

# Millennial Marketshare: How Financial Institutions Can Grab an Unfair Advantage

## Millennials or Bust

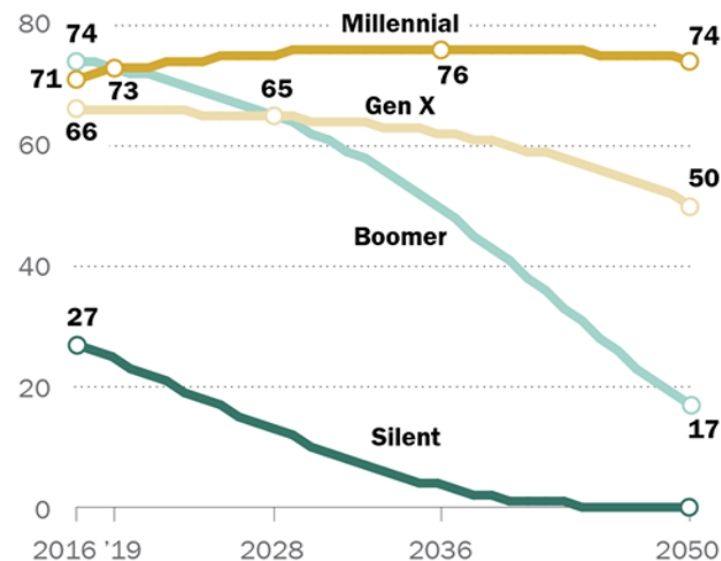
Born between 1981 and 1996 and numbering over 75 million, millennials have become the largest demographic group in the US, according to the Brookings Institution.

Millennials are better educated than any other group and are entering their prime earning years. Banking, financial services, and insurance companies—broadly referred to as BFSI firms or financial institutions (FI) in this article—which acquire and expand wallet share with this group, will be positioned for market dominance in the new decade, while others will be left in the dust!

“ Most of our young, financially struggling customers never encounter a banker skilled enough to help them.

## Projected population by generation

*In millions*



Source: Pew Research Center analysis of U.S. Census Bureau population projections released December 2014 and 2016 population estimates.

PEW RESEARCH CENTER

## The Millennial Opportunity

Millennials didn't have it easy, growing up amid financial and global upheavals, 9/11, the dot com bust, the Great Recession.

No wonder they are in financial doldrums:

- ▶ Millennial wealth levels were 34% below what they would have been without the Great Recession of 2008, making them the slowest cohort to recover from the downturn. (Source: Federal Reserve)
- ▶ They have the highest student loan debt, twice the average of Gen X. (Source: Experian)
- ▶ 53% have credit card debt and only 36% have a retirement account. Among those with retirement accounts, 31% are borrowing from it or raiding it for cash. (Source: GFLEC)
- ▶ Only 30% of the millennials are home owners. Moreover, they have to pay 39% more than boomers to buy their first home, while dealing with soaring rents. It can take them nearly a decade to save for the 20% down payment needed for home purchases. (Source: SmartAsset Report)

There's more. Only 24% of millennials have basic financial literacy and a meager 8% have advanced financial literacy, the lowest among

all generational groups (Source: GFLEC). This is not a surprise, given that only 12% of millennials have sought financial advice for debt management and 27% for savings and retirement (Source: PwC).



**All that said, millennials are the largest and the most educated demographic group.** This presents a huge opportunity for forward-thinking BFSI firms to gain marketshare through personalized advice and guidance.

## State of BFSI Sales and Guidance

Selling to millennials presents a critical imperative and a compelling opportunity, but banks struggle with a wide variation in sales performance. **Per the Boston Consulting Group, top sales reps in retail banks perform eight times better than the bottom reps in sales conversion and new account acquisition.**

We list some of the reasons for this.

- ▶ Financial products keep proliferating at a rapid pace.
- ▶ One needs a “PhD” to understand financial concepts, products, features, and regulations—loan amortization, debt to equity ratio, compounding, digital services, and so on and on.
- ▶ Millennials and Gen Z, an increasingly growing part of the sales workforce, turn over at a faster rate than older workers.
- ▶ Millennials and Gen Z have short attention spans. While millennials have a short attention span of 12 seconds, Gen Z has a “gnat” attention span of 8 seconds (Source: Sparks & Honey)! They also hate training, preferring to “learn on the job” instead—65% of Gen Z say so (Source: Capita).

## What financial services executives say about the state of sales



We have a structural problem. Most of our young, financially struggling customers never encounter a banker skilled enough to help them. All the best bankers are decked against the affluent segment.

Every bank is worried about inappropriate sales practices and being the next Wells Fargo.

I have to be honest with you. Most of our branch bankers are just order takers. We spend lots on training to move beyond that, but so far, we have not succeeded.

