wysh

Revolutionizing Financial Protection with Peace of Mind:

AN INNOVATIVE APPROACH TO EMBEDDING INSURANCE WITHIN DEPOSIT PRODUCTS WITH LIFE BENEFIT

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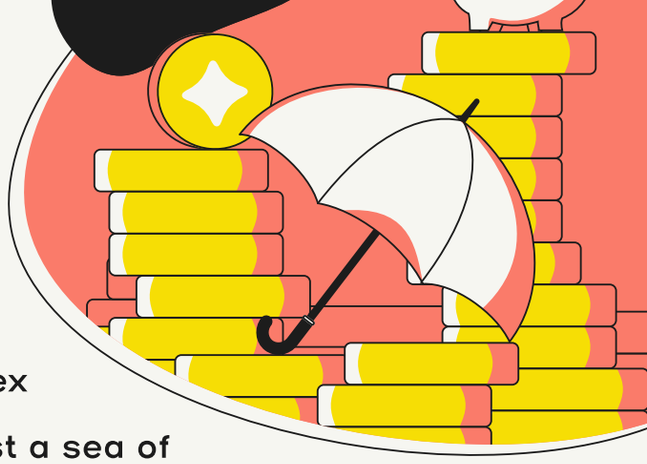


In today's dynamic deposit landscape, Financial Institutions (FIs) confront an increasingly complex predicament: preserving their significance amidst a sea of indistinguishable offerings. A crucial part of the solution lies in capitalizing on emerging trends, consumer demand, and leveraging technology to provide value-added benefits.

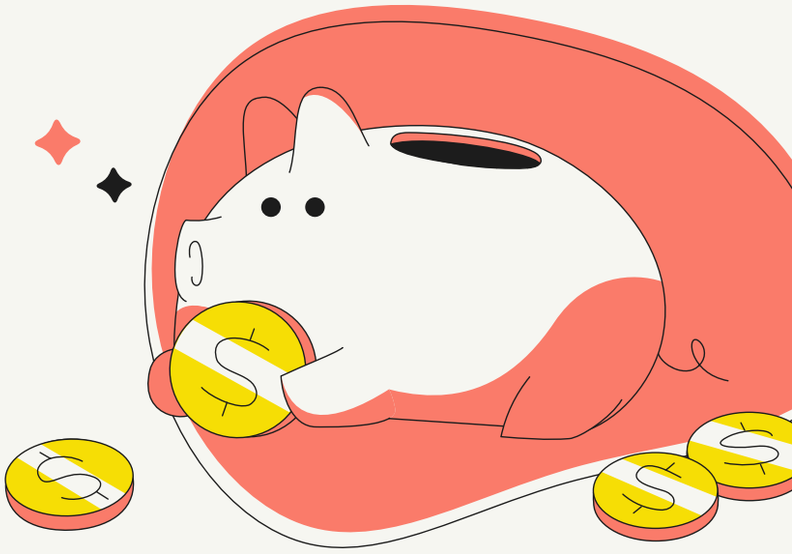
Wysh's groundbreaking product, Life Benefit, is an innovative fusion of life insurance protection embedded within deposit accounts.

Life Benefit offers financial protection with an added advantage of promoting financial inclusivity.

In the United States, nearly 41% of adults, around 106 million people, are uninsured or underinsured[1].

Life Benefit's integrated approach extends financial protection to the demographics that have historically been overlooked by traditional life insurance offerings due to pre-existing conditions or adverse financial histories.

Ultimately, the success of Life Benefit lies in its capacity to provide a unique value proposition that consumers find genuinely helpful, offering them a comprehensive financial solution that addresses both their banking and insurance needs. Such a convergence of insurance and banking services allows financial institutions to foster brand loyalty, while also offering a practical solution that protects customers against unforeseen circumstances.



CHAPTER 1

The Changing Landscape of Banking

The modern banking consumer has endured the aftermath of the 2008 financial crisis, survived several economic recessions, experienced a global pandemic, and continues to deal with fluctuating interest rates[4].

Since 2008, Americans have lived through financial crises and recessions, which have significantly reshaped the way people manage their personal finance, revealing a disconnect between consumer's financial behaviors and the evolving economic climate. The COVID-19 pandemic dramatically transformed consumer banking. According to the U.S. Bureau of Economic Analysis, personal savings rates reached a record high of 33.7% in April 2020, during the peak of the pandemic, but have declined to below 8% in the first quarter of 2023. This decline signifies that people's financial priorities have shifted[2].

When consumer saving was at its peak, consumers were not exclusively saving with their primary institution, revealing a disconnect between the consumer and the FI's banking strategy or offerings. In fact, a 2023 report from JD Power indicates that approximately 31% of banking consumers have shifted their deposits to a secondary account at a different institution[3].

