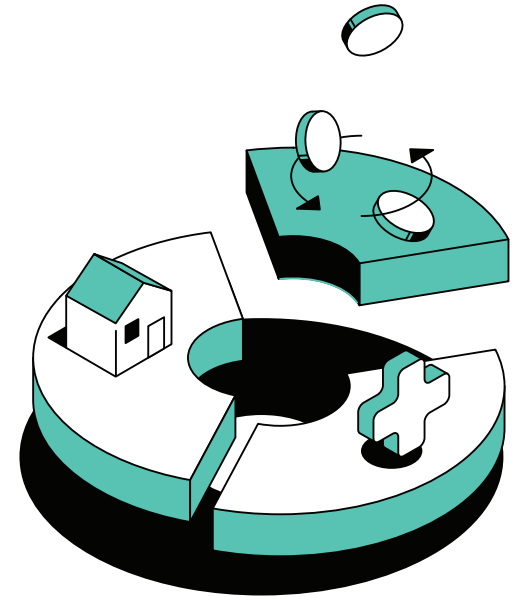




MoneyLion®

Understanding Consumer Segmentation by Financial Health



ENGINE
By MoneyLion®

Engine Insights

Authors:

Mark Goodwin,

Director of Marketing Strategy,
MoneyLion

Malorie Mo,

Director of Product Marketing,
MoneyLion



Introduction

At MoneyLion, our mission is to empower everyone to make their best financial decisions. Through consumer segmentation, we can present relevant financial products tailored to a wide range of individual circumstances. Segmentation also provides marketers and product owners with insights to create differentiated campaigns, content, UX, and product recommendations, allowing for meaningful customization.

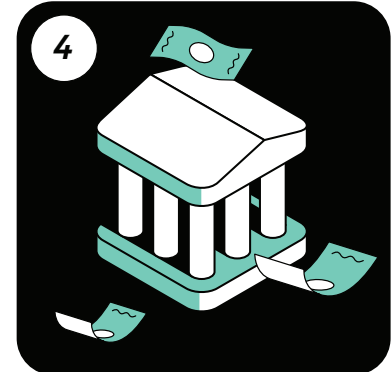
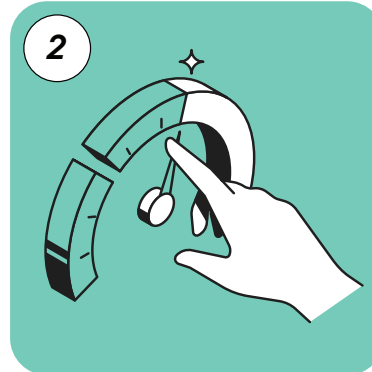
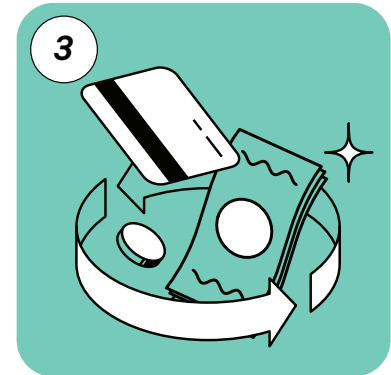
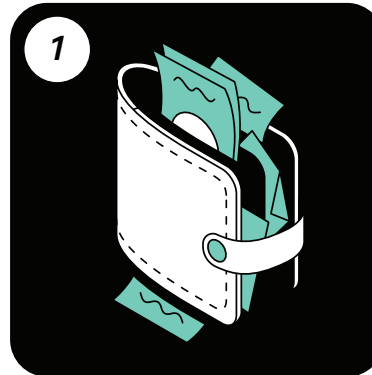
While one-on-one communication is often the most effective, marketing and product communications must frequently be delivered on a larger scale to achieve operational and economic efficiencies. By leveraging consumer insights through effective segmentation, we can still deliver a high degree of relevance within these broader efforts.

