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# FINANCIAL SERVICES BENCHMARKS REPORT



## INTRODUCTION

## THE START OF A NEW ERA

It used to feel like your bank branch had locations everywhere. You could usually see the next ATM from the one you were using. Then, suddenly, they were fewer and further between. The one right by your house now sits vacant. The one near your office has been turned into a coffee shop. What does it mean?

Because either the bank is slowly going under (bad!) or they've built an appealing app that has attracted a critical mass of users (forward thinking and good!). And with their newfound ability to understand their user data and serve customers online, they can shutter certain branches and realize the real estate savings while still maintaining customer satisfaction.

The era of cross-platform finance is fully underway. Every person with a cell phone has the most advanced financial instrument ever invented, and in our post-financial crisis world, consumers need to know that they can trust the people who are handling their money.

New entrants have emerged onto the scene to change the way we make peer-to-peer payments, the way we pay off our student debt, and even what counts as money. Many legacy players have also adapted to the brave new world, building tools to make customers' money more liquid than ever.

The future will belong to companies that use their data responsibly to know their users. Because they will be able to build better products and deliver the right experiences, and, since this is financial services after all, make a lot of money.

## Why did we make this report?

After releasing our inaugural Mixpanel Product Benchmarks Report, the question we got most often was: “This is great, but what about my industry?” This is the second in a series of industry-specific benchmarks reports that will try to answer that question, following up on our Media & Entertainment Benchmarks Report.

The financial services industry is one that has long recognized that the right data is the difference between success and failure. By aggregating 34 billion user events from 189 financial services products in 2017, we were able to get a clear picture of user behavior in five sub-verticals of financial services: banking, trading & crypto, personal finance, insurance, and money transfer. We consulted with experts and leading analysts in the field to track the metrics that matter most to product leaders in the financial services space.

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## Are people using my product?

If there's any industry that has been historically indifferent to appealing to the masses, it's finance. For private funds that are legally forbidden from raising money from non-wealthy individuals, the number of customers matters much less than their bankroll. (Okay, for all financial services companies, bankroll is what matters most).

But for consumer-facing financial services products, usage is critical for unlocking valuable network effects. There's no such thing as a one-way transaction, after all.



## USAGE METHODOLOGY

Men lie, women lie, but daily active users (DAU) and monthly active users (MAU) do not. There are no ifs ands or buts about it; there is merely using a product and not using a product.

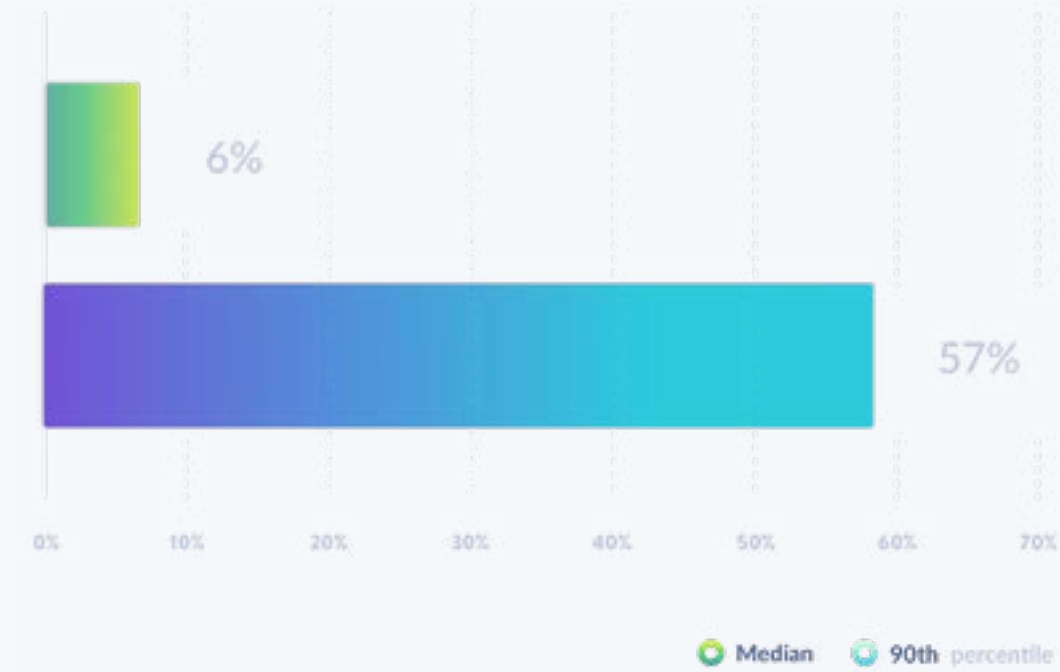
For our purposes, we counted someone as a daily active user if they recorded an action of any kind in a product over the course of a given day. That is not necessarily the way we would recommend doing it, but given the scope of this report, it was the most consistent metric we could track. (Part of working with data is understanding the limits of your dataset). If you can define “active” to only mean users who are performing certain key actions, that is preferable.

