

WHITE PAPER

Creating a Competitive Advantage Through Marketing Maturity in Banking

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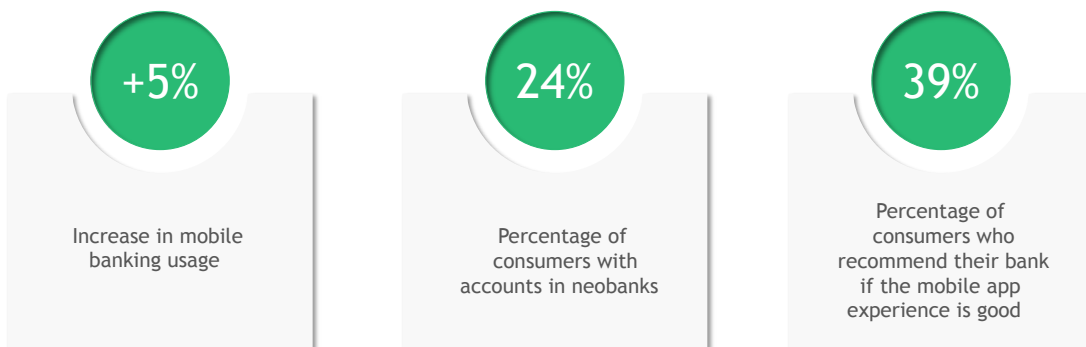
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Creating a Competitive Advantage Through Marketing Maturity in Banking

Digital marketing has become a cornerstone for growth and customer engagement in the banking sector, playing a pivotal role in enhancing customer experiences and competitive advantage. As traditional branch usage continues to decline, evidenced by a decrease of 14% during the past 12 months, the importance of digital channels becomes more pronounced. Simultaneously, mobile banking usage has seen a significant rise, increasing by 5%, which reflects a clear shift in consumer behavior toward digital solutions.¹

The rise of neobanks further underscores this trend, with 24% of consumers now holding accounts in these digital-first institutions. This shift is driven by the superior digital experiences and innovative services that neobanks offer. Additionally, a strong digital presence, particularly a well-developed banking app, has become a critical factor for customer satisfaction and loyalty. Data shows that 39% of customers are likely to recommend their bank if it provides an excellent mobile app experience.² (See Exhibit 1.)

Exhibit 1 – Banking is moving toward digital



Source: BCG REBEX Customer Study 2023

1. BCG REBEX Customer Study 2023
2. BCG REBEX Customer Study 2023

In this rapidly evolving landscape, understanding and leveraging the key disruptors shaping digital marketing is essential to allow banks to stay competitive and meet customer expectations. However, while offering a well-designed app and delivering a seamless user experience are essential, they alone are not sufficient. The real challenge lies in marketing effectively to engage customers and prospects at the right moment, with the right value proposition. This is where data-driven marketing plays a pivotal role, elevating existing digital assets and strategies to new heights.

The [Accelerating AI-Driven Marketing Maturity](#) paper identifies four major disruptors that are reshaping the digital marketing landscape in banking. (See Exhibit 2.) These disruptors present significant opportunities for banks to innovate and excel in their digital marketing efforts, positioning themselves for sustained growth and customer satisfaction in the digital age.

Exhibit 2 – The four disruptors reshaping the marketing landscape



AI and GenAI

These technologies enhance data analysis, personalize customer interactions, and automate marketing tasks



Cloud Technology

Enables scalable and efficient data management, facilitating advanced analytics and AI applications



Consumer Data Economies

Emphasizes the use of customer data for personalized services while ensuring data privacy and security