Consumer segmentation can be approached in various ways, with the insights serving different marketing objectives. For example, understanding user attitudes towards personal finances, derived from qualitative survey data, can guide the tone of voice and creative direction for brand campaigns. Meanwhile, persona analytics, which leverage a broad spectrum of financial, shopping, and demographic data, are useful for crafting highly specific one-to-one campaigns.

In this paper, we focus on personal financial attributes grounded in quantitative data. Based on numerous tests we've conducted, these insights have proven invaluable in guiding marketing campaigns for the MoneyLion marketplace, as well as in shaping app design, content recommendations, content targeting, and offer design.

Key Attributes of Financial Health

In our segmentation exercise, we have identified four key financial attributes that are both intuitive and predictive. These attributes work together to create a comprehensive picture of a user's financial situation, guiding the selection of appropriate products, offers, and content tailored to their needs.



Income

A user's monthly income forms the foundation of their financial potential. However, income alone doesn't paint the full picture, as lifestyle, debt, and cost of living are also key factors. Sample data for this attribute may include paycheck deposits, supplemented by self-reported income from loan applications.

Credit score

Credit scores play a crucial role in determining a user's access to financial products and their ability to secure favorable interest rates. While credit bureau information serves as the primary data source, it is often supplemented with self-reported credit scores from loan conversion funnels.

Cash Flow Ratio

This metric balances income against expenses, indicating whether a user is living within their means. It helps differentiate between users who are ready to save or invest and those who may need credit assistance. Cash flow is particularly influential for credit products like cash advances and personal loans. A cash flow ratio (expenses/income) above 110 often correlates with increased borrowing and a lower likelihood of seeking wealth management products.

This ratio is typically calculated using data from the user's primary bank account, such as the account with the largest paycheck deposits, and the average income and spending over the past six months.

Account Balance

The average balance across a user's linked savings and checking accounts acts as a key indicator of their financial buffer. A higher account balance indicates a greater ability to cover unforeseen expenses and signals readiness to begin building wealth. For example, balances exceeding \$2,000 increase the likelihood of a user being eligible for personal loans or opening accounts with wealth building products.

Understanding Consumer Behavior by Segment

Interpreting financial health data through the right lens provides valuable insights that can transform both marketing and product strategies. Based on our experience, we've developed a segmentation framework that identifies three distinct consumer cohorts within the MoneyLion app population, which primarily consists of millennials and Gen Z. By participating in a PFM app like MoneyLion, this

population has already shown desire to make better financial decisions. But closer study has revealed varying levels of financial ambition for each segment. By understanding the behaviors within these segments, we can more precisely align product solutions with consumer needs, leading to highly targeted and effective marketing campaigns that resonate on a personal level.





Hackers

In today's complex financial landscape, a distinct cohort of consumers has emerged—those we call the Hackers. These individuals are resourceful navigators of a financial system that often overlooks their needs due to the financial challenges they face, such as low to moderate annual income (\$20K - \$50K), poor credit scores (below 600), limited cash flow (expense/income ratio over 1.0), or low account balances (under \$300).

Hackers are determined to find 'hacks' that allow them to stretch every dollar and make the system work for them. They leave no stone unturned, being 1.5 times more likely to turn to earned wage access products and financial marketplaces that offer options at their fingertips, rather than going from bank to bank.

Climbers

These individuals have worked hard to achieve a stable financial footing, characterized by fair to good credit scores (600 - 780) and higher-than-average annual income (\$100K - \$120K). However, they often face challenges such as poor cash flow (expense/income ratio over 1.0) and low account balances (under \$1,000). Over half of the Climbers hold college or advanced degrees and are poised to thrive as their careers progress but are burdened by student loans and relatively low starting incomes. Despite their academic success and high earning potential, this segment

is caught in the tension between their financial and life aspirations and the reality of tight budgets.

Driven by the pursuit of financial growth, Climbers actively seek practical solutions to make their money work harder. This makes them prime candidates for tools that offer cash flow management and debt consolidation products. Due to their high earning potential, this cohort is well-suited for and often qualified for personal loans and credit card offers. In our study, they have shown 2.25 times more willingness to take advantage of these offers.





