

Friends for Financial Wellness

February 7, 2024

Zoom Meeting Recording

Moderator

- [Dan Dougherty, F4FW Founder & Enterprise Sales Executive @ Personectics](#)

Fintech Experts

- [Chris Musto, Director of Business Consulting @ Personectics](#)
- [Colton Pond, CMO @ LoanPro](#)

Mastermind Speaker

- [Jody Bhagat, President of Americas @ Personectics](#)

Mascoma Bank

- [Samantha Pause, CMO](#)

First Citizens Bank / SVB Private

- [Maura Almy, CIO](#)

Bank of Hawaii

- [David Hall, SVP, Director Digital Experience, Innovation and Technology](#)

Bangor Savings Bank

- [Scott Blake, CIO, Danielle Ahern, SVP Director of Payments and Corporate Services, Sandra Klausmeyer, SVP, Corporate Communications and Culture, Kendra Wheeler, Financial Wellness Program Manager](#)

Hudson Valley Credit Union

- [Desiree Wolfe, Chief Experience Officer](#)

Ponce Bank

- [Steve Hamiton, SVP and Designer in Residence](#)

Unify Financial Credit Union

- [Jason Acosta, Member Experience Program Manager](#)

BECU

- [Balaji Ponnuswamy, SVP, Financial Health Products and Programs](#)

Cambridge Savings Bank

- [Kevin McGuire, CIO](#)

Central Pacific Bank

- [Aileen Brennan, Digital Strategy and Lisa Nihei, VP Online and Mobile Banking](#)

NYMCU

- [Cania Infante, CMO](#)

Metro Credit Union

- [Marie O'Neil, SVP Member Experience and Engagement](#)

Introductions/Welcome

Dan kicked off the meeting by sharing highlights of 2023 and the group-driven agenda for 2024. He explained new member-driven ideas to include four quarterly Zoom meetings and two onsite hosted by members (Mascoma and Bangor Savings) in addition to options for various small meetings.

Industry Updates

Chris Musto and Colton Pond provided their industry update. Together they focused on **Deposit Building in 2023**. Chris shared these key points:

1. **Teaser Rates and Pricing:** Offering teaser rates can attract customers initially, but it may lead to pricing challenges. The marginal cost of funds for consumer deposits in 2024 is projected to be 10%, which is significantly higher than the typical 3% or 5%. Banks need to carefully manage this cost.
2. **Fintech Challengers:** Fintech companies that rely on collecting deposits are thriving. They've seen substantial growth in retail deposit relationships. High-yield savings platforms are particularly successful.
3. **Engaging Current Depositors:** Instead of solely relying on rate adjustments, banks should focus on better engaging their existing depositors. Providing coaching, support, and branch access can enhance customer satisfaction and retention.
4. **Balancing Goals:** While trimming deposit growth goals may be necessary, banks should also explore how to attract segments beyond their usual reach. It's essential to think beyond rate levers and consider holistic relationships.

Colton asked the group how they are approaching deposits building. **Samantha from Mascoma Bank** shared their creative approach to enticing consumers to bank their deposits:

1. **Existing Customers:** Mascoma Bank recognizes that existing customers are a valuable focus. They aim to engage with them effectively.
2. **Technology Utilization:** The bank is exploring

technology enhancements to improve the customer experience. This includes digital onboarding processes.

3. **Attracting New Customers:** While traditionally focused within their market, Mascoma Bank is now considering ways to attract customers beyond their usual reach. They want to leverage their unique technology stack to appeal to a broader audience.
4. **Market Study:** Samantha is conducting a market study to understand what might encourage customers to switch to a digital bank. They seek insights beyond pricing, as they don't intend to raise rates significantly in 2024.

Sam aims to balance technology adoption, customer engagement, and competitive strategies to attract and retain depositors.

Kevin McGuire from Ivy Bank (Cambridge Savings) discusses their approach to the current banking environment. Here's a concise summary:

1. **Ivy Bank's Success:** Ivy Bank, the digital-only division of Cambridge Savings Bank (CSB), has achieved significant growth. It has exceeded \$530 million in deposits and added over 6,600 customers nationally in just two years. Ivy Bank is known for its user-friendly digital experiences, fast onboarding, and personalized service.
2. **Balancing Cost and Growth:** Ivy Bank faces the challenge of balancing growth with cost. While successful in high-yield money market and CDs, they need to manage cost of funds while maintaining their community bank identity.
3. **Fintech Partnerships:** Ivy Bank plans to extend relationships through fintech partnerships. They aim to offer additional capabilities such as referral-based fee income or retention-focused offerings.
4. **Digital Channels for Small Business:** Ivy Bank also focuses on advancing digital channels for small businesses, leveraging capabilities that enhance their services.

Mastermind: Jody Bhagat on Personalized Engagement

Jody launched into his session speaking about the importance of knowing a customer/member via transactional insights.

Higher Switching and Lower Friction: Customers are switching more frequently due to reduced friction in the banking experience. This dynamic environment presents both challenges and opportunities.

