

Marilyn Valace: The financial services companies have a completely different set of regulations and implications than other verticals. They're very highly regulated by the government and that's huge. It's what shaping how the affiliate program really runs and the types of partners that they choose to work with.

Lenox Powell: I'm Lenox Powell, host of Outperform, a podcast about people and companies who are outperforming in business and in life. What they're doing, challenges they've faced and what they've learned along the way. I talk to and spotlight Acceleration Partners' team members, industry partners and clients about topics ranging from affiliate marketing, publisher development and global performance marketing, to work, life integration, remote work and company culture.

Like any business, financial services companies must employ marketing strategies to attract consumers for their products and services. These types of companies include banks, credit unions, brokerages, financial advisors, credit cards and insurance to name a few. Now, while we've all seen these types of companies utilize traditional advertising methods such as television, radio, direct mail, display ads et cetera, it may come as surprise to some that many financial services companies leverage the affiliate model to market to and engage with consumers. Why would this be a surprise? Because of how highly regulated the financial services industry is. This fact alone opens up all kinds of questions such as, how do they control the quality and compliance of their partnerships? What types of affiliate partners do they work with? What do they look for in an agency, affiliate or technology partner when determining whether to work with them?

These are all questions that our guest, Marilyn Valace answered for us when we met up at eTail West. Marilyn is a regional director at Impact, formerly called Impact Radius, a name you'll hear occasionally during our interview as we recorded our episode prior to their rebranding. Today, Impact offers a comprehensive performance marketing technology platform that provides solutions for some of the world's largest brands including for their affiliate programs. In her role, Marilyn works closely with some of Impact's financial services clients so she has a front row seat to not only how they're using the affiliate model to promote their products but also what regulatory challenges they face and what the repercussions are if an affiliate partner improperly markets their offerings.

We asked Marilyn these questions and more to delve deeper into the controlled, calculated, cautious industry that is financial

services and what opportunities lie ahead for those in the affiliate space who want to partner with them.

Today Impact Radius has one of the strongest reputations in the software as a service space especially in the world of affiliate marketing but SAS was not always a major player in this thing we call affiliate marketing, this world. When do you think the tide shifted?

Marilyn Valace: I think the tide started shifting drastically around 2014 to 2015.

Lenox Powell: Kind of around the time you came on.

Marilyn Valace: I feel like it yeah.

Lenox Powell: Do you take full credit for ...

Marilyn Valace: No, no I don't. Given that they were hiring that was because the market was expanding and people were very interested in the SAS offering. Prior to that they definitely had several wins with very large brands. And then the momentum was just I think really starting to pick up around that time. When they hired me, the staff at Impact Radius has more than doubled since I've been there.

Lenox Powell: Wow.

Marilyn Valace: So I kind of feel like I came in right when things were really, really starting to grow and got to see us expand globally, open up more offices domestically as well and move our office in Santa Barbara to a much larger space. That's all been very exciting.

Lenox Powell: The increase in the growth that you've seen really parallels our growth at Acceleration Partners and just more and more companies were saying, "We need a more robust technology solution for affiliate." And for some companies, especially larger global brands, SAS can fit that bill for them.

Marilyn Valace: SAS and agency is a really great marriage.

Lenox Powell: Why do you think so?

Marilyn Valace: I feel like the advertisers get the best of both worlds. And they have more flexibility. I think with us as a SAS platform, being focused on the technology, we are a 100% focused on delivering the best tools and the best experience within our tech. Look, we're doing new releases every three to four weeks, major releases and these are informed by our customers and the

needs of them and the needs of prospects that we're talking to. With us being focused on that, we're ensuring a really great experience with our product and with our team and then that allows the agency to be really focused on strategy, optimization of partnerships, the growth of the program and they get to utilize our tools that help make their life easier too.

Lenox Powell: Explain your role at Impact Radius. What is it that you do?

Marilyn Valace: At Impact Radius my job is to connect with advertisers across all different types of verticals. I learn about their business. I learn about their challenges. I learn about what they wish they could do or what they wish was easier and I marry that up with our technology. Sometimes it's a perfect marriage and other times it helps inform our roadmap and we come out and we build things as a result of these conversations.