Omnichannel Strategies

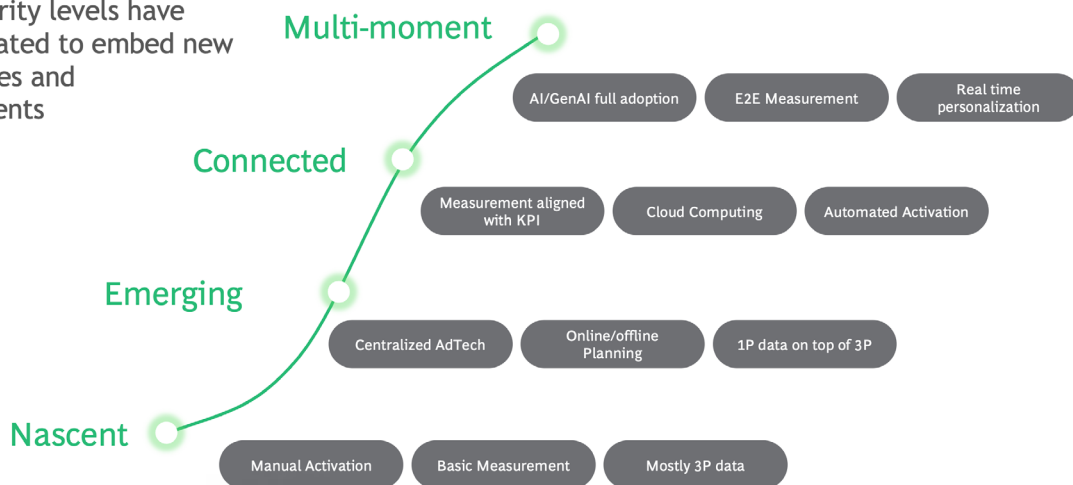
Ensures a seamless and consistent customer experience across digital and physical channels

Marketing Maturity Framework

BCG has been studying digital marketing maturity in companies since 2018, beginning with the report [The Dividends of Digital Marketing Maturity](#). The marketing maturity framework developed by BCG classifies companies into four stages based on their ability to adopt and integrate digital technologies: nascent, emerging, connected, and multi-moment. (See Exhibit 3.)

Exhibit 3 – What maturity means has evolved

The maturity levels have been updated to embed new capabilities and requirements



Source: Accelerating AI-Driven Marketing Maturity, 2024

With the acceleration driven by the COVID-19 pandemic, an update was made to this study and the marketing maturity framework, resulting in [The Fast Track to Digital Marketing Maturity](#) in 2021. This year, with new trends emerging, the framework has been updated again in the report *Accelerating AI-Driven Marketing Maturity*, which identifies four primary unlocks to achieve higher digital marketing maturity (see Exhibit 4):

Exhibit 4 – Four universal unlocks will shift brands toward higher maturity

Unlocks and underlying capabilities

Strategic decision-making

- Data-driven KPI setting
- End-to-end measurement
- Test and learn culture
- Integrated planning
- Target tech stack

Integrated teams

- Agile collaboration
- Specialist skills
- Adtech centralization
- Data-driven decision-making
- GenAI workflow reimagination



Actionability of data

- User identification
- Targeting audiences and data sources (0P, 1P, 2P)
- Consumer value and trust
- Privacy readiness for a cookieless future
- Data enrichment and monetization

Smart execution

- Data-driven content
- Predictive power and embedded AI
- Data-enabled media activation
- Personalized experiences

Note: KPI = key performance indicator; 0P = zero party; 1P = first party; 2P = second party

