



Webinar

# Banking in a Mobile-First World: Attracting Millennials and Businesses in a New Era

June 2017

Q2's Director of Product Management, Leslie Chaffer, and Q2 Regional Sales Manager, Barret Howell, discuss the importance of the millennial demographic to financial institutions—particularly millennial entrepreneurs and business leaders. They offer insights into understanding and attracting these young professionals, as well as ways to serve them through mobile channels and a greater commitment to partnership and experience.

# Key Takeaways

Millennials present a powerful, and growing, opportunity to financial institutions (FIs).

Millennials—and millennial entrepreneurs (millennipreneurs) are venturing into their own businesses earlier than baby boomers—at 27, versus 35<sup>1</sup>, but barely over half feel knowledgeable enough about the finances of running a business. This presents an opportunity to financial institutions who are looking to serve small businesses in need of financial services and expertise.

There are three important points when building a strategy around millennials:

**Profitability:** How do you make millennials, many of whom live paycheck-to-paycheck, profitable to your FI?

- Affluent millennials do exist. There are over 15 million of them in the US who have over \$100,000 in investible assets (not including real estate).<sup>2</sup>
- Nearly 1 in 5 small business owners are under the age of 35.<sup>3</sup>
- Roughly three-fourths of these millennipreneurs are willing to pay for products and services to help them do a better job of running their business.<sup>4</sup>

- FIs may want to target those millennials who have already acquired some wealth and need financial advice and services. These HENRYs (High Earners Not Rich Yet) will probably become affluent over time, so earning their loyalty early positions you for future opportunities.

**Technology:** Do you have the appropriate tools and experiences to attract and serve this tech-savvy demographic?

- FIs have to provide access to information. Anytime, anywhere young users need balance or account information, and it has to be available on the device of their choice.
- Your business offering must include current day and previous day information reporting, detailed transactional data, and payment and receivables activity—and it needs to be available via mobile channels.
- Over 50 percent of small businesses choose mobile first as their preferred method of interaction with their bank or credit union.<sup>5</sup>
- Over 1 in 5 small businesses have switched their primary banking relationship looking for a better experience.<sup>6</sup>

**Resonance:** How well does your FI's brand, mission, and messaging resonate with millennials?

- As mentioned above, nearly 1 in 5 of small business owners are under the age of 35. They care about their community and embrace social responsibility. FIs need to show these millennialpreneurs that they hold similar values.
- Millennials expect a clean and consistent brand. Consider Apple's clean, appealing, and consistent brand presence.

Approximately 68 percent of Millennials bank with Chase, Wells, BofA and Citi. The remaining 32 percent bank smaller community and regional banks and credit unions.



## Why Mobility Matters—to Millennials and to FIs

Millennials don't think of online and mobile banking as separate things. That's really somewhat of an antiquated way of thinking about technology. The banking industry over the last two or three decades has responded in a piecemeal way to technology—as voice banking emerged in the 80s, then online in the 90s, then smart phones in 2006, and tablets in 2010. As technology has evolved, banking has been reactive to those things, and the result is a bit of a jumble.

To millennials, this approach—and the mindset around it—is a bit of a mess; and everything they do centers around mobile. To appeal to them, FIs need to offer everything that they offer through online or through their branches through their mobile channel as well, wherever it makes logical sense to do so:

- Over 80 percent of millennial business owners prefer to do all their banking with a single financial institution. If you can provide them with everything they need for their business banking, you're likely win their personal banking business as well.<sup>4</sup>
- Over 50 percent of small businesses choose mobile as their preferred method of interaction with their bank or credit union.

## What creates the experience and provides the tools that these account holders require?

1. Access to account, transaction, and balance information—anytime and anywhere.
2. For businesses: current day and previous day information reporting, detailed transactional data and payment and receivables activity.
3. The ability to send and receive money, incoming and outgoing funds.
  - It's not enough for your mobile banking app to only support payment approval.
  - Freedom from their desks—to initiate an ACH or wire—isn't just a need, it's an expectation. And the workflows must be made usable through mobile channels.
  - Careful consideration of user experience is key to successful mobile payment origination.
  - And especially in the small business space, mobile remote deposit capture is an absolute must.
  - Many receivables are electronic, but checks still play an important role in small businesses.
4. As mentioned above, 76 percent of millennialpreneurs are willing to pay for products and services to help them do a better job running their business.
  - Millennials are going online to look for financial advice.
  - When you help small business owners grow and prosper, they'll reward you with their loyalty.
  - Over half do their comparison shopping and fact-finding online. Make sure your services are competitive and visible.

“Fostering that new digital relationship through your mobile banking channel by allowing businesses to reach out with specific concerns or issues or requests, is something that can't be underscored enough. It's today's version of just dropping by.”

— Leslie Chaffer  
Q2 Director of Product Management

<sup>1</sup> Fortune, 'Millennipreneurs' Are Starting More Businesses, Targeting Higher Profits. Feb 2016

<sup>2</sup> LinkedIn/Ipsos, "Winning Affluent Millennials: How this New Power Persona is Reshaping the Finance Industry." April, 2015.

<sup>3</sup> Small Business Trends, "Startup Statistics: The Numbers You Need to Know." May, 2018.

<sup>4</sup> Sageworks, "Banks Should Know These 5 Traits of Millennial Business Owners." August, 2016.

<sup>5</sup> Aite, "Millennial-Run Small Businesses: Is Your Institution Ready?" August, 2016.

<sup>6</sup> The Financial Brand, "5 Ways Banks Fail When Serving Start-Up Businesses." October, 2017.

# Biographies



**Barret Howell**  
Regional Sales Manager, Q2

Barret is a millennial, writer, blogger, technologist and a staunch advocate for community financial institutions. As a digital banking strategist at Q2, Barret offers his perspective and his service to community FIs by helping them create a digital banking strategy for winning the millennial generation. He's been featured on the cover of Texas Banking magazine for his article, *Winning Over Gen Y: Developing a Plan for Attracting and Keeping your Youngest Customers*.



**Leslie Chaffer**  
Director of Product Management, Q2

Director, Product Management at Q2. Leslie is a graduate of Tulane University. She joined Q2 in November of 2013 bringing with her more than 14 years of experience in the financial services industry.

For more information on Q2, go to [Q2ebanking.com](http://Q2ebanking.com) or call (512) 275-0072 ext. 2.