



TRUTH & BEAUTY INDEX

# Financial Services Customer Insights

*Uncover what finance customers value most across each generation.*

H

# Unlock Digital Transformation

Digital transformation is accelerating across every sector of the financial services industry.

Neo-banks are challenging traditional banks, investing is becoming decentralized, and new cryptocurrencies are being created every year. Mobile banking, payment, and money transfer platforms are the norm for many customers.

Financial services leaders must transform their business strategies to meet the increasing demand for privacy and control. This begins with understanding the individuals on the other side of the screen.



# Truth & Beauty Index

Successful digital transformation outcomes come from making the right choices for your business based on what matters most to your customers.

**Human truth lies at the heart of every beautiful customer experience.** In a world full of distractions, embracing foundational truths is the key to creating moments that positively impact people's lives.

**The Financial Services Truth & Beauty Index uncovers what financial services customers value most across each generation.** Using our proprietary framework, you're able to see the hidden attributes that drive both brand choice and brand advocacy, so that you can place your customer at the center of your digital strategy.

**What's good for people is good for business.** This inaugural report provides key industry and audience benchmarks to drive focus when making critical digital transformation decisions. Take actions that enhance your customers' lives and build lasting value by viewing your business through a human lens.

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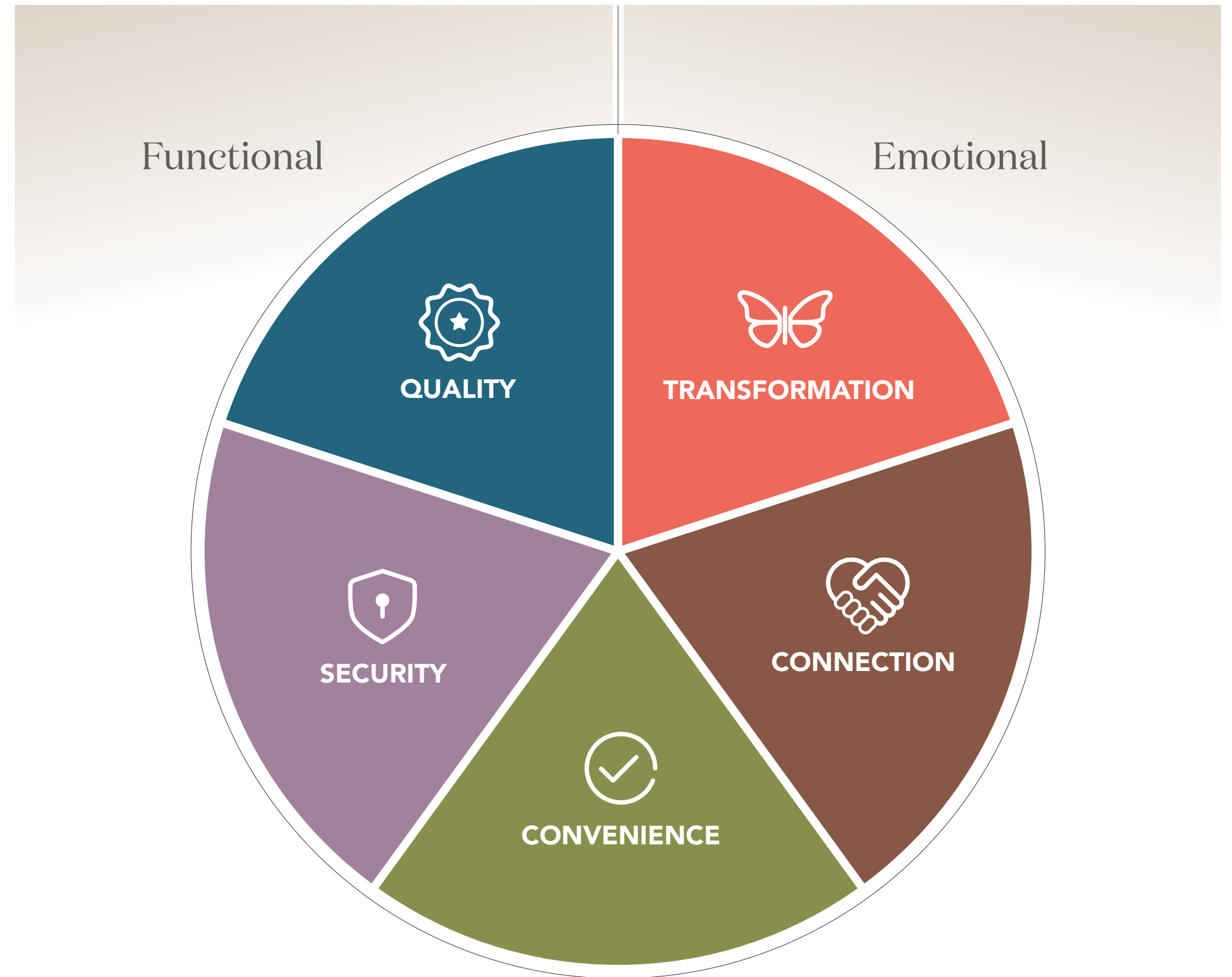
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## Customer truths are derived from **essential** human needs.

The Truth & Beauty Index uncovers the human truths that are most likely to drive both customer choice and customer advocacy. These functional and emotional truths are driven by 5 essential customer needs: Quality, Security, Convenience, Connection, and Transformation.








# 10 core truths drive customer behavior

By zeroing in on five essential customer needs, we've identified 10 human truths that every brand must pay attention to if they want to deliver exceptional experiences. Digital transformation is needed to drive exceptional experiences. These core truths range from the functional to the emotional.

