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Case Study: BBVA's Tú Cuentas Shows What Next-Generation Online Banking Will Look Like

by Alexander Hesse

for eBusiness & Channel Strategy Professionals



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This is the first document in the "Next-Generation Online Financial Services" series.

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EXECUTIVE SUMMARY

BBVA's Tú Cuentas online personal finance management service was launched in late 2008. It lets the bank's online banking customers see their account balances and transactions from different providers in one place, categorize their transactions, and benchmark themselves against their peers, and it makes personalized product offers. The layout and functionality of Tú Cuentas can be fully customized by customers. The early results look promising: Four months after launch, one-third of the bank's online banking customers are using Tú Cuentas. To make the service a long-term success, BBVA plans to capitalize on the cross-sell opportunities, offer the service to non-clients, and add more functionality. Tú Cuentas is a fascinating test bed of Web site innovation in retail financial services that eBusiness and channel strategy professionals at other financial firms should follow.

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Forrester interviewed several vendor and user companies, including BBVA and Strands.

Related Research Documents

["Finally! Financial Aggregation Products That Make Sense"](#)

November 29, 2006

["Who Wants Online Money Management?"](#)

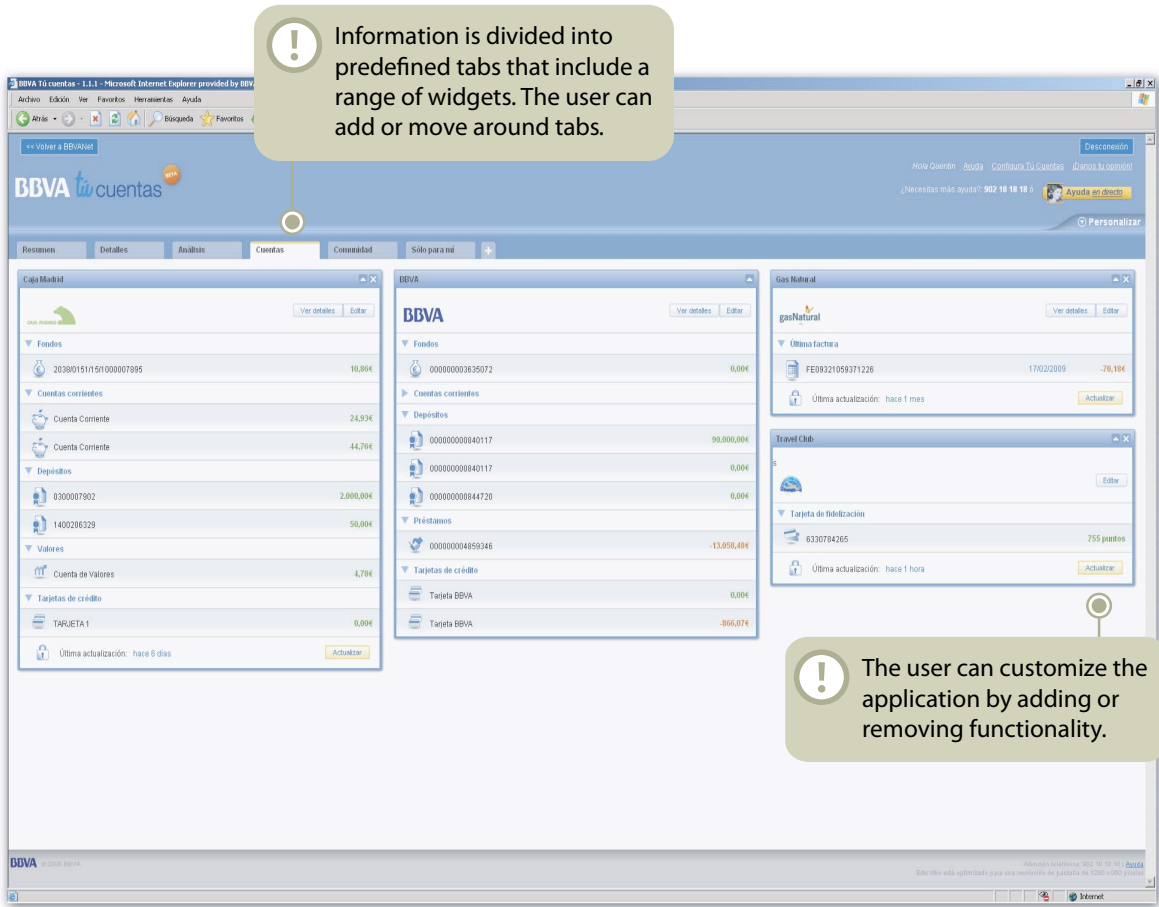
December 14, 2004

BBVA LAUNCHED A COMPREHENSIVE ONLINE PERSONAL FINANCE MANAGEMENT SERVICE

Like other banks, BBVA is looking for ways to acquire new customers, retain existing ones, and cross-sell its products. As part of a wider innovation program, in late 2008, the bank worked with Strands to launch a new online banking service called Tú Cuentas (You Count For Us) that combines online personal finance management (PFM), account aggregation, social media, and personalized campaigns.¹ To find out more, we spoke to Daniel Uriol, innovation project manager of Tú Cuentas at BBVA. The bank's online banking customers in Spain can access Tú Cuentas via the bank's secure site to:

