



Debunking Millennial Myths

by [Steve Brown](#)

We vividly remember as a child being chided by our well-meaning mom for going out in the cold with wet hair. While mom's heart was in the right place, she inadvertently got her facts wrong it would seem. Researchers put the notion to the test and their findings suggest that getting sick from being outside in the cold is just an old wives' tale. Another old wives' tale apparently relates to the process of starving a fever and feeding a cold. This too has been debunked by modern science. Today, doctors say your body needs even more nutrients to fight infection, so staying hydrated and eating well is vital - no matter how icky you feel.

Of course, it's not always easy to let go of long-held beliefs, so sometimes you need some cold water thrown in your face to wake up. Unfortunately, holding on to popular misperceptions can be detrimental to your bank by causing you to miss out on important opportunities.

Consider, for instance, a common perception that says millennials are only focused on the short term. A recent study by Wells Fargo suggests otherwise. The study found that 80% of millennial small business owners say they hope to grow their businesses over many years, potentially even passing it down to their children someday. This is despite the fact that 59% don't yet have children. By contrast, 66% of older small business owners say they hope to pass down the business to their children.

Another surprising finding relates to millennial business owners' views on debt. About 67% of millennial small business owners say that some amount of business debt is necessary for growth and they are willing to take financial risks in order to grow their business. By contrast, roughly 50% of older small business owners hold these views. Notably, 21% of millennial small business owners polled said they plan to take on some form of debt in the coming year.

However, as they attempt to grow their businesses, millennial business owners face numerous challenges. For starters, 46% of millennial small business owners feel very knowledgeable about their business's finances and only 41% said they feel successful in managing their business's finances.

At the same time, the findings suggest that millennial business owners also need help managing their personal finances. In addition to business debt, 43% of millennial small business owners say they have taken on personal debt to finance their businesses such as carrying a balance or maxing out personal credit cards or opening a personal line of credit. What's more, 30% of millennial small business owners report having student debt, with these individuals owing on average about \$30,000.

These statistics tell us banks have ample opportunity to do much more than provide loans for millennial business owners and can also serve as a great resource for these newbies.

Millennials need both personal and business advice and banks are well-positioned to provide both. Providing the right products and services to help them meet actual needs can help counteract a disturbing trend we're seeing with respect to millennials and banks as well. Here we find that

research from the Cassandra Report published in October 2015 found that 58% of young adults said they would opt to borrow money from friends or family over a traditional institution.

One reason is because many millennials claim to be turned off by banks who fail to offer appealing products and services.

Clearly, long-held beliefs and pre-conceived notions are creating barriers for both banks and millennials. Perhaps it's time to dry your hair as you head out into the cold to break down barriers and focus on developing healthy relationships.

BANK NEWS

M&A Activity

1) Six bank holding company Industry Bancshares (\$3.5B, TX) will acquire First National Bank (\$54mm, TX) for an undisclosed sum. 2) Vintage Bank Kansas (\$59mm, KS) will acquire The Peabody State Bank (\$41mm, KS) for an undisclosed sum. 3) Sandy Spring Bank (\$4.7B, MD) will acquire insurance company The Advantage Group Inc. (MD) for an undisclosed sum. 4) Wilmington Savings Fund Society, FSB (\$5.8B, DE) will acquire Powdermill Financial Solutions LLC (DE). Powdermill specializes in providing estate and business succession solutions to high-net-worth individuals and families.

Regulatory Extension

The FDIC has extended the comment period from Sep 12 to Oct 27 for its proposed guidance around third party lending. The extension was requested by several interested parties that asked for more time.

Housing Regulation

The CFPB announced new rules that would protect widowed homeowners from foreclosure, by giving surviving spouses not on the mortgage note the same protections as borrowers.

Mobile Banking

Bank of America reported 20 million active mobile banking users in Q2 2016, a 15% increase from Q2 2015.

Settlement

Goldman has been fined \$36mm to settle claims that a Goldman Sachs executive arranged a system to get secret regulatory documents from the Fed and use them at Goldman.

Biz Customers

A Javelin Strategy survey finds 56% of small to midsize business owners say they want an online banking service that gives a consolidated view of their finances and would let them monitor payments, manage cash flow, invoice customers, process payroll and other things.

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