

Arindam Nag:

If the bank plays the role of an educator in money and finance, it will be able to build trust. If you build trust among your members and customers, you can retain them. They will be with you. They will refer you, they will encourage other people to join your bank.

James Robert Lay:

Greetings and hello, I am James Robert Lay and welcome to episode 137 of The Banking on Digital Growth Podcast. Today's episode is part of the exponential insight series, and I'm excited to welcome Arindam Nag to the show. Arindam is helping financial services industry embrace financial literacy as part of just overall customer engagement, because he's the chief executive and co-founder of CentSai.com. Now I'm a big believer in empowering and elevating others through education. In fact, education is a core part of our business model here at The Digital Growth Institute. And there's really no bigger, no more important topic when it comes to education, than to provide education for consumers around money.

James Robert Lay:

That's because money, it impacts all parts of our life. It impacts our health, it impacts our wealth, it impacts our happiness, our relationships. And I believe that when you can transform someone's wallet, you really can truly begin to transform their entire life in all of these different areas. And more often than not, that transformation must begin with training. It must begin with education to help the unaware become aware of what the possibilities of an even bigger, better, brighter future look like. So with that, welcome to the show, Arindam. I'm looking forward to our conversation today.

Arindam Nag:

Thank you very much, it's a real pleasure to be on your podcast.

James Robert Lay:

Before we get into talking financial literacy, financial education, financial wellness, financial empowerment. I always like to start off on a positive note. What has been good for you personally, professionally? It's always your pick.

Arindam Nag:

Oh, my goodness. Well, I think number one, I personally survived COVID. I probably had one of the worst experiences in all my family members, my whole family was down with COVID. But I was in bed, I was literally running the company horizontally for almost six weeks, in March and April, I was in the hospital twice. So I'm glad, I'm grateful that I'm sitting here talking to you upright, I can do all the normal things right now. But again, if I may take the opportunity, COVID is real, there's a few that are still not vaccinated, please get vaccinated. COVID is real, it's painful. On a professional front, I would say that we launched two products, one for the school kids and one for our financial services sector, exactly 11 months ago. And we didn't realize, despite the COVID, that we will actually come through and be where we are today. We have paid clients, people are using us, people like Pat is getting a good response to the marketplace. So overall, I would say, we did have challenges, but I'm grateful for the last 11, 12 months.

James Robert Lay:

Yes, and I think it's always looking for the positive. And it's so funny, you mentioned your COVID experience. My family, we came down with COVID and I will tell you, I was sitting there and probably had like 102 degree fever, and just feeling really, really horrible. But I kept thinking, this is just a moment in time, I've got so many more things that I want to accomplish, so many more people that I want to help. So I didn't get trapped in that present moment. I was really living, in my mind, in the future of all the

other things. Even this conversation, I enjoy doing this podcast and learning from people like yourself. And I want to talk about getting up to this point in just your own personal journey. What's the inspiration, what's the purpose behind launching this? Because it's important work, it's meaningful work. Can you provide some perspective of just the whole purpose that you're working towards here?

Arindam Nag:

Sure. So I think I would say it goes back to two seminal events in my life. One was as a 17 year old when I was growing up in Calacatta, I had the privilege and the honor for spending some time at Mother Teresa's Missionaries of Charity. And it was voluntary work, just like many of my classmates did it, I did it too, I just spent a little bit more time there. And I saw many people fall off the wagon, I saw poverty. I saw people who had a lot in their lives earlier, but for whatever reason, it could be famine, could be bad decisions, addiction, they were homeless and they were almost dying of hunger. So I instantly knew the value of respecting money, respecting wealth.

Arindam Nag:

But fast forward, as I grew in my financial journalism career, writing about people, talking about people, understanding economics and how countries and nations and how the policies interacted with each other, along with the corporate world. I realized that a lot of financial decisions were taken by companies and policy makers that impacted day-to-day lives of normal people. But when it came to financial literacy, the normal people were way behind. And I saw that firsthand when, as a writer for Dow Jones and Wall Street Journal in 2007, 2008, I was covering the credit crisis. And I realized that while it was very fashionable to blame Wall Street, the real problem was the lack of financial literacy, and it was a systemic problem. And that's what triggered the thought that I do want to do something.