- **Create a personalized online banking service.** Users can customize Tú Cuentas to see only the information and functionality that is relevant to them, just as they can on sites like iGoogle or My Yahoo!. The site's main navigation is set up as predefined tabs that include a range of widgets with different functionality like a summary of account balances and a list of recent transactions (see Figure 1).² Users can customize their site by adding, removing, or changing the location of the tabs, and under each tab, they can add and remove widgets, customizing the functionality according to their own needs and preferences.
- **See balances and transactions from all of their accounts.** Tú Cuentas uses screen-scraping technology from Eurobits Technologies to let users pull in account balances and transactions from their other financial providers — not just BBVA — giving them a holistic view of their income and expenses.³ It can also pull account data from other companies like telecom providers, utility firms, and loyalty programs.⁴ To comply with legal requirements, users are required to push a button to refresh the data from all of their accounts every time they access it.
- **Get better insight into their personal finances.** Each customer's transactions are automatically put into categories like bills or transport. Users can also add tags to define their own subcategories (see Figure 2).⁵ Customers can view and track categorized income and expenses graphically. They can establish and track budget goals, create periodic reports, and opt to receive alerts when their spending for any category or budget goal comes within the threshold they have set. Alerts can be received by email or on a mobile phone, either by SMS or using a range of mobile widgets.⁶
- **Compare their finances with those of their peers.** Based on aggregated user data, Tú Cuentas lets users benchmark their financial situation with that of other consumers. After defining a peer group based on factors like age, profession, and city, users can see how their income and spending compare with those of their peers (see Figure 3).
- **Receive personalized product offers.** One tab within Tú Cuentas is dedicated to personalized product offers. BBVA has linked the service to its customer relationship management (CRM) system so it can make personalized product recommendations for both financial services and non-financial services products (see Figure 4). Because users can add or remove tabs, they can easily opt out of this functionality.

Figure 1 Tú Cuentas Lets Users See Balances And Transactions From All Of Their Accounts



