



Millennials and money

How to prepare for the biggest wealth
transfer in history

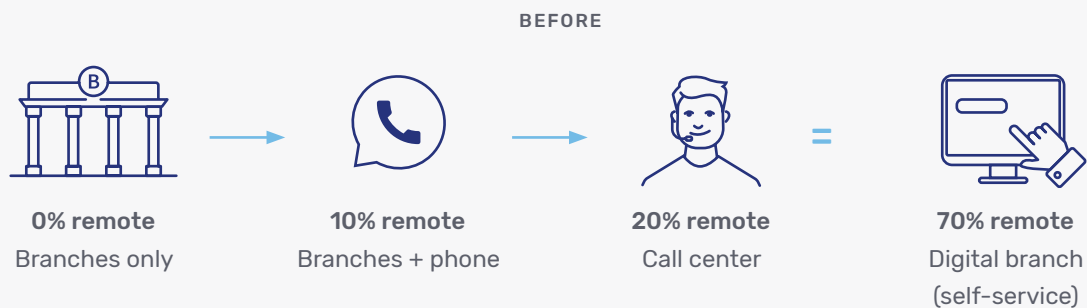
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Introduction

These are unprecedented times and for Millennials, in particular, the future is uncertain. The need for financial advice has never been greater but the means by which that advice is delivered is transforming. The evolution of customer service is being fuelled by various changes: a shifting demographic, rapid technological progress, and growing competition between different financial service providers. For finance firms, developing deliberate strategies to address these significant challenges has become a matter of urgency.

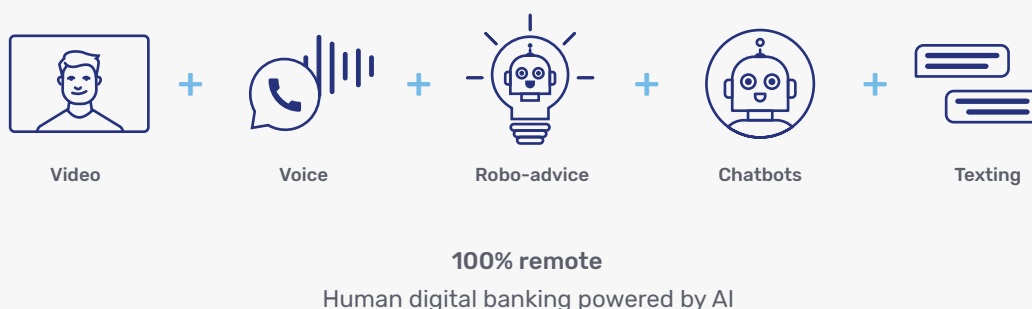
But who exactly are Millennials? And what is it that they want from their financial service provider? What challenges do the demands of Millennials pose for financial services? And what can providers do to better serve Millennial customers? In investigating the ways that both retail and private banking can be transformed to better meet these changing expectations, it's clear that digital tools can empower financial providers to dramatically improve the Millennial banking experience.

The evolution of banking customer service



NOW

Personalized Conversational Banking



Millennials: a large inheritance but a precarious position

The Millennial generation, defined as those born between 1981 and 1996, are well into adulthood. Today, they're aged between 24 and 39. What's more, in July 2020, the U.S. Census confirmed that Millennials have surpassed Baby Boomers as the largest generation of Americans. On top of this, from 2017 to 2060, around USD 50 trillion are expected to move from Baby Boomers to Millennials¹, from one generation to another, constituting the largest transfer of wealth in history.



Millennials

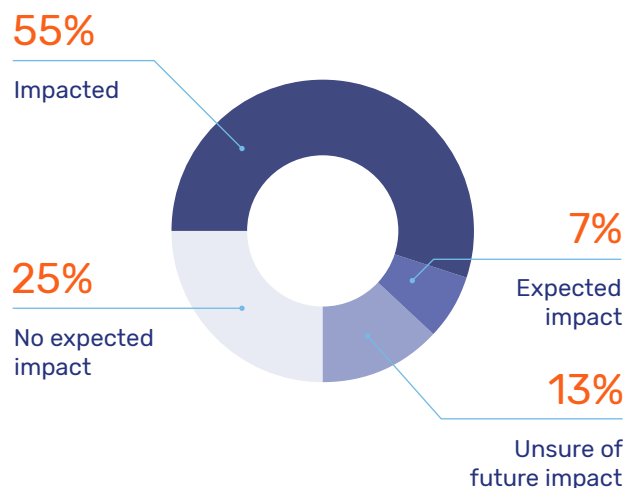
born between 1981-1996

- 📅 between 24 to 39 years old
- 💰 will inherit around USD 50 trillion
- 💻 tech-savvy
- 🌐 diverse generation
- 🔍 financially lost

Doubly hit

The finances of Millennials are in a precarious position. Millennials are old enough to have been negatively impacted

by the Great Recession in 2008. And given most are currently at a midpoint in their careers, they have also been hit disproportionately by COVID-19. In fact, two out of three Millennials have suffered in terms of either their employment or income status during the pandemic². This generation has therefore been affected by financial crises twice in just over 12 years.



