

The logo for iQUANTI, featuring the lowercase letter 'i' in orange and 'QUANTI' in white, with a small trademark symbol (TM) to the right. The background of the entire page is a dark space filled with glowing blue and purple lines and dots, resembling a digital network or data stream.

iQUANTI™

DIGITAL PERFORMANCE MARKETING REPORT

FOR BANKING &
FINANCIAL SERVICES

Q2 2023 EDITION

IN FOCUS:

AI in Marketing

What marketers need to know

About iQuanti's Quarterly Report for Digital Marketers

This is the Q2 2023 edition of our guide for financial marketers on last quarter's industry trends, key performance indicators, acquisition trends, as well as challenges and opportunities across digital channels.



FOREWORD

What a year it's been so far!

It has been a time of huge change – in both the banking and digital marketing worlds.

The AI race between search engines may eventually upend search as we know it. High interest rates (driven by high inflation) has taken its toll on banking. Regional banks continue to be on the edge. Meanwhile, the adoption of AI is driving higher consumer expectations.

At iQuanti, we are focused on helping our clients navigate these changes in a number of ways:

- We are trying to drive more efficiencies in digital marketing through experience optimization as well as delivering higher effectiveness.
- We are helping drive the adoption of AI on three tracks:
 1. Maximize the adoption of existing AI technology to drive marketing efficiencies - for example, in targeting higher-value customers.
 2. Keep an eye on emerging AI technologies with applications in marketing. Add value by testing a short list on Credello - our homegrown financial services site that serves as a test bed, and curate the most promising technology for our clients.
 3. Build AI-based tools where there is a gap - mostly with specific use cases in banking and financial services.

These times of rapid change provide an enormous opportunity for nimble firms such as ours to serve our clients better by driving data-led innovation and better economics.

This report addresses trends in digital marketing and banking in Q2 2023 with a special focus on AI. We hope this quarterly report adds value to your digital marketing programs.

May we continue to live in interesting times!



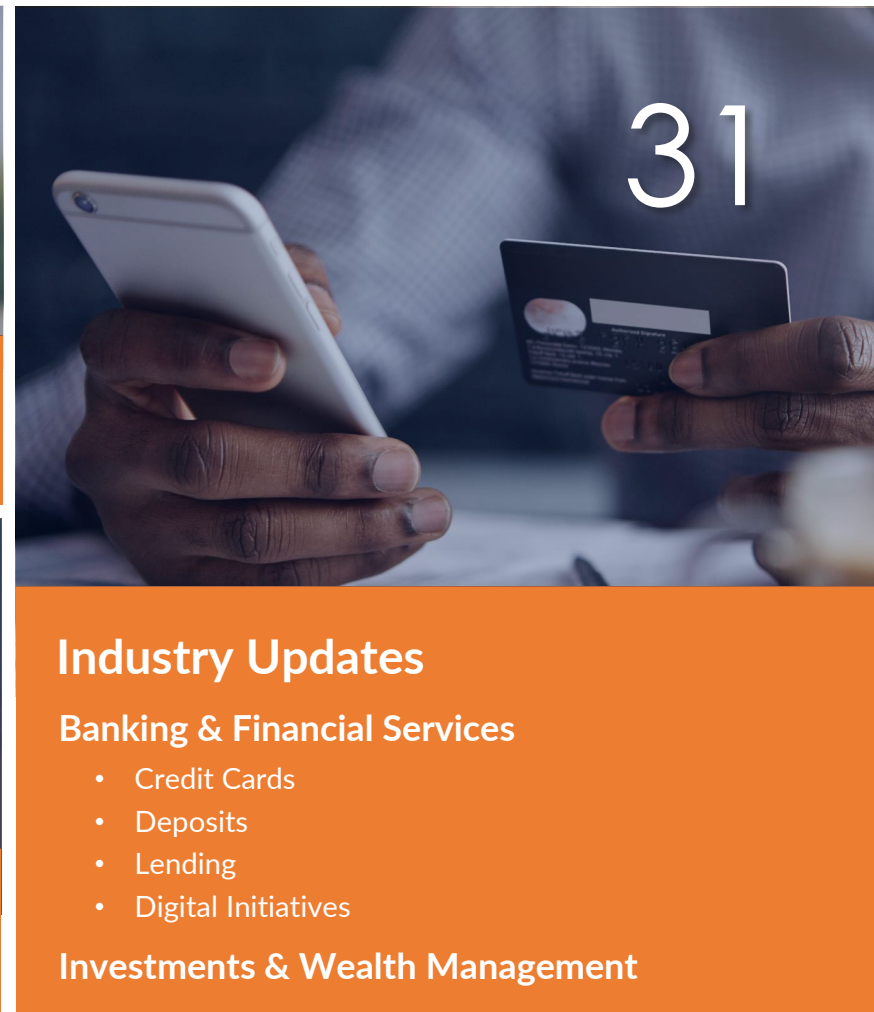
At iQuanti, our focus is on serving our clients better through both innovation and driving better economics.



Vish Sastry Rachakonda
Founder & CEO, iQuanti



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Key
Performance
Marketing
and Acquisition
Trends in Q2 2023

A quick word on the **STATE OF THE BANKING CUSTOMER**

- Most major consumer financial health metrics - consumer spending, consumer confidence, and inflation rate – **remain positive**
- Credit card balances (including revolving balances) rising to pre-pandemic levels and uptick in delinquency amongst lower credit segments

Q2 2023: Key Performance Marketing & Acquisition Trends



Google's ad revenues take a hit for the second quarter in a row

Google continues to struggle with the volatile digital ad market and the severe competition in AI. Ad revenues across Search, Network and YouTube slowed down; however, recent advancements (including Project Magi) are expected to drive growth in the coming quarters.

[Read more >](#)



Microsoft opens AI-powered Bing and Edge to the public; sees strong growth

With the integration of ChatGPT into Bing, Microsoft saw notable growth in browser market share; advertising revenue also grew 10% YoY. Samsung reportedly plans to switch to Google's Bing as its default search engine which may take away more traffic from Google.

[Read more >](#)



Social media platforms see growth in users and revenue

Meta, Pinterest, and TikTok saw strong AI product integrations, aiding in better targeting, personalization, user growth and monetization. OTT + CTV ad spending is projected to increase 49.6% YoY in 2023.

[Read more >](#)



The Search landscape and cookieless prospecting evolve with the mainstreaming of AI in marketing

Performance platforms – including Google, Meta, and Adobe are making significant AI-powered product enhancements and integrations for addressing gaps in a cookieless world and to meet evolving customer expectations.

[Read more >](#)

Q2 2023: Key Performance Marketing & Acquisition Trends



Credit card demand trended positively, whereas spending saw a slight decline

Over 8.37 million net new card accounts were opened in Q1 2023 (1.5% QoQ growth). The lower consumer spending reflected a typical pre-pandemic seasonality. Issuers remain cautious due to a slight rise in delinquencies and marketers have pulled back on spending.

[Read more >](#)



Decline in overall deposits; need for a higher yield and assurance of safety drove deposit outflows

The recent banking turmoil led to the relocation of cash to large players. Deposits at small banks fell \$119B in mid-March. There was an outflow of deposits into online banks and other high-yield options as well.

[Read more >](#)



Most consumer lending businesses were negatively impacted by macro-economic and regulatory factors

Personal loan originations as well as balances saw an increase in Q1 2023. Mortgages, auto loans, and student loans were negatively impacted. Commercial loans showed strength.

[Read more >](#)



Wealth management environment continued to remain challenging; however, there are slow signs of recovery

Strong growth in new assets for major players; however, lower market valuation resulted in a decline in AUMs and lower asset-based fees overall.

[Read more >](#)

TWO

Performance
Marketing
Platform Updates

Google trundles back to positive growth; however, Search and YouTube growth slow down significantly

- Google reported an overall revenue increase of 3% YoY in Q1 2023 but **saw its ad revenues take a hit** amid the volatile digital advertising market and severe competition in AI.
- Google's Q1 2023 results were impacted by a 19% YoY increase in their operating expenses due to charges related to workforce and office space reductions. The company also implemented significant restructuring efforts toward building efficiencies and investing in the advancement of AI.

- Search revenues grew by a modest 1.87% YoY in Q1 2023.
 - Performance was driven by an increase in the travel and retail verticals and offset partially by a **decline in finance** as well as in media and entertainment.
 - It is notable that Google had earlier seen a 24.28% YoY growth in search ad revenues in Q1 2022, and a 30.11% YoY growth in Q1 2021.
- Google Network revenues declined 8% YoY to \$7.5B (compared to the \$8.5B it had brought in in Q4 2022).
- YouTube ad revenues fell 2.5% YoY.

| | | YoY Growth (from Q1 '22) |
|--|---------|-----------------------------|
| REVENUE | \$69.8B | +3% |
| GOOGLE SEARCHADS REVENUE | \$40.4B | +2% |
| GOOGLE NETWORK REVENUE | \$7.5B | -8% |
| YOUTUBE AD REVENUE | \$6.7B | -3% |
| OTHER REVENUES (INCLUDING YOUTUBE TV & MUSIC PREMIUM) | \$7.4B | +9% |
| TRAFFIC ACQUISITION COSTS (TAC) | \$11.7B | -2% |

Google to continue to focus on driving opportunities in Search and beyond through advancements in AI

Google highlighted the following key areas of focus that would drive growth in the coming quarters.

