

## How Banks Can Capture Gen Y Mindshare and Increase Revenues

The Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, recently conducted a study of 1,055 U.S. consumers to explore their evolving financial priorities, service expectations from banks, and interaction preferences. While consumers have faced significant financial strain due to a deteriorating job outlook and dwindling asset values, they have also embraced new technologies, such as video, and adopted online behaviors, such as social networking, at an astonishing rate. These trends are particularly true for Gen Y consumers (also known as "Millennials," and for the purposes of this survey defined as people born between 1980 and 1992) and Gen X consumers (those born approximately between 1960 and 1979). The survey clearly shows that the rise of these younger generations will have a profound impact on retail banking, providing the next opportunity for revenue growth.

Over the past few years, banks have made several attempts at creating a relevant offering related to personal financial management (PFM), remote video experts in the branch, and virtual communities of interest (e.g., social networking). For the most part, the success of these initiatives was marginal because it wasn't clearly aligned with the needs of the target customer segment and lacked an integrated strategy linking all three to form a comprehensive value proposition.

Today, many banks' PFM capability consists of a function that allows users to check the status of several accounts from one central location. While the account-viewing consolidation function is important, it does not address the main need of young consumers: automated advice based on a 360-degree view. Similarly, attempts at video in the branch have often lacked the quality of experience (old video technologies) and the management commitment (sometimes for fear of job elimination) and process transformation (e.g., investment in video-enabled contact centers) needed to support such a model. Finally, communities of interest in most cases did not have the right "hook" to keep users interested and engaged, resulting in dwindling usage.

Based on its research and extensive experience with banking clients, Cisco IBSG proposes a new approach centered primarily on Gen Y's need for help managing its finances (primarily debt burden, spending patterns and, to a lesser extent, future financial safety) and its yearning for professional advice. Banks need to develop a comprehensive value proposition that encompasses PFM, video advice, and virtual communities of interest to address holistically Gen Y's need for financial advice.



Cisco IBSG recommends banks develop an advice-on-demand capability by exploring suitable actions in the following areas:

1. **Build or acquire PFM capabilities to help customers gain control:** Build capabilities to personalize advice on an Internet platform. Also, provide PFM functionality on a mobile platform that enables real-time alerts, reviews, and decision making.
2. **Improve consumer intimacy enabled by high-definition video capabilities in the branch and at home:** Introduce the opportunity to interact with centrally located financial services experts over video in branches that have a large percentage of high-net-worth (HNW) individuals and / or small to medium-sized business (SMB) owners. Expand video-enabled advice to consumers' homes and mobile devices when technology becomes more prevalent and adoption rates increase.
3. **Develop an online financial services community** comprised of family, friends, and peers, centered on the common objectives of better financial management.

Younger consumers represent a new and important growth opportunity for proactive banks. This is good news for banks that have struggled to scale the delivery of advice cost-effectively to market segments beyond HNW individuals. The potential is significant, with an opportunity to increase retail-banking revenues by an estimated 5 to 10 percent.

---

#### More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.

---



Americas Headquarters  
Cisco Systems, Inc.  
San Jose, CA

Asia Pacific Headquarters  
Cisco Systems (USA) Pte. Ltd.  
Singapore

Europe Headquarters  
Cisco Systems International BV  
Amsterdam, The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).