FRANK BY OCBC
THE FUTURE OF CONSUMER BANKING TO MILLENNIALS
BY: REGINA YEO BOON LIAN
In 2010, Jin Kang Zwicky, the vice president of Oversea-Chinese Banking Corporation Limited (OCBC Bank)'s Experience Design & Group Customer Experience division, and her team conducted ethnographical studies to understand the concerns of millennials – students to young working adults. They applied design thinking methodology to the bank’s processes to uncover the underlying needs of the bank’s customers. Their aim was to design “user-centred” services to help millennials become confident and capable of making strong financial decisions (Paperny, 2015). The outcome of the research and prototyping exercise was FRANK by OCBC – designed with core values of delivering simple, stylish and meaningful banking experience.

FRANK by OCBC (simply denoted as FRANK for the rest of the case) was designed to be radically different from traditional banks. Its retail store concept was developed based on the behavioural traits of Singaporean youth that Jin’s team identified. For instance, FRANK experience starts with choosing a card design that young people resonate with. FRANK gained traction through social media without investment in marketing campaign, and it resulted in seven times increase in market share among university level students.

While FRANK was successful in acquiring university students, internal data analyses revealed that the engagement level of FRANK’s customers was not as high as expected as they graduated and entered the workforce. In 2013, Jin decided to delve deeper in the understanding of the needs of young working adults in order to evolve FRANK as its customers matured and their financial needs became more complex.

With design thinking as the heart of the discovery approach, Jin and her team conducted in-depth interviews with young working adults and uncovered that they needed products beyond basic banking (such as accounts or cards) once they started working – they needed investment and insurance products. Based on prototyping with consumers, FRANK had strengthened its brand values through providing financial literacy contents, expanding its product offerings, opening stores in city areas and providing digital tools to help its clients to manage their finance better. By the end of 2015, FRANK had close to 70 per cent market share in young working adults segment.

To Jin, understanding how millennials think and behave is a continuous process and adopting a user-centric process is essential in designing FRANK’s experience and meaningful products.

The VISA study revealed interesting characteristics of the millennials’ usage behaviour towards banking, shopping, dining, and travelling.

VISA’s survey on millennials’ consumption behaviour
As the world’s largest retail electronic payment network, VISA (2012) conducted a study on the millennial generation to understand more about their behavioural characteristics and lifestyle habits. The survey, conducted between June and July 2011, covered 11 countries in Asia Pacific, Central Europe, and the Middle East. Singapore was one of the countries surveyed.

The VISA study captured the responses of millennials born between 1982 and 1995. This group, recognised as the digitally-connected and tech-savvy generation, has grown up in a period of
economic prosperity and optimism. The findings show that the millennials “want to be free to be themselves; and explore who they are, the world, its different cultures, and their place in it, whilst staying connected with family and friends”.

**Computer and mobile phone usage**

VISA discovered that the millennials’ top three online activities were: emailing (82 per cent), surfing (72 per cent), and information search (70 per cent). The findings show that millennials still prefer the use of computers for what was perceived to be more “serious” activities, such as email correspondences and information search. In contrast, millennials preferred to use mobile phones for emails (48 per cent), surfing (41 per cent) and social media such as Facebook, Twitter, and Instagram (40 per cent).

Of all the ten activities that millennials used the Internet for, the activity that had the smallest difference between using computers and mobile phones was the “use of online social networking sites” (22 per cent). When asked to name the gadget they could not live without, 43 per cent of respondents said smartphone whilst another 43 per cent voted PC or laptop (Goh, 2012). Figure 1 shows the top 10 activities that millennials use the Internet for (via their computers and mobile phones).

![Figure 1: Top 10 activities that millennials used the Internet for (via computers and mobile phones)](image)

**Figure 1:** Top 10 activities that millennials used the Internet for (via computers and mobile phones)


VISA (2012) found that Singapore’s millennials aim to enjoy the simple, precious things in life (82 per cent). One of the key personality traits of Singapore’s millennials is an adventurous spirit, the desire to discover oneself whilst exploring the world.
An interesting finding was that whilst Singapore millennials were one of the most digitally savvy consumers amongst the 11 countries surveyed, a good four out of five respondents cited that family was an important influencer (78 per cent) in their decision making, followed by friends (45 per cent), and the Internet and social media influencers (40 per cent).

