



# Building Valuable Customer Relationships

**THROUGH FINANCIAL HEALTH**

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This report uses previously unpublished data from the 2019 U.S. Financial Health Pulse®, a groundbreaking research initiative designed to shed light on the financial lives of people in America. Using a combination of consumer surveys and transactional data, the Pulse provides a regularly refreshed snapshot of the country's financial health.

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# EXECUTIVE SUMMARY

In 2020, the spread of COVID-19 added immense pressure to the already precarious financial health of Americans. The COVID-19 crisis has also reinforced the important role of banks and credit unions in helping customers weather sudden and unexpected financial shocks and pursue long-term goals.

Previously unpublished data from the 2019 U.S. Financial Health Pulse® finds that the overwhelming majority of customers (80%) expect their primary financial institutions (PFIs)<sup>1</sup> to help them improve their financial health, yet only 14% “agree strongly” that their PFIs actually do this.

PFIs have an opportunity to fill this gap in expectations and build long-term, sustainable customer relationships. [Thinking that your primary financial institution improves your financial health corresponds with higher customer satisfaction, greater customer loyalty, and increased customer willingness to purchase additional products or services.](#)

Embracing financial health as a business strategy can help incumbent financial institutions, fintechs, and challenger banks separate themselves from competitors and appeal to historically underserved market

segments. [We find that Black and Latinx customers, women, younger customers, and low-income customers are more likely to list caring about customer financial well-being as a top reason for doing business with a financial institution.](#)

This research also provides directional guidance on how financial institutions can better support customer financial health. [In particular, customers cite financial decision-making resources and high-quality products as ways that PFIs help improve their financial health.](#)

While the data points to the types of tools and resources customers seek, financial institutions must do more than offer products and services to truly deliver on customer financial health and realize meaningful business impact. An enterprise-wide financial health strategy requires a holistic view of the customer and coordination across the organization. For some organizations, prioritizing financial health outcomes for all customers may mean changing the way they think about their business and investing in new solutions. This research shows that customers will return this investment with longer, stronger, and more valuable relationships.

## Customers who think their PFIs support their financial health have greater levels of:

### SATISFACTION

**3X** more likely to be “very satisfied” with their PFI

### LOYALTY

**3X** more likely to recommend their PFI and over **2X** more likely to continue their relationship with their PFI over the next five years

### CROSS-SELL

**5X** more likely to report interest in purchasing additional products and services and are more likely to hold products and services beyond core checking and saving products

<sup>1</sup> Primary financial institution (PFI) definition available on page 3.

# INTRODUCTION

Before the onset of the COVID-19 pandemic, the 2019 U.S. Financial Health Pulse found that 71% of Americans were financially struggling and that 12% had less than one week of living expenses saved. As the pandemic unfolded, those who were already financially struggling took the biggest hits to their physical<sup>2</sup> and financial health.<sup>3</sup>

The COVID-19 crisis has reinforced the important role of banks and credit unions in providing products and services that help customers weather sudden and unexpected financial shocks and pursue long-term goals. The institutions in which customers do the majority of their banking — their Primary Financial Institution (or PFI) — can not only support customers in times of trouble, but it can also help customers, especially those facing the greatest challenges, build wealth and pursue opportunities when times are better. Doing so benefits customers while also serving as the basis for an enduring business relationship.

This report uses previously unpublished data from the 2019 U.S. Financial Health Pulse to explore customer experiences and expectations for how their PFIs support their financial health. It provides evidence that can support a PFI's financial health strategy by demonstrating how improving customer financial health can help

institutions build long-term, sustainable customer relationships.

## Study Methodology

The data in this report comes from unpublished results of the 2019 U.S. Financial Health Pulse, a nationally representative study. We asked respondents a series of supplementary questions about their PFIs and presented the findings from 5,318 respondents here.<sup>4</sup>

Please refer to the appendices for information on the research methodology, survey demographics, and survey measures analyzed. We report the statistical significance of all findings at the 95% confidence level throughout this report.

## Primary Financial Institution and Financial Health Definitions

In 2019, 89% of U.S. Financial Health Pulse respondents reported having a PFI. By institution type, national banks were most common (49%), followed by other banks or credit unions (19% each). The most popular products customers held at PFIs were checking accounts (95%), savings accounts (82%), and credit cards (46%).

Financial health comes about when your daily systems help you build resilience and pursue opportunities over time. The Financial Health Network has developed a measurement framework to assess the financial health of individuals or groups over time. The FinHealth Score® uses eight indicators to help organizations measure financial health (please see the appendices).

<sup>2</sup> Theo Garon and Andrew Dunn, "How Disparities in Financial Health are Contributing to Deadly Impact of COVID-19 on Black Americans," Financial Health Network, 2020.

