

Eric Berg:

As financial brands, when we take a look at the fact that we are serving customers who are human beings, we need to be considerate of the fact that, okay, what are their emotional needs?

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 77th episode of the Banking on Digital Growth Podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Eric Berg to the show.

James Robert Lay:

Eric is the founder and CEO of NetGiver, which is a mobile app that allows people to give to nonprofits directly from their financial brand's account without incurring fees for the charity to whom they are helping. Welcome to the show, Eric.

Eric Berg:

James Robert, it's a pleasure to be here with you today. Thanks for having me.

James Robert Lay:

I am glad that you are here, Eric. And one of the things that I'm curious about as we start this conversation, is what's going well for you right now. What's a win? What's something that you're excited about? What's something that you've learned, or what's something that you're looking forward to?

Eric Berg:

Well, I'll tell you what, it is going to be 60 degrees in Minneapolis today, as we record this. And coming off of three weeks ago when it was minus 12, I got to tell you, the sunshine is making me feel good today, James Robert. I'm very pleased spring is on the way.

James Robert Lay:

60 degrees, man. I'm right there with you. We're actually a little bit warmer here in Houston. Because you sent all of this nasty, cold weather down our way a few weeks ago. And I think we got down to 16 degrees in H-town and we are not built for that. But fortunately we're back up. It was 72 over the weekend, blue skies and sun. Spent a lot of time outside with the kids and actually did a little bit of work outside on the patio this morning with my coffee. So it's great to get back into spring. Spring has sprung.

James Robert Lay:

I think we all need this right now; coming out of this winter and COVID. And I don't know, I feel like there's a positive lift just across a lot of people, a lot of conversations I've been having. What about you?

Eric Berg:

I'm feeling that too. I think that the idea that some of the restrictions are being able to be lifted a little bit.

James Robert Lay:

Yes.

Eric Berg:

The vaccine is on the horizon for most people. I think people are looking forward to summer and getting outside and festivals. And sort of just this whole pent-up COVID thing, it's going to be fascinating to see what happens when people come out of COVID and get to go back to their normal lives. I sort of feel like it's going to be like kids in the candy store. It's going to be a little bit crazy, I think.

James Robert Lay:

But it's good because as of recording, one year ago, almost around this time, we were in a very different place. It was a lot of confusion. What's happening, what's going on? How do we process? How do we deal with all of this? And you're right. I feel like there's a level of hope and we're seeing something even bigger and better and brighter ahead, which is what I want to talk to you about today. And the work that you're doing with NetGiver, which is specifically is a way to empower financial brands to bank on purpose, to bank with purpose, and that's a very big undertaking from your perspective.

James Robert Lay:

And let's just define this first. What does that mean to you, banking on purpose banking with purpose, in this financial services space?

Eric Berg:

Yeah, it's a great question. And I really think that as we look at banking, as we look at providing financial products and services to those that we're serving in the industry, the thing that we really have to keep in mind, and one of the things that we really have the opportunity to talk about now, is this idea that people are emotional beings. And as emotional beings, every decision we make is an emotional decision as human beings. We justify them with logic, so we spend a lot of time justifying things.

Eric Berg:

And so we may want to go buy a new car, but then we go home and we put a spreadsheet together and we do the pros and cons. We run the numbers. We figure out what we can really afford, but we really want the new car. And the emotional side of that is what's really important because that's why cars come out with a new colors and new shapes and new designs, because they want to entice you and they want to drive that emotional experience and emotional connection.

Eric Berg:

And so as financial brands, when we take a look at the fact that we are serving customers who are human beings, we need to be considerate of the fact that, okay, what are their emotional needs? What are their emotional decisions that they're making every day and how can we best support them? And the way we can do that is by purposefully approaching their financial needs in a way that meets them where they live.

James Robert Lay:

I like that perspective. We buy with the heart and then we justify that with the mind. And it's not just a one and done perspective, it's to your point, these are the conversations that we have with ourself every day. Some much larger than others; buying a car, buying a home. Some might be more micro, like getting the coffee.