With the majority of Singapore’s households (84 per cent) having access to one or more computers, 84 per cent of Singapore’s millennials use the Internet for emailing and 75 per cent use it for surfing. This is consistent with the statistics cited for all 11 countries.

**Internet Banking habits**

Almost all Singapore’s millennials (99 per cent of respondents) own savings accounts. Internet Banking is also popular. Eighty-four per cent of respondents use computers whereas 29 per cent of respondents use mobile phones.

This high usage of Internet Banking through the computer reflects a high acceptance of online banking. A quick straw poll amongst some university undergraduates showed that nine out of 10 respondents prefer to do their banking transactions online. They would walk into a bank only to change new notes for Chinese New Year, deposit cash on behalf of their family members, or when their ATM cards are not in working order.

**Financial services owned by Singapore’s millennials**

Figure 2 shows the types of financial services owned by Singapore’s millennials (VIAS, 2012).

<table>
<thead>
<tr>
<th>Financial Services</th>
<th>Singapore’s millennials who have the following services (per cent)</th>
</tr>
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<tbody>
<tr>
<td>Savings account</td>
<td>99</td>
</tr>
<tr>
<td>Current account</td>
<td>36</td>
</tr>
<tr>
<td>Cheque account</td>
<td>21</td>
</tr>
<tr>
<td>Study loan</td>
<td>29</td>
</tr>
<tr>
<td>Personal loan</td>
<td>18</td>
</tr>
<tr>
<td>Insurance</td>
<td>63</td>
</tr>
<tr>
<td>Stocks</td>
<td>38</td>
</tr>
<tr>
<td>Bonds</td>
<td>18</td>
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Figure 2: Types of financial services owned by Singapore’s millennials

Source: Reproduced using data obtained from the report, “Connecting with Millennials - A VISA study 2012” (VISA, 2012)

It was also found that Singapore’s millennial typically owns more than two debit cards and two credit cards. Forty per cent of credit card holders indicated that they prefer using credit cards to make payment because they are motivated by discounts, as well as loyalty and rewards points. Forty-two per cent of millennials who did not own credit cards indicated interest in owning one in the future.

**What do millennials spend their money on?**

According to the VISA study, Singapore’s millennials enjoy café-hopping and dining out (18 per cent). They like to relax and hang out with friends after school or work. Eating at restaurants is one of their main expenses. Other major expenses include shopping and transport. Many millennials also fly to
neighbouring destinations for short overseas holidays to take advantage of attractive budget airfares and the strong Singapore dollar.

**Millennials’ attitudes towards credit cards offered in Singapore**

Following the VISA study, J.D. Power, a market research firm, conducted a study on credit card customer satisfaction amongst 2,849 customers in Singapore between August and September 2015. According to a report in the Straits Times (Williams, 2015), the six survey indicators of customer satisfaction with their credit card issuer are interaction, credit card terms, billing and payment, rewards, benefits and services, and problem resolution.

A key survey finding was that the majority of cardholders did not understand the financial jargon and complexities of card transactions, such as foreign currency and transaction fees, as well as interest rates and annual fees. However, cardholders who have a better understanding of credit card transactions spent an average of SGD 1,068 monthly on credit cards whereas cardholders who did not have any understanding, or had only partial understanding of the card’s terms spent SGD 837 (Williams, 2015).

The study shows that Amex led the overall satisfaction index ranking, with POSB and OCBC in second and third places respectively. Respondents indicated that the top three banks that educated their cardholders on their rewards programmes are HSBC, Standard Chartered, and OCBC (in that order). Jin noted, “This is a good sign. It looks like organising the financial literacy talks to OCBC customers are paying off. We need to continue educating our customers”.

