



## Supporting Customers Through the Cost-of-Living Crisis

📌 [economy](#) [customer service](#)

**Summary:** With inflation reaching a 40Y high this year, the cost of living has risen dramatically. Many banking customers are struggling to keep up with the prices of everyday goods. We discuss how CFIs can support customers through this difficult market.

Did you know that Hungary has the unfortunate record of achieving the world's worst hyperinflation? The country's severely depleted reserves and reparation payments after World War II contributed to inflation soaring to 13.6 quadrillion percent per month, with prices doubling every 15 hours. More recently, economic mismanagement in Zimbabwe resulted in [hyperinflation peaking at 79 billion percent in 2008](#), with prices doubling every 24 hours.

While inflation in the US peaked at 9.1% — a 40Y high — in June this year and is still relatively high, it's nowhere near hyperinflation levels. That said, research by Personetics shows that [93% of global banking customers](#) are having their everyday life affected by the increased cost of living. Furthermore, almost two-thirds of those surveyed have already had to reduce their spending on non-essential items, and [three in five reported living paycheck to paycheck](#).

Of course, the cost-of-living crisis comes while some consumers are still recovering from the financial impacts of the pandemic and the resulting job uncertainty. This, combined with the ongoing volatile geopolitical and economic landscape, suggests that an increasing number of banking customers will be turning to their community financial institutions (CFIs) during these difficult times.

However, many customers in the Personetics survey indicated that they did not believe their financial institution (FI) was doing enough to help them during the current crisis and that they expected more, and better, communication from them. This presents an opportunity for CFIs to proactively ensure they're doing as much as possible to support their customers. Going the extra mile should help increase customer loyalty and customer lifetime value, while also attracting new customers.

Here are four ways CFIs can support customers through the cost-of-living crisis:

- 1. Improve communication.** By communicating regularly about the support available, CFIs can show their customers that they're not alone during these trying times. This can include offering advice, recommendations, and products for each customer's unique circumstances. Institutions may want to create multi-channel options for bespoke cost-of-living crisis support, including in-branch assistance, online messaging and hubs, in-app support, helplines, and online chat options.
- 2. Offer financial education and wellness tools.** Using their data and technology, CFIs can suggest [personalized education tools and guidance](#) to help customers make good financial decisions, and develop their financial wellness and resilience for the long term. They may also want to actively seek out those customers in financial difficulty as a result of the crisis and offer support.
- 3. Provide budgeting and money management tools.** Apps and tools that can help customers manage their money more effectively are also important. According to the survey, two-thirds of customers said they

wanted their FI to automate certain financial decisions for them, such as automatically transferring money to savings accounts. They also indicated a desire for more suggestions on how they could save more each month.

4. **Stay ahead of the competition.** Rising interest rates mean customers may start looking around for the best deals on credit cards, balance transfers, mortgages, and other loan products. CFIs would do well to ensure their products continue to offer value. This could include reviewing accounts to see if any customers could qualify for a better rate on their credit card or could benefit from consolidating debt to save on their monthly payments.

We are living through incredibly challenging economic times. By supporting customers and helping to make their lives a little easier, CFIs can strengthen customer loyalty and trust — something that will be remembered through the good times, as well.

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## ECONOMY & RATES

Rates As Of: 12/13/2022 10:34AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.38	0.01	4.32
6M	4.78	0.08	4.59
1Y	4.62	-0.10	4.23
2Y	4.20	-0.11	3.47
5Y	3.65	-0.09	2.39
10Y	3.50	-0.11	1.99
30Y	3.51	-0.23	1.61
FF Market	FF Disc		LOBB
3.83	4.00		3.90
SOFR	Prime		OBFR
3.80	7.00		3.82

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