James Robert Lay:

And I think that's an interesting point. The idea of buying coffee, Starbucks, what is Starbucks tapped into? They've taken a commodity, a 10 cent cup of coffee and are charging multiples for it because of all of the experience that's tied around that. You walk in and you don't have to walk in anymore. You can order on your phone and then it's all ready to go. But it's a unique perspective. And let's talk about that packaging up purpose into product positioning.

James Robert Lay:

What are those opportunities for financial brands? Because like that Starbucks cup of coffee, it's commoditized. But Starbucks has been able to take it and really package it around this experience. But we're taking that idea of experience and going even further with purpose. What are those opportunities to package purpose into product positioning for a financial brand?

Eric Berg:

Yeah, that's a great question. And when you take a look at it and especially now, where interest rates are so low. And it used to be where you could compete and you could throw up products and services that you might be able to be a little bit better in an interest rate on something than your competitor is. Now when you look at it and you say, "Okay, so how can we put something in front of them that draws their emotional attention right to our financial brand?"

Eric Berg:

And one of the things that ends up happening a lot is you see, this is very common, you see the financial organization holding up a giant check with a donation to a charity. "Isn't it great? Look at this \$5,000 that we gave to this charity." Well, first of all, who writes checks anymore?

James Robert Lay:

Great point.

Eric Berg:

And secondly, why are we not getting our members and our customers involved in this process with us? Why are we not saying, "Well, look, we'll give 5,000 if you give 5,000 to the things that you care about, customer and persona and member of our financial institution, because now we can engage with you in something you care about, as opposed to just putting a picture about something that we think you might care about."

James Robert Lay:

I love that perspective. We write that big check and we take the picture and we post it. But in the subconscious mind, what are we signaling? Because we don't write checks and that's a battle that I've been fighting is, let's transform that positioning from a checking account to a spending account. In the work that you're doing, I almost see a spending account has the potential to almost be packaged up as a giving account.

Eric Berg:

That's exactly right. So we've working with our financial institutions so that they have giving accounts set up for their ... And what we can do from that is they connect NetGiver to their giving account. And now, as they're talking about splitting their paycheck up, they just direct the percentage of their giving from their paycheck directly to that account.

Eric Berg:

Now you want to talk about where do you land your primary financial institution when you split your paycheck up? Well, it goes to where your giving comes from, right? So now you're talking about this purpose that the member, the customer has. And what's purposeful to them, what's important to them, is where they direct those funds, right? So that's an important consideration. So yes, a giving account is something we talk about a lot at NetGiver.

James Robert Lay:

This is all about positioning. It's all about inviting people into the narrative, inviting people that have a like-mind into the story. I can't help but think of Aspiration, which is a Neo Startup financial brand, aspiration.com. And as of recording, their big positioning on their website when you visit, "Leave your bank, change the world." And they actually talk about turning every transaction into a positive action.

James Robert Lay:

And I liked what you talked about. It's a giving account, not just for the account holder, but it's something that we can do in conjunction with the account holders, so we're creating value and we're creating good together for other organizations in the communities where we live, where we work, where we worship together. This is really, really fascinating stuff.

James Robert Lay:

Let me ask, I get where this is coming from. I'm seeing more financial brands, at least exploring this opportunity. Some are still not 100% sure and I understand why. Because at an executive level, a lot of leadership is left brain driven. They're driven by the numbers. They're driven by the quote, unquote, the data. I get it. I'm empathetic. But once again, to your point, we're dealing with people. And people make a motive buying decisions.

James Robert Lay:

What holds some back from really just going all in, on building positioning around banking on purpose?

Eric Berg:

Well, I think one of the things that holds people back is that it's a change, right? And change is hard for everybody, right?

James Robert Lay:

Mm-hmm (affirmative).

Eric Berg:

But it's not like you have to turn the Titanic in one swoop, right? I think what it comes down to is, coming in and meeting your customers and your members in a place where, to them, they're

having those emotional decisions and making those emotional decisions about what they do with the money they've earned. Giving it away is the most emotional one that they can do. And when you do that, when you meet them there, even in the smallest little ways, you start to see a change in the relationship that you have with those members and those customers.