James Robert Lay:

Yeah and it's easy to blame others. I think, once again, we're going to talk about transformation. Once we take responsibility for ourself... And money runs deep, right? It comes back to family of origin, it comes back to environment, it comes back to the beliefs in the relationships that we have. You talked about the challenge, the systemic challenges and they do run deep. Where in your mind are those challenges rooted first and foremost?

Arindam Nag:

So I think number one is the H word, hyperbole. And I see it repeating time and again. Today we were talking about crypto. People are saying, "Oh, crypto's hot. A lot of people are making money in crypto. I should also jump into the flame." A year ago, I remember, around this time, we had this unfortunate incident where a young, 19 or 20 year old took his own life because he was trading on Robinhood, like all his peers were doing. But he did not know anything about how the options market worked. So then, if I go backwards, I remember having this conversation with my landlady. She said, "Oh, I have a second home in Miami and I don't know what to do, because the value of it has fallen a lot."

Arindam Nag:

So I asked, "How much mortgages do you have on it?" And she said, "Well, I've actually got a 100% mortgage, but on the day of signing my mortgage papers, I was even offered another extra \$10,000 for renovation." "Why did you do that?" And she said, "Well, I was promised the property prices in my block is always going to increase by 7% every year." So then I answered her, if the GDP of America is growing only by 2.5%, 3% over year, and your property is growing by 7% every year. Then in theory, 50 years later, or a 100 years later, the value of your home will be more than the value of United States. And then she heard me and said, "Oh, yeah. When you put it like that, you make a lot of sense." So the simple thing that asset prices don't go up forever, inflation rate, you cannot borrow and spend all the time. Those are

some of the basics that I think are key challenges that an average American has to face day in and day out.

James Robert Lay:

It's funny you talk about the home. I can't remember if it was Rich Dad Poor Dad or if it was The Millionaire Next Door, but one of the big lessons was you never look at your home as an asset. That's one of the most dangerous things that I think people do. And you're touching onto that point right now. When we look at just the relationship that people have with money and some of the challenges, is it educational, is it relational, is it a mix of both? What's your take? Because you've been writing and thinking, doing this for a long time.

Arindam Nag:

Yeah, you're right. I think it's a combination of both. But let's talk about education first, because that's where it all starts, right? If you don't have the right education, you are not properly trained, if you're not properly trained, then you're not able to come to terms with the challenges that life throws at you. And this came out from the research that me and my co-founder, Doria... When we came together and we started looking around, why are people financially illiterate? For a lack of a better word. And we realized that it was not taught the right way. It's like a lot of people say, "I'm bad at maths." No, you're not bad at maths, you just had a bad maths teacher in grade five. So you're not bad in finance, just that you're not being taught finance the right way. So that's the first challenge.

Arindam Nag:

The second challenge is, certain things, society and our policymakers, have to make it compulsory. Just like you have to study STEM classes in your middle school or high school. You cannot pass high school without some knowledge in reading, arithmetic and basic languages, you have to be able to craft a sentence. Similarly, you have to be able to know how to balance a checkbook, where the money comes from. Now, question is, why? Well, from the age seven or eight, you're pretty much asking your parents for your pocket money. Can I buy candy? Can I buy a toy? That is a starting bell for training your kid that money does not grow on trees. And that's the basis, and that's what we need to work on. So that's why there's a lot of importance, we at CentSai and other people who think like us, they're paying attention to personal finance for kids, children, teenagers.

James Robert Lay:

And when you talk about kids and children, that's the best place to start. And I know you're doing that, you're going into schools, you're working with financial brands to bring this into a community, because the curriculum is lackluster at best. And here's a question for you. Is it ever too late for someone to start learning about financial wellbeing? Is it ever too late to help someone say, maybe even transform their relationship with money by the time they reach their 20s or 30s? Or are those habits, those beliefs, already ingrained? What's your take on that?