Monthly average daily active user (ADAU) growth is determined by taking the average of daily active users per day in a project over a month and then calculating how many more or less are there the next month. It's basic

division and multiplication.

We also focus on “stickiness,” or how active a product's user base is. This is calculated as average DAU over the course of a month divided by MAU for that month, expressed as a percentage. So, let's say your average DAU over the course of a month is 120, divided by its MAU, which is 2000. That would mean its DAU/MAU is 6%. Conversely, it implies that the average visitor is using the product 1.8 days out of a 30 day month ( $30 \times .06 = 1.8$ ).

Across all metrics, percentiles are determined based on the distribution of products we analyzed. So the 90<sup>th</sup> percentile stickiness is the DAU/MAU of the product for whom that metric is greater than or equal to the DAU/MAU of 90% of all products in the set. You can think of the 90<sup>th</sup> percentile numbers as best-in-class, and the median, or 50<sup>th</sup> percentile, as middle-of-the-pack.



— Mixpanel Behavioral Cohorts helps you group users together based on shared characteristics or activities, allowing you to better understand new users.

## 01 — MONTHLY ADAU GROWTH RATE

### How should your growth look?

Average daily active user (ADAU) growth is the metric any product owner has to answer for at parties. (Boring parties where people are talking about ADAU growth, but technically parties all the same). Are there more people in your product this month than there were last month?

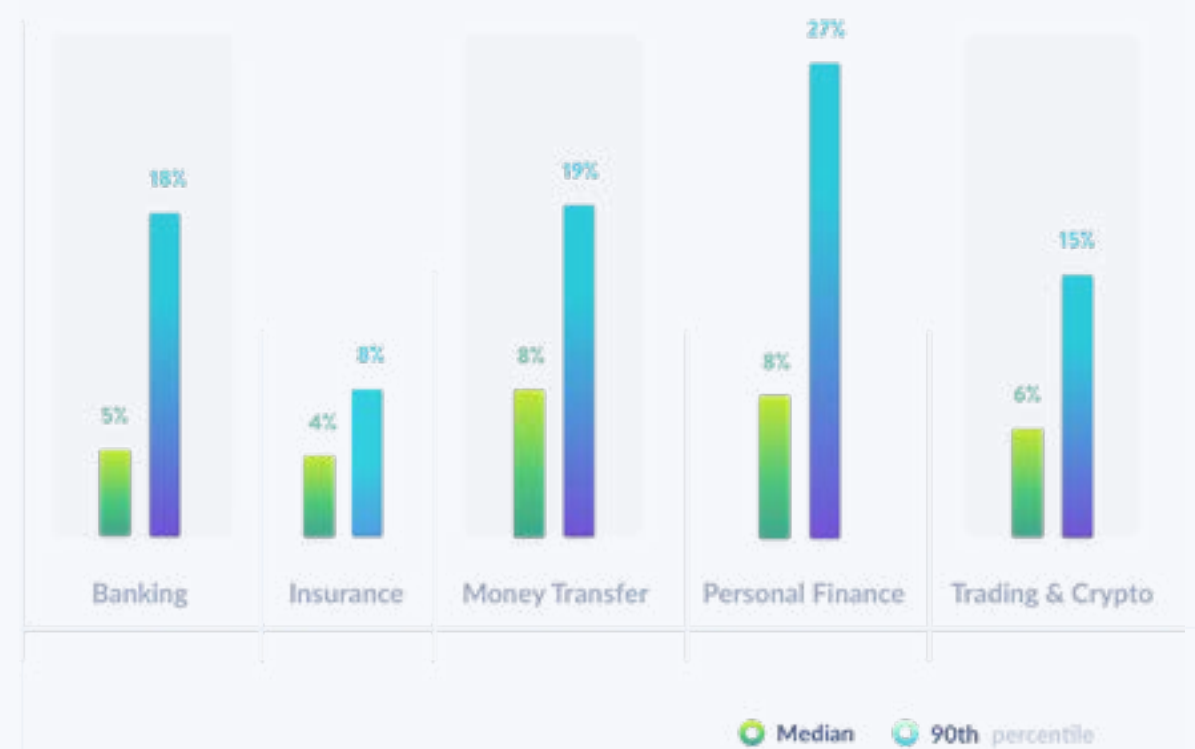
In general, yes, there are. That the median product is still growing at a 6% month per clip implies that the market for financial services products is still forming and maturing. Maintaining that growth means a 90% increase in users after a year. Maintaining 57% growth at the 90<sup>th</sup> percentile is simply unsustainable—it would mean going from 1 user to everyone on earth within five years—so enjoy it while it lasts.