1. AI-driven growth in Search:

- In March 2023, Google launched their experimental conversational AI service called Bard. At the Google I/O 2023 in May, they introduced PaLM2, a state-of-the-art language model with improved multilingual, reasoning and coding capabilities. **Integration of these AI advancements to Search will eventually change the landscape of SERPs* and help extend and enrich search results.**
- With **Project Magi**, Google is working on developing a new search engine experience powered by AI – one that is “visually appealing, snackable, personalized, and human.” The new search function will have interactive chat-like features and will allow transactions within the interface.



Sundar Pichai (CEO, Google) outlined three areas of opportunities with AI:

“...continuing to develop state-of-the-art large language models and make significant improvements across our products to be more helpful to our users; empowering developers, creators and partners with our tools; and enabling organizations of all sizes to utilize and benefit from our AI advances.”



2. AI-driven growth in Paid Ads:

- Google opened its Automatically Created Assets (Beta) which will introduce new variations and increase the relevancy of ads for users. Google’s Smart Bidding models continue to increase bidding effectiveness.

3. Focus on Retail:

- Efforts are underway to help make Google a core part of consumers’ shopping journeys. Google is also investing in empowering more merchants to participate in their free listings and ads experiences.

The impact of Microsoft’s lead in AI is being seen already, with Samsung reportedly considering changing its default search engine from Google to Microsoft’s Bing for its line-up of smartphones, threatening a key traffic source for Google.

YouTube continues to push shorts, subs, CTV and shopping to fuel growth in the coming quarters

- YouTube's ad revenues in Q1 2023 were **down 2.5% YoY**.
 - YouTube brought in \$6.69B in revenues in Q1 2023 vs. \$6.86B in Q1 2022 and \$7.96B in Q4 2022.

Growth for YouTube is expected to be driven by:

1. YouTube Shorts:

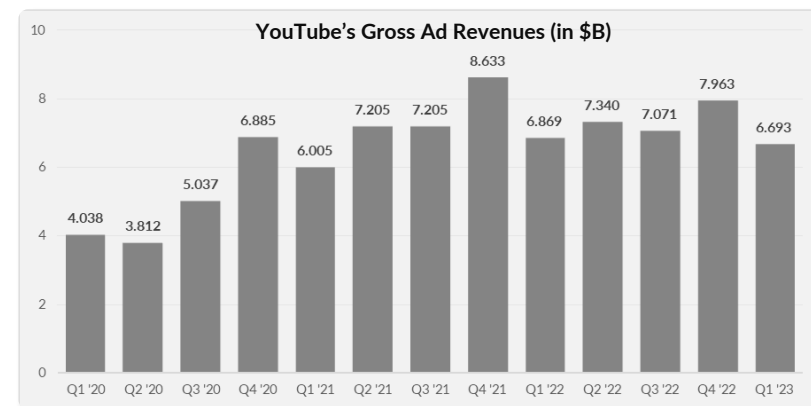
Google has continued its growth and support for YouTube Shorts, its Tiktok rival, to stem the declining numbers.

- Channels that uploaded daily to Shorts have grown by over 80%, showing an increase in engagement from content creators.
- In February 2023, Google introduced monetization for Shorts, allowing content creators to share in the ad revenues from their videos.

2. Connected TV (CTV):

Recent research from Nielsen states that YouTube's ROI is 40% higher than linear TV's and 34% higher than all other online videos. Google is focused on improving engagement on CTVs through initiatives such as the ability to view shorts on living room TVs.

3. **YouTube Subscription** allows viewers to access unique features like MultiView (multiple shows at once) on YouTube TV and access to NFL Sunday Ticket offering.
4. **Shopping on YouTube** is gaining momentum, with over 100,000 creators, artists, and brands connecting their stores to their YouTube channels to sell products.



Google rolls out multiple updates and AI features within Search

- In Q1 2023, Google has rolled out multiple core (and additional) updates with a significant impact on their product roadmap and user experience on SERPs*.
- The recent micro-algorithmic changes from Google highlight the increased importance of conversational, longer-form, and unique/creative content assets in the organic search landscape.
- **Adapting to these changes will enable webmasters to position their sites better for the continued rollout of AI features within SERPs.**

February Product Reviews Rollout

This update is more volatile than past versions, and it affects keyword rankings for product review-style content. Google is looking for more unique content/perspectives within SERPs.

March Broad Core Update

This is the first broad core update of 2023. Google continues to look at factors such as experience & expertise to improve user journeys.

Google Ranking Systems Page Update

Google has removed several aspects of page experience from their list, which are still important to consider for on-site UX but not directly used to inform ranking.

iQUANTI | INSIGHTS

How equipped is your SEO program to optimize your bank website for search while also staying on the right side of regulations and other challenges inherent to the banking industry?

Watch iQuanti's thought leadership webinar [SEO for Banks - 8 Best Practices to Follow in 2023](#) here.

[ACCESS NOW!](#)

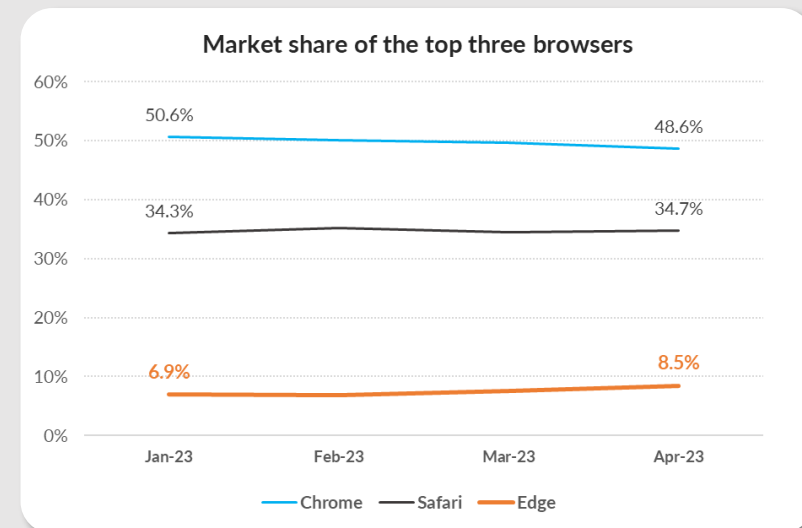
SERPs* - Search Engine Results Pages.

Microsoft sees strong growth after opening AI-powered Bing and Edge to public

- Microsoft revenues in Q1 2023 were up 7% YoY at \$52.9B.
- With the integration of ChatGPT into Bing, Microsoft's advertising revenue grew 10% YoY (excludes traffic acquisition costs).

ChatGPT integration has helped the growth of Microsoft's Edge Browser – from 6.91% in January up to 8.45% in April 2023.

If Samsung does switch its search engine from Google to Bing, that could lead to an additional boost in market share.



- Microsoft has continued improving various features to gain market share. Copilot integrates ChatGPT into Microsoft 365 applications to enable AI to replace time-intensive tasks such as analyzing data, summarizing, and creating insights, charts and PowerPoint slides.
- The 'New' Bing is currently in Open Preview mode. This means that there is no waiting list and there is more utilization of the ChatGPT feature (>100M daily active users; daily installs of the Bing mobile app have increased 4X since launch).
- Microsoft has also partnered with BigCommerce for easy store creation & customization of listings so that products can be easily advertised.

[Bibliography \(10, 19, 36, 41, 69\)](#)

Thought Leadership Resources from iQuanti

Strengthen your content strategy for better customer experience and better economics

iQUANTI |  Northwestern Mutual

In a cluttered market, a customer-centric content strategy is the only way to separate your brand from the pack and win customers' attention and business.

In this webinar, search and site experience leaders from **iQuanti** and **Northwestern Mutual** decode the formula to **align your content strategy with the customer journey**.

ACCESS NOW!

iQUANTI | INSIGHTS

Generative AI promises enormous potential to transform the landscape of content creation. Yet it is important to be aware of its limitations, especially when trying to use AI without human oversight.

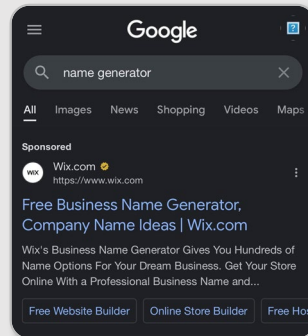
Read **iQuanti's** report on the **opportunities and challenges for SEO marketers with Generative AI tools like ChatGPT**.

ACCESS NOW!

Paid search, across platforms, sees multiple updates geared toward helping advertisers improve performance

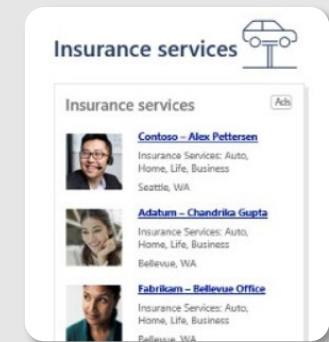
GOOGLE IS TESTING VERIFICATION BADGES

To assure users that an advertiser has been vetted, Google has been testing variations of verification badges. A verification badge is likely to increase CTR as user confidence should ideally be higher for verified advertisers vs. non-verified.