Arindam Nag:

I would say it is never too late, you can always learn how to do it. But right now, we are also living in a time when if you had bad financial habits all your life, and if you're one year away from retirement, and you have no savings whatsoever, then we have a problem. Then maybe it is too late, but then we may have to think about alternatives about, can you delay your retirement? Can you sell any of your family assets? Can you sell any of your assets? Can you downsize your home? Can we plan out the draw down of a social security? But broadly speaking, even if you're 45, 50, and a lot of people are in those situations today, because they have either gotten divorced or the pandemic, they've lost their businesses. So it is never too late to embrace strong financial habits, but you have to understand what

are the pain points you're trying to tackle. And once you identify the financial pain points, it is much easier to find answers. And then you can go with the flow, but it will be a much more structured flow.

James Robert Lay:

This is why I see there's such a strong correlation between financial well-being and physical wellbeing, financial wellbeing, and mental wellbeing, because it's all interconnected here. I'm even hypothesizing, we've we've had the COVID crisis, but really, I think there's a much deeper crisis that's going to be at play over the next 5, 10, 15, 20 years, which is the financial crisis. But not like the 2008, the epidemic toll that financial stress is, has, and will continue to take on people on their health. Stress is the number one reason people go to the emergency room, and stress, it literally will destroy the body. We're not designed to be in a constant state of stress intention. One of the things that you note, and it's on your website, it's on the about page, taking the fear out of finance. I really connected with that because of a lot of just the research that we've done around this subject. And I'm curious to get your take, what are the biggest fears that hold people back from learning about money?

Arindam Nag:

Yeah, and I think that that's a very good question. So let me answer this question with an anecdotal story. A few years ago, this young friend of mine, she was an editor at the Dow Jones Wall Street Journal group. And we were talking about money and finances. And I think she was newly married, maybe like 18 months, two years. And there was this massive crash in the stock market. And she just blurted out saying, I hope I think our husband's name was Rick. So, "I hope Rick knows what he's doing, because he takes care of all of our finances." And I asked her, "Do you know where your 401k is?" And she said, "Oh, no, I don't know it, I don't understand it. So Rick takes care of it." And I was scratching my head. This is a smart woman, she went to Stanford University and she studied history. But her education, which was liberal arts, almost put an automatic barrier in her mind that numbers are hard, finances hard.

Arindam Nag:

And in the reality, if you have the right educational content engagement, and if she was exposed to that, and this is the problem that CentSai is trying to solve, then probably she have been able to be in a much more formal ground. And that is a problem with a lot of people. A, it's numbers, money is managed by smart people on Wall Street, and I'm not smart enough, so hence I should not be understanding. And it's the conversation that under the money that they refuse to have, because they believe they are at a disadvantage. It's almost like trying to get a kid to get into the first swimming class, just dive in and you will be able to figure it out. Yes, you may need some handholding by the coach or the lifeguard, but after that, it is not difficult.

James Robert Lay:

So a lack of clarity leads to a lack of confidence, a lack of confidence leads to a lack of conversation. I think a lot of times the conversations that we need to have, begin with ourself.

Arindam Nag:

Yes.

James Robert Lay:

Got you, and that makes a lot of sense right there. And when you think about financial education, particularly from the lens of banking, I know banks, credit unions, they've dabbled in this. Probably for the past 10 years it's been a part of the macro level conversations. But I want to get your take on this. What is one of the common beliefs when it comes to financial education from the lens of banking, from

the lens of credit unions? What is a common belief that others might have that you just disagree with? Where might they be falling short right now?

Arindam Nag:

So I think at a very strategic level, I don't think it occurs to many banks. And I'll give you an example. I was having a conversation with a CEO of a credit union. I would say, not on the West Coast, but somewhere in the middle. And I asked him directly how relevant, important financial education for your members? And his answer was, "Not very relevant, I don't believe in it." And I think I still have those messages in my email interaction with him. But that's the microcosm of how many credit union CEOs or banking CEOs, they still have those ideas. That I'm the banker, I know best, I will teach my customers what they need to know.