## 02 — DAU OVER MAU BY SUB-SECTOR

## How sticky is your product?

DAU divided by MAU, or “stickiness,” tells us how frequently users return to a specific product. Across all sub-sectors at the median, 1-2 visits per month from users is average. At the higher end, stickiness varies more. Banking, money transfer, and trading & crypto are all bunched in the 15-19% range. In these sub-sectors, there is high potential for stickiness—less so for insurance.

Personal finance products have the highest ceiling in this metric. The simplest explanation here makes the most sense: actually using a product to track one’s finances requires a great deal of engagement from the user.



## 03 ——— USAGE

## How we define sub-sectors

For this report, we broke financial services products into five sub-sectors. None of these definitions are perfect or wholly encompass everything in a given sub-sector, but they should give you an idea of our framework.

**Banking means taking deposits and paying out interest.** If your company doesn't do those two things, it's not a bank.

**Insurance means entering into a contract in which a company receives premium payments while making a guarantee of compensation in the event of a specified loss.** That could be life insurance, home insurance, car insurance, or insurance for anything else of value.

Money transfer has some overlap with banking, but in this case, **money transfer means a standalone product that**

**allows users to send money from one user to another.** That can include peer-to-peer, B2C, or B2B business models.

**Personal finance is any product that is designed to help users manage their own finances.** This is broad, but generally it refers to products that are used for tracking one's own finances, doing taxes, and so on, rather than actually making payments or investments.

Last up is **trading & crypto, which are platforms where users can exchange securities, commodities, and currencies— fiat, crypto, gold-backed or whatever variety they like.** We separated the crypto and non-crypto products in a few charts. The “crypto” products were any platforms that trade cryptocurrencies



## 04 — DAU OVER MAU BY PLATFORM

## Which platform is stickiest?

Whenever we break down by platform, there needs to be a hearty “correlation is not causation” caveat. Users on mobile app, by dint of having downloaded a given app, have effectively self-identified as the most dedicated segment of the three observed platforms.

All the same, mobile app stickiness is double that of the other platforms, registering three visits per user over the course of a month on average; that’s roughly the same as mobile and desktop web performance at the 90<sup>th</sup> percentile. Weighting these numbers relative to your user base and combining with the previous graph can give you a baseline of where your product’s stickiness “should” be.





## Are they coming back?

Retention is the metric for lovers. It's also the one that product owners take most personally. Anyone can bloat up their paid acquisition to grow usage, but retention tells you quite clearly and in no uncertain terms the question anyone in a relationship has: is this for real?