Functional →

← Emotional

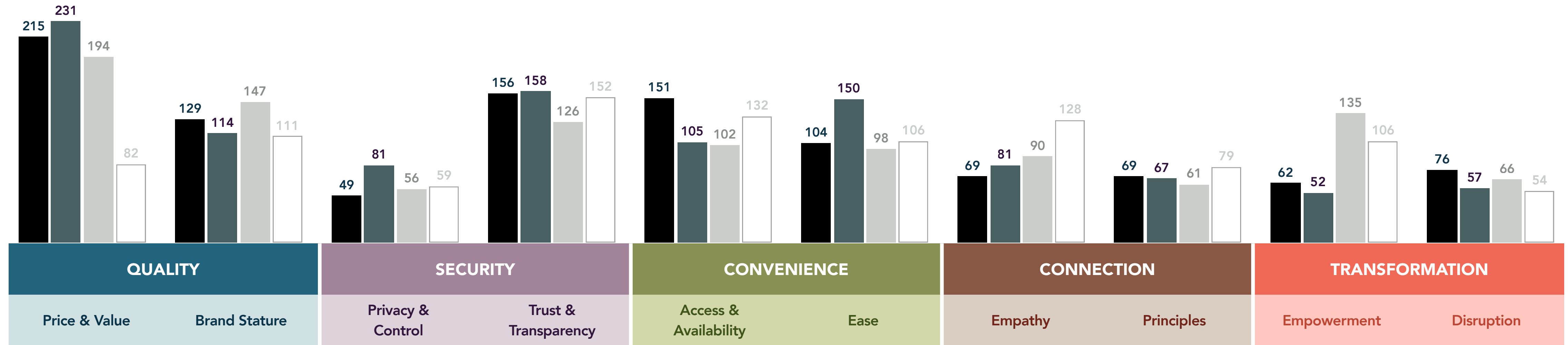
 <b>QUALITY</b>	 <b>SECURITY</b>	 <b>CONVENIENCE</b>	 <b>CONNECTION</b>	 <b>TRANSFORMATION</b>
<b>Price &amp; Value</b>	<b>Privacy &amp; Control</b>	<b>Access &amp; Availability</b>	<b>Empathy</b>	<b>Empowerment</b>
I need an experience that gives me something worthwhile in return for my investment.	I need a secure experience that will protect my data, and give me the power to set boundaries.	I need an accommodating experience that offers quick resolution to my wants and needs.	I need a supportive experience that cares about me and understands my unique set of challenges.	I need an inspirational experience that enables me to live my best life.
<b>Brand Stature</b>	<b>Trust &amp; Transparency</b>	<b>Ease</b>	<b>Principles</b>	<b>Disruption</b>
I need a reputable experience from a brand my cohort respects.	I need a reliable experience that keeps me updated on any changes.	I need an easy-to-use experience that prioritizes function and efficiency.	I need a conscientious experience that reflects back to me the values I hold most dear.	I need a revelatory experience that fundamentally alters my relationship to the category.



# What do people **say** is most important when choosing a brand?

STATED IMPORTANCE (indexed to industry average)

Consumer Goods
  Financial Services
  Wellness
  Healthcare



People identify these three components as key drivers of brand choice across nearly all industries. There are also distinct differences across industries.

Access & Availability is a strong driver of choice in **Consumer Goods**.

Ease matters to customers when choosing a **Financial Services** brand.

Having shared values plays a strong role in driving choice in **Healthcare**.

For **Wellness**, being inspirational and empowering drives brand choice.

