Allison Netzer:
Money has no value without the activities of life.

James Robert Lay:
Greetings and hello. I am James Robert Lay and welcome to the 148th episode of the Banking on Digital Growth podcast. Today's episode is part of The News Starts Now series and I'm excited to welcome Margaret Hardigan and Allison Netzer to the show. Margaret is the founder and CEO of Marstone on a mission to enhance financial literacy, deepen financial inclusion and humanize finance for all. Allison is the chief marketing and strategy officer at Nymbus who is empowering financial brands to transform their capabilities, to drive value and maximize growth in today's digital marketplace. Welcome to the show Margaret and Allison. It is so good to share time with you both.

Allison Netzer:
Hi, thanks for having me.

Margaret Hardigan:
Yeah. Good to see you. Thanks for having me.

James Robert Lay:
I always like to start things off on a positive note here. Something good, something exciting, something that's been going well. What is that right now for both of you? One thing that is good personally, professionally. It's always your pick to begin.

Allison Netzer:
Well, it's always a good day in Austin, Texas. Sun is out and I know it is where you are. I think what's going well for me right now with the team, we're growing rapidly at Nymbus, as you know, and we've got some really cool teammates joining us on the marketing and strategy side that we're going to be announcing in the next week or two, so I'm pretty pumped about that.

James Robert Lay:
Growth is good. Growth is exciting and it really is energizing. I'm looking forward to those announcements and by the time this airs will hopefully get that out and people will know exactly what that is, so you'll have to wait and see or actually come back and follow Allison on LinkedIn to get the load out on that. Margaret, what about you? What's what's been going well?

Margaret Hardigan:
Similar. Teams growing, we're seeing a lot of success, but particularly really excited about our collaboration with Allison and Nymbus and really the community bank credit union space where it's really fun to be able to bring wealth management to these organizations who maybe didn't think it was an opportunity in the past.

James Robert Lay:
Very much so and collaboration is a key part of growth. It is a key part of bringing people together for good and this idea of wealth management, you spent 10 years here as a financial advisor, 2002 to 2012 before founding Marstone back in 2013. And I want to hop to the DeLorean of the mind and let's take a trip. Let's go back to 2008, the great recession. I'm curious. Being in wealth management as a financial advisor, what did that time period have on you? How did the great recession help you see things a little bit differently when it comes to wealth management when launching Marstone?

Margaret Hardigan:
Oh, that's a great question. So in addition to gray hair, it gave me a new perspective on people. Remember I was client facing, so every account was the personal narrative. It was a special needs trust. It was a college account or mortgage or what have you and so what I recognized during that period of time was that there were three challenges. The first one was most people lacked financial literacy and that didn't mean that they weren't bright. It just meant they weren't familiar with the language of investments or correlations of assets. The second one was when president Obama got elected. There was concern that maybe the tax code would change and I started seeing money move across generations pretty radically and earlier than people anticipated, so I thought, wow, how are institutions going to keep their arms around those deposits and those investments when this money moves? Because remember I'm the oldest of five, none of us actually bank at the same place as our parents, right?

Margaret Hardigan:
So how do we safeguard against this? And then lastly, the systems that we were using were very paper driven and the systems didn't speak to each other, so they were silos versus Ecosystems. So having lived in San Francisco for a long time, I knew that we had to have technologies that enabled both the institution and their bankers or financial advisors, but really the clients too because we're not prepared for that. So that was the big item for me. It's pat to say now, but technology does change consumer behavior and our industry was very, it remains very late to it.

James Robert Lay:
Yeah. So you're a 100 percent correct, technology does drive consumer behavior. It also drives new competitive threats as well. We're seeing that, but on the flip side, it also drives the potential for collaboration, which is where you and Allison have been doing a lot of thinking around. I want to stay right here for just a bit Allison because Margaret you mentioned people, people really being at the core, the center of your thinking here and Allison, you and I have had many conversations about the people problems, the people problems when it comes to money and really the emotive side of managing money. At Nymbus, you spent a lot of time listening. Listening to people, listening to financial brands about some of these problems, some of these challenges. Listening is core to the culture at Nymbus. What have been some of the big pain points that people feel when it comes to managing money? What have you been hearing here?