Eric Berg:

Not every product or service you offer, reaches every member or customer of your financial institution. We try to make a big, a broad scope look at something, but even online banking, is really only what, 60, 70% of financial institutions have their customers or members using their online banking products. So even that is something that is growing over time and is becoming more and more part of what each member and customer experiences with that.

Eric Berg:

But when you take a look at providing services that meet people where they are, and it's going to take some time, but you got to start now, right? Because the longer you put it off, the further behind you are in what's actually transforming the industry right now. You talked about the neobanks that are having those conversations right now with the younger generations. And there's a lot of information out there right now about the millennials and the gen Z-ers.

Eric Berg:

And you take a look at the studies that have been done that show that what's important to over 75% of those generations are aligning their values with the products and services that they do business with. It's so important to them that they'll look toward that as a way to make a decision, even beyond price, even beyond other things, because that's an emotional decision. So where they align their values, it might be with a product or service that they've loved their entire life or that their parents were part of, but it's likely going to be something that's going to be completely different.

Eric Berg:

So that's where I think banks and credit unions and financial institutions have the opportunity to change the narrative and say, "We're providing those same kinds of emotional connections that aren't just, 'Yeah, we'll take care of the analytical stuff on the back and make sure that's all taken care of for you,' but where we meet you, used to be in the lobby is now something that's changed."

James Robert Lay:

So I'm going to hop on the other side of the table. I'm a CEO.

Eric Berg:

Sure.

James Robert Lay:

Man, I get where you're coming from conceptually, Eric. I like it. How is this going to positively impact my bottom line? Because I can feel where you're coming from, but can you give me some confidence that, "You know what? This is a great decision. This is a great investment that we're going to make into our future by going down this path." Because you're right. I'm going to have to leave some stuff behind to get there. I'm going to have to let go of what got me to where

we're at today from an operational model to continue. What can you do to give me some hope? What can you do to give me some confidence?

Eric Berg:

Yeah. And so, I've got a little bit of a background in working in brand in sports, James Robert. We've talked about this a little bit in the past, right? So my sports background is one of the clearest examples that I can provide, right? So anybody who's been to a sporting event or been to the theater or been to something that as you're sitting in the audience or in the crowd and the game is continuing or the show is on, there's that opportunity where you come alive, right? You come alive with the experience that you're a part of. And more often than not, when you see things like a team win on the last second shot or the last second field goal and the elation that that takes place there, those are the kinds of things that we're missing in the financial world. We miss those opportunities, right?

Eric Berg:

And you take a look at what's happened to sports and the growth of sports over the course of the last 20 or 30 years or so, you take a look and why is that? The growth that has existed in that, is because of that emotional connection that occurs. Now, you take that ability to take that anywhere with you, with a phone or other technologies that we have, the digital world that we can put in that, and now you're putting that with you with things like fantasy sports and being able to game-ify things and create games and create that emotional response.

Eric Berg:

So what I would say to anybody in the CEO role, in the CFO role of a financial institution, is this is how people live their lives. We need to meet those people where they are. And if we're not meeting those people where they are, if we can't have people cheering for our financial brands, then what can we do to be there when they're cheering? It's why we have sponsorships of financial institutions sponsoring sports teams and organizations and stadiums and those kinds of things, is because they want to be part of that experience.

Eric Berg:

So let's be part of all those experiences, not just the arenas, but also the 5k walk, the church or the synagogue where they worship. All those kinds of things are important to consider as well, so let's be in those spaces as well. And financial brands now have the opportunity to do that because you can go with your members and your customers, because you're in their pocket all the time.

James Robert Lay:

Yeah. I also think too, this is where we're seeing trends at the macro level of organizations moving in multiple verticals. And we can go back almost 25, 30 years ago, when John Eggleston, he coined that term, "The triple bottom line; profit, people, planet." But even if we go back more recently to, it was August, 19, 2019. There were 181 CEOs in the United States that transformed a 22 year old policy statement that defined a corporation's principle purpose, historically was about maximizing shareholder return. And when you flash forward to how redefine this in August of 2019, it came and even Jamie Dimon was part of this conversation, CEO of JP Morgan Chase.

James Robert Lay:

So I think it's one of these things that we need to be tuning into, because they declared that companies should not only serve their shareholders, but also deliver value to their customers, invest in employees, deal fairly with suppliers. And here's the last point that really ties this all together, and support the communities in which they operate.

