Eliminating Friction in Financial Services Path to Purchase

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The report aims to cover three financial products in the industry - Credit Cards, Insurance and Loans.

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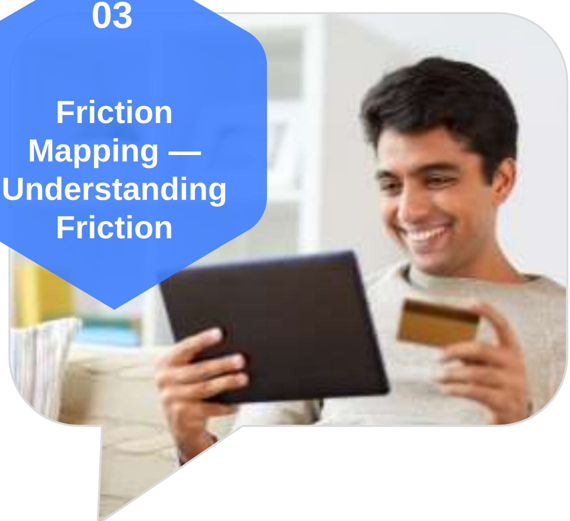

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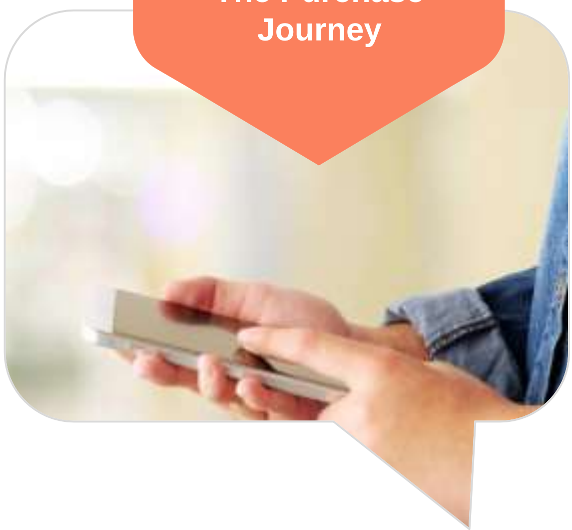

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Zero Friction Future — Reimagining The Purchase Journey

Executive summary

Against the backdrop of important structural reforms, India's financial sector has been recording strong growth in the recent years. Increased diversification, disruptive digital business models and technology driven-solutions have supported growth of the financial industry. The retail credit outstanding is poised for a robust growth of ~15 per cent to reach USD725 billion by 2022[1], while the insurance industry is expected to reach USD160 billion by 2022 at a CAGR of ~15 per cent[2]. With the cultivation of the digital payment ecosystem, the credit card transaction market is expected to touch USD143 billion by 2022 at a robust grow rate of ~20 per cent[3].

Reducing cost of internet and government push to encourage digitisation have accelerated the adoption of financial products. India's banking sector is at a crossroad as traditional financial players face huge disruptions with digital growth propelling changes in technology, consumer mindsets and their purchase behaviour. More consumers now rely on the internet and mobile phones to meet their banking needs.

The purchase of financial products, by their very nature, is a high involvement process and requires assistance to make a sound decision. This report aims to understand the consumers' purchase behaviour and reasons that lead to consumer dissatisfaction and their dropouts in the path to purchase of a financial product, referred to as 'friction', which may lead to potential loss of revenue for brands. The study focuses on the retail business of credit cards, loans and insurance. Loans include personal loans, which are unsecured, and other loans such as home loans, auto loans and consumer durables loans. Insurance captures life insurance and other insurance including health and general insurance. The study does not cover the sales of commercial financial products.

To understand the path to purchase and friction at different stages of the purchase journey, a random listing study was conducted by Nielsen India on 3,000 respondents to understand the proportion of the population that falls at each stage of the journey, and a further deep-dive study was conducted among 1221 respondents in the financial products category across varied demographic and socio-economic groups. KPMG in India, also interacted with industry experts to obtain their perspective on the possible approaches to reduce friction and improve the conversion rates.

Our research indicates that:

- *In the credit cards category, ~29 per cent of consumers drop out due to friction, and nearly one-third of this friction is caused by media*
- *In the insurance category, ~37 per cent of consumers drop out due to friction, and nearly half of this friction is caused by media*
- *In the loans category, ~32 per cent of consumers drop out due to friction, and nearly one-fourth of this friction is caused by media*
- *Mobile platforms are expected to influence about 8 out of 10 credit card and insurance purchases, while about 6 out of 10 personal loan purchases and about 7 out of 10 other loan purchases by 2022*
    - *Facebook is expected to influence nearly half of the mobile-influenced purchases for life insurance and other loan categories by 2022*
    - *Facebook is expected to influence nearly one-third of the mobile-influenced purchases for credit cards, other insurance and personal loan categories by 2022*
- *Mobile-enabled purchase journeys are shorter than offline by 22 per cent for credit cards, 17 per cent for insurance and 8 per cent for loan categories*
- *Mobile could help brands tap into a credit card transaction opportunity of ~USD38 billion, insurance premium income opportunity of ~USD70 billion and loans outstanding opportunity of ~USD219 billion, by reducing media friction*

Note: Retail lending under this study excludes agricultural loans, while credit cards have been studied separately

Sources:

[1] Sectoral development of Bank credit, RBI, March 2018; India consumer payment research, TransUnion CIBIL, March 2017

[2] Asia Insurance Market Report 2018, Willis Towers Watson, February 2018; IRDA Annual report 2016–17, IRDA, Jan 2018

[3] Credit card transactions, Euromonitor, July 2017

Understanding the multidimensional consumer

Technology has redefined the manner in which consumers make financial decisions and purchase financial products. It is becoming increasingly important for brands to cater to these changing needs with a smooth experience across the entire path to purchase. Understanding the complex underlying drivers of this evolving consumer behaviour has become more important with the acceleration in the disruption caused by the digital age.

KPMG's 5Mys framework is designed to help identify the real drivers of consumer behaviour, along with the critical trade-offs among purchase decisions across the breadth of the consumer wallet, leading to more targeted and contextualised experiences, products and services that create value for both the consumer and company.

The 5Mys framework to understand the financial product consumers*

My motivation

Motivational characteristics that drive behaviours and expectations

- Financial safety
- Wealth creation
- Life goals, fear of an unknown event, unplanned/emergency expenses
- Convenience of credit card usage at point-of-sale
- Attractive usage offers and rewards as on credit cards
- Tax benefits
- Easy and affordable repayments

My attention

The ways consumers direct their attention and focus

- Rewards aligned to usage
- Miscellaneous benefits offered such as insurance on credit cards
- Expansive partner tie-ups
- Extensive disease coverage in terms of health insurance
- Dynamic wealth creation plans such as ULIP-unit linked Insurance plans
- Option to customise plans
- Availability of online plans
- Attractive interest rates

My connection

How consumers connect to devices, information and each other

- Credit cards integrated for smart purchase
- Peer reviews and recommendations
- Insurance covers provided by employers
- Community insurance
- Existing relationship with bank/NBFC
- Recommendations by friends and families

My watch

How consumers balance constraints of time and how they change across life events

- Quick application and prompt approval and activation
- Instant gratification on credit cards
- Special life event offers
- Prompt customer services such as KYC verification
- Direct call to representative instead of automated calls in emergencies
- Convenience of pre-policy medical examination at home
- Quick claim settlement

My wallet

How consumers adjust their share of wallet across life events

- Easy and flexible payment options
- Transparent payment terms and conditions
- More partners/tie-ups for usage options
- Easy points redemption
- Incentivised insurance cover for loans
- Reduced security/collateral
- Reduced miscellaneous charges such as processing fee

Source:
*Me, my life, my wallet report by KPMG International, November 2017

Understanding and defining friction

The traditional path to purchase is undergoing a transformation with the advent of technology, smartphones and digital assistants, and is expected to be replaced by personalised journeys.

Today's consumer expects and demands convenience, speed, automation and simplicity that were not possible a few years ago. Any unnecessary additional effort, incremental steps or inconvenience that leads the consumers to abandon their purchase journey is defined as 'friction'.

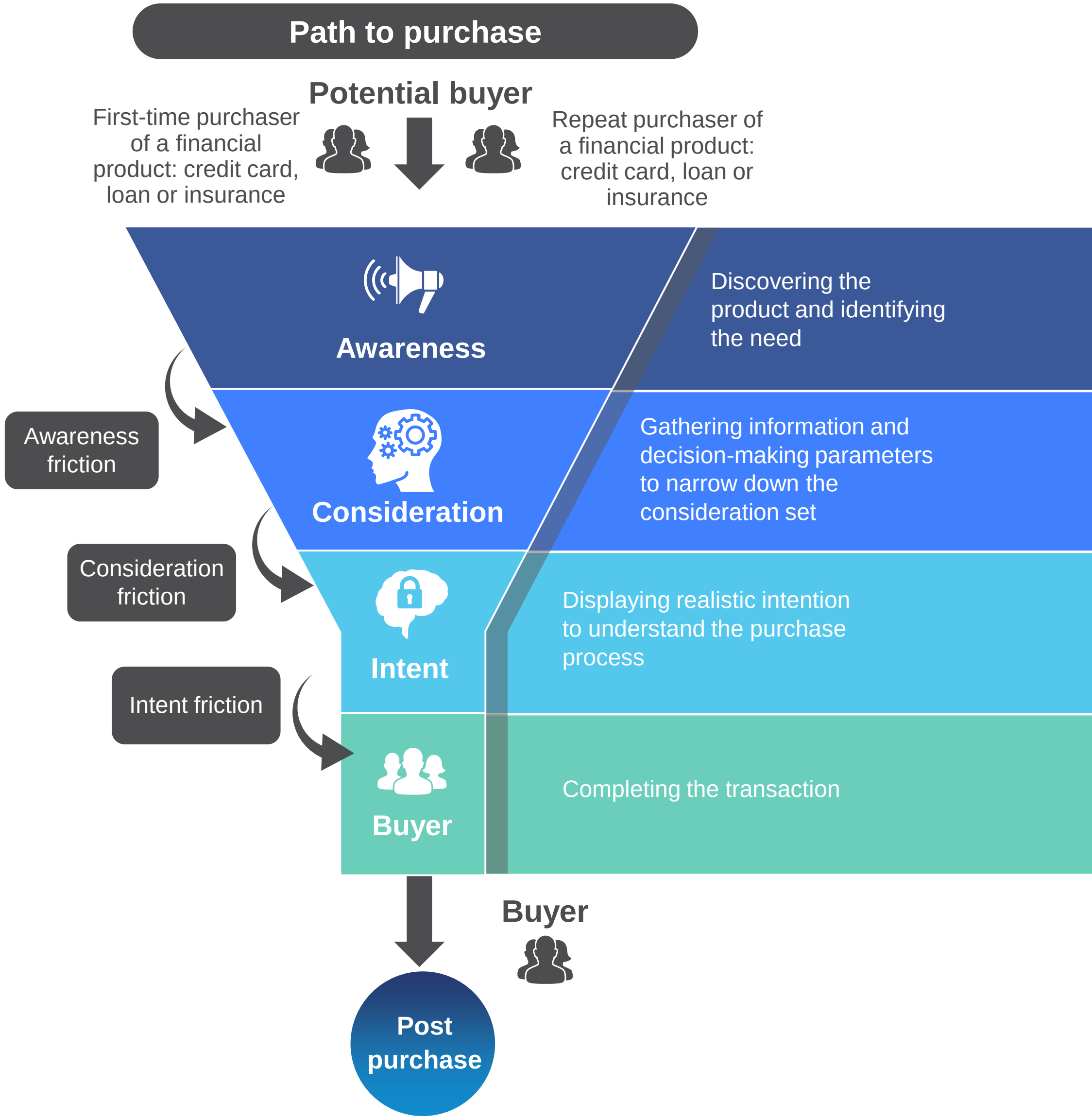
Friction may occur offline or online, and includes subjecting consumers to unnecessarily wait, queue, click, type, tap, add information or fill-in forms. On their journey, they may also have to load, buffer, switch channels/windows or hold for service. It can hinder efficiency and impact the consumer experience, adversely affecting the consumer purchase journey. Any friction primarily caused by a media touchpoint is defined as 'media friction'.

Research shows that consumer pain points that lead to friction can occur across three main stages of the consumer journey: awareness, consideration and intent. Businesses may be offering friction unknowingly, hindering efficiency and, in turn, the consumer journey.

Awareness friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to discover a brand

Consideration friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to consider a brand

Intent friction: Every touchpoint or missing touchpoint that requires the consumers to make any effort to purchase a brand



Decoding a financial product buyer’s journey and friction across purchase stages

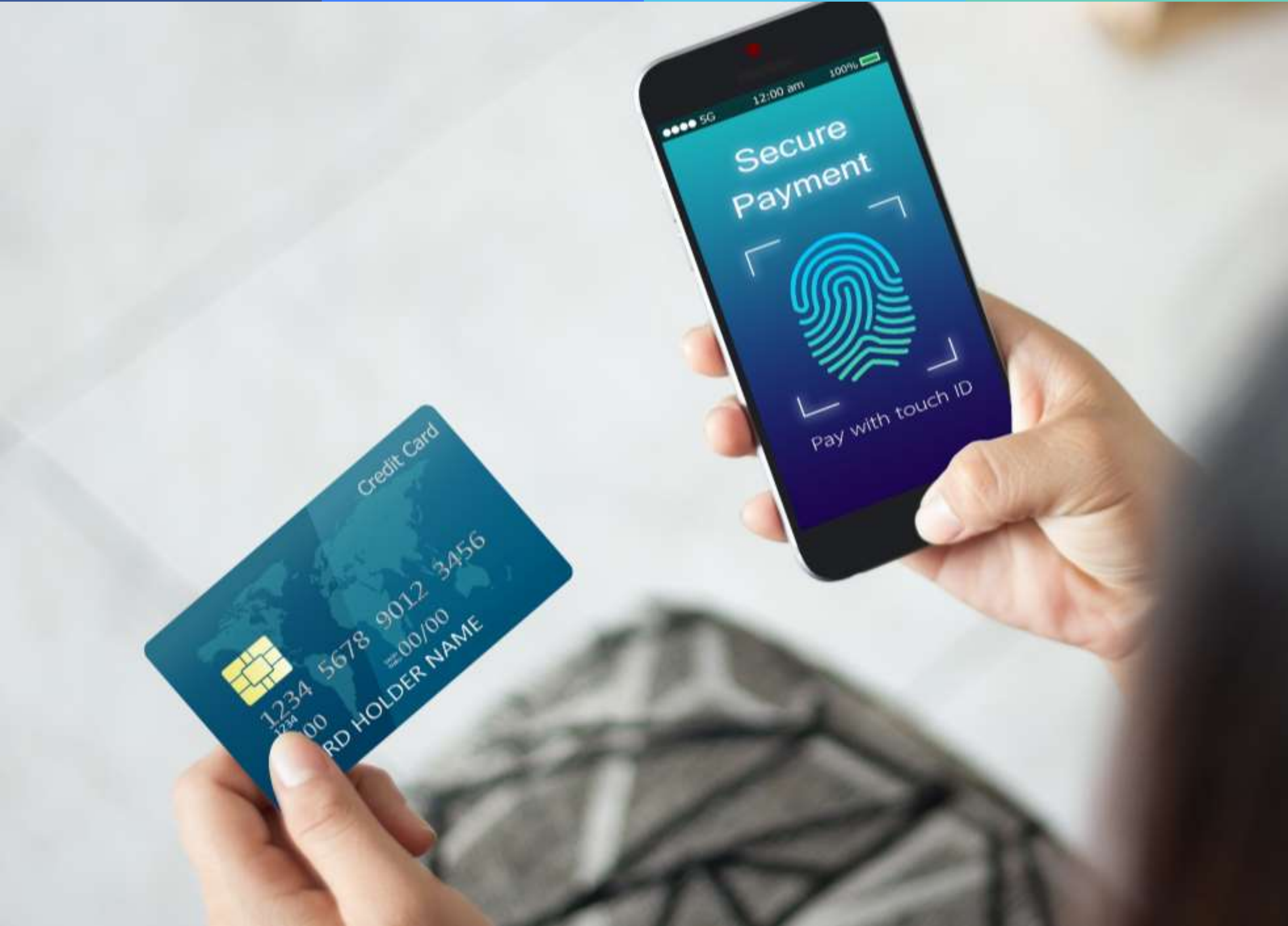
Friction in financial services journey

- The consumer is targeted with an advertisement (ad) that is not relevant to him/her
- The consumer observes an ad which is difficult to understand
- Financial institute brand/aggregator is not able to guide the consumer with the next steps
- Ad content is not catching consumers’ attention in terms of value/benefits
- Banks/NBFCs offer standardised products without any customisation

- Product comparison in terms of premium/EMI options and interest rates is not possible
- Policy rates/product information vary online and offline
- Consumers are unable to assess eligibility for product purchase
- Comparison on terms and conditions is time consuming
- Expert advice for understanding policy/loan terms and conditions is unavailable to consumers

- Preferred payment options such as EMIs and digital wallets are not possible
- Response time from banks/NBFCs to address a consumer’s purchase interest is slow
- Consumers are unable to understand the fine print of the financial product
- Bank/NBFC representatives could not address consumers’ queries
- There is lack of trust/poor experience with the banks/NBFCs


4G 12:00 am
Mobile Banking
Customer ID
Password
LOGIN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Pay with touch ID
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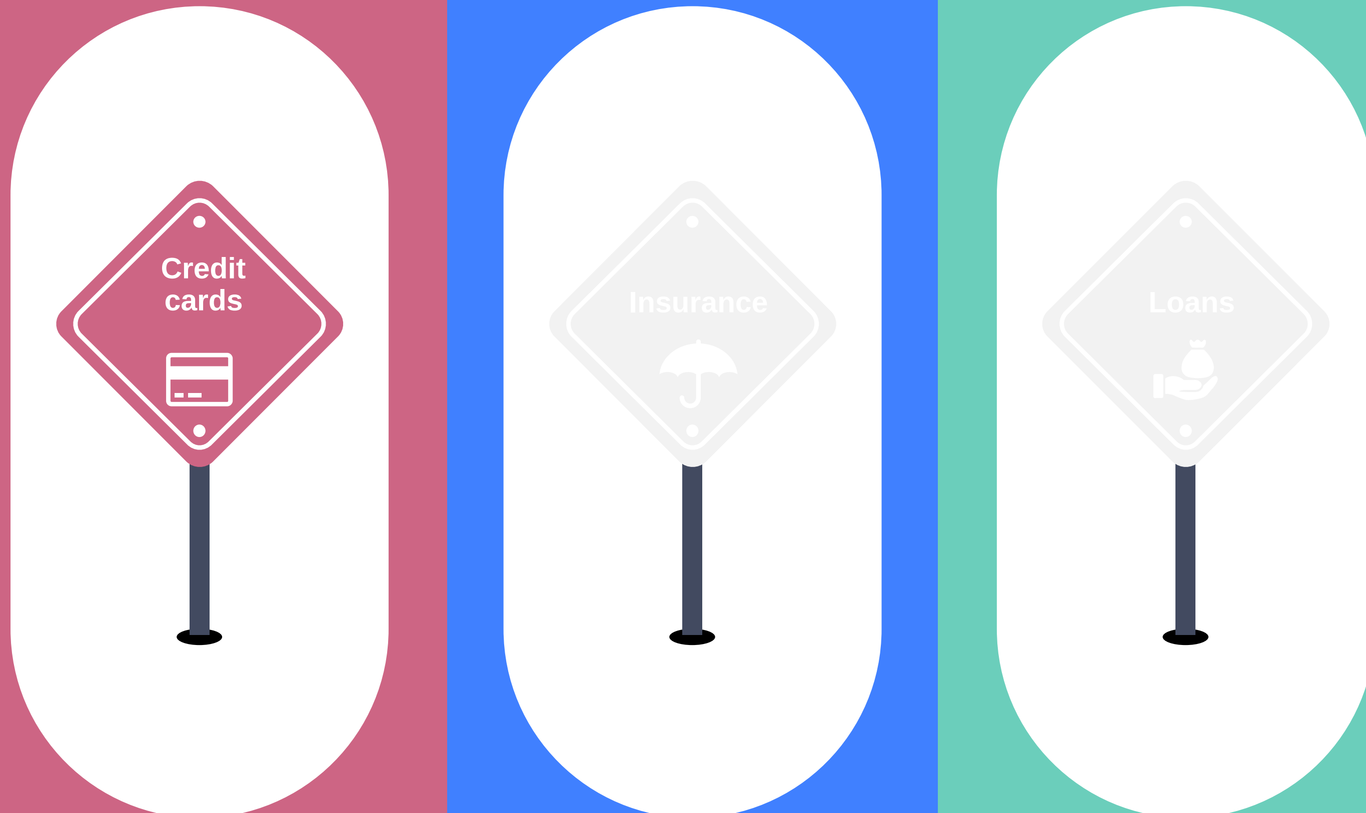
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Loans

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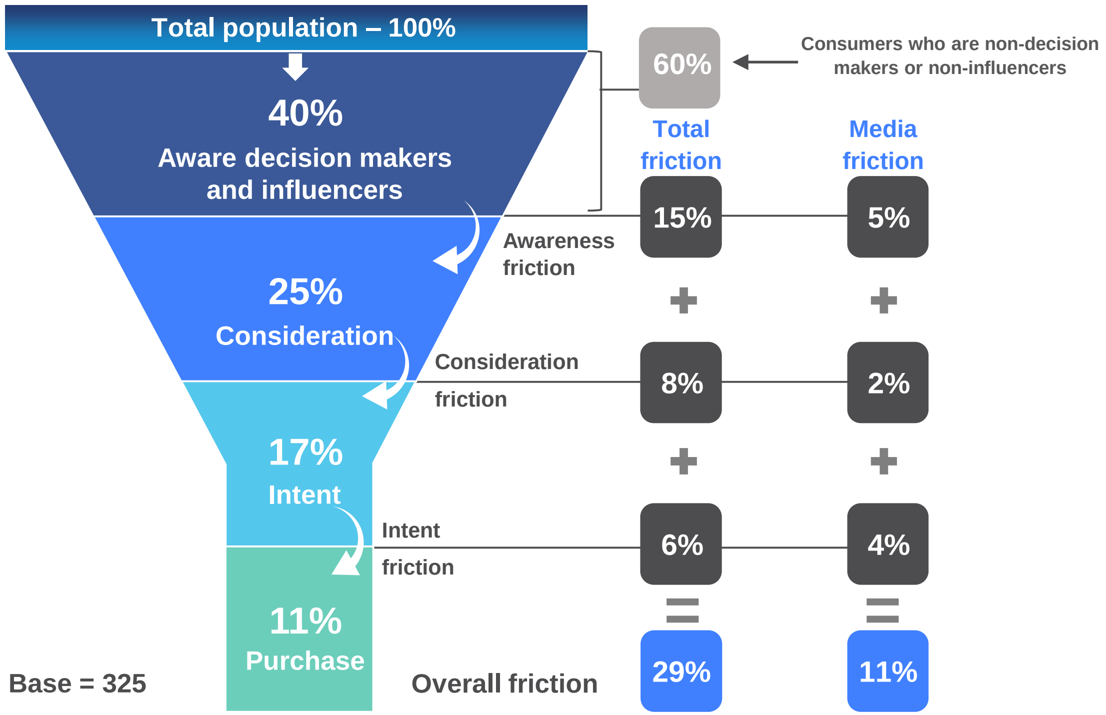
Friction Decoded — Scope of Opportunity

Media friction accounts for nearly one-third of the total friction in the credit card purchase journey

As per the study conducted, 40 per cent of the prospects were actively planning to apply for a credit card. However, only 1 out of 4 consumers who enter the purchase funnel, actually makes the purchase. The credit cards category shows a low purchase conversion rate of 11 per cent. Almost 50 per cent of the consumer dropouts occur right at the top of the funnel. Almost 1 out of every 3 consumer dropouts occurs due to media friction. The reasons for these dropouts have been discussed further in the report.



- Deep dive is only among 40 per cent of the population who are 'aware decision makers and influencers' for the 'Credit Card' category
- At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Buyers: Respondents who have applied/tried to apply for a credit card in the last six months

Considerers: Respondents who have considered applying for a credit card in the last six months, but are yet to apply

Aware non-considerers: Respondents who have not considered applying for a credit card in the last six months

Mobile could help credit card brands tap into a potential sales opportunity of ~USD38 billion by reducing media friction

Friction can impact marketing ROI and significantly hit a brand's bottom line. The study suggests that nearly 1 out of 3 consumer dropouts of the purchase journey takes place due to media friction. However, mobile has the potential to reduce media friction by 3 percentage points, creating a potential sales opportunity of about USD38 billion[1][2]. Currently, nearly 3 out of 5 credit card purchases are influenced by mobile, and by 2022 nearly 4 out of 5 credit card purchases would be mobile influenced[3]. Hence, it becomes imperative for marketers to strengthen their media mix by having a larger share of marketing activities on mobile. Brands can reduce the impact of media friction by enhancing their media mix.