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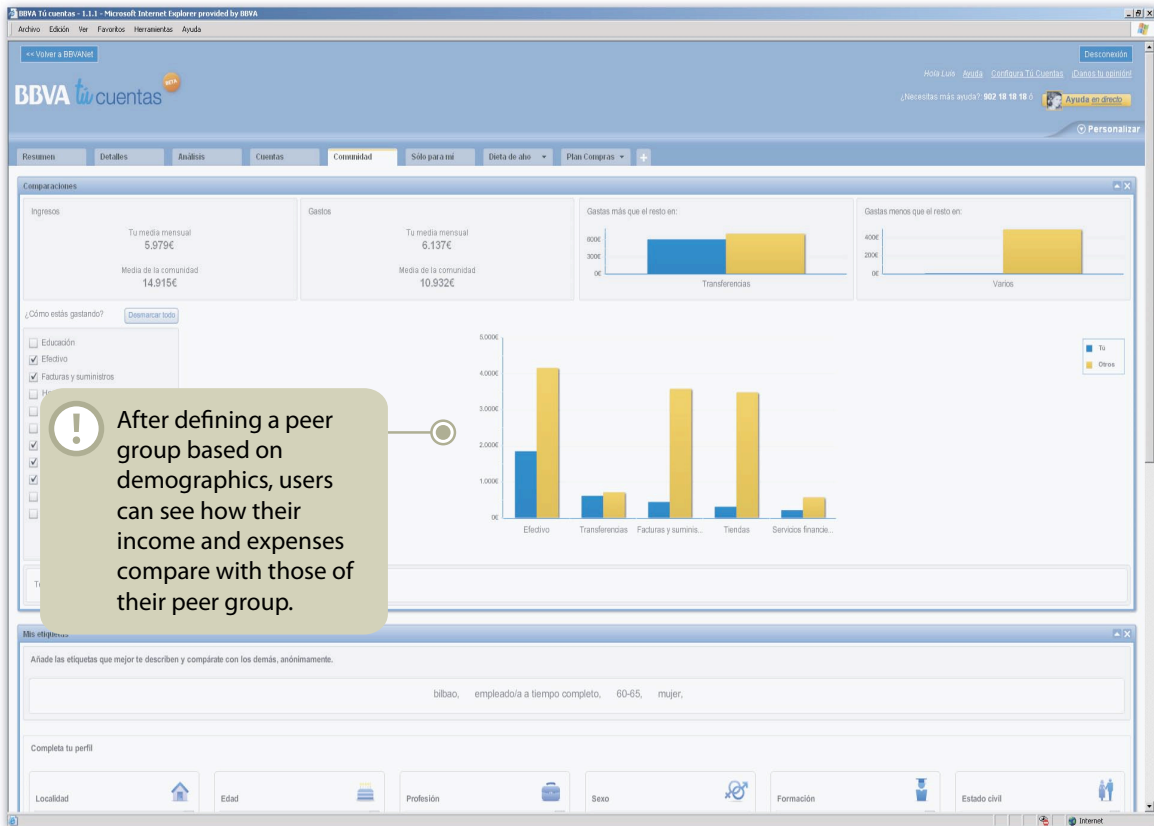
Source: Forrester Research, Inc.

Figure 2 Users Can View And Track Categorized Income And Expenses Graphically



! Users can view and analyze their incomes and expenses broken down by category and over time.