James Robert Lay:

So if we're seeing this narrative at a much larger macro level, what are some of the opportunities that you see to bring this into the micro level, particularly for community institutions who have historically supported other organizations within the communities, but it's through the check writing, but now we can operationalize this. I think that's the opportunity.

Eric Berg:

Let's go back to defining a community. A community used to be that small little geographic area in which you serve your community, meaning the 12 or 18 square miles around your branch and your location, not the community changes completely. And that's the thing about the neobanks that I think is so impressive to see, is just their community is not based on geographic, it's based on emotion and it's based on how they want to align their values with those neobanks, that are doing things in their quote unquote communities that make a difference. And those communities could be based on age. It could be based on other psychographic information, other demographic information. But ultimately at the end of the day, it's striking a chord.

Eric Berg:

And I think you had a podcast a little while back that talked about all those different financial institutions that are trying to serve different segments of those populations. And in actuality, when you start talking about the emotional side of it, you start talking about the giving side of things, it reaches all of those different communities because everybody in the community has goals that they have when it comes to giving away their hard-earned money.

James Robert Lay:

Yeah. And for example, one of the conversations that we were having is I'm a pet lover. I have four kids. We don't have pets though. I bet we're going to get a pet. We're going to get a dog later. Cause I was like, until my kids get older, I was like, I don't need a fifth child. I want them to at least maybe feed the dog. So, but, but I think of like chewy.com, chewy.com has really built a community of pet lovers. REI has built a community of outdoor enthusiasts and they literally, it's not just a physical, it's a physical community. It's a borderless digital community that brings together people who have a shared affinity, a shared passion, a shared purpose. And so if I was to align myself as a financial brand, maybe around the dog lover or the outdoor activity, is there an opportunity to then frame the giving perspective for organizations that support this type of lifestyle or this type of love affinity? Am I thinking correctly here?

Eric Berg:

Yeah, absolutely. And I think what it comes down to and you brought ... So yes, you have to go with the affinity with where the heart goes and supporting that and bringing those together. And I think, you brought up Chewy, which is interesting, because the whole GameStop thing just recently happened. And Ryan Cohen, the founder of Chewy, is one of the key people with it, that's within the whole GameStop story and saga, and he's on the board. And now they're taking this physical store, and his whole plan is to take this thing and make it more digital and make it

more accessible and make it more gamified on the outside. So you talk about a traditional brick and mortar, now to the idea of going digital and meeting gamers where they are, as opposed to being in the physical space. And that changes the whole thing.

Eric Berg:

And so when we start talking about, about meeting your customers where they are, that's happening on that end right there. And from a pet and a love of pet perspective, being able to support things like Humane Society and those kinds of programs, you should meet your customers and your members at those locations and at those spaces where they have those connections.

James Robert Lay:

Yeah. And so, okay, great. I'm building a coalition. More people are starting to understand this. We're working through a transformational journey internally. How might I be able to help bring more people along on this journey, on this narrative of banking on purpose? What are the best ways to address those that might just push back a little bit?

James Robert Lay:

So we've got a coalition, but to really make this, I think, culturally believed in internally first and then externally second. Because if we don't buy into it and believe in this top to bottom, bottom to top, we're half-heartedly moving down this. But how can we really bring others along to see what we see?

Eric Berg:

Yeah, so here's a great example. This is something that happened to us recently. One of the credit unions that we work with was giving their employees a Jeans Friday. Wear jeans on Friday, if you contribute to our foundation using NetGiver. So credit union foundation, "Let's go ahead and if you want to give to our foundation, you can wear jeans on Friday." They saw some moderate success. And then the next week they said, "You know what? Give to any organization you want, and you can wear jeans on Friday." And the results spiked. Their employees now were engaged and now were saying, "Look, it's what I care about? Great. I'm all about that."

Eric Berg:

So what does that mean? That means that if we turn our attention back on the audience that we're speaking to and saying, "This is about you," making it about them, now that transformation is easier to have. Because look, we were individuals, right? So even if you're on the other side of the table and you're saying, "Look, how can I make this happen? How do I transform into this?" Think about it from the perspective of, you talk about it, James Robert, about do good, right? I mean, go out and in the community, do good in the community. And as that happens, everything rises with the tide. So all ships rise with the tide.