Credit cards

2017

Media friction observed in purchase journey **11%**

Enhancing mobile in media mix

2022e

Estimated media friction in purchase journey **8%**

By reducing media friction with mobile, credit card brands can tap into ~USD38 billion* transaction opportunity

Note: Potential opportunity by KPMG in India is based on the potential reduction in consumer dropout. Modelling for reduction in dropouts is based on the potential friction reduction, which may get impacted due to the usage of mobile-based media.
*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Source:
[1] Forecast of Personal credit cards in India, Euromonitor, July 2018
[2] [3]KPMG in India's analysis, 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

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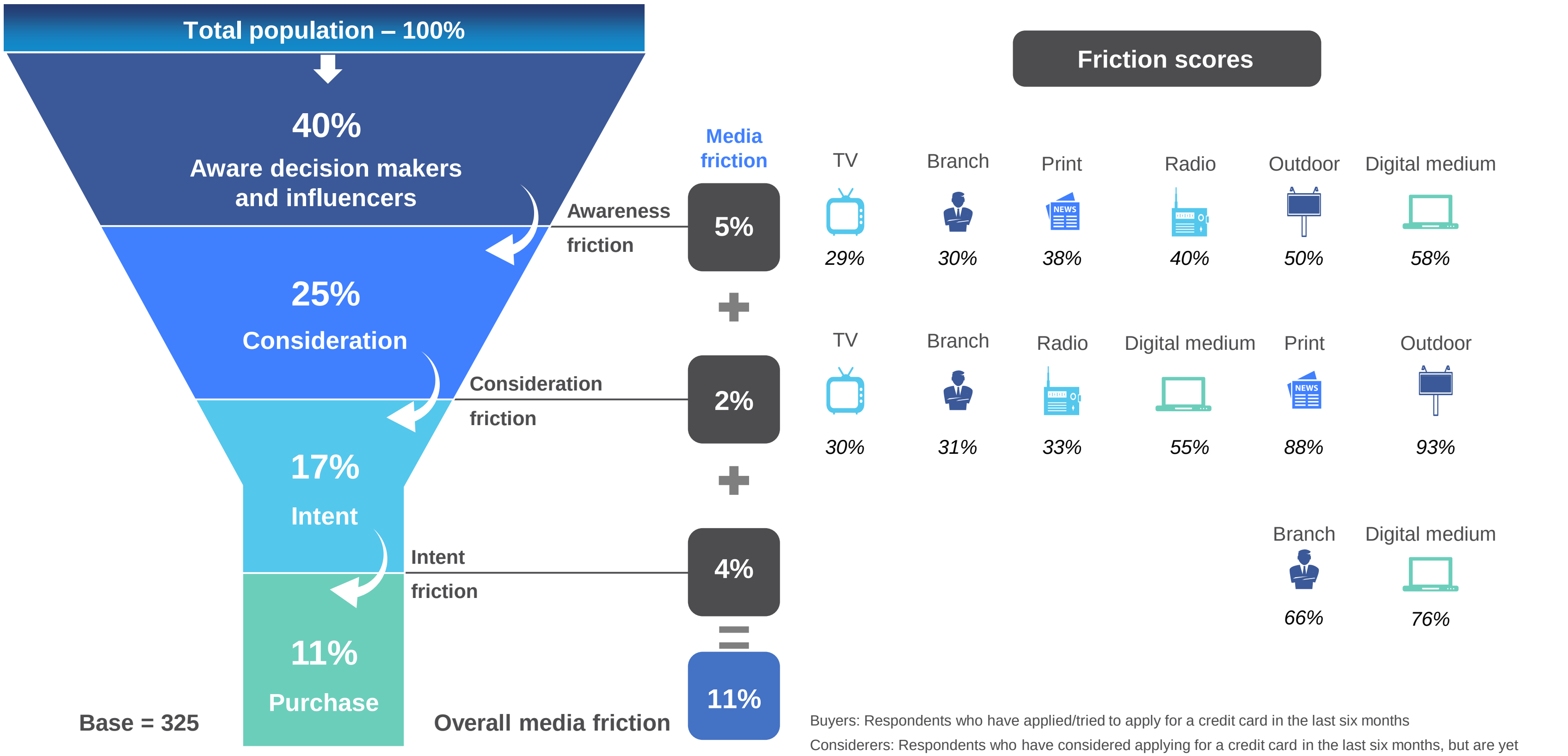
Friction Mapping—Understanding Friction

Print and outdoor lead to maximum dropouts at the consideration stage of the credit card purchase journey

About 80 per cent media-led friction is observed at the awareness (5 per cent) and intent (4 per cent) stages. It is observed that TV as a medium offers less friction at the top of the funnel due to the emotional appeal of the ads, which is in contrast to the more factual-based digital communication/ads. As per the study, women face more inconvenience on digital medium leading to higher digital friction for the category at the awareness stage. At the consideration stage, a lower digital friction score compared to print and outdoor suggests that consumers compare and research the best product fit through company and aggregator websites, leading to more qualified leads for the brands. To enhance the impact of digital medium, brands can create differentiated communication for both genders and focus on creating digital-only content.

Credit cards



- Deep dive is only among 40 per cent of the population who are 'Aware decision makers and influencers' for the 'Credit Card' category
- At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Buyers: Respondents who have applied/tried to apply for a credit card in the last six months

Considerers: Respondents who have considered applying for a credit card in the last six months, but are yet to apply

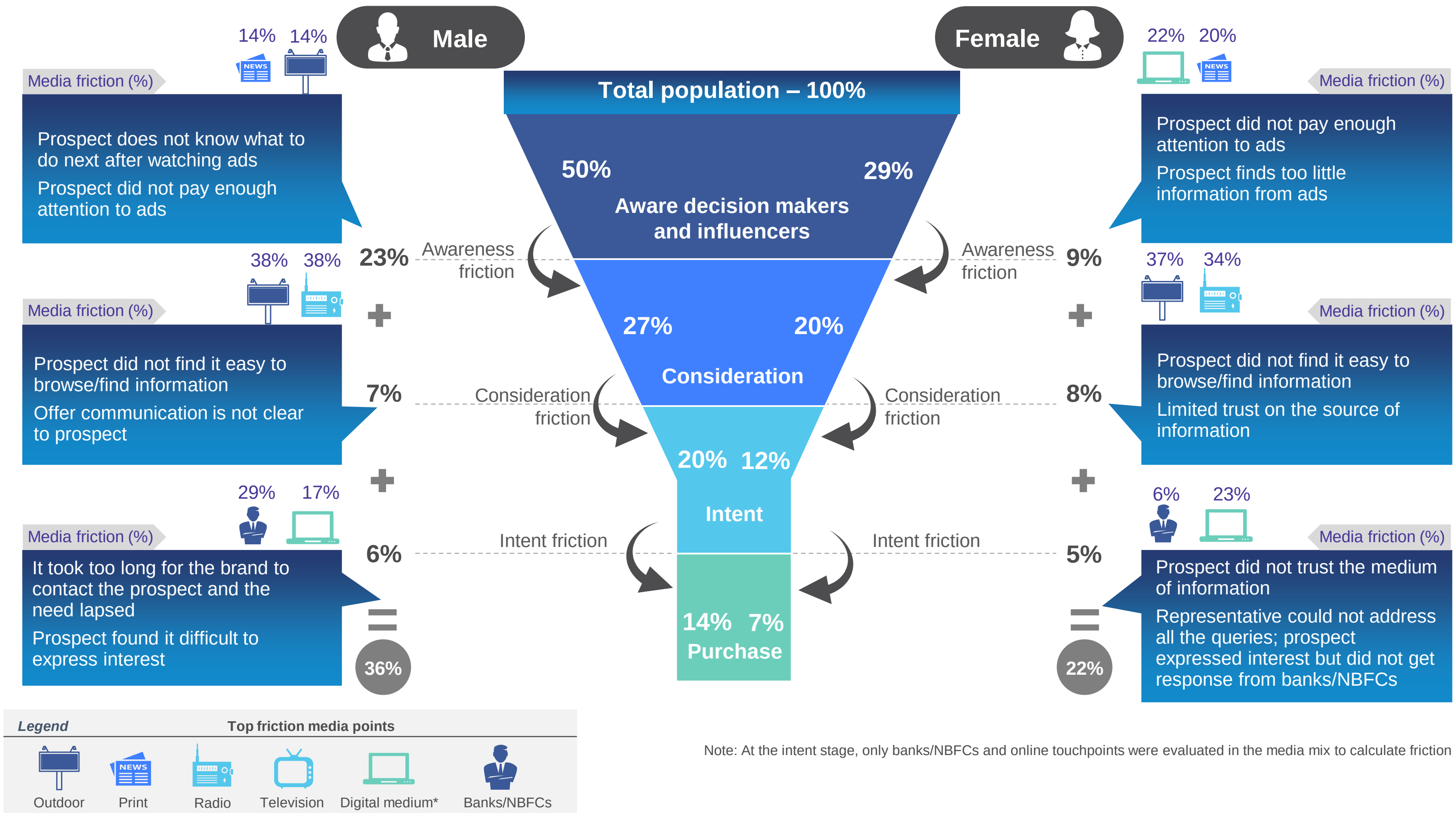
Aware non-considerers: Respondents who have not considered applying for a credit card in the last six months

*Online includes the top five media touchpoints accessed by respondents at the respective stage of the journey

Men seek prompt response for their queries, while women exhibit lack of trust on the source of information

Despite high marketing focus by credit card brands towards men[1], a substantial number of women consumers enter the credit card purchase journey, which makes them a lucrative consumer segment for brands. Women face high top-of-the-funnel friction as they seek better product targeting and information customised to suit their financial needs. The digital medium has the potential to personalise and customise communication for different segments and can be leveraged to target women audience. Towards the bottom of the funnel, women seek information from trusted sources and query resolution by the brand representative whereas men expect prompt response from the brand to address their interest expressed towards the purchase of credit cards. Communicating support centre numbers to ensure consumers do not miss the support centre calls and training support staff to address the queries of female consumers can help reduce friction.

Credit cards

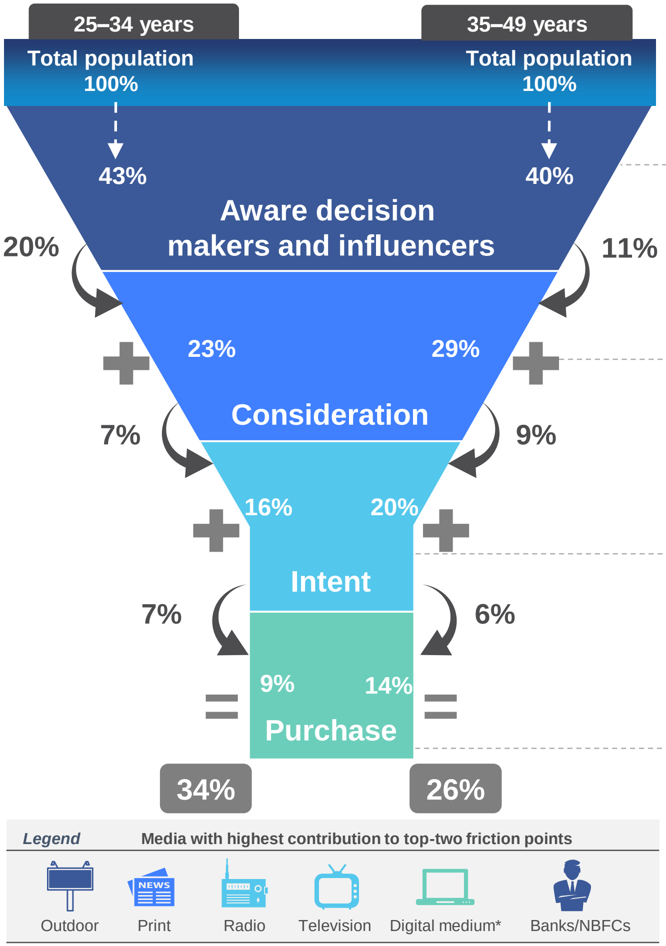


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Source: [1] Women are not a target market': Confessions of a former finance marketer, Digiday, March 2018

Consumers in the 25–34 year age group need product understanding, while the consumers in the 35–49 year age group seek trusted online experience

The 25–34 year-old consumers face the highest friction (34 per cent) throughout the purchase journey, primarily at the top of the funnel (20 per cent). Such consumers are new entrants in the workforce and seek detailed communication to understand the product. Slow turn-around time by brands to reach out to them can lead to dropouts. Comparatively, the 35–49 year-olds are an aware and evolved audience, who are existing credit card users. They use credit cards for big ticket purchases or traditional uses such as ‘mortgage costs’, ‘childcare expenses’ or ‘emergency funds’ and actively look out for offers. However, this segment faces trust issues at the intent stage as they are used to relationship-based banking. Hence, brands need to replicate an offline experience on the digital medium to facilitate their online purchase journey.



Friction points for 18–24 years

Prospect did not pay enough attention to ads

Prospect finds too little information from ads

17% 19%

Prospect did not find it easy to browse/find information

Prospect did not get all the relevant information

20% 35%

It took too long for the brand to contact the prospect and the need lapsed

Representative could not address prospect's queries

18% 25%

Friction points for 35–49 years

Prospect did not pay enough attention to ads

Prospect does not know what to do next after watching ads

13% 14%

Prospect did not find it easy to browse/find information

Offer communication is not clear to prospect

40% 41%

It took too long for the brand to contact the prospect and the need lapsed

Prospect did not trust the medium of information

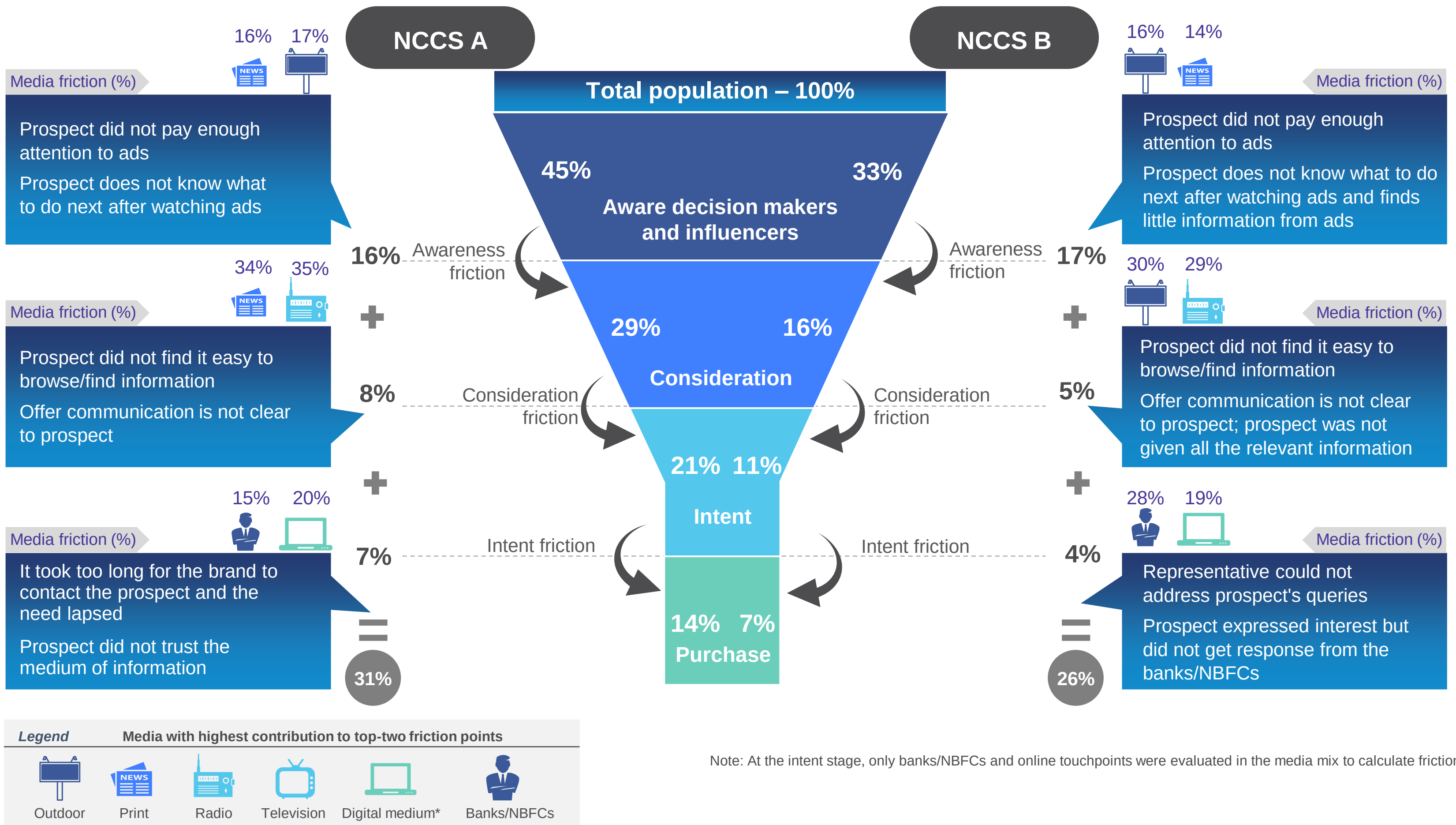
26% 21%

Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction
Note: Excluding 18–24 year age group as they are not a key target segment for credit cards because of their low credit rating since they are yet not a part of the earning segment

NCCS A consumers seek prompt response from banks while NCCS B consumers seek query resolution and reassurance for their purchase decision

NCCS A and NCCS B consumers face similar friction at the top of the funnel due to the print and outdoor mediums. Targeted communications at this stage can considerably reduce friction, and the digital medium can play a vital role in effectively targeting the segments. NCCS A consumers have a 1.5 times higher credit card purchase conversion rate than NCCS B consumers. This higher conversion rate for NCCS A consumers is mainly attributable to better financial literacy, credit awareness and better exposure to financial products. NCCS A consumers face friction at the intent stage as brands fail to swiftly address consumer queries leading to drop outs. NCCS B consumers depend on representative interaction to get reassurance on their financial decisions. Delayed responses and the inability of representatives to address queries are the key friction points at the intent stage for NCCS B consumers.

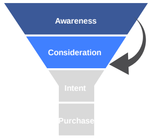
Credit cards



Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Consumers seek engaging, relevant and simplified communication at the awareness stage

Standard messaging on traditional mediums such as outdoor and print fails to capture consumers' attention, and their inability to provide information on the next steps leads to maximum dropouts. The low emotional appeal of online advertisements, along with the difficulty in understanding the technical terms associated, contribute to the friction on the online medium. However, the online medium has the potential to address these friction areas. For instance, the Commonwealth Bank of Australia has developed interesting original and easy-to-understand content to tell their brand story and connect with consumers. In one of the brand communication videos titled, 'The Psychology of Savings', Commonwealth has crafted a message to encourage consumers to start saving more money[1]. In order to develop brand awareness, the banks should aim to create content that is interesting, engaging, relevant and most of all easy to understand.



Credit cards: Awareness friction

Top friction points		Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
Prospect did not pay enough attention to ads	31%	10%	24%	16%	14%	5%	13%
Prospect does not know what to do next after watching ads	24%	18%	10%	20%	9%	5%	12%
Prospect finds too little information from ads	23%	5%	8%	9%	8%	2%	13%
Product was not relevant to the prospect	19%	3%	0%	4%	2%	5%	12%
Prospect did not understand the language of the ads	18%	3%	7%	7%	5%	1%	12%

% Percentage of respondents experiencing the mentioned friction in the respective media touchpoints

Medium causing high friction

Media with the lowest to highest friction for the given friction point

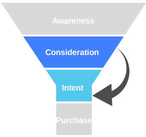
* Online includes the top five media touchpoints accessed by respondents at the respective stage of the journey

[1] '9-bank-marketing-ideas-for-2017', enplug.com, March 2017

Unclear offer communication and lack of trust for the medium cause friction at this stage

The purchase consideration may be adversely impacted if consumers do not get detailed product communication including product offers, or if they do not trust the medium of communication. Often due to multiple brand communications, consumers find it difficult to distinguish brands and their products. Standard and cluttered messaging by multiple brands on traditional mediums such as print and outdoor results in consumer drop outs at the consideration stage.

Canada-based TD Bank supported its consumer-first approach by creating a campaign called #TDThanksYou to connect and communicate effectively with consumers on its personalised products and services, thereby presenting itself as a bank that understands consumers. Its team captured consumer reactions to the unexpected services provided, which resulted in a viral video on social media[1]. Customised creatives can potentially break clutter and help brands define themselves more distinctly in the marketplace.



Credit cards: Consideration friction

Top friction points		Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
Prospect finds it difficult to browse/find information	38%	4%	8%	50%	67%	2%	12%
Offer communication is unclear to prospect	26%	10%	54%	19%	5%	5%	9%
Prospect does not trust the medium as source of information	23%	3%	38%	23%	7%	2%	12%
Prospect does not get all the required information	22%	3%	12%	7%	7%	1%	10%
Difficult to distinguish financial institutions	19%	4%	5%	6%	2%	5%	12%

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Medium causing high friction

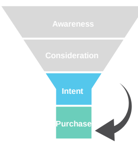
Media with the lowest to the highest friction for the given friction point

*Online includes the top five media touchpoints accessed by respondents at the respective stage of the journey

[1] '9-bank-marketing-ideas-for-2017', enplug.com, March 2017

Slow response time and inept query resolution by providers lead to drop outs closer to the purchase

At the bottom of the funnel, when consumers are looking at closing the transaction they find generic scripted responses from call centres inadequate and do not trust the information provided. An instant pop-up chat box on the website or a chat bot-powered medium can immediately assist consumer queries and connect the branch directly to the prospect. Sharing information from a verified brand handle (website/bots, etc.) helps in gaining the trust of consumers. consumers should also be updated regarding the progress of their application so that they can track their request and get an estimated time of approval.



Credit cards: Intent friction

Top friction points		Banks/ NBFCs	Online*
It took too long for the brand to contact the prospect and the need lapsed	33%	20%	32%
Representative could not address all queries	29%	5%	18%
Prospect did not trust the medium of information	28%	4%	16%
Prospect found it difficult to express interest	26%	13%	13%
Prospect could not connect with provider directly via branch/website	25%	3%	14%

Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

% Percentage of respondents experiencing the mentioned friction in the respective media touchpoints

Media with the lowest to the highest friction for the given friction point

* Online includes the top five media touchpoints accessed by respondents at the respective stage of the journey

Anytime application to purchase credit card and better credit card offers are the key drivers of online influence

Immediate application initiation and convenience of location of a bank branch are the key factors influencing the offline purchase of a credit card. By strategically leveraging consumer-friendly digital technologies and adopting omni-channel strategies, brands can either replicate or complement the offline experience to enhance consumer experience. For instance, online issuance of credit cards, migrating Know Your Customer (KYC) documentation procedures online and eliminating the need for consumers to visit the bank branch for formalities could, in effect, reduce the number of visits to the bank, while enriching the experience and engagement of the buyer with the brand. Brands can thus engage with consumers after the purchase and ease the process of sharing their experiences on social media, thereby building a positive brand image.

Credit cards

Purchase channel preference

What lacks in offline?

Anytime application	72%
Better purchase deals on other mediums	61%
Easy product comparison	61%

What lacks in online?

Immediate availability of product	61%
Convenience of branch location	35%
Websites take too long to load/websites are too slow	31%

Post purchase activities

55%	Wrote reviews for the product online on a shopping site/website
53%	Spoke about the products purchased on social media
50%	Recommended the purchase to friends and family members on social media

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Friction Busting — Increasing the Sales Opportunity with Mobile

By 2022, mobile is expected to influence about 8 out of 10 credit card purchases

The number of mobile internet users in India is expected to reach 677 million in 2022, from 420 million in 2017[1]. By 2022, Facebook influence on credit card purchases is likely to grow at a faster pace of nearly 1.5 times compared to mobile influence at nearly 1.3 times[2][3]. Brands have a potential sales opportunity of USD46 billion*, which will be mobile and Facebook influenced. Brands may consider redesigning their media mix to accommodate the influence of mobile on credit card purchases.