The modern banking consumer has endured the aftermath of the 2008 financial crisis, survived several economic recessions, experienced a global pandemic, and continues to deal with fluctuating interest rates[4]. Deloitte's research further proves the younger generation is not satisfied with the current offerings. Approximately 56% of younger consumers are considering switching banks within the next year[5]. This data makes it apparent that the traditional banking model is missing a key element that drives consumer loyalty.

In order to keep up with the demands, FIs need to adapt their approach, taking into consideration these seismic shifts in consumer behavior. By transforming their strategy, FIs can bridge the gap between current offerings and expectations. Doing so will resonate with contemporary consumers who have faced multiple financial adversities and, in turn, foster deeper, more meaningful relationships with them.

CHAPTER 2

The Rising Demand for Integrated Financial Protection

The evolving economic environment changed the state of deposits. **As such there is a noticeable increase in consumer demand for integrated financial protection.**

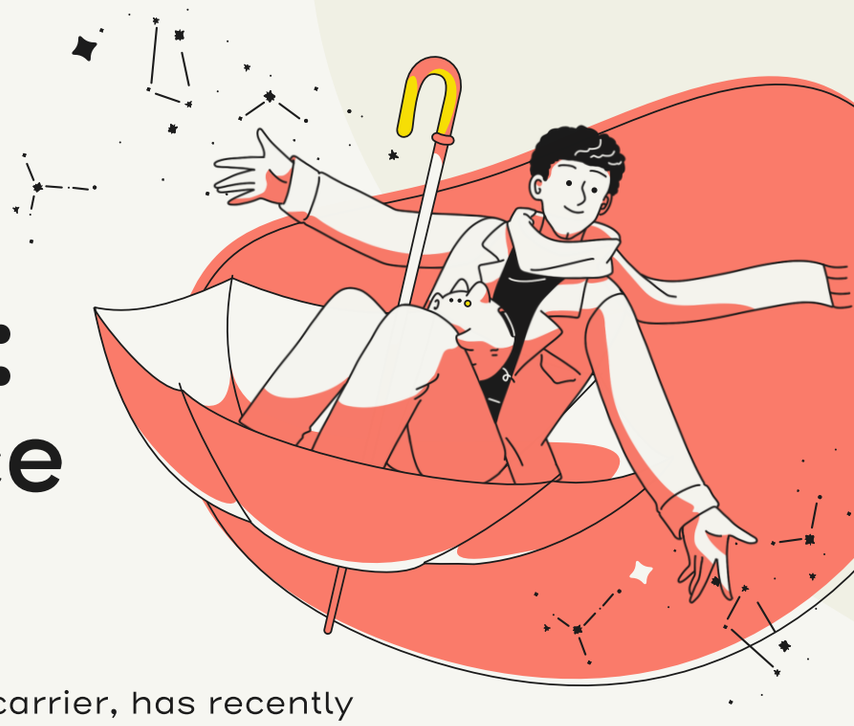
A study conducted by the Consumer Financial Protection Bureau (CFPB) revealed that approximately 80% of U.S. consumers had at least one overdraft in 2020[6]. Indicating widespread utilization of protective measures.

Fraud monitoring has become a crucial requirement for consumers. A survey by Aite Group reports that 75% of respondents in 2021 were highly concerned about online and mobile banking fraud[7]. Hence, 24/7 fraud monitoring has transitioned from being a valued add-on to a necessity.

Another significant element of integrated financial protection is the ability to control payment card activities. According to Javelin Strategy & Research, approximately 56% of consumers viewed card control features, such as the ability to turn off their card, as a deciding factor when choosing a financial institution[8].

However, with increasing competition and evolving customer needs, offering these traditional protective measures alone is no longer sufficient.

To meet the rising demand for integrated financial protection, FIs need to transition from merely offering traditional reactive protection measures, to adopting innovative, proactive protection solutions.