Source: TransUnion Wave 10 Pulse Survey
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Tech-savvy

A defining aspect of the Millennial generation is their tech know-how. Technology is an established part of daily life, whether that's using same-day delivery services or enjoying video-on-demand. Millennials interact with each other from any location, via any device.

1: <https://www2.deloitte.com/content/dam/Deloitte/de/Documents/WM%20Digitalisierung.pdf>

2: <https://thefinancialbrand.com/98308/covid-19-pandemic-coronavirus-millennial-finance-debt-trend-recession/>

To this tech-savvy generation, inefficient and poorly designed user interfaces and slow responses from providers is a particularly glaring lapse. Industries need to implement smarter solutions if they are to meet the demands of digitally advanced Millennials.

One generation, multiple segments

Companies should be wary of thinking of Millennials as homogeneous. This is a diverse generation with distinct pockets. Those Millennials who graduated at the peak of the Great Recession, for example, have different outlooks, needs, and demands from those who are now at the age where they are starting to take responsibility for the care of their parents. These micro-demographics make it even more important that companies customize their user experience, creating a flexible service that treats each visitor as an individual.

Financially lost

Following COVID-19 and the economic downturn it entails, there's a danger that, financially speaking, Millennials might become part of a "lost generation." They were already experiencing lower income levels due to the Great Recession. Add to that difficult economic realities like rocketing student debt and house prices that are rising faster than salaries and you have a generation struggling to meet conventional economic goals. Especially when they haven't been taught how to handle their finances effectively or plan for their futures.



Right here, right now: what Millennials want

As both Millennials and Baby Boomers get older, the former are going to begin to inherit, on mass, the fortunes of Baby Boomers. Data shows that, in the past, these wealth transfers between generations have resulted in 90%³ of “heirs” changing financial advisor. So what do Millennials want from their advisors, and from financial services in general?

Personalization

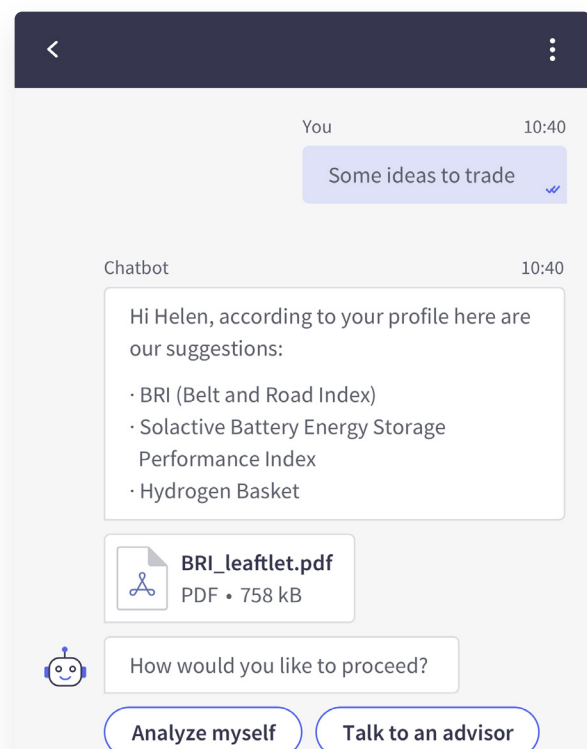
One age-independent customer demand is for a personal user experience. Nobody, Millennial or not, wants to be at the receiving end of a generic one-size-fits-all customer service.

They want a service that is adapted to their unique needs and makes them feel listened to and understood. They want personalized communication and products. Given that they are becoming accustomed to an increasingly customer-centric service from other industries, they are now demanding it from their financial provider too.

Exceptional customer experience

Customers are also demanding a faster response to queries and a quicker resolution of problems. Millennials, in particular, won't tolerate any pain points in the customer journey.

They will quickly become frustrated by complicated processes or be put off by inefficiency and additional hassle – things that Boomers and Generation Xers were often willing to accept. Millennials want fast responses, useful and relevant information, and a seamless and uninterrupted journey – all in a time window that may not match conventional business hours.