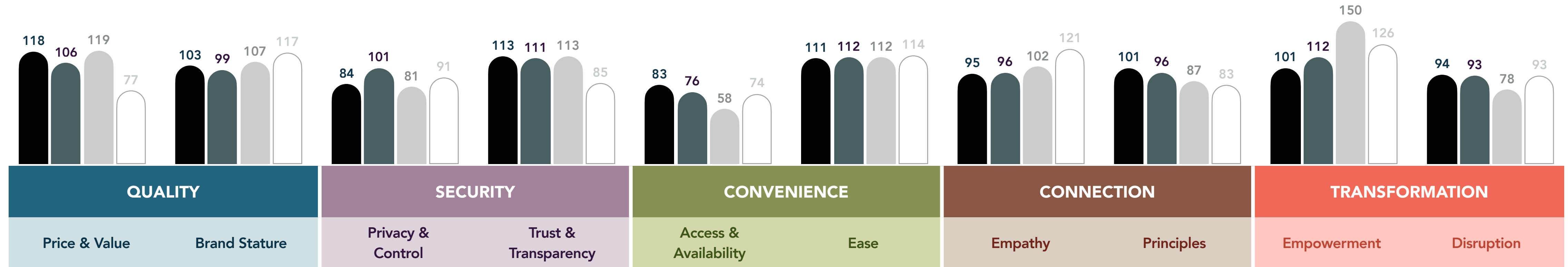


# What do people **feel** is most important when recommending a brand?



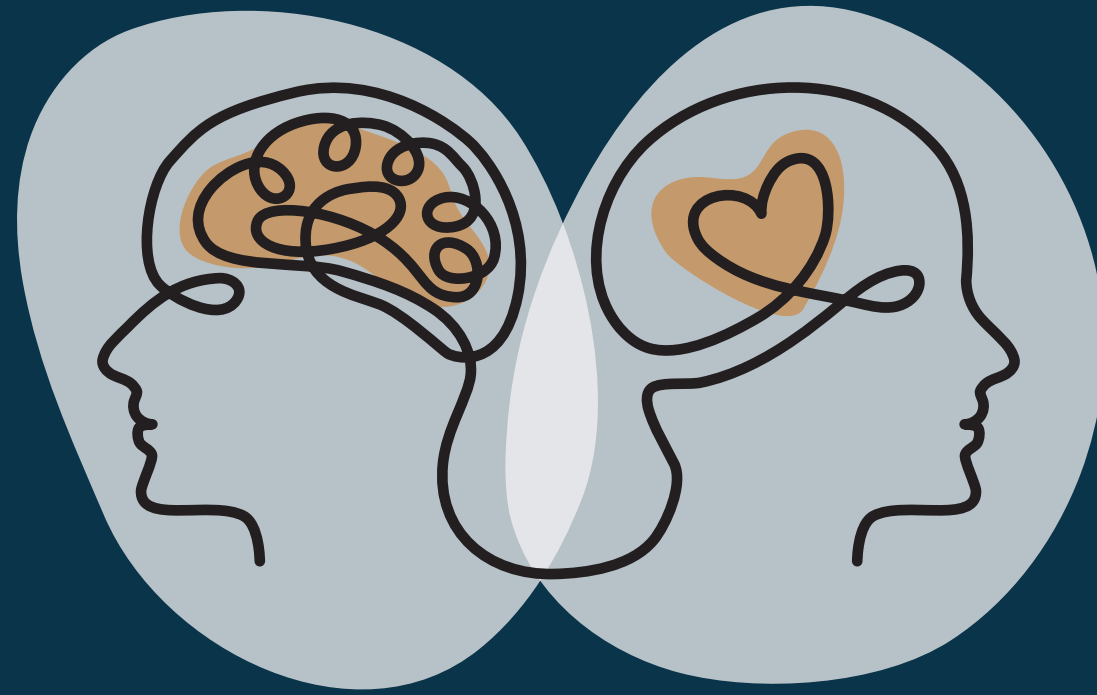
DERIVED IMPORTANCE (indexed to industry average)

Consumer Goods
  Financial Services
  Wellness
  Healthcare



Emotional attributes like **empathy, principles, and empowerment** index highly across industries when identifying what drives brand advocacy.

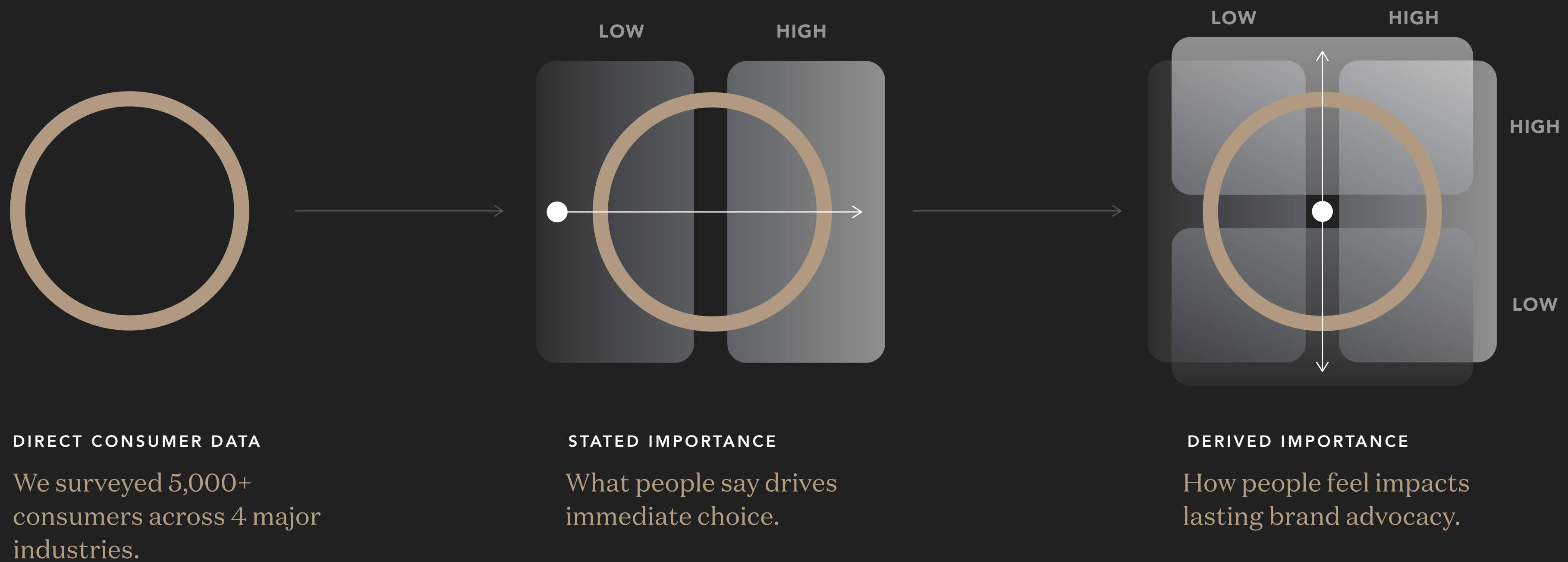




Revealing truth by connecting the mind  
with the heart

# Reconciling what we **say** with how we **feel**

We cross-referenced what people say is important when choosing a brand with the attributes that influence their likelihood to recommend a brand. We organized attributes into two groups: **stated importance** (what people say) and **derived importance** (how people feel).