The Pending Death of Traditional Marketing: Jody proposes that traditional marketing approaches, such as generic banners urging customers to sign up for savings accounts or prequalified offers, are becoming less effective. These methods often yield low conversion rates (around 1%) even when authenticated.

Personalized Engagement Marketing: Instead, Jody advocates for a different approach—personalized engagement marketing. Here are the key elements of this strategy:

- **Customer Needs-Based:** Rather than relying on browsing behavior or look-alike modeling, personalized marketing should be rooted in actual transaction data. Understanding customer

needs based on their financial activities allows for more relevant and effective communication.

- **Evidence of Customer Benefit:** Offers should clearly communicate the benefits to the customer. Whether it's saving money, gaining rewards, or achieving specific goals, the rationale behind the offer matters.
- **Urgency and Personal Action:** Creating a sense of urgency encourages customers to take action. For instance, anticipating a cash flow issue in two weeks and proactively addressing it can lead to better outcomes.

Benefits of Personalized Engagement Marketing:

- **Higher Conversion Rates:** Personalization can result in conversion rates three to four times higher than traditional methods.
- **Deeper Customer Relationships:** By addressing specific needs, personalized marketing fosters stronger connections with customers.
- **Increased Satisfaction:** When customers feel understood and catered to, their satisfaction improves.

In summary, personalized engagement marketing offers a more effective and customer-centric approach, potentially transforming the banking landscape in the years to come

Member-Led Discussion: Scott Blake & David Hall The Emotion of Wellness

Beyond Control: While we focus on what we can control—budgets, savings, investments—we often overlook the emotional aspects. How does money make us feel? What fears or hopes are tied to it? These intangibles matter as much as the tangible financial decisions.

This Member-Led Discussion began with an introduction to the topic, emphasizing the importance of engaging members in meaningful conversations. Scott and David actively participated, sharing their insights and experiences.

Emotional Connection to Money: Scott initiated a thought-provoking discussion about people's emotional ties to money. Recognizing that financial wellness extends beyond mere education, he emphasized the need to address emotional aspects. David, too, chimed in, sharing his perspective based on his unique travels through his career.

Scott and David represent different corners of the United States, each with unique financial norms and cultural contexts distinct to their customers. Despite these differences, they both recognize the importance of understanding the emotional dimensions of financial decisions.

David started with a thought that as bankers, we often emphasize education—believing that if people understand what they need to do and have visibility into their financial situation, they'll naturally make the right choices. However, reality doesn't always align with this assumption.

Scott replied, stating that financial wellness isn't just about numbers; it's about the emotional relationship individuals have with their money. Let's explore this further:

Emotional Alignment: David rightly pointed out that someone with little money can still feel financially well if their expectations match their reality. Conversely, a person with substantial wealth might experience stress and lack of control over their spending, leading to financial unease. It's not just about the balance in the bank; it's about how that balance aligns with their emotional well-being.

Scott called on David to share his analogy to enrich our understanding.

David: "Certainly, Scott. Imagine money as a river. Some people stand on the shore, watching it flow by. They're cautious, afraid to get their feet wet. Others dive in, swim against the current, and exhaust themselves. But the key lies in floating—letting the river carry you while maintaining some control. It's about finding balance, understanding emotions, and navigating the currents wisely."

Financial wellness isn't just about dollars and cents; it's about the emotional currents that shape our financial lives. Let's help people float gracefully on that river, finding peace and purpose.

Noom's Unique Approach: David drew inspiration from the Noom weight loss app. Noom focuses not only on diet and exercise but also on the emotional experience of weight loss. Their personalized approach, backed by psychologists, creates a different and more effective journey for users. The impressive 75% retention rate speaks to the power of addressing emotions alongside practical steps.

It's completely understandable that budgeting can feel overwhelming, just like embarking on a new diet or fitness journey. The phrases you mentioned—feeling embarrassed, overwhelmed, and easily thrown off track—apply equally to both areas.

Remember, just like with fitness, progress takes time. Start small, learn from challenges, and adjust your approach as needed. You've got this!

Guiding Principles

Our Mission

We will lift financial engagement of the communities we serve by collaborating as a banking community. We will focus on removing obstacles, measuring results and forging new paths to come together, engage customers and communities in support of financial wellness.

Our Commonality

The primary competitive threats are national financial brands and de novo digital 'banks.' We are also, in a way, our own competitive threat: If we don't move, morph, and anticipate needs, we lose relevance. We are bankers that serve our communities, and we seek to leverage the proximity and trust we enjoy with our customers and communities as an

advantage to maintain long-term relevance.

Our Members

Our founding members seek like-minded senior executives that fit our commonality. We encourage guests to join our meetings and will accept requests from guests that wish to join our group. We seek diverse perspectives and innovative thinking.

Our Why?

Peers working together for camaraderie, community, connection, and collaboration to guide our users to financial security; giving people the confidence and choices to control their financial health.