

Greetings and hello. Thank you for tuning into the 36th episode of the Banking on Digital Growth podcast, where I, James Robert Lay, your digital anthropologist, continue to commit to simplify the biggest digital marketing and sales strategies that will empower you and your financial brand to generate 10 times more loans and deposits. Today's episode is part of the By The Book series, where I share insights from my bestselling book, Banking on Digital Growth: The Strategic Marketing Manifesto to Transform Financial Brands.

As always, I do like to start these episodes by celebrating those that have read the book and have shared feedback on Amazon with a review. Today, I'd like to give a shout-out to Jay who shared, "Banking on Digital Growth is a must-read for anyone serious about their financial services career. Times are changing fast, and you need to change fast too." Jay continues, "This book provides a roadmap for your company. I feel it has set me apart amongst my peers, because I have read and re-read this manifesto." Well, thank you very much for the kind words, Jay, and it's good to hear that you've not only read, but you've also re-read my strategic manifesto for financial brands.

For you, dear listener, if you've already read, or like Jay, have even re-read Banking on Digital Growth, I want to hear from you as well. Just take a minute. Send me an email directly to jrwlay@digitalgrowth.com. and let me know what has been one insight or idea that you have found most helpful in the book. Every week, I'm getting notes from financial brand marketing leaders from around the world, and I want to hear from you too about how Banking on Digital Growth is helping you to envision a new purpose for your financial brand. Because unfortunately, as it stands today, the vast majority of financial brands are not purpose-driven, but they're instead still continuing to be driven by traditional mission and/or vision statements.

Now, in episode 30 and 33 I shared the story of two brands that have maximized their growth potential in very competitive, very commoditized marketplaces, one being shoes, the other being socks. They've done so by positioning themselves and their brands beyond the product. But what they've done is they've really focused on positioning around purpose. These stories, in episode 30 it was TOMS Shoes, in episode 33 it was Bombas, you, too, have the potential to position your financial brand around a purpose, or what I like to say to bank on purpose, going far beyond the traditional vision and mission statements that have guided so many leaders over the last 30, 40, 50 years. This is because a mission or a vision is not the same as a purpose.

What is a mission statement, and how is a mission statement different than a vision statement? The former is really about us, the financial brand, what we do, how we do it. The latter is also about us in that it provides clarity and insight into where we as the financial brand, we as the organization are going. As we'll talk in this podcast and really unpack over a few more, even this kind of direction through a vision statement of where we're going, it's not enough, and it's something that we can dive deeper to. That's why I'm calling on financial brands to define a third path, a third way forward, and that is with a digital growth purpose. I'll explain why here in a moment, but I want to lay the four foundational problems that I see with traditional legacy, mission, and vision statements.

Number one, these traditional legacy, mission, and vision statements, they are outdated. Typically, these mission and vision statements were conceived through some increasingly obsolete lens of operating in a physical or a tangible world built around branches and broadcasts. And as we know, the future is intangible. The future is digital. Problem number two is that mission and vision statements are pretty bland and commoditized. They tend to all look and sound the exact same. We repeatedly see this

through our digital growth diagnostic studies. Seriously, you could take one bank or credit union's mission and vision statement and then just hit copy and paste to another financial brand, and no one would be the wiser.

The third problem we see is that mission and vision statements are often self-serving. They are inward focused. They address the needs of the financial brand. In where cases where they do have some sort of external focus or perspective, whether that be on the marketplace, the consumer, or the community, when they do have this, these statements are very clinical. There's no emotion tied to them. They're very generic or lofty ideas without any type of concrete substance or definition. Finally, the fourth problem that we see, and really most importantly, is that mission and vision statements are narcissistic. That's a reflection on society as a whole. These mission and vision statements are almost always about us, what our financial brand needs, what our bank, what our credit union needs and wants.

So redefining mission and vision statements, I get it, I get that it can feel like you're rocking the boat. There's a lot of emotion tied up in these mission and vision statements. Every one has an opinion. This is why I see the biggest opportunity in this part of your digital growth journey is to look for a third path, look for a third way that's not a mission statement, it's not a vision statement, but something new. It's something different, and it's something that has the potential to truly be transformative. Now, we call this the purpose statement.