MICROSOFT LAUNCHES PROFESSIONAL SERVICES ADS

Microsoft has launched professional services ad formats to leverage feed data and automation to promote service providers like insurance agents, regional offices, or even national brands that provide relevant services. Early pilot users were able to increase CVRs by up to 60% compared to standard text ads.



iQUANTI | HomeEquity Bank 

Creating synergy across your paid & organic search channels offers new levels of ROI efficiencies, better search visibility, and improved performance. Watch this thought leadership webinar where marketing leaders from **iQuanti** and **HomeEquity Bank** discuss building **a holistic search strategy that can help drive incremental business growth.**

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[Bibliography \(19, 20, 41, 59\)](#)

Q2
2023

A Quarterly Roundup on
Performance Marketing for Banking and Financial Services

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iQUANTI

**Short-form videos
and CTV ads
will push social media
revenues in 2023**

Social media platforms grow users and revenue through AI product integrations and strategic partnerships

Updates from Meta:

- After three straight quarters of revenue decline, Meta saw an unexpected jump in revenues in Q1 2023. Meta revenues rose 3% YoY to \$28.6B. Daily active users (DAU) increased by 37 million in Q1 2023.
- Meta will continue to focus on using AI capabilities for ad creative development tools and chatbots for businesses. According to Mark Zuckerberg (CEO), Generative AI is “literally going to touch every single one of (Meta’s) products.”

Meta saw a **36% YoY increase in ad impressions** across Meta’s family of apps and a **4% YoY growth in ad revenues**.

Growth was boosted, to a large extent, by an acceleration in spending among retail advertisers in China targeting global users. China recently eased its zero-Covid policy, and this has indirectly benefited Meta. Chinese companies extensively used Facebook and Instagram’s massive reach in Q1 2023 to generate leads and customers.

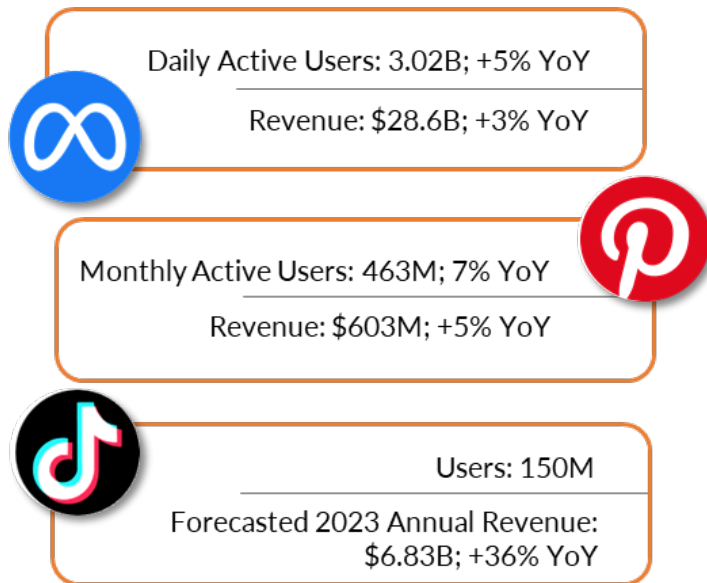
Updates from Pinterest:

- Pinterest continues to invest in improving monetization and has incorporated advanced AI models to improve relevancy and personalization for users. It has introduced Idea Pins to prioritize video content and is gaining fast popularity among Gen Z users.
- Pinterest saw a 7% YoY revenue growth in Q1 2023 at \$602.6M, with mobile deep-linking products driving a **40% YoY growth in shopping ad revenues**.
- Pinterest announced a multi-year advertising partnership with Amazon to enhance the platform’s offering of relevant products and brands. Amazon is the first partner Pinterest has brought on board for third-party ads.

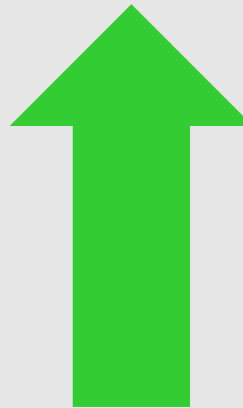
Social media platforms grow users and revenue through AI product integrations and strategic partnerships (cont'd)

Updates from TikTok:

- By March 2023, TikTok has reported over 150 million confirmed users in the United States. Driven by large advertisers like Amazon, Apple, and DoorDash, TikTok's advertising spending increased by 11% in the month of March 2023 alone.
- TikTok is expected to roll out a new ad product, Pulse Premiere, by the second half of 2023. Pulse is designed to enable select publishers (like Condé Nast, NBC, and BuzzFeed) to sell ads alongside their video content and earn 50% of the ad revenue, creating an additional revenue stream for the publishers.
- Through Pulse Premiere, TikTok hopes to strengthen its partnership with premium publishers and increase the quality of content on the platform. This would go a long way in further legitimizing the platform as TikTok ban discussions continue.



A quick note on the major growth drivers:



SOCIAL VIDEO has a projected growth rate of 21.2% in 2023. Video now accounts for over half of all social network ad revenues.

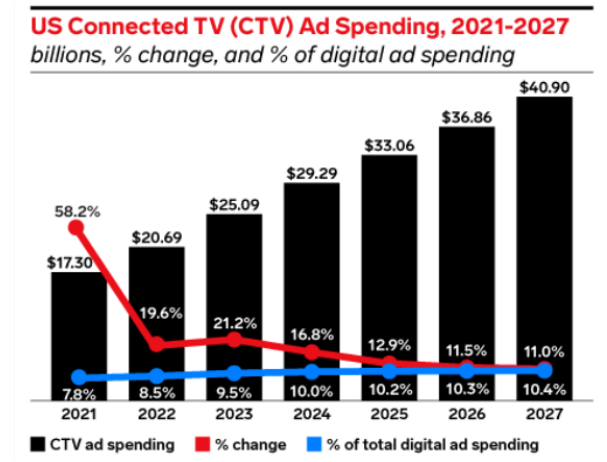
SHORT FORM VIDEO continues to rise. YouTube Shorts videos receive an estimated 15 billion views per day across the globe.

CTV is projected to see a significant growth of 27.2%, with subscription-based OTT + CTV ad spending projected to increase by 49.6% in 2023.

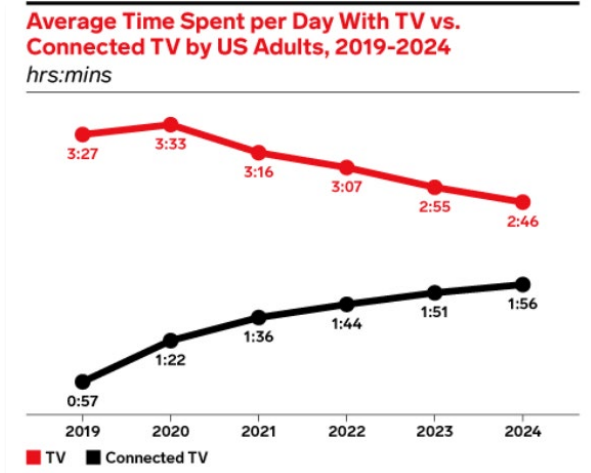
TIKTOK is expected to reach 1.8 billion users globally by the end of 2023..

CTV ads are the fastest-growing ad format in 2023 and will soon outpace others in growth

- Subscription-based OTT + CTV ad spending is projected to increase 49.6% YoY in 2023.
- Research shows that while the rate of growth may slightly decrease subsequently, the platform will continue to show consistent growth until 2026.
- Hulu currently leads the pack in CTV ad revenues.
 - Hulu is expected to earn \$3.63B in US CTV ad revenues this year, making the platform the market leader, ahead of YouTube (\$2.89B) and Roku (\$2.19B).
- CTV's ad spending growth corresponds to the time spent on CTV. Recent research shows that:
 - In 2023, CTV will make up more than half of the time spent on digital video, and more time than mobile and desktop video combined. On average, US adults are expected to spend 1:51 hours every day watching CTV this year, compared to mobile video (1:06) and desktop video (0:24).
 - The gap in time spent on CTV vs TV is narrowing. While US adults will spend over an hour more with TV than CTV this year, TV time is trending downward as CTV continues to rise.
- The gap in ad spending is also narrowing. **CTV accounted for less than 10% of traditional TV spending in 2019, but it'll be near 50% by 2024.** This means the TV advertising market is settling into a pattern where ad spending tracks with time spent (as it logically should).



Source: eMarketer, April 2023



Source: eMarketer, April 2023

Thought Leadership Webinar from iQuanti

Think beyond search: Top channels and emerging trends to grow your brand

iQUANTI | INSIGHTS

It is imperative for brands today to invest in new and innovative ways to connect with their users and add new channels to their marketing mix to maximize the results and impact. Watch iQuanti's webinar on the emerging media trends across industries and new performance marketing platforms that can help grow your business.

Key takeaways:

- Search and SERPs are evolving, AI technologies may eventually change the face of 'Search'.
- Gen Z is on its way to becoming the most dominant customer segment. This segment also has the lowest attention span.
- New social media platforms and short-form content are taking center stage to cater to the needs of the evolving customer base.

[ACCESS NOW!](#)

Google & Adobe ramp up efforts to address gaps in a cookieless world

Google makes GA4 the centerpiece of its cookieless strategy

Google has consolidated its analytics platforms under Google Analytics 4 (GA4), enabling marketers to track cross-device and cross-platform data more effectively.

