FinGoal

Banking Communities Go Beyond Geography

Historically, traditional economics assumed that people always act in their best financial interest. However, this theory assumes that financial stability is the only variable used in making spending choices. Thankfully, behavioral economics has shed new light on the complexity of most people's decision process.

Decisions Aren't Made In A Vacuum

People live in a community, and their decision process often takes into account far more than their individual needs. Social preferences for altruism and fairness can lead people to choose sacrifice over personal gain. Whether it's social norms like reciprocity or an inequality aversion, the problems of others often supersede one's own financial circumstances.

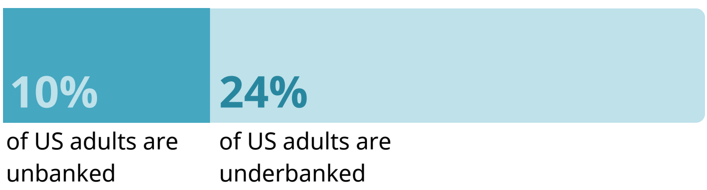
Parents go into debt to send their children to valuable experiences.

Neighbors overspend to make meals for the elderly person next door.

Individuals reduce their work hours to become caregivers for loved ones.

You Don't Know What You Don't Know

Part of understanding your members and providing personalized services is becoming familiar with the values at play in the choices your community faces. But when decision-makers at banks believe people have the same resources and priorities that they do, the one size fits all approach can have expensive consequences for their members, often failing to meet the needs of the under-represented.



According to a Morning Consult poll conducted in Q3 2021, 10% of US adults remain unbanked and 24% are underbanked.[1]

As financial institutions try to attract new customers, solving the problems of the populations that aren't served yet is essential. American consumers are demanding greater representation from their financial institutions.

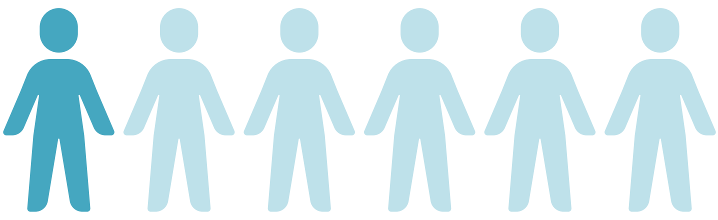
66% of respondents believe banks should support diverse and underrepresented communities.[2]

2.6 x

US Consumers are 2.6x more likely to transact with banks associated with high humanity.[3]

Customers Aren't Waiting Around

While the diversification of staffing at legacy banks is moving slowly, an increasing number of neobanks have narrowed the definition of who their community is. The last 5 years saw an explosion of new banking platforms targeting specific identity and affinity groups.



1 in 6 Americans reported that they felt "unwelcome purchasing banking products due to their race, gender, socioeconomics and/or sexual orientation." And they want financial products that address their unique financial concerns.[4]

If incumbent banks don't rise to the challenge they risk losing up to **10% market share**.[5] Creating a community ethos is not only a high level of customer service, it may just supersede your brand identity.

1) https://morningconsult.com/2021/08/17/unbanked-underbanked-demographic-profile/
2 - 5) https://www.deloittedigital.com/content/dam/deloittedigital/us/documents/offerings/offering-20220502-dd-affinity-banking-pov.pdf