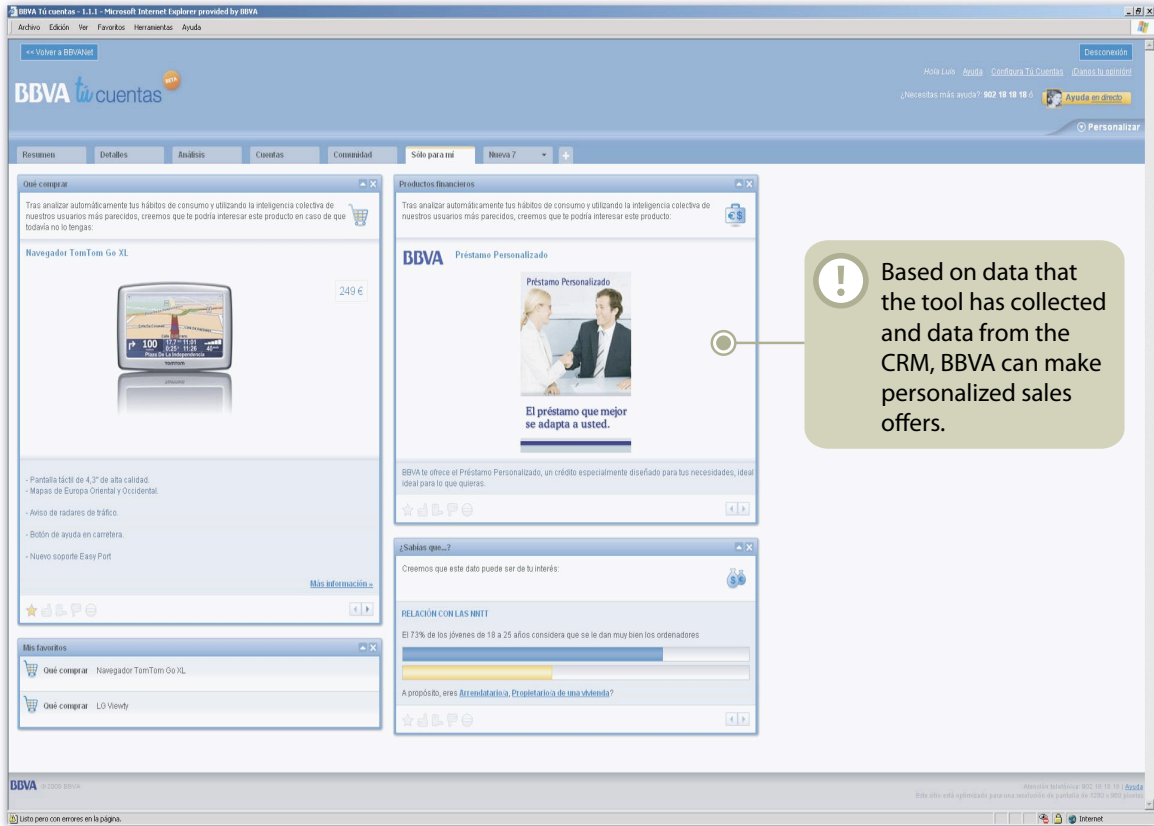
Figure 3 Tú Cuentas Lets Users Compare Their Finances With Those Of Their Peers



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Source: Forrester Research, Inc.

Figure 4 BBVA Can Use The Service To Make Personalized Product Offers



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Source: Forrester Research, Inc.

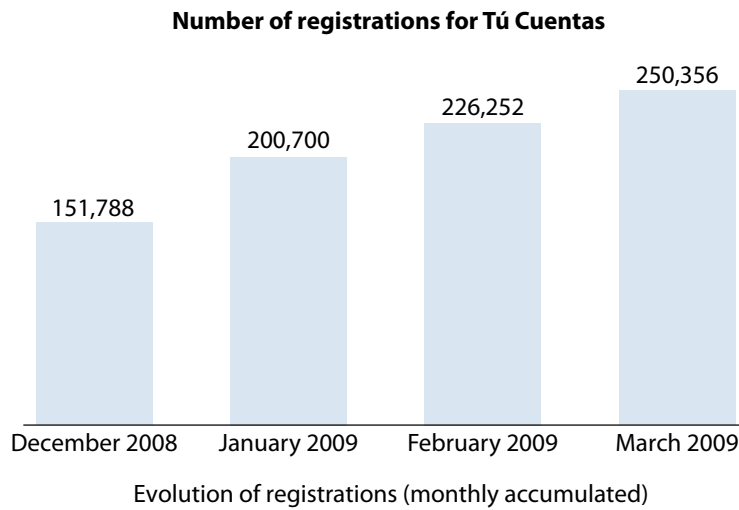
Results: Clients Have Started Using Tú Cuentas Quickly — And Have Become More Engaged

BBVA decided not to spend money on external marketing to promote Tú Cuentas. Instead, it promoted the service to existing clients via campaigns on both its corporate and secure Web sites and via posts on external blogs and forums. BBVA told us that its online banking clients have:

- **Signed up for Tú Cuentas quickly.** Only four months after launch, more than 250,000 online banking users have signed up for the service (see Figure 5). With an increase in users of more than 60% between early January and late March this year, Tú Cuentas is growing fast.
- **Become more engaged online bankers.** While users of the regular online banking service BBVA.net spend about 2 minutes per session on average, Tú Cuentas users spend about five minutes, suggesting that they are getting value from the service. The average time users spend in Tú Cuentas has steadily fallen as users have become familiar with the functionality. Nevertheless, Tú Cuentas users continue to spend twice as long per session as users of the standard online banking service (see Figure 6).

