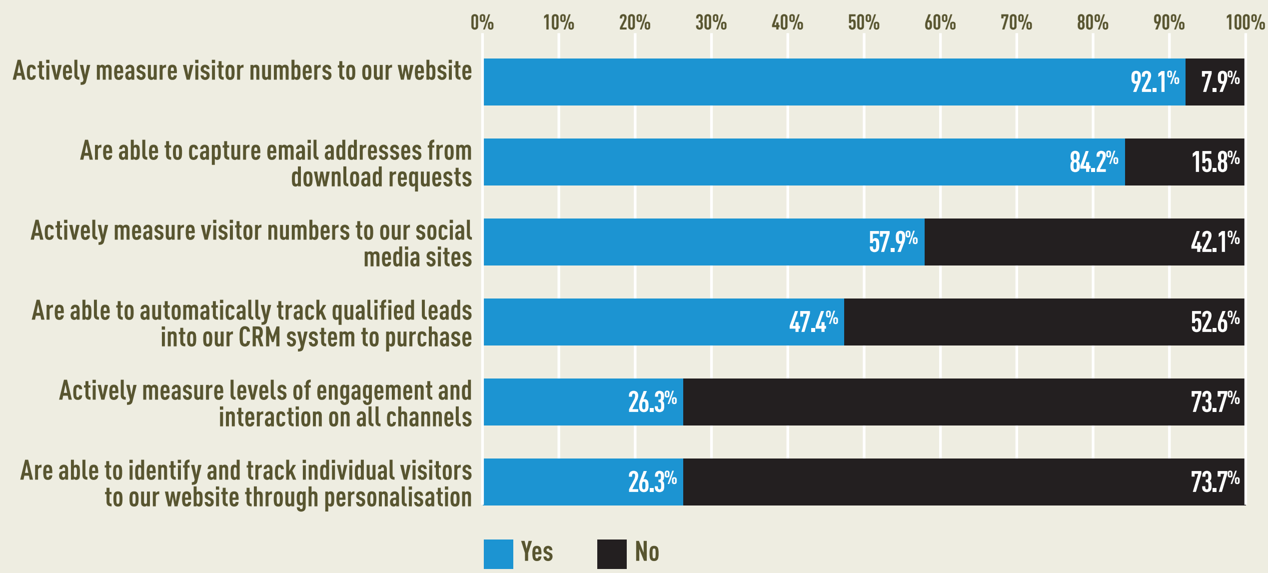
The responses around Facebook are surprising. No less than 45.2% have No Presence on Facebook. Clearly Facebook is unlikely to be the optimum channel for directly engaging senior fintech decision makers. However Facebook typically drives more traffic than Twitter to vendors' corporate websites. Facebook is also a priority for current and future employee engagement. Fintech marketers should reconsider their organisation's Facebook presence. Although natural SEO features elsewhere as a growing priority for our marketers, it would appear that investment of resource in Google+ does not form a significant part of that plan. Despite the fact that Google+ performs well in natural SEO, some 31.0% have yet to do anything with Google+. Again, this might be worthy of reconsideration.

Unsurprisingly, Pinterest and Tumblr are very much marginalised as social networks by our fintech marketers – only 16.7% of respondents use either of them in any shape or form.

09
MEASUREMENT

9:1 Capabilities to measure effectively

fig 17: **WHICH OF THE FOLLOWING CAPABILITIES APPLY TO YOUR ORGANISATION**



Respondents: 38

Marketers like to measure but not to analyse
The basic hygiene factors of measuring visitor numbers to websites and capturing email addresses from downloads are covered by 92.1% and 84.2% of respondents. This success represents the lowest common denominator in measurement.

Extraordinarily 'just' 57.9% measure visitor numbers to social media sites. This really is inexcusable. At its least sophisticated metrics from multiple social platforms are easily captured, aggregated and reported within well designed Excel based spreadsheets. The task is more time consuming than it should be, but it is not difficult.

With the marketing technology sector pre-occupied by the notion of realtime dashboards looking into large data sets, the use of humble spreadsheets provides a practical route to start a culture of consistent measurement within an organisation.

Equally inexcusable is that only 26.3% of respondents actively measure levels of engagement and interaction across all their channels. Again, this reflects a failure to create a culture of measurement. Without this type of insight into the cause and effect of investments, strategies and tactics, it is hard to understand how marketing decisions are taken.