<sup>3</sup> Maurie Backman, "Low Earners, Women, and Younger Workers Have Been Most Vulnerable to Income Loss During the COVID-19 Crisis," The Motley Fool, 2020.

<sup>4</sup> For some questions, the total number of respondents is less than 5,318, because some respondents skipped those questions. Please refer to the appendices for additional detail.

# FINDINGS

The overwhelming majority of customers want their PFIs to help improve their financial health (80%), yet only a small percentage of customers say their PFIs are actually doing this (14%).<sup>5</sup> When customers think their PFIs support their financial health, they are more satisfied, more loyal, and more likely to expand their relationships with additional products and services.



## FINDING 1

Customers are more satisfied when they think that their PFIs help to improve their financial health.

## FINDING 2

Customers are more loyal when they think that their PFIs help to improve their financial health.

## FINDING 3

Focusing on financial health can expand customer relationships into additional products and services.

## FINDING 4

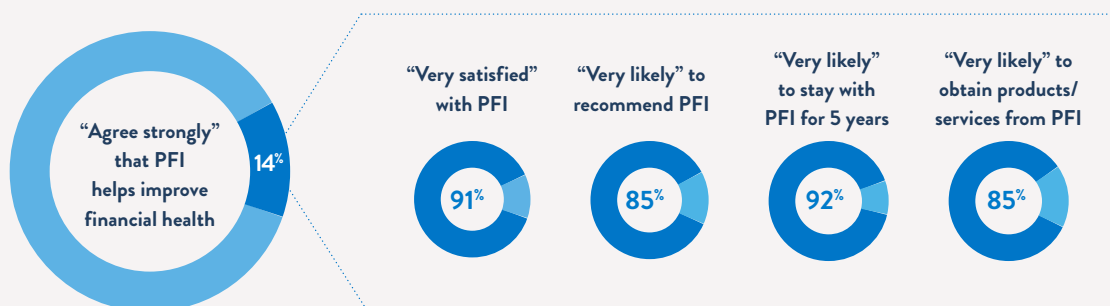
Embracing financial health as a business strategy can help financial institutions expand their appeal and reach historically underserved market segments.

## FINDING 5

Customers care most about financial decision-making resources and high-quality products to improve their financial health.

## Summary of Satisfaction, Loyalty, and Cross-Sell Findings

Thinking that your primary financial institution improves your financial health corresponds with higher customer satisfaction, greater customer loyalty, and increased customer willingness to purchase additional products or services.



All percentages are statistically different at the 95% confidence level.

<sup>5</sup> Participants indicating it is "extremely," "very," or "somewhat" important for their PFI to improve their financial health, compared with participants who "agree strongly" that their PFI is helping to improve their financial health.

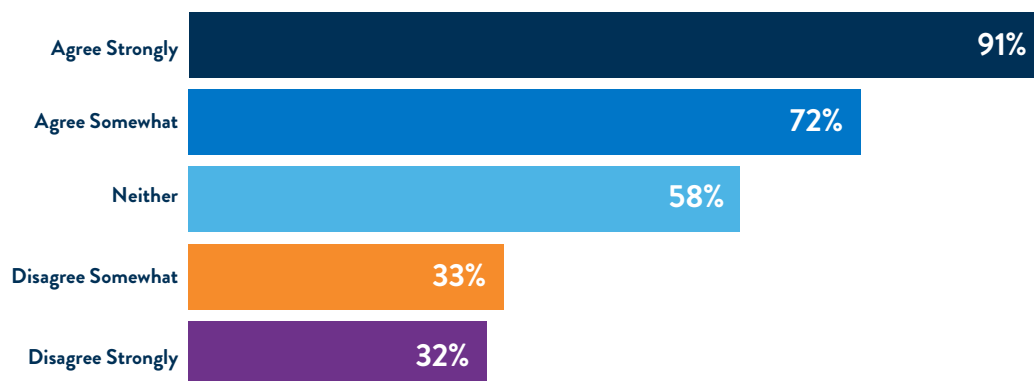


## **FINDING 1** Customers are more satisfied when they think that their PFIs help to improve their financial health.

Greater customer satisfaction may reduce expenses and increase profitability.<sup>6</sup> Our analysis finds that customers who “agree strongly” that their PFI helps to improve their financial health are nearly three times more likely to be “very satisfied” than customers who “disagree strongly” or who “disagree somewhat.” This relationship also holds when controlling for income, race, gender, and age.<sup>7</sup> We also observe a statistically significant 19-percentage-point difference between those who “agree strongly” and those who “agree somewhat” (91% and 72%, respectively). This difference suggests that really delivering customer financial health plays an important role in overall customer satisfaction, and in turn can positively impact the business as well.