Arindam Nag:

That tone at the top has to change, that tone at the top has to change. I mean, what people need to embrace is, if you do not play an active role in financial literacy among your credit union members, you are not managing risk properly. It has to be part of your risk management solution, and why? Because it does not take too long for all of a sudden, for a prime customer to become subprime customer. All that you need to do is be in a financial situation where you're skipping three loans or three payments. So, that needs to be acknowledged.

James Robert Lay:

You share that story. I've heard the same thing. And I think story, I think story is an important part of this. And I know story is even big with what you're bringing to bear in the marketplace. Because story is what connects people together, stories, it binds us, it bonds us. And I literally just had a conversation, a CEO in the banking on digital growth program. Their entire leadership team is going through learning together. And they just went through a module around story selling and understanding story arc type and narrative. And his comment was this, he goes, "I've never really thought of us as being a helpful guide, an Obi-Wan Kenobi, a Mr. Miyagi. But it was like this light bulb moment, it went off, and I think it's that mindset transformation. When you think story and narrative, how are you utilizing this as your part of just go to market? Because it's not just the numbers and since, it's the stories behind the stories, what's your take or narrative here?"

Arindam Nag:

So, one thing that we do believe in, is economics. Now economics is a dangerous word, because economics can kind of trigger that fear.

James Robert Lay:

You're scaring me with economics, because economics in college, one and two, I hated those classes, barely scraped by with a D and was just happy to get out and get to the other side.

Arindam Nag:

Yeah, you're absolutely right. I give this example to people, I say, "Look, I can talk to you about rate of inflation and why inflation happens, et cetera. Or I can say, why do you think you ended up spending more money this summer on your gas and food bill?" The second question you are actually engaging more because you actually have an answer. Someone will actually say, "Well, I pay more on gas because it just went up. There were more cars, the people were traveling more and I paid more on food." Now you notice as probably better than I do that. We are going through a supply chain crisis.

James Robert Lay:

Absolutely, look at Lober.

Arindam Nag:

Yeah, absolutely. In the UK, for instance, which is almost my second home, I grew up there. And in the UK, people are running out of oil at the petrol stations because of not enough drivers to drive trucks.

James Robert Lay:

My wife is Lebanese, and has family in Lebanon and the same thing.

Arindam Nag:

Running out of power.

James Robert Lay:

Yeah, food, power, oil. I mean, it's definitely supply chain disruption.

Arindam Nag:

And I think, again, it's also happening because of the lack of free flow of labor in America under the restrictions. And at some point people will have to ask themselves, and again, this is part of economics, but if you're restricting movement of labor and other services, then the impact that it has on day-to-day life. And that's part of financial wellness as well.

James Robert Lay:

Yes. When you think about financial wellness through the lens of a community institution, a bank, a credit union, what are the biggest opportunities that you see available for them to in fact, make this a key part of their future growth strategy? You mentioned risk profile, but let's go deeper there. What are the big opportunities to go beyond that important to, this is core to our purpose.

Arindam Nag:

So I think at a high level, first of all, trust. And this is, again, ingrained in the tenants of biology. Kids trust their teacher, kids trust their parents. Now trusting parents, we can easily establish because they're looking after you. Well, why does a child trust his or her teacher, with no blood relation? "Oh, my teacher said so." Why? Because they are learning from the teacher. If the bank plays the role of an educator in money and finance, it will be able to build trust. If you build trust among your members and customers, you can retain them. They will be with you, they will refer you. They will encourage other people to join your bank.

Arindam Nag:

So from a high level, it is almost, it should be a strategic mission to provide education. But beyond that, when you dig deeper, you want to better understand your customer. And the only way you do that is a better communication, you foster deeper communication. And communication can be broken down to a couple of things. One is you're educating, and then you're having a back and forth exchange as well. But overall, the end game is that every time you're having a meeting or an interaction with your customer, the customer is enlightened. And enlightening a customer is always good for business.