3: <https://www2.deloitte.com/content/dam/Deloitte/de/Documents/WM%20Digitalisierung.pdf>

Flexibility

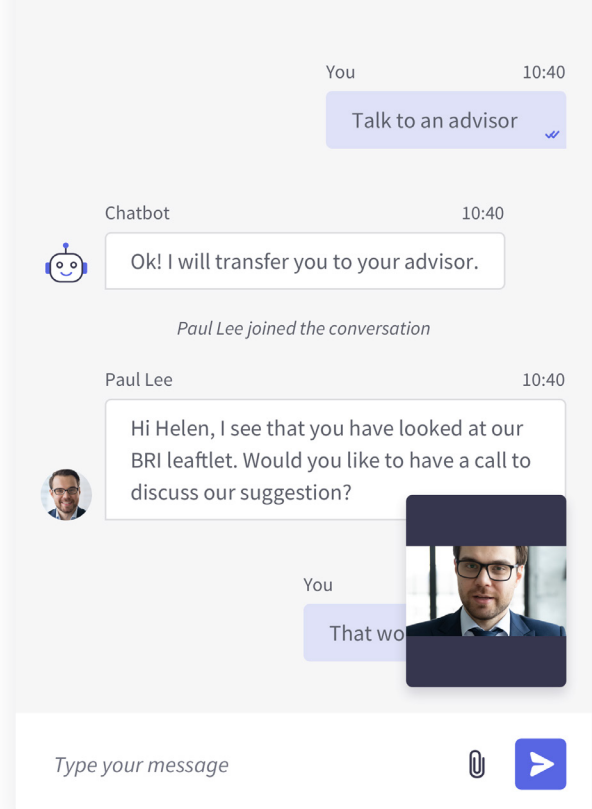
Millennials are a generation that is increasingly reliant on the ability to communicate anytime, anywhere. And they expect this same level of flexibility and accommodation from their financial service providers.

They want the freedom to communicate with their bank no matter where they are in the world, no matter which device they are currently using. Mobile interaction is particularly popular among Millennials, which is why developing solutions for mobile devices is imperative for financial providers.

Seamless journeys

Similarly, customers want to be able to communicate via any channel. These channels might, at times, include traditional forms of interaction, such as telephone, email, and face-to-face. But these old-school channels will often take a backseat to digitally-enabled interactions such as live chat, text messaging, and video calls.

Not only do customers want to be able to choose between different channels, but their customer journey might involve a combination of different channels. And this hybrid form of communication should be seamless and uninterrupted.

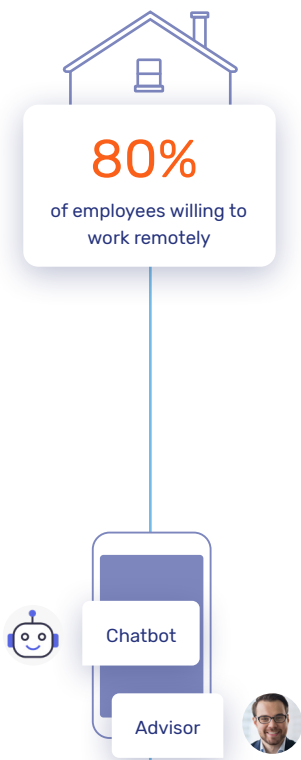


Transparent relationships

When choosing between providers and products, Millennials take the decision-making into their own hands. They do research, compare products, and listen to recommendations from sources they deem trustworthy. They appreciate easy access to information when making these decisions and want transparency from banks in terms of pricing as well as a sense of brand authenticity. If banks want to build a trusting relationship with Millennials, they will need to deliver a service that feels honest and reliable.

The road ahead: challenges facing financial services

Finance firms are beginning to come to terms with the fact that the industry is facing serious challenges. With technological progress accelerating, the new generation of clients and investors have different expectations and demands. As a response, competitive new business models are springing up – not just in finance but in associated industries.



Evolving workforce

Both Boomers and their financial advisors have got older, and the latter just haven't got to grips with new technologies and the different expectations of their younger clients. To move with the tide of change, banks need a workforce with Millennials in key positions where they can help shape the future of the bank. And these younger employees will expect different working practices. For example, the share of employees willing to work remotely has doubled to 80 percent, according to McKinsey's COVID-19 Smart Working Survey⁴.

Technological progress

This generational gap between advisors and their younger clients is evident in the fact that top-level and executive advisors are and continue to be slow in embracing digital tools. They are hesitant to use mobile channels, for example, instead favoring more traditional methods of communication.

Ignoring the preferences of their Millennial clients, they seem reluctant to hasten the bank's evolution towards new and more productive advisory models – such as those that combine human and bot-based advice in a hybrid customer experience.

4: <https://www.mckinsey.com/~/media/McKinsey/Industries/Financial%20Services/Our%20Insights/The%20future%20of%20private%20banking%20in%20Europe/the-future-of-private-banking-in-europe.pdf>



Increasing competition

As companies from adjacent industries also enter the wealth management market, competition is fierce. Universal banks are now offering integrated wealth management strategies while insurance companies are retraining advisors to sell higher-margin wealth management products. Pure-play direct companies are introducing advice-based services while non-financial firms are offering packaged products to those clients who aren't seeking a relationship with an advisor.

The boom in digital technologies has also led to a rise in fintech firms. While in some cases these firms seek to offer their services and solutions to banks, and to work with them, more often they pose a source of competition.