Source: Accelerating AI-Driven Marketing Maturity, 2024

1. Strategic Decision-Making: Linking marketing performance to strategic business outcomes.

2. Integrated Teams: Fostering cross-functional collaboration and leveraging specialist skills.

3. Actionability of Data: Ensuring data is useful rather than merely collected.

4. Smart Execution: Prioritizing impactful use cases and leveraging AI and GenAI for efficiency and effectiveness.

Size of the Opportunity

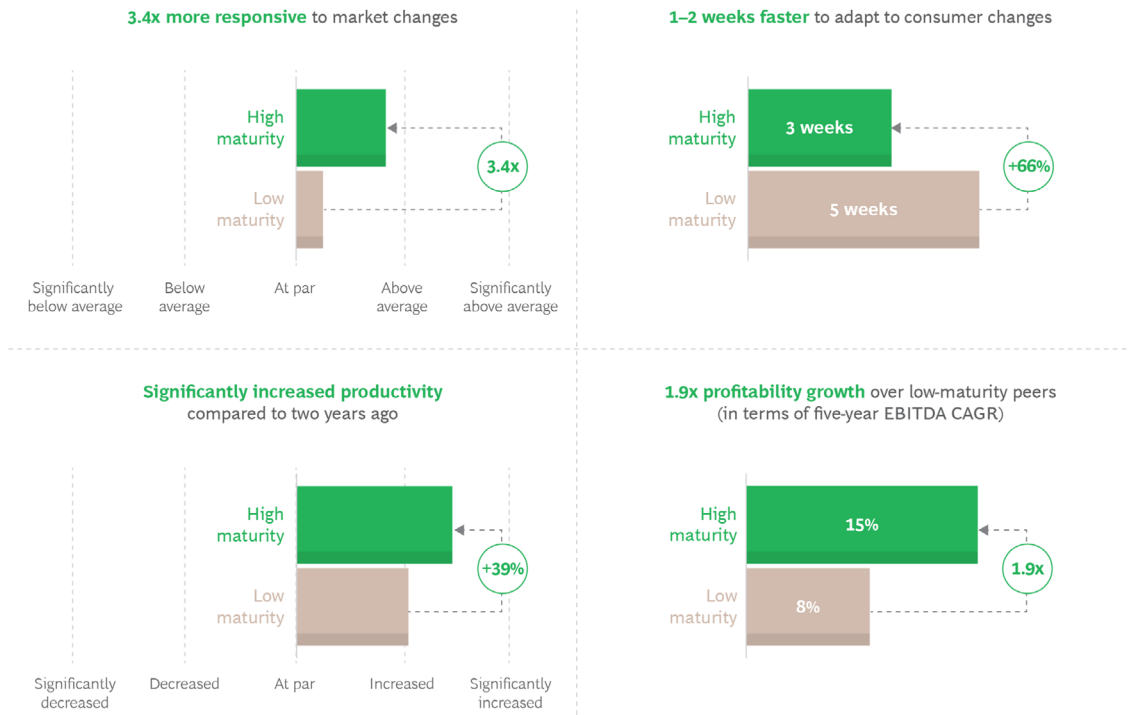
Higher digital marketing maturity offers substantial benefits to companies in terms of revenue growth, cost efficiencies, and market share gains. Brands that achieve high digital marketing maturity see significant positive impacts on their key performance indicators.

According to the *Accelerating AI-Driven Marketing Maturity* report, high-maturity brands are 3.4 times more responsive to market changes compared with their low-maturity peers. They can adapt to consumer changes one to two weeks faster, typically in three weeks compared with five weeks for low-maturity brands, representing a 66% improvement.

While the figures above demonstrate how dynamic and responsive high-maturity banks can become, they provide a glimpse only into the broader impact. These tactical advantages, such as increased responsiveness to market changes and adaptability to consumer shifts, are complemented by more concrete outcomes in terms of productivity gains and revenue growth.

More mature banks not only exhibit greater agility but also have achieved a 39% improvement in productivity over the past two years, which translates to significant cost efficiencies. Furthermore, these high-maturity banks have experienced a 1.9x profitability growth, with a five-year EBITDA CAGR of 15% compared with 8% for their low-maturity counterparts. These figures underscore the comprehensive competitive advantage that digital marketing maturity brings to the banking sector. (See Exhibit 5.)