Eric Berg:

And so, as you're looking at that in the community and you're out there and you're doing good, it's resonating with your customers, it's resonating with the community, it's resonating with everybody who is seeing what you're doing. It's not just holding a big check and posting on social media. It's actually being involved in getting more and more people involved. And when you do that, you'll see engagement, and engagement drives the bottom line.



James Robert Lay:

So I think this fits back into defining a purpose statement, this idea of doing good, which as you and I were talking about, it's not focusing on self, but focusing on those that we serve, those that we create value for. And I'm going to use REI here as an example, and this is on [rei.com/philanthropic](http://rei.com/philanthropic), the philanthropical side of their business. That's a tongue twister right there.

Eric Berg:

It's a big one.

James Robert Lay:

They say, "We believe a life outdoors is a life well lived. That our connection to nature is essential to our humanity. That has guided our reinvestment back into the community for over 80 years. And today, more than ever, we dedicate our philanthropy to assuring that every person can benefit from time outside." And then they go on and talk about how they're making these investments. The subhead is in 2019, REI invested over 8 million to more than 400 nonprofits throughout the co-op and foundation grants.

James Robert Lay:

So they're showing, being a part of this REI community, you're doing good for others. If there's one recommendation that you can make to a financial brand to really help them take the first steps, what is that next best step that micro ... And I think it's what's the micro commitment to move forward and make progress to committing to bank on purpose or to bank with purpose?

Eric Berg:

Yeah. I think it's involving your members and your customers in the giving that you're doing in the community. I think that's the number one thing. And what's great, you give the REI example and it's a great example, because going back to a little bit earlier in our conversation, when we talked about the younger generations wanting to align their values with the products and the brands that they support. REI is doing that because they see that that's who their core customer is. If it's not their core customer now, it's who their core customer is going to be within the next several years. So they're talking to that audience, that persona, who loves the outdoors, who loves being part of nature, and who loves the idea of being able to give back. That's who they're talking to.

Eric Berg:

Financial institutions have a wonderful opportunity right now. They money exists in the accounts of their customers and their members, and a portion of that money is going to be used to be given away to things like the outdoors, right? So it's where it starts. So to be able to be a part of that decision, if somebody wants to donate to the great outdoors, where that starts is within your financial institution. You're at the beginning of that journey.

Eric Berg:

So no matter what that member or customer cares about, you're at the very core at the very beginning of that journey of being able to have that and help facilitate that relationship that they get to go out then and support the outdoors or support puppies or cats, or whatever it is that's important to them, gets to be part of your journey with them. And you get to be along with them

in that whole thing, because it's where they bank, it's where they have their money. And that money is what they're giving away.

James Robert Lay:

I want to bring in another data point for the dear listener, to start to connect all of these different dots together. This is from Kornferry.com. And this was published in a recent survey, quote, "63% of millennials, essentially workers under 35, said the primary purpose of business should be to quote, 'Improve society instead of generating profit.'" And so we're starting to see all of these different data points. I think it's important that we address that for the dear listener. And coming from an analytical bankers brain background, because now we can connect the heart and the mind together, heart and mind data and emotion. And that is where the real transformational experience begins.

James Robert Lay:

This has been a fantastic conversation, Eric. I really appreciate the insights that you've shared. If someone wants to continue this discussion with you, what's the best way for them to reach out and say hello?

Eric Berg:

Yeah, by all means. It's pretty simple. My email address is [eric@netgiverapp.com](mailto:eric@netgiverapp.com), [netgiverapp.com](http://netgiverapp.com). And that's a great way to get ahold of me. You can also look me up on LinkedIn. I'm on LinkedIn and feel free to message me there. So those are two great places to get a hold of me.

James Robert Lay:

What's the next big thing? What's the next big thing that you and the NetGiver team are doing? What can we expect?