Allison Netzer:
Yeah, no. Excited to talk a little bit more about that, but first do want to congratulate Margaret on all of Marstone's recent success. They're definitely one to watch, not only in the wealth management space, but I think beyond, so I just wanted to be able to tell her that kind of quasi in person. But James Robert, you mentioned the emotions people feel when it comes to managing money and it's connected to the emotions that they feel, that we all feel when it comes to managing life, right? Money has no value without the activities of life. And there's a recent survey called Mind over Money by Capital One and The Decision Lab, which I know you're familiar with and it noted that 3 in 4 Americans feel anxious about their financial situation. 58% feel finance controls their lives.

Allison Netzer:
And 52% have difficulty controlling their money related worries. That adds up to over a hundred percent. If you think about people feeling controls your lives and then they can't control their worries. So in a word, people are anxious is one way to say it and from our example, our bank for newlyweds hitched, which we've done a lot of first person research on, we found that future financial security is their number one concern. Our working conversations with business owners, we've found the same thing, right? Business owners are people too and I keep repeating that, I'm going to keep repeating that. So

business owners are concerned and have that fear and that anxiety about their livelihoods, but also are worried about their impact on the businesses that depend on them. And we often kind of forget about that part. So all that said emotions or energy we need collective energy to drive the type of changes that I know the three of us champion in our industry, meeting people where they are, understand where they can go and definitely being accountable beyond the technology.

James Robert Lay:
Emotions definitely are energy and a lot of this does come back to wellbeing because there's the financial wellbeing aspect and even TD has done some studies around this, showing the correlation between a person's physical wellbeing and their financial wellbeing. Their financial wellbeing and their mental wellbeing and when money is stressful, money is confusing, money is overwhelming, then it can take a toll and really impact things in a not so positive way. Margaret, I want to expand maybe a little bit further on Allison's thinking here, dig deeper into some of these challenges specifically when it comes to wealth management, both from a consumer perspective as well as from a financial brand, a bank, a credit union. What are some of the problems that we must be thinking about? We must be aware of here that could hold things back from moving forward to creating a bigger, better, brighter future for others in this space?

Margaret Hardigan:
One thing I came from wealth management, I have to say, I didn't fully appreciate or understand banking, all sides of banking until I start working with banks, right? They have very different backend systems. Many bank operators haven't rotated through all aspects of a bank. So they aren't really bilingual in their understanding of each other's pain points and process. But what I do think you see is this massive convergence of everyone getting into each other's swimlane. So the bank firms like [inaudible 00:09:19] or Morgan Stanley, they have what they call cash management accounts, or like beyond banking to a layperson, they act like a bank. You can pay with things, ATM, they do mortgages, et cetera, et cetera. Lead Gen companies are now starting to get into banking and they're starting to get into wealth management.

Margaret Hardigan:
So I think that the world has changed and you need to collaborate. It's very difficult to be all things to all people. And I think we all have to offer more service lines than we probably did before and so I think there's a huge opportunity for banks and credit unions that typically don't offer wealth management. I actually think it's a very important strategy to protect their deposits as I highlighted earlier. When a small business owner has a liquidity event, or if there's an inheritance, oftentimes it may not stay at that institution because it may be the money manager has these other capabilities, whatnot. So I think there's a huge opportunity. Fintechs have firms like Nymbus and whatnot have made it easier for people to offer a niche bank or a De Novo bank that enables that their cost to serve to go down dramatically.

Margaret Hardigan:
And I think by offering these additional services, it enables you also to enhance your net promoter score and the average number of services per company. So I think people would be very surprised by how accessible the cost structure is to actually launch these programs, whether it's Nymbus or Marstone, but I also think they really have their hair blown back by how fast they're deployed too.