Exhibit 5 – Higher-maturity brands report significant benefits



Note: “Low maturity” refers to brands at nascent and emerging maturity levels; “High maturity” refers to brands at connected and multi-moment levels. N = 106 Source: Accelerating AI-Driven Marketing Maturity, 2024

Current State of Marketing Maturity in Banking

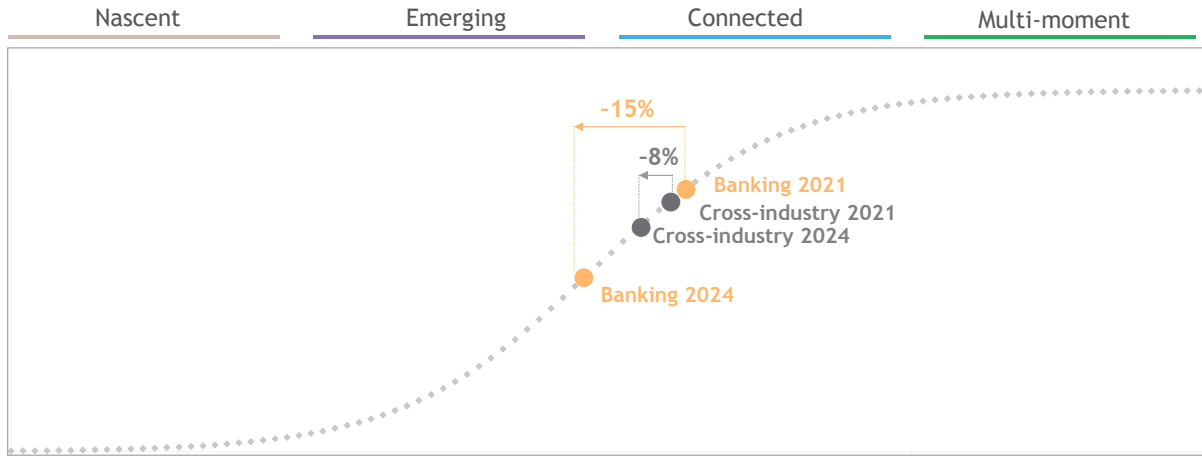
The banking sector’s digital marketing maturity presents notable challenges when compared with other industries. With an average maturity score of 1.9 out of 4, banks are significantly lagging behind the overall industry average of 2.1. This 9.5% gap can be largely attributed to lower investment levels in digital marketing within the banking sector compared with other industries.

“We have limited budget allocated to digital marketing, which significantly constrains our ability to compete with other industries that invest more heavily in these capabilities.”

Head of Digital Marketing of a Large Bank in Central Europe

Over the past few years, the banking sector has not only lagged but also regressed in terms of maturity. In 2021, the average maturity score for banks was 2.3; this has since declined to 1.9, a 15% decrease. In contrast, other industries experienced a smaller decline from 2.2 to 2.1, representing an 8% drop. This indicates that the banking sector is not only behind but has also seen a greater decline in maturity compared with other industries, further widening the gap. (See Exhibit 6.)

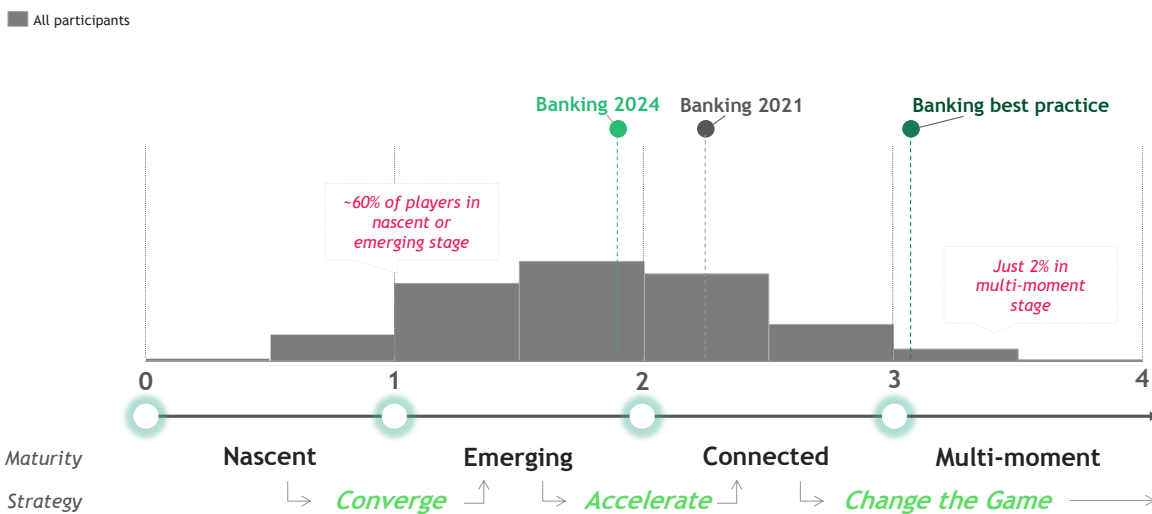
Exhibit 6 - Banking industry with significant opportunity to invest in marketing and bridge the gap with more mature industries