Not only do fintechs operate in less heavily regulated areas of the financial sector, but their products and services are also less costly; usually payment, transfer, or credit-related, for example.

In offering a distinct financial product or service – and often targeting a specific market demographic, such as Millennials – these companies are disrupting the banking sector, democratizing access to financial services and making the transferring and managing of wealth easier for a broader spectrum of the population.

Against the backdrop of this increasingly competitive landscape, the financial providers who stand out will be those that can offer a personalized, integrated, and omnichannel experience to customers.

Millennial distrust

Another challenge firms face is that many Millennials don't trust their bank. In fact, according to research by the Financial Health Network, even in the pre-COVID-19 world, only 14% of Millennials felt⁵ strongly that their primary financial institution helped them to improve their financial health. Banks will have to work hard to build trust with this generation – but the rewards are well worth it. Millennials say they will spend 21% more to do business with those companies who excel at customer service⁶.



14%

of Millennials felt that their financial institution helped them to improve their financial health

5: <https://thefinancialbrand.com/98308/covid-19-pandemic-coronavirus-millennial-finance-debt-trend-recession/>; 6: <https://blog.unblu.com/en/17-customer-service-statistics-and-trends-in-digital-banking>

Building the right value proposition to engage Millennials

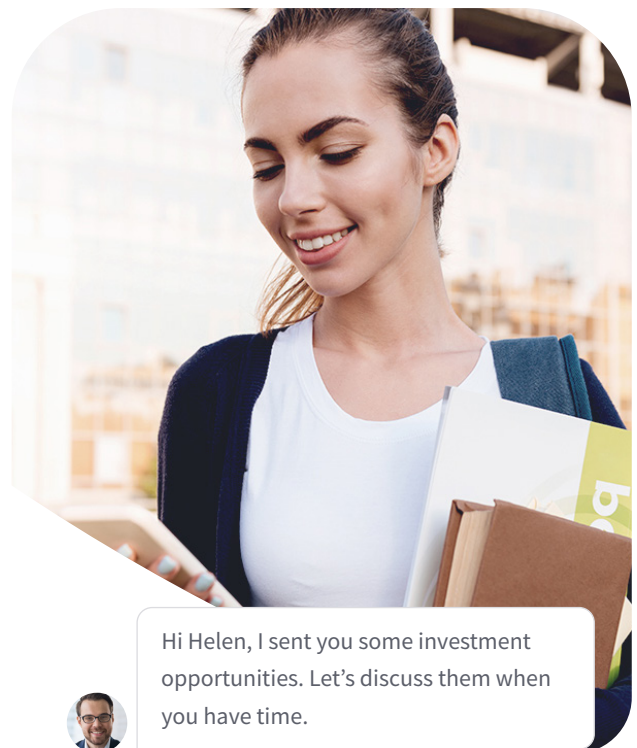
To convert Millennials, financial services require a new value proposition. They need to move away from a Boomer and Generation X-oriented mindset to one focused on the needs and preferences of this younger generation. Via a digitally-enabled, customer-centric, and hybrid service, they can demonstrate their commitment to helping build and sustain their wealth, and prove the value of an advisor relationship.

Advisors and relationship managers need to be poised to become bionic: to embrace technology and use digital tools, capabilities, and data to enhance their services. This doesn't mean entirely replacing advisors with automated solutions. Instead, banks should work to combine digital and human interaction – the former supporting and augmenting the latter – in a hybrid human and high-tech experience.

Customer-centricity

Personalization is essential to winning over Millennial consumers. The client should be considered top priority, which means creating a seamless and flexible customer journey where products, tools, and content are tailored to the individual customer. Each client-advisor interaction should be considered valuable, with advisors ready to anticipate client needs, solve problems, and deliver an exceptional service, 24/7.

The key to a successful customer-centric approach is leveraging the all-important "moment of truth": those interactions that



Hi Helen, I sent you some investment opportunities. Let's discuss them when you have time.

Sure! I'm on the go now. But I'd like to discuss them this afternoon.

alter a customer's perception of a service, either positively or negatively. By using digital tools and processes, banks can curate a level of flexibility that enables them to interact with customers wherever and whenever possible. The more touchpoints in a journey, the more opportunity for meaningful exchange.

If these exchanges engage customers and grow trust, client satisfaction and loyalty soars. Approaching the client-bank relationship on the client's terms, and using moments of truth to prove themselves, banks can prevent abandonments, reduce drop-offs, and improve conversion rates.

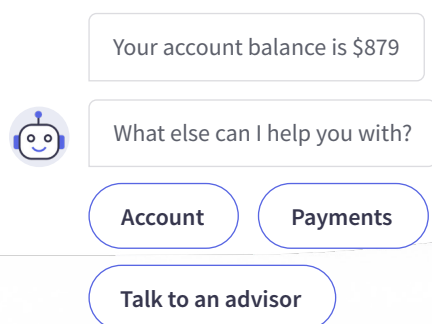
Millennials have grown up with smartphones, and mobile applications are often their preferred channel of communication. In such a context, it's imperative that providers prioritize building an appealing mobile interface, designing products and services that enhance customer engagement with a mobile-first mindset.