In the Straits Times news report, Dr Gordon Shields, director at J.D. Power advised, “In a highly saturated credit card market like Singapore, it was important for card issuers to not only promote the rewards and benefits of their product, but also to ensure that relevant information on interest rates and other fees and charges were clearly outlined. Customers with a greater understanding of their credit card terms were also generally more satisfied and more likely to spend more on their primary card”.

As there were a myriad of cards with different value propositions, card issuers who streamline their product offerings to focus on key value propositions would be more likely to have a competitive advantage in this saturated credit card market.

When David Goh, a local university graduate who had been working for two years, was asked which type of credit cards appealed to him, he said, “My friends and I prefer credit cards that offer cashbacks and immediate discounts as part of the card rewards. We do not sign up for credit cards that require us to accumulate loyalty points in order to redeem for a gift voucher. For most times, I will forget to redeem before my credit card points expire. Give me immediate discounts and cashbacks which I can enjoy anytime”.

David’s friend Shah Ibrahim echoed, “Me too. I like credit cards that also offer promotions and discounts on restaurants, hotel stays, airline tickets, and exclusive credit card tie-ups with special events such as theatre performances and concerts”.

Nanyang Technopreneurship Case Centre (NTCC)
About FRANK
FRANK was first introduced at the Singapore Management University (SMU) in May 2011. By October 2015, the Bank has opened five branches at strategic locations where young people hang out or study — Orchard Gateway (its flagship store, see Appendix 1), SMU, VivoCity (for its proximity to the National University of Singapore (NUS), Nanyang Technological University, and Singapore Polytechnic (for its proximity to Ngee Ann Polytechnic and Singapore Institute of Management University)(FRANK corporate website).

Unlike OCBC (its parent bank), FRANK’s retail banking outlets’ corporate image is casual and less intimidating. From the start, FRANK was designed to project a welcoming front and offer a simple, relevant, and meaningful banking experience in non-traditional ways. This implies a customer-centric product design, service delivery, store layout, and the bank’s frontline staff operations (see Appendix 2).

The brand personality of FRANK suggests honesty, trust, and progressiveness. In short, its product name was a play on the word “frankly speaking”, which appealed to many millennials. The “keep-it-simple-and-straight” principle also implies the minimal use of financial jargon.

FRANK’s savings accounts were targeted at students in tertiary institutions as the first personal savings account, not joint savings account with a parent. Through owning a personal savings account that came with the debit/credit card, students would feel like young adults. To help these FRANK customers act responsibly, FRANK’s staff organised roadshows and regular financial literacy talks on savings, responsible spending, investment, and insurance.

For the first time in Singapore, customers could choose from over 120 designs to customise their debit and credit card faces according to their preferences. This service aligned with the millennial’s preferences for self-expression.

One interesting feature was a “savings enabler” feature which allowed customers to create “savings jars”. Customers are encouraged to set their own savings goals for each “jar” (The Financial Brand, 2011). For example, a student might have two “savings jars” within the same FRANK account — one “jar” to save up for a “grad trip” at the end of undergraduate study and another “jar” to buy the latest mirrorless camera. So the customer has the option to set the amount of savings for each “jar”.

To engage customers, FRANK is using Facebook, Instagram, and Twitter to increase its social media presence. Its in-house team of financial experts started a series of blogs to give advice on financial literacy. The articles are reader friendly because the writing style is easily understood by laypeople. The tone adopted in these blog posts comes across as personal so that the readers feel that they are receiving financial advice from a friend whom they can trust.

OCBC recognises the importance of targeting the right customers and designing an effective loyalty programme to retain customers. Its aim is to filter customers with increased lifetime value to be future premier banking customers. One of its current strategies is to reach out to the millennials,
especially undergraduates and young professionals with potential of increasing their earning power. To attract the next generation of financial clients, the challenge is to capture the attention of upwardly-mobile professionals and convince them to choose OCBC as their own personal bank (see Appendix 3).

**Fierce competition amongst banks**

In a hyper-competitive banking industry, however, OCBC is not the only bank to think this way. Other banks such as the Development Bank of Singapore (DBS) and the United Overseas Bank (UOB) are also aggressive in targeting young professionals.