Credit cards

Mobile influence

	2017	2022e[2]
Awareness	62%	76%
Consideration	62%	77%
Intent	75%	87%
Average influence	64%	78%
Incremental sales opportunity	USD37 billion	USD46 billion (1.25x)

Facebook influence

	2017	2022e[2]
Awareness	24%	35%
Consideration	18%	28%
Intent	26%	37%
Average influence	23%	33%
Incremental sales opportunity	USD13 billion	USD19 billion (1.46x)

*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Sources:

[1] Internet users to touch 420 million by June 2017: IAMAI report, The Economic Times, May 2017; Internet users in India expected to reach 500 million by June: IAMAI, Economic Times, February 2018; eMarketer Forecasts Strong Growth in Facebook Users in India, eMarketer, June 2017

[2] Forecast Personal Credit Cards, Euromonitor, July, 2018; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile-heavy purchase journeys are ~22 per cent shorter than offline-influenced journeys for the credit card category

User-friendly mobile-based platforms may help consumers with requisite information, easy application processes and convenience in product selection. Also, with personalised offers and targeting, brands can provide highly relevant offers and discounts, reward points, cashbacks and gifts, tempting consumers to apply. This study suggests that mobile purchase journeys are ~22 per cent shorter than offline-influenced journeys, helping marketers save considerably in acquiring new consumers.

Credit cards

Mobile compacts journeys

Mobile-influenced journeys are **~22 per cent** shorter than offline-influenced* journeys

Note: *Offline-influenced journeys involve the use of at least one offline medium in the purchase journey

Methodology — friction reduction by enhancing the media mix

Interpret media-related friction individually at each stage of the journey — awareness, consideration and intent

Calculate the potential friction reduction opportunity for areas where mobile can help bring down friction

Calculate the potential opportunity for a brand to reduce friction in the future by enhancing mobile in the media mix

Recommend feasible and scalable approaches based on the identified friction areas and possibility of technology fitment

Mobile has the potential to reduce friction by 3 percentage points across the purchase journey for credit cards

Awareness friction

2017 Media friction → 23% → 2022_e Media friction

Friction points	
Prospect does not know what to do next after watching ads	28%
Prospect does not pay enough attention to ads	24%
Prospect finds the ad intrusive	22%
Prospect finds too little information from ads	16%
Prospect did not trust the medium of information	52%
Ads not appealing for the prospect	20%
Prospect did not understand the language of the ads	13%
Product/brand was not relevant to the prospect	18%
Irrelevant offers or ads sent	22%

Consideration friction

2017 Media friction → 36% → 2022_e Media friction

Friction points	
No expert advice/answers available	52%
Offered communication unclear to the prospect	42%
Prospect does not trust the medium as the source of information	40%
Prospect finds it difficult to browse/find information	50%
Prospect does not get the relevant information	21%
Difficult to distinguish financial institutions	14%
Prospect does not have enough information for eligibility	18%

Intent friction

2017 Media friction → 28% → 2022_e Media friction

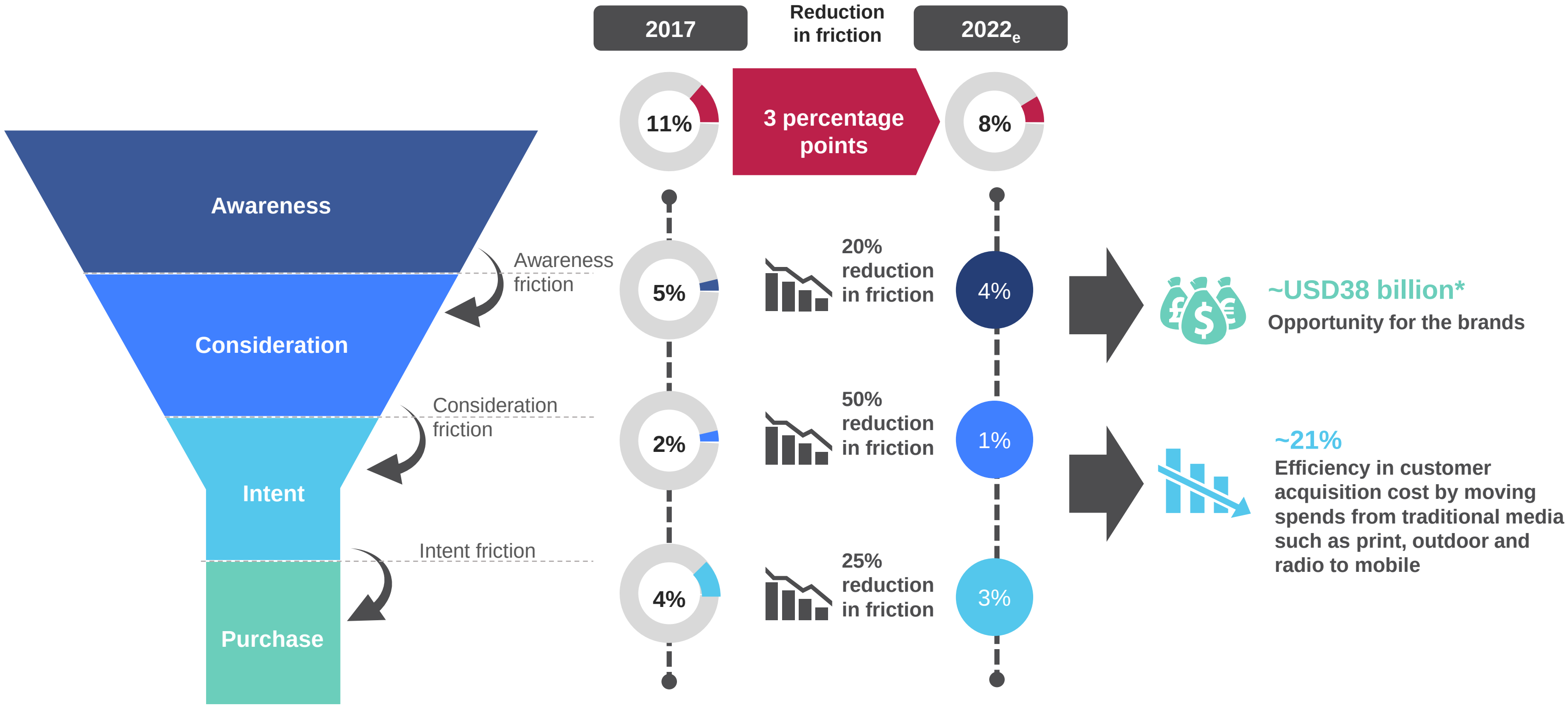
Friction points	
Representative could not address prospect's queries	30%
Prospect did not trust the medium of information	33%
Prospect expressed interest but did not get a response from the banks/NBFCs	26%
Prospects not able to easily connect with the provider directly via branch/website/page/call-centre	20%
Prospect not given all relevant content	27%
Prospect could not express interest	26%
It took too long for the brand to contact the prospect and the need lapsed	29%

Source: KPMG in India's Analysis, 2018 based on primary survey conducted by Nielsen, 2018
For all three stages - awareness, consideration and intent - the reduction in friction on offline media is based on the weighted average of friction scores for all online media, obtained from primary research.
The calculation took into account the reduction in friction that could be achieved if offline friction percentages are replaced with the weighted averages of online media. It has been assumed that the values of online media can be used as a proxy for mobiles since more than 90 per cent of the online usage takes place via mobile devices.

Mobile in the media mix can help brands tap into ~USD38 billion transaction value opportunity and bring in efficiency in the customer acquisition cost by ~21 per cent for credit cards

Credit cards

A ~USD38 billion* opportunity can be generated within brands by improving the media efficiency with mobile-based solutions for the credit card category. This can create value for credit card brands by increasing credit card purchases and their subsequent transactions. Compared to traditional mediums, mobile is also expected to increase efficiency in the consumer acquisition spend by up to ~21 per cent.



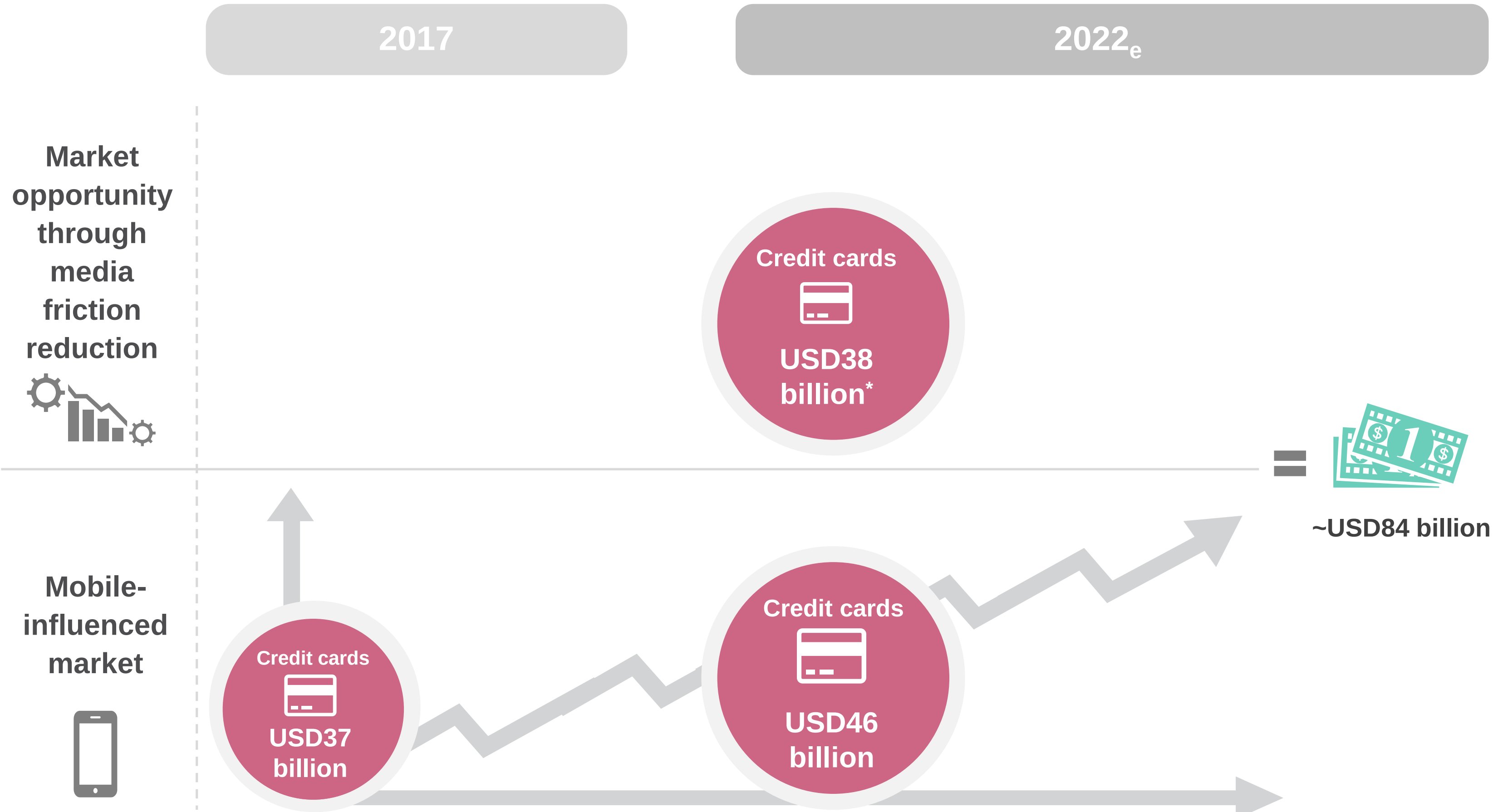
*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

*Source: Digital Advertising in India 2018, Dentsu Aegis Network; RBI Bank-wise card statistics, RBI, 2018; Forecast personal credit cards — Number of cards in circulation 2017–2022, Euromonitor, 2018; RBI Bank-wise card statistics, RBI, 2018; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

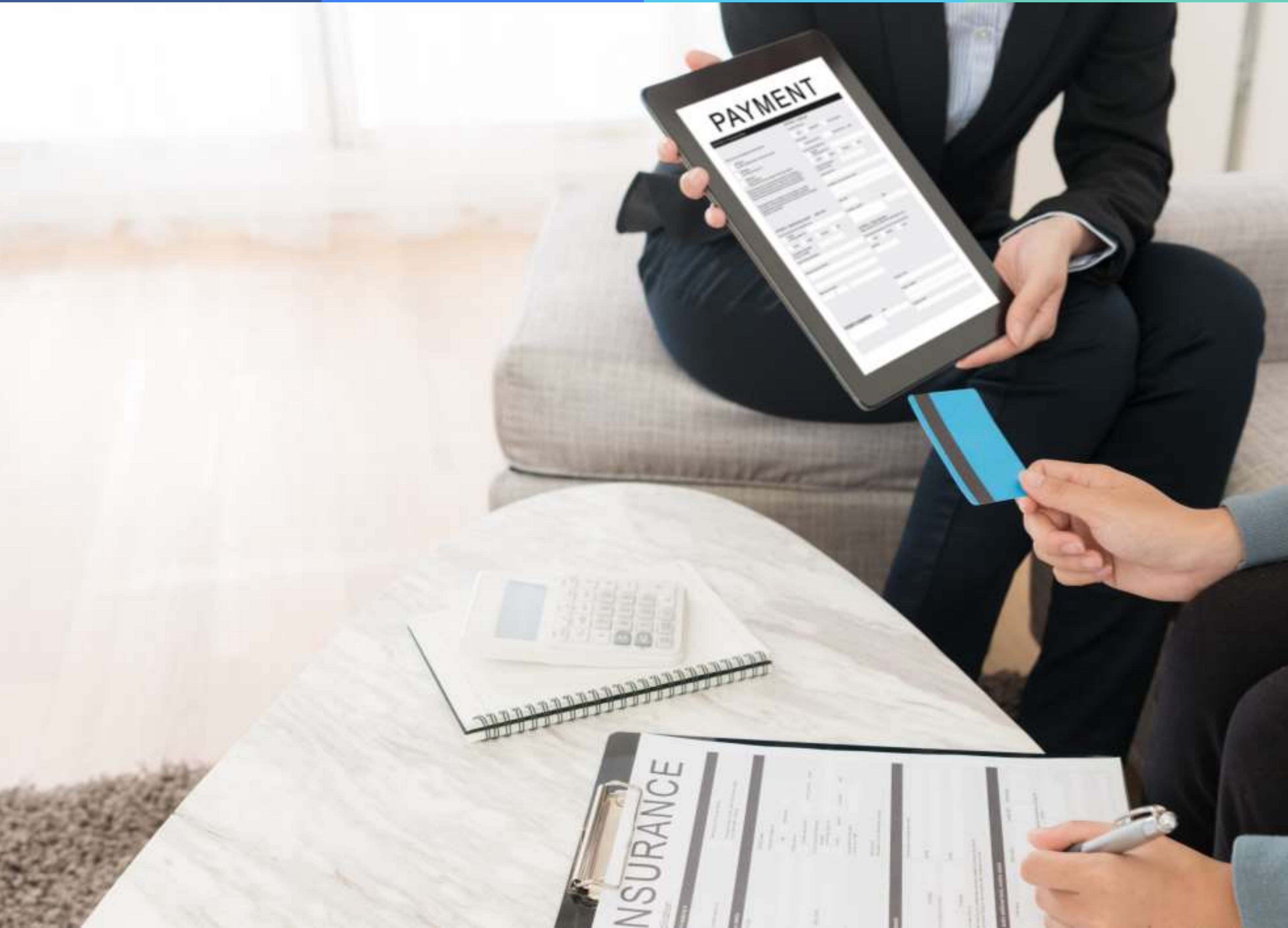
Methodology: The projection is based on estimated ratio of average cost of consumer acquisition for online and offline media in the FinServ industry. The ratio is assumed to be consistent in 2022, and is used to project incremental spend on mobile-based digital advertisement to tap the USD38 billion transaction opportunity.

Mobile-influenced opportunity of about USD84 billion in credit cards

Mobile in the media mix can create value for credit card brands by increasing credit card purchases and their subsequent transactions. Enhancing mobile can create a combined opportunity of USD84 billion by influencing credit card purchases and reducing media friction in consumers' purchase journey.



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity


PAYMENT

Credit cards

Insurance

Life insurance

This category includes policies that pay out a sum of money either on the death of the insured person or after a set period

Other insurance

Other insurance includes auto and health insurance excluding any commercial insurance

Loans

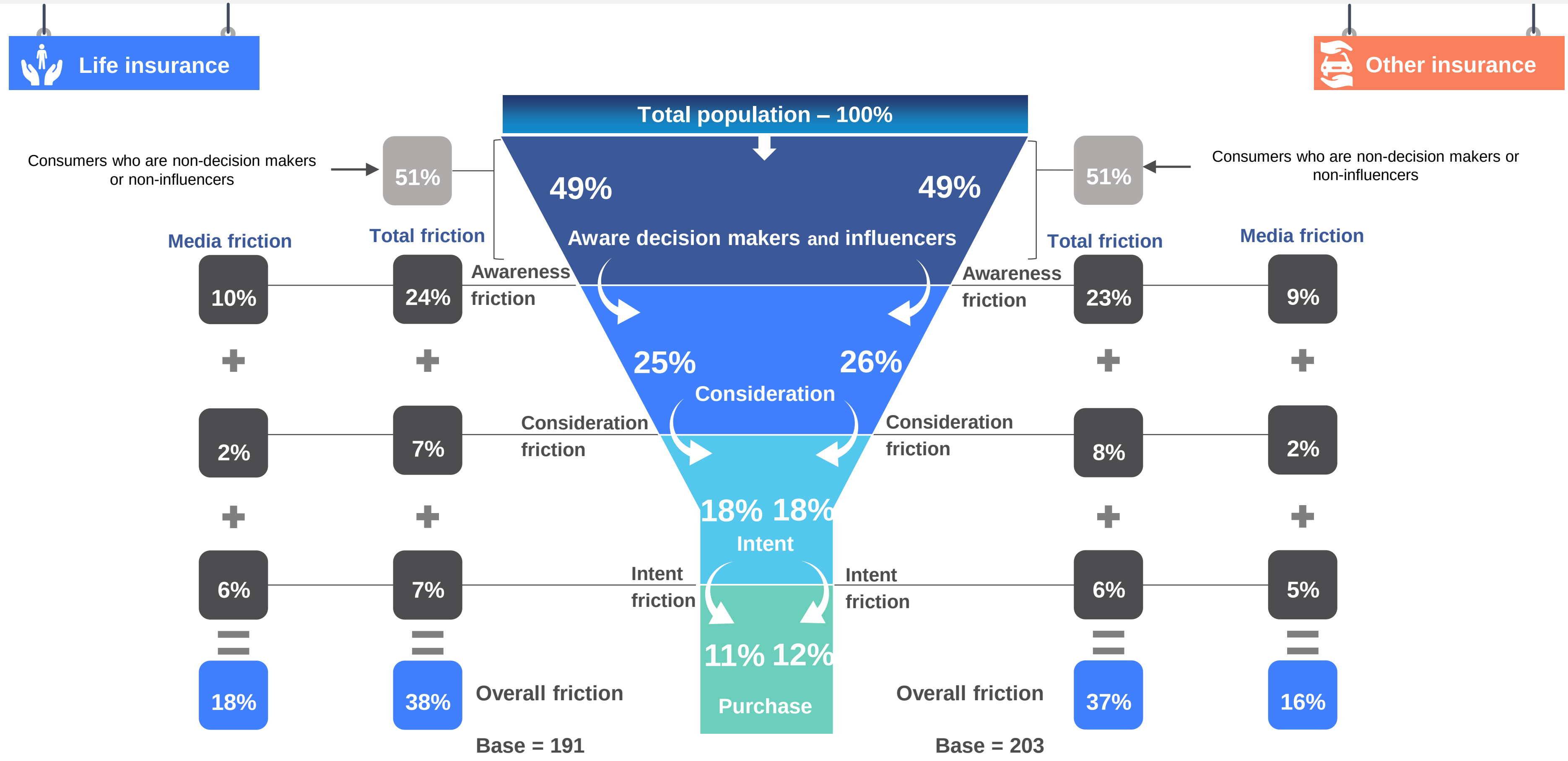
ZERO
FRICTION
FUTURE
by facebook IQ

Friction Decoded — Scope of Opportunity


Sign here

Media friction accounts for nearly half of the total friction in the life insurance and other insurance purchase journeys

Insurance is still a 'push product' in India. The study suggests that, while 1 out of 2 consumers enter the purchase journey, only 1 out of 5 actually completes the purchase journey for both life insurance and other insurance. More than 60 per cent of consumer drop outs occur at the top of the funnel due the media friction for both life and other insurance. 1 out of 2 consumer drop outs across the insurance purchase journey is due to media leading to a loss of revenue for the brands.



- Deep dive is only among 49 per cent of the population who are 'Aware decision makers and influencers' for the 'Insurance' category
- At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Buyers: Respondents who have purchased/tried to purchase an insurance policy in the last six months
Considerers: Respondents who have considered purchasing an insurance policy in the last six months but are yet to apply
Aware non-considerers: Respondents who have not considered purchasing a policy in the last six months

Mobile could help insurance brands tap into a potential sales opportunity of ~USD70 billion by reducing media friction

Friction can result in reduced sales, thus impacting the overall revenue for a brand. The study suggests that nearly 2 out of 5 consumers drop out of the insurance purchase journey due to friction, with media contributing to more than 50 per cent of those drop outs. Mobile has the potential to reduce friction by 5 percentage points each for life insurance and other insurance, creating a potential premium income opportunity of USD54 billion and USD16 billion, respectively. Hence, it becomes imperative for marketers to strengthen their media mix by having a larger share of marketing activities on mobile, thereby reducing media friction.

Life insurance

2017 – Media friction observed in purchase journey **18%**

Use of mobile in media mix

2022e – Media friction observed in purchase journey **13%**

By reducing media friction with mobile, life insurance brands can tap into ~USD54 billion* opportunity

Other insurance

2017 – Media friction observed in purchase journey **16%**

Use of mobile in media mix

2022e – Media friction observed in purchase journey **11%**

By reducing media friction with mobile, other insurance brands can tap into ~USD16 billion* of opportunity

~USD70 billion* opportunity

Note: Potential opportunity by KPMG in India is based on the potential reduction in consumer drop out. Modelling for reduction in drop outs is based on the potential friction reduction, which may get impacted due to the usage of mobile-based media.
*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

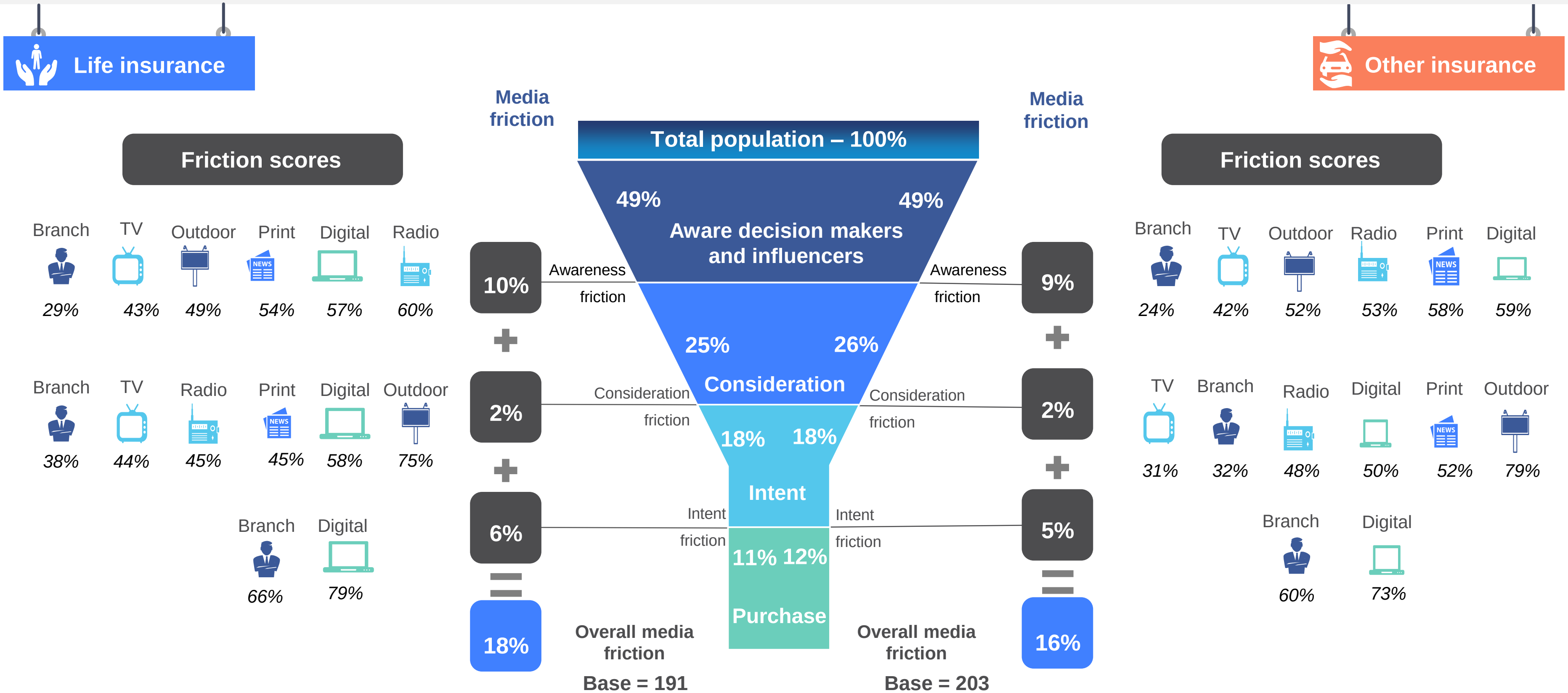
Source:
[1] IRDA Annual report 2016–17, www.irdai.gov.in, July 2018
[2] KPMG in India's analysis, 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

ZERO
FRICTION
FUTURE
by facebook IQ

Friction Mapping—Understanding Friction

Digital medium offers less friction over outdoor and print mediums at the consideration stage for other insurance

Insurance is a dynamic product which varies from person to person, hence standardised communication through mass mediums such as radio, outdoor, print and television can create awareness but may not be convincing to consumers to make a purchase. Digital channels are dynamic and convenient mediums to browse, compare information and buy insurance products. However, both branch and digital mediums show high friction at the intent stage, primarily due to miss-selling by agents or brokers to push high commission products, while sidelining consumer needs.



