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Banking on Families: How to grow with the next generation



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Executive Summary

With the rise of open banking and embedded finance, non-financial brands and fintechs are blurring the lines of customer ownership. As a result, it's never been more important for financial institutions to retain their existing clients while engaging the next generation of banking customers.

Easier said than done.

The banking industry continues to face challenges brought about by digital transformation and the rapid pace of innovation. This is profoundly impacting the effectiveness of traditional strategies to attract and retain customers. Deposit bases are shrinking. And young adults are choosing non-traditional banking options.

To address these challenges, banks need to adopt a new approach that focuses on developing relationships with adult customers and their kids, the latter which represents a burgeoning segment of potential customers. Adults with young children consistently rank family financial education and wellness as high priorities, with a majority expressing interest in access to tools and resources to better educate their kids about personal finance.

By partnering with established fintech companies and leveraging mature solutions that deliver seamless tech experiences, banks can create compelling digital offerings that empower parents to raise financially literate kids while creating and nurturing the next generation of loyal customers.

Banks today are
at a crossroads.

The digital transformation has changed the industry's traditional business model.

Success is no longer measured by physical street corners, but by virtual capabilities. Banks must reduce costs while improving efficiencies—conflicting priorities, yet operational mandates.

With an aging customer base, the need to attract younger customers is paramount, yet leaning too hard on innovation risks eroding those established customers.



Meanwhile, Millennials and Gen Z prospects are increasingly opting for other banking—or non-banking—options.

Consider the following:

64% of Gen Z and **57%** of Millennials

have financial accounts at a non-traditional institution, such as a fintech.¹

79.3%

of Millennials expressed interest in digital banking, vs. 33.8% of Baby Boomers.²

<50%

of Gen Z and Millennials use the same bank as their parents.³

It's little surprise that the Bank Administration Institute (BAI) recently concluded that the biggest challenge for bankers is improving the digital experience for their customers while expanding their customer base.⁴



Past growth strategies
fall short in the long term.

Younger customers are easy to find but difficult to keep.

Targeting Gen Z and Millennials is one approach. But many have already landed on digital-only banking options, which have surged in popularity. Developing a competitive offering in-house is another option, but internal software developers are likely overburdened already. There's simply not the time nor resources to redirect them from critical day-to-day responsibilities. But even for those banks capable of developing their own solution, consumer expectations often outpace the ability to continually offer a fresh offering. In those instances, the solution is likely to become dated even before it reaches the marketplace.

Some may try to compensate by creating clever ad campaigns. In 2021, the banking industry spent more than \$11 billion on digital ads, nearly a 31% increase from the prior year.⁶ With the right approach, these may deliver the viral boost that sparks interest among younger banking customers. But without a mature offering to land on, the attention will be fleeting—and the fallout, fast.

Traditional strategies no longer work.

Some financial institutions may do what's simply familiar, promoting piecemeal account enhancements that do little more than clutter customers' inboxes.

Or perhaps they'll focus on exclusive in-person capabilities, like enhancing customer service offerings.

That seems logical, but it overlooks the inherent customer-centricity that today's innovative offerings deliver, 24/7 personalization that's more convenient, more dynamic, and more effective than ever.⁶



It's time for a new approach.

A youth-focused strategy pays dividends.

Rather than focusing outsized attention on those Gen Z and older prospects—ones who are increasingly difficult (and expensive) to engage—you can position your bank for long-term growth and success by developing relationships with those under the age of 18 by way of their parents.



Adults consistently rank family financial education and wellness as high priorities.

81%

say they want access to tools and resources to better educate their kids about personal finance.

89%

of parents feel that it's extremely important that their kids develop good financial habits.⁷

And the best part? You can begin targeting families with a compelling, digital offering—one that aligns with digital transformation trends—**without** investing additional personnel or resources.



How to unlock efficient growth with a family focus.

Start by partnering with an established fintech company, leveraging a mature solution that delivers the seamless tech experience that customers of all ages expect.

Next, look to adults with young children—both existing customers as well as new prospects—selling them on the value benefit of helping their children acquire critical financial literacy skills that they can carry with them through adulthood.

Finally, merge the two approaches with a customized, digital offering—one of those powerful apps that you've been aspiring to create—that empowers parents to raise financially-smart kids by introducing them at an early age to online banking.

And let your fintech partner do the heavy lifting.

Educate and engage for the long-term by addressing the customer needs of today.

This strategy speaks to a sharp movement away from traditional cash handling, which is aligned with customer preferences. After all, cash allowances? Those are a relic of the 20th century. And piggybanks? They followed the path of cash allowances.



Indeed, parents are looking for more practical ways to hold a child's money.

In a recent nationwide survey of 1,034 parents:

93%

of consumers responded that fintech offerings save them time, while 78% said that they save them money.⁸

94%

of parents say that it is important to them that their bank provide banking capabilities for their children (debit card, savings, checking).

94%

of parents also say it is important for their bank to provide financial literacy and education for them and their children.

80%

of parents say they would be at least somewhat likely to switch to a similar bank that offers such banking capabilities and financial literacy for their children.

Meanwhile, those same parents have been unable to find desirable solutions:

85%

of parents say their current bank does not provide any financial literacy education designed for their kids.

49%

of parents say their banks do not offer banking capabilities for their children (savings, checking, etc.)

58%

of parents say their bank does not offer debit cards for their children with parental controls.

By offering a family-focused financial wellness solution, one that integrates an app and debit card that teaches kids and teens to spend, save, give and earn in a fun and creative way, you'll appeal to those parents while creating and nurturing the next generation of bank customers.



Greenlight for Banks:
The fintech partner to
power your growth

Greenlight for Banks leverages one of the most popular and trusted money apps in a turnkey, co-branded program for banks.

Featuring Greenlight's popular money app, the program includes immersive, financial literacy games that engage kids as they see their savings grow, along with straightforward messaging that explains the opportunity costs associated with spending decisions.

How it Works:

Working from a checking or savings account at your bank, parents seamlessly manage and see where, when, and how much their kids spend, supporting them as they learn to manage their money and adopt financial literacy skills.

They retain complete control over their kids' spending and saving, a holistic money management solution that includes cross-promotion opportunities that expand your relationship with those adult customers.



With Greenlight for Banks, parents and kids realize a myriad of banking capabilities:

Parents:

- Send money to kid's card instantly
- Set parental controls on spending
- Keep tabs on spending/saving habits
- Assign chores and automate allowance to teach the value of hard work

Kids:

- Build their money knowledge with Greenlight's fun financial literacy game
- Learn smart spending with their own debit card
- Set and achieve Savings Goals
- Earn with chores and allowance

No technical lift is expected or needed from Greenlight's bank partners—Greenlight helps you deliver the digital solutions that your customers expect without the backend headaches.

Acquire the next generation with Greenlight for Banks.

All of this is created with an eye on graduating your Greenlight for Bank kids into banking adults, educated consumers with entrenched loyalties to your brand. (And in the meantime, that piggy bank money is deposited and held by your institution.)

When you partner with Greenlight for Banks, you can:

- Acquire your next generation of customers, bringing them into your banking ecosystem at an early age
- Grow by attracting new families with a finance solution built just for them
- Nourish strong future banking customers with robust financial literacy tools
- Create upsell opportunities, with a co-branded app that strategically promotes new offerings



Ready to learn more?

Visit us at www.greenlight.com/banks.

GreenLIGHT
for Banks

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