Financial services product owners can fiddle with their definitions of retention as they see fit. Whether daily, weekly, monthly, or in certain cases, annual, which retention timeframe to choose depends on the use case. But on a fundamental level, if people are depending on you to grow their money, you should expect them to check in on it now and again.



## RETENTION METHODOLOGY

Retention in this case means: **did a person perform a key action—specifically a “view balance” action or a “transaction” action such as making a payment, purchasing a stock or cryptocurrency, transferring money, or taking out an insurance policy—and then come back and perform another such action again?**

That means the initial sample is everyone who performed such an action on a given day. When calculating retention rates, the time windows matter. For a month retention graph, that means we start by measuring the number of users who show up in a month, and then we see how many of them come back over the following weeks. (Similar logic applies to daily and weekly retention graphs).

Say you visited a website on June 1<sup>st</sup> at 2pm. If you return once or more between July 1 at 2pm and July 30 at 2pm, you will be counted as being retained one month later in a monthly retention graph.

If a product's retention number in Month 2 is 27%, it means that out of every 100 users who appeared in the initial month-long measurement period, 27 returned at some point between two and three weeks from the time of initial visit.



— Mixpanel tracking allows you to zoom in on users who appear on more than one platform, and then take action to keep your most loyal users engaged.

## 01 — MEDIAN MONTHLY RETENTION BY PLATFORM

### What does average retention look like?

Building a product that attracts people is nice, but building one that keeps them is a lot better. In this case, retention measures users who performed a key action—either “transaction” or “view balance”—and then did so again after a number of months, segmented by platform.

Unsurprisingly, mobile app is the strongest, retaining 43% of users after a month, and over double what mobile web accomplishes. If you track overall retention, understand what your web and mobile mix is.

## 02 — 90TH PERCENTILE MONTHLY RETENTION BY PLATFORM

## What does elite retention look like?

Elite products are retaining huge swaths of their users. While 50-75% after one month is huge, what's more impressive is that the graph more or less flattens immediately, with losses of no more than 10% of users from there on.

The companies that manage these kinds of retention numbers have a user base that depends on their product. So the challenge companies at the apex of retention face is growing their user base while maintaining these numbers. Amazing retention is less impressive if it means that anyone who might not love your product has already been weeded out.



Quick tip: pair retention and usage metrics. Keeping users is a lot easier if you're not growing. Data can only help you if you interpret it honestly.

## 03 — A CLOSER LOOK

## The login fail tax

Out of curiosity, we also ran retention reports for users who specifically had experienced any of a number of possible login failure events, which is inclusive of “forgot password” and “password reset”-type events.

The results? Across the board, across platforms, at both the median and 90<sup>th</sup> percentile, the login failure cohort retained half as well. For financial services companies, this is a delicate balance; security is paramount, but, on some level, the best ability is availability. The general idea here speaks to something any product manager knows in their bones: removing the most basic pain points can lead to huge results.



## What are they doing in my product?

If usage is the “who,” and retention is the “when,” engagement is the “what.” What do they do? What do they like? What keeps their attention? What makes users happy?

With financial services products, aimless clicking isn't the goal. Smart product managers track key user actions that correlate with desirable business outcomes, and figure out how to make sure the user journey follows the right path.





## ENGAGEMENT METHODOLOGY

“Engagement” is a broad term that generally refers to how users behave within your product. What constitutes “good behavior” is, of course, very particular to each product and experience, so you should be suspicious of any blanket engagement metrics. That being said, understanding overall activity patterns can give a company an initial sense of what their user engagement looks like.

In this report, we look at normalized usage by day of the week. In this case, engagement is performing an action. These graphs show, by percentage, how much above or below average a given day’s total usage is relative to the entire week. That way, the products’ engagement numbers are being compared to their own averages rather than another (vastly different) company’s average.

So if you see a bar at 15, it means that on that day, the product saw 115% of its average engagement, and if the bar is at -15, it means that on that day, the product only got 85% of its daily average. If you sum all the bars in any of these graphs together, they’ll add to zero (go ahead, we’ll wait).