Lenox Powell: Speaking of, over the past two years it seems that there has been a steady increase in companies partnering with SAS platforms like yours for their performance marketing specifically, one industry in particular that really seems to be increasing in this area and be making this shift is the financial services industry. Talk about your experience working with financial services providers and how they are leveraging SAS for their affiliate program.

Marilyn Valace: Yeah, and you're right, there has been a big shift within financial services. I think what we offer really resonates with these organizations because they are all about transparency into what's happening with their program, with their consumers and with their partners. The way that they're using our technology is to be able to automate several processes that in the past have been manual. Whether that's around insuring compliance or simply around performance insights. Another area is really aligning their commission strategy with each of these partners with their corporate goals and the value that they're bringing overall.

With our technology, our goal is to provide flexibility, automation and transparency to our advertisers so that it makes it easier for them to be agile and to continue to acquire new customers.

Lenox Powell: Financial services companies are relatively new to incorporating affiliate marketing in their business model compared to say E-com and retail companies. Why do you think that is?

Marilyn Valace: The financial services companies have a completely different set of regulations and implications than other verticals such as standard E-com, retail or any of the others. They're very highly

regulated by the government and that's huge. It's what's shaping how the affiliate program really runs and the types of partners that they choose to work with. Regulations like the truth and lending act. Goes back to 1968. And then of course we've got Dodd Frank from 2010. There are penalties if there's noncompliance. The implications for financial services are quite large. As a result of that I think they slowly tested into the affiliate space and based on that it's evolved. And that's also why I feel like a lot of them are talking about SAS and or have already made a move to SAS because we've automated a lot of those processes to make that easier for them to manage.

Lenox Powell: The affiliate model, and this is something that we're having a lot of conversations here at eTail with companies that so many of them still see it as a model that is coupon heavy. It's all about the coupons and part of our job here really is education and to say, it's a much bigger world out there and people are using it for B to B. They're using it to test other models. They're using it to test their SEO and their paid and their retargeting campaigns before they put a bunch of money into it. You can see this light bulb go on in their head. How are you seeing financial services companies really using the model? Is it more B to B? Is it B to C? Is it a combination of both?

Marilyn Valace: It's a combination. It depends on the organization but it's definitely a combination. They're using it to acquire new customers for various consumer products such as credit card holders, loans, whether it be for car loans or even mortgages. Opening up accounts like saving accounts, checking accounts. All of these different products have typically some form of performance marketing element in most of these companies. But some of them too depending on their broader goal as an organization also have small business teams that are looking to partner with other small businesses so that they can help each other drive new customers together. They are creating these small business partnerships with other businesses as well.

Lenox Powell: And they're using the affiliate model to do that.

Marilyn Valace: Absolutely. And that's where what SAS has really brought to the table, I think has really expanded the view for a lot of advertisers. Not just within financial services but really across the industry where I think they felt like they were in this box and then realized that there's so much more that they could be doing and it allows them to be creative. To test new partnerships. To test different incentives for different types of partners, having that flexibility. I think we're really allowing them to expand their thinking as to what a performance partnership is. You're not limited by these same 10 partners all the time and

it's not just for retailers. I think it's really helping them be creative and looking at their roadmaps and allocating budget towards testing as well.

Lenox Powell: You had mentioned the compliance piece. A lot of people, some people are think, yeah, okay they're really highly regulating industry but I don't think a lot of people connect the dots and exactly what that means and just what those repercussions are for a financial services company if a partner is not brand aligned, even if they are brand aligned and they do a promotion that's off message or inaccurate. Paint that picture. What does that mean for a financial services company?

Marilyn Valace: According to law, the partner is an extension of the advertiser. As a financial services companies, I choose to partner with a specific publisher and their advertising my services or my product on my behalf. They're an agent of mine and I am held responsible for what they're displaying on their site. Looking at a credit card offer for example, we know there's several product terms and they do change quite a lot, quite often for all the different major card issuers. Things like the APR, things like if it's a card that comes with miles. Any of those product terms. If it's not completely accurate and in sync with what's on the advertiser's site, that's a violation. Now, these violations have varying severities to them. There can be a low level violation or a very high level violation which would be something like the wrong APR. A consumer goes to the partner site and says, "Oh, this is the rate I'm going to get." And then they go and travel to fill out the application on the advertiser's site and it's different. That's a violation.