Source: Accelerating AI-Driven Marketing Maturity, 2024

The regression in maturity is further highlighted by the distribution of maturity stages within the banking sector. Currently, just 2% of banking respondents are categorized as “multi-moment,” while approximately 60% are at either a “nascent” or “emerging” stage, with the majority within this group having low maturity scores. Notably, 20% of all banking companies have a score below 1.5, reflecting the early stages of digital marketing maturity for a significant portion of the sector. (See Exhibit 7.)

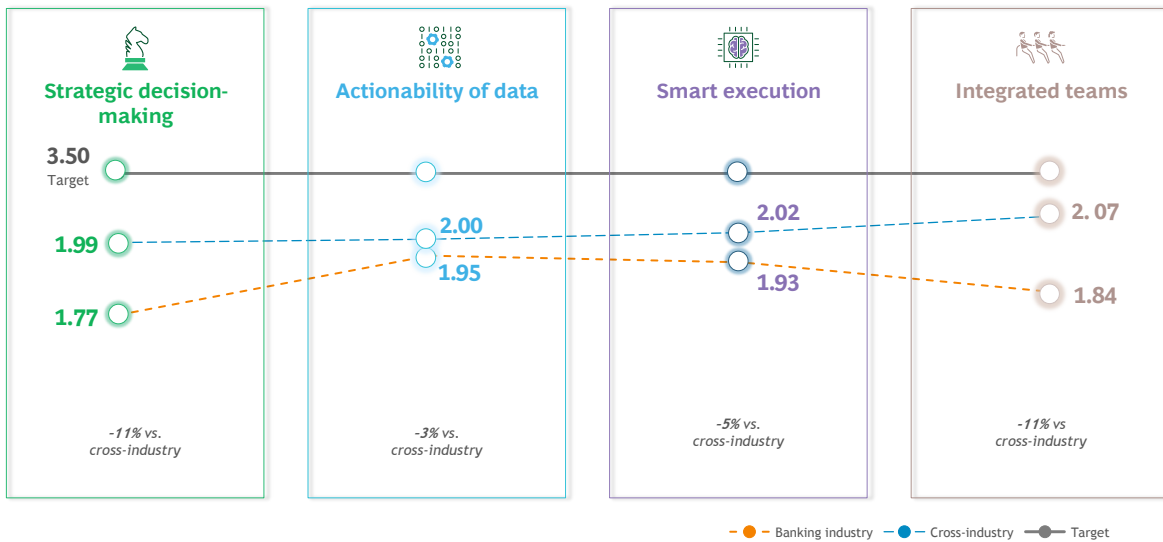
Exhibit 7 – Average banking maturity score has regressed, with over 60% of players being nascent or emerging, and just 2% multi-moment



Source: BCG Marketing Maturity Assessment

The maturity regression in banking is evident across the four key unlocks identified by BCG: strategic decision-making, integrated teams, actionability of data, and smart execution. Banks trail other industries by 3% to 11% in these areas, with the most significant gaps in strategic decision-making and smart execution. These areas are critical differentiators for leading data-driven marketing programs in banking. (See Exhibit 8.)

Exhibit 8 - Banking sector below cross-industry average and far from target, limiting business impact



Source: Accelerating AI-Driven Marketing Maturity, 2024

Industry’s Key Challenges

Achieving higher digital marketing maturity in the banking sector requires addressing several key challenges and leveraging specific opportunities. The main challenges banks face can be categorized into four areas: end-to-end measurement; data access and integration; adoption of advanced technologies; and organizational silos and collaboration.