For both retail and private banks, an exceptional mobile experience is also key to competing with those digital-only banks whose popularity is growing by the day.

Hybrid approach

Equally important on the road to success is a hybrid approach to customer service. This means complementing the advisor service with automated solutions. By delegating simple client queries to self-service tools, not only do banks empower clients to take control of their own decisions, but they free up advisors to focus on delivering expert knowledge in more complex client interactions.

By taking advantage of these cost-effective digital channels, banks can save money, increase overall productivity, and allow advisors to focus their energies on providing exceptional support to core clients, as well as releasing resources for other revenue-generating activities.



Going digital

Younger consumers are used to digital innovation in other industries and have come to expect the same from all providers.

Digitization is essential to keeping these customers engaged. That's not to say that traditional communication channels such as phone calls or face-to-face meetings will disappear completely but the shift should be towards an omnichannel customer experience – one built around digital and remote interactions and intelligent tools.

Digital tools and analytics can empower relationship managers and advisors to deliver a winning customer service. Data provides insights into client preferences and behavior,

allowing advisors to anticipate needs and demands and keep up with customer expectations. Collecting client data and applying the resulting insights empowers banks to deliver a personal touch that dramatically enriches the client experience.

Going digital proliferates the number of opportunities for productive interactions between bank and client – such as within the texting experience or in the context of a video meeting. Digital tools increase the number of touchpoints and allow banks to further individualize their service.



Technology as a tool to better serve millennials

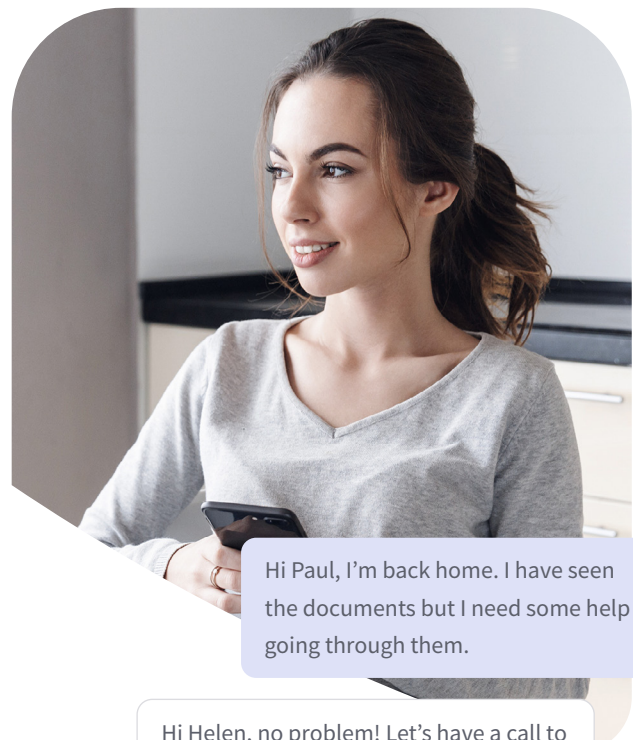
New technologies can be combined with human expertise to transform both private and retail banking. In private banking, digital tools enhance the ability of advisors to provide relevant guidance and allow them to collaborate with clients in contexts such as investment and portfolio management. In retail banking, self-service solutions empower customers by providing instantaneous help, 24/7, on products like loans and mortgages, with tools like co-browsing bringing a new efficiency and personalization to the client-advisor interaction.

Texting for instant support

Asynchronous messaging allows clients to communicate with advisors about complicated issues in an easy and intuitive way. Problems can be resolved faster and questions answered more easily – even more so when popular messaging apps like WhatsApp and Facebook Messenger are used.

Live chat offers similar convenience, with advisors able to help multiple customers simultaneously and in real-time, with canned responses that automate replies all while retaining that personal touch.

- In private banking, messaging creates a context for an ongoing and personal conversation between advisor and client. They can discuss complex financial products and issues, such as investment opportunities, and build a trusting relationship. The messaging solution could even be integrated with popular



Hi Helen, no problem! Let's have a call to clarify your questions.

messaging applications like WhatsApp or Facebook Messenger, making the experience even more convenient for the customer.

- Live chat can be used in retail banking to provide customers with real-time support. If a customer needs information on a loan product, for example, they can pose questions to an advisor via live chat without having to come into the branch. This way, banks can engage with customers at just the right moment, improving conversion rates.

Video & voice for better advice

Video chat offers the same sense of familiarity as a face-to-face interaction but with the added convenience of being remote. Consumers are familiar with talking via video call thanks to the popularity of apps like FaceTime and Zoom. Video chat allows banks and customers to connect in real-time in a secure way, building a trusting and productive relationship, resulting in better conversion rates and growing share of wallet.