James Robert Lay:

They're going away smarter, we're almost leaving the world, we're leaving a person better off than what we found them. And it's good to hear you talk about trust, because in a recent keynote that I gave over in the Middle East, one of the things that I had talked about was this idea of trust in my opening statements. And I posted this on LinkedIn, so I'm going to read this verbatim because it was a

conversation that followed that keynote. I said, "I touched on truth in a bit of my opening remarks, as trust is the currency in which we will trade and do business in a digital world. And this truth of trust transcends all borders, it transcends all cultures. It's just how we first, number one, establish, and then number two, maintain trust, which really must happen long before someone walks into a branch, if they walk into a branch at all.

James Robert Lay:

It's that, that right there, I think is going to be the biggest transformation that we need to have conversations around because trust must be established way before even a human relationship is established. And you think about, use your teacher example, I'm going to use healthcare too. I think, once again, healthcare and money, a lot of similarities. When I get sick, where's the first place that I go? Where's the first place that you go? We go a Dr. Google, the worst place that any of us could probably go. Because yes, we have all the knowledge available at our fingertips. But it's like, I type in my symptoms, I'm going to die tomorrow. And then we come to our senses and like, "No, I need to call the doctor."

James Robert Lay:

And it's because they have that context that provides additional level of clarity through the conversation. I want to touch on that, that conversation. Because you've got financial literacy, financial education, financial wellbeing, I think really to tie all of this together is a coaching aspect too. Because it's through the coaching, that's where the big behavioral transformations can take place. Because I can get all the knowledge in the world, but unless I change my behaviors, my actions, my habits, I'll probably be in the same place. What's your thought on coaching playing into this whole dichotomy of financial education, financial life?

Arindam Nag:

I think coaching in general, I think we've already accepted the fact that adults don't like going back to the school. So if you say, let's set aside some time, let me coach you, very few people will show up. Unless they're going through a pain point. I think the first step that we need to establish is, can there be a few players or a few people, who make it their business, that they will be available whenever there's a pain point that comes up. So at our company at CentSai, some of our content is crafted in a way. It is not just a story, it actually a zeros in on a financial pain point. So an example could be that you are 45 years old, you have two children, you're getting a divorce. Now at that state of mind, you want to be coached, but you want to be ready for coaching. How do we ensure that you are ready for coaching?

Arindam Nag:

So the relationship and the trust between the person who's going through their pain point, and the education provider. It could be your organization, my organization or a partnership manifested through a bank. So you're talking about your financial advisor or your banker, or your financial planner getting close to you, feeling the pain of the sentiment from experience with dealing with other clients making it more real. And I think what needs to happen, and we are seeing this change amongst some people. I've talked to actually a group of financial advisors, they're in their late thirties and broken away from the Wells Fargo's of the world and other big institutions. Because they realized that their framework that they were working, is not really flexible enough. So when I have a conversation with a couple of people, one of them is our client, she actually focuses on women who are in the late thirties have gotten a divorce and they don't know what to do. So, so it was more pain point driven.

James Robert Lay:

That's a great point, because the desire to transform must be greater than the desire to remain the same. And a lot of times it's the pain. And I think, once again, I'm going to come back to the health example. It's like, I go to the doctor, doctor says, "You need to make these changes, or you're going to die, or you're going to have this pain." So then what happens? Then I go to the gym and then I get a gym membership, but my behaviors don't change. So what I do, then I get a trainer who is that expert, who's then showing me what to do, helping me establish and build new habits. So it's a great point about identifying, and maybe even somewhat to a degree, and you got to do this very sensitively and with a good heart, but maybe press on some of those pain points too, because I think sometimes people don't know what's hurting them.

James Robert Lay:

It's about helping the unaware become aware of where that pain could be, because they could have been living in a situation or a state of mind for so long, they just lack that clarity. And it's through the education now that we can bring that clarity to bear in the marketplace. If I'm a bank, if I'm a credit union and I'm listening to this and I'm like, "Yes, Arindam, I get it. I want to do this, I believe in this, but I don't have the buy-in yet from my organization, from the top down to the bottom up." What are the roadblocks that you have seen that the dear listener needs to be aware of to, first and foremost, address and the number two, overcome and how could they do that?