Measurement

- Limited End-to-End Traceability:** One significant challenge in the banking sector is achieving end-to-end (E2E) measurement capabilities across both offline and online channels. This challenge stems from the difficulty in integrating data from various sources, such as digital platforms and physical branches, into a cohesive system that allows for comprehensive analysis, decision-making, and smart execution using that data in marketing platforms. Even within fully digital journeys, banks often face limited traceability across different touchpoints and channels. This is frequently due to siloed organizational structures, where CRM teams operate independently from digital marketing teams or from those responsible for managing web and app experiences, as we will explore further. As a result, banks struggle to accurately attribute marketing efforts to outcomes, optimize customer experiences, and make informed strategic decisions.

“We do not have end-to-end digital customer journeys tracked. We use Google Analytics for some products, but for others, we only have contact forms, which limits our ability to measure the entire customer journey.”

VP of Digital Marketing of a Bank in Central Europe

Data Access and Integration

- **Overly Rigid Internal Data Policies:** Many banks impose internal data policies that are often more restrictive than the external regulatory requirements. These rigid internal policies, designed to safeguard against potential compliance risks, frequently hinder data access and utilization. As a result, banks may struggle to effectively leverage customer data for marketing personalization and optimization, even when regulatory frameworks would allow for more flexibility. This internal rigidity creates additional challenges in building a cohesive and responsive data strategy.
- **Regulatory and Privacy Constraints:** Strict regulations on data privacy and the need for customer trust make data access challenging. Banks must navigate these regulations while ensuring they maintain customer trust, which is crucial for data sharing and utilization.
- **Fragmented Data Sources:** Data is often scattered across different systems and channels, leading to incomplete customer views. This limits the ability to personalize marketing campaigns and customer journeys and hinders effective decision-making.

Adoption of Advanced Technologies

- **Legacy Systems:** Outdated systems impede the adoption of modern digital marketing tools and technologies, causing inefficiencies and increased operational costs. Modernizing these systems is critical for enabling advanced digital marketing capabilities.

For example, many banks rely on outdated mainframe-based core banking systems, which are often incompatible with modern analytics platforms and lack the flexibility needed to integrate real-time data processing. Implementing a modern core banking platform can enable advanced analytics, providing real-time insights that enhance the ability to deliver personalized marketing experiences.

- **Integration of Generative AI:** The slow integration of generative AI (GenAI) in marketing strategies results in missed opportunities for innovative customer engagement and personalization at scale. Accelerating the adoption of GenAI can significantly enhance marketing effectiveness. Best practices show that GenAI not only drives efficiencies but also reshapes and reimagines core processes. This is where we see the potential for exponential gains, going beyond mere optimization to fundamentally transform how banks approach customer interactions and marketing execution.

Organizational Silos and Collaboration

- **Lack of Effective Collaboration:** Disjointed strategies and missed opportunities for leveraging cross-functional insights are common due to a lack of effective collaboration between departments and/or products. Breaking down these silos is essential for creating coordinated marketing strategies that offer the right products to the right customers in a seamless and personalized way.

“For example, our CRM department has a customer data platform, but there is limited integration with our digital marketing efforts, leading to a disconnect between data insights and marketing execution.”

VP of Digital Marketing of a Bank in Europe

Opportunities to Advance Maturity in Banking

The banking sector, while facing several key challenges in achieving digital marketing maturity, also has significant opportunities it can capitalize on. By addressing these challenges strategically, banks can advance their digital marketing capabilities and achieve substantial growth. Here, we outline specific issues and opportunities.

Actionability of Data

While many banks have invested in foundational technology capabilities related to data-driven marketing, such as having the right technology and data ownership in place and cloud-based data enrichment, they often fail to fully analyze this data. Banks struggle to turn data into actionable insights that can drive targeted marketing efforts and improve customer engagement by optimizing customer journeys and enhancing personalized banking experiences.