James Robert Lay:
Yes, yes. That Speed to market, but that's also the simplicity as well. You mentioned something, this idea of what we'll call here, the great convergence and when you mentioned lead gen companies, I think of a NerdWallet, for example, offering some of these services that was more of a content play to begin with.

And then now they're flipping at it on its head and bringing these services to bear in the marketplace and you mentioned collaboration. I see collaboration, as I mentioned before, as a path towards exponential growth, because of this idea around speed. It's a way too shortcut to create new paths, to solve big problems for people. How are you two working together to collaborate, to create value for people by humanizing finance and also from the internal side empowering and simplifying some of the back offices, the processes, the systems. What does collaboration look like for the two of you?

Allison Netzer:
I'm very fortunate that Margaret and I collaborate together in several ways and I know we'll get into partnership best practices in a little bit,. Currently, we're working with Marstone on the concept of wealth management within Niche segments, in both consumer and SMB and so you've got, I think two very different, but holistic offerings coming together and just like Margaret mentioned, she's learned a lot about banking. In this partnership, I've learned enough to be dangerous about what wealth management and when you talk about the human side of banking and then also the simplification of backend processes. Mari you said before, wealth management is not necessarily for the wealthy, right? A lot of it is the looking forward, the financial literacy. A lot of things that financial brands are doing today in trying to humanize, right? Higher level of service, looking towards the future, financial literacy, setting goals.

Allison Netzer:
Those are the ingredients for wealth management. People sort of have a visceral reaction when you say wealth management, right? You think of a big desk, you think of New York, at least I do, and you've got to be super rich, but the planfulness, the literacy, the thinking of your family, the legacy of your business, those are human things that wealth management can and should help with and again, myself, my team, the broader team at Nymbus was surprised at how easy it would be for banks and credit unions to be able to offer wealth management when they don't.

James Robert Lay:
That's a great point, this idea of what I would call the democratization of wealth management because what you just said, financial management or wealth management is not just for the wealthy, that's a misconception right there and I'm curious. Margaret, you've got 20 years of experience in wealth management. What might be some of the other misconceptions and the misunderstandings financial brands might have around this subject? What could be holding them back from bringing this capability in because we're talking about collaboration. We're talking about simplicity. We're talking about empowering people with knowledge with education here.

Margaret Hardigan:
Sure. I think part of it's a different regulatory from the upper sight, so that might spook certain bankers who say, maybe I don't need another regulator in my foyer, but there are new business models, so for instance, Marstone, we are a registered investment advisor. We can be the regulated entity and we can manage the money and actually revenue share back to the client and in that model, we can stand someone up in 30 days. I think it's the cost. I think it's maybe the uncertainty of what it takes the regulatory environment, but we've worked together to come up with really easy bullet points to almost get started quick guides. We want to be a great coach. So let's say that someone wants to start out, they want to date the whole business, they want to date us as a provider, but then once they get their [inaudible 00:15:16] , they might say, Hey, you know what? We might want to take this back in-house and there's all sorts of flexible models.

Margaret Hardigan:

I think we want to be a player coach with folks and want to help them kind of explore the entity. Going back to one of the things Allison said is wellness and at the end of the day, [inaudible 00:15:35] and plan and based on Maslow's hierarchy of needs. It's food, shelter, security, and then bits of aspiration [inaudible 00:15:40] and that's true if you're a billionaire and that's true if you're financially innocent and just starting out and all of those things are actually financial decisions, right? Where am I going to live? How am I going to get to work? Are my family, are they safe?

Margaret Hardigan:
And so what we have done and Allison and her team seem pretty stoked on it, is we've created this interactive financial wellness and inclusion planning tool. That is a lovely compliment to a bank like Catch where two individuals are coming together and trying to figure out how much is pooled? How much is separate? And like foot guardrails on things and it's also a great way to actually test drive, do we actually have the same values and beliefs about some of these items?