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Aware non-considerers: Respondents who have not considered purchasing a policy in the last six months

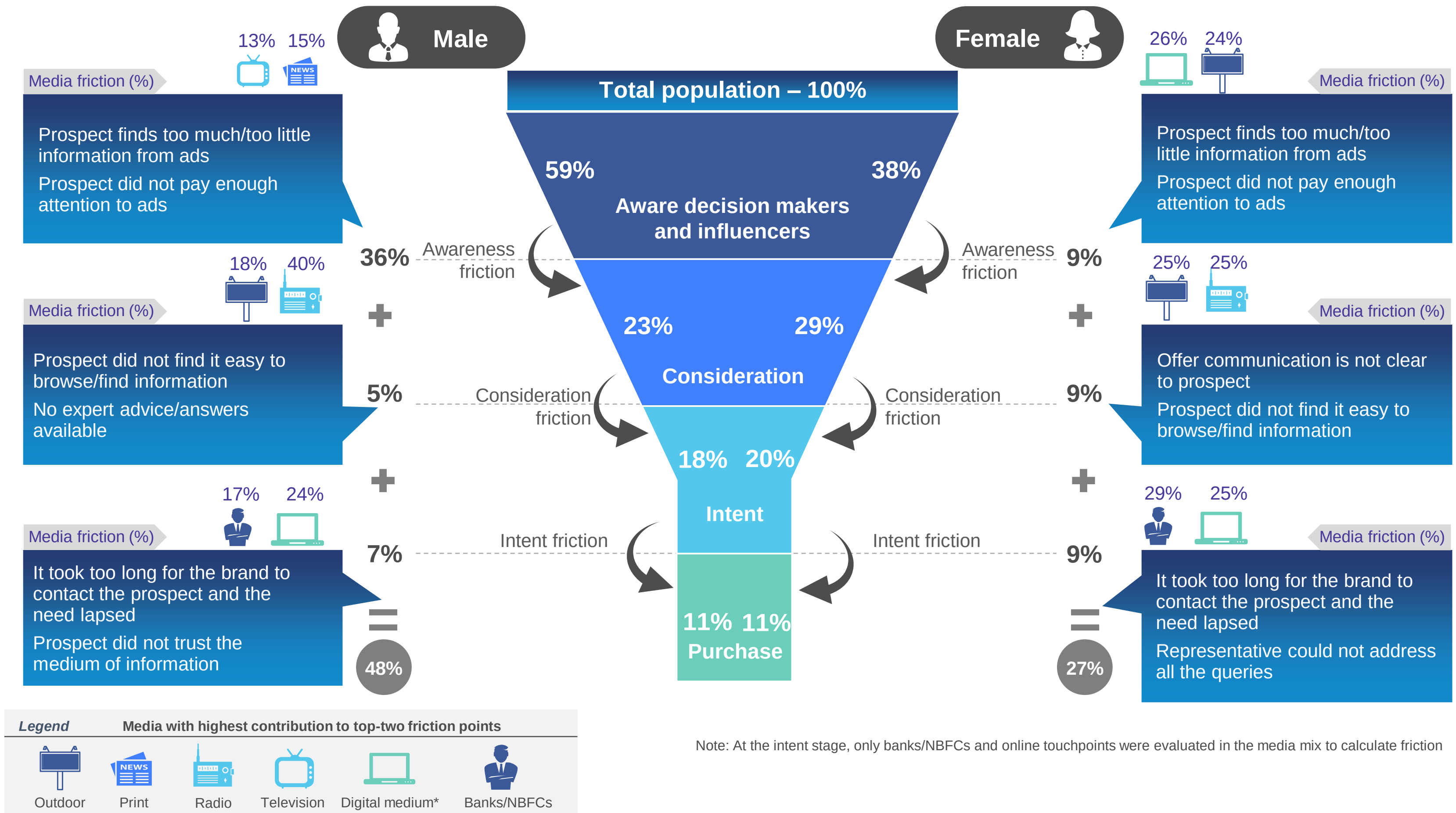
* Online includes top five media touchpoints accessed by respondents at respective stage of the journey


Insurance
Life
Health
Home
Car
Life insurance
Health insurance
PAY

Women have a better purchase conversion rate than men for life insurance policies

Life insurance

While a larger number of men enter the life insurance purchase funnel, women have a better purchase conversion rate than men. This suggests an opportunity for brands to target women. Women perceive insurance to be valuable, and their dropout rate along the consumer journey is lower in insurance compared to other products such as credit cards. Life insurance providers and aggregators can expand their women-specific product offerings to target salaried women and even those on a temporary work break. Assistance with understanding financial products, targeted promotions and quick response time by agents or insurance companies to their queries can increase women's policy purchase rate.

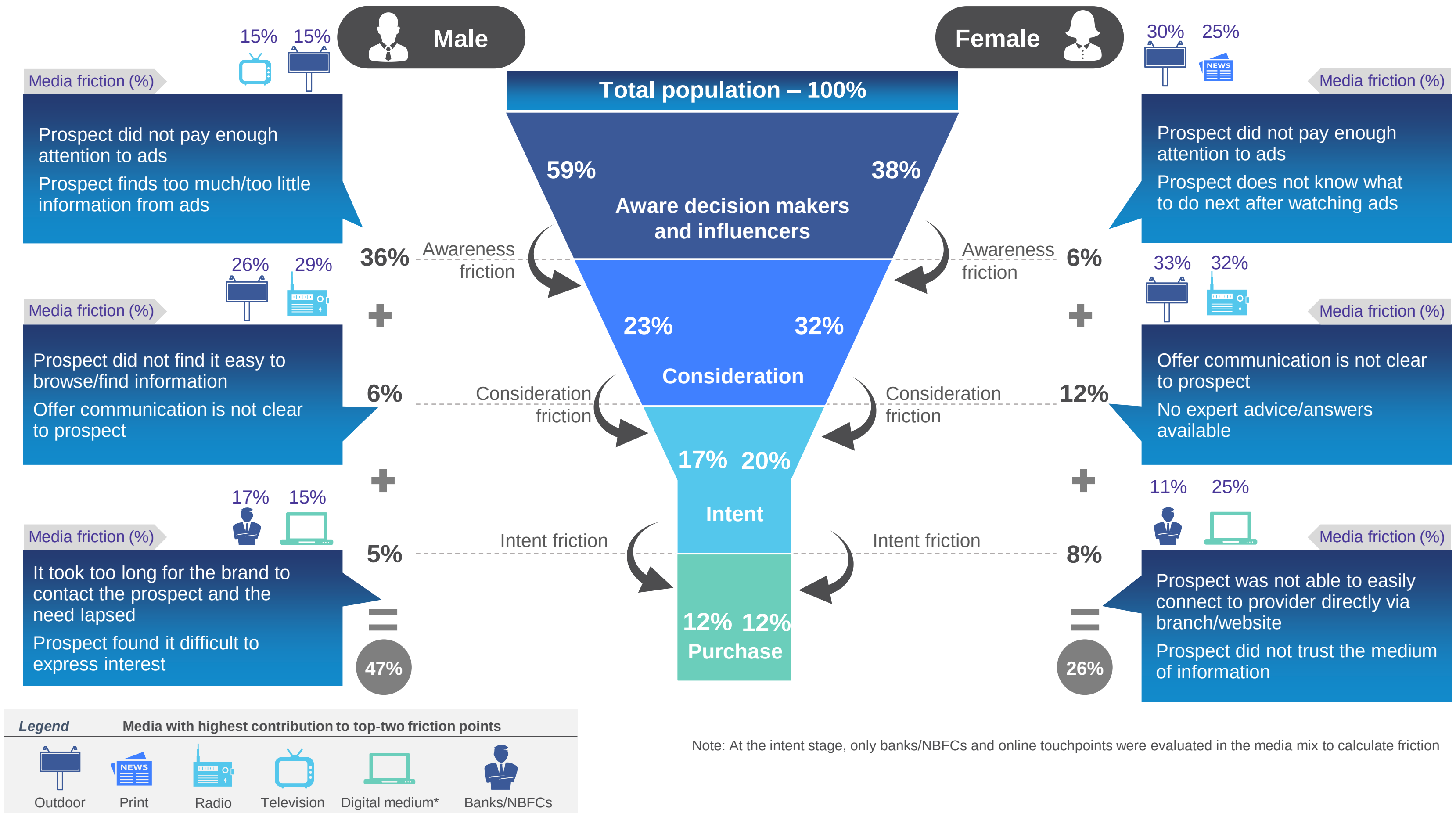


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Both men and women actively look out for offers when considering insurance purchase , however, women's purchase journeys are triggered by life events

Similar to the life insurance category, purchase conversion for both men and women is similar, despite fewer women entering the purchase funnel. Men face almost 80 per cent of the friction at the top of the funnel, while women face almost 50 per cent of the friction at the consideration stage. Unlike life insurance which is a one-time purchase, other insurance products require renewal. Hence, offer communications for other insurance is sought out by consumers. Men seek detailed information to assess the insurance and compare its utility with options such as index-linked insurance plans, especially when purchasing products with maturity benefits. Women's purchase considerations are triggered by life events such as childbirth, and they actively seek expert assistance and clear offer communication at the consideration stage.

Other insurance

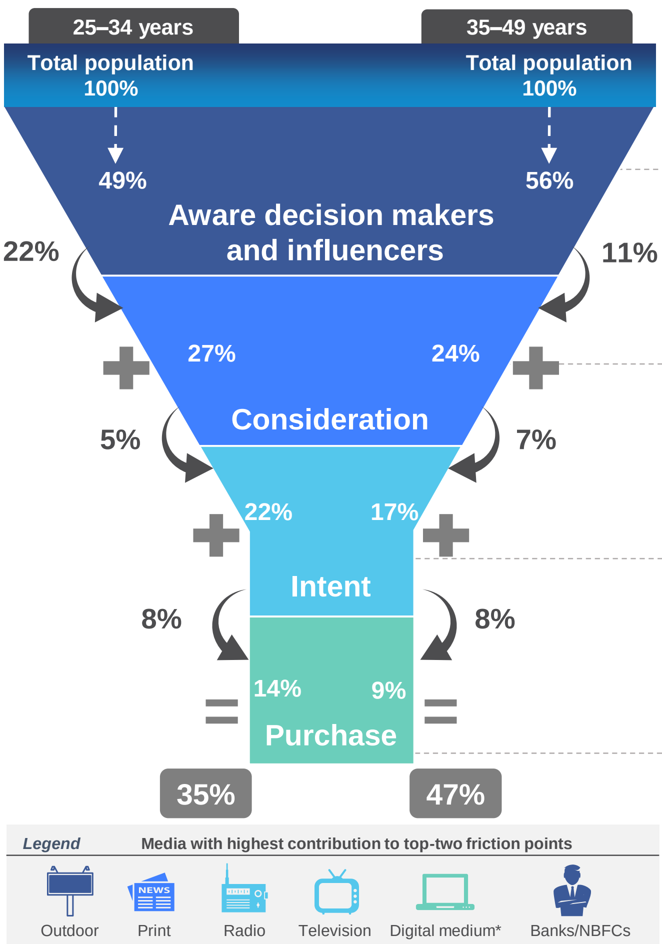


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Consumers in the age group of 25–34 years are more likely to purchase life insurance if provided with detailed product communication with a quick call to action

Life insurance

While fewer consumers in the age group of 25–34 years enter the life insurance purchase funnel, they are more likely to purchase an insurance than those in the age group of 35–49 years. The consumers in the age group of 25–34 years are the ‘early earners’ beginning to manage their financial investments and they seek detailed and relevant product information for guidance towards a purchase. 35–49 years-old consumers are more category aware and actively look out for better policy offers and seek advice to make a purchase. This segment is also more used to relationship-based financial services. Assisted online sales can churn better conversion rates for consumers aged 35–49 years, while targeted product communication with a quick call to action to purchase requests can increase purchase conversions for consumers aged 25–34 years.



Friction points for 25–34 years

Prospect finds too little information from ads

Prospect did not pay enough attention to ads; product/brand was not relevant to the prospect

20% 21%

Prospect did not get all the relevant information

Prospect did not find it easy to browse/find information

22% 30%

It took too long for the brand to contact the prospect and the need lapsed

Prospect did not trust the medium of information

23% 28%

Friction points for 35–49 years

Prospect finds too little information from ads

Prospect does not know what to do next after watching ads

15% 18%

Prospect did not find it easy to browse/find information

No expert advice/answers available; offer communication is not clear to the prospect

17% 27%

It took too long for the brand to contact the prospect and the need lapsed

Prospect did not trust the medium of information

14% 20%

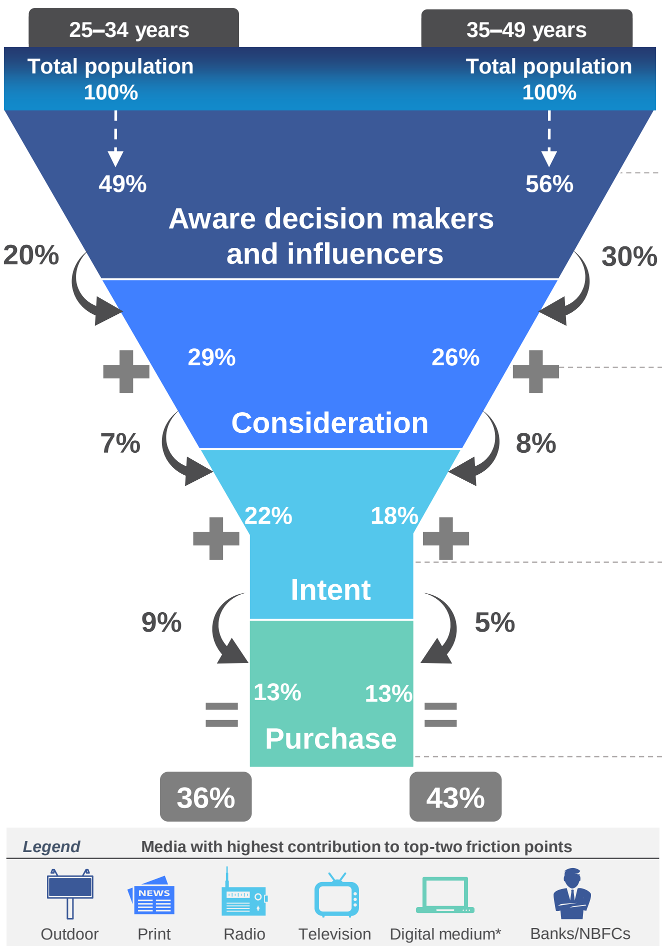
Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction
Note: Excluding the18–24 years old age group as they are not a key target segment for credit cards because of their low credit rating since they are yet not a part of the earning segment

25–34 year-olds are more likely to purchase a policy and actively seek product details and associated offers

Other insurance

While consumers in the age group of 35–49 years are more active and aware insurance decision makers, those in the age group of 25–34 years have a better policy purchase rate. The 25–34 year age group comprises young earners who are more inclined to make a policy purchase. This age group seeks targeted product advertisement, product offers, and quick and prompt response from the insurer/representative to address their purchase request.

Consumers aged over 35 are more aware and evolved purchase audience, and are aware decision makers and influencers. They actively look out for offers, however, they face high friction at the top of the funnel due to premium affordability and lack of assistance in understanding the product.



Friction points for 25–34 years

Prospect did not pay enough attention to ads

Prospect found the ads to be intrusive

22% (Print) 20% (Outdoor)

Prospect did not find it easy to browse/find information

Offer communication is not clear to prospect

28% (Outdoor) 29% (Radio)

Prospect expressed interest but did not get response from banks/NBFCs

Prospect could not connect with provider directly via branch/website

16% (Banks/NBFCs) 20% (Digital medium)

Friction points for 35–49 years

Prospect did not pay enough attention to ads

Prospect does not know what to do next after watching ads; prospect finds too little information from ads

14% (Television) 16% (Print)

Prospect did not find it easy to browse/find information

Offer communication is not clear to prospect; no expert advice/answers available

27% (Outdoor) 30% (Radio)

It took too long for the brand to contact the prospect and the need lapsed

Prospect found it difficult to express interest

28% (Banks/NBFCs) 18% (Digital medium)

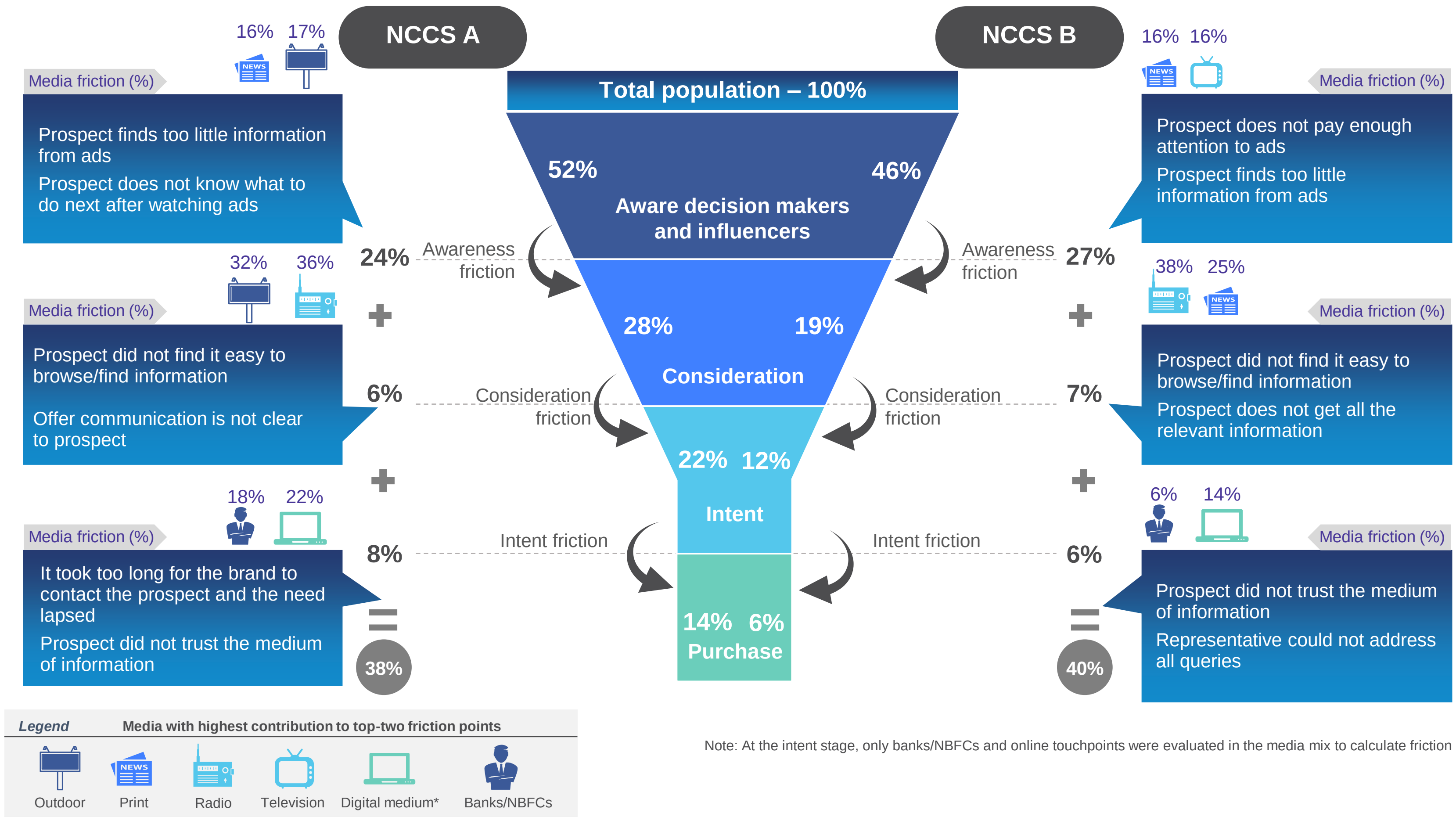
Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

NCCS A consumers seek offer communication while NCCS B consumers seek relevant information

Life insurance

NCCS A consumers purchase conversion is almost twice that of NCCS B consumers. However, more than 60 per cent of the friction for both categories occurs at the top of the funnel. NCCS A consumers are better placed with respect to financial exposure and hence they seek detailed information on products and offers to move ahead in their purchase journey. NCCS B consumers require more information to understand the product and relevant product advertising.

Limited trust on the medium in making financial decisions results in friction at the bottom of the funnel. Longer response time from agents and their inability to address consumer queries augments drop outs even further.



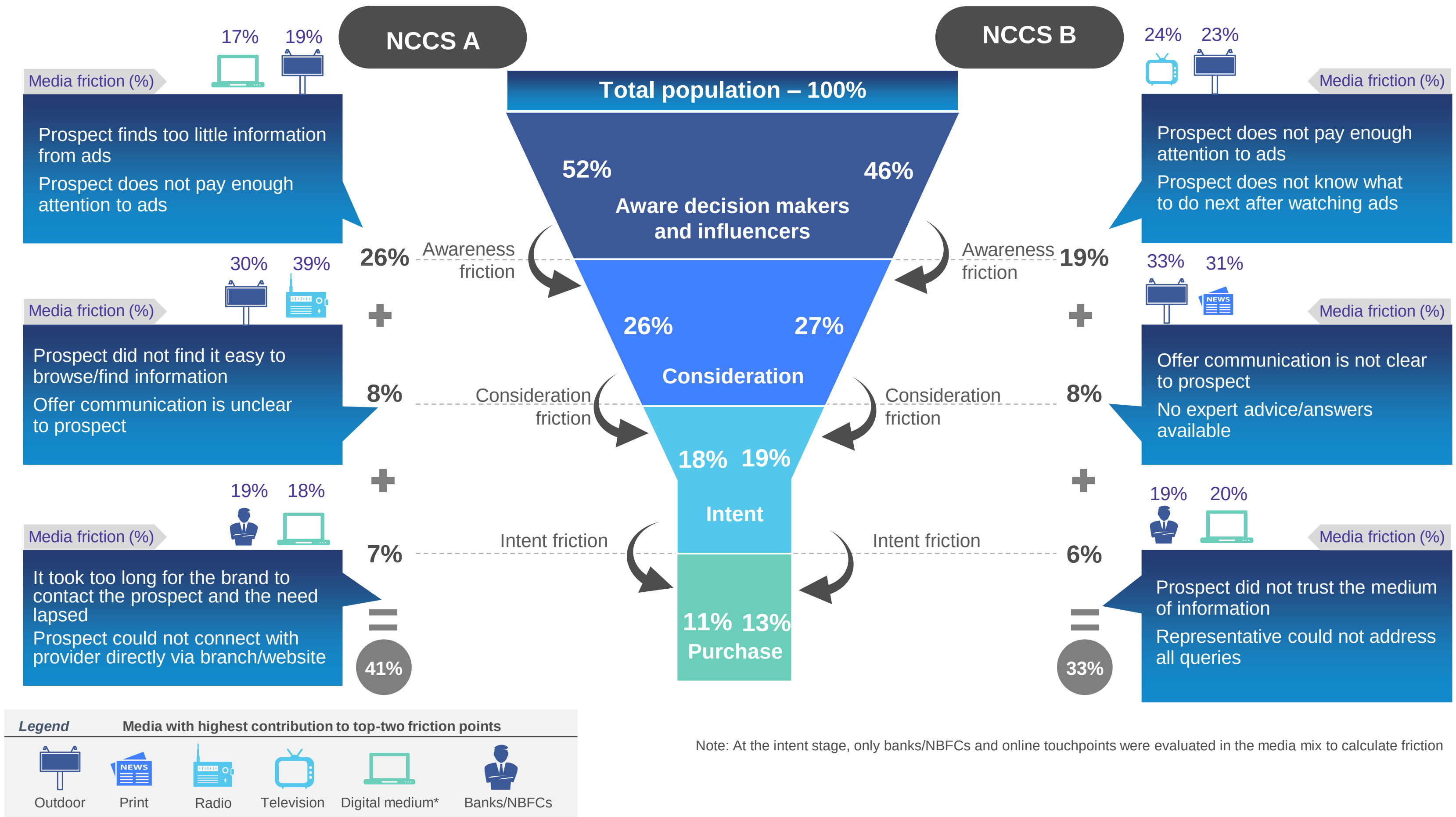
Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

NCCS A consumers seek availability of detailed product information while NCCS B consumers seek trusted advice and guidance to purchase

Other insurance

Both NCCS A and NCCS B consumers face high friction at the awareness stage. While NCCS A consumers are more category aware, they seek more product information to move ahead in the purchase journey. NCCS B consumers, on the other hand, need guidance right at the top of the funnel to move to the next step of the journey. NCCS A consumers are more digitally active when looking out for other insurance policies while NCCS B consumers seek trusted expert advice before they make the purchase and hence are more likely to be serviced by agents.