**Figure 1. Customers who think their PFIs support their financial health are more likely to be satisfied**

*Percentage of respondents “Very Satisfied” with their PFI, by level of agreement with the statement:  
“[PFI Name] helps me improve my financial health.”*



<sup>6</sup> David M. Pooser and Mark J. Browne, “The Effects of Customer Satisfaction on Company Profitability: Evidence From the Property and Casualty Insurance Industry,” *Rock Management and Insurance Review* 21(2), 2018.

<sup>7</sup> Concerning income, there is not a statistically significant relationship between income and the extent to which customers think their PFIs are helping to improve their financial health.

## FINDING 2 Customers are more loyal when they think that their PFIs help to improve their financial health.

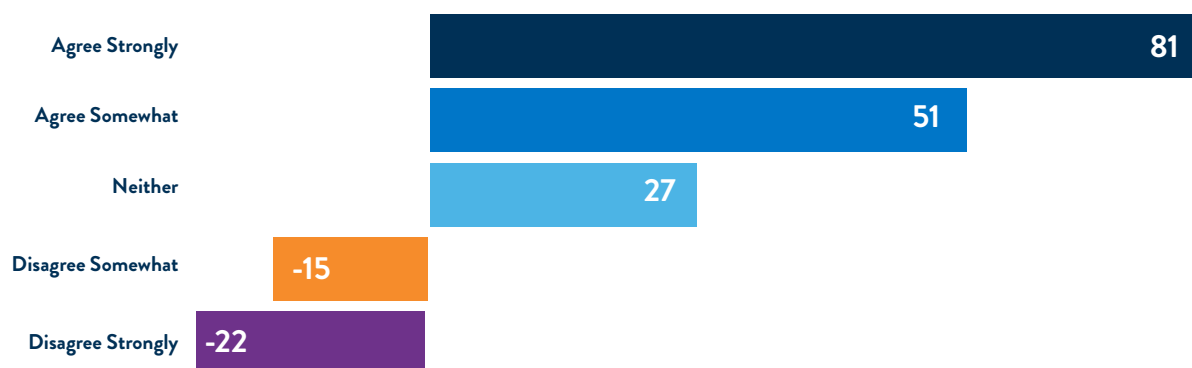
Loyal customers are a key ingredient to a successful business, and leading with financial health can build brand loyalty. In our analysis, we examine customer loyalty along two dimensions: willingness to recommend their PFI to others and willingness to stay with their PFI over the next five years.

We find that customers are nearly three times more likely to recommend their PFI to others when they think that their PFI helps improve their financial health. Specifically, 85% of customers who “agree strongly” that their PFI helps improve their financial well-being are “very likely” to recommend their PFI to others. Conversely, less than 30% of customers who “disagree somewhat” or “disagree strongly” would recommend their PFI.<sup>8</sup>

We also calculate the Net Promoter Scores (NPS) for this measure.<sup>9</sup> In comparing NPS for respondents that “agree strongly” that their PFI helps improve their financial health with those that “disagree strongly,” we see a 103-point disparity.<sup>10</sup> The NPS scores are 81 and -22, respectively. This difference demonstrates how supporting customers’ financial health makes a significant difference in their willingness to bring more people to their PFI. Relatedly, the NPS scores when customers “agree strongly” that their PFIs help improve their financial health are substantially higher than the 2019 banking industry average of 34,<sup>11</sup> whereas they are well below the industry average when customers “disagree strongly.”

**Figure 2. Customers who think their PFIs support their financial health are more likely to rate their PFIs higher**

*Net Promoter Scores, by level of agreement with the statement: “[PFI Name] helps me improve my financial health.”*



<sup>8</sup> Improving financial health (q197) and recommending it to a friend (q129) from the 2019 *U.S. Financial Health Pulse*®.

<sup>9</sup> NPS is a widely used standard to measure “an organization’s performance through its customers’ eyes” and is calculated by the percentage of “promoters” (customers giving a 9 or 10 rating) minus the percentage of “detractors” (customers giving a 0 through 6 rating). See *Measuring Your Net Promoter Score*® for more information on Net Promoter Scores.

<sup>10</sup> Ibid.