Notably the purpose statement, it's an outward-focused, it's an outward-facing statement. It establishes your financial brand's purpose in relationship to other people, more importantly the people in the communities that you serve. A purpose statement is intended to build trust. It's intended to create value for those people in the communities that you serve. Thus resulting in a positive emotional response just like we saw in episode number 30 with TOMS Shoes, just like we saw in episode number 33 with Bombas and their socks. Now, does this mean that you have to toss out your past, to do away with the legacy mission and vision statements all together? Absolutely not. But when it comes to positioning, when it comes to marketing, when it comes to sales and when it comes to culture even, you should place a higher priority on your digital growth purpose statement. Because purpose becomes the north star for your financial brand. Purpose becomes the guiding light of where you can go in the future. Purpose also becomes a litmus test as well for decision-making.

Why does it matter so much that your purpose statement, this third way, this third path is not inward looking, inward focused like the traditional legacy, mission, and vision statements that we see? Well, it's because it's the very narcissism and the tunnel vision that created the situation we're in within an industry in the first place. It's the reason that people don't trust financial brands. You see, consumers for the most part see financial brands being driven by their own interests. In fact, a report from Facebook found that 53% of millennials, one out of every two millennials, feel they have no one to trust for financial guidance. Even worse, only 8% of millennials feel they can trust financial institutions for guidance. Put that another way, 92% of millennials do not feel they can trust financial institutions for financial guidance. Hmm.

Another study from Viacom shared that 73% of millennials would really feel more excited about a financial offering coming from Google, coming from Amazon, Apple, PayPal than they would from a traditional financial brand. I've talked about this over and over and over again, money is complex. Money is stressful. But that stress that people are feeling, it's not just about the economy. Why are the younger demographics, the millennials, and even the X... not the Xers, the Gen Zers years, why are they more trusting of big tech than they are of a traditional financial brand? It's not just because big tech happens

to be the ones that they interact with on a daily basis more than any others, and a lot of their digital experiences and digital expectations are being set by big tech by Google, by Amazon, by Facebook, by Apple, by Netflix, by Spotify. A lot of this has to do because of us, because of we as financial brands and how we either A, act, show up, and communicate with the world, or really B, how we don't act, show up, and communicate with the world.

Jack Welch, I love his thinking. He summed it up so nicely when he shared, "Pursuing shareholder strategy or pursuing shareholder value as a strategy was the dumbest idea ever." At the C-suite level, we see that financial brand leaders are traditionally driven by what we call the three Ps. They're driven by the product, they're driven by the processes and the efficiencies from the products and the processes, which ultimately to the third P, which is the profit. Now, this means the products they bring to market and the products and efficiencies they use to reduce cost ultimately drive their future profits. But, on the flip side of this equation, consumers are driven by totally different things, totally different values, and totally different wants, needs, and desires, which we define as health, number one, wealth, number two, and happiness, number three.

It's interesting because just the other day I was listening to a podcast and learned that AARP CEO, Jo Ann Jenkins, she thinks a lot about these same ideas, about the purpose that drives the work they're doing at AARP as our ability to live longer, to live a healthier, and really live more productive lives. Yes, that's one of mankind's greatest accomplishments up to this point. However, the research that AARP did, they found that most people view aging as a process of deterioration, of dependency, of reduced potential, of digital and competence. Now, as a result of these deeply-ingrained negative attitudes, people are viewing the aging process as something to fear and fight against rather than it's something of continued growth that brings new opportunities for both the individual as well as society. This problem is exactly what is driving AARP's purpose as they are looking to and working towards changing the perception of aging, or as Jo Ann shares, "We need to desperately disrupt aging."

To do this, Jo Ann shares there are three keys that AARP is focusing on, which she refers to, coincidentally enough, health, wealth, and self. Now, I had no idea about Jo Ann's perspective when I was writing *Banking on Digital Growth*, but it's good to see that my thinking is aligned with hers. In fact, I'm thinking that we need to get her on a future podcast episode of *Exponential Insights*, because I want to dive deeper into this perspective that she shares around health, wealth, and self, because it's so closely aligned with mine of health, wealth, and happiness. It's so easy, it's so simple to understand yet so powerful from an internal positioning and communication as well as external positioning and communication.