Our bank’s strategy is to advise our customers. The problem is we have not yet equipped our bankers to successfully deliver the strategy.

It is evident that most BFSI sales reps have become either brute-force product pushers or passive order takers. Apart from generating bad publicity and mistrust in professional financial advice, they are also missing the golden opportunity to grab millennial marketshare by getting them from woes to wellness with personalized advice.

# Transforming Financial Sales and Advice

You may have seen this with Uber and Lyft. Any driver is able to take you from Place A to Place B regardless of his or her navigational skills, thanks to GPS-enabled, real-time driving guidance. Likewise, in-band guidance during the sales interaction, powered by AI and knowledge, provides step-by-step real-time conversational guidance to agents, making all sales agents—even novices—as good as the best ones!

## The Solution: eGain for Conversational Guidance

A pioneer in AI, knowledge management, and digital engagement, eGain has developed and fine-tuned its AI reasoning capability over two decades. The AI capability facilitates high-quality, cost-effective sales conversations that are also compliant with industry regulations and can be scaled as needed.

**eGain Sales Advisor™**, our solution for AI-guided selling, automates conversations through a banker bot and augments agents in the case of human-assisted advice across channels, including digital touchpoints, call centers, and branch offices. Since eGain's customer engagement applications are all built on the same platform, consumers can switch across interaction channels seamlessly during the course of their conversations. The solution enables rich engagement capabilities across digital channels favored by

millennials. Moreover, sales agents have a complete, omnichannel view of customers who in turn do not have to repeat information as they hop across touchpoints. Conversations can also be paused and resumed over time to move them forward seamlessly.

## Benefits

► **IMPROVE SALES EFFECTIVENESS** Guide consumers and agents

The image displays two side-by-side screenshots of the eGain Sales Advisor interface. Both screenshots feature the eGain logo (an infinity symbol) and the text 'EIGHT eGain' at the top. The left screenshot is titled 'eGain Guided Sales' and shows a 'Discovery Questions' section with a list of product options: Personal Loan (unsecured), Personal Loan (secured), Personal Line of Credit (unsecured), Personal Line of Credit (secured), Mortgage Cash Out Refinance, Home Equity Line of Credit (HELOC), Home Equity, Credit Card (unsecured), and Credit Card (secured). A 'SUBMIT' button is located at the bottom of this section. The right screenshot is titled 'eGain Sales Advisor' and shows a 'Question History' section with four questions and their answers: 'Do you own your home?' (No), 'Do you want to borrow the entire sum at the start?' (Yes - I want the entire sum at the start), 'How much paperwork are you willing to do for the loan?' (Reasonable amount), and 'What is your credit score range?' (Good). The bottom question is 'How much time have we got to arrange the loan?' (Reasonable amount of time).

in conversations with next best steps. Unlike rigid scripts and brittle decision trees that break down when the customer takes the conversation in an unexpected direction, eGain's AI reasoning adapts to the conversation and even works with incomplete or imprecise data.

- ▶ **IMPROVE SALES EFFICIENCY** Ensure context retention so that conversations are picked up where they had been left off, with a unified omnichannel engagement hub.
- ▶ **DIFFERENTIATE WITH PERSONALIZED GUIDANCE** eGain's solution powers a personalized customer needs assessment that prioritizes and spells out actions (e.g., improve credit score, increase savings, etc.) and products that will help customers achieve their financial goals.
- ▶ **ENHANCE MILLENNIAL REACH** Make high-quality financial guidance and coaching available to price-sensitive, digital-first millennials through a banker bot and automated outbound digital coaching.
- ▶ **ENHANCE COMPLIANCE** Ensure contextual, consistent, and auditable financial advice at scale that is also compliant with industry regulations.
- ▶ **OPTIMIZE PERFORMANCE** eGain's omnichannel analytics capability makes A/B testing easy, while allowing you to measure, manage, and optimize your sales operation.

## AI-Guided Sales and Advice at Work

Let us take the case of getting millennials ready to buy a home. eGain Sales Advisor will guide the assessment session to recommend a prioritized action plan to the customer with successive next best steps (reducing debt, increasing their credit score, or saving for a larger down payment). The banker bot will also check in with customers as they execute their plan, encouraging progress and celebrating success. The process repeats until the customer is ready to buy a home and eager to discuss mortgage options. In other words, the real-time assessment guidance and ongoing coaching creates demand for the financial institution's mortgage offerings in this case!

### HOW TO GET STARTED

Want to learn more about eGain Sales Advisor? Here are some options:

[Contact us](#) now to discuss possibilities over the phone

[Request a demo](#)

[Sign up](#) for eGain Innovation in 30 Days™, a unique, production pilot that we offer at no charge and no obligation to buy, with free best-practice advice for success!



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