We also report on session length. A “session” begins when a user performs an action and ends when they go ten minutes without performing another action. To clarify how that works, if a user is in a product for 50 minutes, then stops, but leaves the tab open on their browser, the session will close after one hour, but count as 50 minutes in our dataset.

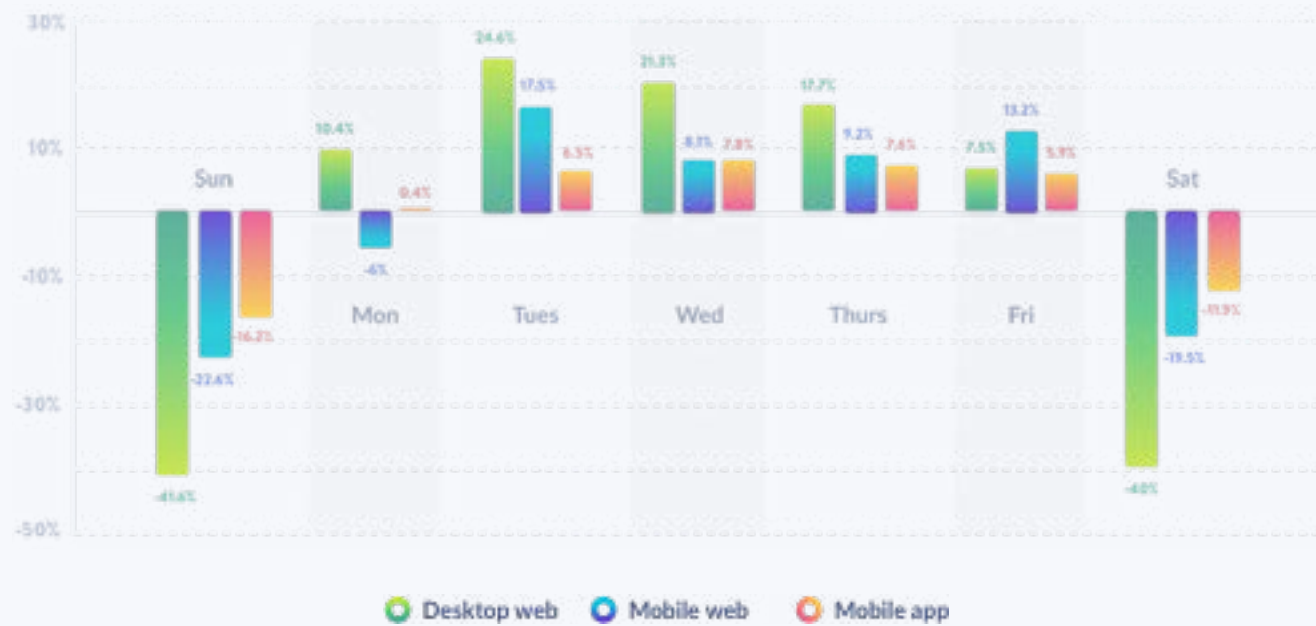
01 — ACTIVITY BY DAY OF THE WEEK BY PLATFORM

# How does engagement change by day of the week?

The most obvious trend is a strong preference for weekday activity over weekend activity. No huge surprise there; in general people are on their devices more during the work week. This trend is less pronounced on mobile web and

particularly mobile app.

Maybe it's just statistical noise, but the slight protuberance of mobile web activity on Fridays hints at the idea of users making, let's say, compromised financial decisions on an unfamiliar financial services product while blowing off steam after the work week.



## Is money moving?

Without decent conversion numbers, your pipeline isn't full; it's clogged. Conversion, like from moth to butterfly, or from mid-market sedan into Optimus Prime, is that ineffable change from becoming into being. In the less metaphorical sense, it's when a collection of goods and services becomes a business.

To get anyone to use your product, you have to be loud. To retain them, the product has to offer something compelling so they're knowingly returning to it. To engage them requires an ever-changing product. Conversion is the idea that they should pay you for the privilege.