So let's come back to the two perspectives I noted for financial brands. We have the internal drivers of the executive teams around the three PS, the products, the processes, the profits in relation to the desires of people framed around their health, their wealth, their happiness. Clearly, these two sets of drivers, the financial brands and the consumers, the people, are not fully aligned so conflict is bound to arise in these relationships. Now, we call this conflict the digital experience gap. The digital experience gap can only be bridged by trust. That's why it's in the best interest of financial brands to win over both the hearts and minds of consumers to get more business. This creates a certain cognitive dissonance. I know that whenever I talk with financial brand leaders, CEOs, executive team, leadership teams, boards of directors about some of this touchy-feely stuff like empathy, what they're really concerned about and what they're really interested in is, "Okay, yeah, great. That's nice James Robert, but how does this affect my bottom line?" That's an appropriate question for sure.

However, one of the greatest opportunities that I see for financial brands to capture is clear. Positioning around a purpose that transcends the promotion of commoditized products will generate even more revenue for your financial brand in this post-COVID digital world. Put it simply, purpose is the path towards bigger profits. I'm going to say that again, purpose is the path towards your financial brand capturing even more profit. In fact, there are a growing number of leaders, including some that are guiding very big brands, whether that'd be Costco, Trader Joe's, REI, Whole Foods, they're championing what we call a concept around conscious capitalism, building companies based on the idea, their business is more than just about making a profit.

Now, according to Entrepreneur Magazine, conscious capitalism-inspired brands, inspired companies are outperforming the market by a factor of 10 and a half and are even beating the "good to great companies" that were classified in Jim Collins really good book, Good to Great. But these purpose-driven, conscious capitalism-inspired companies are outperforming those good to great companies by up to 300%, those good to great companies being companies like Fannie Mae and Walgreens. Okay, I get it, capitalism is quite a polarizing word in today's political climate, as many feel that capitalism is about creating and maximizing a profit at the expense of others, it's about creating winners and losers. It's a zero-sum game.

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But in today's digital economy, particularly post-COVID, I see an opportunity to transform a mindset of scarcity into a mindset of abundance by reframing and redefining capitalism beyond that zero-sum game. I like what conscious capitalism is about, those that are really leading by and from a position and platform of conscious capitalism. Because their message is aligned with this idea of purpose and how defining your purpose must be at the heart of any digital growth strategy. Now, all of this is to say if some of the biggest leaders today are thinking about capitalism... And there is a report, and I can't think of it off the top of my head, but there is a report where we saw 200 leaders come out, very, very big, even I think Chase was part of this conversation, where they talked about this idea of purpose and conscious capitalism. Because if these leaders are talking about this in the context of purpose, having a greater impact on the world at large, maybe financial brand leaders might not need to be as focused on those three Ps as we've traditionally thought.

Furthermore, on the consumer side, maybe the drivers of their behaviors aren't as touchy-feely as we would think to believe otherwise. So there's an important difference here. When consumers brought up wealth and the answers when we're talking with them through our studies, our secret shopping studies, wealth to them doesn't mean being a bazillionaire. People just don't want to have to worry about, to feel stress about money. Because that stress does take a direct toll on their health, and it also impacts their wellbeing or their happiness. This is exactly where the opportunity lies for financial brands who commit to bank on purpose. Consumers are looking for someone they can trust to guide them to a bigger, better, brighter future. And right now, from our view of the world, from the research that we're continuing to do, it's the neobanks, it's the neolenders that are positioning themselves around a purpose bigger than profits. That is going to bridge the ever-widening consumer trust gap.

So what about you? How are you bridging the consumer trust gap digitally? What's the plan for your financial brand, and how will you move forward to shorten that gap, to close that gap? That's why I'm going to invite you to join me on the next episode of the By the Book series, and I will guide you forward along this part of your digital growth journey as we continue to get further inside the consumer's mind to unpack the five drivers of human behavior and how purpose really motivates people's buying decisions in a financial world. As always and until next time, be well, do good, and wash your hands.