- Google is sunsetting its A/B testing tool, Optimize on September 30th, 2023.
- Experimenters can **integrate with tools like Optimizely, VWO, AB Tasty, etc., via GA4**, which should offer them similar benefits to those that Google Optimize once provided.
- **What does this mean for marketers?**
 - The A/B testing tool will be analyzing the results in the familiar interface of GA4.
 - Marketers will have the ability to pull in GA4 audiences for each experiment variant which is deleted post-testing.
 - They will be able to export test data to BigQuery which can be integrated with other data for analysis.

ACCESS TO UNIVERSAL ANALYTICS DATA IS GOING AWAY BY JULY 1ST, 2024

- UA standard properties and GA360 properties will stop collecting data on July 1st, 2023 and July 1st, 2024, respectively.
- Beyond this deadline, users will have view-only access (not editor-access) to the historical data and reports and **will not have the ability to export their data.**

iQUANTI | INSIGHTS

With standard UA and GA 360 properties going away, marketers need to quickly start migrating to GA4, if not already done.

How can you enable an error-free, painless transition?

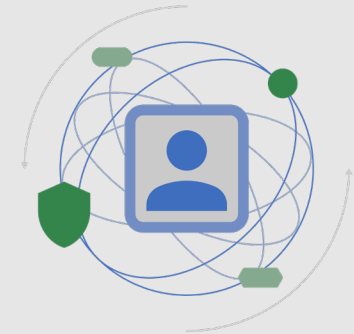
Here are the most common mistakes marketers make while migrating to GA4 and iQuanti's tips on avoiding them.

[ACCESS NOW!](#)

Ahead of its planned third-party cookie deprecation by 2024, Google introduces new privacy measures on Chrome

SUPPORT FOR GOOGLE'S PRIVACY SANDBOX IN CHROME BY JULY 2023

- Google aims to disable third-party cookies for 1% of Chrome users by Q1 2024, with **complete deprecation planned for the second half of 2024**. This move is part of their privacy-conscious shift in online advertising, facilitated by the Privacy Sandbox.
- In preparation, Google's Privacy Sandbox APIs are set to launch in Chrome 115 release, currently scheduled for July 2023.



- The Privacy Sandbox APIs that will become available to all Chrome 115 users include:
 - Topics API: This API generates signals for *“interest-based advertising without third-party cookies or other user identifiers that track individuals across sites.”*
 - Protected Audience (previously, FLEDGE): This API selects ads to *“serve remarketing and custom audience use cases, designed to mitigate third-party tracking across sites.”*
 - Attribution Reporting: This API correlates ad clicks or ad views with conversions.
 - Shared Storage: This allows unlimited, cross-site storage write access with *“privacy-preserving read access.”*
 - Private Aggregation: This generates aggregate data reports using data from the Protected Audience API and cross-site data from Shared Storage.
 - Fenced Frames: This API securely embeds content onto a page without sharing cross-site data.
- It is expected that ad tech developers will be able to simulate Chrome's third-party cookie deprecation for up to 10% of Chrome browsers by late 2023, aiding in preparation for larger-scale changes in late 2024.

[Bibliography \(4, 24, 27\)](#)

Adobe leans into new AI capabilities for delivering next-gen customer experiences in a cookieless world

In March 2023, Adobe announced several product enhancements and integrations to tackle cookieless prospecting and for better customer activation, segmentation, and targeting.

NEXT-GEN GENERATIVE AI INNOVATIONS ACROSS ADOBE EXPERIENCE CLOUD

- Adobe announced Sensei GenAI, a further development of Adobe Sensei, which will leverage multiple LLMs* within the Adobe Experience Platform to help marketers and other customer experience teams increase their productivity.
- It also launched Adobe Firefly, the new family of creative generative AI models focused on image generation and text effects and built to generate content that's safe for commercial use.

AI CAPABILITIES IN THE ADOBE EXPERIENCE PLATFORM

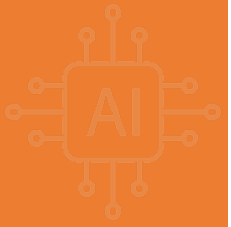
- Integration of Adobe Sensei into AEP has transformed how brands interface with Adobe applications, and how they connect with their customers.
- Marketers can now use AI for data analysis, performance insights and smart segmentation via Customer Journey Analytics (CJA) and Real-Time Customer Data Platform (RTCDP). Other AI-driven features include propensity scores for user conversion prediction, lookalike modeling, predictive lead scoring and attribution.

Adobe Real-Time CDP now utilizes Sensei GenAI and integrates with Amazon Ads and TikTok and enables B2B brands to connect with unknown prospects at known accounts via Marketo Engage and third-party platforms like LinkedIn.

LIVERAMP AND ADOBE JOIN FORCES TO OFFER ENHANCED CUSTOMER DATA ACTIVATION

- Through a new LiveRamp app now available in Adobe Exchange, marketers are able to activate their customer data on RampID (LiveRamp's people-based identifier) via downstream activation partners including DSPs, SSPs, CTV destinations, and other premium publishers.
- With this integration, advertisers can easily use Adobe Real-Time CDP to reach customers across various publishers on LiveRamp's Authenticated Traffic Solution (ATS) and activate on RampID without any hassle.

[Bibliography \(2, 33,60\)](#)



IN FOCUS:

AI in Marketing



The market for
AI in marketing is
projected to grow
3x in the next
four years



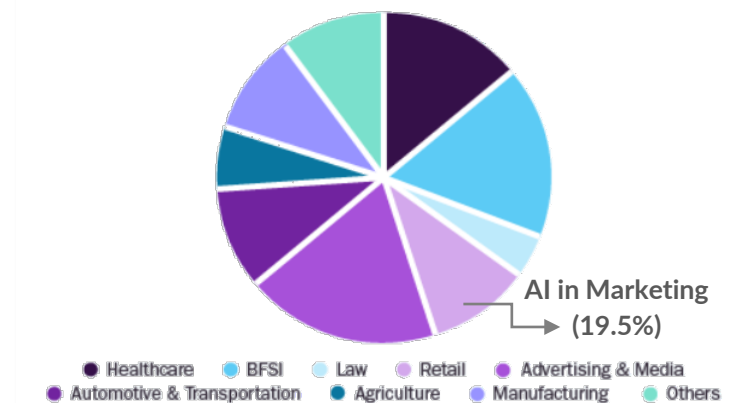
IN FOCUS: AI in Marketing

AI is fundamentally transforming marketing and accelerating business

- For years now, the use of AI in marketing has been centered around big data analysis and audience activation. In banking & financial services, for example, large players have been using AI for financial analysis, risk assessment, and investment/portfolio management solicitations.
- The global AI market size was valued at \$136.55B by the end of 2022 and is projected to expand at a CAGR* of 37.3% from 2023 to 2030.
- Marketing (including advertising & media) accounted for **only 19.5% of global AI revenues in 2022**.
- But the recent advancements in Language Learning Models (LLMs) and Generative AI are fundamentally transforming marketing and opening up new possibilities in terms of **applications in search, digital advertising, and personalization**.
- Across industries, we are seeing brands increasingly embrace AI and invest in understanding the inherent challenges and opportunities that the technology presents. **The market for AI in marketing is projected to grow three times in the next four years.**

Global Artificial Intelligence Market

share, by end-use, 2022 (%)



#TeamiQuanti is now fully AI-certified!

iQuanti's team of 600+ data scientists, digital marketers and enablers (including HR, Finance and support staff) have successfully completed *Artificial Intelligence Foundations: Machine Learning*, a comprehensive online course that covers the basics of Machine Learning. As an organization, we take pride in empowering every one of our employees to think future-forward to help our clients thrive in a fast-changing marketing landscape.

*CAGR - Compound Annual Growth Rate

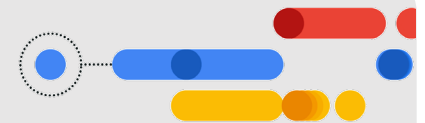
IN FOCUS: AI in Marketing

The search landscape is starting to experience a rapid evolution powered by recent AI advancements

New AI capabilities may soon upend search as we know it.

- With the integration of OpenAI's GPT-4, Bing has empowered its search results to be "*current, cited and conversational.*"
- Earlier in May 2023, Bing announced that it would soon be moving to the next generation of AI-powered search to include:
 - Moving from text-only search & chat to one that is **incredibly more visual with rich image/video answers and multimodal support.**
 - Opening up platform capabilities so developers and third parties can build on top of Bing to help people act on their queries and complete tasks.
- Google is planning to make significant changes to its search engine, focusing on providing a more personalized and conversational experience that appeals to younger users globally.
 - The changes include moving away from traditional "ten blue links" search results and implementing more "visual, snackable, and human-oriented" layouts. This may lead to a shift in traffic to more personalized and conversational search results.
- The rapid evolution of search showcases the dynamic nature of the industry.
- To adapt and prepare for these changes, brands need to focus on optimizing for conversational search queries and implementing structured data to appear in more visually oriented search results.

What is Google's 'PROJECT MAGI'?