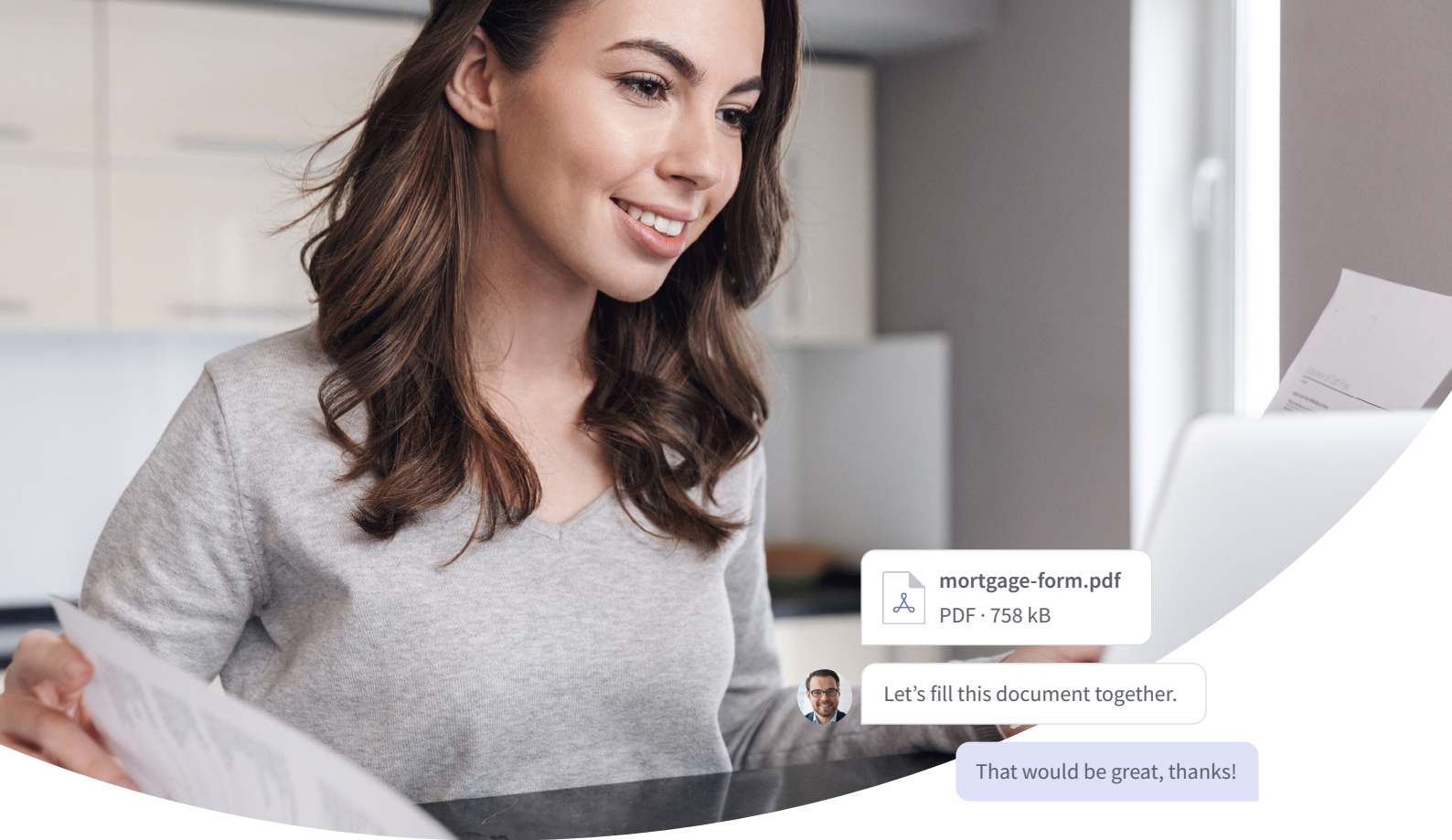
Advisors can offer high-touch and empathetic advice, providing the reassurance necessary when discussing sensitive issues. The flexibility to choose a simple voice call when they want further tailors the experience to the customer's unique needs and preferences.

- For private banks, a portfolio review discussion could be conducted via video or voice call, providing the personalization necessary for complicated financial decisions but without the client having to travel to the branch. Co-browsing takes

it one step further, allowing the client and advisor to navigate applications, documents and the web together at the same time – perhaps visiting Google to check the latest expert analysis.

- Similarly, in retail banking, a high-stakes transaction – such as a mortgage application – requires attentive one-on-one help. A video call is appropriately personal – and a voice call is always an option if the customer prefers. The interaction can be further enhanced with document co-browsing, where the customer and advisor are able to look at forms and proposals together, highlighting details, and even signing online too.