The implications due to truth and lending, Dodd Frank and UDAAAP, the CFPB can really, they're charged with ensuring that the financial services companies are abiding by these regulations. They can be faced with fines, penalties. Again it depends on the severity but there's definite implications for their business.

Lenox Powell: There's so many players in the affiliate space. There's the agency, there's publishers, there's the technology, there's the actual merchant and they all kind of have to play well together in the space but if you are sitting across the table and you're talking to a publisher, what advice might you give them to say, "Hey you want to be a part of XYZ financial services company? Here's really what you need to be doing and what things need to look like in order for that financial services company to want you in their program."

Marilyn Valace: First and foremost they have to have an understanding of the industry. It is depending on where this partner comes from, what type of partner they are, they need to understand what these organizations are charged with focusing on and the level of effort that these organizations put around security, compliance and regulations. If you don't understand that and you think your typo is no big deal, it is a big deal. I think understanding that gravity and also I think like any other partnership, having an understanding of the base that's visiting your site and whether or not it is really a fit for the financial services company.

Given how regulated that space is too. Financial services companies like to get as much transparency into the data that you have as a partner as well. Being very open to having those conversations with them about the type of data you can share with them about the value of your base coming to your site can potentially bring to them will go a long way. Talking about specific characteristics, how you can specifically drive them value. That sounds very similar to any kind of partnership and I think that's core in any partnership in any vertical is having an understanding of the business and knowing the value that you can drive them and making sure that you're diligent about that.

Lenox Powell: Yeah, I think there's a mentality with some brands who they kind of feel like, well we have this affiliate program. If you build it they will come. And all these affiliates are just going to want to come flooding their doorstep of wanting to be a part of their program and we know from the management side, it doesn't work that way nor do you really want it to work that way. It's interesting with financial services, it seems like it's the opposite. It's more publishers want to work with them and the financial services companies are like, well I don't know. They're wary. They're really wanting to make sure that those publishing partners are so screened. They are definitely brand aligned. They don't just talk the talk but they actually have as you were saying, data, analytics, communication and they have a backing of real value that they deliver. So I think that's a very interesting point and something that really separates financial services industries apart from other brands.

Marilyn Valace: Yes. They have, most of these programs are closed so that they're not getting these hundreds and hundreds of applications on a regular basis. That can be a full-time employee just going through and then declining. Just declining talking to them. A lot of that comes from the compliance piece. It's a lot to manage. And that goes back to the SAS platform with the automation of compliance. In the past for these financial institutions when they first started testing the affiliate waters, it's a very manual process. Humans are going in and checking every single site on

every single partner site on a regular basis to make sure it's compliant.

And then having systems that spit out Excel spreadsheets with links that you go in and you're like, all right I need to make sure if this is compliant. If it's not compliant then you send an email. So it's a very manual process. What SAS has really done for financial services, it's automated that and also created a system of record. It's saving a ton of time for financial service clients to manage that. And also having the ability to do custom reports. The marketing teams need to provide the information, the data and regular reporting to typically a compliance team internally and then also the legal team. They need to present this on a regular basis to show, here's the success of our program. Here's our compliance stats. This is successful or this partner, I see they've had a few violations, we're going to put the partner on probation and we're not going to work with them for a little while. We're going to take a break. Or, we're going to limit their payouts.

When you look at what the SAS platform really brought to them is it's made their lives easier. It's reduced manual work which now allows them to expand their programs. They've now been able to say, "All right, I only had 50 partners because that was all I could manage so I'm declining, declining, declining." So even the ones that were on the fringe of hey maybe we'd like to test this, the answer was no because adding even four more partners adds way too much in compliance monitoring. By automating that it's also providing the financial services companies with an opportunity to expand that partner base and test some of these partnerships that they wouldn't have in the past because now they can.

Lenox Powell: 'Cause they trust that they're going to be protected. They're going to have as you were saying, that record. That's I think a very important point for an agency to understand as well because when an agency is overseeing a program, whether it's on a SAS, whether it's on a traditional network, that's a role a lot of time that the agency, the program managers play, is fraud and compliance and they're monitoring and they're watching to make sure that the brands keywords aren't being used inappropriately and just that there's not a bunch of shenanigans going on within the company. But it can be a very manual process if that infrastructure, if the software is not in place. Sometimes an agency might not have any idea of that. I think a lot of the stuff you had noted that publishers should be aware of, the agencies need to be aware of too. Kind of the same question, you're sitting across the table, what advice would you give to them to say, "You want to play in this field with these

financial services companies? It's not going to be as easy as you might think."