Margaret Hardigan:
So I think the partnership that we have is great on many levels because we compliment each other. I never want to be a core. I'm not going to be launching any banks. I don't think else [inaudible 00:16:30] into management or [crosstalk 00:16:33] but one thing that I think is her team, Allison in particular and Jeffrey, they have a very high EQ as well as IQ and subject matter expertise and a real commitment to design sensibility because at the end of the day, at least on the most management, that's a highly commoditized activity, but what's not highly commoditized is how bank X, Y, Z what their value proposition, what their culture is? And how they display that to the greatest number of people at the greatest cost and the greatest ease and so I think we're very aligned in our design sensibility and our kind of approach

James Robert Lay:
I like what you're referencing a couple of things. Number one, addressing the fears, the fear particularly of the unknown. This is unchartered territory. There's the regulatory aspect of this. That's one aspect that I'm really encouraged by, but number two, it's this model of the player coach or what I like to reference as the helpful guide- we could do for you, we can do this together with you, or we can guide and empower and coach you to do this and do even more there and that really is at the essence of collaboration here and when it comes to collaboration, I'm curious, Allison. What can we do to maybe clear up some misconceptions and misunderstandings that a financial brand, a bank or a credit union might have about collaborating when things might not have gone too well, historically in the past, in some of these areas. I just had a conversation with Sarah Harlow about this in episode 146 and she coined the phrase, it's all about the symphony of simplicity. What holds financial brands back from making collaborative commitments?

Allison Netzer:
Well, you know I love the topic of misconceptions. It's one of my favorite things to talk about, so to me one of the biggest misconceptions around Fintechs and financial brand partnerships is this misperception that it's one of survival, right? This is performance desperation and that's not a collaboration of equals, right? That's not what you're hearing, for example, from Margaret and myself today. There's this misconception that there's this "be all, end all" in some Fintechs digital drawer somewhere that's going to save your institution, save the world.

Allison Netzer:
The truth is that the best partnerships and collaborations aren't even always on paper, but they are always from a place of abundance where the groups and it could be more than two, doesn't have to be

two. The groups have momentum, they have ideas, they have passion, and they just need a structure to make that happen. The partnership is the structure, it's not the salvation, right? It's just a structure and so I think two good examples of this, certainly what Jason has been doing in alloy labs. I mean, of course, as Margaret mentioned what we're doing over at Nymbus labs.

James Robert Lay:
When you reference this idea of abundance, I just immediately latch onto that because it's how I view the world, competition in my world. I let go of that a long time ago and it was a very good thing. Truth be told, took a little bit of therapy, but we worked through some of that. We got out on the other side and it's a lot better off, but I'm curious, you mentioned this idea of partnership and I want to come back over to you on this Margaret. It's called a partnership rooted in purpose. I think purpose is really key. There's that alignment and you were touching on this before, so when it comes to a purpose framed around and really designing a bigger, better, brighter future for people, what do you see some of the biggest opportunities here to humanize finances for people going for? You touched on this with Hitched, but to really make money more approachable, feel less intimidating, feel overwhelming, how does purpose play into this and really a partnership of purpose?

Margaret Hardigan:
It's definitely why we get out of bed every morning. We've been around for a while [inaudible 00:21:24] because we were the first ones to move in this space and we did a lot of the backend planning on the wealth management side with large financial firms. This tool that I reference maps that we are going live with a couple of clients in first quarter. Not everyone is ready to invest, but almost everyone needs help getting their financial house in order and so when you marry that purpose and then marry it with really great design fidelity. It's not heavy in math and not heavy in jargon. It actually really enables people to start playing with opposites, see what the simulations can be, and when you have a gamified interactive platform or approach like this planning tool has, people get up the hockey stick really quickly because they have purpose.