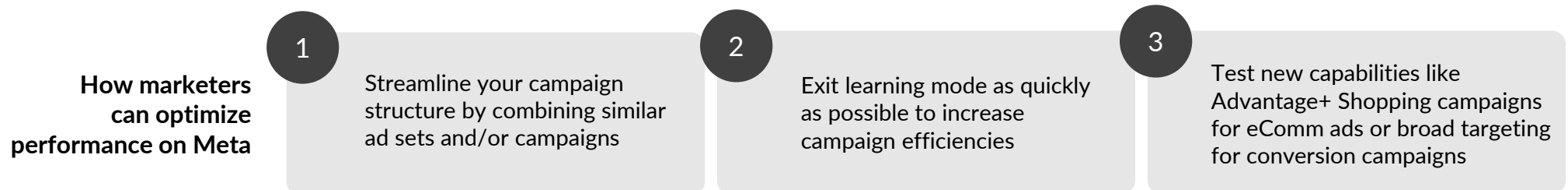


It is reported that Google is working on an internal project, named Magi, with the objective of reimagining search to be more conversational and personalized, and possibly replacing the current Google search model. With Magi, it is expected that users will be able to complete transactions like booking a hotel or buying a camera directly from the search interface, possibly with the integration of Google Pay as well.

IN FOCUS: AI in Marketing

AI is enhancing targeting capabilities across paid search, paid social, and programmatic

- AI is currently being heavily utilized on the advertising side, across paid search and programmatic, to understand user journeys, set bids more effectively, and determine what elements of creative messaging resonate best with people.
- With the evolution of the SERP landscape, we expect to see significant changes in the way paid search ads are integrated into the search interface as well in the long run.
 - Early use of chatbots (such as ChatGPT) has primarily focused on tasks rather than information (or service seeking), for example, menu generation and holiday itineraries vs. restaurant reviews or flight bookings. This indicates that there will still be a need for information searches and paid listings will be part of users' search experience.
 - To advertisers, this may present new opportunities to drive relevant messages in an extremely personalized environment and may eventually lead to better CPAs.
- Meta's revenue growth in Q2 2023 directly reflects the impact of its focus on AI to mitigate the targeting challenges it faced with the iOS 14.5 changes.
- Meta has invested heavily in AI and machine learning to increase its algorithm's ability to find users who are more likely to convert based on on-platform signals, reducing the need for heavily segmented audiences.
 - Marketers now need to reframe their approach to Meta by focusing on broader targeting and streamlining campaign structure to enable the algorithm to find the right people who are more likely to take an action or convert.



Thought Leadership Webinar from iQuanti

How CMOs can Harness the Power of AI - NOW!

iQUANTI | INSIGHTS

Savvy marketers are using AI-driven tools to scale personalization, make smarter allocation decisions, and automate their processes. The tools are here, and the impact is clear. But to harness the power of AI and stay ahead of the curve, **CMOs need to be able to inspire changes in mindset, marketing operations, and tech philosophy.**

Watch a recording of our recent fireside chat where experts discuss how marketers can use AI to turbo-charge:

- Targeting and personalization
- Media allocation
- Massively scaled testing of content and its optimization
- Organizational readiness to be nimble and scale for AI.

[ACCESS NOW!](#)



Vish Sastry Rachakonda
Founder & CEO, iQuanti



David Edelman
HBS Professor
Executive Advisor
Former CMO, Aetna

THREE

Industry Updates

Banking & Financial Services


- Credit Cards
- Deposits
- Lending
- Digital Initiatives

Investments & Wealth Management

IN FOCUS: Super Apps in Banking

Consumer spending, consumer confidence, and inflation rate performed better than Q4 2022

| | |
|---------------------|--|
| Spending | Remained strong for the most part of the quarter with slight softening towards the end. |
| Balance | Balances are increasing, including revolving balance. |
| Credit Quality | Healthy with increasing delinquency in lower credit segments. |
| Customer Confidence | Historical low, but slowly recovering. |
| Unemployment | Slight increase in unemployment compared to last quarter. However, it is still very low. |

Measurement Index

 Poor Strong

- There was continued growth in discretionary spending. However, essentials were flat, and almost all other spending categories were down.
- Among the lower credit customer segments, some early signs of distress were observed.
- Customer balances and credit quality have started to deteriorate with an uptick in delinquency for lower-end customer segments.

CREDIT CARDS:

Demand & spending
remained healthy
through Q1 2023

Banking & Financial Services: CREDIT CARDS

Credit card demand and spending trends reflective of typical Q1 seasonality; issuers remain cautious due to a slight rise in delinquencies

- Credit card spending saw a decline compared to Q4 2022 but registered a strong YoY increase.
 - The lower consumer spending in Q1 2023 reflected typical pre-pandemic seasonality.
 - An increasing disparity among consumer segments was observed. The T&E spending (typically higher credit segments) saw growth, whereas increased delinquencies were reported amongst lower credit segments.
- Demand for credit cards trended positively.
 - Travel cards category registered strong demand with consumers continuing to travel and is expected to stay strong over the coming months.
 - The YoY increase in demand for balance transfer cards was driven by an increase in balances and revolving balances (reaching pre-pandemic levels). However, some issuers are reportedly tightening credit criteria.
 - The demand for business cards continues to stay strong, driven by healthy spending and commercial activity.

| | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|-------------------------|-----------------------------|-----------------------------|
| CARD SPENDING | -6% | 11% |
| SEARCH DEMAND (OVERALL) | 2% | -0.3% |
| - TRAVEL | 31% | 25% |
| - REWARDS | 14% | 12% |
| - BALANCE TRANSFER | -1% | 33% |
| - CASHBACK | 25% | 7% |
| - BUSINESS | 17% | 49% |

| | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|-------------------|-----------------------------|-----------------------------|
| MARKETING SPENDS | -32% | -12% |
| NET CARD ACCOUNTS | 1.5% | 7% |

- Marketers also pulled back on spending, driven by seasonality as well as some caution given the current economic scenario.
- Over 8.37 million net new card accounts were opened in Q1 2023. QoQ growth of new card accounts slowed marginally at 1.5% (vs. a 2% QoQ growth in Q4 2022).

[Click here to access more insights on credit cards](#)

DEPOSITS:

Average consumer deposits saw a decline in Q1 2023



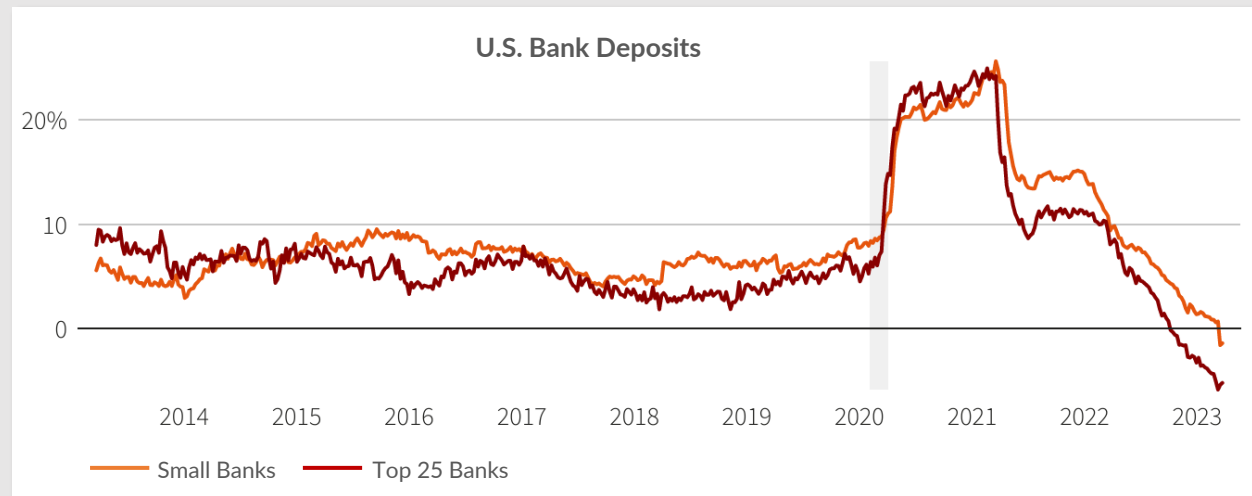
Banking & Financial Services: DEPOSITS

Volatile market driven by a need for a higher yield and an assurance of safety

- Major banks reported a decline in average consumer deposits driven by continued spending and customer deposit outflows.
- Overall U.S. bank deposits had risen in the wake of pandemic aid in 2020 and early 2021. However, following Silicon Valley Bank's collapse in March 2023, deposits at small banks fell sharply.

- **Need for safety and assurance amidst the banking turmoil led to the relocation of cash to larger players.**

- Deposits at small banks fell \$119B in mid-March. It was more than twice the previous record drop and the biggest decline since March 2007.
- Deposits at large U.S. banks rose \$67B in the same week.



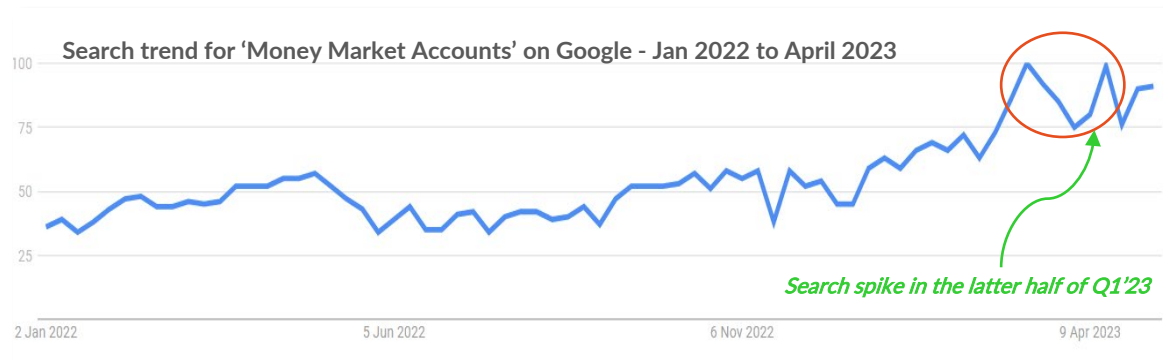
Following the collapse of Silicon Valley Bank, Signature Bank, and First Republic Bank, U.S. authorities have taken extensive and unprecedented steps to restore confidence in the financial system.