Co-browsing & screen sharing for better collaboration

Co-browsing and screen sharing offer benefits to both bank and customer. Being able to see what the customer is doing allows for visual troubleshooting, making the advisory process clearer and more personalized.

The client and advisor can collaborate, working together to resolve issues on a website or application, or browsing documents simultaneously. The customer support experience becomes immediately more engaging and efficient.

- When providing long-term investment advice, for example, co-browsing can be used alongside video chat to first onboard the customer and then continue the interaction. The customer and advisor can chat, collaborate on documents, browse the web together, and highlight different

things on the screen. The process is streamlined and the conversation more meaningful.

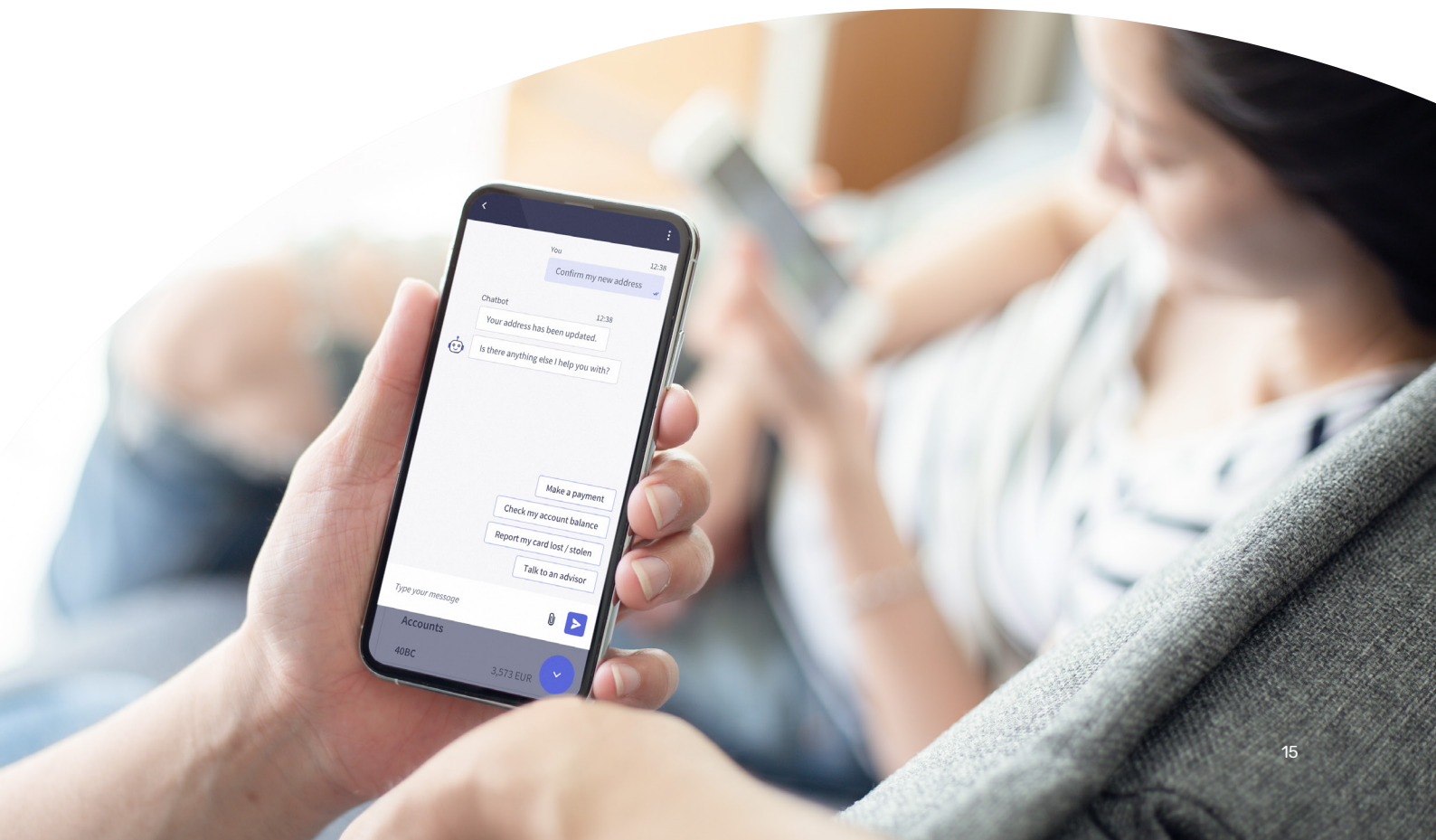
- Filling in forms— such as a pension plan application— can be difficult and there are multiple moments where a customer might abandon. With co-browsing, advisors can walk customers through the process, offering hands-on guidance whenever they need it. Or, when discussing complex topics, advisors can use video chat to make the interaction more personal and co-browsing to point out details of various different products and deals.