Attribution remains a distant goal

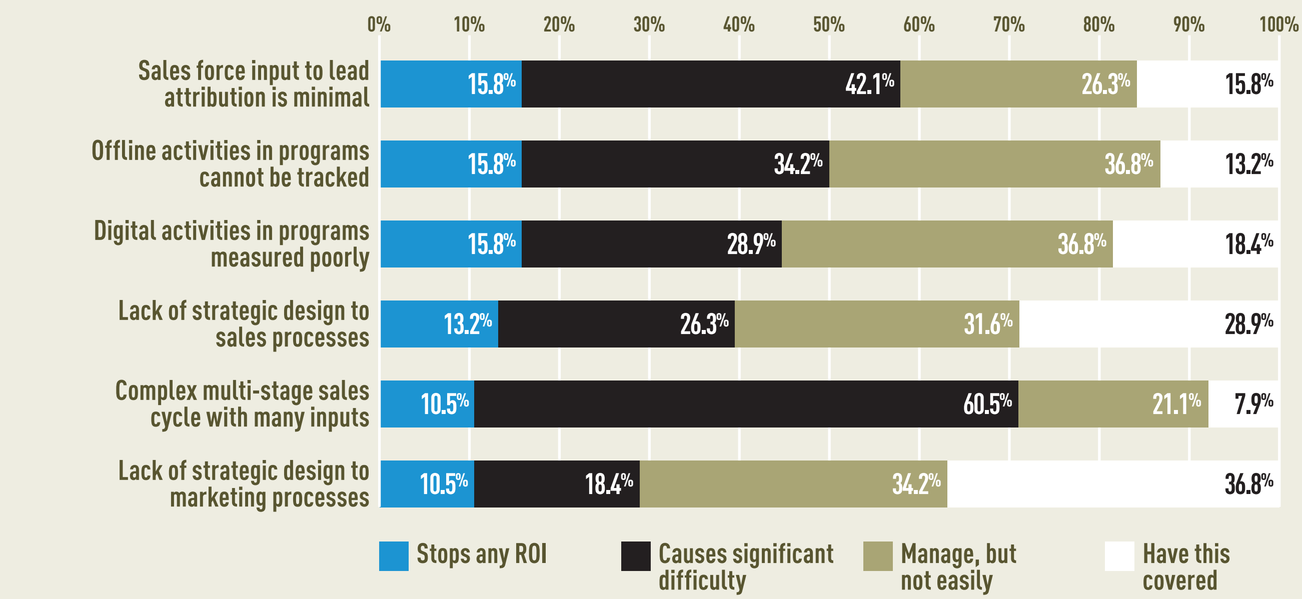
More excusable are the difficulties caused by a complex sales process, which moves frequently between online and offline interaction, and need to be captured from various disparate sources, processes and systems. As a consequence, some 52.6% are unable to automatically track qualified leads into their CRM and then through to purchase. Potentially this also points to weaknesses in the effectiveness of lead nurturing in new and existing customer accounts.

Some 73.7% are unable to identify and track individual visitors to websites through personalisation. In an era demanding personalisation of the visitor experience and with big data opportunities lurking close behind, this weakness needs to be re-considered and addressed.

At a broader level senior managers need to consider whether the core skills of their marketing functions are fit for purpose in a modern marketing environment. It is obvious that senior managers need to plan how to hire or engage marketers or specialists with strong analytical capabilities. Typically these attributes are not the natural strengths of traditional marketers. They may seek to strengthen their technical data analytics and measurement capabilities via either in-house or agency resources.

9:2 Barriers to measure marketing ROI

fig 18: **WHAT ARE THE BARRIERS TO MEASURING MARKETING ROI?**



Respondents: 38

Does sharing the credit with marketing reduce my sales commission?

Overall the complex, fragmented nature of fintech sales cycles are cited as the biggest barriers to measuring marketing ROI.

Perhaps unsurprisingly the sales force receives the most blame for the failure to measure marketing ROI, with some 57.9% identifying the salesforce's minimal input to lead attribution as as either, Stopping any ROI Measurement (15.5%) or Causing Significant Difficulty (42.1%).

Challenges of complex sales cycles

Not all the blame is pinned on the sales force though. Responses to other questions highlight there is a more balanced consideration around the bigger problems of measuring marketing ROI in complex multi-stage sales cycles that switch between online and offline dialogue.

In fact, some 70.1% call out complex multi-stage sales cycles as either Stopping any ROI Measurement (10.5%) or Causing Significant Difficulty (60.5%).

Despite this failure to measure marketing ROI, there is a reasonable level of confidence in the design of both the underlying sales and marketing processes.