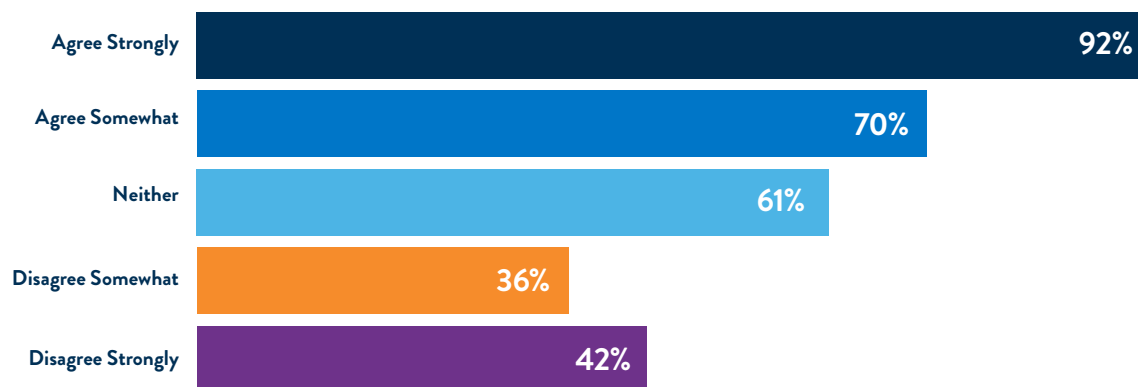
<sup>11</sup> “*U.S. Consumer 2019 Net Promoter Benchmarks*,” NICE Satmetrix, 2019.



We find that 92% of consumers who “agree strongly” that their PFI helps to improve their financial health are “very likely” to remain with their PFI over the next five years.<sup>12</sup> In comparison, only 36% who “disagree somewhat” and 42% that “disagree strongly” are “very likely” to stay with their PFIs for the next several years.

**Figure 3. Customers who think their PFIs support their financial health are more likely to stay with their PFIs**

*Percentage of respondents “Very Likely” to stay with their PFI for the next five years, by level of agreement with the statement: “[PFI Name] helps me improve my financial health.”*



<sup>12</sup> Extent to which a PFI improves financial health (q197) and willingness to stay with a PFI for the next five years (q196).

## FINDING 3 Focusing on financial health can expand customer relationships into additional products and services.

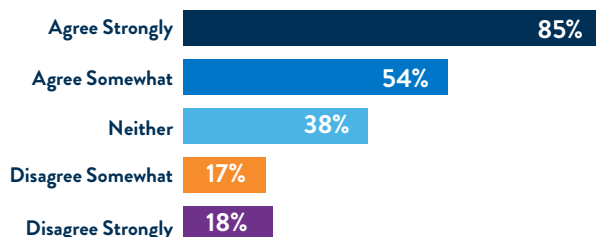
By engaging customers on their financial health, PFIs expand relationships in ways that provide mutual benefits for customers and PFIs. We consider expanding customer relationships into additional products and services with two measures: respondents who are interested in obtaining more and those that have already done so.<sup>13</sup>

We find that when customers think that their PFIs help to improve their financial health, they are five times more likely to report greater interest in purchasing additional products and services from them.<sup>14</sup> 85% of customers who “agree strongly” that their PFI helps improve their financial health are “very likely” to purchase additional products and services if needed. This is in stark contrast to customers who “disagree somewhat” or “disagree strongly” about their PFI helping to improve their financial health. Furthermore, there is a sizable and statistically significant increase from those who “agree somewhat” (54%) to those who “agree strongly” (85%). This suggests that financial health strategies work best when they are done well and that there are compounding returns for getting it right.

Additionally, people who “agree strongly” that their PFI helps improve their financial health are more likely to use products and services beyond core checking and savings than those that don’t.<sup>15</sup> These are often products and services that drive revenue and further deepen a PFI’s relationship with its customers. For example, people who “agree strongly” that their PFI helps improve their financial health are over two times more likely to have auto loans through their PFIs, compared with customers who don’t.

**Figure 4. Customers who think their PFIs support their financial health are more likely to purchase additional products and services**

*Percentage of respondents “Very Likely” to purchase additional products and services from their PFI (if needed), by level of agreement with the statement: “[PFI Name] helps me improve my financial health.”*



**Table 1. Customer Products and Services Usage, by level of agreement with the statement: “[PFI Name] helps me improve my financial health.”**

Product or Service at PFI	% of People Who “Agree Strongly” Who Have This Product	% of People Who Don’t “Agree Strongly” Who Have This Product	RATIO
			(% Who “Agree Strongly”) / (% Who Don’t “Agree Strongly”)
Using Planning Services	16%	4%	4
Retirement Account	15%	5%	3
Investment Account	14%	5%	3
Auto Loan	19%	8%	2
Personal Loan	9%	5%	2
Credit Card	41%	36%	1

<sup>13</sup> Q199 in the *U.S. Financial Health Pulse*® asks participants to identify which products and services they have at their PFIs.

<sup>14</sup> Q130 in the *U.S. Financial Health Pulse*® asks respondents about their likelihood of obtaining additional financial products or services from the PFI, if needed.

<sup>15</sup> Using logistic regression, we confirm that these results are statistically significant when controlling for race, gender, income, age, and education.