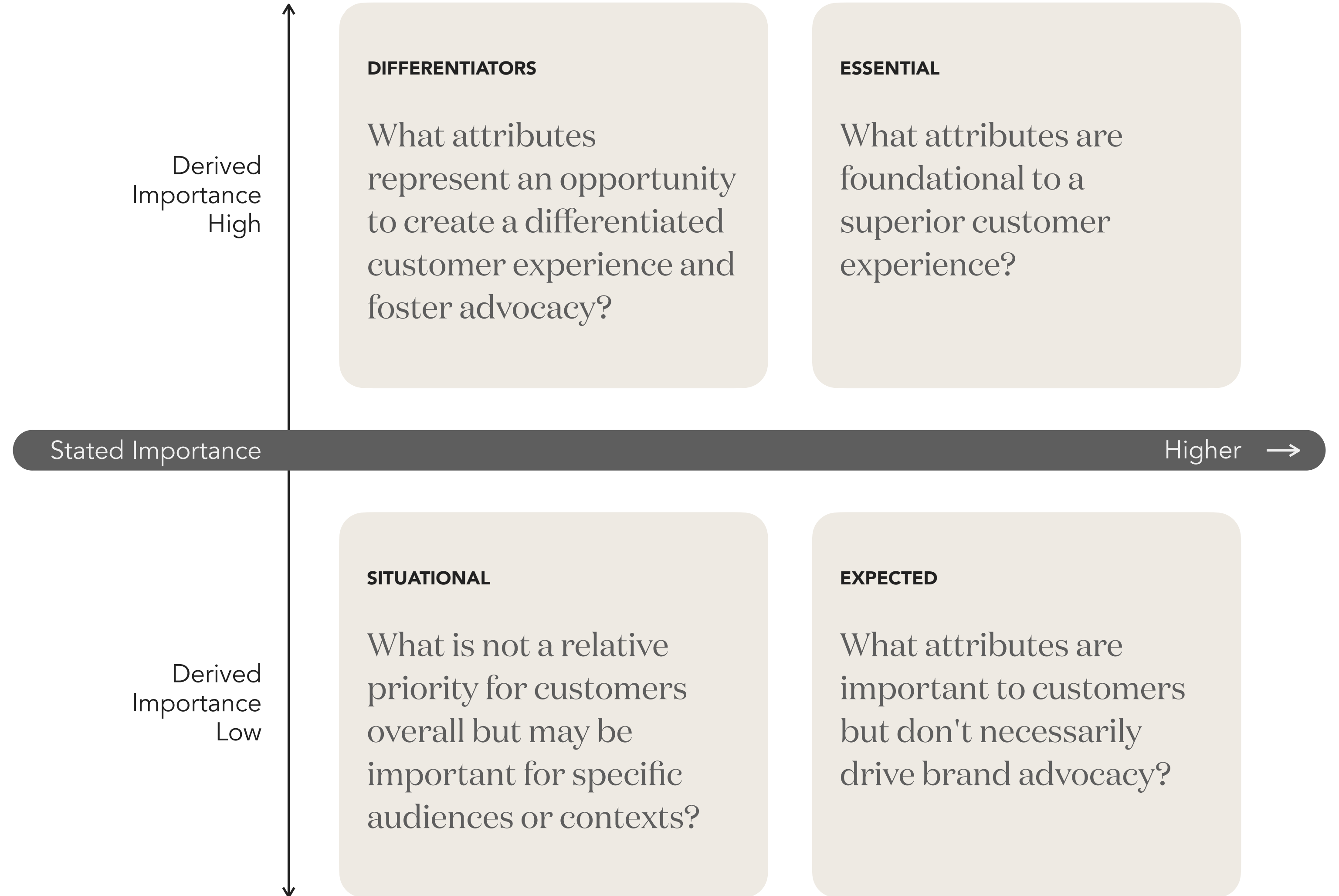


# Truth & Beauty Attribute Framework

Aligning experiences  
to what really matters

We've created four categories—Expected, Situational, Differentiators, and Essential—based on the relationship between what drives customer choice and what drives advocacy.

Essential and Differentiators have a high derived importance. These attributes represent the greatest opportunity for digital transformation.



FINANCIAL SERVICES

# Today's Landscape

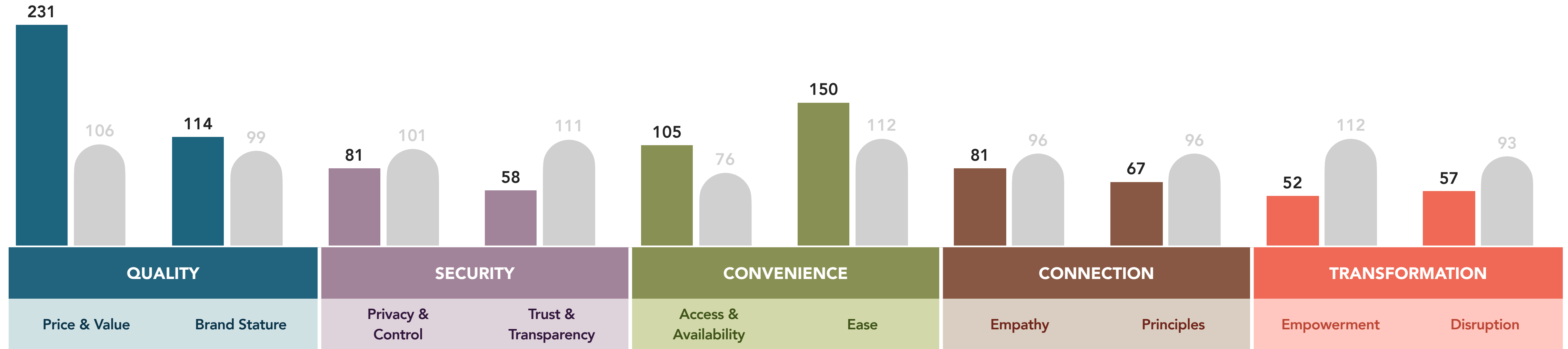


# Delivering functional truths drives customer choice

**STATED IMPORTANCE**

(indexed to Financial Services industry average)

