



## The Demand For Loans Among Millennials

🔗 [lending](#) [millennials](#) [customer experience](#)

**Summary:** Demand for loans is growing with millennials. Does your institution know how best to appeal to them?

You may not know it, but Science Daily reports that if your eyes could see gamma rays, the moon would look brighter than the sun. It also reports that gamma ray bursts are a form of electromagnetic radiation studied by astronomers.

Another thing that bankers study relates to the belief that millennials and members of Gen Z would not follow in the footsteps of generations before them by purchasing cars, homes and taking on long-term debt. That may not be the case, as there is growing demand for loans among younger borrowers.

While this is good news for all financial institutions, so far it has been alternative lenders and larger banks that are winning most of this business. Fortunately, there are steps that you can take to make your institution a more attractive option for this group.

According to "[Reinventing Consumer Loans](#)," a white paper from Cornerstone Advisors, nearly 80% of millennials already own cars, and of those who don't, 75% want one. The same holds true for buying homes, as more and more millennials start families of their own and find that their new lives ultimately push them towards the suburbs. But when it comes to attracting the business of these borrowers, it cannot be done in the same way earlier generations were courted.

Though millennials are not indifferent to the importance of customer service and a rapid response to a loan application, what they value most are products that offer them the most flexibility and the best terms.

When it comes to auto loans in particular, the top factors that influence which lender millennials choose are lowest interest rate and lowest monthly payments. Yet, flexibility and transparency are extremely important to them as well as making it easier to pay off a loan quickly. If offered loans with similar interest rates from multiple institutions, 85% of millennials said that these factors would determine the lender they would ultimately choose.

One way that community banks can parlay such business into additional revenue is by taking a page from the industry's largest lenders and bundle services. One such example would be to require borrowers to take out a credit card or open a checking account, in order to get a lower interest rate loan. Over half of millennials said they would be fine doing this if it was the only way to get the loan they wanted.

In fact, when it comes to lending in general, your institution may want to focus on bundling accounts, providing flexible credit terms and offering access to future funds as part of the loan offering. Millennials want the flexibility to be able to choose the size of the loans they take, the terms and how long it will take them to pay a loan back. One example of such flexibility includes providing customers with the ability to easily borrow more money in the future once they have paid off an existing loan.

So many millennials are at the stage in their life where things such as mortgages and home equity loans are more than likely to become a part of their lives. So, it could be prudent for your financial institution to review products for desired flexibility and transparency to ensure that these customers stay with you for both their present and future needs.

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