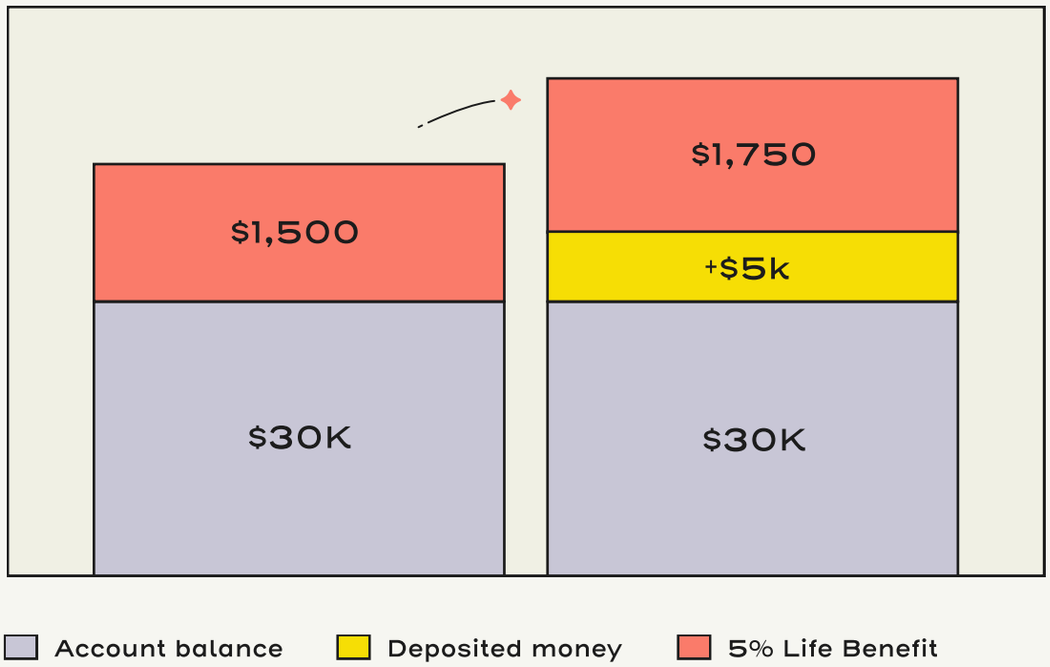
CHAPTER 3

The Solution: Life Insurance as a Benefit

Wysh, a forward-thinking insurance carrier, has recently introduced an innovative deposit solution known as Life Benefit. This product revolutionizes the banking industry by integrating life insurance coverage directly with deposit accounts, providing FIs with differentiation in the market while simultaneously providing an added layer of financial security for its customers.

Life Benefit works by embedding micro-life insurance coverage in the form of a benefit on top of a consumer's deposit account. For example, in the unfortunate instance of a consumers' death, their loved ones would receive an additional life insurance benefit worth 1–10% of the consumer's account balance. Financial institutions determine the Life Benefit percentage and can adjust it, just like APY, to give them additional flexibility in managing costs.

As the customer deposits $ into their account, the Life Benefit increases*



*Graph used for illustrative purposes.

Life Benefit not only reshapes the way consumers view financial protection, but it also pioneers a fresh perspective on inclusivity and equity in the financial industry.

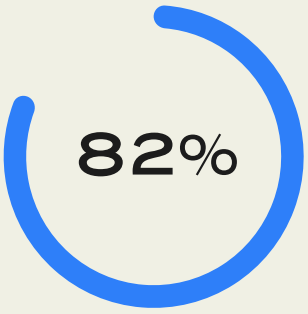
According to a 2022 study by the Centers for Disease Control and Prevention (CDC), approximately 60% of U.S adults had at least one chronic disease, and 40% had two or more[9]. Unfortunately, these individuals often struggle to secure life insurance due to the inherent risk their health poses to insurance providers. With Life Benefit, consumers don't have to worry about pre-existing conditions in order to be considered.

Life Benefit also serves the vast group of individuals with poor credit histories. As per the Federal Reserve's 2020 report, nearly 16% of Americans had a credit score below 580[10]. Life Benefit's unique design ensures these individuals, often underserved by traditional providers, can also benefit from life insurance coverage.

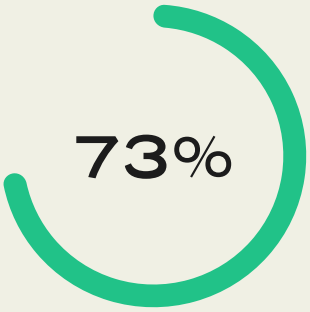
With its revolutionary inclusive model, Life Benefit does not require consumers to opt-in, sign up, or undergo underwriting. This extends the benefits of life insurance to the aforementioned groups, positioning Life Benefit as one of the most inclusive life insurance products on the market.

Reception to Life Benefit has been strong. Initial findings have proved to be compelling for consumers. **Life Benefit's direct impact on consumer behavior cannot be understated.**

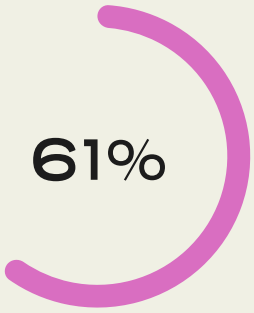
2022 Survey Reveals Americans want Life Benefit



of individuals would opt for a **deposit account with a 5% Life Benefit over a traditional deposit** account that offered 15 basis points more in interest[11].



of individuals would take action to **open an account with Life Benefit,** either switching outright from their existing institution or opening a second, “double-emergency account” **if interest rate is matched** [11].



of individuals would **set up a direct deposit to activate a $500 Life Benefit**, thus incentivizing good consumer deposit behavior[11].