■ Stated Importance Index Score  
 ◐ Derived Importance Index Score



Functional →

← Emotional



**Price & Value** are the leading attributes driving customer choice in the financial services industry.



**Ease** underscores the importance for digital tools like mobile and online banking.



Source: Hero Digital Truth & Beauty Index August 2021, Financial Services n=1,790 (scores indexed to industry average)

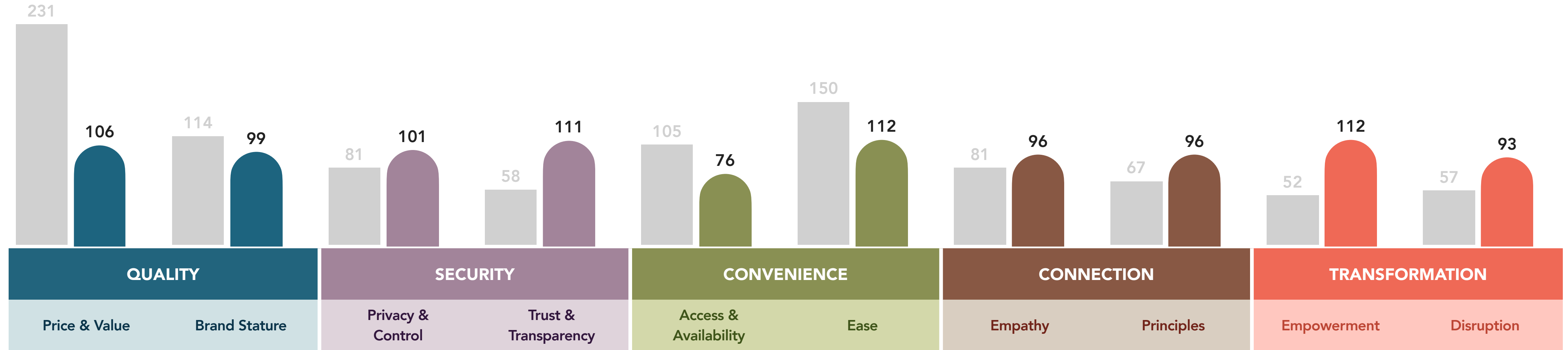
# Gaining advocacy requires balancing functional and emotional truths



**DERIVED IMPORTANCE**

(indexed to Financial Services industry average)

■ Stated Importance Index Score    ■ Derived Importance Index Score



Functional →

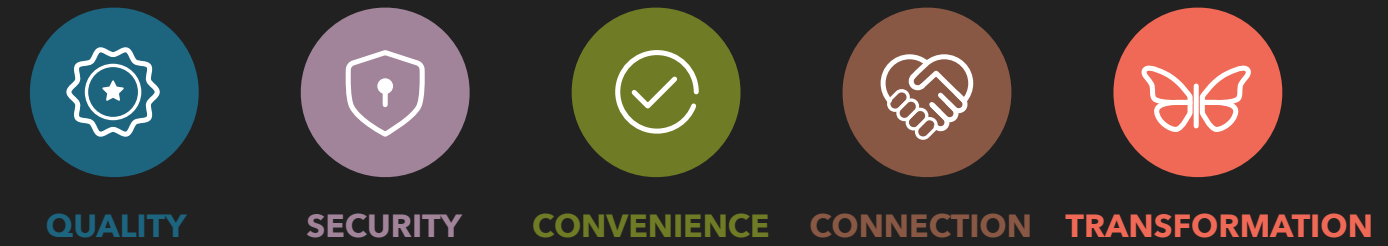
← Emotional

Financial services customers value emotional truths when recommending a company. **Empowerment, ease, and trust** are the biggest drivers of brand advocacy across all Financial Services sectors.