Marilyn Valace: Absolutely. You need to study up. You need to understand all of these major partners out there and how they work. The different comparison sites. A lot of the partners too are comparison sites.

Lenox Powell: What's an example?

Marilyn Valace: Comparison sites, they go out, they look at the same type of product across multiple providers. If we are talking about credit cards and maybe we're talking about specifically the best credit card. If you want to get the most points for travel, then they go out, they review all of the different credit card offerings across all the different financial services companies and they profile the pros and cons, the wins. Which ones are best. Look at, is there an annual fee? They compare all the product terms and they write reviews and compare these different products. A lot of consumers go to these comparison sites to say, "Gee, which one do I want?" And based on the placement, the advice, the words, yeah, from there they'll go and apply for the card that's right for them.

There are several partners like that in the space. I think having an understanding of the types of partners that the financial service companies want to work with and even talk to those partners. As an agency call them. Say, "Who are your best relationships that you have with financial services companies? Why? What is the value that you drive them?" If you're trying to win the business of a financial services company and you don't have other financial services companies on your book right now that you can point to that instantly say, "I know the space." Doing that due diligence and coming with new ideas and showing that you understand their needs will go a long way because they are looking for fresh new ideas. So being an agency that might be new to managing that type of program, it's the perfect opportunity to come and be that fresh, new, the new kid on the block that might see the world a little bit differently 'cause you haven't been in it for a long time.

Lenox Powell: Which really requires the agency to have a pretty strong publisher development team I would think. A team that's really dedicated just to all of that. Somebody who's focused on legion publisher. Someone who's focused on publishers in the travel space. Publishers for E-com and retail. I think we're seeing that more in the space but it's not as easy as a lot of people think. I know we have a pub dev team and it's way more robust now than it was even three years ago but there's just so much more understanding and the space is just exploded. I think even for on

the marketing side of it, it's fascinating to hear from our pub dev team and our client services team, who are all these new publishers are and coming into the space. There's an unbelievable amount of them but yeah, to have that agency play that role of weeding through them. Screening them. It's a partnership. With a SAS platform and the agency, it's a partnership and it's not just, here, you totally are responsible for all of this. And here, you're totally responsible. It's got to be a symbiotic relationship.

Marilyn Valace: It is, right? We all have the same goal, making sure that there's no errors. Making sure everything's running smooth. Making sure that we're all working towards a successful program. And that's really going back to it, being a great marriage. That's I still think yeah, it's the best of both worlds. As far as like an engagement model, you are right. I think the agency plays a very large part in ensuring compliance. And they utilize our change detection and our compliance tool to help them do that. Whether we're looking at it, the agency's looking at it and the type of cadence of the review that ends up getting set up, the agency plays a huge role in that. We're there to supply the agency and the advertiser with the tools that make life easier and make it easier to manage.

Lenox Powell: So you're talking with a financial services company who's just in general on the fence with affiliate marketing. They're seeing their competitors out there start incorporating and engaging and launching and building and optimizing these programs and financial services companies are not known for being fast movers. They tend to be think tankerships and move pretty slowly. You're talking to somebody in the financial services industry and they're interested in it, their interest is piqued but they're not sure. They're not sure about publishers. They're not sure about the agency. They're not sure about the technology. What kind of advice would you give them about the opportunities that the space offers them?

Marilyn Valace: I think it goes back to the overall goals of that company. Obviously if we're talking to them they're obviously interested in starting it so I'd want to learn more about the actual reasons. Is it risk? Do we think we're going to put our brand at risk? Or is it we're only focused on new customers and I don't know if they're going to drive new customers to us? Is it, we don't have the internal team to manage it? In all of those instances the first one, does demonstrating how compliance works? And also, asking if they want to speak to some of the other financial services companies out there. It is a small space too and a lot of them all know each other. Typically, even though they're competitors, they're very happy to hop on phone with each

other. They all want to push their own industry forward. So by working together and sharing ideas, to a certain extent, not all the secret sauce, but enough to help move it forward for everyone. In my experience they've all been open to that.