SVB and First Republic Bank have now been acquired by First Citizens Bank and JP Morgan respectively.

Banking & Financial Services: DEPOSITS

Competition to attract and retain deposits gets fierce

- The rise in traditional bank deposits is equal to about half as much as the deposit decline at small banks, suggesting that some of the cash was shifted to money market funds or other instruments.
- There was a surge in search demand for money market accounts (and related terms) toward the end of the quarter.



- Driven by better interest rates, some customers also moved their deposits into online banks and other high-yield options.

| Average Consumer Deposits | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|---------------------------|-----------------------------|-----------------------------|
| LARGE NATIONAL BANKS | -2% | -3.4% |
| ONLINE BANKS | 5.6% | 12.1% |
| LARGE REGIONAL BANKS* | 1.7% | 1.7% |

*The acquisition of Union Bank by U.S. Bank offset the decline in average deposits for large regional banks.

APPLE'S NEW SAVINGS ACCOUNT HITS A BILLION IN 4 DAYS

Apple entered the highly competitive deposits space in April 2023 with the **launch** of its new high-yield savings account. With a 4.15% annual return, the Apple Card savings account **drew nearly \$1 billion in deposits** in the first four days of launch. A reported 240,000 accounts were opened by the end of the launch week.

[Click here to access more insights on deposits](#)

LENDING:
Macroeconomic
and regulatory factors
negatively impacted
consumer lending

Banking & Financial Services: LENDING

Personal and commercial loans showed strength; other consumer lending businesses struggled

- **PERSONAL LOANS:**

With customers spending more than their income, personal lending originations as well as balances saw an increase in Q1 2023. While there is demand for the category, the majority of personal loan spenders have been cautious due to the deteriorating credit quality. Many lenders have also tightened their credit criteria, especially for higher-risk segments.

- **STUDENT LOANS:**

Refinancing continued to be negatively impacted as federal borrowers still await clarity on the moratorium.

- **AUTO LOANS:**

Customer's interest in buying new vehicles has increased, leading to an overall increase in vehicle sales. However, some lenders pulled back due to credit quality concerns and pricing competition. Auto loan balances saw a 7% YoY growth as debt outstanding built up.

- **COMMERCIAL LOANS:**

Commercial loans continue to show strength. With spending up by over 40%, most lenders reported strong growth in YoY balances.

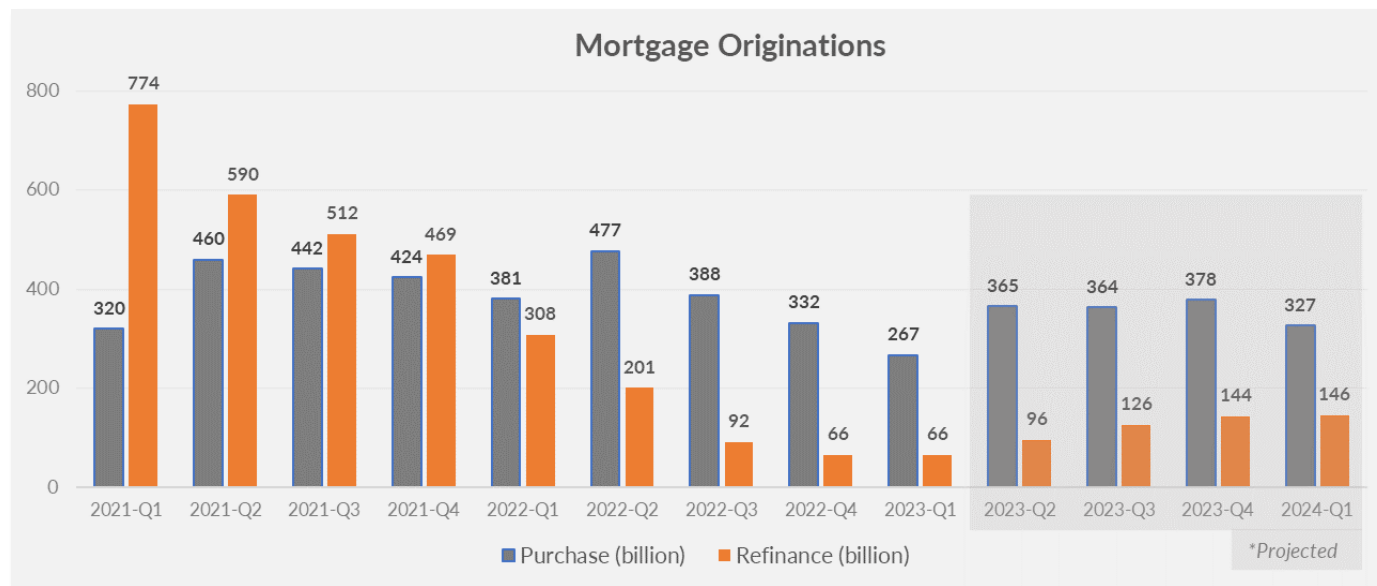
| | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|------------------------|-----------------------------|-----------------------------|
| PERSONAL LOAN BALANCES | 5% | 24% |
| - PUSH MEDIA SPENDS | -34% | -65% |
| STUDENT LOAN BALANCES | 1% | 1% |
| - PUSH MEDIA SPENDS | -21% | -46% |
| AUTO LOAN BALANCES | 1% | 7% |

| Commercial Loan Average Balances | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|----------------------------------|-----------------------------|-----------------------------|
| BANK OF AMERICA | 1% | 9% |
| U.S. BANK | 2% | 20% |
| CHASE | 1% | 13% |
| WELLS FARGO | 2% | 15% |
| AMERICAN EXPRESS | 4% | 28% |

Banking & Financial Services: LENDING

Mortgage impacted by macroeconomic headwinds; major lenders saw a steep decline in originations

- **Wells Fargo** reported an 83% YoY and a 55% QoQ decline in mortgage originations and stopped accepting correspondent applications in January 2023.
- **SoFi** reported an originations decline of 71% YoY. The lender acquired Wyndham Capital Mortgage at the beginning of Q2 2023.
- The category is showing signs of recovery with an increase in originations for both purchase and refinance expected in the coming quarters.
- Marketing spending in the category continued to decline owing to tough market conditions. Push media spends saw a 47% QoQ and 72% YoY decline.



Banking & Financial Services: DIGITAL GROWTH

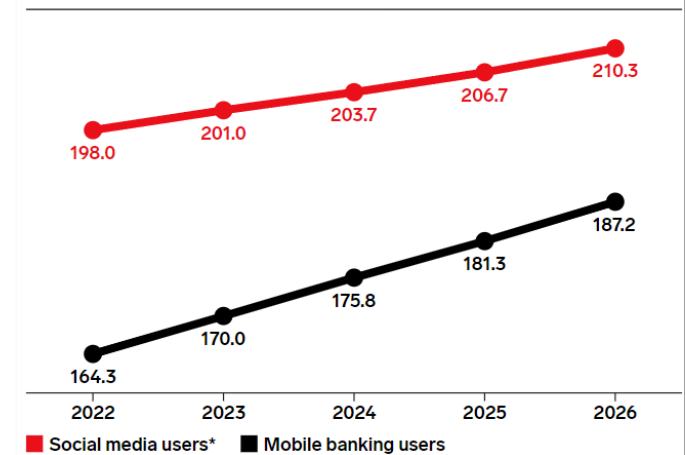
Digital initiatives continue to get high adoption rates; growth in mobile banking projected in the coming years

- Banks continue to strengthen their digital initiatives and reap benefits in terms of adoption.
 - **Bank of America** reported 45 million users actively engaged with their digital properties. Erica saw usage rise 35% YoY while Zelle grew 21%. Merrill reported an 84% client digital adoption rate.
 - **Wells Fargo** added over 500,000 mobile active customers and digital logins increased 6% YoY. The bank also reduced headcount by 9% and the number of branches were down 4% YoY.
 - **Capital One** & **Discover** have also reiterated their resolve to invest in technology to boost capabilities.
- Mobile banking is projected to see significant growth in the coming years.

