



Getting Them While They Are Young



technology marketing strategic planning

Summary: The younger millennials and Gen Z already outnumber the baby boomers, and by 2014 already controlled more than \$2T in assets. We outline some creative ways community bankers can bring them in as customers.

Rock star Spencer Dryden once famously said, "Get them while they're young and bend their minds." While the Jefferson Airplane drummer was most likely talking about getting teenagers of 50Ys ago to enjoy the musical stylings of "White Rabbit", the concept of winning over young people has broad applications for banks today as well.

Time and again, research has proven that by cultivating relationships with young consumers, financial institutions gain customers for life.

However, the importance of appealing to these emerging customers has grown mightily as the youth market is wielding more economic muscle than virtually any other demographic. The 80mm Americans born between 1981 and 2005 already outnumber the baby boomers, and by 2014 already controlled more than \$2T in assets, according to First Data research. The younger Generation Z is mostly still comprised of teens and children, but [will represent 40% of consumers by 2020](#).

Community banks indeed have some advantages in trying to curry favor with today's youth. For starters, these young people are growing up and coming of age in the wake of the financial crisis, which most of them recognize as being wrought by mega-banks. These young people largely see themselves as highly socially conscious consumers and let their beliefs lead them to local banks that are actually connected to their communities. Further, despite an expectation of 24-7 digital interactions, many of these early banking customers have proven very hands-on, interested in the human touch that community banks provide.

Although many banks offer "starter" savings or checking accounts aimed at young people, other banks are upping their game here. Here are a few examples of what community banks are doing to attract these young people as customers.

Link to other useful online resources. Playing to their online focus, one OH community bank created a portal linked to the bank's own website that not only offers kids information about saving money, but also provides links to local libraries, zoos and federally available information kids might find fun or useful for reports or projects. Here, banks have an opportunity to make themselves a young consumer's "home page".

Encourage family members to join in. Several community banks market to the relatives of kids to make it easier for them to make direct deposits into the minor's account. In this way, banks are not only helping the young customer raise their balance, but they are subtly engaging new potential prospects.

Offer high value and low cost. Young people are largely aware that they will face a difficult uphill battle in terms of saving enough to buy a home, pay off their education and eventually retire. Hence, many of them have become very savvy shoppers when it comes to all aspects of their consumer life. This includes where they bank. It is never too soon for a bank to make the case that they can offer a good deal, such as 12 free

withdrawals per month. The idea is not to earn fees immediately, but to win customers over when they are young and keep them for life.

STRESS TESTING & INSIGHTFUL EVALUATION

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