Thrivers

This segment comprises individuals who have achieved financial stability and are poised to build a lasting legacy. With excellent credit scores (over 780), favorable cash flow (expense/income ratio under 1.0), and account balances consistently exceeding \$3,600, Thrivers are well-equipped to handle unexpected expenses and have the means to utilize excess cash flow for saving and investing.

Driven by a vision of long-term prosperity, these individuals focus on building wealth through strategic investments and enhancing their savings to ensure long-term financial stability.

Thrivers are ideal candidates for more advanced financial solutions, including high-yield savings, wealth management services, and upmarket lending to help them accumulate wealth for the future. In our study, they are 2.3 times more likely to engage with wealth products and services.

Implementation Considerations for Marketers

Consumers are dynamic and continually evolving, influenced by societal changes, as are the businesses and individuals that serve them. To effectively engage in this shifting landscape, marketers must move beyond static, one-size-fits-all approaches and embrace a nuanced, adaptive segmentation strategy.

An effective marketing segmentation strategy requires continuous monitoring and refinement. Marketers should adopt a 'What if?' mindset,

challenging existing assumptions and strategies to gain fresh perspectives and stay ahead of consumer behavior.

A solid understanding of data and technology is now a crucial skill for marketers. Data is essential for gaining actionable consumer insights and launching responsive campaigns. While mastering the full martech stack is important, marketers should avoid being swayed by the latest trends. Instead, they should focus on thoroughly understanding

the true capabilities of these tools and developing a deep knowledge of their own internal data, which empowers these martech solutions. Consolidating tools as much as possible not only enhances operational efficiency but also provides greater negotiation leverage with vendors, leading to economies of scale.

Hackers



Annual Income:
\$20K - \$50K



Credit Score:
Poor



Expense/Income Ratio:
>> 1.0



Account Balance:
< \$300

1.5x more likely to
take cash advance offers

Climbers



Annual Income:
\$100K - \$120K



Credit Score:
Fair-Good



Expense/Income Ratio:
> 1.0



Account Balance:
< \$2,000

2.25x more likely to
take personal loan offers

Thrivers



Annual Income:
> \$120K



Credit Score:
Excellent



Expense/Income Ratio:
< 1.0



Account Balance:
\$3,600+

2.3x more likely to
engage with wealth products





Conclusion

Consumer segmentation is merely the first step in launching successful marketing campaigns. In this paper, we aimed to share some of the effective strategies that have proven valuable in our experience growing the MoneyLion consumer marketplace. We have applied this segmentation strategy across several marketing campaigns and in-app experiences, which we will explore further in upcoming papers. Future topics will include lifecycle marketing, personalized product matching, frictionless custom onboarding, personalized content distribution, and more.

About MoneyLion

MoneyLion is a leader in financial technology powering the next generation of personalized products and content, with a top consumer finance super app, a premier embedded finance platform for enterprise businesses and a world-class media arm. MoneyLion's mission is to give everyone the power to make their best financial decisions. We pride ourselves on serving the many, not the few; providing confidence through guidance, choice, and personalization; and shortening the distance to an informed action. In our go-to money app for consumers, we deliver curated content on finance and related topics, through a tailored feed that engages people to learn and share. People take control of their finances with our innovative financial products and marketplace

- including our full-fledged suite of features to save, borrow, spend, and invest - seamlessly bringing together the best offers and content from MoneyLion and our 1,100+ Enterprise Partner network, together in one experience.

MoneyLion's enterprise technology provides the definitive search engine and marketplace for financial products, enabling any company to add embedded finance to their business, with advanced AI-backed data and tools through our platform and API. Established in 2013, MoneyLion connects millions of people with the financial products and content they need, when and where they need it.

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For information about Engine by MoneyLion for enterprise businesses, please visit engine.moneylion.com.

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