For the banking industry and merchants to capture the attention of millennials, they need creative, innovative product offerings as well as strong customer engagement, not just through offline communication channels but online as well.

As a guide, the millennial generation refers to those born between 1980 and 2000. At the time of writing the case, about 86 per cent of millennials aged 25 to 34 years old are smartphone users and 41 per cent prefer to communicate at work electronically rather than “face-to-face” (First Data, 2015a).

Millennials are largely addicted to their electronic devices such as their smartphone, tablets, and laptops. In the millennial’s world, there is an app for everything (First Data, 2015b). Indeed, banking and financial services should not lag behind current trends. It is necessary for banks and financial institutions to have online banking services that work well across all platforms.

As millennials conducted most of their banking transactions online, they would not walk into the bank unless absolutely necessary. They may be known as the “unbanked generation” in the banking circle.

Banks recognise that the banking profile of the millennial generation is atypical. The millennial bank customer is more likely to engage in Internet Banking and will avoid visiting a bank’s branch physically if possible. The “unbanked generation” that has grown up with technology and the Internet expects fast and immediate services. In contrast, customers aged 60 years old and above are not likely to use Internet Banking and would be more comfortable to visit the physical branches for their banking needs.

This is where the balancing act begins. On the one hand, banks need to hold true to their core value propositions of security, trustworthiness, and steadfastness; on the other hand, banks need a forward-looking approach which offers innovative services to keep up with changing trends in maintaining customer satisfaction.

Millennials in their 20s tend to be free from financial commitments. They may have high earning potential but are less likely to save because they seek enjoyment and “live for the moment”. They are looking for something hip and trendy. On the other hand, those in their 30s or 40s are likely to feel “financially strapped” because they are financially committed to raising a family. They also belong to the “sandwich generation” that looks after young children whilst supporting aged parents.
They might be more concerned about security. But whatever the age group, customers still want the bank to be customer-oriented and ready to give sound financial advice.

To secure the next-generation of financial clients, the challenge is to capture the attention of young adults and professionals, and win them over at the point when they are independently choosing their own personal bank (Heggeusten, 2014).

OCBC recognises the importance of constant engagement with its millennial customers so that as the latter’s investible assets increase, they become long-term customers of the bank. This is where FRANK bridges the gap. FRANK target millennials with the aim of educating and empowering them with financial literacy and knowledge to help them eventually become wealth management customers.

Both local banks, OCBC and DBS Remix, target savings accounts and financial services at millennials. In contrast, local bank United Overseas Bank offers a youth account. Citibank, HSBC, Standard Chartered, and Maybank, and other foreign banks offer only regular savings accounts and credit cards services for interested millennial customers.

**DBS Remix eSavings Plus Account**

DBS is the other local bank that targets the millennials. In October 2011, DBS launched the DBS Remix eSavings Plus Account to enable young adults between 16 and 29 years old to bank on-the-go. There is no minimum balance required. The Account comes with the convenience of a DBS VISA Debit card and an ATM card. Remix customers also enjoy cashbacks at participating merchant outlets. The brand personality of DBS Remix suggests flexibility and open-mindedness.

The first Remix branch at *SCAPE @Orchard began operations in October 2011 and the second Remix branch at NUS began operations in September 2012. The Bank’s aim is to be at locales where young adults hang out. *SCAPE was selected because the venue was positioned as a retail and entrepreneurial hub for innovative talents. DBS decided to pick NUS as the second Remix branch because it wanted to engage young adults and the student population through a wide range of banking services and co-creation projects (DBS official website).

DBS Remix had a Facebook account to reach out and engage its customers. It made generic posts on financial literacy, promotions for Remix customers, and occasional motivational quotes, which netizens termed as #qotd (or quote of the day).

Knowing that the millennials prefer cashless services and digital services, the Bank even came up with the DBS PayLah!, a mobile application or service platform for this segment of digitally-savvy customers. This banking application allowed ease and security of fund transfers between DBS/POSB customers as well as to non-DBS/POSB customers. It functioned like a personal mobile wallet which allowed DBS PayLah! users to transfer funds or pay for online purchases. There was even an option for sending e-Ang-Bao for special occasions like weddings, birthdays, and Chinese New Year (DBS Bank, n.d.).
To promote PayLah!, DBS came up with a series of online video commercial-cum-tutorials to educate viewers. This product innovation resonated well with the millennials’ on-the-go lifestyle and desire for convenience and functionality.

