WHITE PAPER - Kelly Dakin

Beyond the Last Name: A More Robust View of Bank Financial Households

Unlocking Relationship Intelligence in Modern Banking

Executive Summary

Householding is the practice of grouping related customers who share common identifiers into a single unit. Banks use householding to better understand customer relationships and combined economic value, enabling more precise segmentation, tailored marketing, improved risk management, and deeper customer engagement.

Traditional financial householding models—built on shared surnames and mailing addresses—are increasingly misaligned with how people actually live, work, and manage their money today. A householding approach constrained by the row-and-column structure of relational databases forces banks to flatten complex human relationships into simplistic data fields. The result: incomplete customer views, missed revenue opportunities, and growing compliance risks.

This white paper explores how graph analytics transforms householding from a static classification exercise into dynamic relationship intelligence. By adopting a graph-powered, multi-dimensional approach that recognizes legal, financial, and behavioral connections as first-class data citizens, banks can better understand customers, personalize services, detect risks, and maximize lifetime value in an increasingly complex financial landscape.

The Evolution of Financial Relationships

As modern financial relationships continue to evolve, traditional householding is quietly failing. To understand why, consider how dramatically a single household's financial relationships can change in just two decades:

1999: The Johnsons live at 42 Elm Street. Same last name, same address, and joint checking account. Your householding model captures them perfectly. You send one statement, cross-sell a credit card to Mrs. Johnson, and your segmentation strategy works.

Today: One of the Johnsons remarried and changed her name. Their daughter is in graduate school but uses the family address. Her boyfriend shares her streaming services but not her mortgage. Grandma pays the phone bill (and lives in a different state). Someone uses Venmo to pay the landscaper from a joint account tied to an old address across town.

This is the reality of modern financial relationships—they are often messy, dynamic, and poorly served by address-based assumptions. And yet most banks still rely on brittle rules: same last name + same address = household. This logic quickly breaks down in today's world of:

- **Blended families** with multiple surnames and residences
- **Digital natives** who may never share a physical address with financial partners
- **Multigenerational households** with complex support structures
- **Gig economy workers** with fluid living arrangements
- **Financial caregivers** managing accounts across distances

The Hidden Costs of Outdated Models

Traditional householding models were built for a world that no longer exists—and failing to modernize householding creates cascading problems:

1. Incomplete Customer Understanding

- Missed connections across family members, caregivers, and financial influencers
- Fragmented views of household financial journeys
- Inability to identify true centers of financial decision-making

2. Revenue Leakage

- Mistargeted offers delivered to individuals instead of networks
- Overlooked cross-sell opportunities across connected accounts
- Undervalued customer lifetime value due to fragmented analysis

3. Risk Management Blind Spots

- Gaps in AML/KYC from disconnected profiles
- Undetected household-level financial stress signals
- Missed fraud patterns across related accounts

4. Operational Inefficiencies

- Manual reprocessing for life changes (divorce, death, relocation)
- Duplicate marketing efforts to the same household
- Inconsistent customer experiences across services and family members

From Tables to Connections

Relational databases excel at storing transactional data, but they struggle to represent the web of connections that define modern financial relationships. Banks typically resort to creating household IDs, junction tables, and complex SQL queries to approximate relationships—band-aid solutions that become harder to maintain as relationships evolve. Each life change requires manual updates, batch processing delays, and the fundamental table-based structure obscures the very connections that drive financial behavior. Similarly, traditional Customer Relationship Management (CRMs) and Customer Data Platforms (CDPs) are designed to manage individual customer records and linear journeys, not relationships.

Unlike relational databases, CRMs, and CDPs that store data in disconnected tables, graph databases natively understand and traverse relationships. They do not just show that John and Jane share an address—they map how John co-signed Jane's auto loan; Jane is an authorized user on John's credit card; and both are beneficiaries of the same trust.