## CONVERSION METHODOLOGY

Conversion: every boss's favorite metric and every PM and marketer's most feared metric. After convincing folks to use your product regularly and engage with it, can you finally get them to pay you?

On a philosophical level, our definition of conversion is: **a user completes an action that produces revenue.** For financial services products, that primarily means transactions, payments, and deposits, but includes a few other types of events such as balance views that, while not direct money generators, represent the last part of the funnel. If any of these “events of interest” occurred within 30 days of usage, it's a conversion.

Some financial services products do not have a conversion goal in either of these ways, but for those that do, we tried to create an appropriate metric for each, analogous to the kind of information you can find using Mixpanel Funnels. To do so, we looked at what percentage of users who had performed a specific event of interest (as described above).

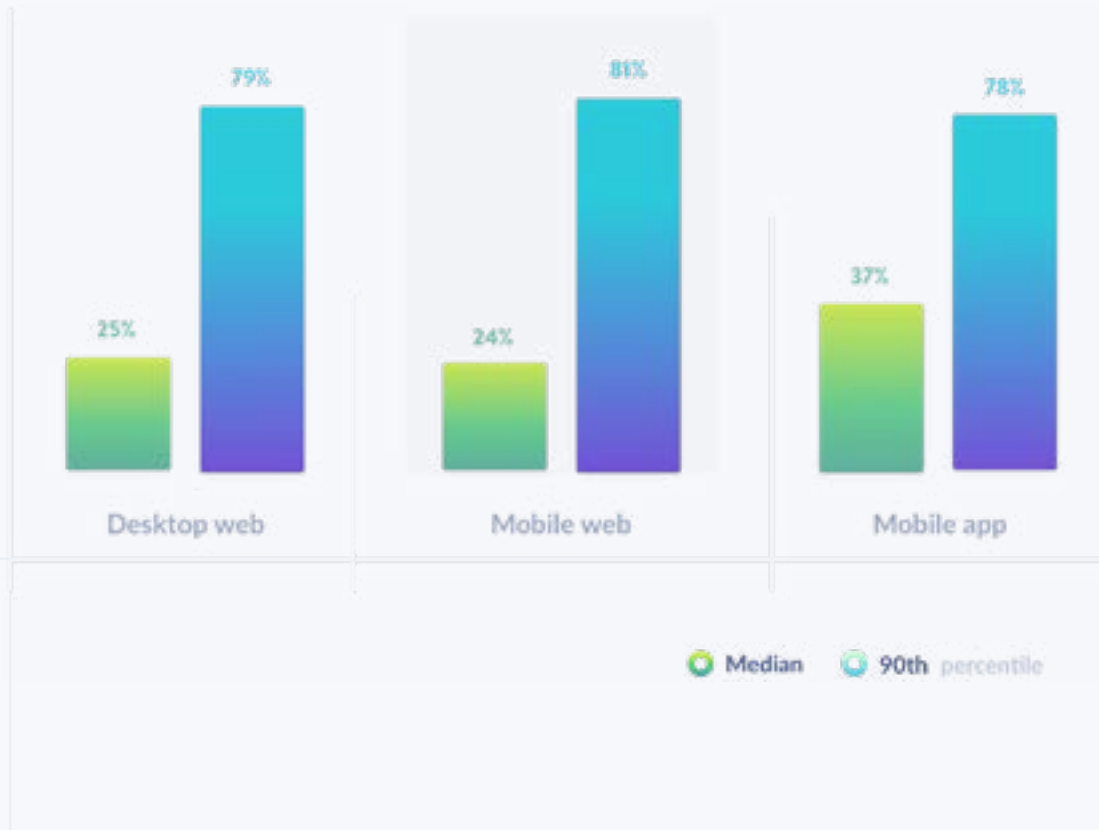
Our other metric was to track how long it took a user to go from appearing in a product to actually converting. By looking at the median and 90<sup>th</sup> percentile products in this metric, you can get a sense of the time frames in which conversions can be expected to occur.

## 01 — CONVERSION BY PLATFORM

## Which platform converts the most users?

To answer the question posed above, mobile apps show the highest conversion, at least at the median. At the 90<sup>th</sup> percentile, the numbers are close enough to call it a wash.