**UOB TX Account**
According to the UOB TX webpage, the UOB TX account appeared to be targeted at youths. Only a deposit of SGD 100 is needed to open an e-savings account. There is no minimum balance and no service fee. One limitation of the UOB TX account is that only customers aged between 16 and 21 years old qualify.

OCBC and DBS have dedicated FRANK and Remix retail branches apart from their respective parent banks. However, UOB does not have retail branches specifically targeted at the youth market.

However, Jin observed that once a customer opened a FRANK account, the engagement level did not increase significantly. The millennials did not perceive FRANK as their preferred brand. Many associated FRANK as a student brand.

**Banks woo millennials into premier services**
The industry has shifted its targeting strategy. Banks are wooing the millennials with their premium services. For example, Citibank Singapore’s priority banking service targeted those with a minimum of SGD 50,000 in investible assets. This majority of these customers are in their mid-20s to 40s. In the past, one would need at least SGD 100,000 in assets under management (AUM) to qualify for premier banking services. The rationale appeared reasonably simple.

Banks identify young professionals in their mid to late 20s with more than SGD 6,000 monthly income as the mass affluent. Wealth managers expect the salary and career of these upwardly-mobile professionals to move upwards. Their aim is to attract these professionals while they are young and eventually upgrade them to more premier banking services (Lim, 2015).

According to Charles Wong, the head of retail banking at Citibank Singapore, “Customers received exclusive invites to financial-related and lifestyle events that are specially tailored for them”. He added that more than half of its Citigold customers who have assets under management (AUM) of at least SGD 200,000 were converted from ordinary banking customers (Lim, 2015a).

BC Premier and DBS Treasures targeted those with SGD 200,000 and SGD 350,000 in AUM respectively. UOB Wealth Banking has about 50,000 customers who have between SGD 100,000 and SGD 350,000 in AUM (Lim, 2015a).

However, not everyone in the industry share the same thinking. Dennis Khoo, head of personal finance services at UOB, noted that a number of young professionals do not have much investible assets even though they have high-earning potential. These professionals cannot commit beyond savings accounts because they do not have free cash to invest in products such unit trusts, forex, and structured deposits. He added, “I think a lot of their concerns and needs centre around lifestyle, and that’s where transacting products probably captivate the majority of their attention” (Lim, 2015a).
When David Goh and Shah Ibrahim, two young professionals, were asked if they have started saving for the future, both replied, “Not yet. We don’t have much to save and invest after paying our monthly expenses. We are more interested in dining out and going on short overseas holidays. We work long hours and deserve to enjoy ourselves whilst we can”.

The challenge lies in building a loyal and interactive relationship with this group of core customers so that their investible assets would increase and qualify them for OCBC’s premier banking services. The last thing Jin wanted was to have account balances that remain stagnant.

**Future trends in consumer banking**

To understand how the banking and financial services would be shaped in the next seven to 10 years, consulting firm PricewaterhouseCoopers (PwC) examined the impact of macroeconomic and social trends on the future of retail consumer banking services. It conducted global research on banks around the world and came up with the PwC report, “Retail Banking 2020: Evolution or Revolution?” (PwC, 2014).

The PwC report revealed three emerging trends that would be relevant to financial services in Singapore. The trends are (i) mobile-first where the increasing prevalence of digital and mobile banking services slowly transform the way banking services are integrated and conducted; (ii) simplicity in the banking relationships; and (iii) the way banks should organise themselves around customers instead of banking products and services.

The PwC report seems to resonate with the direction that FRANK is heading and its brand values. Keeping the emerging trends in mind, Jin and her team understand that mobility is the key to the success of present and future banking experiences as technology will facilitate the breaking down of barriers between banks and consumers. The second trend is “Simplicity as the new smart”. To Jin simplicity has been the key driver for FRANK, the question is then how could she further simplify the customer experience. The third trend is the design of a service experience via the ability to view customers by segments. With technology as an enabler, the use of customer analytics could help to identify customers’ unique characteristics and tailor product offerings to better meet their needs.