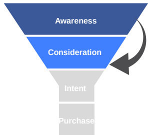
Other insurance such as travel insurance and motor insurance is often coupled with travel ticket and new vehicle purchases, and consumers are largely loyal to policy purchased at the point of sale. Hence, other insurance ads may go unnoticed unless brands try to catch consumers' attention through competitive pricing, better policy services and seamless policy switching. Both NCCS A and NCCS B consumers actively look out for offers for other insurance polices.



Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Lack of a clear call to action and financial jargons can lead to friction for both life insurance and other insurance products

Consumers seek detailed information to understand products such as life insurance and they seek ads that catch their attention in terms of product offers to purchase other insurance policies. Traditional mediums such as banks/NBFCs show low friction drop outs at the awareness stage as compared to other traditional mediums such as print, outdoor and radio. While radio presents high friction for life insurance communications due to its standard messaging, print advertisements for other insurance fail to catch consumers attention. Brands are increasingly customising insurance products to leverage the pervasive, faster, cost-effective online medium. However, consumers struggle with understanding complex financial jargons and figuring the next go-to steps. Customised communication, pop-up assistance to address a consumer's interest can propel online sales. Friendsurance, a German insurer, is a unique aggregator leveraging social media to offer peer-to-peer insurance offering[1].The insurance provider receives a new mode of distribution, increasing its accessibility to attractive groups with a unique product offering.



Life insurance

Other insurance

Insurance: Awareness friction

Online*	Banks/ NBFCs	Radio	Outdoor	Print	Television	Life insurance	Top friction points	Other insurance	Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
18%	6%	10%	13%	10%	9%	29%	Prospect finds too little information from ads	25%	9%	7%	10%	5%	5%	14%
8%	4%	12%	18%	22%	14%	28%	Prospect did not pay enough attention to ads	33%	19%	29%	26%	9%	3%	10%
7%	0%	10%	7%	17%	18%	24%	Prospect does not know what to do next after watching ads	26%	15%	12%	15%	15%	1%	12%
11%	3%	2%	4%	5%	4%	19%	Prospect did not find the ads to be appealing	19%	2%	9%	5%	5%	4%	10%
8%	4%	24%	0%	13%	5%	19%	Prospect did not understand the language of the ads	18%	4%	8%	1%	18%	0%	9%
6%	2%	10%	4%	4%	4%	17%	Prospect found the ads to be intrusive	20%	4%	8%	6%	4%	3%	7%

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

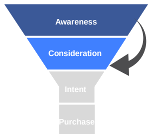
Media with lowest to highest friction for the given friction point

- Online includes top five media touchpoints accessed by respondents at respective stage of the journey

[1] Friendsurance Germany makes insurance social again, The digital insurer, June 2018

Consumers look for relevant product information and assistance to conclude their insurance purchase considerations

Consumers depend on finding detailed product information on mediums and expert advice to purchase a policy. Due to the complexity associated with life insurance products, consumers seek expert advice to decide on a purchase. Other insurance products are relatively easy to understand and consumers look out for product offers and compare products on online medium. Hence, at the consideration stage, the best marketing response is clear communication, assisted online sales, and response to consumers' queries or interest to build consumer confidence. At this stage for life insurance, banks/NBFCs and representatives have emerged at the medium with the least friction as consumers get a personal assurance while interacting with representatives in person. Other insurance categories such as automobile and travel are ahead in the digital purchase curve, closely followed by health insurance. These insurance covers are digitally pervasive and can be purchased easily online. For example, disruptive business models in auto insurance leveraging telematics, such as usage-based insurance (UBI), pay-as-you-drive (PAYD) and pay-how-you-drive (PHYD) by tracking drivers' behaviour have made online medium a preferred channel for purchase.



Life insurance | **Other insurance**

Insurance: Consideration friction

Online*	Banks/ NBFCs	Radio	Outdoor	Print	Television	Life insurance	Top friction points	Other insurance	Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
12%	2%	64%	25%	10%	8%	38%	Prospect finds it difficult to browse/find information	37%	8%	7%	33%	44%	0%	6%
11%	4%	9%	13%	19%	26%	24%	Prospect does not get all the relevant information	15%	10%	7%	10%	11%	0%	10%
19%	2%	9%	9%	13%	10%	23%	No expert advice/answers available	27%	8%	21%	23%	11%	0%	13%
12%	6%	9%	22%	13%	8%	23%	Offer communication is not clear to prospect	34%	15%	29%	41%	22%	5%	14%
12%	2%	18%	9%	3%	8%	18%	Prospect does not trust the source for information	20%	0%	7%	18%	4%	0%	18%
14%	2%	0%	3%	6%	3%	37%	Difficult to distinguish financial institutions	18%	5%	7%	10%	15%	4%	5%

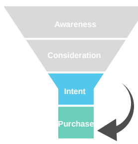
% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Media with lowest to highest friction for the given friction point

- Online includes top five media touchpoints accessed by respondents at respective stage of the journey

Longer response time and inability to answer product queries cause friction for life and other insurance products

Slow response time from the insurance brand is a key friction point at the intent stage. KYC paperwork, manual form filling, details verification, medical checkups, medical records verification or assessment of property to be insured, follow-ups and underwriting are time-consuming activities at this stage. Also, a non-standard list of documents or incomplete/wrong data captured in the proposal form leads to multiple visits by sales team and exacerbates the problem. Moreover, over commitment by agents due to lack of information at their end results in friction. Standardised list of documents, automation and AI integration enable companies to reduce the cost incurred on routine work and refocus on catering to consumers by providing them with quick resolutions and policy updates. Future of pop-up chat bots can address consumers' queries at the time of purchase to significantly reduce intent friction. Fukoku Mutual Life Insurance is in the process of implementing AI and automating business processes, which is expected to boost productivity by 30 per cent after complete system integration. The firm not only expects to enhance its consumer experience but also estimates to save about USD1.25 million in the first year of AI use[1] .



Life insurance | Other insurance

Insurance: Intent friction

Life insurance: Online*	Life insurance: Banks/ NBFCs	Life insurance	Top friction points	Other insurance	Other insurance: Banks/ NBFCs	Other insurance: Online*
32%	37%	35%	It took too long for the brand to contact the prospect and the need lapsed	25%	31%	20%
18%	0%	29%	Prospect did not trust the medium of information	25%	2%	24%
15%	3%	22%	Prospect could not connect with provider directly via branch/website	25%	7%	13%
14%	3%	21%	Prospect expressed interest but did not get response from banks/NBFCs	22%	10%	18%
11%	9%	19%	Representative could not address all queries	11%	2%	8%
5%	3%	14%	Prospect did not get all the relevant information	24%	5%	14%
4%	14%	15%	Prospect found it difficult to express interest	24%	12%	11%

Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Media with lowest to highest friction for the given friction point

[1] Insurance technology 7 disruptive ideas to transform traditional insurance company, AltexSoft blog, March 2018

* Online includes top five media touchpoints accessed by respondents at respective stage of the journey

Anytime application for insurance, deals and access to multiple insurance brands drive online insurance purchases

Trust on in-person communication at a convenient branch location has been one of the key reasons behind offline applications. Brands have been increasingly adopting consumer-friendly technology solutions such as chatbots and integrating digital tools to their physical assets to either replicate or complement the offline consumer experience. Digital medium provides them with the option to explore, compare and purchase a policy in a better manner at the click of a button. Omni-channel has offered a solution where consumers are able to access physical touchpoints of bank branches by visiting them in person or scheduling a visit/call with the executives at a convenient time. Both offline and online presence are vital to brands pursuing leads in a highly competitive insurance market.

Life insurance

Purchase channel preference

What lacks in offline?

- Easy access to multiple brands: 60%
- Lower prices/better deals: 60%
- Anytime application: 20%

What lacks in online?

- Immediate availability of product: 55%
- More certainty about fit/suitability of the product: 39%
- Convenience of location: 34%

Post-purchase activities

- 39% Spoke about the products purchased on social media
- 39% Recommended the purchase to friends and family members on social media or chat apps
- 39% Recommended the purchase to friends and family members on direct chat

Other insurance

Purchase channel preference

What lacks in offline?

- Easier to compare and research products/offers: 67%
- Lower prices/better deals: 56%
- Wider variety of products: 56%

What lacks in online?

- Convenience of location: 46%
- Websites take too long to load/websites are too slow: 37%
- Immediate availability of product: 34%

Post-purchase activities

- 56% Recommended the purchase to friends and family members on social media
- 44% Wrote reviews for the product online on a shopping site/website
- 44% Recommended the purchase to friends and family members on direct chat

ZERO FRICTION FUTURE

Friction Busting — Increasing the Sales Opportunity with Mobile

By 2022, mobile is expected to influence about 8 out of 10 purchases for both life insurance and other insurance

The number of mobile internet users in India is expected to increase to 677 million by 2022 from 420 million users in 2017[1]. Facebook influences on life insurance purchases is expected to grow at 2.8 times compared to mobile influences at 2.3 times by 2022e. While for other insurance, Facebook influence is expected to grow at 3 times compared to mobile influence at 2.2 times by 2022e. This growth is expected to be driven by the organic penetration of the internet, social media and digital technologies over the next five years. Brands, therefore, have USD99 billion and USD31 billion worth of incentives for life insurance and other insurance[2], and may review to implement their marketing strategies and adapt to the fast-evolving mobile-first internet economy of India.

	Life insurance				Other insurance			
	Mobile influence		Facebook influence		Mobile influence		Facebook influence	
	2017	2022_e[2]	2017	2022_e[2]	2017	2022_e[2]	2017	2022_e[2]
Awareness	66%	80%	22%	32%	65%	79%	19%	28%
Consideration	64%	78%	24%	35%	67%	81%	12%	19%
Intent	81%	90%	36%	48%	82%	91%	12%	19%
Average influence	68%	82%	25%	36%	69%	82%	15%	24%
Incremental sales opportunity	USD44 billion	2.3x USD99 billion	USD16 billion	2.8x USD44 billion	USD14 billion	2.2x USD31 billion	USD3 billion	3x USD9 billion

Sources:

[1] Internet users to touch 420 million by June 2017: IAMAI report, The Economic Times, May 2017; Internet users in India expected to reach 500 million by June: IAMAI, Economic Times, February 2018; eMarketer Forecasts Strong Growth in Facebook Users in India, eMarketer, June 2017

[2] IRDA Annual report 2016–17, IRDA, July, 2018; Public disclosures — Standalone Health insurance companies, May 2018 ; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile-influenced purchase journeys are ~17 per cent shorter than offline-influenced journeys in the insurance category

Mobile platforms may provide prospective consumers with the ease of checking scheme conditions, policy sum insured, premium and coverage areas, and seeking assistance and opinions based on their own convenience. With personalised offers and targeting, brands can provide new schemes and customised offers to consumers tempting them to apply for insurance. This study suggests that mobile purchase journeys are ~17 per cent shorter than offline-influenced journeys, helping marketers save considerably in acquiring new consumers.

Mobile compacts journeys

Mobile-influenced journeys are **~17 per cent** shorter than offline-influenced* journeys

Note: *Offline-influenced journeys involve the use of at least one offline medium in the purchase journey

Methodology — friction reduction by enhancing the media mix

Interpret media-related friction individually at each stage of the journey — awareness, consideration and intent

Calculate the potential friction reduction opportunity for areas where mobile can help bring down friction

Calculate the potential opportunity for a brand to reduce friction in the future by enhancing mobile in the media mix

Recommend feasible and scalable approaches based on the identified friction areas and possibility of technology fitment


Insurance
Life
Health
Home
Car
Car insurance
PAY

Mobile has the potential to reduce friction by 5 percentage points across the purchase journey for life insurance

Awareness friction

2017 Media friction → 26% → 2022e Media friction

Friction points	
Prospect does not know what to do next after watching ads	34%
Prospect does not pay enough attention to ads	28%
Prospect finds the ad intrusive	26%
Prospect finds too little information from ads	16%
Prospect did not trust the medium of information	53%
Ads not appealing to the prospect	25%
Ad language not clear to the prospect	25%
Product/Brand was not relevant to prospect	14%
Irrelevant offers or adverts sent	23%

Consideration friction

2017 Media friction → 28% → 2022e Media friction

Friction points	
No expert advice/answers available	25%
Offered communication not clear to the prospect	20%
Prospect does not trust the source for information	29%
Prospect finds it difficult to browse/find information	36%
Prospect does not get the relevant information	27%
Actual benefits/offer details do not match prospect's understanding of the ad	28%
Too many insurance policies are advertised	23%
Too many insurance agencies are advertised	36%

Intent friction

2017 Media friction → 32% → 2022e Media friction

Friction points	
Representative could not address prospect's queries	25%
Prospect did not trust the medium of information	32%
Prospect expressed interest but did not get response from the banks/NBFCs	31%
Prospects not able to easily connect with provider directly via branch/website/page/call centre	32%
Prospect not given all relevant content	39%
Prospect found to difficult to express interest	51%
It took too long for the brand to contact the prospect and the need lapsed	26%

Source: KPMG in India's Analysis, 2018 based on primary survey conducted by Nielsen, 2018
For all three stages - awareness, consideration and intent - the reduction in friction on offline media is based on the weighted average of friction scores for all online media, obtained from primary research.
The calculation took into account the reduction in friction that could be achieved if offline friction percentages are replaced with the weighted averages of online media. It has been assumed that the values of online media can be used as a proxy for mobiles since more than 90 per cent of the online usage takes place via mobile devices.
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Mobile has a potential to reduce friction by nearly 5 percentage points across the purchase journey for other insurance

Awareness friction

Friction points — 2017 Media friction → 28% → 2022e Media friction

Friction points	2017 Media friction
Prospect does not know what to do next after watching ads	22%
Prospect does not pay enough attention to ads	49%
Prospect finds the ad intrusive	18%
Prospect finds too little information from ads	19%
Prospect did not trust the medium of information	59%
Ads not appealing to the prospect	24%
Ad language not clear to the prospect	24%
Product/Brand was not relevant to prospect	15%
Irrelevant offers or adverts sent	21%

Consideration friction

Friction points — 2017 Media friction → 42% → 2022e Media friction

Friction points	2017 Media friction
No expert advice/answers available	32%
Offered communication not clear to the prospect	48%
Prospect does not trust the source for information	40%
Prospect finds it difficult to browse/find information	58%
Prospect does not get the relevant information	27%
Actual benefits/offer details do not match prospect's understanding of the ad	37%
Too many insurance policies are advertised	28%
Too many insurance agencies are advertised	34%

Intent friction

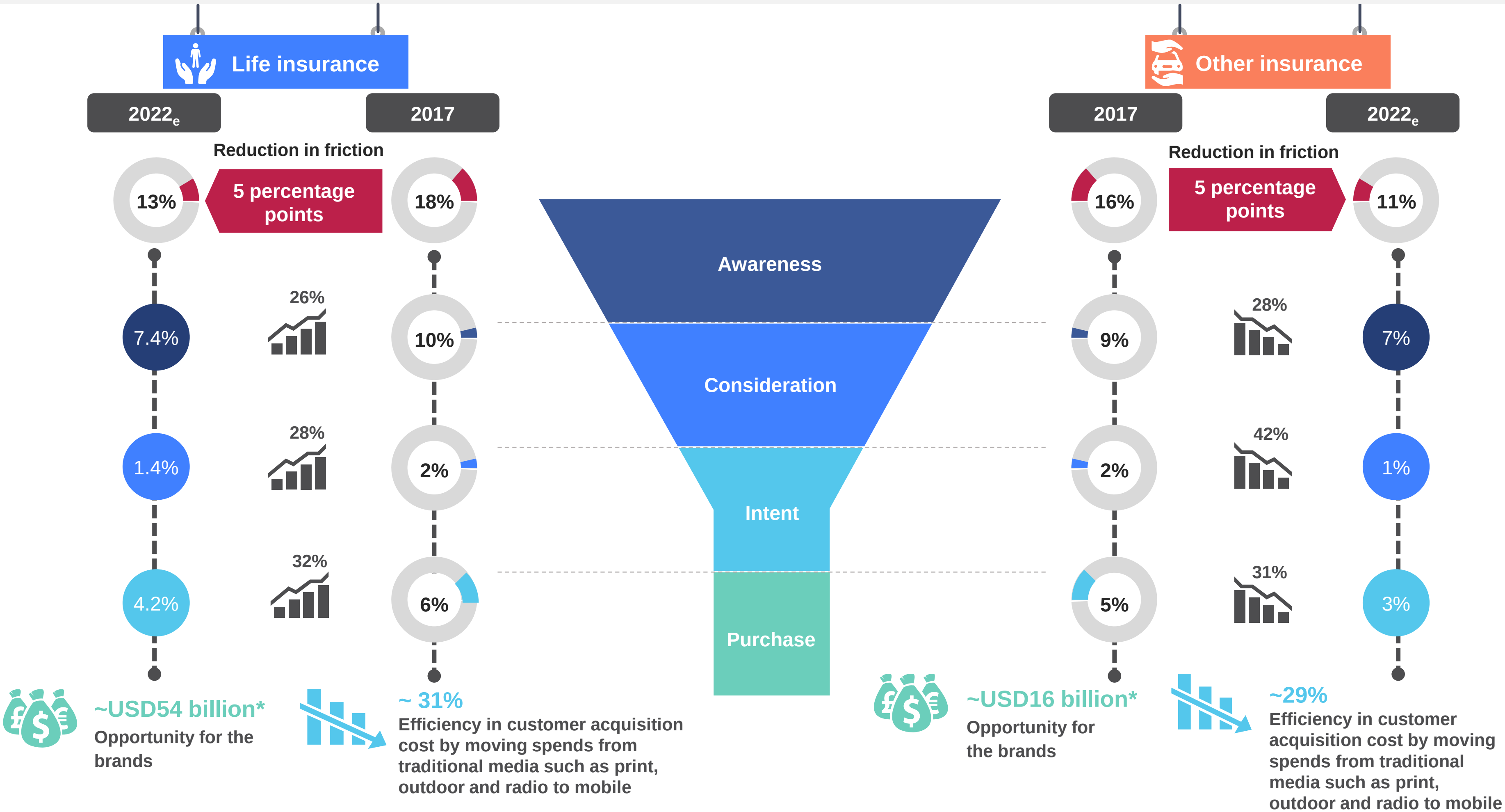
Friction points — 2017 Media friction → 31% → 2022e Media friction

Friction points	2017 Media friction
Representative could not address prospect's queries	41%
Prospect did not trust the medium of information	25%
Prospect expressed interest but did not get response from the banks/NBFCs	17%
Prospects not able to easily connect with provider directly via branch/website/page/call-centre	26%
Prospect not given all relevant content	30%
Prospect found to difficult to express interest	28%
It took too long for the brand to contact the prospect and the need lapsed	47%

Source: KPMG in India's Analysis, 2018 based on primary survey conducted by Nielsen, 2018
For all three stages - awareness, consideration and intent - the reduction in friction on offline media is based on the weighted average of friction scores for all online media, obtained from primary research.
The calculation took into account the reduction in friction that could be achieved if offline friction percentages are replaced with the weighted averages of online media. It has been assumed that the values of online media can be used as a proxy for mobiles since more than 90 per cent of the online usage takes place via mobile devices.

Mobile in the media mix can tap into a premium income opportunity of ~USD70 billion and bring in efficiency in customer acquisition cost by ~30 per cent

Increasing the portion of mobile-based advertisement platforms in the marketing media mix can create a premium income opportunity of USD54 billion for life insurance and USD16 billion* for other insurance brands. Mobile is also expected to increase efficiency in consumer acquisition spends when compared to traditional mediums by up to ~31 per cent for life insurance and ~29 per cent for other insurance. Mobile-based marketing approaches could, therefore, not only enhance consumers' experience in the purchase journey, but can also improve the cost economics of the brand, providing them an edge in the ever-increasing competition for the insurance market.

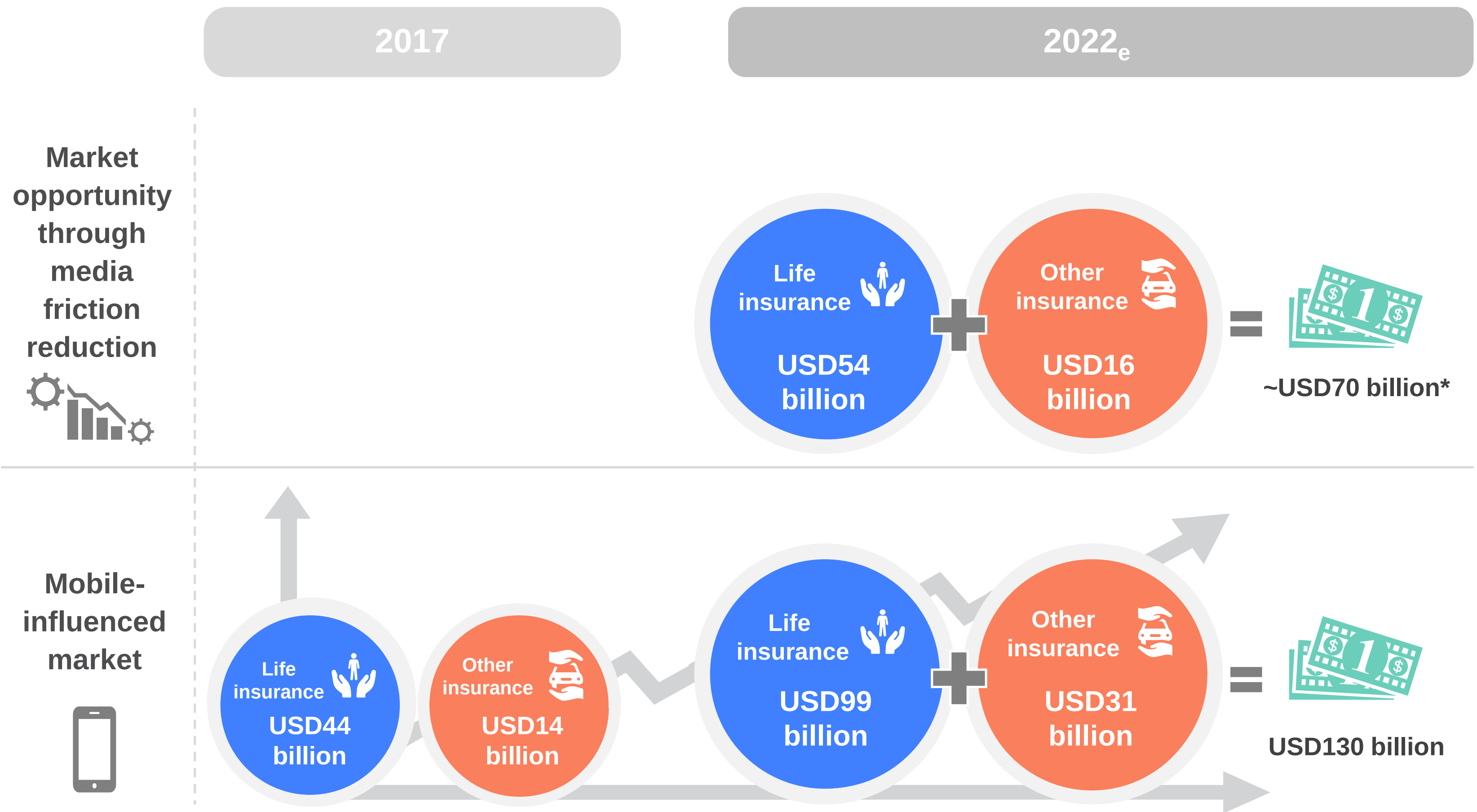


*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity
Source: Digital Advertising in India 2018, Dentsu Aegis Network; IRDA handbook 2016–17, IRDA, Jan 2018; New business performance, Life in council, 2018; Public disclosures — Standalone Health insurance companies, May 2018; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Methodology: The projection is based on estimated ratio of average cost of consumer acquisition for online and offline media in the FinServ industry. The ratio is assumed to be consistent in 2022, and is used to project incremental spend on mobile-based digital advertisement to tap the premium income opportunity.

