Connectivity + Data + Experience = **Growth**

5 Advocacy Strategies to Become the **Primary Financial Institution**

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Financial advocacy has become one of the main focuses for financial institutions and consumers alike in 2021.

In a recent bankers' survey we found that financial wellness tools were the second top priority for financial institutions in the coming year. Similarly, in a recent survey of 1000 consumers, we asked what people were most looking for from their financial institution in 2021 and financial wellness was at the top of the list.

This isn't too surprising, there are many upsides to financial advocacy: it often leads to higher brand loyalty, stronger trust, and not to mention more financially stable customers. But financial advocacy goes far beyond literacy, it requires that financial institutions take a proactive and actionable approach when it comes to helping their customers.

Our findings show that 79% of consumers said that they'd like for their bank to help them understand how they can invest and grow their money. This is a great opportunity to help your customers improve their financial standing, which will lead to customers investing more in your products and services. Recent research from Forrester states, "Customer advocacy is the key driver of loyalty at retail financial services firms. Loyalty, in turn, yields the most sustainable revenue growth for these firms. Customer loyalty is no longer just a smart strategy. In an age of empowered customers, it is an imperative." In essence, the more you empower your customers to be financially strong, the stronger you make your institution — it's a win-win scenario.

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How Financial Advocacy Can Help You **Become the Primary Financial Institution**

So how can you provide your customers with the financial advocacy they're looking for? Here are five ways you can use technology to help your customers become financially stronger and, in turn, become the primary financial institution.

1. Create hyper-personalized offers with analytics

An experience is only as good as the data that drives it. The more you know about your customers, the better able you are to create experiences that truly speak to their needs at any given time. The truth is, people's financial situations are constantly evolving, and so should the way you communicate to them. However, oftentimes, data is housed in various formats and siloed across different departments, making it hard to gain a complete and holistic understanding of who your customers are and where they are in their financial journey. Without a holistic view, it's impossible to know what the most relevant product or service is for that customer at a specific point in time. So it's no surprise that 95% of the bankers we surveyed said that easily accessible and actionable data is essential to success in 2021.

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What's more, 68% of consumers we surveyed said they would like their banking experience to be similar to the experience they have with Netflix, Amazon, and other tech companies that understand their needs and offer recommendations based on their information. In other words, consumers want to be seen and heard — and in general, one-size-fits-all offers simply don't work.

When your data is easy to use and access, you'll be able to create hyper-personalized offers that help your customers make better financial decisions. Over time, better financial habits can help turn your customers from spenders to savers to investors. The truth is, no one wants to switch banking providers. It's not usually something people actively look to do unless they're dissatisfied. So the more value you're able to add to your customers' lives, the more likely they are to stick around for the long run, which will help you become their primary financial institution.

2. Provide tools for self-service banking

There are many banking interactions that should become self-serve. Things like paying bills, opening an account, or transferring funds can easily be handled by your customers without the need to go into a branch or call into your call center. Mobile banking tools are a great way to let your customers take care of their day-to-day banking needs, while giving you the opportunity to service those who have more pressing or involved matters to work through. Giving your customers the tools they need to manage their finances easily on their own frees up your financial institution to reallocate resources strategically and spread your budget further.

Not only that, but giving your customers the ability to manage their own financial lives and making that experience simple can be quite transformative. It enables people to start having a more positive and less cumbersome association with their finances, which can help them become more proactive in the long run. When your customers start to feel empowered and in the know financially, they start to proactively interact with their finances. The right tools will also be a great reason for them to come back to your institution as opposed to any other. In essence, you'll become their one-stop-shop for all their banking needs.

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3. Give proactive and real-time insights

Even Americans that aren't in poverty still struggle to manage their finances. Today, "the typical American spends 61.3% of their annual income on [housing, transportation, and food]." [1] And according to a recent Pew survey, "55% of U.S. households spend everything — or more than — they make most months, and many have little or no savings to deal with financial shocks." [1] But despite how important managing finances seems to be, only a minority of people seem to have a thorough financial plan in place.

What's shocking is that even though we live in an age full of technological advancements, "people are [still] more likely to use a pen and paper (48%), or a spreadsheet (42%) to track spending." [2] And "just 14% of adults use personal finance apps...to keep their personal finances in order." [2] When it comes down to it, there's simply too much burden placed on individuals. And with so much going on in people's daily lives, they're less likely to prioritize or stick to a financial plan if it doesn't easily fit into their lifestyle. That's exactly where technology can come in and help. With technology like guided financial advice and AI-driven personalized insights, you can help your customers make better decisions in real-time, building financial strength and increasing their engagement. Technology takes a lot of the heavy lifting out of the financial management equation, enabling people to proactively act on their financial information without having to piece it all together.

When we asked consumers if their financial institution helps them become financially strong, 34% said they help a little bit and 58% of consumers say their financial institution doesn't help at all. A simple yet effective way to change this perception is with better financial advice, guidance, and insights in real time. Not only will these types of insights help your customers keep their finances top of mind when needed, it can help them avoid costly mistakes that make it harder for them to maintain a positive financial outlook.

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4. Teach kids from a young age

Learning good habits at a young age can create positive change that lasts a lifetime. And that's especially true when it comes to financial services. Kids that have a healthy relationship with money from a young age are more likely to manage their finances more responsibility as adults. And when it comes to learning better financial habits, parents can play a pivotal role. A research study analyzing the effects of parents' values on children found a statistically significant positive association between parents' savings rates and children's savings rates.

On the other hand, the lack of financial literacy in early childhood inevitably carries into young adulthood and beyond. The Hartford Financial Services Group shows, "Students and parents agree that college students are not well prepared to deal with the financial challenges that lie ahead. Less than one-quarter of students or about 24% and only 20% of parents say students are prepared to deal with the financial challenges that await them in the real world." [3] This is where you can step in. With the use of technology, your financial institution is well positioned to fill the void in financial literacy with advocacy. Digital tools such as personal financial management are not only helpful for adults, but can be gamified in app form to help kids become more familiar with spending and saving.

Over time, as kids grow into adulthood and are in charge of their own financial lives, they're likely to stick with the financial institution that they've come to trust from a young age. Providing financial advocacy to all age groups can help you create customer relationships that last a lifetime.

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5. Focus on the right kind of fees

Fees have been around for a very long time, and in general, they're good for business. They are, after all, a quick way to make profit and boost the bottom line. But not all fees are created equal, and some might be costing you more than you realize. One way to become the primary financial institution, while still focusing on the bottom line is with the right fees. Service-based fees can be a great value add for customers and they'll generally be happy to pay for them. However, certain fees such as late payments often have a negative impact on your customers' finances but also on your reputation. Your customers want to look to you as a helpful guide, someone who is on their side when it comes to financial matters.

When it comes down to it, fees might be costing you more than you realize. It might seem like a good idea on the surface, but if you factor in how many people call in to dispute a fee, the future business lost due to fees, or the lower satisfaction scores when it comes to your brand, it can add up in costs to a lot more than the immediate boost you see to your bottom line.

A customer-centric approach to becoming the primary FI

The financial ecosystem will continue to evolve and change as new entrants — from tech giants to nontraditional banks — and different types of services take a slice from your core business and bottom line. And with less friction and more choice, it's incredibly easy for customers to switch providers at the tap of a button. To become the primary financial institution you have to always take a customer-centric approach when it comes to your financial institutions' goals and strategies. Simply put, the more you can help your customers thrive, the more likely they are to stay, invest, and grow their financial lives with you.

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