Margaret Hardigan:
They want to buy a house. They want to send the kids to school. They want to do those things and when the tool shows them how to get there, what's very cool is they actually self-correct, whether it's save more or change the size of the house or the timeframe and that is incredible. So then suddenly you have people that actually are empowered because they're educated when they do advance to either applying for a loan or what have you. So, but a planning tool without connectivity to take action whether it's banking, lending or investing is sort of like a Fitbit and never going to the gym or, or working out, right? It doesn't work. So what's key is an ecosystem and I think what the Nymbus team has done is it adds this extension to a planning tool that offers banking and our partnership we can offer investment in planning.

Margaret Hardigan:
Well, now you have an ecosystem where everything's talking to each other and it can be automated and a big psychological key for success is actually automation. So I think that the Nymbus opportunity also enables a lot of banks to reach people that they actually really want to reach, but with their current technologies, the cost to serve is so great. So this is pretty exciting for us because there's a bank that we're about to announce in New England that really wants to extend deeper into the community, but they can't with their said trust department or trust firm or their current core or their current custodian and now we're being able to come in with a very fast, easy, and very cost competitive platform.

James Robert Lay:

Good point you make about a planning tool without the ability to empower someone to act is almost kind of a Fitbit an act is an act... You see, in Digital Growth Topia, acronyms are bound and maybe it's just because it's 20 years in the banking space, I've gotten so accustomed to an acronym for everything, but I think it's also a little mental hack for this ADD mind to actually remember things, but here's the acronym for A.C.T. It's Awareness plus Commitment equals Transformation because there's one thing to know what you need to do to get the awareness, but you need to have the courage to act, to move forward, to make the commitment so that you can reach that transformative state, because it's the growth that comes through transformation. That's where you achieve the goals. That's where you, the house, the business, whatever that might be on the other side.

James Robert Lay:
So I really like this idea of providing not just the knowledge, but then providing really the guidance, the recommendations to empower someone to act with courage. Allison, I want to leap into the mind here of a financial brand leader and you were touching on this a little bit, Margaret about some of these examples. I want to leap into the mind of a leader here, they're at a bank, they're at a credit union. They're listening to today's conversation. They're feeling hopeful. They're feeling excited about the future here to create even more value for their account holders. What might be some of the big opportunities for them to create through collaborative commitments? Through strategic alliances?

Margaret Hardigan:
One of my favorite places to be is in someone else's mind, but, and I was just checking my Fitbit actually and Margaret is correct. If you do not actually walk, it does not register steps, which is sort of where I am at the moment. But I hope that the bank and credit union leaders are feeling hopeful even before listening, but we talk a lot at Nymbus about how there are no obstacles to growth only opportunities not taken and I think the opportunity for financial institutions to create that value through collaboration, it is there. It really is. I think especially if you take the mindset I mentioned earlier, coming to the table as equals and from that place of abundance. I think very specific areas where FIS can collaborate are with smaller well-run FinTechs that can partner to make incremental changes versus big overhauls.

Margaret Hardigan:
A few examples, I think what Catherine is doing at [inaudible 00:26:16] auto books, I think are two good examples of that kind of type of partnership. And when you look at the data from firms like American banker or even just pull up your app store. Consumers and business owners aren't demanding a revolution. I know we like to be in a revolution, that's more exciting, but they're not demanding a revolution, they want to be seen and heard and that can often be a [inaudible 00:26:42] I know you're big into the small steps that can often be just a small step towards the consumer or business owner versus a disruptive technology that could possibly move them farther away.

James Robert Lay:
That's a great point that idea of small incremental changes. Change, just a word. It sets some people off because no one likes to get their cheese moved. I prefer to seek the solos of the norm and what I know to be safe and true, but on the flip side, it's through that commitment of transformation that we can create something new together. But when we do it in small incremental bits, the small steps, which is where I'd like to a wrap up today's conversation, it has been fantastic and I really thank you both for the knowledge, the thinking, the expertise that you're sharing here, so that we're all learning and growing together. What are some very small practical steps and maybe it's just one next best step that the dear listener can take who is hearing this so that they can continue to move forward to make progress along their digital growth journey when it comes to capturing some of the opportunities we've discussed

around wealth management, around even collaboration? What would you recommend as the next best step forward for them, Margaret? Something small, something simple.