Mobile-influenced potential sales opportunity of about USD200 billion in insurance

Mobile in the media mix can create value for insurance brands by increasing insurance premium income opportunity. Enhancing mobile in the media mix can create a combined potential premium income opportunity of USD200 billion by influencing insurance purchases and reducing media friction in the consumer's purchase journey.



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Credit cards

Insurance

Loans

Personal loans

This category includes the unsecured loans opted by individuals for debt consolidation, vacations, living expenses, weddings, and medical bills

Other loans

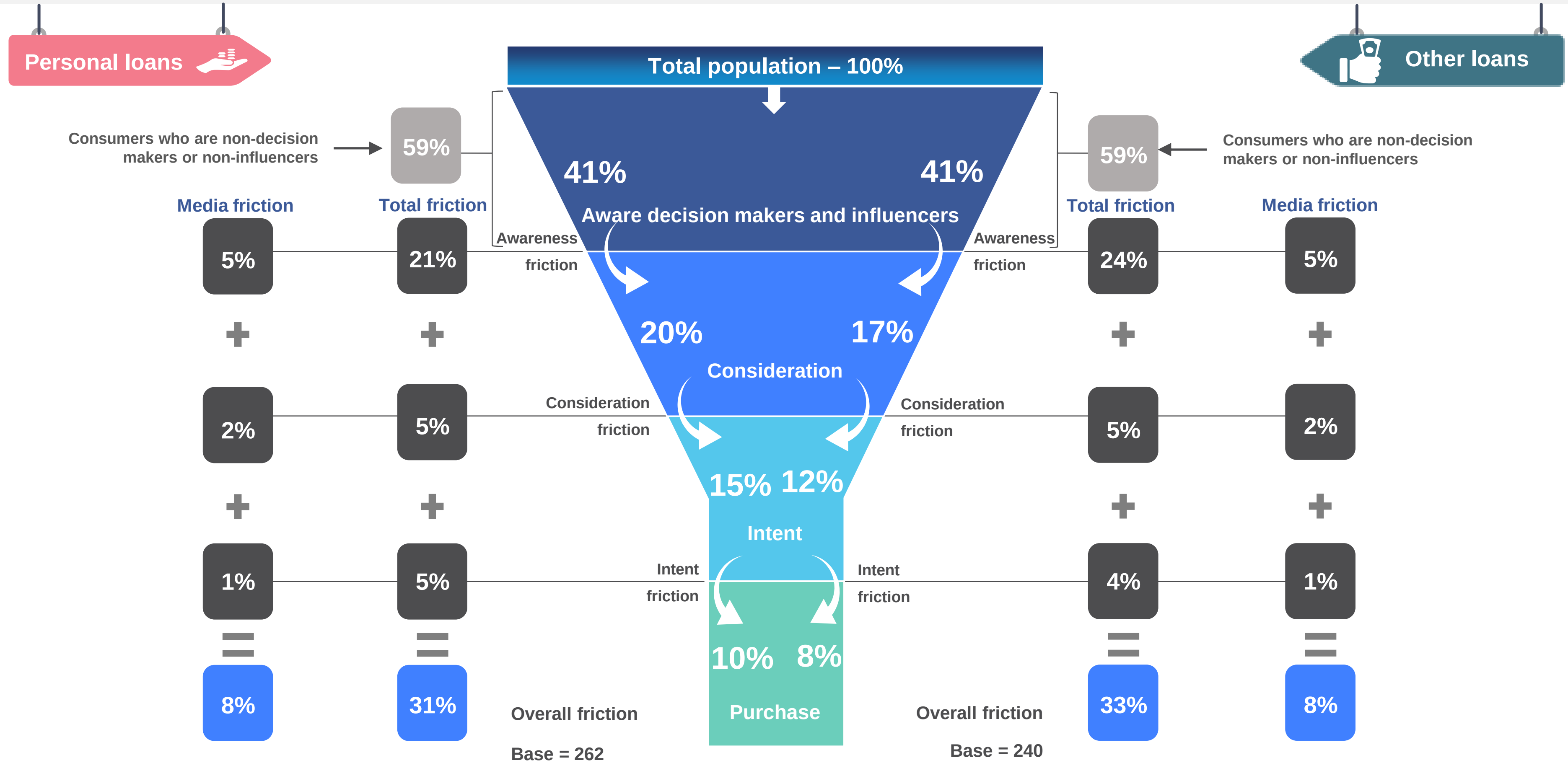
Other loans include all other retail lending excluding unsecured personal loans, agriculture loans and credit cards. E.g. home, auto, education, and consumer durables, amongst others

ZERO
FRICTION
FUTURE
by facebook IQ

Friction Decoded — Scope of Opportunity

Almost 1 out of 4 consumer drop outs occurs due to media friction in personal and other loan categories

Loan product purchases are a high involvement and high assessment product category. More than 60 per cent of the friction occurs at the top of the funnel between the awareness and consideration stages where the consumers are looking for information to shortlist a few lending institutions. The study suggests that nearly 25 per cent of the total friction can be attributed to media, with more than 60 per cent of the media friction occurring at the awareness stage itself. This is mainly attributable to trust issues prevalent in the minds of Indian consumers for financial matters and their preference for having in-person interactions with the banks/NBFCs employees before making financial decisions.



- Deep dive is only among 41 per cent of the population who are 'Aware decision makers and influencers' for the 'Loans' category
- At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Buyers: Respondents who have taken/tried to take a loan from financial institutions (banks, NBFCs, etc.) in the last six months
Considerers: Respondents who have considered applying for a loan in the last six months but are yet to apply
Aware non-considerers: Respondents who have not considered applying for a loan in the last six months

Mobile could help lending brands tap into a potential sales opportunity of ~USD219 billion by reducing media friction

Friction can result in reduced sales, thus impacting the overall revenue for a brand. The study suggests that nearly 1 out of 4 consumers drops out of the loan securing journey due to media friction. Mobile has the potential to reduce friction by 3 percentage points each for personal and other loans, creating a potential lending opportunity of USD38 billion and USD181 billion[1][2], respectively. Hence, it becomes imperative for marketers to strengthen their media mix by having a larger share of marketing activities on mobile thereby reducing media friction.

Personal loans

2017 — Media friction observed in purchase journey **8%**

Use of mobile in media mix

2022e — Media friction observed in purchase journey **5%**

By reducing media friction with mobile, personal loan brands can tap into ~USD38 billion* opportunity

Other loans

2017 — Media friction observed in purchase journey **8%**

Use of mobile in media mix

2022e — Media friction observed in purchase journey **5%**

By reducing media friction with mobile, other loan brands can tap into ~USD181 billion* opportunity

~USD219 billion* lending opportunity

Note: Potential opportunity by KPMG in India is based on the potential reduction in consumer drop out. Modelling for reduction in drop outs is based on the potential friction reduction, which may get impacted due to the usage of mobile-based media

*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Source:

[1] Sectoral deployment of credit, RBI, July 2018; Annual FIBAC productivity report on Indian banking industry, FICCI, Aug 2018

[2] KPMG in India's analysis, 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

ZERO
FRICTION
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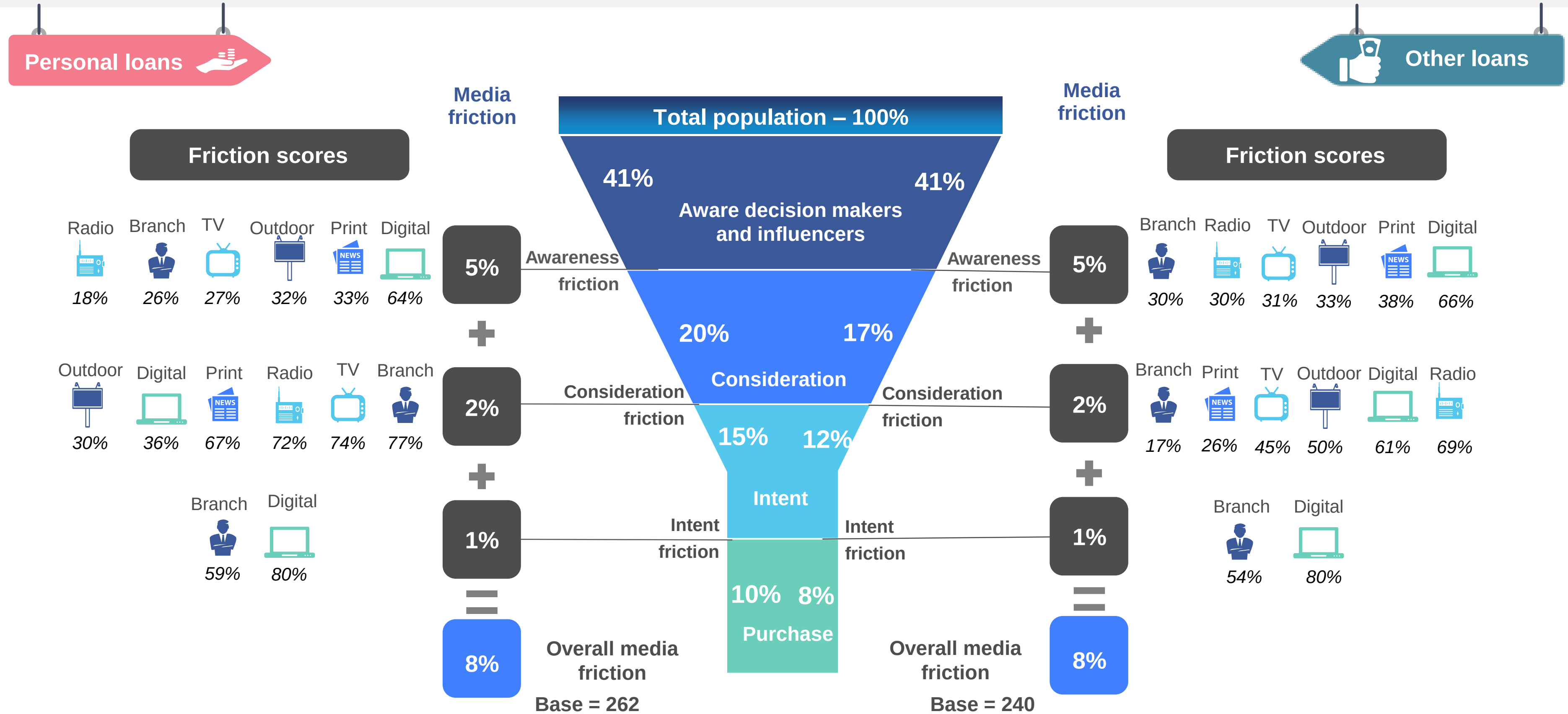
Friction Mapping—Understanding Friction

The digital medium shows lower friction than traditional mediums at the consideration stage for personal loans

Loan application is a need-based decision where consumers look out for the best available deals in terms of interest rate, tenure, processing fees, etc. Almost 90 per cent of the media-led friction is observed at the awareness and consideration stages. TV, print and radio contribute the maximum to friction at the consideration stage where prospects are overwhelmed with standard offers on loans rather than customised offers based on their profiles. At the consideration stage, consumers leverage digital media to research and compare relevant product offerings on aggregator websites or respective bank websites. They seek assistance when it comes to making financial decisions and, thus, reach out to bank representatives during the application process for secured loans.



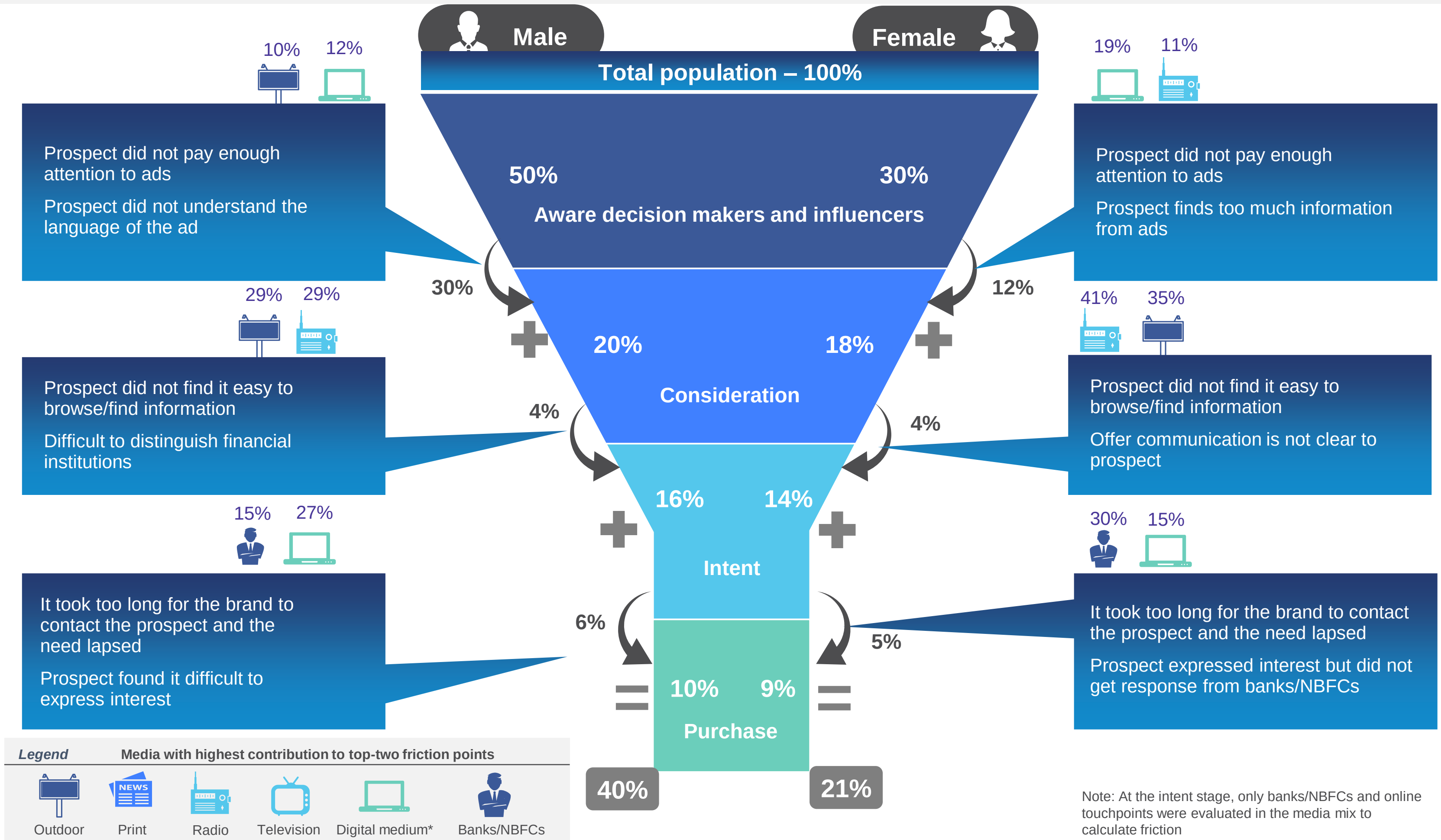
- Deep dive is only among 41 per cent of the population who are ‘Aware decision makers and influencers’ for the ‘Loans’ category
- At the intent stage, only banks/NBFCs and online touch-points were evaluated in the media mix to calculate friction

Buyers: Respondents who have purchased/tried to purchase a loan in the last six months
Considerers: Respondents who have considered purchasing a loan in the last six months but are yet to apply
Aware non-considerers: Respondents who have not considered purchasing a loan in the last six months
* Online includes top five media touch points accessed by respondents at respective stages of the journey

Men find it difficult to differentiate among advertised brands, while women seek information during the purchase journey

Personal loans

While a higher number of men than women enter the purchase funnel for personal loans, their dropout rate at the awareness stage is 2.5 times compared to women. Male consumers drop out are due to difficulty in understanding the financial language of the ad, while women drop outs are due to excessive information bundled together. Men look for clear communication from brands with focus on pricing and interest rates while women seek clear offer communication with features such as distant support when on international trips and forex assistance. The dropouts at the intent stage can be avoided by streamlining the processes for application response and status monitoring for progress made on the leads. The digital medium can provide cost-effective solutions to such friction areas and considerably improve the turnaround time (TAT) for the requests.

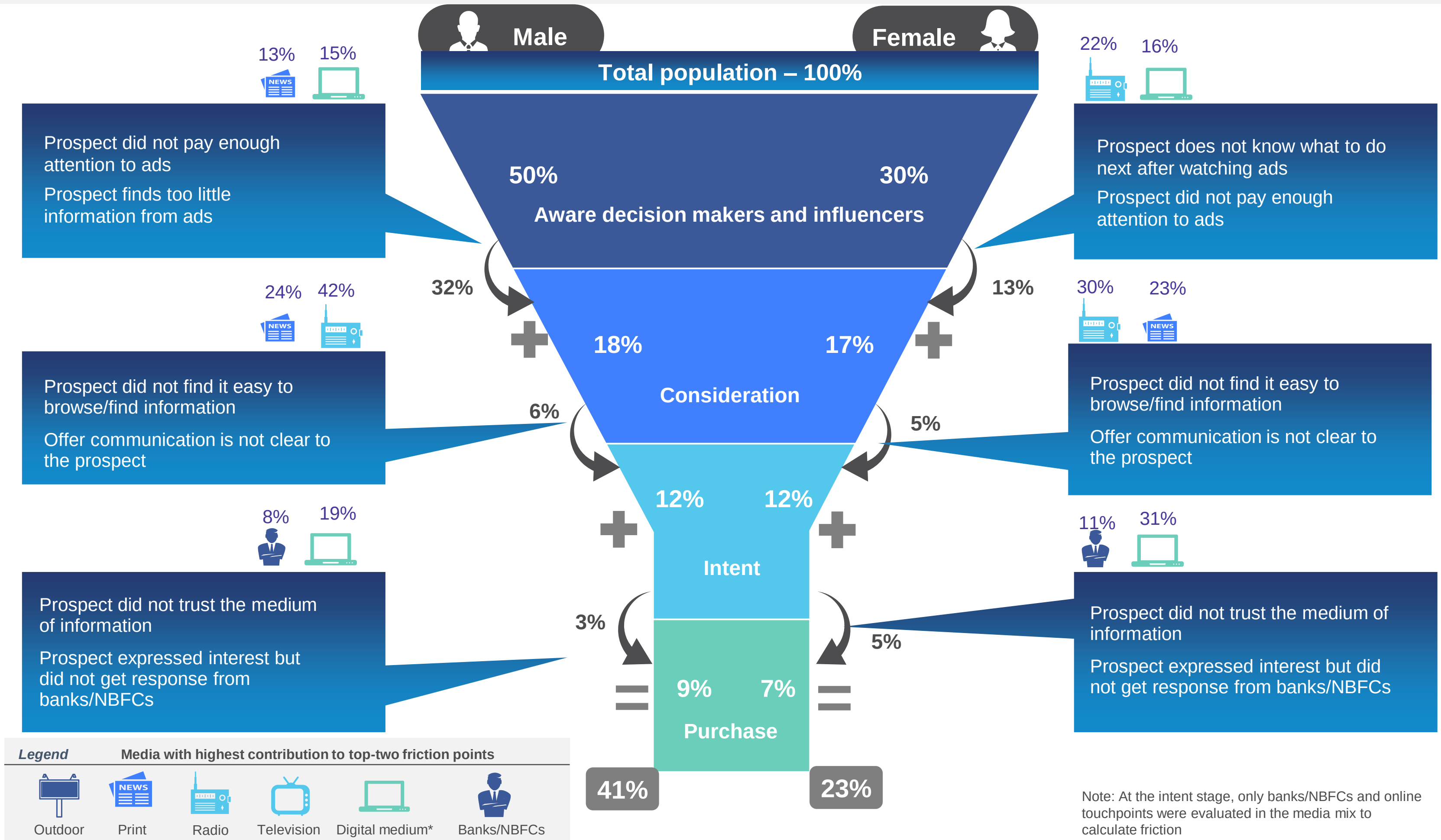


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Both men and women look for detailed information while seeking loans for high involvement categories such as home and auto

Other loans

While fewer women enter the purchase funnel for other loans, their purchase conversions are almost similar to men. Targeted loan product communication focusing on women can further improve their conversion rate. Almost 80 per cent of the total friction for male consumers occurs at the top of the funnel, which is almost 2.5 times the friction for female consumers at the same stage. Men are key decision makers in purchase of high involvement-high value products and seek more detailed information on the offered deal. Men appreciate timely response from brands and one-on-one interactions with brand representatives to validate their own research while women are more open to making their own purchase decision and seek a clear call for action from a trusted medium during the purchase journey.



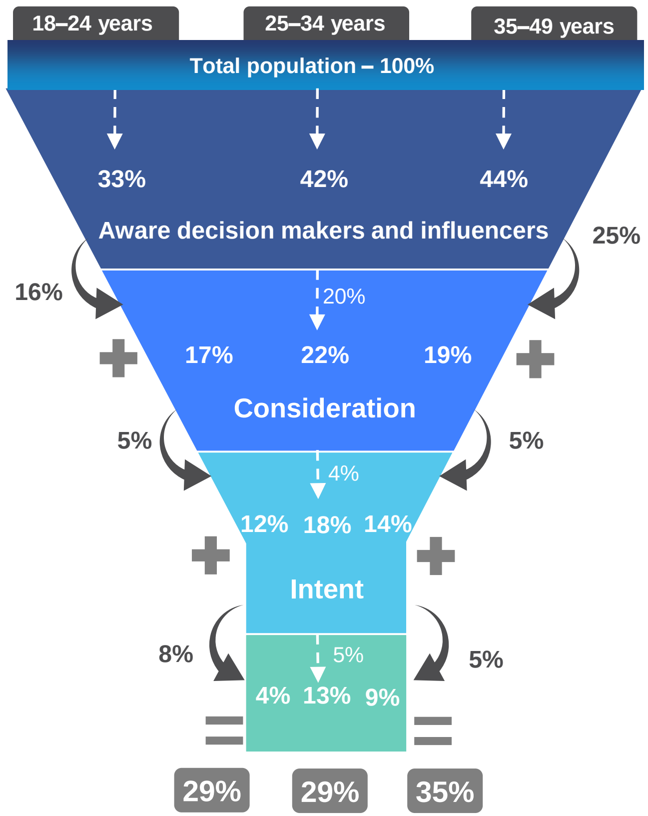
Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Consumers in the age group of 25–34 years look out for relevant information and timely response from brands

Personal loans

Personal loans are unsecured loans provided even to young consumers with little credit history at a marginally high interest rate. Young professionals and earners are more likely to purchase a personal loan. 1 out of 3 consumers who enter the purchase funnel in the age group of 25–34 years took a personal loan.

Consumers in the age group of 18–24 years seek guided understanding of the loan product and all relevant information. Those in the age group of 25–34 years, on the other hand, are more category-aware. They seek distinguished brand communication, information to assess eligibility to get a loan and expect quick response from the brand to process their purchase request. Consumers aged 35 and above are less likely to purchase personal loans as they have better alternative lending options.