When it comes to driving conversions, getting your product in front of the right users can be as important as anything else. The conversion funnel is just that: a funnel. If there are kinks at the beginning, it might be a rocky ride.

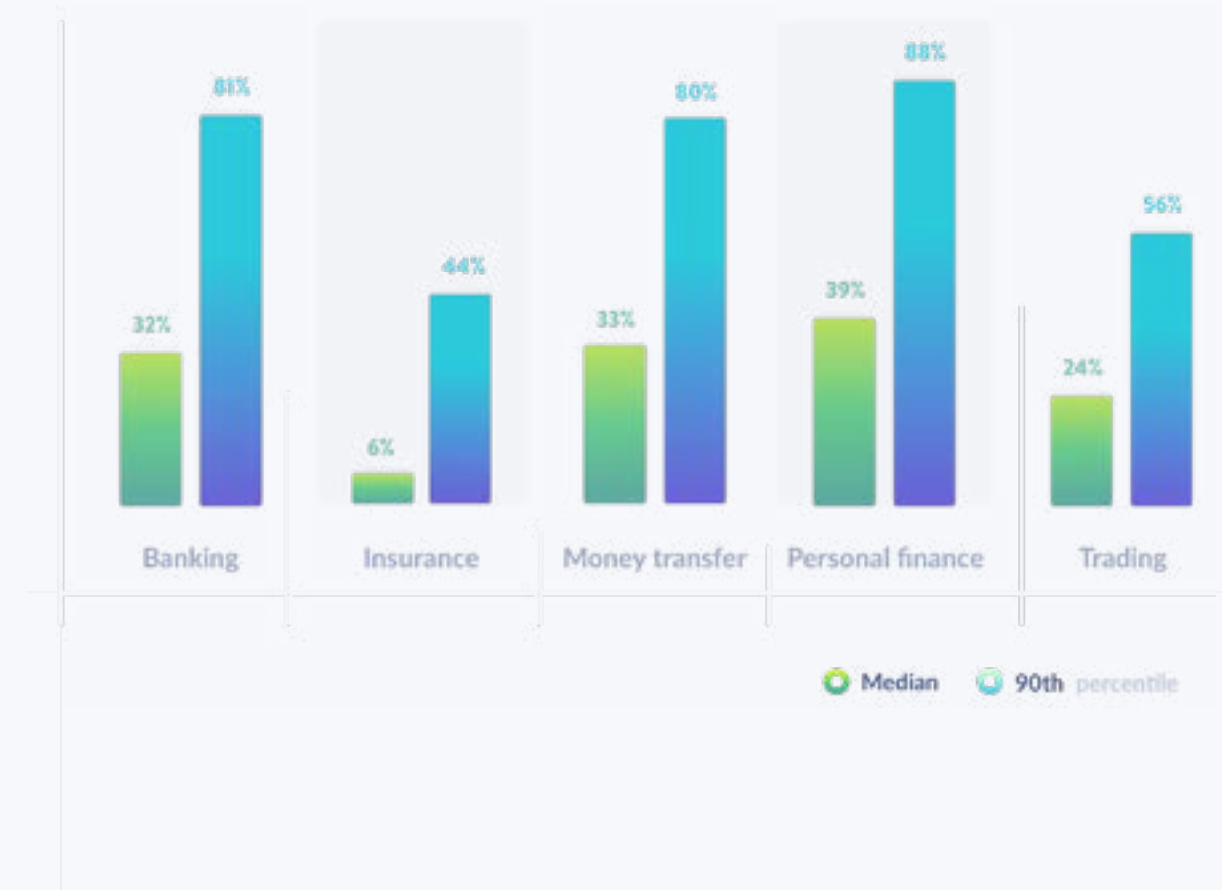


## 02 — CONVERSION BY SUB-INDUSTRY

## What's a typical conversion rate?

When it comes to getting users to perform key actions—a balance view or a transaction—it seems as if how much money users are expected to spend within a product has an inverse relationship with how likely they are to convert. If your insurance company's business model requires regular purchases from your customers, maybe reconsider.