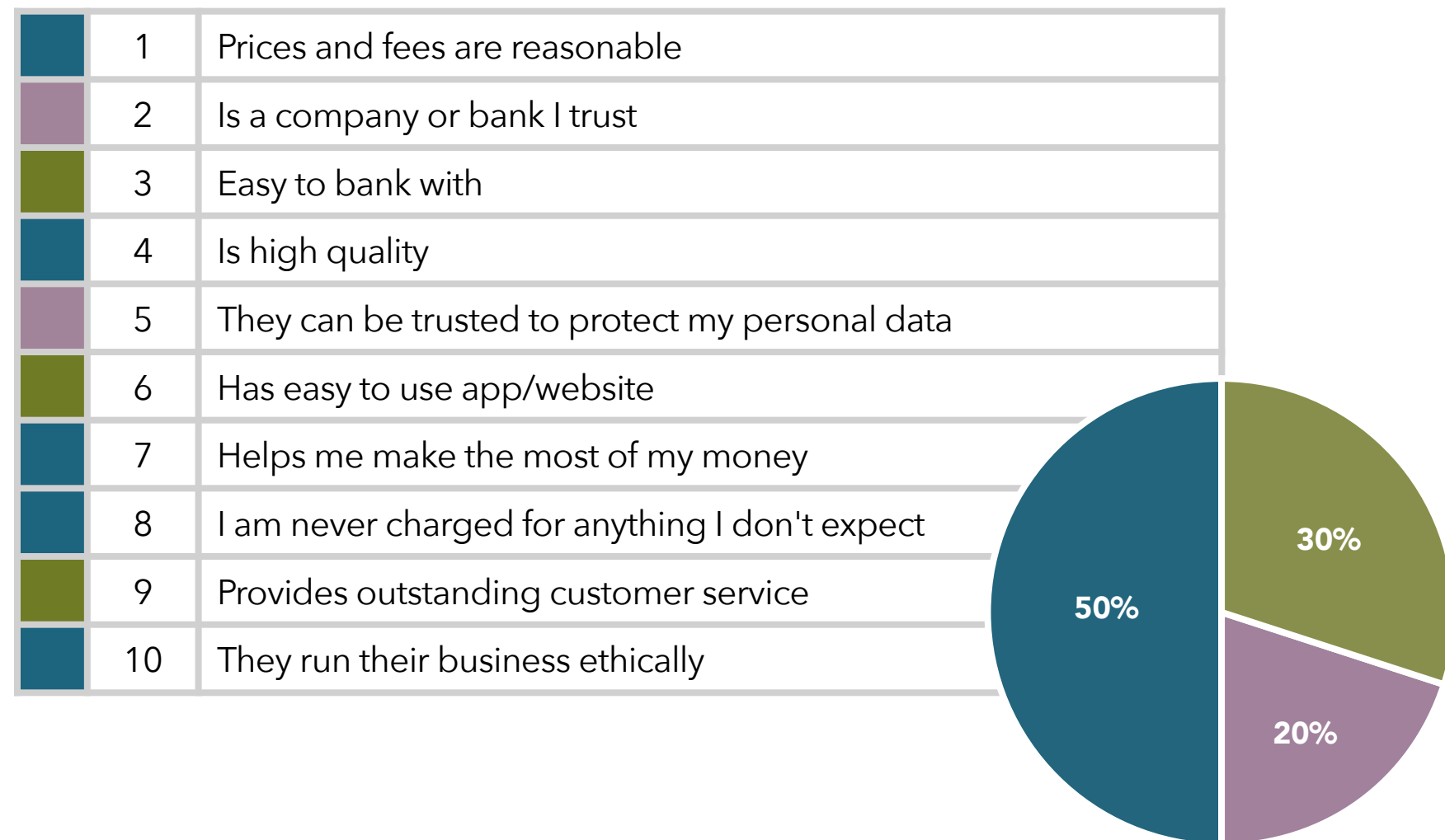
# Emotion drives advocacy

What drives customer choice isn't always the same thing that makes people love a brand. Financial service brands must deliver on emotional attributes to drive customer advocacy.