Legend Media with highest contribution to top-two friction points

Outdoor | Print | Radio | Television | Digital medium* | Banks/NBFCs

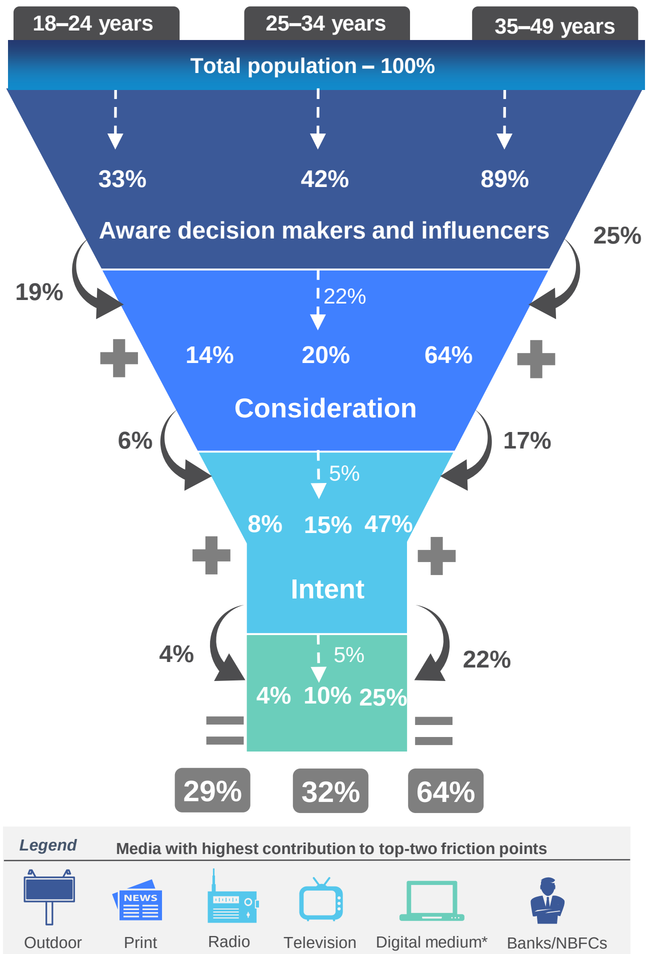
Friction points for 18–24 years	Friction points for 25–34 years	Friction points for 35–49 years
Prospect did not find the ads appealing Prospect does not pay enough attention to ads Prospect finds too little information from ads 11% 15%	Prospect does not pay enough attention to ads The product advertised was not meant for the prospect 14% 20%	Prospect finds too little information from ads Prospect does not pay enough attention to ads 9% 14%
Prospect did not find it easy to browse/find information Difficult to distinguish financial institutions 15% 25%	Prospect did not find it easy to browse/find information Difficult to distinguish financial institutions; prospect did not get enough information to check eligibility 21% 23%	Prospect did not find it easy to browse/find information Prospect was suggested another option because of which he/she switched 35% 46%
It took too long for the brand to contact the prospect and the need lapsed Prospect was not given all the relevant information 21% 22%	It took too long for the brand to contact the prospect and the need lapsed Prospect expressed interest but did not get response from banks/NBFCs 19% 18%	It took too long for the brand to contact the prospect and the need lapsed Prospect expressed interest but did not get response from banks/NBFCs 20% 15%

Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Limited information from ads and long lead time of response on queries result in high friction for consumers aged over 35

Consumers aged over 35 more actively look out for other loans in the market than consumers in other age groups. Consumers in the age group of 35–49 years are more likely to make large ticket purchases like buying a house, four-wheelers and, hence, exhibit a high loan purchase conversion rate of 25 per cent. Consumers in the age group of 18–24 years are young professionals or college students who struggle with securing a loan because of their credit rating and loan eligibility or loan guarantee. While 18–24-year-old consumers are more keen on understanding eligibility criteria, young salaried consumers in the age group of 25–34 years seek product offers to make purchases. However, at the intent stage, inability to connect with the loan provider and slow response time, lead to high dropouts across all age groups.

Other loans



Friction points for 18–24 years

Prospect finds too much/too little information from ads

Prospect does not pay enough attention to ads

13% 19%

Prospect did not find it easy to browse/find information

Prospect was not provided with enough information to check eligibility

22% 33%

It took too long for the brand to contact the prospect and the need lapsed

Prospect was not given all the relevant information

25% 32%

Friction points for 25–34 years

Prospect does not pay enough attention to ads

Prospect finds too little information from ads; the product advertised was not meant for the prospect

13% 20%

Prospect did not find it easy to browse/find information

Offer communication is not clear to the prospect

38% 38%

Prospect did not trust the medium of information

Prospect expressed interest but did not get response from banks/NBFCs

18% 28%

Friction points for 35–49 years

Prospect does not pay enough attention to ads

Prospect finds too little information from ads

12% 15%

Prospect did not find it easy to browse/find information

Prospect did not trust the source of information

20% 27%

Prospect could not connect to provider directly via branch/website

It took too long for the brand to contact the prospect and the need lapsed

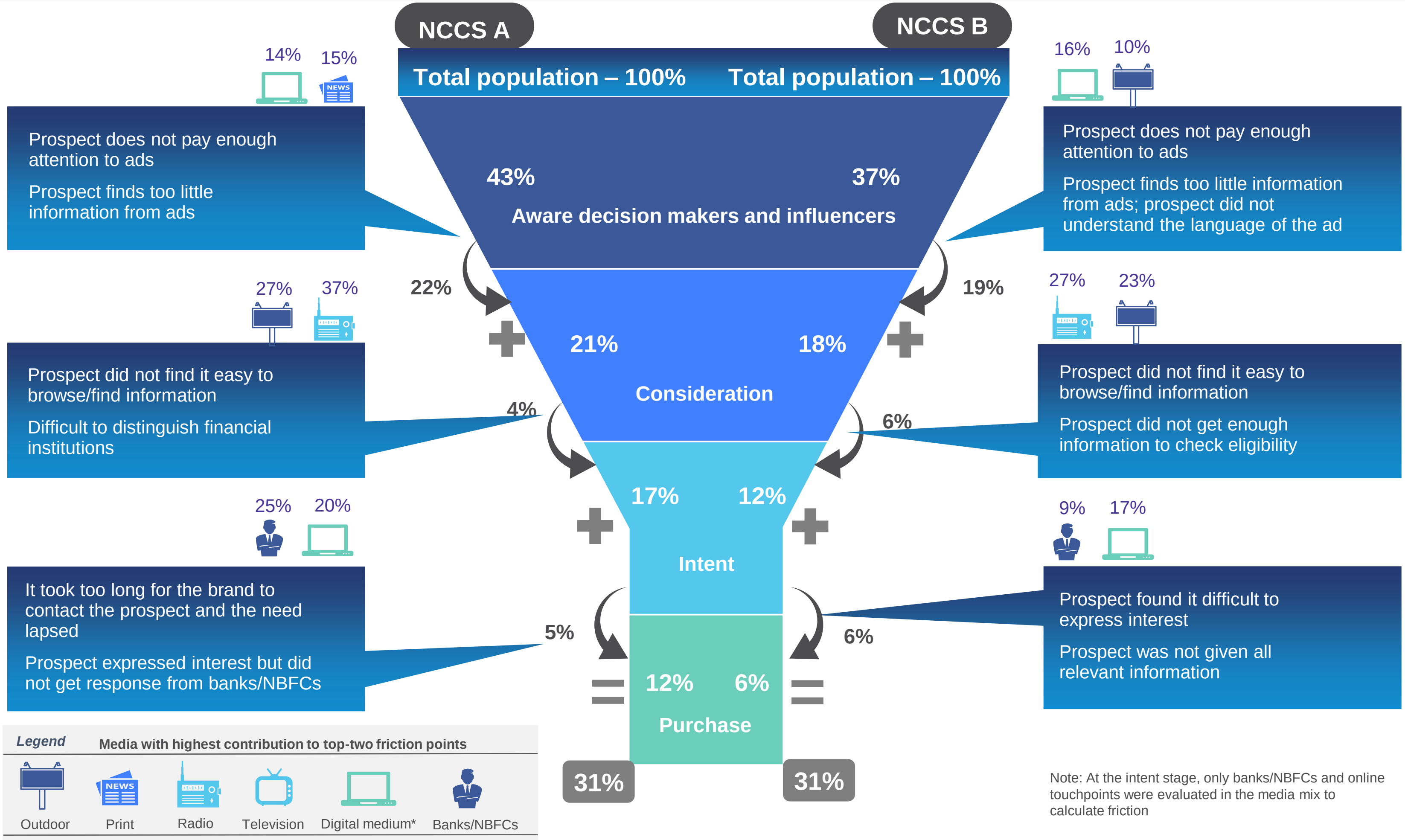
8% 16%

Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

High proportion of drop outs among NCCS B consumers due to difficulty in understanding financial jargon used in ads

Personal loans

Both NCCS A and NCCS B consumers face the maximum friction at the top of the purchase funnel while moving to the consideration stage for a personal loan. 1 out of 4 NCCA A consumers who enter the purchase journey ends up applying for a personal loan, while the figure is only 1 out of 6 for NCCS B consumers. The higher conversion rate for NCCS A consumers may be because they are more likely to make lifestyle expenses such as costly international trips, while NCCS B consumers opt for personal loans based on utilitarian needs. NCCS B consumers need more targeted, contextualised and easy-to-understand communication which grabs their attention, and allows them to check eligibility for the loan. NCCS A consumers find themselves overwhelmed with too many advertisements from financial institutions and expect a speedy response and assistance from the banks/NBFC once they express their interest for the loan.

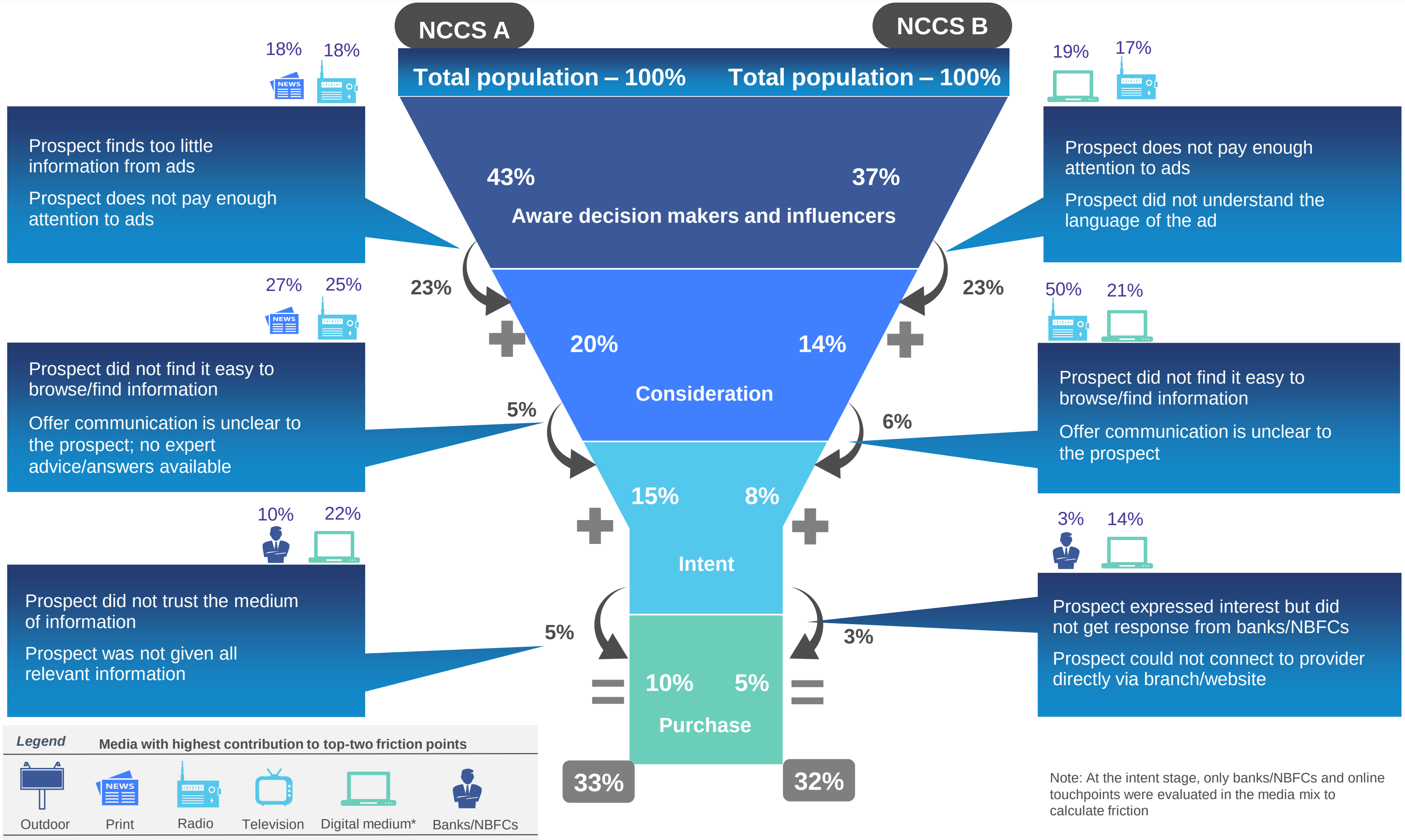


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

NCCS A consumers seek expert advice from loan providers to close purchase decisions

NCCS A consumers are twice more likely to purchase other loans as compared to NCCS B consumers. NCCS A consumers are digitally active, and face top of the funnel friction on traditional mediums like print and radio. Consumers from both segments are more keen on exploring product offers at the consideration stage for other loans compared to personal loans. At the intent stage, NCCS A consumers face friction when they do not receive relevant responses or due to lack of trust on the medium while NCCS B consumers drop out when they are unable to connect with the branch/representative or due to a lack of response from the brands despite expressing interest in purchases. consumers expect quick TAT and instant approval/sanction, especially if the information provided is through sources which automate the entire process of financial checks, verification and extraction of financial data and credit score.

Other loans

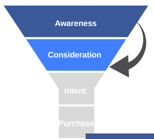


Note: At the intent stage, only banks/NBFCs and online touchpoints were evaluated in the media mix to calculate friction

Consumers seek relevant, simplified and easy-to-understand brand messaging

Consumers seek personalised loan offerings which cater to their specific needs and requirements. Traditional mediums like print and radio for personal and other loans, respectively, show high friction due to their standard messaging which fails to catch consumers' attention. Ad relevance and ad language are the key reasons for drop out due to online medium. However, with the advent of aggregators, online medium has emerged as a preferred channel for loan comparison, and banks/NBFCs are providing competitive offers on such platforms. They are also utilising data analytics to promote pre-approved loans and marketing life event triggered loans such as marriages and higher education.

SoFi, a modern finance company in the United States, used Instagram and Facebook ads — particularly on mobile — to successfully boost brand awareness, educate prospective consumers and increase pre-approved loan applications. Their highly targeted and mobile-focused series of campaigns in 2016 delivered a 15-point lift in brand awareness, 39 per cent increase in pre-approved applications for student and personal loans and a 5-point increase in intent to get a loan from SoFi[1].



Personal loans

Other loans

Loans: Awareness friction

Online*	Banks/ NBFCs	Radio	Outdoor	Print	Television	Personal loans	Top friction points	Other loans	Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
13%	1%	10%	12%	13%	7%	21%	Prospect did not pay enough attention to ads	25%	7%	14%	14%	23%	1%	17%
13%	1%	3%	3%	9%	6%	19%	Prospect finds too little information from ads	24%	6%	10%	5%	5%	1%	17%
12%	3%	4%	8%	4%	1%	17%	Prospects did not understand the language of the ad	20%	2%	4%	6%	11%	2%	16%
14%	0%	1%	7%	6%	0%	17%	The product advertised was not meant for the prospect	19%	2%	4%	8%	2%	2%	14%
6%	3%	1%	5%	4%	4%	16%	Product/Brand was not relevant to the prospect	16%	2%	3%	5%	4%	1%	8%
9%	0%	3%	5%	8%	15%	14%	Prospect does not know what to do next after watching ads	20%	19%	11%	5%	5%	0%	10%

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

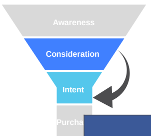
Media with lowest to highest friction for the given friction point

* Online includes top five media touch points accessed by respondents at respective stage of the journey

[1] Reaching prospective borrowers, Facebook, Extracted on June 2018

Clutter free brand communications and clear offer communication can reduce consumer friction

Assessment of loan offerings becomes difficult through traditional mediums like television and radio due to their standard messaging. Loan consideration is largely dependent on the consumer's relationship and engagement with his/her existing bank. Often, these existing relationships are leveraged to extend loans to consumers. While difficulty in distinguishing among multiple brands advertised is a major friction area for personal loans, difficulty in assessing eligibility and unclear offer communication are the friction areas for consumers looking to purchase secured other loans. Brands are increasingly leveraging online mediums through loan eligibility calculator tools, and response support through AI-based chat bots to immediately respond to queries. Akbank, a Turkish bank, used Facebook mobile app ads to promote its loan products, resulting in an average of over 500 consumer conversions per day during the campaign. They encouraged Akbank consumers to apply for a personal loan using Akbank's Direkt mobile app. They achieved 70 per cent lower cost per loan compared to other performance marketing channels along with 45 per cent approved loan applications via the Akbank Direkt mobile app originated with Facebook ads[1].



Personal loans | **Loans: Consideration friction** | **Other loans**

Online*	Banks/ NBFCs	Radio	Outdoor	Print	Television	Personal loans	Top friction points	Other loans	Television	Print	Outdoor	Radio	Banks/ NBFCs	Online*
15%	2%	64%	50%	0%	4%	38%	Prospect found it difficult to browse or find information required	39%	5%	23%	20%	38%	4%	8%
17%	2%	0%	7%	11%	9%	19%	Difficult to distinguish financial institutions	17%	0%	7%	5%	0%	6%	8%
14%	4%	8%	11%	11%	7%	18%	Prospect could not get enough information to check his/her eligibility	20%	5%	10%	7%	6%	2%	16%
14%	2%	12%	4%	13%	7%	17%	Prospect finds too little information from ads	19%	13%	13%	7%	19%	2%	10%
14%	4%	4%	11%	13%	2%	17%	Offer communication is unclear to prospect	27%	13%	23%	17%	38%	2%	21%
11%	0%	4%	4%	9%	2%	12%	Prospect does not trust the medium as a source of information	22%	8%	20%	29%	19%	2%	15%
9%	1%	0%	0%	7%	13%	8%	No expert advice/answers available	21%	26%	20%	2%	6%	4%	5%

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Media with lowest to highest friction for the given friction point

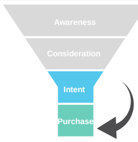
* Online includes top five media touchpoints accessed by respondents at respective stage of the journey

[1] Promoting bank loan products with Facebook mobile app ads, Facebook, Extracted on June 2018

Consumers seek quick response time and trusted source of information to close a deal

At the intent stage, consumers seek quick addressal of the product-related queries from a trusted source to complete their loan product purchase; they face friction if served otherwise. Complex application processes and slow response times by financial institutions in responding to consumers' loan applications lead to consumer drop outs right before making a purchase.

However, the advent of digital lending platforms has significantly reduced the loan approval time. These platforms have reached the next level of automation in loan processing using holistic and sophisticated algorithms that process the data and give loan approvals or rejections. Automated systems and e-verifications have reduced the time consumed during loan disbursals. Rubique, an online financial marketplace, has leveraged artificial intelligence and algorithms to reduce the time taken to approve a loan request, compared to traditional lenders.[1]



Personal loans | **Other loans**

Loans: Intent friction

Personal loans: Online*	Personal loans: Banks/ NBFCs	Personal loans	Top friction points	Other loans	Other loans: Banks/ NBFCs	Other loans: Online*
18%	29%	30%	It took too long for the brand to contact the prospect and the need lapsed	21%	24%	17%
10%	11%	20%	Prospect expressed interest but did not get response from banks/NBFCs	30%	9%	17%
21%	10%	20%	The prospect found it difficult to express interest	11%	9%	7%
18%	4%	18%	Prospect could not connect to provider directly via branch/website	23%	3%	11%
14%	6%	16%	Prospect did not get all the relevant information	22%	12%	13%
14%	1%	14%	Prospect does not trust the medium as a source of information	32%	6%	25%
18%	0%	11%	Representatives could not address all queries	23%	3%	19%

Note: At the intent stage, only banks/NBFCs and online touch points were evaluated in the media mix to calculate friction

% Percentage of respondents experiencing the mentioned friction in respective media touchpoints

Media with lowest to highest friction for the given friction point

* Online includes top five media touch points accessed by respondents at respective stage of the journey

[1] India's online lenders are looking at social media and other unconventional data to determine credit worthiness, Quartz India, Nov 2017

Convenience of anytime application for loans, accessibility to multiple brands and better deals drive online purchases of loan products

Online purchases are influenced mainly due to convenience of availing services anytime, while offline purchases are preferred due to their immediate availability at bank branches/NBFCs. The online medium not only provides better deals, pre-approved loans but also a thorough comparison of products at one's fingertips. It also helps in cost optimisation for brands by minimising the offline process handling expenses, which in turn reflects in the brand's profitability. The medium is no longer just a cheaper alternative to bank branches/NBFCs but a crucial mode of making communication, executing promotions and interacting with consumers.

The integration of the physical and virtual environments is increasingly becoming important not just because it helps them convert leads into consumers but more so because majority of the decisions made by consumers are based on the quality of their experiences along the purchase journey. Thus, a smooth experience with timely updates becomes essential to the application process for loans.

Personal loans

Purchase channel preference

What lacks in offline?

- Anytime application 50%
- Lower prices/Better deals 50%
- Easy access to multiple brands 33%

What lacks in online?

- Immediate availability of product 38%
- Convenience of branch location 34%
- Websites take too long to load/websites are too slow 27%

Post-purchase activities

- 42% Wrote reviews for the product online on a shopping site/website
- 40% Spoke about the products purchased on social media
- 34% Recommended the purchase to friends, family members on social media

Other loans

Purchase channel preference

What lacks in offline?

- Easy comparison and research of products/offers 67%
- Lower prices/better deals 56%
- Wider variety of products 56%

What lacks in online?

- Immediate availability of product 50%
- Convenience of branch location 36%
- Fit/suitability of the product 36%

Post-purchase activities

- 46% Recommended the purchase to friends, family members on social media
- 44% Recommended the purchase to friends, family members on direct chat
- 40% Spoke about the products purchased on social media

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Friction Busting — Increasing the Sales Opportunity with Mobile

By 2022, mobile is expected to influence ~6 out of 10 purchases for personal loans and ~7 out of 10 purchases for other loans

Nearly 60 per cent of the personal loan purchases in 2022 are expected to be mobile influenced, while nearly 1 out of 4 purchases are expected to be Facebook influenced. For the other loan category, the value of mobile-influenced and Facebook-influenced purchases in 2022 will be more than 2.5 times the number of influenced purchases at present. Brands, therefore, have USD81 billion and USD401 billion worth of incentives for personal loans and other loans[1][2] respectively, and may relook to implement their marketing strategies, and adapt to the fast-evolving mobile-first internet economy of India.

	Personal loans				Other loans			
	Mobile influence		Facebook influence		Mobile influence		Facebook influence	
	2017	2022e[2]	2017	2022e[2]	2017	2022e[2]	2017	2022e[2]
Awareness	44%	59%	15%	22%	48%	64%	19%	29%
Consideration	34%	47%	14%	21%	54%	70%	23%	34%
Intent	43%	58%	17%	25%	71%	84%	32%	43%
Average influence	41%	56%	15%	23%	54%	69%	22%	33%
Incremental sales opportunity	USD24 billion	USD81 billion (3.4x)	USD9 billion	USD33 billion (3.7x)	USD157 billion	USD401 billion (2.5x)	USD64 billion	USD192 billion (3x)

Sources:

[1] Sectoral deployment of credit, RBI, July 2018; Annual FIBAC productivity report on Indian banking industry, FICCI, Aug 2018

[2] KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Mobile-influenced purchase journeys ending online are ~8 per cent shorter than offline ending journeys for loans category

Loans

Mobile platforms may help the consumers with ease of checking eligibility, clarifying conditions, and comparing offered rates based on their own convenience. With personalised offers and targeting, brands can provide new schemes, customised offers and competitive interest rates tempting consumers to apply for the loan. This study suggests that mobile ending purchase journeys are ~8 per cent shorter than offline ending journeys indicating an opportunity for marketers to reduce costs.*

Mobile compacts journeys

Mobile-influenced journeys are **~8 per cent** shorter than offline-ending* journeys

Note: *Offline ending journeys are hybrid purchase journeys ending on an offline medium

Methodology — friction reduction by enhancing the media mix

Interpret media-related friction individually at each stage of the journey — awareness, consideration and intent

Calculate the potential friction reduction opportunity for areas where mobile can help bring down friction

Calculate the potential opportunity for a brand to reduce friction in the future by enhancing mobile in the media mix

Recommend feasible and scalable approaches based on the identified friction areas and possibility of technology fitment

Mobile has the potential to reduce friction by 3 percentage points across the purchase journey for personal loans

Awareness friction

2017 Media friction → 24% → 2022e Media friction

Friction points	
Prospect does not know what to do next after watching ads	32%
Prospect does not pay enough attention to ads	20%
Prospect finds the ad intrusive	25%
Prospect finds too little information from the ads	21%
Prospect did not trust the medium of information	45%
Ads not appealing to the prospect	22%
Ad language not clear to the prospect	14%
Product/Brand was not relevant to prospect	23%
Irrelevant offers or ads sent	20%

Consideration friction

2017 Media friction → 31% → 2022e Media friction

Friction points	
No expert advice/answers available	40%
Offered communication not clear to the prospect	13%
Prospect does not trust the source of information	17%
Prospect finds it difficult to browse/find information	64%
Prospect does not get the relevant information	18%
Difficult to distinguish financial institutions	12%
Prospect is not provided with enough information on eligibility	16%

Intent friction

2017 Media friction → 30% → 2022e Media friction

Friction points	
Representative could not address prospect's queries	36%
Prospect did not trust the medium of information	35%
Prospect expressed interest but banks/NBFC did not respond	18%
Prospects not able to easily connect with provider directly via branch/website/page/call centre	37%
Prospect not given all relevant content	34%
Prospect could not express interest	20%
It took too long for the brand to contact the prospect and the need lapsed	34%

Source: KPMG in India's Analysis, 2018 based on primary survey conducted by Nielsen, 2018
For all three stages - awareness, consideration and intent - the reduction in friction on offline media is based on the weighted average of friction scores for all online media, obtained from primary research.
The calculation took into account the reduction in friction that could be achieved if offline friction percentages are replaced with the weighted averages of online media. It has been assumed that the values of online media can be used as a proxy for mobiles since more than 90 per cent of the online usage takes place via mobile devices.