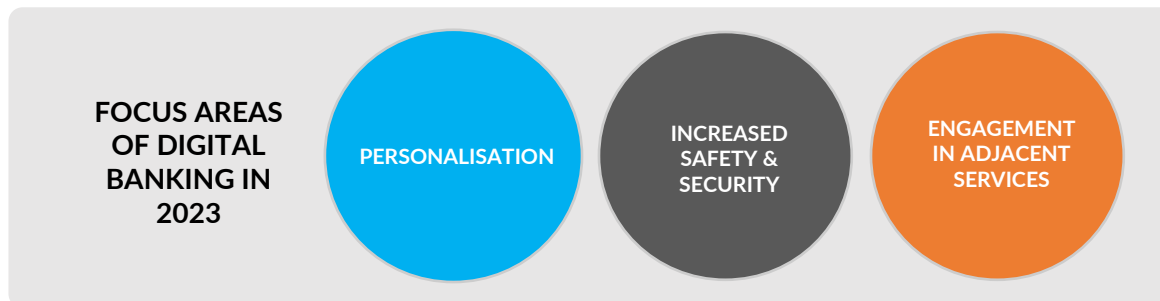
| Active Digital Customers | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|--------------------------|--------------------------|--------------------------|
| BANK OF AMERICA | 2% | 6% |
| CHASE | 2% | 2% |
| WELLS FARGO | 3% | 8% |

US Adult Social Media vs. Mobile Banking Users, 2022-2026

millions



Source: eMarketer, April 2023



Investments & Wealth Management

Wealth management business impacted by lower market valuation; showing slow signs of recovery

Lower market valuation resulted in a decline in AUMs* and lower asset-based fees.

- The continued trend of clients moving money from lower-yielding sweep accounts into higher-yielding preferred deposits also led to challenging business conditions.
- However, with strong growth in new assets for major players, the industry is showing signs of recovery in the coming quarters.

| Assets Under Management | Total Assets (End of Q1 '23) | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) | New Assets Added |
|-------------------------|------------------------------|--------------------------|--------------------------|------------------|
| CHARLES SCHWAB | \$7.58T | 8% | -4% | \$132B |
| MORGAN STANLEY | \$4.56T | 9% | -6% | \$109.6B |
| JP MORGAN CHASE | \$3.01T | 9% | 2% | - |
| BANK OF AMERICA | \$3.52T | 4% | -5% | - |
| GOLDMAN SACHS | \$2.67T | 5% | 11% | \$125B |
| WELLS FARGO | \$1.93T | 4% | -7% | - |
| UBS | \$4.16T | 5% | -3% | \$28B |
| ROBINHOOD | \$78B | 26% | -16% | - |

*AUMs – Assets Under Management

Thought Leadership Webinar from iQuanti

Digital Media Outlook: Unboxing Growth for Financial Services

iQUANTI | INSIGHTS

The banking, financial services and insurance industries are undergoing massive disruption. With the growing presence of innovative fintech companies, consumer demand, inflation, and rising interest rates, it is imperative that financial marketers lean on smarter tactics and focus on data-driven marketing strategies to thrive.

Watch this iQuanti webinar to learn more about

- Key emerging media and channel trends in the BFSI industry.
- Tips to Identify the right brand and acquisition mix and test new channels at pace.
- How to align media strategy with key target segments, especially GenZ.
- Leveraging AI to drive operational efficiencies and generate deeper insights.

[ACCESS NOW!](#)



IN FOCUS:

Super Apps in Banking

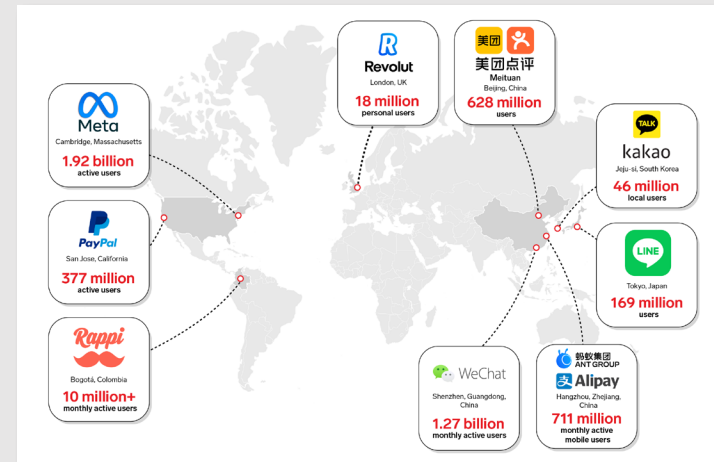


IN FOCUS: Super Apps in Banking

Driven by the need for convenience, there is growing consumer demand for super apps

What is a super app?

- Super apps are digital ecosystems of products and services housed under a single application; they offer a unified user experience.
- Core offerings may include payments, messaging, e-commerce, and ride-sharing. Super apps often host multiple mini apps or programs built by third-party developers that add specific functionalities to the larger super app.
- Super apps can also help providers personalize the user experience because they harness a much wider array of customer and transactional data.

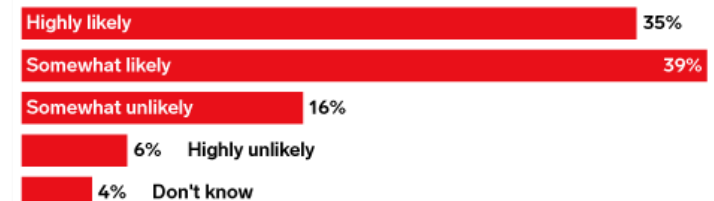


Opportunities for financial marketers:

- Research shows that **67% of consumers** would be interested in integrating at least two areas of their digital lives into a single app.
- Almost one-third of consumers (32%) say they often lose track of their financial products and services. Younger users are twice as likely as older consumers to experience this.
- More than half (55%) would use an app or a service that offers an aggregated view of all their financial products across different service providers.

Likelihood that Majority of Financial Transactions Will Take Place Through a Single Super App According to Executives Worldwide, Sep 2020

% of respondents



Source: eMarketer, April 2022

IN FOCUS: Super Apps in Banking

With more cross-selling opportunities and increased customer spending power, super apps can unlock new revenue streams for banks

Given the many benefits, super apps could be a lucrative space for banks to venture into.

- Klarna has been expanding its app features to be the go-to super app for all shopping needs.
- Apps like Chime and Varo Money offer features like account management, savings, and payments, while also providing access to financial tools like budgeting and credit monitoring.
- M1 is another popular app for investing, borrowing, and banking. As of May 2023, M1 Finance has over 4 million users and manages more than \$30B in assets on its platform.

Banks have three key advantages over their super app competitors

Financial infrastructure:

Most banks have the resources and regulatory approval to offer services like lending, insurance underwriting, and investing, allowing them to plug multiple services into a proprietary or third-party super app.

Preferred provider status:

Consumers prefer financial products supplied by their own banks, which bodes well for bank-operated super app adoption.

Customer trust:

Banks enjoy stronger customer trust than neobanks and fintechs.



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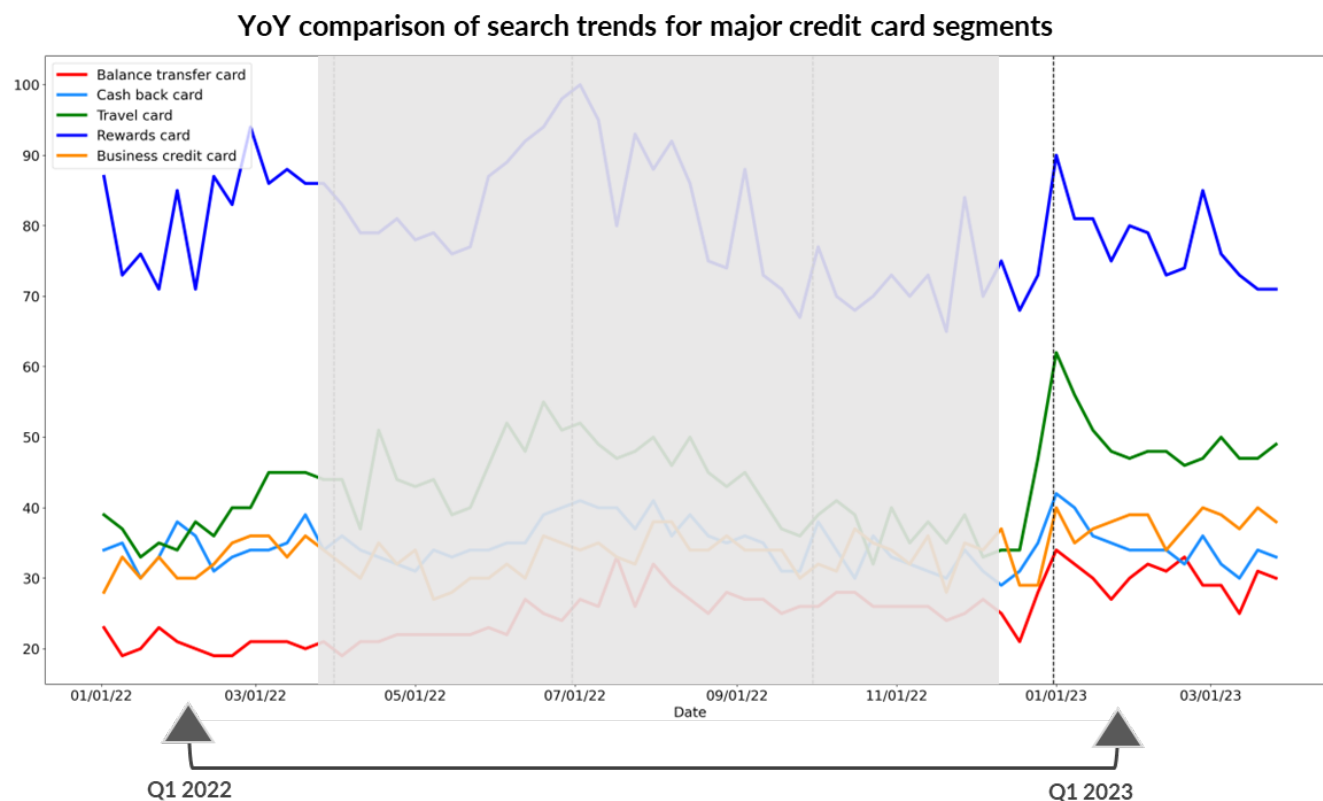
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Appendix

Appendix

CREDIT CARDS: Demand for balance transfer cards continues to rise; travel credit cards back to pre-pandemic seasonality



- With the increase in balances, the demand for balance transfer cards is increasing. But some issuers are pulling back on marketing spending for the product, given the focus on deteriorating credit quality among lower credit segments.
- While rewards cards remain in demand, the segment has seen a YoY decline.
- Travel credit cards have seen a return to pre-pandemic seasonality in Dec-Jan. Additionally, more than half of consumers in the US intend to travel in the next six months. As a result, the demand for travel credit cards has been high.
- There was a surge in demand for business credit cards, driven by increased commercial activity.

