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SECURE CUSTOMER LOYALTY WITH VIRTUAL FINANCIAL COACHING

By Nick Woodcock
SVP, Group Executive

Secure customer loyalty with virtual financial coaching

Consumers need help with their finances in good times and bad. Financial institutions fill that need by offering financial coaching and advice for consumers. Traditionally, that confidential, personalized advice was provided primarily in the comfort and privacy of the local the branch.

Today the branch is less central for consumers and financial institutions alike. The center of gravity in banking was shifting from the branch to digital banking long before 2020. COVID-19 has accelerated trends in consumer preferences.

Consumers need essential services like financial coaching, and now they're looking to find it independent of the branch.

Financial Wellness: The New Digital Engagement Strategy, a March 2020 report by FIS™ and Aite Group, explores how virtual financial coaching can help financial institutions secure customer loyalty even as the centrality of the branch declines.



Meet the virtual financial coach

A virtual coach is an attractive option to help U.S. consumers meet their financial goals, according to Aite Group's Q1 2020 survey that explored consumer interest in using a virtual financial coach. The survey described the virtual financial wellness coach as "a new digital assistant that allows you to understand your financial picture." A virtual financial wellness coach helps consumers:

- Understand budgeting basics like managing income and expenses.
- Get real-time advice on how spending impacts debt and savings.
- Create a personalized financial plans and monitor progress toward financial goals.

Seventy-eight percent of senior millennials, 74 percent of young millennials and 67 percent of Gen Xers indicated interest in using a virtual financial coach. Interest levels off with age: only 40 percent of boomers expressed interest, while more than half of seniors expressed no interest.

Of those inclined to use a virtual financial coach, respondents were most interested in reducing debt, tracking finances, reviewing and optimizing their financial health, and learning about banking products that could save them time and money.



Financial institutions are necessary to the communities they belong to."

U.S. consumers are ready for virtual coaching

Offering customized advice relies on a consumer's willingness to share personal information with the virtual financial coach. Among respondents who indicated interest in such advice, almost half will consider sharing personal information, such as spending, budgeting and account information. Our survey found U.S. consumers in particular were willing to share personal information to obtain tailored advice, to answer financial quizzes and to obtain financial advice via conversational touch points.

In more detail, Aite Group asked those indicating interest if they'd take a short quiz to allow the virtual financial coach to personalize advice. Nine in 10 young millennials, senior millennials and Gen Xers were interested in answering a short quiz to obtain advice. Interest only diminishes slightly with age: eight in 10 boomer and senior respondents said they'd be willing to take such a quiz.

Conversational touchpoints include chatbots in messaging apps such as a digital assistant in a bank's mobile banking app, or a voice-activated assistant such as Alexa or Google Home. Seventy-four percent of senior millennials expressed willingness to use the virtual financial coach through a conversational touch point, compared to less than half of the boomer and senior respondents.



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Build branch-independent customer loyalty

Virtual financial coaching is opening doors for financial institutions to deliver essential services while strengthening bonds with consumers. While the branch remains essential, even in an age when consumers crave simple, seamless digital experiences, COVID-19 has made it clear that face-to-face isn't always practical or possible.

The success of virtual financial coaching shows that financial institutions can still provide essential services, one-on-one, from a distance. Successful financial institutions will seize the opportunity to offer virtual financial coaching capabilities that appeal to all generations.



 **The success of virtual financial coaching shows that financial institutions can still provide essential services."**

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