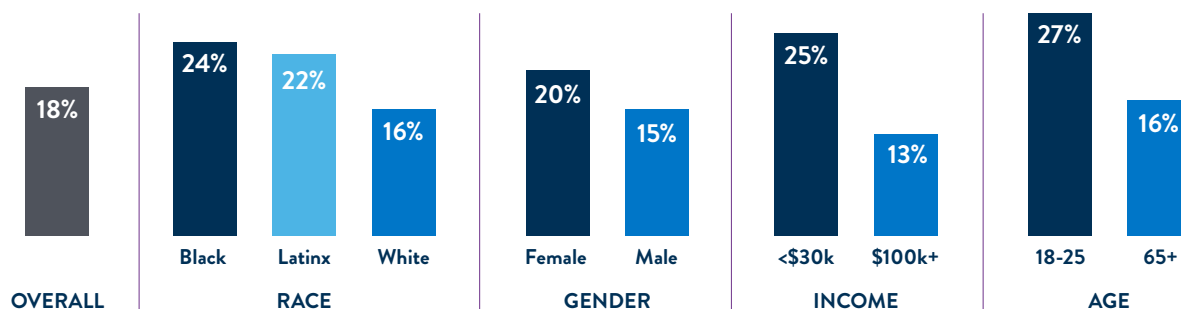
## FINDING 4 Embracing financial health as a business strategy can help financial institutions expand their appeal and reach historically underserved market segments.

We find that Black and Latinx customers, women, younger customers, and low-income customers are more likely to list a PFI caring about customer financial well-being as a top reason for doing business with them.<sup>16</sup> In 2019, 24% of Black and 22% of Latinx customers listed this as a top reason for deciding to become a customer (compared with 18% of White respondents). We also find that women are more likely than men to prioritize financial health when selecting a financial institution (20% of women versus 15% of men). Similarly, low-income households (25%) are more likely than high-income households (13%) to factor in how much their institution is concerned with customer financial health. Younger respondents are also more likely to list caring about customer financial health as a top reason, compared with older respondents (27% and 16%, respectively).

These segments tend to be the most vulnerable, hardest hit by crises, and have the most to gain from financial health-focused products and services. By focusing on financial health, financial institutions have the opportunity to expand their customer base to these historically underserved segments, benefiting both the institution and their customers.



Figure 5. Customer Listing Financial Health as a Top Reason for Choosing PFI



<sup>16</sup> Please refer to Section 3 of the [U.S. Financial Health Pulse®: 2019 Trends Report](#) for a more detailed discussion of financial health disparities based on race, gender, income, and age.

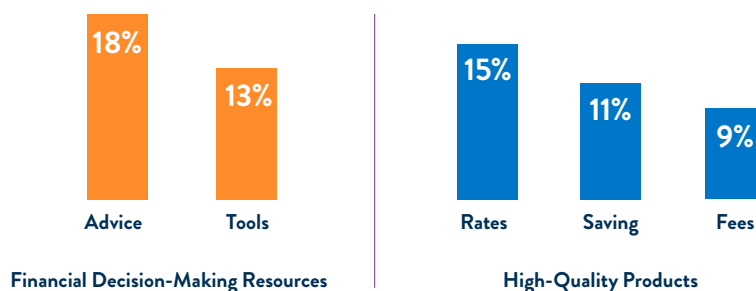
## FINDING 5 Customers care most about financial decision-making resources and high-quality products to improve their financial health.

How can PFIs help improve the financial health of their customers? To answer this, we asked respondents in 2019 to describe what their PFIs do to help improve their financial health.<sup>17</sup> We analyzed the responses using text analysis of keywords mentioned to determine which PFI actions were most frequently cited. We found that the top five categories revolve around (a) financial decision-making resources or (b) products that positively impact their finances. These solutions can help customers weather unexpected shocks, build short-term financial stability, and improve long-term financial health.

Table 2. How PFIs Help Improve Customer Financial Health

Response Category	Top Ways PFIs Help Improve Financial Health	Customer Responses
<b>Financial Decision-Making Resources</b>	Providing financial advice	"They have financial advisors who will look at your accounts and provide guidance and training on how to meet my goals."
	Making financial tracking tools widely available	"Their online banking and mobile app is versatile and easy to use."
<b>High-Quality Products to Positively Impact Finances</b>	Offering competitive rates (e.g., high interest rates on savings, low rates on borrowing)	"Suggesting which accounts will give me the best interest rates."
	Helping customers build savings	"They provide monetary incentives for increasing savings."
	Offering the lowest possible fees (e.g., ATM, overdraft)	"No-fee ATM withdrawals from third-party machines."