Appendix

CREDIT CARDS: Spending saw significant YoY growth; balances also increased with the lower payment rate

Spending saw a YoY increase driven by discretionary spending, while the QoQ growth was driven by seasonality.

- **Wells Fargo:** Discretionary spending grew while non-discretionary spending remained stable QoQ.
- **American Express** reported most spending categories to have fully recovered from pre-pandemic levels. Millennial and Gen Z customers drove the billed business – their spending grew 28% YoY.
- **Bank of America** reported debit and credit card spending at about 6% YoY - a little slower but still healthy. Travel spending was 4% above pre-pandemic levels in January 2023. The only credit and debit segment that lost volume was gas, which fell 5% YoY as gas prices steadied.
- **Chase:** Consumer spending remained solid with combined debit and credit card spending up 10% YoY.
- **Discover:** Sales increased 9% YoY, slightly higher than the 8% growth in Q4 2022.

Many issuers predicted moderate growth in the coming months:

- **Chase:** Sales growth as of April 2023 is a modest 2.5% YoY, but this is coming off a very high comp of 22% in April of last year.
- **Wells Fargo:** Spending growth slowed throughout the quarter but was still at double-digits in March 2023.

Customer balances increase driven by higher point of sale volume and moderate payment rates. Revolving balances for some issuers also increased.

- **Wells Fargo:** Continued to see a slight moderation in payment rates in Q1 2023, but they were still well above pre-pandemic levels.
- **Chase:** Card outstandings were up 21% YoY, driven by strong new account growth and revolve normalization. Revolving balances rose to pre-pandemic levels.
- **Bank of America:** Loans grew at a much slower pace, partly driven by seasonal credit card pay downs after the fourth quarter holiday spending.
- **Citi** and **American Express** reported growth in revolving balances.

| Issuer | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|------------------|-----------------------------|-----------------------------|
| DISCOVER | -9% | 9% |
| CHASE | -6% | 10% |
| BANK OF AMERICA | -1% | 17% |
| CITI | -10% | 7% |
| WELLS FARGO | -7% | 16% |
| AMERICAN EXPRESS | -4% | 16% |

Appendix

CREDIT CARDS: Most major issuers reported new account growth driven by their marketing endeavors

- Most issuers reported healthy acquisitions. Some issuers also reviewed their underwriting standards in Q1 2023.
 - [American Express](#) reported continued momentum in card acquisitions with 3.4 million new cards acquired in Q1 2023.
 - U.S. Consumer Platinum, Gold Business Platinum, and Delta co-brand account acquisitions all reached record levels.
 - Over 70% of the new accounts acquired globally in the quarter are for fee-based products.
 - Millennial and Gen Z consumers continue to drive growth in billings and acquisitions of premium fee-based products. More than 60% of consumer new accounts acquired globally came from Millennial and Gen Z customer segments. These customers also continue to contribute the highest growth in billed business among all age cohorts in the US, up 28% in the quarter.
 - [Bank of America](#) generated 1.3 million new credit card accounts (compared to the 1 million new accounts reported in the last quarter).
 - [Discover](#) reported modest new account growth (+3% YoY) as new card account growth decelerated, reflecting the tightening of underwriting standards over the past several months.
- For many banks growth is also a result of their marketing efforts:
 - [Bank of America](#) leaned into marketing to grow its credit card and consumer deposit franchise.
 - [Discover](#)'s marketing expenses increased \$49M(+26% YoY) as the issuer continued to invest in the growth of its card and consumer banking products.
 - [American Express](#) invested \$1.3B in Q1 2023 and remained focused on driving efficiencies.
 - [Capital One](#) was an outlier where Q1 2023 marketing spending was down about 2% YoY and ~20% QoQ.

Appendix

DEPOSITS: Major banks report a decline in average deposits driven by consumer deposit outflows and increased spending

Increased spending and consumers moving funds to higher-yielding deposits has led to a decrease in balances for large traditional banks and deposit growth for online banks.

- Customers continued to reallocate cash into higher-yielding alternatives and continued spending through Q1 2023. The decline was higher in non-interest-bearing deposits.
 - **Wells Fargo:** Average deposits declined 7% YoY and 2% QoQ. A mix of non-interest-bearing deposits declined from 35% in Q4 2022 to 32% in Q1 2023 but remained above pre-pandemic levels.
 - Average total deposits for **Bank of America** were down 2% QoQ and 7% YoY. The bank also reported 130,000 net new checking accounts in Q1 2023.
 - **Chase:** Average deposits were down 3% QoQ. The bank also added \$37B in new deposits.
 - **US Bank** was an outlier as Q1 2023 results reflected a full year of benefits of the acquisition of Union Bank which was acquired in December 2022. The bank also expects pressure on deposits and high competition in the coming months.
- Online banks reported growth:
 - **Capital One** reported 13% YoY and 8% QoQ growth in deposits driven by strong inflows.
 - **Discover** had a record quarter in terms of consumer deposit inflows with consumer deposit balances up 17% YoY and 7% QoQ.

| | Consumer Deposits Q1 2023 | QoQ Growth (from Q4 '22) | YoY Growth (from Q1 '22) |
|-----------------------------|---------------------------|--------------------------|--------------------------|
| LARGE NATIONAL BANKS | | | |
| CHASE | 1,113 | -3% | -4% |
| BANK OF AMERICA | 1,026 | -2% | -3% |
| WELLS FARGO | 851 | -2% | -3% |
| CITI | 111 | 0% | -6% |
| ONLINE BANKS | | | |
| CAPITAL ONE | 291 | 8% | 13% |
| ALLY BANK | 154 | 1% | 8% |
| DISCOVER | 75 | 7% | 18% |
| LARGE REGIONAL BANKS | | | |
| US BANK | 510 | 6% | 12% |
| TRUIST | 405 | -2% | -5% |
| PNC | 263 | 1% | -1% |
| FIFTH THIRD | 161 | 0% | -5% |

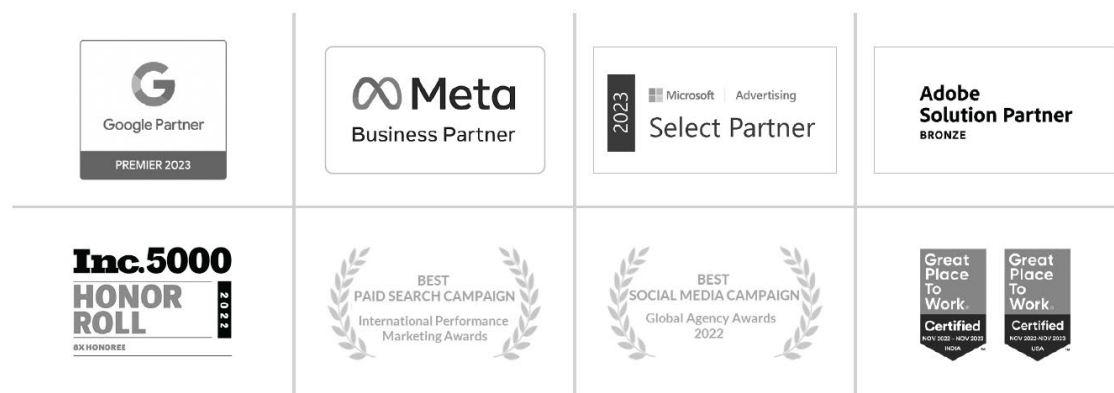
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iQuanti ignites powerful and predictable digital marketing performance for global brands with an approach rooted in data science and deep vertical knowledge.

iQuanti offers a unique blend of channel management services, strategic consulting expertise, and proprietary product offerings to empower brands to exceed their customer acquisition, engagement, and conversion goals.

iQuanti's award-winning and patented enterprise SEO platform ALPS™ uses proprietary data science and machine learning to build predictive enterprise-level SEO roadmaps that deliver stronger ROI.

Founded in 2008, iQuanti now has 600+ employees across New York, Chicago, Dallas, and San Francisco, as well as Bangalore, London, Singapore, Mexico City and Toronto. In 2022, iQuanti's top performance marketing results were recognized on multiple global platforms including the Global Agency Awards, UK Search Awards, and International Performance Marketing Awards. iQuanti was named to the Inc.5000 list of fastest-growing private companies in the U.S. for the eighth time in 2022.



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