Banking and money transfer products seemingly have a lot in common, but personal finance products having similar conversion numbers is surprising since not all products in that sector necessarily have transaction events.



## 03 — TIME TO CONVERT BY PLATFORM

## How long until they convert?

We were a bit surprised by this data, which took a look at the typical and 90<sup>th</sup> percentile gap between a user's first activity and first conversion. (Naturally, this data is only inclusive of users who actually do convert). It turns out that in financial services, save for elite mobile app products,

the time to conversion is a matter of days, not hours.

Understand that users are discerning, and not just going to throw their money around. There's no way to execute a hard sell technique when users can simply close a tab or app. So build experiences that allow them to feel comfortable rather than pressurized.



## 04 — A CLOSER LOOK

## Session lengths in financial services

Sessions that contain a transaction are 42% as long on average as ones that do not. The takeaway: a financial services product is not a casino. Help your users find their way through the flow and send them on their way.







## Is crypto for real?

In 2017, cryptocurrency was like the sun: unbearably hot, and prone to random flareups. Perhaps only thing hotter than crypto was the takes about crypto. It's a fad. It's going to replace actual money. It's going to go to zero. Nobody really understands it, but blockchain seemingly has some uses that will pay off down the line.

Point being, opinions vary. And as much as we enjoy a good opinion now and again, we thought we'd break out the cryptocurrency trading products separately and take a look at what the data showed us.



## 01 ——— NORMALIZED CRYPTO USERS V. BITCOIN PRICE

## Is the crypto bubble bursting?

We've all been dragged along on the rollercoaster ride that has been cryptocurrency in the past year and a half or so. In this graph, we took the price of bitcoin, as well as the users in cryptocurrency trading projects, bucketed them by week, and normalized those figures so that "1" represents where they were on January 1, 2017, and all movement represents the percent change from there.

This graph shows a tight, tight correlation between the price and users in these projects and the price of bitcoin. What's not surprising is that as the price went up, the usage went up. What's a little more unusual is that as price went down, usage went down with it. As to whether the correlated usage declines cause the drop in bitcoin's price or merely are the result of declining prices provoking declining enthusiasm, that's for you to speculate about.





— Know which trends apply to your business. For a trading exchange, adding crypto trading might broaden your user base. For an iced tea company, think of a new flavor or something.

02 ——— PERCENTAGE OF USERS WHO PERFORM A TRANSACTION

# What is does the “crypto effect” look like?

This graph shows the percentage of users who perform the most common transaction within the product, segmented by cryptocurrency trading projects and products that do not trade cryptocurrencies. The topline takeaway is that crypto platforms generated 59% more transactions than non-crypto ones in 2017.

The major caveat here is one that financial services firms hold near and dear to their hearts: past performance is not indicative of future results. 2017 was a wild year for cryptocurrencies, and extrapolating its results as the status quo going forward feels about as prudent as putting everything into Dogecoin.

## CONCLUSION

### Last data point

If you liked what you read here, know that we'll be following up soon with sector-specific deep-dives on industries such as retail & e-commerce and SaaS over the coming months, so let your friends in those industries know they're coming. And if you have any other ideas or data you'd like to see us analyze, reach out over Twitter or email us at [benchmarks@mixpanel.com](mailto:benchmarks@mixpanel.com). We'd love to hear the way you're using this report, as well!

Although this report is filled with benchmark metrics that apply to companies with banking, insurance, money transfer, personal finance and trading & crypto, you can only learn so much from seeing how the other guys are doing. Ultimately, your own users are telling you everything you need to know through their actions in your apps and products. The question is, are you listening?

That's where a user analytics tool like Mixpanel comes in. More than 20,000 customers rely on Mixpanel not only to develop a fuller picture of user behavior but also to take action on those insights and improve user experiences every day.

[Get a free demo of Mixpanel](#) and a consultation with one of our analytics specialists to learn how the right user analytics solution can help you move your key metrics up and to the right.