Enticing Younger Customers With Wealth Management

by Steve Brown customer acquisition millennials

Summary: Gen X and millennials will receive $68.4T in transferred wealth over the next 25 years. Making sure that you have nurtured household relationships to retain these critical customers could provide community financial institutions with a long-term profitable customer base. Wealth management services offer a unique opportunity to target these age groups. Here are five strategies to help.

Insomnia affects 30% of Americans, according to the American Sleep Association. If you toss and turn at bedtime or hit snooze on your alarm every morning, you might have your mother to thank. Research from the University of Warwick found that insomnia can be inherited, but only from the maternal side.

More optimistically, Gen Xers and millennials will have over 68T reasons to thank their baby boomer parents when $68.4T is passed down over the next 25Ys. According to Cerulli, Gen X will receive 57% of total assets, with the remaining 43% going to millennials.

As we mentioned last September in another BID article, wealth management offers community financial institutions (CFIs) a huge opportunity to attract these segments early and turn them into life-long profitable customers.

Here are **five strategies to help entice these customers with wealth management services**.

1. **Embrace digital.** The trend towards digital services is impossible to ignore. A global EY survey showed that 51% of wealth management clients plan to increase their use of digital tools in the future. That figure jumps to 78% among millennials.

This goes beyond offering the same service on mobile platforms — it's about creating digital experiences that are embedded in customers' daily lives. According to McKinsey, around 80% of new wealth management clients will want Netflix-style, hyper-personalized, data-driven advice by 2030. This means designing a thoughtful journey based on customer insights and then allowing individuals to personalize their own journey with flexible options.

Thankfully, embracing digital does not mean abandoning the personal touch that CFIs are renowned for. The younger generations still want advisors who understand them, share their values, and can be trusted to help them achieve their goals.

2. **Provide high-value education.** Being digitally literate enables these generations to access an abundance of information on wealth management. However, this can be overwhelming for some, and leave them struggling to make value judgments.

CFIs can help fill these educational gaps by sharing content that is compelling, non-promotional, and relevant. For example, younger audiences might appreciate a guide on setting financial goals and saving among competing financial priorities, or an investment feature that explains shares, mutual funds, and bonds.

Providing valuable information through targeted channels and relevant types of content should allow you to position your CFI as a trusted authority, attuned to your audience's preferences.

3. **Offer personalized investment opportunities.** To succeed with these audiences, CFIs need to identify their values and goals — and link them to relevant investments.

For example, while still seeking market-rate financial returns, millennials are more likely to select investments that align with their personal values. A study found that 88% of millennials and 70% of Gen Xers review the ESG impact of their investments. This also applies to choosing their financial institutions — they want to see their values reflected in the organization that serves them. Transparency, integrity, and ethical practices are essential to connect with this audience.

Furthermore, according to the Education Data Initiative, Gen X and millennials hold 70% of the $1.57T student loan debt. Needless to say, products to alleviate student debt would fill a pressing need.

Meanwhile, millennials are also more interested than previous generations in new types of investment, such as nonfungible tokens, meme investing, and cryptocurrencies.

4. **Leverage your existing baby boomer relationships.** CFIs should remember to view existing customers as a built-in referral source: reaching out to their children and grandchildren now increases the chances of holding on to their money once the transfer of wealth happens. An executive from a CFI in TX says, "*It's not just the relationship with those who control the wealth*" and suggests getting the whole family together to discuss their plans.

5. **Offer incentives and rewards.** Millennials are the least loyal customer segment and are particularly open to incentives. Therefore, they might respond to introductory offers such as travel, cash incentives, or no-fee financial planning advice. One such reward program has been introduced by a CFI in AR, by partnering with a savings app that pays users for learning about finances. "*We are proud to do everything in our power to strengthen our local economy, and one of the best ways we can deliver on our promise is by helping people learn about finances so they can begin saving,*" says the institution's CEO.

By combining their historical strengths in customer relationships with targeted multi-channel wealth management services, CFIs should be able to compete successfully for the younger generations' share of wallet and should start today.

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Rates As Of: 02/09/2022 01:13PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.25	0.03	0.19
6M	0.59	0.10	0.40
1Y	0.91	0.12	0.52
2Y	1.38	0.19	0.64
5Y	1.83	0.22	0.56

10Y	1.96	0.17	0.44
30Y	2.25	0.14	0.35
FF Market	**FF Disc**		**IOER (Interest on Excess Reserves)**
0.08	0.25		0.15
SOFR	**Prime**		**OBFR (Overnight Bank Funding Rate)**
0.05	3.25		0.07