

seven things that will improve the financial health of your acountholders

An Unprecedented Commitment to Financial Wellbeing

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Discovery Bank is the first behavioral bank.

This digital-only bank based in South Africa was founded in 2018 with a unique mission of helping its customers achieve and sustain healthier lifestyles by providing monetary incentives for improving their financial and physical wellbeing. By financially rewarding its customers for actions like responsible spending and debit management and healthy eating and exercising, Discovery Bank truly reimagined the business of banking. This bank clearly understands the mutual benefits of improving the overall wellbeing of its customers.

Discovery Bank is putting its money where its mouth is.

While most U.S. banks and credit unions don't have strategic plans to evolve into behavioral institutions, Discovery Bank's unprecedented commitment to the wellbeing of its acountholders is aspirational and remarkable.



a common, noble purpose

Despite the diversity of domestic banks and credit unions, regional and community financial institutions share the fundamental goal to improve the financial health of people, businesses, and communities. But the concept of financial health is deep, wide, and subjective.

The essence of financial health is understanding and proactively managing money in a way that builds near- and long-term financial stability and security. Financial health is empowered by good spending, saving, borrowing, and planning habits.

Unfortunately, financial health is challenging, anxiety-inducing, and illusive for many Americans of all generational segments – from Boomers to Gen Zers. According to a recent survey by Northwestern Mutual, money is the dominant source of stress for 44% of Americans, and the American Physiological Association reports that money has been the leading source of stress (regardless of the economic climate) since 2007.¹

high expectations

Consumers and small business owners expect their primary provider of financial services to proactively help them improve their financial position with data-driven advice, continuing education, and meaningful money movement and management tools.

A 2019 Accenture study found that half of U.S. consumers want financial advice from their financial services provider – specifically how to better manage their money and improve their spending habits.² The study also revealed those consumers are willing to share highly coveted personal data in exchange for that advice.

These high and often unmet expectations are pushing banks and credit unions into a strategic crossroads and motivating many of them to rethink their fundamental purpose.

get back to the basics

Most banks and credit unions believe that enabling financial security and stability – and ultimately financial



Banks and credit unions share the fundamental goal to improve the financial health of people, businesses, and communities but many are challenged to convert this aspirational goal into an actionable, living mission.



The fundamental commitment to reduce the barriers to financial freedom generates a legitimate differentiator in today's crowded, highly competitive financial services industry while enabling banks and credit unions to build material goodwill, trust, and loyalty.

freedom – is important, but many of them are unsure of how to develop and implement the right service and technology strategies that will improve financial wellbeing in meaningful ways. And because of the challenges and complexities inherent in today's financial services industry and economic environment, many financial institutions have been understandably distracted from this aspirational mission.

While most banks and credit unions aren't ready to reimburse their accountholders for 100% of their gym membership fees like Discovery Bank, many are renewing their commitment to the industry's common, noble purpose.

If your financial institution is among those renewing this commitment, there are seven steps you should take now.

1. Start with the Foundation of Financial Services and Health

It's a cold, hard fact that missed and late payments, punitive late fees and service charges, interest rate increases, and declining credit scores are common barriers to financial health. So, while there's no silver bullet for improving the financial health of the extremely diverse consumers and businesses you serve, offering modern, flexible, digitally accessible payments is the place to start.

According to the Atlanta Federal Reserve, U.S. consumers made an average of 68 monthly payments in 2020. With payments being the most common money moments (the leading financial transaction by far), payments are the fundamental component of financial management.

Real-time payments provide just one example of how modern payments can improve financial wellbeing. The ability to make real-time payments improves cash flow by controlling the exact date and time funds leave the payment account, providing payment confirmation, avoiding late fees and service charges, and protecting impactful credit scores.

You obviously can't enable financial health overnight. It's an exponential journey that should start with payments and evolve based on your business strategy and accountholder needs.



The reinvention and technology spending going in banks and credit unions today should be reexamined through the lens of financial wellbeing.

2. Do a Culture Check

Establish and nurture financial health as a key pillar of your culture and ensure it's a common thread in every face-to-face and virtual interaction. Even the most routine transactions and interactions can identify important information about financial needs and goals and opportunities to improve that accountholder's financial position. Even small changes in your daily interactions can make big differences and organically connect accountholders with meaningful solutions and resources.

3. Use the Easy Button

Objectively evaluate your current operations to identify easy tweaks that will improve the financial health of your accountholders – opportunities like changing your fee structure to reduce or eliminate overdraft and foreign ATM fees or reducing interest rates to make your credit card program more cardholder-friendly and move your cards top-of-wallet and top-of-app.

4. Go Shopping

Investigate what traditional solutions are available to assist in better financial management – solutions like PFM, overdraft privilege, sweeps, and automated financial literacy and coaching. If these solutions are already implemented, ensure you are optimizing their functionalities and motivating user adoption to get the most bang for your buck.

5. Decide if Fintechs are Your Friends or Foes

Innovative and agile fintechs are good at a lot things, including identifying significant market needs and opportunities. So, it's no surprise that an impressive array of them are laser focused on building modern financial management solutions that will undeniably improve the financial wellbeing of consumers and businesses. These inspired fintechs (still riding high after successfully reinventing an array of key financial services like payments and merchant services) are forcing you to make a strategic decision. Fintechs will be your competitive, disenfranchising foe or your embedded fintech friend.

6. Embrace Open Banking

While embracing embedded fintech is a strategic decision that will be made in your board room, embracing open



Financial institutions and fintechs can strategically partner to create a financially healthier society.

banking and migrating to an open technology platform are operational prerequisites. An open platform is plug-and-play at its best, providing you with absolute control over who you partner with, what solutions you integrate, and when you do it. Open banking provides unprecedented levels of operational agility, flexibility, and efficiency and enables the seamless, fast introduction of highly curated, scalable, differentiated financial services.

7. Watch the Clock

Most consumers and small business owners currently trust traditional financial institutions more than fintechs, largely based on the perception that your financial institution is more accessible and willing to resolve fraud-related issues. But time is of the essence if you decide fintechs are your competitive foes because today's trust factor will erode as more consumers and businesses choose who provides their financial services based on brand allure and big budget advertising.

it's a really big job

Helping diverse consumers and businesses achieve lasting financial security and stability is a big, important, daunting job. And no bank or credit union should fly the “financial wellbeing” flag if they're not ready, willing, and able to foster the culture to give it life, to invest in the tools to do it right, and to establish consultative partnerships that will help accountholders:

- Clearly understand their near- and long-term financial position.
- Easily aggregate and digitally manage their finances.
- Consistently make good financial decisions.
- Plan for expected and unexpected life events.
- Define and reach attainable financial goals.

It's also a big, important job for Jack Henry to provide the technology and services that strengthen the connections between financial institutions and individuals and reduce barriers to



The payments platform should be considered the cornerstone of a financial wellness platform.

financial health, empowering both to gain the financial freedom to move forward. But we're ready, we're willing, and we're able.

Payments are vital to day-to-day money management – making them vital to the near- and long-term financial health of your accountholders.

connecting possibilities

[Learn more](#) about improving the financial health of your accountholders.

For more information about Jack Henry, visit jackhenry.com.

sources

1. Hill, Catey. *This Is the No. 1 Reason Americans Are Stressed Out*, Market Watch, accessed April 8, 2022.
2. *Discover the Patterns in Personality*, Accenture, accessed April 8, 2022.