- **Started adding non-BBVA accounts.** By March 2009, 4% of Tú Cuentas users had added accounts from other financial firms to the service and 3% linked accounts at non-financial firms. Although these numbers are low, BBVA says that it understates the popularity of the aggregation functionality because some users had trouble linking external accounts owing to technical problems.⁷ ING Direct is the most frequently linked financial services firm, added by 2,459 users. Telecom providers are the most frequently added non-financial firms.

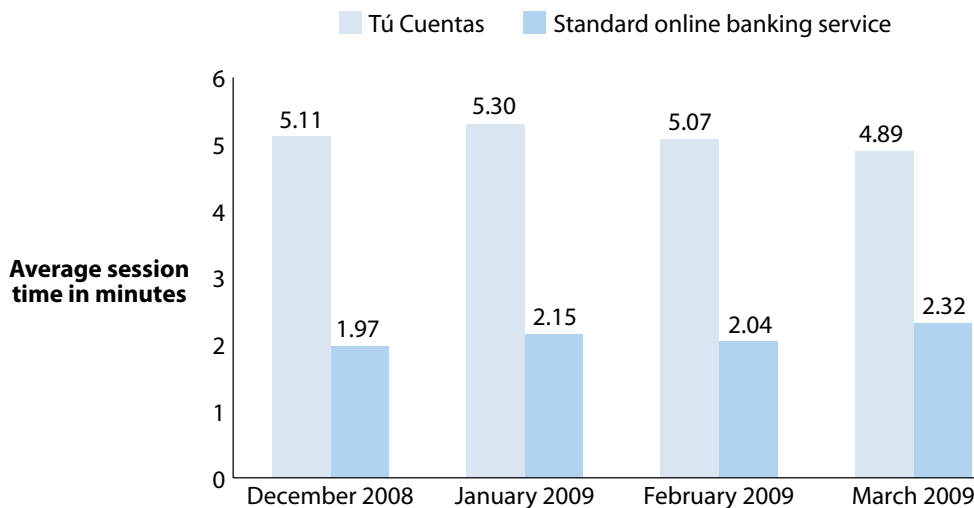
Figure 5 Adoption Has Grown By 65% In Four Months



Source: BBVA
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Source: Forrester Research, Inc.

Figure 6 Tú Cuentas Users Spend Twice As Long As Standard Online Banking Users Per Session



Source: BBVA
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Source: Forrester Research, Inc.

BBVA's Overall Objective Is To Build More Personal Relationships With Its Clients

BBVA launched Tú Cuentas as part of a larger five-year innovation program that began in 2006, intended to help the bank better meet its customers' needs by creating a dialog with them.⁸ The development of Tú Cuentas was a substantial effort involving 120 people — including in-house staff and external providers — over the course of 11 months. The bank invested €9 million directly plus an additional €1.7 million in changes to its IT infrastructure. BBVA hopes that its investment will:

- **Create stronger client relationships.** In launching Tú Cuentas, BBVA wants to move beyond traditional banking service boundaries by offering customers a compelling and feature-rich online banking experience that they don't get at other banks. The bank wants to change from being perceived as a financial product provider to being perceived as a lifetime financial partner that helps customers with all aspects of their financial life. BBVA believes that in the long run, Tú Cuentas will create deeper and more profitable client relationships.
- **Allow it to learn more about its clients.** By directly linking Tú Cuentas to its data warehouse and CRM systems, BBVA's branch advisors and marketers can get a holistic view of users' overall finances. For instance, BBVA now knows what assets clients have with other banks and their savings and spending behavior. With this wealth of data at hand, the bank plans to better understand and anticipate clients' financial needs and to give more relevant and personalized advice.
- **Encourage online banking adoption.** Only one in five Spanish banking customers uses online banking today.⁹ In BBVA's case, only 1.5 million out of 7 million BBVA retail customers in Spain use online banking. By offering customers a more compelling online banking service with a better user experience and a range of personal finance management features, the bank hopes to persuade more clients to start using the channel in the future.