To move beyond the emerging state, banks need to focus on integrating and utilizing their data more effectively to build high-quality audiences, better target current customers for cross-sell and upsell opportunities, and find new customers similar to their existing best-performing customers by using first-party data. Advanced AI and analytics can play a pivotal role in this transformation. By using AI-driven tools to analyze and act on data, banks can better understand customer behavior, predict future actions, and tailor their services to meet individual needs.

Among the more mature banks, those in the connected and multi-moment stages, actionability of data and smart execution are critical indicators of a sophisticated digital marketing program. These banks excel in using data to inform marketing decisions and implementing AI-driven tools to enhance customer interactions. By consistently leveraging data and AI, they can create more engaging and personalized customer experiences, setting a high standard for digital marketing maturity.

“Our data is fragmented across different systems and channels, making it difficult to get a complete view of our customers. This fragmentation limits our ability to personalize marketing efforts effectively.”

Head of Digital Marketing of a Bank in the Czech Republic

Connected Teams for E2E Journeys

Strategic decision-making within the operating model remains a significant area of opportunity for banks. The banking sector, characterized by numerous customer touchpoints, has the potential to track and measure each interaction end-to-end, attributing value to every touchpoint. This holistic approach enables a comprehensive understanding of the customer journey and more precise attribution models, which can significantly enhance marketing strategies and outcomes.

Many banks struggle with integrating strategic decision-making processes into their overall marketing strategy due to siloed team structures that hinder effective collaboration. Improving capabilities in test and learn and end-to-end (E2E) measurement is crucial. By connecting and attributing value across all customer touchpoints, banks can make more informed strategic decisions that drive better marketing outcomes.

Adopting an agile operating model is essential to overcome these challenges. Agile teams, unlike traditional siloed structures, can collaborate more effectively, ensuring that strategic decisions are data-driven and closely aligned with overall business goals. This integrated approach fosters a culture of continuous improvement and responsiveness to market changes, ultimately supporting more effective data-driven decision-making.

“Different teams were trying to maximize business results from different angles. Starting on current customers, we connected the CRM teams, the traffic generation teams and the conversion teams under a virtual agile team. Results were an increase of 20% to 40% in digital sales in only a few months.”

VP of Global Marketing Operations of Leading Bank in Northern Europe

Leveraging AI and Machine Learning

AI and machine learning present numerous opportunities for banks to automate routine tasks and enhance customer service. For example, AI-driven chatbots can handle routine inquiries, allowing human agents to focus on more complex issues or helping the agents to speed up customer service inquiries or improve cross-selling proposals. Integrating AI more deeply into operations can provide more personalized and efficient services, improving customer satisfaction and loyalty.

However, many banks still haven't developed a strong GenAI mindset, which is essential for prioritizing the use of AI toolkits. By leveraging AI-powered models for content creation and customer interaction tracking, banks can better optimize customer journeys and boost engagement. Additionally, advanced AI tools can be used to analyze customer data, predict behaviors, and deliver personalized marketing messages, further enhancing customer engagement.

“With the introduction of generative AI into our call center operations, we've seen immediate and tangible benefits, optimizing up to 49% of consultation time and reducing average handling time by 18%, all while maintaining customer satisfaction.”

Head of Customer Experience of a Major Bank in Europe

Maximizing Foundational Tech Capabilities

While many banks possess strong foundational tech capabilities, there is a significant opportunity to build on these strengths.

Addressing legacy systems that impede the adoption of modern digital marketing tools is crucial. Modernizing outdated systems can help reduce inefficiencies and operational costs. Furthermore, integrating advanced technologies like cloud-based solutions can enhance data management, making it easier to create unified customer views.