Margaret Hardigan:
I think one might be to take an inventory, an audit of what their current client base looks like. Both from an age concentration diversification because I think we do have to start planting for the future and so I think that's one and then figure out what are the right ways that we can go out and start getting smaller, younger, new clients. I think that that's pretty critical. What are the tools? Because my guess is that it's pretty concentrated and that that's vulnerability and just elaborating on your question, but also Allison's answer earlier. I just came from a wealth management conference and we were talking about Robin hood and different companies and people were sort of scoffing their average account size is $3,000 or blah, blah, blah. But truthfully, that's what Schwab looks like in 85.

Margaret Hardigan:
And so the people who are saying well that's cute about hitched or, that's nice that people are doing a Niche bank, but their average bank balances is $15,000 or this or that. Well, you know what, look at how big these generations are. I'm in gen X, so there's like 5 of us, but the generations behind us are quite large. and so I think that banks that aren't looking at how they can retain these assets and acquire new ones, so that's where I would begin. Look at the audit, look at where the ACHs are going, my guess is they're going to stash, they're going to Robin hood. They're going to things like this and you know Coinbase and all these wealth management firms, Schwab, fidelity, et cetera, they're becoming more and more banks.

Margaret Hardigan:
And they're doing things that banks can't do right now, like same day settlement and pre-funding like Robin hood and Coinbase do. So I think an opportunity like working with Nymbus in particular, a bank can actually be agile and they can do R and D and no one's going to lose their job if it doesn't go exactly how they want it because their expenditure is not so great. And so I do think people have to test and learn. So it's more than you asked for, but that was just sort of my idea.

James Robert Lay:
No, I want to bring that back to really kind of two points. Number one, inventory clients. Just take a snapshot of where you're at and how does that look and project out over the next 10 years. Is that sustainable model going forward? And then it's like, okay, well you've got, like you said your X, well then you got the millennials. Then you got the Zers. We're going to see probably the massive transfer of wealth ever at this point, going from one generation to the next and where is all that going to go? Where are they going to be?

James Robert Lay:
It's the what's it again? It's the democratization of money and I think those that can provide clarity, those that can provide some help and hope and really hope comes before help. They'll be in a really good position to guide the next generation forward, but to the concern, as I'm hearing you say this, well, they're not large dollar accounts at this moment in time. Give it time because if not now, when? If not who then what? So really, really great thinking right there, Margaret. Allison, what about you? What's the next step you would recommend to the dear listener to take to move forward with courage and confidence on their own journey of growth?

Allison Netzer:

Wow. That is a tough ask to live up to. I'm going to take a slightly different spin on the word asset, so I know we're only on video, but I am putting my hands to my head. So mine is protect the asset, which is your mind and give it love, give it attention and give it rest.

James Robert Lay:
That's a great point because as we move forward into this age of AI, into this age of automation, I really believe it's the thinking that we are doing that will create the greatest value, not just the doing because it's the doing that has the ability to be automated. That can feel a little bit scary, but if we can detach ourselves from the doing and really wrap our minds around the thinking, we can all do even better together. Margaret, Allison, this has been a great conversation. Thank you both for the knowledge, the insights. If someone wants to continue the conversation with you that we started here today, what is the best way for them to reach out and say hello?

Allison Netzer:
Yeah, for me, I'm a LinkedIn junkie. So that's the best way. Get all my info there.

James Robert Lay:
Go to LinkedIn connect with Allison. Learn from Allison. Margaret, what about you?

Margaret Hardigan:
Same. That or MHargan@Marstone.com. Be happy to speak with anyone.

James Robert Lay:
All right. Well thank you. Thank you both and thank you for listening. Thank you for joining me on another episode of Banking on Digital Growth as always and until next time be well, do good and make your bed.