

# 5 ways to win the hearts and wallets of millennials

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Financial institutions and lenders that want to win the hearts, minds and wallets of the elusive millennial generation will have to focus more than ever on delivering the best customer experience and fastest turnaround times.

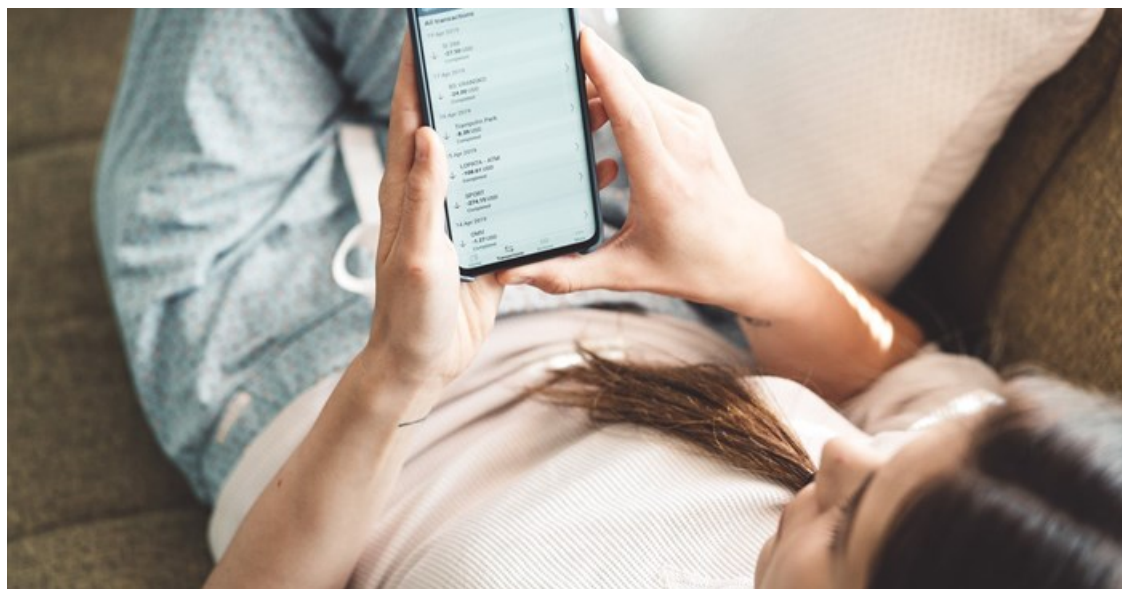


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That's the big takeaway from our recent study on the impact of speed of loan origination on customer behaviour, and showed that consumers are more loyal to lenders with faster turnaround times, and reward them with a greater share of their future lending business.

Sounds obvious, you may think. But here's the kicker. Lenders with longer onboarding times don't just experience lower loyalty: they're also more likely to experience higher delinquency rates as a result of negative customer experience and adverse selection.

## They are the present

While this trend applies across all generations, it's the millennial generation that's becoming increasingly important to the success of financial institutions. They're not just tech-savvy youngsters anymore. Together, millennials and Gen Z make up more than half the world's population. They aren't the future, they're the present – and banks and lenders will need to adjust their approach accordingly.

The bottom line – literally – is that especially in the non-bank personal loan market, loyalty is increasingly driven by the availability of choice and generational expectations.

And as we know, these consumer expectations are increasing all the time. Online shoppers expect immediate notification of prices, merchandise availability and delivery dates. They want same-day delivery of their purchases. The same goes for financial services transaction expectations. Consumers want immediate decisions, fast funding for loan requests and multichannel access. And if they don't get it from you, they will get it from someone else.

The challenge for traditional financial services providers is that their processes typically hold multiple friction points, while similar engagements with tech 'disruptors' show a vast difference in the customer experience.

## **Speedy process**

Traditionally, the engagement process features a separate application process for card and loan products, for example, with no clear distinction on product choice. Where the application process explicitly states 'five steps in five minutes', it's actually five pages of forms with 33 fields of information to complete before the application outcome – and then there's a decline rate across products of over 50%. And then there's still documentation still to be provided and verified, and income and affordability verification to be carried out.

Let's just say that many lenders' current acquisition processes and solutions fall short of creating a great customer experience.

Compare this to the modern approach being taken by the new generation of fintech players, where consumers are engaged through pre-determined preferred channels, and presented with personalised recommendations and offers. They're given eight fields of information to provide, with digital biometric authentication and document validation, before they're granted a digital facility – often within a matter of minutes.

What's the take-out for financial institutions and retailers who want to win the loyalty of the younger generations? There are five key points.

### **1. Time**

Consumers don't want to wait anymore. Decisions should happen in minutes, not days or weeks.

### **2. Steps**

Consumers generally want automation. The number of steps it takes to complete an application is often too many and may take too long, leading to breakage in the process.

### **3. Access**

Consumers want decisions where they are – the mall, the car dealership, at home in their pyjamas, in a bank branch.

### **4. Relevance**

Consumers want to see relevant offers, not the 'offer of the day', and they want to be told about products they can actually qualify for.

### **5. Relationship**

Consumers want you to remember them: their preferences, their previous activity, and so on.

The good news is that it's not necessary to completely overhaul the onboarding process right away: even relatively minor tweaks to existing systems can lead to massive improvements in loyalty and reduced delinquency. For example: reduce the handling time of an application from 22 minutes to five minutes with form pre-fill. Or reduce the amount of time spent standing in a queue by a third. Do that, and watch your customer loyalty grow. Don't, and ... well, you know the story.

## ABOUT THE AUTHOR

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