Chatbot for customer self-service

Chatbots are a cost-optimized self-service tool for low-stakes problems and low-value tasks where the expertise of an advisor is not required. Using natural language processing, chatbots can interact with customers, answer simple questions, and guide them through transactions. It's also a low-risk strategy as the option to transfer to speaking to a real advisor is there at any moment.

Benefits to self-service bots are multiple. They reduce support costs. They increase productivity as advisors can delegate works to bots and focus on more complex and revenue-boosting tasks. Bots can also be used to gauge interest in products, generating more qualified leads.

- In private banking, chatbots can offer guided investment advice in place of an advisor. For example, if a client is seeking ideas on trading opportunities, the chatbot can give him options based on his profile. If the customer wants to go ahead with the investment, the bot can walk him through the process. The customer executes the investment himself but has help from the bot at every stage.
- For simple retail banking queries – like a customer wanting to change their address – chatbots can provide instantaneous answers. Rather than having to call the bank or search lengthy FAQ pages, customers can get solutions in the intuitive form of a conversation. And if they don't get the answer they need, they can always transfer to an advisor.



Why Unblu

Unblu's Conversational Platform enables financial advisors to put human conversation front and center - in every online interaction and in every communication channel. After all, there's no replacement for a trusting relationship built on a personalized understanding of needs. When human touch, capacity for empathy, and expertise is combined with innovative technological capabilities, advisors are able to offer a truly holistic customer experience, delivering lasting value to the client and simultaneously driving revenue for the bank.

Compliance

Unblu's conversational tools are built to be compliant with the necessary financial regulations. All data is protected and stored in a central repository and the configuration of production systems are designed so as to allow access to an audit trail. With co-browsing, all sensitive data can be masked, while encrypted archiving and geofencing ensures that video and audio communication is also compliant.

Security

The SecureFlow Manager controls the flow of protected and encrypted resources, ensuring even the most highly secured applications can be safely accessed. Similarly, co-browsing is restricted to the application; the bank never receives any data or output generated outside of the app. Furthermore, Unblu's technology can be integrated into existing security set-ups without the opening of any additional ports.

Technology

Unblu's solutions require no downloads, installations, or plug-ins. What's more, the embedded co-browsing technology has been designed to handle large and complicated pages. This means that there's no transfer of the session to a proxy server, allowing banks to side-step the complications of large data transfers. It also means clients don't need to log in again on the proxy server.

Usability

Banks can create a seamless customer journey combining multiple touchpoints. For example, combining live chat or video and voice call with a co-browsing session. Advisors and clients can switch smoothly between a range of solutions. Plus, Unblu's system is highly configurable.

Integration

Banks and financial services can choose between different architecture options. An on-premise installation is available for those clients that want to run the application themselves. An alternative is the Unblu Financial Cloud infrastructure or a hybrid option whereby some components are hosted on-premise and others are run in the cloud. Banks can also integrate Unblu's technology into existing systems such as their CRM or Call Center Infrastructure.

Efficiency

Unblu's proven implementation methodology allows customers to become fully operational within a month. Unblu's system is modular which creates additional flexibility as banks and financial services can license as many functions as they need at that time and for their particular use case. More functions can be activated at a later date without the need for further installation projects.

Trust

Unblu has been working for over ten years in the financial space. We have helped with over 150 banking and financial service implementations worldwide, including projects for UBS, Deutsche Bank, and Intesa Sanpaolo. With a range of innovative conversational tools, Unblu is transforming how banks engage and collaborate with customers, helping them to build trusting and productive relationships.

Conclusion

It's clear that financial services need to review and adapt their value proposition to meet changing economic realities and shifting demographics. The average client is now younger and with different expectations of their bank than before, not least because of the technological innovation that they, as a generation, have grown used to. An increasingly competitive landscape also makes adjusting the client approach imperative for financial providers if they are to stand out and engage this segment of the population.

To win over Millennials, banks need to shift from product-centric to client-centric strategies. They need to embrace a new mindset – one that prioritizes positive customer experiences. These customer experiences should be hybrid, combining the best of human and tech. They should use digital tools not just to save time and money but to increase the opportunities for meaningful conversation, capitalizing on innovative solutions to build trusting relationships with clients.

If the financial service industry fails to take action, it runs the risk of losing clients. Today's consumer is less loyal and more savvy, making decisions based on their own research, questioning whether their provider really has their best interests at heart, and seeking alternatives if not. Companies that provide advisors with the tools and training necessary to handle these new client demands are those with the best shot at success.

About Unblu

Unblu helps the world's leading banks deliver an in-person experience online. We provide highly secure collaboration software, empowering banks to enrich the digital experience of their clients.

Unblu's suite of tools increases revenue and efficiency while reducing costs and improving digital customer interaction. Our clients have been able to cut customer support calls in half, achieve four times as many client meetings as in branches, considerably increase customer satisfaction, and produce a 90% recommendation rate. **Unblu is transforming the future of online banking.**

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If you have any questions, please email us at sales@unblu.com