Traditional householding is like a filing cabinet—rigid folders sorted by surname. Graph-based householding is like an evidence board—dynamic, connected, and constantly evolving, revealing hidden relationships, influences, and patterns that static folders could never expose. Rather than providing a rigid view constrained by rows and columns, graph offers a dynamic view that considers relationships, connections, and context. Instead of asking "Do these people share an address?" graph analytics asks:

- Do they co-sign loans or share financial obligations?
- Are they authorized users on each other's accounts?
- Do they exhibit patterns of financial support or dependency?
- Have they referred each other for products?
- Do their digital behaviors suggest shared financial planning?

Multi-Dimensional Householding: A New Framework

Modern households are not monolithic. A single customer may belong to multiple household contexts simultaneously. Graphs enable banks to maintain various multi-dimensional households such as:

Legal Households: For compliance and regulatory reporting based on documented relationships and obligations.

Financial Households: Based on shared accounts, joint liabilities, pooled income, or demonstrated financial interdependence.

Behavioral Households: Derived from patterns of product and channel usage, service interactions, and transaction dependencies.

Each dimension reveals different aspects of relationship influence, financial decision making, and opportunity—and viewing them together allows banks to engage appropriately across contexts.

Graph-based householding can flex to fit the question you are trying to answer, whether that is finding high-value networks, detecting hidden influencers, or predicting churn contagion. It is not limited by structure, it is driven by context.

The Path Forward: From Customer-Centric to Relationship-Centric Banking

Financial householding is no longer a back-office classification task—it is a frontline capability for driving insight, experience, and revenue. The future of banking is not just digital—it is deeply connected. As financial lives become more complex and intertwined, yesterday's householding models become tomorrow's competitive disadvantage.

You do not need more data, nor do you need perfect data to begin putting the power of graphs to work for your bank. Graph analytics can work with existing customer information to reveal hidden patterns and connections. The key is understanding that households are networks of influence (not addresses)—where financial decisions flow through relationships that transcend physical proximity. Context determines household boundaries, with the same individuals forming different households for different banking purposes. And critically, these relationships evolve, requiring models that can capture dynamic life changes and shifting financial responsibilities.

Success in this new paradigm requires focusing on metrics that matter:

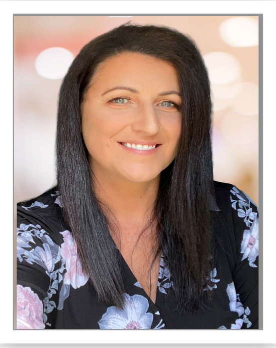
- Household-level customer lifetime value
- Cross-sell success within relationship networks
- Retention rates for connected customers
- Risk detection accuracy improvements

Graph analytics does not just modernize your data infrastructure—it modernizes your understanding of who your customers really are and how they make financial decisions together. Banks that embrace this graph-powered approach can deliver truly personalized experiences at the household level, identify and prevent relationship-based attrition, maximize value through network effects, and build lasting competitive advantage through relationship intelligence.

In a world where relationships drive revenue, isn't it time your householding strategy caught up?

About FI Consulting

FI Consulting helps financial institutions transform their data into competitive advantage. Our graph analytics solutions enable banks to see beyond individual customers to the networks that drive their financial lives.



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Kelly is a seasoned financial services executive with over 25 years of leadership across digital banking, customer analytics, and product innovation. Kelly is currently Director, Banking Analytics at FI Consulting. In this role, she helps banks and credit unions solve their most complex data challenges ranging from customer retention and product propensity to fraud detection and financial householding through advanced graph analytics.

Her career spans private wealth management, large national banks, regional banks, credit unions and fintech companies, where she is consistently led initiatives that modernize customer experience, unify fragmented data, and increase lifetime value. Kelly is known for driving innovation, building high-performing teams, and delivering measurable results in high-stake environments. She brings a unique blend of business acumen, digital strategy, technical fluency, and a relentless focus on improving financial outcomes for both institutions and customers.

If you are interested in learning more about how FI Consulting can support your organization, please email Kelly Dakin at kdakin@ficonsulting.com or call us at 571.255.6889.

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