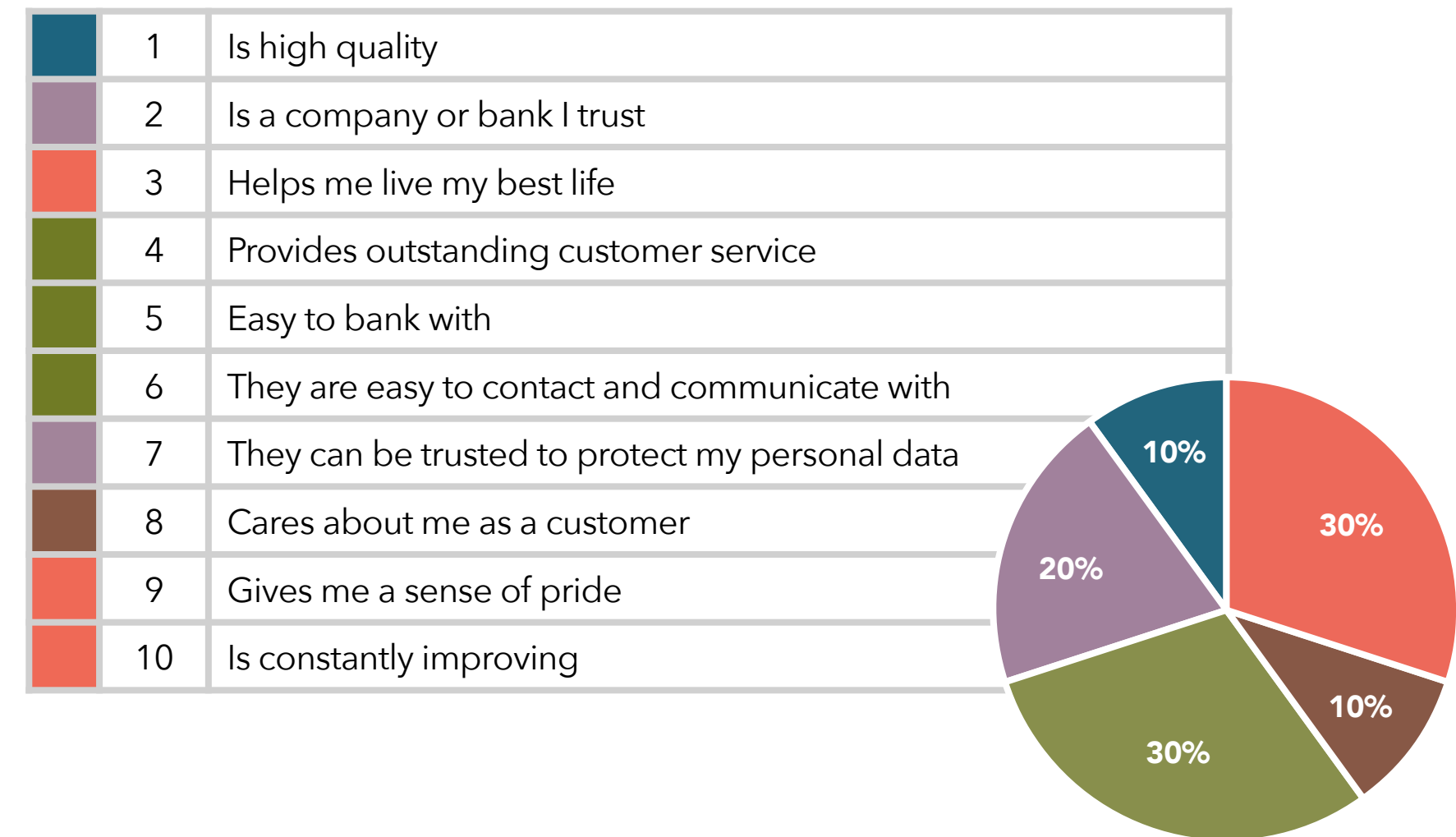
## What we say

Top 10 stated attributes that drive **CHOICE**



## How we feel

Top 10 derived attributes that drive **ADVOCACY**



# Financial Services

Reconciling what people say with how they feel

Consumers in financial services expect a clear customer experience that protects their personal data.

Firms seeking to convert customers into brand advocates must appeal to a sense of pride by improving their reputation as well as empowering people to make confident decisions.

## Greatest Opportunities for Digital Transformation

### DIFFERENTIATORS

- ✓ A sense of pride
- ✓ Confidence
- ✓ Guidance

### ESSENTIAL

- ✓ Low fees and clarity
- ✓ Trust, quality, and ethics
- ✓ Protection of personal data

Derived Importance High

Stated Importance

Higher →

### SITUATIONAL

- ✓ Authenticity
- ✓ A fun brand
- ✓ Uniqueness

Derived Importance Low

### EXPECTED

- ✓ Established reputation
- ✓ Nearby locations
- ✓ Easy to use apps and websites





# Truth: Human connection is the foundation to a superior experience

Today's financial services customers value brands they trust. It's essential to show that you care by delivering superior service through customer experiences that are transparent and continually improving.



←..... WHAT PEOPLE SAY ..... HOW PEOPLE FEEL .....→

CONVENIENCE IS EXPECTED	INDEX SCORE
✓ Easy to use app/website	187
✓ Convenient location	128
✓ Has an established reputation	118

**STATED AS DRIVING CHOICE**  
High stated importance

TRUST IS ESSENTIAL	INDEX SCORE
✓ Trustworthy brand	197 / 114
✓ Helps me make the most of money	157 / 108
✓ No surprise charges	157 / 102
✓ Outstanding customer service	148 / 122
✓ Ethical business practices	148 / 103

**CHOICE + ADVOCACY**  
High stated / High derived importance

EMPOWERMENT IS DIFFERENTIATING	INDEX SCORE
✓ Gives me confidence in my decisions	104
✓ Is constantly improving	111
✓ Helps me live my best life	123
✓ Guides my decision making	108
✓ Empowers me	111

**IDENTIFIED AS DRIVING ADVOCACY**  
High derived importance



FINANCIAL SERVICES

# Brand Advocacy by Generation

# A new generation of finance

Financial institutions are racing to keep up with a new generation of customers and clients.

People expect privacy and security. Cryptocurrencies have become mainstream. Mobile banking and investing are widely used. And tech native Millennials are set to become the wealthiest generation in history, pressuring brands to digitize to stay relevant.

Financial services companies, managing people's important assets, must develop genuine partnerships through digital means.

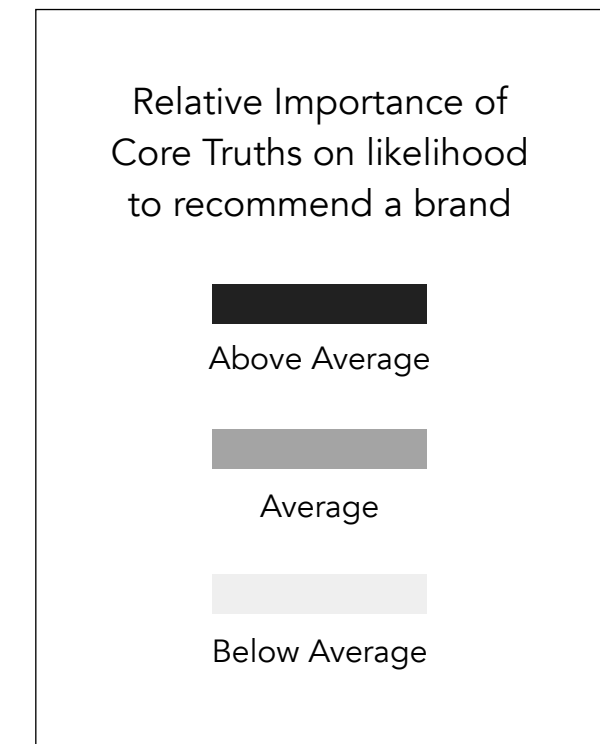


# What consumers feel is important shifts across generations

Each generation has different reasons for recommending a financial services brand. To build brand advocacy with today's consumers, business leaders must develop a digital transformation strategy that meets important core truths across every generation.