Figure 6. Top Ways PFIs Help Improve Customer Financial Health, Percentage of Mentions by Financial Decision-Making Resources and High-Quality Products Categories



<sup>17</sup> Specifically, q198 asked, "Please describe, in a few sentences, what this company is doing to help improve your financial health." This question was only asked to participants that responded "agree strongly" or "agree somewhat" to q197. We report the top five categories for individuals that responded "agree strongly" on this question. The methodology is described in the Appendix.

# Conclusion

Businesses that prioritize financial health outcomes help customers build resilience and pursue opportunities. Doing so can also support their business. A financial health strategy can enable incumbent financial institutions, fintechs, and challenger banks to separate themselves from competitors and appeal to historically underserved market segments. Our research shows when customers think their PFI's try to improve their financial health, they are more satisfied, more loyal, and more likely to have additional products and services at those PFI's. By focusing on the financial health of their customers, financial institutions can build valuable and sustainable relationships that grow their businesses and their bottom line.

Financial institutions are currently missing this opportunity, however. Customers are looking for support from their PFI's and need this support to be financially resilient, especially in times of crisis. If financial institutions invest in financial health, then their customers will be more willing to invest in them.

## Engage with the Financial Health Network

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Making this investment in financial health effectively goes beyond offering financial literacy content or a one-off budgeting tool. It requires a holistic approach to meet the financial health needs of customers. Financial institutions should first assess the financial health needs of their customers through financial health measurement and then develop a strategy to fully address those needs. This means making customer financial health an organizational goal, supported by leadership and resources across the company.

The Financial Health Network has over 15 years of expertise conducting research, developing tools, and providing leadership on financial health. Our business case research (bulleted on the right), [FinHealth Score Toolkit](#), and [consulting services](#) can assist financial institutions on this journey. We invite all financial institutions and providers to engage with us to discuss how they can better support the financial health of their customers and their businesses.

## Building the Business Case for Financial Health Research

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- [“Making the Business Case for Financial Health”](#) defines what it means to be in the business of financial health, provides early evidence to support the business case for financial health, and explains how to make the business case to understand an organization's total return on investment.
- [“The Journey to Financial Health: Your Company's Roadmap”](#) provides a guide for companies orienting around financial health by outlining seven stages that collectively represent an organization's “financial health journey.”
- [“Building Your Business Case for Financial Health: Providing Guidance and Support to Increase Customer Well-Being”](#) provides guidance and support tools that lead to positive customer and business outcomes.

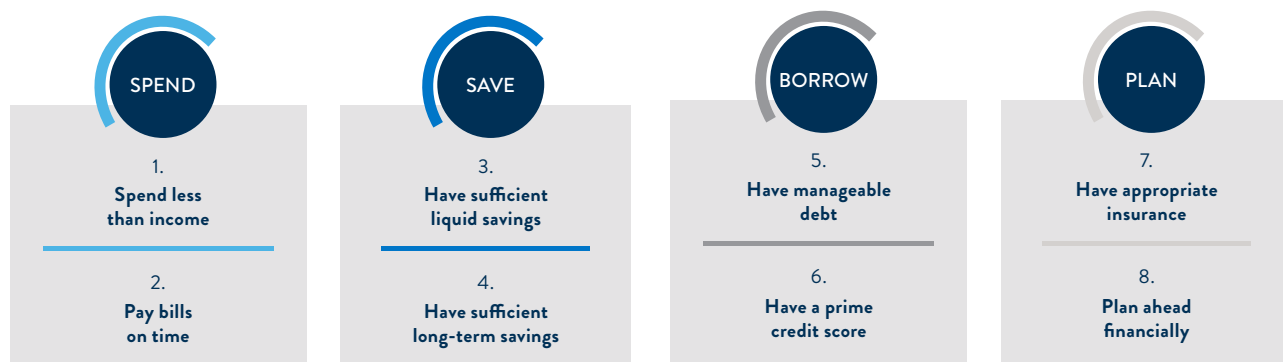
# Appendices

## Appendix A

### Methodology

**Study Overview:** We analyzed previously unpublished 2019 data from the U.S. Financial Health Pulse, with a sample size of 5,318, and reported descriptive statistics and crosstabs for relevant questions. We tested for statistical significance and report significance at the 95% confidence level. The report draws on the eight indicators from the Financial Health Network's FinHealth Score<sup>®</sup>. We weighted the dataset using U.S. Census data as a benchmark to be nationally representative.

**FinHealth Score Overview:** The Score uses eight indicators to help organizations measure financial health. They are:





**Open-Ended Question Analysis:** Going over the 616 valid comments by respondents who “agree strongly” that their PFI helps them improve their financial health, we identified the keywords that help us explain the main points in each comment. We then sorted these keywords into 12 distinct text categories and reported the top five in Table A1 below. Finally, we calculated the percentage of valid comments that contain any of the keywords for each text category.

