



## Helping Millennials Through The Crisis

digital banking millennials pandemic

**Summary:** Millennials have been especially hard hit during the pandemic. We explain how to help these customers.

The word "toxic storm" may conjure up images of hazardous materials, negligent compliance, and bad weather. Luckily, that doesn't seem to happen often. But, when a member of the Federal Reserve uses the phrase "toxic storm", our ears perk up.

A policy analyst at the St. Louis Fed used those words to describe the precarious financial situation millennials are facing. Today, we share some relevant data on this group as well as some strategies to help your millennial customers survive and even thrive.

The St. Louis Fed laid out three reasons why COVID-19 could prove a more difficult setback for millennials than other generations: high job loss, lack of a financial buffer, and poor recovery from the Great Recession. As of July 21st, the seasonally adjusted [unemployment rate among Americans between 25 to 34Ys was 14.5%](#). Some that weren't laid off have seen reduced hours.

This situation is exacerbated by the fact that Q4 2019 found millennials had less wealth relative to other generations at a similar age. Without savings or other financial buffers, millennials are feeling the crunch. Now, 1 in 6 have no way to cover a \$400 dollar emergency. In fact, 39% have had to move home with their parents (or expect to do so), according to a survey by TD Ameritrade.

How they fared exiting the Great Recession helps explain more of this story. The [Center for Household Financial Stability at St. Louis Fed compared the outcomes](#) of six groups organized by the decade of their birth year. During the Great Recession all cohorts lost wealth, but the younger the family, the worse the outcome. While groups born in the 60s and 70s saw shortfalls of -11% and -18% respectively, the hit to millennials (born in the 80s) was -34%, over 3x that of those born in the 60s.

So, how can you help your millennial customers so deeply impacted financially?

**Budgeting tools.** According to a [Transunion Consumer Financial Hardship Survey](#), 86% of millennials were worried about their ability to pay bills during this crisis. Providing millennials with budgeting tools and assistance in cash flow management can help them with their expenses and make them more financially confident. For this, they will likely reward you with more business after this crisis has passed.

**Digital banking.** We know that millennials are one of the biggest users of digital banking. Yet, the Financial Health Network notes that only 14% of millennials strongly felt their primary financial institution helped improve their financial health. So, maybe it is time to ask for feedback from some of your younger employees on your digital platform so that you hit the mark.

**Community connections.** Your connections in the community are invaluable. Reaching out to local businesses and community organizations to share how you can help these younger cohorts would keep these

connections solid. You could even invite them to a virtual event to appeal to their technical savvy and show how much you care about their needs.

## COVID-19 IMPACTING YOUR RESERVE

COVID-19 uncertainty makes calculating your reserve more challenging. So, we created a complimentary analysis of the historical relationship of loss rates, GDP, and unemployment to use for your calculations. The Q2 report is now available. Simply [download Reserve Insights: COVID-19](#) today.

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