Eric Berg:

Yeah, we can't wait. We can't wait. Because once you start talking about this idea of creating this emotional relationship where you're part of the giving experience of your members, what ends up happening next, is you earn trust. Once you earn their trust and generate the trust, now when you say to them, "Hey, we've noticed that you're a giver. We notice you give to this organization or that organization on a regular basis. We really think that this product or this service from our financial institution would really help support your life."

Eric Berg:

Now you've changed the narrative. It's not just now pushing a product at somebody who doesn't necessarily need it or want it at that time. It gives you the opportunity to have a conversation about a new credit card that might lower their interest rate or a new car loan that might allow them to go back and get that shiny blue car that they'd been running numbers on, that they've been looking at for a long time. Now it's an opportunity to say, "Hey, these people have supported me in my giving. I'm going to go back and now I feel like I can trust them to be able to handle my car loan or my mortgage or my refi," or whatever it might be. And building that trust is important. And at NetGiver, we're taking the next steps toward being able to draw a correlation between giving and where people spend and how and how they spend.

Eric Berg:

So we're working on a giving score that will tie into this idea of not just a credit score, but a giving score that'll tie into how people give, related to how strong their financial health is.

James Robert Lay:

Wow.

Eric Berg:

So adding that to a credit score is something that we can't wait for. We're so excited to be able to take a look at the data between giving and financial health and be able to look at what that can provide. So we're very excited about that.

James Robert Lay:

I cannot wait to see how that continues to evolve because I can't help but think of just some of the reading around the work of Napoleon Hill and Think and Grow Rich and how all of this starts to connect together. And you mentioned trust. Trust is the currency in which we trade on in this digital world. And it can take weeks, months, years, to develop enough trust, enough goodwill to transform someone's behavior to move money around, et cetera.

James Robert Lay:

But if we look at the pyramid of human relationships at the foundation, it's all about respect. "Help me when I, the consumer has a need, not when you, the FI has a need." So that's respect.

James Robert Lay:

At the pinnacle of the pyramid of human relationships is love. Which, we could go down and have a philosophical conversation around the five different types of love from the Greeks. But what we're looking at digitally, it's just commitment. It's applying for a loan. It's opening up an account. It's making that commitment to the FI.

James Robert Lay:

But to bridge the gap between respect and love, it's the word that you just shared; it's trust. And trust is built upon two things: what you say and what you do. And a lot of that comes back to this idea of banking on purpose banking, with purpose. This has been great, Eric, thank you.

Eric Berg:

Well, let me just throw this in there too, because from a brand background, when we talk about brand, and this sort of goes back to things, we were talking a little bit earlier in the podcast. When you want to grow your brand, you want to build your brand, you want to build that trust, you make a promise, right? And those are the promises you're talking about, right?

Eric Berg:

So when you make a promise that you're going to do X, Y, or Z for your customer, for your member, and you fulfill that promise, you increase and garner brand equity and trust, and you create a tighter bond between you and your member and your customer. And what's important about that, is that you need to have a number of those things happening all at one time in order to continue that relationship, just like any relationship you have with your wife or your kids.

When you make a promise, you want to fulfill that promise. When you fulfill that promise, it builds trust. When you build trust, you build affinity. When you build affinity, people are more likely to stick with you. And as you do that and continue to provide that, you create a more emotional connection.

Eric Berg:

Flip side is also true. When you don't deliver on that, when that emotional connection, when that promise isn't there, and when you're not meeting your customer's needs, when you're not fulfilling your brand promise, trust erodes. And when trust erodes, things like, "You know what, it doesn't matter that the institution's right across the street, I can trust somebody online just as easily as I can trust somebody across the street. I don't trust them. The profits are too high. They spend too much money on this. They charged me too many fees on that."

Eric Berg:

All those kinds of things are things that erode a little bit. So how can we build back with products that help support what the member, what the customer cares about? And that's really where NetGiver comes into play, and that's really what we're excited about.

James Robert Lay:

Well, this is great. This has been great. Great stuff, great perspective, great insight. Thank you so much, Eric, for joining me on another episode of Banking on Digital Growth.

Eric Berg:

Thanks, James Robert. Appreciate it. It's been a pleasure to be here today.

James Robert Lay:

Absolutely. And as always, and until next time, be well, do good and wash your hands.