Next Steps: BBVA Views Tú Cuentas As An Ongoing Project

Although the service has attracted users quickly, BBVA recognizes that it is far too early to say that the service is a success. The overall proportion of BBVA clients who use online banking remains small, and most Tú Cuentas users aren't using its full potential. BBVA realizes that it is just at the beginning of a long-term project. To make Tú Cuentas a long-term success, BBVA plans to:

- **Capitalize on the cross-selling opportunity.** Although Tú Cuentas includes personalized product offers, it currently doesn't offer any transaction capabilities. In the second half of 2010, BBVA plans to let users apply directly for products on the site.
- **Open the service to non-BBVA clients.** The value of Tú Cuentas for BBVA will partly depend on how much relevant user data the service collects and feeds into the bank's data warehouse and CRM system, so the bank plans to make the service available to non-BBVA clients in late 2010. This will give BBVA the opportunity to make personalized product offers to non-clients, as well and perhaps persuade them to change banks.

- **Add more functionality.** BBVA plans to add at least 10 new widgets to Tú Cuentas later this year, including an application that shows homeowners how the value of their property compares with their outstanding mortgage value over time.

RECOMMENDATIONS

MONITOR TÚ CUENTAS AS A TEST BED OF NEXT-GENERATION FINANCIAL SERVICES SITES

Many banks worldwide have developed functionality like site customization, account aggregation, online personal finance management, peer comparisons, and personalized product offers. But BBVA is the only bank we have seen to be bold enough to combine all of them in a single online service. eBusiness and channel strategy executives at other banks should view Tú Cuentas as a fascinating case that will help them to shape their vision of next-generation online financial services. They should also keep track of the success of BBVA Tú Cuentas as a test bed for many of the elements of next-generation online financial services, such as:

- **Web site customization.** Although Web site customization has been around for a decade, few banks let customers choose which content to show or rearrange page layouts.¹⁰ Among the few other exceptions are Citigroup in the US and Commonwealth Bank of Australia. Our research in the travel industry shows that Web site customization can increase client engagement, build loyalty, and help firms to gather insight into what content and functionality is most valuable to clients.¹¹ eBusiness and channel strategy professionals in retail financial services should evaluate the potential of Web site customization for their next secure site relaunch.
- **Online personal finance management.** Internet startups like Wesabe in the US, Kontoblick in Germany, and Yoono in the Netherlands have jumped ahead of banks by giving consumers a way to manage all of their finances through a single Web site, set financial goals, and compare themselves to their peers. Although we believe that functionality like account aggregation and peer comparisons will be mainly relevant to the most tech-savvy online banking users, providing online personal finance management can make sense for banks that want to offer a differentiated experience to particular customer segments like tech-savvy mass-affluent customers with complex financial lives.
- **Integration with central CRM systems.** By linking all of their channels to a central CRM system, executives can both track customers' activity across all channels and deliver marketing and sales messages to customers through multiple channels. This not only provides valuable insights about customers' overall financial situation but also helps to create a more consistent experience across channels. eBusiness and channel strategy professional at other financial services firms should follow BBVA's lead and make investments in channel integration a priority.

- **Greater use of the secure site for marketing and sales.** Banks can use the secure site to put more relevant product messages in front of customers who are logged in, because the bank knows who they are. That creates a big opportunity to cross-sell products with individualized product offers, deliver other marketing messages, and even start to deliver basic financial advice that is customized to the customer's personal situation.