Bearing these three channels or emerging trends in mind, how should Jin prepare FRANK for the future? Will the profile of FRANK customers be the same a decade later? Will their banking needs remain the same or will they change?

As the millennials grow up, they will make way for a new generation of younger customers with new banking needs and preferences. So how can FRANK stay relevant to this new generation of younger customers whilst keeping its existing customers satisfied? Should FRANK continue to be the hip and trendy bank or reposition itself as the preferred bank with an assured future?

**Strategic options**

What should Jin do? She hopes to use FRANK as a stepping-stone to achieve OCBC’s strategic long-term goals. OCBC expects its wealth management business to stay resilient and it has one of the largest teams of relationship managers in Singapore and around the region (Lim, 2015b). How can
FRANK achieve the bank’s strategic long-term goals. She faces following questions as strategic options:
- How does the FRANK brand and OCBC brand interact or transit to better serve the millennials?
- Should the FRANK operating model be vastly different from the rest of the bank in order to stay competitive? Should FRANK be a literacy content platform rather than a product brand?
- What should happen when millennials reach the adult stage of their lives? How long will FRANK stay relevant to the consumers? How might the total end-to-end FRANK journey look like for the millennials?
- How FRANK customers grow and eventually become OCBC premier banking customers?

**End-Of-Case Questions**

**Question 1**
Who are FRANK’s current customers? What are their likely customer profiles?

**Question 2**
Why should there be a difference in design strategy for digital versus physical space experience for FRANK customers?

**Question 3**
Tapping on the three trends highlighted by Jin Kang Zwicky in the case, how would you enhance and enrich the design and physical space experience? Was one or the other considered as the most effective customer acquisition channel?

**Question 4**
Evaluate how FRANK was ensuring customer retention and preventing customer churn.

**Question 5**
Give recommendations on how FRANK could have used customer relationship management (CRM) practices to build a strong and loyal customer base as leads for OCBC premier services.
Appendix A
FRANK outlet @Orchard Gateway

Photo credit: Regina Yeo (photo taken from case writer’s personal camera)

Appendix B
The banking hall of FRANK @Orchard Gateway
The interior décor and layout is minimalist in design and looks, unlike a typical retail bank design and décor.

Photo credit: Regina Yeo (photo taken from case writer’s personal camera)
Appendix C
Poster ad taken at FRANK @Orchard Gateway

Photo credit: Regina Yeo (photo taken from case writer’s personal camera)
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About Nanyang Technopreneurship Case Centre

With funding from both the National Research Foundation of Singapore and Nanyang Technological University, the Nanyang Technopreneurship Case Centre (NTCC) was one of the initiatives of the Nanyang Technopreneurship Centre (NTC) to enhance the quality of entrepreneurship education through the case pedagogy. These are part of NTC’s efforts to foster, promote and nurture enterprising mind-sets, skills and knowledge in entrepreneurship education.

There is a plethora of business cases but a general paucity of cases highlighting the specific problems faced by technopreneurs in growing their ventures. NTCC adds value to Technopreneurship education by developing a pool of cases on technology-based local and international enterprises. Through the cases, NTCC hopes to share the experiences, success stories and challenges faced by entrepreneurs/intrapreneurs in growing their organisations and how they overcome their problems to sustain growth.

The theme of this first compendium is “innovation through technology”. It features Singapore-based and global companies confronting issues and challenges due to technological shifts in the industry and changing market and competitive dynamics; when introducing new products in the marketplace; and in using technology to drive organizational change.

Online versions of these cases are available for complimentary downloads at www.ntc.ntu.edu.sg/ntcc.

Teaching notes are also available to faculty members for use as reference, reading and/or teaching materials in various academic and professional programs. For further information, please contact Ms. Denise Lee (deniseleecw@ntu.edu.sg) and Mr. Wu Chong Chuan (wucc@ntu.edu.sg).

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