Collectively, 71.0% are defensively minded about the design of their marketing processes, with 36.8% believing they Have This Covered and 34.2% believing they Can Manage but not Easily. At 60.5% a slightly smaller number are defensive regarding the strategic design of sales processes, with 28.9% believing they Have This Covered and 31.6% believing they Can Manage but not Easily.

If fintech marketers believe their processes are not at fault, this implies the failure is the inability to consistently adhere to existing processes.

10
SUMMARY

But how do we get all of this done?
Fintech marketers are busy. They are spread widely across industry sectors, geographies and responsibilities. This has a number of implications:

- There are issues of recruiting, training and retaining industry and audience specific expertise within the marketing function
- There also needs to be practical and realistic consideration of what activities can be successfully executed within these constraints

Fintech marketers need strategies to execute effectively with scarce resources of time and budget. Marketing programmes need to be operationalised for sustainability.

Organise for content, social and search
The new wave of marketing imperatives identified by this report – content, social and search – are relentless in their consumption of both bandwidth and creativity. To operate these programmes, marketers must design and build sustainable production methods using transparent processes, core systems and platforms. Third party suppliers and specialist agencies with relevant experiences may be part of creating such a solution.

To succeed in this type of environment marketers must subjugate their love of audiences and creative ideas in favour of a more clinical assessment of processes, channels and capacity.

Senior managers need to consider the practical prioritisation of resources against business goals. In the long term they must evaluate the shape and skills of their in-house marketing function. To be fit for purpose, the future marketing function needs to continue to build its technical, analytical and content capabilities.

Who said content was new anyway?

If content, social and search are important new elements of the fintech marketing mix proven marketing methods such as PR and AR have not been discarded. Indeed most fintech marketers would rankle at the notion of content being anything new to B2B marketing practitioners at all.

Fintech marketers have added a suite of new techniques while also retaining existing effective methods. The polarisation that exists between old and new is not between online and offline but between passive and interactive. Hence conferences and events continue to increase budget investment, while print dwindles.

Optimising for mobile is critical

Mobility is a juggernaut that cannot be avoided. Websites and email need to be optimised for mobile consumption and touch devices. Mobility also requires marketers to more carefully consider the context in which their content is consumed.

If fintech marketers were historically adrift of their marketing peers in other sectors, in terms of innovation or their willingness to experiment, that situation is not the case today. Differences in the adoption and use of different techniques, tools and channels do exist, but these differences are explained by the audience's characteristics and the sales process involved.

However it is nonetheless still appropriate for fintech marketers to look at other sectors and to see what can be borrowed from their techniques and programmes. An obvious example is the success of mainstream technology vendors in building both customer reference and early adopter programmes into the formal product roadmap and customer lifecycle. Fintech marketers still have techniques to learn in certain areas.

Successful collaboration requires both people and systems to co-operate

Success will be defined by the degree to which people, processes and systems can be integrated. In this environment, addressing gaps in organisational responsibilities, conflicting objectives or cultural indifference, are as critical to success as the interoperability between new marketing systems and core enterprise infrastructure.

According to respondents, fintech vendors will be investing considerably more in marketing, tools and systems but remain constrained in their ability to measure marketing ROI, or even to simply attribute the source of leads into the CRM. Technology alone will not fix this.

The gap between marketing and sales is not a new concern but the risks associated with it remain considerable and will continue to undermine any efforts to capture the ROI from marketing investments.

The gap between marketing and IT is a significant concern. The benefit of planned investments in marketing technology and systems cannot be realised without a strong relationship between marketing and IT. Successful selection and implementation experiences depend upon an effective collaboration. Significant return on investment for the business demands integration between marketing tools and core sales and revenue systems. This can only be achieved through cooperation between IT and the marketing function.

11 TO CONTRIBUTE OR LEARN MORE

This report is scheduled to be repeated in 2015. If you have feedback or ideas to improve it, please contact either the author and / or Finextra Research.

For more information:
Visit www.finextra.com, follow @finextra, contact contact@finextra.com or call +44 (0)20 3100 3670

If you wish to contribute your own views or feedback publicly, the author will publish a number of posts highlighting the key issues identified by this report in the community blogs at www.finextra.com.

The sponsor of this report, Metia Group, has also produced a follow on presentation for senior fintech marketers to help them determine the capability of their marketing operations, and to identify and prioritise key areas for improvement. If you wish to learn more, contact the author.

For more information:
Visit www.metia.com, follow @steveellis, contact steve@metia.com or call +44 (0)20 3100 3500.

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