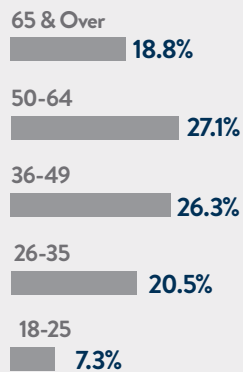
Table A1. Text Categories	
ADVICE	info, advice, advise, advisor, consult, plan, guidance, counsel, assist, coach
RATE	interest, rate, yield
TOOL	tool, track, app, mobile, digital, online, web, credit score, calculate, calculator, monitor
SAVE	save, saving
FEE	free, fee, cost, overdraft, price

# Appendix B

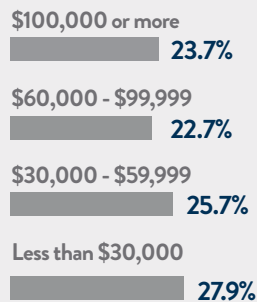
## Summary of Survey Sample Demographics

Table A2. Weighted Distribution of Sample Demographics (N=5,318)

### Age



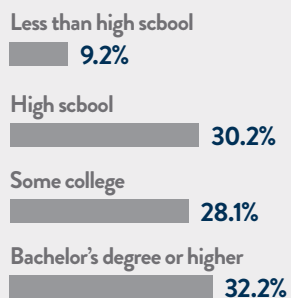
### Household Income



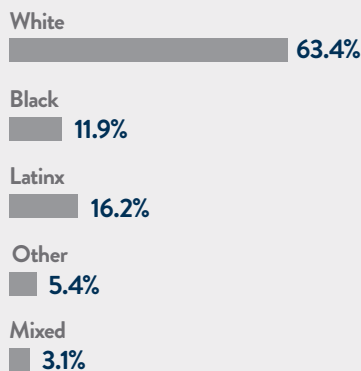
### Gender



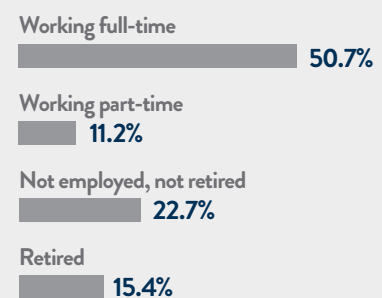
### Education



### Race and Ethnicity



### Employment Status



# Appendix C

## U.S. Financial Health Pulse Supplementary Primary Financial Institution Survey Measures

Table A3. Weighted Distribution of PFI Types (N=5,318)

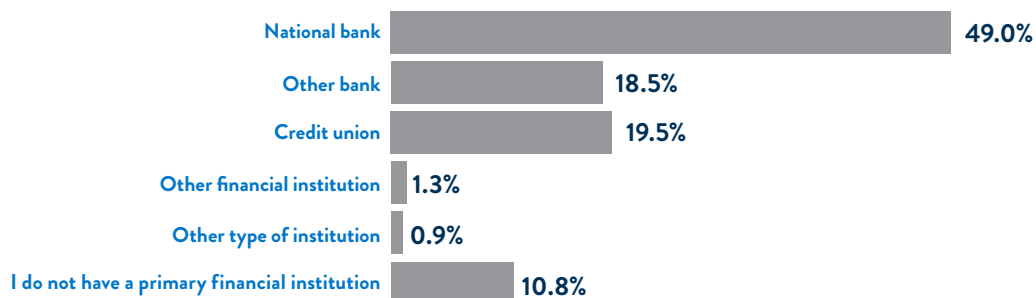


Table A4. Weighted Distribution of Q131: How important is it to you, if at all, that [PFI] helps you improve your financial well-being? (N=4,853)

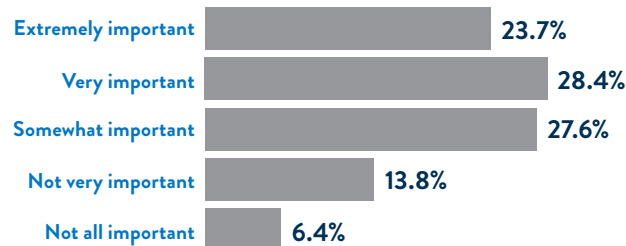


Table A5. Weighted Distribution of Q197: To what extent do you agree or disagree with this statement: "[PFI] helps me improve my financial health." (N=4,854)