Life Benefit represents a significant stride towards integrating proactive financial protection into banking. By providing life insurance as a benefit with deposit accounts, Wysh is leading the way in meeting evolving consumer needs and expectations while fostering stronger, long-lasting, and equitable relationships, between consumers and their financial institutions.The simplicity of the Life Benefit product allows for a quick and easy implementation by nature. During its collaboration with UNest, Wysh was able to implement Life Benefit to over 300,000 families in under 30 days, thus adding significant value to UNest’s offering and deepening the relationship with its users[12][13].

CHAPTER 4

Successful Precedents: Learning from the Global Market

The approach of integrating insurance protection into financial services is not novel and has been successfully executed in various ways across the global market. This precedent not only validates the Life Benefit model but also underscores the consumer demand for such benefits.

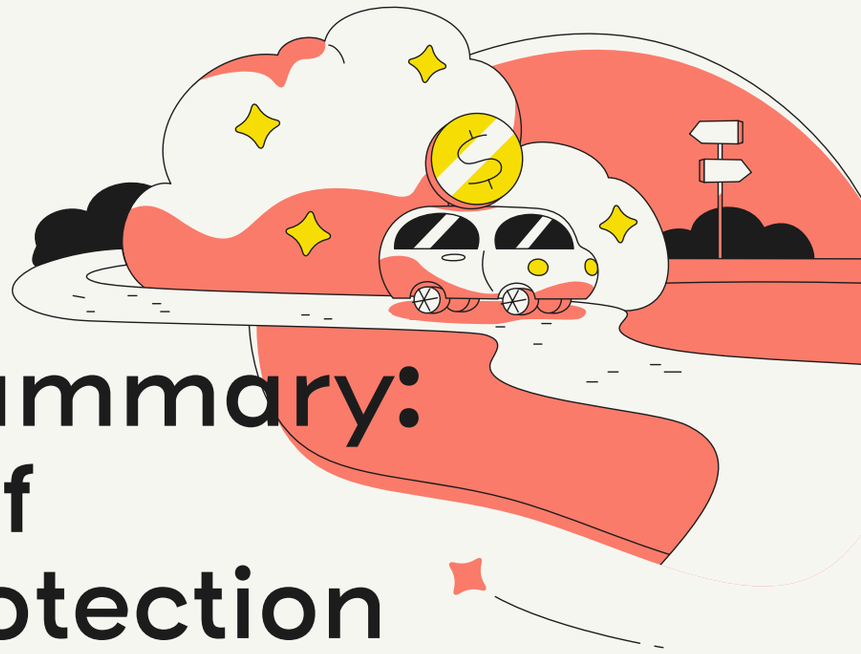
In the credit card industry, a form of embedded insurance has been a staple offering for years. Many credit card companies offer insurance benefits as a standard feature of its premium products. According to a report by WalletHub, approximately 90% of credit cards come with some form of insurance, such as rental car insurance, travel accident insurance, and purchase protection[14]. This strategy has allowed credit card companies to differentiate their products, increase customer retention, and boost customer satisfaction.

On the global front, Singlife, a Singapore-based insurance company, successfully integrated insurance with a new savings offering – creating the Singlife Account.

In its first seven months, the Singlife

Account managed to attract over 100,000 new customers and $1 billion in new deposits[15]. This is indicative of the significant customer appetite for financial products that go beyond traditional banking services and provide extra protection benefits.

These examples illustrate the significant consumer interest in integrated financial benefits. By learning from these successful precedents, FIs can better tailor their product offerings to meet this rising demand and set themselves apart in a highly competitive market.



CHAPTER 5

Executive Summary: The Future of Financial Protection

The data speaks for itself; integrated financial protection is an exceptional value proposition, changing the future of banking and how consumers engage with financial institutions, propelling the industry forward.

Life Benefit is a powerful tool for financial institutions to create a sustainable growth model by driving positive deposit behavior and cultivating lasting relationships with consumers. **By making insurance a benefit rather than an additional cost, Life Benefit revolutionizes the way consumers perceive their banking relationships.**

Differentiation is key in a highly competitive landscape. Traditional financial institutions are no longer just competing with each other, but also with emerging fintech companies and tech giants that offer banking services. In 2021, 88% of US consumers said they were using fintechs[17]. By offering integrated financial protection, institutions can set themselves apart and attract consumers with a unique value proposition, inspiring them to plan with confidence.

In the future, we can anticipate more convergence of banking and insurance services. This paradigm shift is not just a strategic evolution for financial institutions but a response to consumer demand for more holistic financial solutions. Therefore, integrating the life insurance benefit into deposit products will help institutions remain competitive as well as better serve their consumers' needs, heralding a new era of growth and resilience in the financial services sector.

Bring the power of life insurance to deposits.

Implement in weeks.

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Scan to schedule a call with our team.

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