Arindam Nag:

I would say, people talk about marketing, right? And I think what we haven't seen happening over the last few years, despite a lot of reasons to do this is making education as part of the marketing strategy. And so I give an example to people of some of the financial institutions in the FinTech community who have been able to connect better with the consumer than the traditional financial institutions. So a good example would be, people like Wealth Fund or Stash and a couple of other platforms.

James Robert Lay:

Why is that? Because we're seeing the same thing, is the FinTech, who's really, I would say, closer to the consumer, more intimate. Why is the FinTech there, but not the financial brand who's been around for 50, 100, 150 years?

Arindam Nag:

I think it's also because FinTech, in general, are focused on the pain points more than their financial institutions.

James Robert Lay:

Great point, yeah.

Arindam Nag:

And a lot of people, some of the people mind you, they have come up from the banking institutions, have come out from engineering or software companies, and they have seen the points themselves. Many of the FinTechs are built upon a problem, or I saw this problem when I was a banker, I saw this problem when I was a broker dealer.

James Robert Lay:

Or I have this problem myself, and I'm going to do something about it. Because I know there's hundreds of thousands, or millions of other people who have that same problem. And I would say it's an entrepreneurial mindset at that point.



Arindam Nag:

Yes and I think some of these companies, the FinTech companies in particular, they have done a better job. And I think what has to happen even in the traditional financial institutions, is that they will have to find ways to get closer to the customers, but understand the pain points. I'm an account holder in a big bank, this bank is notorious. We have a business account there. And we may shift, actually at some point. But this is a business account at this bank, even during the pandemic that we're charging \$24 every month we were in overdraft. Your CEO goes on television and talks about how he cares about people, but I mean, who are you hurting? So these are some of the things that we will have to address at a ground level.

James Robert Lay:

Arindam, this has been such a fantastic conversation. As we wrap up here, I want to get really, really practical for the dear listener. I always like to send them off with something actionable that they can apply to move forward, to make progress. And a lot of times it's a very small recommendation, because all progress begins with a very small, simple first step. When it comes to deploying financial education, financial literacy, as part of the overall, we'll call it just experience. What's the very first step that you would recommend the dear listener take on their journey here?

Arindam Nag:

Start with the simple. Ask yourself whether you need something or you want something, needs versus wants. And that's a very primal, I want this, but do you really need this? The other day, my daughter who's in college, rings me up because she was at a Best Buy and she saw this great vacuum cleaner by Dyson. I said, "Okay, but how much does it cost?" "Oh, it's \$400." I said, "Listen, you do not need a vacuum cleaner that costs \$400. You live in a dorm room, you don't need it." And she said, "Well, dad, I was just trying to see if you would say yes, because I know you love me." and then she's laughed. So it's this very basic thing, need versus want. A lot of people don't need a lot of things. And that's an opportunity to save. That's an opportunity to save for a rainy day, for your retirement, for your kids education.

James Robert Lay:

And even from the internal perspective of a financial brand, do we need a financial literacy, financial education program or do we want? I would say we need something like this, because it is critical for our future growth, it is critical for the growth of people in the communities that we're serving. And if someone wants to continue the conversation, the dialogue discussion that we've started here today, what is the best way for them to reach out and say hello, to connect?

Arindam Nag:

They can send me an email, [arindam@centsai.com](mailto:arindam@centsai.com). They can write on our website, they can connect with me on any social media platforms and I will be very happy to help anyone who needs help.

James Robert Lay:

Fantastic. Well, Arindam, thank you so much. Great conversation, a lot of good perspective, a lot of good insights, things that the dear listener can take away think about even further. Because that's the goal of these conversations, it's to transform the thinking, because when you can transform the thinking, that's where you can transform the doing on the other side of the equation. Thank you so much.

Arindam Nag:

James, it has been a pleasure. Thank you so much.

---

James Robert Lay:

As always, and until next time, be well, do good and make your bed.