ENDNOTES

- ¹ Strands is an American software company that specializes in recommendation and personalization technologies. Personal financial management (PFM) tools are applications or services that help people organize, plan, manage, or analyze their finances, such as Intuit's Quicken or Microsoft's Money. Examples of online PFM tools are Mint and Wesabe.
- ² The term "widget" implies a small yet useful thing. And that's what widgets (sometimes called "gadgets" or even "social applications") are — small pieces of information or functionality that nontechnical users can easily use to add dynamic content or functionality to suit their own needs.
- ³ BBVA uses screen-scraping technology to log into all of the user's accounts at other sites and then pulls the information from there. By pressing a button every time to initiate this process, the user authorizes BBVA to pull the information on his behalf, working around a legal requirement that states that only the account holder is permitted to log into his accounts by himself. For accounts that require two-factor authentication, users are prompted for the one-time password when entering the aggregation site. Spain's Bankinter has offered a similar aggregation service for many years. See the January 2, 2002, "[Lessons From Bankinter's Unique Aggregation Play](#)" report.
- ⁴ Tú Cuentas can currently link accounts at 50 other financial services firms in Spain and 20 non-financial services firms. The number of financial services firms will be increased to 65 and non-financial services firms to 30 by the end of 2009. BBVA is also planning to add American Express and non-Spanish financial firms.
- ⁵ Each function within Tú Cuentas is set up as a widget — a small application that serves one single purpose and that users can add or erase to personalize the tool. The location of each widget — i.e., the menu category (tab) where it is displayed within Tú Cuentas — can be determined by the user, as well. BBVA tracks which widgets are most popular with its users and uses this information to determine which widgets to add to the tool by default. Furthermore, it uses the information to develop new widgets.
- ⁶ Mobile widgets — single-purpose applications that a user can download onto a phone — offer a new alternative for mobile Internet access and promise greater convenience for consumers who have distinct needs while on the go. See the December 8, 2008, "[Widgets Improve The Convenience Of The Mobile Internet](#)" report.
- ⁷ Due to a technical problem, some users didn't succeed in linking their accounts to the service. In the first three months of 2009, 220 users reported that they couldn't link their accounts. Since it can be expected that only a small number of users reported the problem, BBVA believes that the total number of users who wanted to link their accounts — but who didn't succeed — is actually much higher.

- ⁸ As part of this project, BBVA launched others services like ActiBva — an online community for Spanish consumers who are interested in personal finances that provides them with a platform to share their opinions and ideas. ActiBva Predicciones is another tool that leverages the power of the crowd to make relevant market predictions.
- ⁹ Age and Internet access continue to be the strongest predictors of channel choice in Spain. Branches are used by mainstream consumers, whereas online and telephone banking attract a niche of young, high-value Net users. Online banking adoption in Spain has grown from 4% in 2001 to 19% in 2008. Until 2006, the growth of Internet banking had little effect on branch use, but that is starting to change. Although branches are still the dominant banking channel used by 54% of Spaniards, monthly use has fallen by 3% since 2006. We think the time is ripe for Spanish banks to increase their efforts to migrate more customers online. See the April 16, 2009, "[How Spanish Consumers Use Banking Channels](#)" report.
- ¹⁰ Personalization of Web content has been a popular concept for enterprise sites for more than a decade, but there's been a lot of talk and no action. See the November 7, 2008, "[To Succeed With Web Content Personalization, Start Failing Now](#)" report.
- ¹¹ The more involved and engaged the user is in a Web site's experience, the longer he'll stay and the more likely he is to transact. Because of this, sites that allow users to select the content or functionality they want displayed or to rearrange page layouts are increasingly necessary in industries like travel to boost engagement, usage, and revenues. Furthermore, if your customers can customize your home page, they'll probably be more likely to make your site their go-to site when they need to plan their trips. In addition, customization makes it possible for travel companies to learn and understand what truly matters most to their customers. By tracking and monitoring which sections of Web pages are moved, deleted, or added — and where — travel eBusiness professionals can gain insight into customer preferences. See the June 4, 2009, "[Why Web Site Customization Is Crucial For Travel eBusiness](#)" report.

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