Mobile has the potential to reduce friction by 3 percentage points across the purchase journey for other loans

Awareness friction

Friction points — 2017 Media friction → 22% → 2022e Media friction

Friction points	2017 Media friction
Prospect does not know what to do next after watching ads	28%
Prospect does not pay enough attention to ads	19%
Prospect finds the ad intrusive	22%
Prospect finds too little information from the ads	18%
Prospect did not trust the medium of information	40%
Ads not appealing to the prospect	16%
Ad language not clear to the prospect	16%
Product/Brand was not relevant to prospect	24%
Irrelevant offers or ads sent	24%

Consideration friction

Friction points — 2017 Media friction → 33% → 2022e Media friction

Friction points	2017 Media friction
No expert advice/answers available	67%
Offered communication not clear to the prospect	22%
Prospect does not trust the source of information	35%
Prospect finds it difficult to browse/find information	50%
Prospect does not get the relevant information	29%
Difficult to distinguish financial institutions	24%
Prospect is not provided with enough information on eligibility	19%

Intent friction

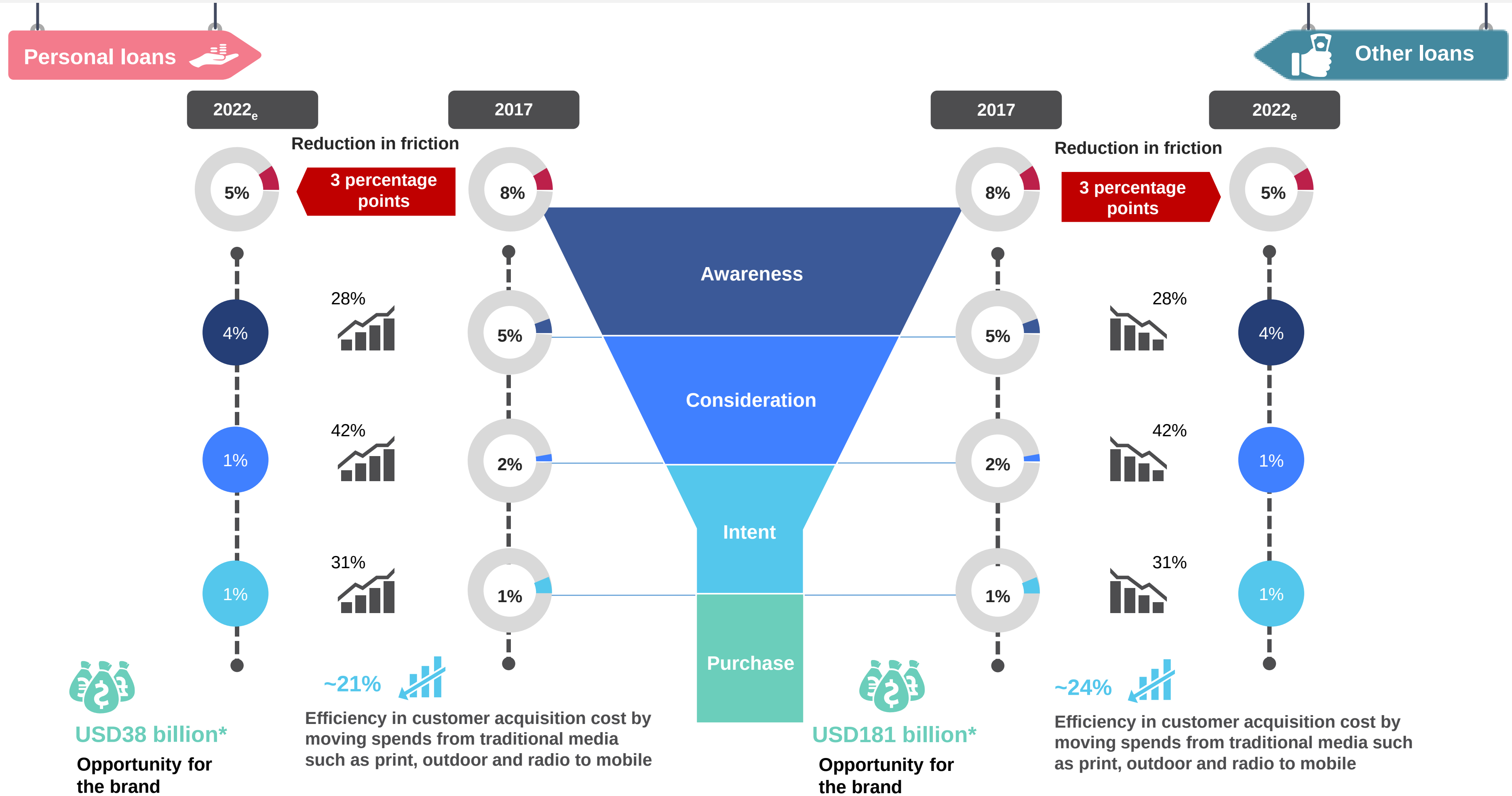
Friction points — 2017 Media friction → 25% → 2022e Media friction

Friction points	2017 Media friction
Representative could not address prospect's queries	20%
Prospect did not trust the medium of information	20%
Prospect expressed interest but banks/NBFC did not respond	18%
Prospects not able to easily connect with provider directly via branch/website/page/call-centre	28%
Prospect not given all relevant content	21%
Prospect could not express interest	56%
It took too long for the brand to contact the prospect and the need lapsed	29%

Source: KPMG in India's Analysis, 2018 based on primary survey conducted by Nielsen, 2018
For all three stages - awareness, consideration and intent - the reduction in friction on offline media is based on the weighted average of friction scores for all online media, obtained from primary research.
The calculation took into account the reduction in friction that could be achieved if offline friction percentages are replaced with the weighted averages of online media. It has been assumed that the values of online media can be used as a proxy for mobiles since more than 90 per cent of the online usage takes place via mobile devices.

By enhancing mobile in the media mix, brands can tap into a lending opportunity of ~USD220 billion and bring in efficiency in customer acquisition cost by ~21 per cent and ~24 per cent for personal and other loans respectively

Opportunity of USD220 billion* can be generated within brands by improving media efficiency with mobile-based solutions for the loans category. This can create value for lending brands by increasing loan purchases. Mobile is also expected to increase efficiency in consumer acquisition cost when compared to traditional mediums by up to ~21 per cent for personal loans and ~24 per cent for other loans.

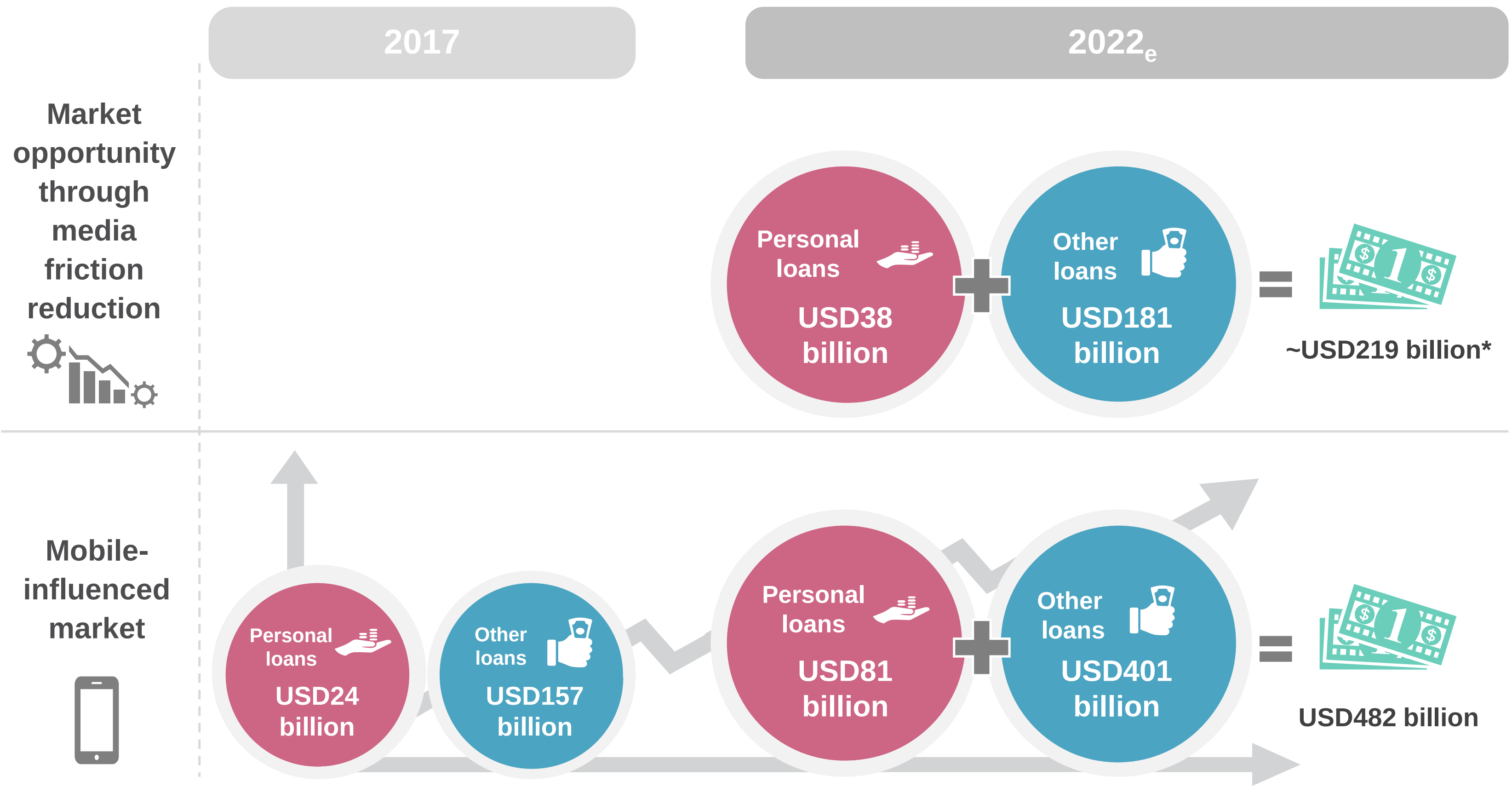


*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity
Source: Digital Advertising in India 2018, Dentsu Aegis Network; Productivity in Indian banking, FICCI, Nov 2017; India consumer payment research, TransUnion CIBIL, March 2017; KPMG in India's analysis 2018 based on data obtained from multiple industry reports and primary survey conducted by Nielsen, 2018

Methodology: The projection is based on estimated ratio of average cost of consumer acquisition for online and offline media in the FinServ industry. The ratio is assumed to be consistent in 2022, and is used to project incremental spend on mobile-based digital advertisement to tap the premium income opportunity.

Mobile-influenced lending opportunity of ~USD701 billion in loans

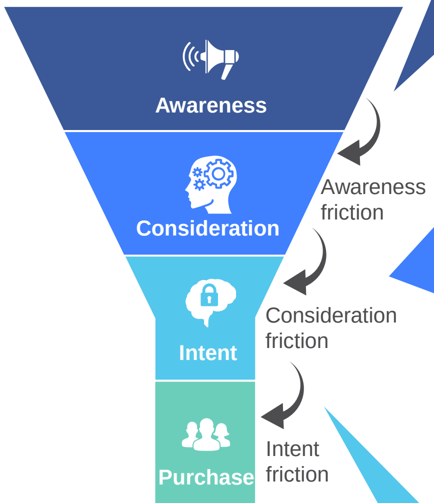
Mobile in media mix can create value for lending brands by increasing lending opportunity. Enhancing mobile usage can create a combined opportunity of ~USD701 billion by influencing loan purchases and reducing media friction in consumer's purchase journey.



*This number can be achieved by reducing the friction, thus increasing the addressable market opportunity

Mobile can address key friction in the financial services purchase journey

Ability to provide relevant, dynamic and engaging content, coupled with various targeting options, helps mobile address key friction in the financial services purchase journey



Friction points	Friction busters
Prospect did not pay enough attention to ads	Media deployment on mobile to drive ad recall retention/brand love and message association while maintaining minimum ad frequency (use of BAO/VV)
Prospect does not know what to do next after watching ads	Have clear call to action along with ad copy to guide on next steps to follow Messenger/automated chat bots and lead management systems to stay connected with consumers Creative ad copies with motion visual content describing the process of application/approval (Create2Convert)
Product was not relevant to the prospect	Consumer based targeting, lookalike modeling, A/B testing to find the most relevant prospects for ad copies Use high intent signals on digital destinations to build the most relevant set of users
Prospect did not understand the language of the ad	Use dynamic creative optimisation along with regional language ad creatives for effective ad impact
Prospect finds too little information from ads	Use sequencing of ad communications to deliver detailed information through a combination of static images Easy information accessibility through automated bots, emails, missed calls, IVRs, and well structured digital destinations of brand ads
Offer communication is not clear	Use sequenced combination of ad creative assets to ensure that details of the offer are made clear Enable automated chatbots to deliver offer communications based on demand
Prospect finds it difficult to browse/find information	Enable seamless mobile friendly digital experience that offers detailed information Use the media channel's capabilities to display detailed information (E.g. canvas ads, carousels, collections)
Prospects find it difficult to differentiate financial institutions	Build distinct brand identity and brand love that highlight key USPs using multiple creative assets, through sufficient media planning based on 'always on' method
No expert advice/answers available	Use of lead management systems to regularly connect share product brochures or provide an automated IVR based menu to share product details Enable automated chat bots or automated messaging to provide answers at the users' convenience
Prospect could not get enough information to check his/her eligibility	Use market signal to identify the stage of user's purchase journey to target them with eligibility details Build awareness about the process of checking eligibility at the top of the funnel, to ensure next stage movements post the eligibility check
It took too long for the brand to contact the prospect and the need lapsed	Enable better call centre processes to connect faster with the user, at a time convenient to the user Enable the chat bots and automated messaging or automated IVR to provide on demand detailed information
Representative could not address queries	Use creative communication to facilitate information sharing based on FAQs observed from the market Enable representatives with interactive digital dashboards on their portable devices Use a mix of assets to target specific communication to users at different stages based on the intent signals
Prospect does not trust the medium	Build awareness on medium using brand imagery and key product USPs, at regular intervals Enable regularly updated brand communications synchronised on both digital and physical mediums
Prospect finds it difficult to express interests	Use a combination of calls to actions to collect user's expressed interest, such as lead submission, click to call, click to automated messages and visit to website's specific pages

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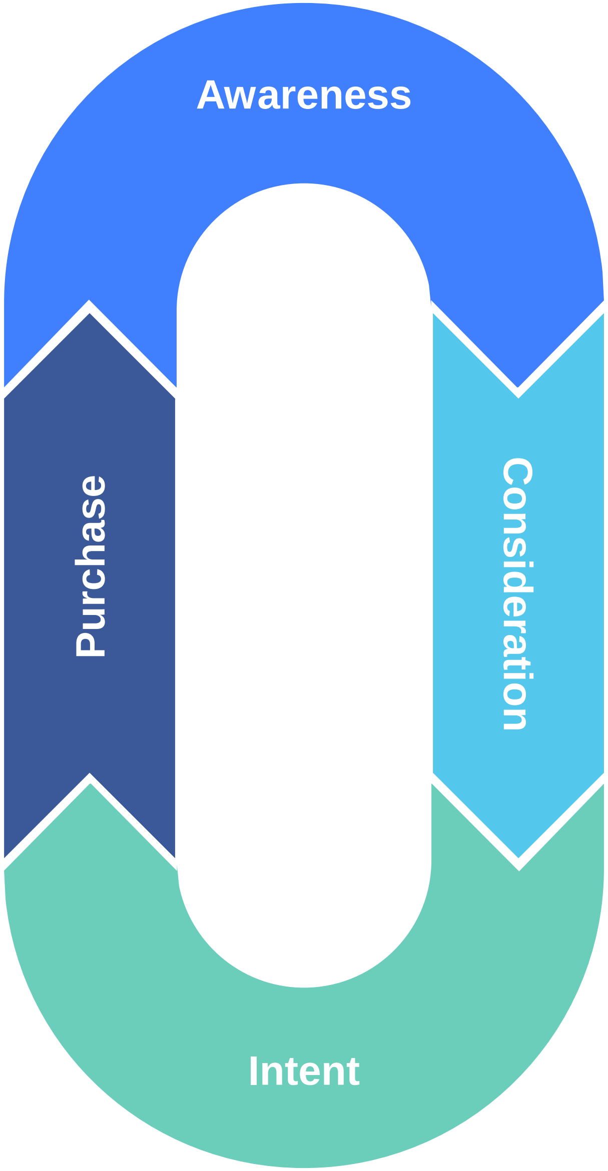
Zero Friction Future — Reimagining the Purchase Journey

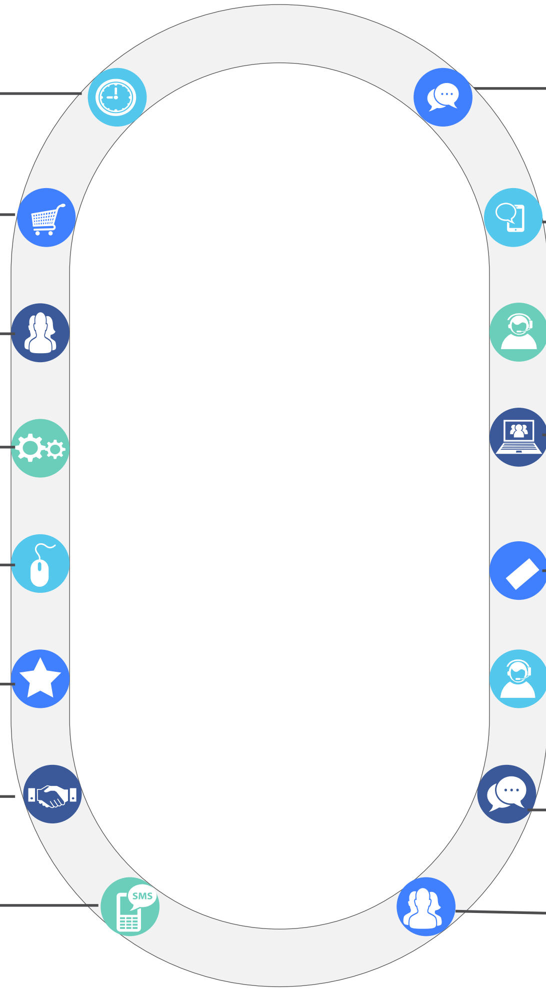
Mobile will change consumer journeys

A zero friction future



Reimagining financial services path to purchase

Consumers in this category no longer belong to a homogenous segment. This has led to the emergence of different pathways, with digital playing a key role in shaping most, if not all, pathways. With increased adoption of digital and rapid enhancement in consumer-friendly technologies, such as AR/VR, consumer analytics through AI, machine learning and personalised offers, the path to purchase is expected to become shorter and smoother. With this increasingly non-linear journey, the purchase cycle seems to be gearing up for a frictionless future



- Instant loan disbursals at the time of purchase, one-click insurance purchases
- User-driven content to play a critical role in influencing the purchase journey
- Cognitive inputs to play a critical role in financial product advisory
- Blockchain based consumer identification system and efficient processing
- Intuitive form/application filling; one-click purchase
- Cashless person-to-person transactions through credit cards
- Customised offers, freebies, payment options
- Mobile-based microfinancing
- Artificial intelligence leveraged for financial and offer advisory
- Automated data capture, e-KYC and automated financial checks and verifications
- End-to-end digital solutions from disbursal to repayments on FinTech platforms
- Telematics, aerial imagery, Internet of Things to assist with claim settlement processes in case of accidents processes
- Universal cards
- Newer intelligent models to assist consumer screening for eligibility of loans, cards or insurance
- Social media/Messengers to facilitate payments/purchases
- Peer-to-peer lending options

Methodology

The study entails the following approach to identify in-depth understanding of the consumer purchase journey and friction areas therein

Primary research methodology

Primary research was undertaken by Nielsen India to cover the overall purchase journey of a consumer and understand the friction points at each step of the journey. The study is based on a random listing study on 3,000 respondents to understand the proportion of the population that falls at each stage of the journey. A deep-dive study for the financial services category was conducted on 1,221 respondents split as:

Category	Gender	Age group (years)	NCCS*	Cities
Credit cards: 325	Male: 795	18-24: 244	NCCS A: 736	Mumbai: 204
Life insurance: 191				Delhi: 184
		25-34: 470		Bengaluru: 149
Other insurance: 203	Female: 426		NCCS B: 484	Chennai: 249
Personal loans: 262		35-49: 506		Kolkata: 217
Other loans: 240				Pune:218

Primary interviews

Detailed interviews were conducted with sector experts to understand key industry trends, friction areas, future pathways and outlook.

Secondary research

Detailed secondary research was undertaken to understand the smartphone industry, market growth and future trends.

Primary research methodology

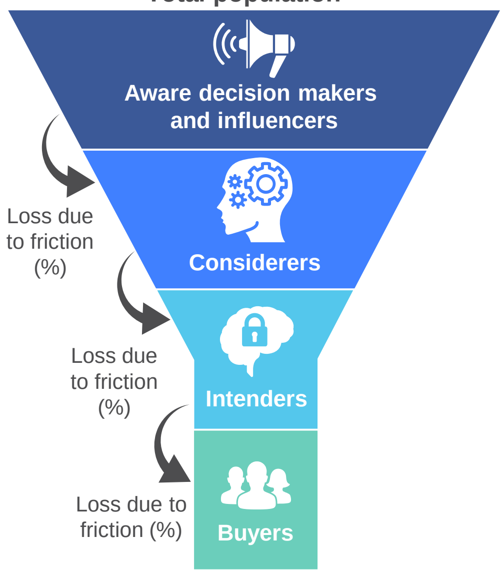
Phase 1: Listing

- Listing exercise was conducted to better understand the proportion in the universe that falls under each individual cohort at any given time, and to derive the size of these cohorts to be applied in the deep dive phase
- It captures incidence of respondents falling under the different cohorts of consumers i.e., buyers, considerers and aware non-considerers.

Phase 2: Deep dive

- Purposive sampling to recruit respondents for each category and cohort
- Each cohort helped provide detailed information at different stages of the purchase journey

Total population



Aware non-considerers

- Reasons for non-consideration

Considerers

- Influence of media touchpoints
- Reasons for friction

Intenders

- Influence of media touchpoints
- Reasons for friction

Buyers

- Analysing different paths to purchase
- Influence of touchpoints
- Reasons for friction

- NCCS — New Consumer Classification System
- Listing exercise conducted to derive the drop outs at each stage of the journey for the categories separately among randomly selected respondents
- Base has been considered as those who are aware of the category and are primary decision makers/have actively contributed to the decision-making process
- Credit card buyers — aware decision makers and influencers who have applied/tried to apply for a credit card in the last six months
- Credit card considerers — aware decision makers and influencers who have considered applying for a credit card in the last six months, but are yet to apply
- Credit card aware non-considerers — aware decision makers and influencers who have not considered applying for a credit card in the last six months
- Insurance buyers — aware decision makers and influencers who have purchased/tried to purchase an insurance policy in the last six months
- Insurance considerers — aware decision makers and influencers who have considered purchasing an insurance policy in the last six months, but are yet to purchase
- Insurance aware non-considerers — aware decision makers and influencers who have not considered purchasing an insurance policy in the last six months
- Loan buyers — aware decision makers and influencers who have taken/tried to take a loan from financial institutions (Banks, NBFCs, etc.) in the last six months
- Loan considerers — aware decision makers and influencers who have considered applying for loan in the last six months, but are yet to apply
- Loan aware non-considerers — aware decision makers and influencers who have not considered applying for a credit card in the last six months

ABOUT KPMG IN INDIA

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG has offices across India in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Jaipur, Kochi, Kolkata, Mumbai, Noida, Pune, Vadodara and Vijayawada.

KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.

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ABOUT FACEBOOK

Founded in 2004, Facebook's mission is to give people the power to build community and bring the world closer together. Over 2.2 billion people globally use Facebook every month to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them. Millions of businesses, big and small, use Facebook's apps and services to connect with real people and grow their business.
Rooted in what we've learned from over 2 billion people on our platforms and the 6 million businesses that advertise with us, Facebook IQ provides actionable insights about people, marketing and measurement. We offer studies, tools and resources built to transform how marketers reach people and deliver real results in this cross-channel, multi-device world.
Whether you need inspiration for your next big idea, research on how best to reach the people that matter most, or the latest in ad effectiveness, lean on Facebook IQ for insights and strategies.

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Nielsen Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumers, packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90 per cent of the world's population. For more information, visit www.nielsen.com

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