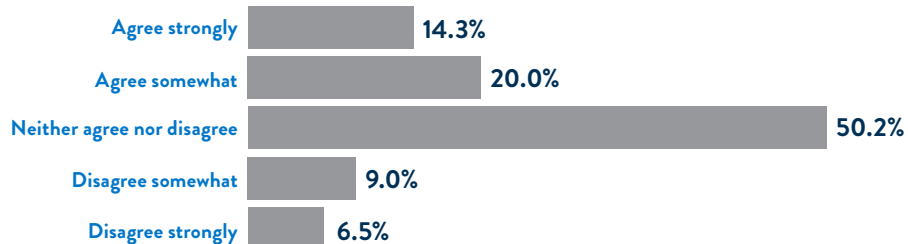
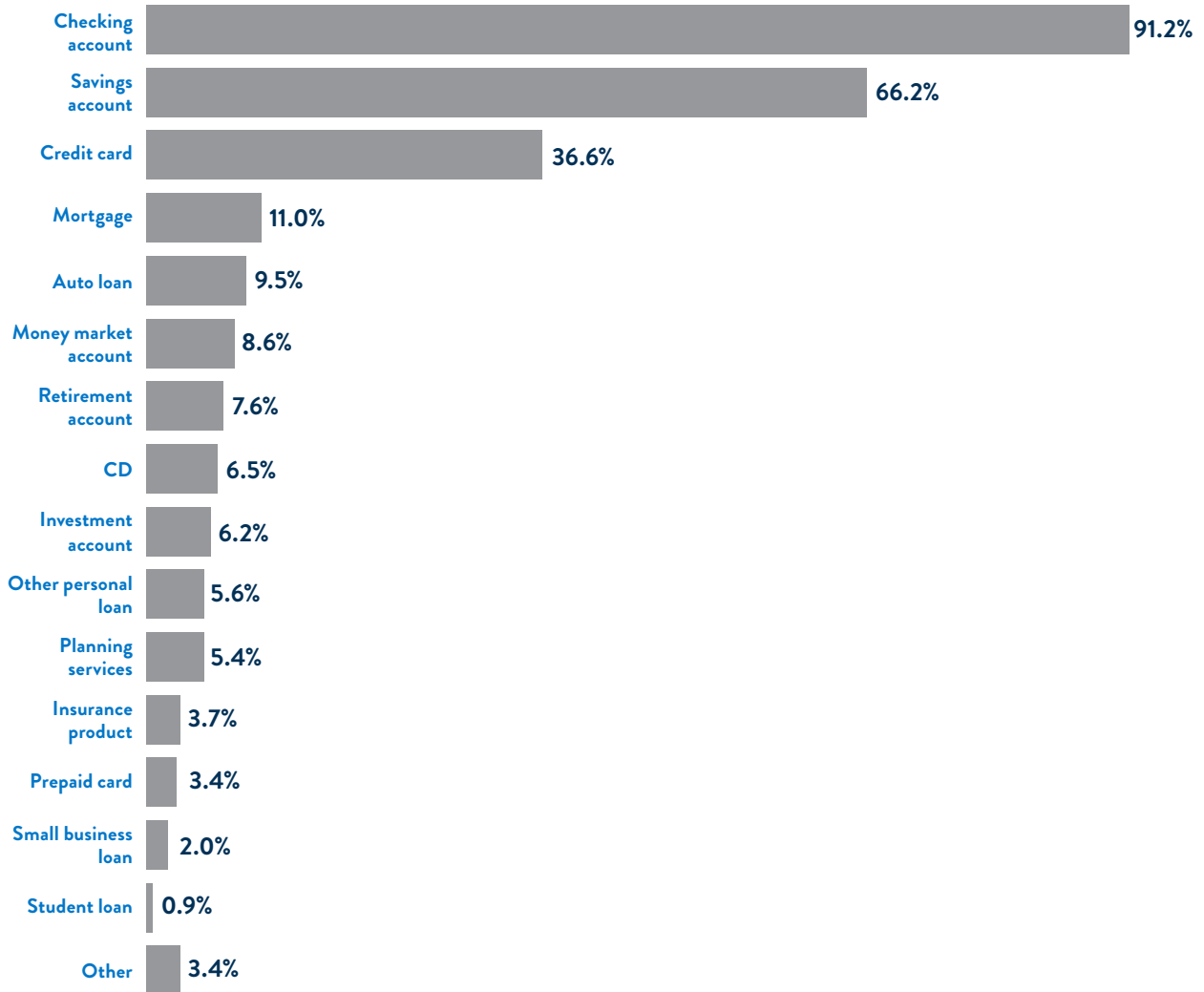


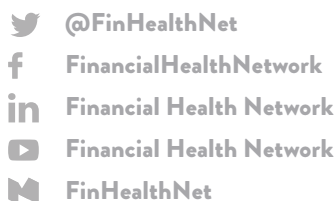
Table A6. Weighted Distribution of Q199: Which of the following products or services do you currently have at [PFI]? (N=4,855)





The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

**For more on the Financial Health Network, go to [www.finhealthnetwork.org](http://www.finhealthnetwork.org) and join the conversation online:**



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