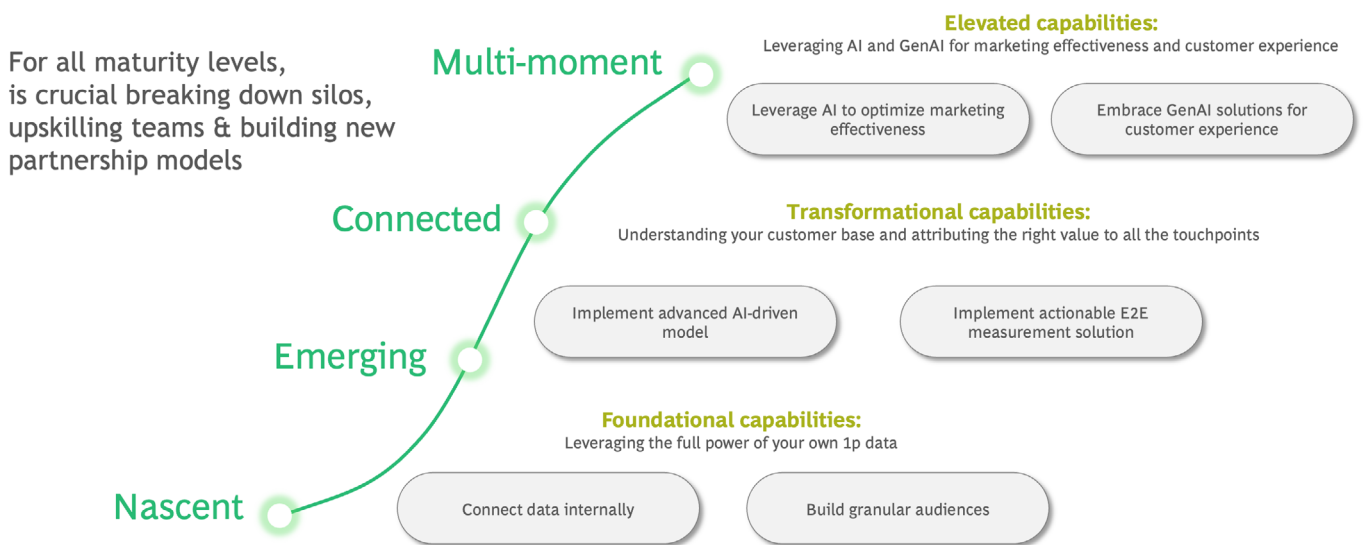
By investing in scalable technology infrastructures and leveraging existing tech strengths, banks can support advanced capabilities, driving improvements in digital marketing maturity and overall business performance.

Roadmap to Accelerate Value

BCG has developed a strategic roadmap to help banks enhance their digital marketing maturity, based on extensive research and industry best practices. This roadmap is designed to guide banks through the complexities of digital transformation, ensuring they can unlock significant benefits in terms of revenue growth, cost efficiency, and market share.

Whether a bank's current marketing maturity level is nascent, emerging, or connected, a comprehensive strategy is necessary to progress to the next level and eventually achieve multi-moment status. The roadmap emphasizes the importance of developing multiple capabilities in parallel, rather than focusing on accelerating just one specific area or capability. (See Exhibit 9.)

Exhibit 9 - Roadmap to Guide Brands in Ascending the Maturity Steps



Source: BCG analysis

BCG's experience and proven methodologies provide a structured path for banks to follow to enhance their digital marketing maturity, positioning them for long-term success in an increasingly digital world.

Conclusion

The banking sector's progress toward digital marketing maturity is crucial for its long-term success. As customer behavior evolves due to digitization, particularly with the growth of mobile banking and neobanks, banks must focus on integrating AI-powered strategies, using data-driven insights, and adopting agile, collaborative approaches. Institutions that address challenges such as outdated technology and fragmented data systems head-on, effectively utilizing advanced technologies and encouraging cross-functional teamwork, will be better positioned to enhance their digital marketing capabilities. With these superior systems in place, banks can boost customer engagement, improve operational efficiency, and sustain growth in an increasingly competitive digital landscape.

The gap is widening between mature and less mature companies. The path forward has seemed elusive in the last period, but banks that have been progressing in marketing maturity have created a competitive advantage over their competitors and delivered a visible outcome in terms of productivity and profitable growth.

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