Lenox Powell: That's interesting. You don't get that a lot in the retail space. Everyone likes to keep everything they're doing super close to the vest so that's an interesting tip that financial services companies, it's a pretty small club.

Marilyn Valace: Yeah, but again, they're not going to share their secret sauce. It's only going to be so much but yes absolutely. They know that they're in a pretty limited space and they all are in the same world and they have a bond for sure.

Lenox Powell: So parting thoughts. If you could kind of boil down for anybody 'cause there's a lot of crossover with everything you're saying is not radically different from whether you're talking to an agency or whether you're talking to publishers but kind of your parting thoughts if you could kind of break it down to three things that they should really best practices. You want to work with these financial services companies, here are three things that you really, really need to make sure that you have your ducks in a row.

Marilyn Valace: Well you need to understand the laws and regulations. The government regulations around why they need to be compliant and you need to understand the potential penalties around it. And then depending upon the institution that you want to work with, you need to understand their perception of those regulations because they don't all interpret it the same way. You need to understand what's important to them.

And then this isn't unique to financial services but you need to understand the behavior that they're trying to drive. What type of customer? What are the products? And that's definitely the top three things that you need to understand if you want to work with these various organizations. Whether it's for banking or for credit cards, they need to have the confidence that you understand their space because as far as they're concerned, you're an extension of their own hand and when they welcome you into these partnerships with them, they really welcome you in and now you're sort of in their little family, so to speak. In order to get into that family you definitely need to prove yourself.

And if we want to sort of look in our crystal ball and see what's next for these financial services, performance marketing programs. First, if we look back, when they first launched these

programs it was very lead gen based. So it was let's say, applications. They would pay per application. Now look at today, they pay for approval. And now they're also to pay various different ways for these approvals. For the type of card that they were approved for as well as there's varying degrees of credit within each of these cards. They can commission differently based upon certain ranges. They're paying for applications, by product, by different cards.

But when we look ahead, what the goal really is is to be able, they want to be able to commission partners for the value of the customers that they bring. How do they use the card too? They're trying to come up with these profiles. Ideally what would be great and who knows if AI can be a part of this as well. Come up with profiles that are based on all different types of demographics and variables and which help determine the potential future value of a new cardholder or if someone opens up a new checking account or saving account and base commissions off of that.

I think in the future we're going to continue to get creative around that but I think it's going to be framed around paying for the value of the customer that was brought in.

Lenox Powell: Switching gears a bit. The eTail West conference has just concluded. Any revelations that you're taking away with you?

Marilyn Valace: Well, given that we're at eTail, no revelations yet about financial services exactly.

Lenox Powell: Sure.

Marilyn Valace: But it's been a wonderful few days. What I've really liked hearing over the last few days is just about the focus on the customer. That seems to be the general theme and also around do we still talk about individual channels? Do we talk about it as just the full consumer experience? We always talk about individual channels and them saying, "We're going to talk about the consumer." And then based on the consumer we're going to talk about these channels in relation to the consumer. The different sequence of events that need to happen between channels to give the consumer the best experience possible. I think we're talking about it a little bit differently than we have in the past where I do feel it's been very channel focused. That has been I think very refreshing.

Another thing is, a lot of companies talking about globalization which was surprising to me. Just tons and tons of companies trying to go global which is also exciting to hear.

Lenox Powell: Yeah, that's interesting. We noticed that. That and personalization.

Marilyn Valace: Yeah, exactly. Yep, you just read my mind. That and that personalization. All about the customer. How can we personalize this customer's experience? Or this prospect's experience? What have you, just the consumer experience based on what we know about them.

Lenox Powell: This is really insightful stuff. I know the conference is just ending and things are either they're kind of winding down but there's still a lot going on and I just, I really appreciate you taking the time to talk with me about this and I know our listeners will really value the insights you've shared especially about SAS, financial services providers, performance marketing and all of the above. So thank you very much.

Marilyn Valace: Thank you so much for having me.

Lenox Powell: That was Marilyn Valace, regional director at Impact. You can learn more about Impact and all the technological solutions they offer to not only the affiliate industry but to digital marketing as a whole at impact.com. You also get the full notes of this episode on our podcast page at www.accelerationpartners.com under the resources tab at the top of the page. Until next time, keep outperforming.