DERIVED IMPORTANCE BY GENERATION

		TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMERS
<b>QUALITY</b>	Price & Value	Above Average	Above Average	Average	Above Average	Above Average
	Brand Stature	Above Average	Above Average	Average	Average	Above Average
<b>SECURITY</b>	Privacy & Control	Average	Above Average	Average	Below Average	Below Average
	Trust & Transparency	Above Average	Above Average	Above Average	Above Average	Above Average
<b>CONVENIENCE</b>	Access & Availability	Below Average	Below Average	Below Average	Below Average	Below Average
	Ease	Above Average	Above Average	Above Average	Above Average	Above Average
<b>CONNECTION</b>	Empathy	Average	Above Average	Below Average	Average	Below Average
	Principles	Below Average	Below Average	Average	Below Average	Below Average
<b>TRANSFORMATION</b>	Empowerment	Above Average	Below Average	Average	Above Average	Above Average
	Disruption	Above Average	Above Average	Average	Average	Below Average



# Generation Z 18 - 26 years old

Gen Z is prioritizing their finances at a young age. They're just beginning their financial journey and need education. Yet, they're already familiar with mobile banking and investing platforms, and they're embracing cryptocurrencies. To gain advocacy from this young, digitally savvy generation, financial services companies must constantly improve digital experiences.



Relative Importance of Functional vs Emotional needs on likelihood to recommend



Source: Hero Digital Truth & Beauty Index August 2021, Financial Services n=1,790

## GEN Z'S TOP 10

derived attributes that drive brand advocacy



QUALITY



SECURITY



CONVENIENCE



CONNECTION



TRANSFORMATION

# Millennial 27 - 41 years old

Millennials, often balancing work and family, value financial security. They're seeking easy digital tools that keep their personal information secure. Gaining their trust through quality customer experiences that help them make the most of their money is the key to earning lasting loyalty from this influential generation.



## MILLENNIALS' TOP 10

derived attributes that drive brand advocacy

1	Is high quality
2	Easy to bank with
3	Can be trusted to protect my personal information
4	Is a company I trust
5	Is constantly improving
6	Financial products are easy to understand
7	Outstanding customer service
8	Prices are reasonable
9	Helps me make the most of my money
10	Easy to change privacy settings



QUALITY



SECURITY



CONVENIENCE



CONNECTION



TRANSFORMATION

# Generation X 42 - 57 years old

Gen X customers are planning for their future. They've lived through multiple recessions and are more skeptical of banks. You need to earn their trust. As they near retirement, financial security is paramount. They understand the value of business transformation. To gain advocacy from Gen X, companies must deliver secure digital experiences that empower them to live their best life.



Relative Importance of Functional vs Emotional needs on likelihood to recommend



Source: Hero Digital Truth & Beauty Index August 2021, Consumer Goods n=2,300

## GEN X'S TOP 10

derived attributes that drive brand advocacy



QUALITY



SECURITY



CONVENIENCE



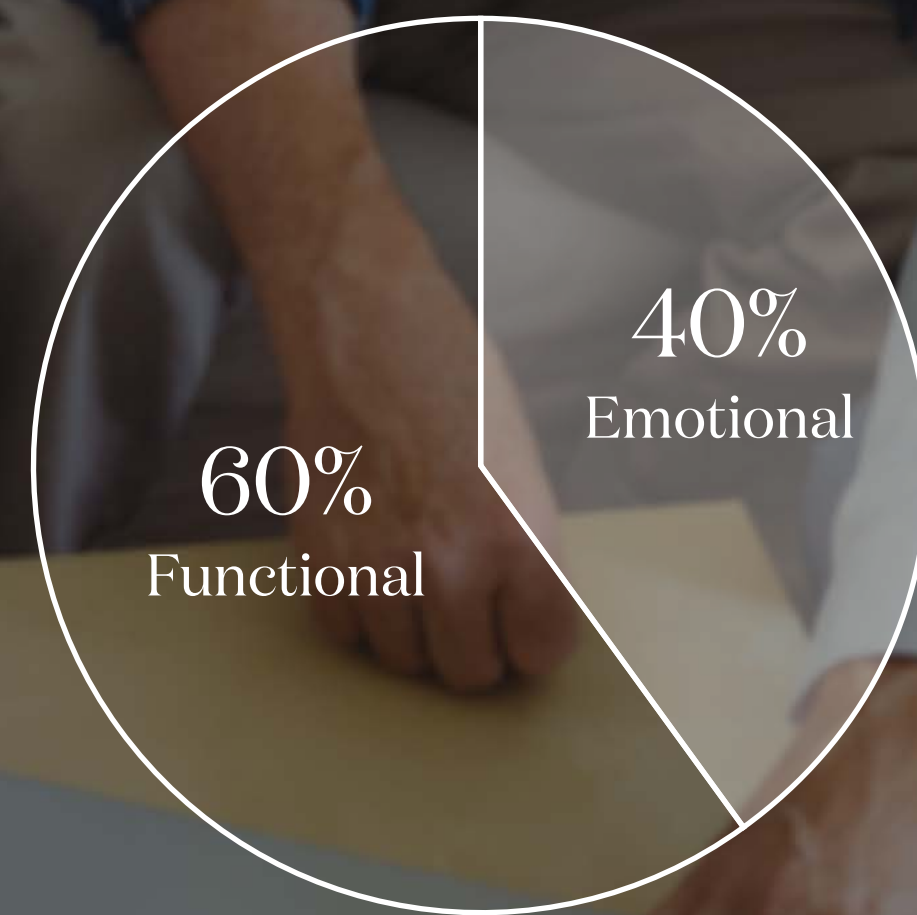
CONNECTION



TRANSFORMATION

# Baby Boomers 58 - 76 years old

Boomers grew up with established financial institutions. They care about relationships and customer service. Functional attributes like quality and stature stand out as key drivers of advocacy with this experienced group. To navigate retirement, they must manage their savings properly, so they're very conscious of prices and fees.



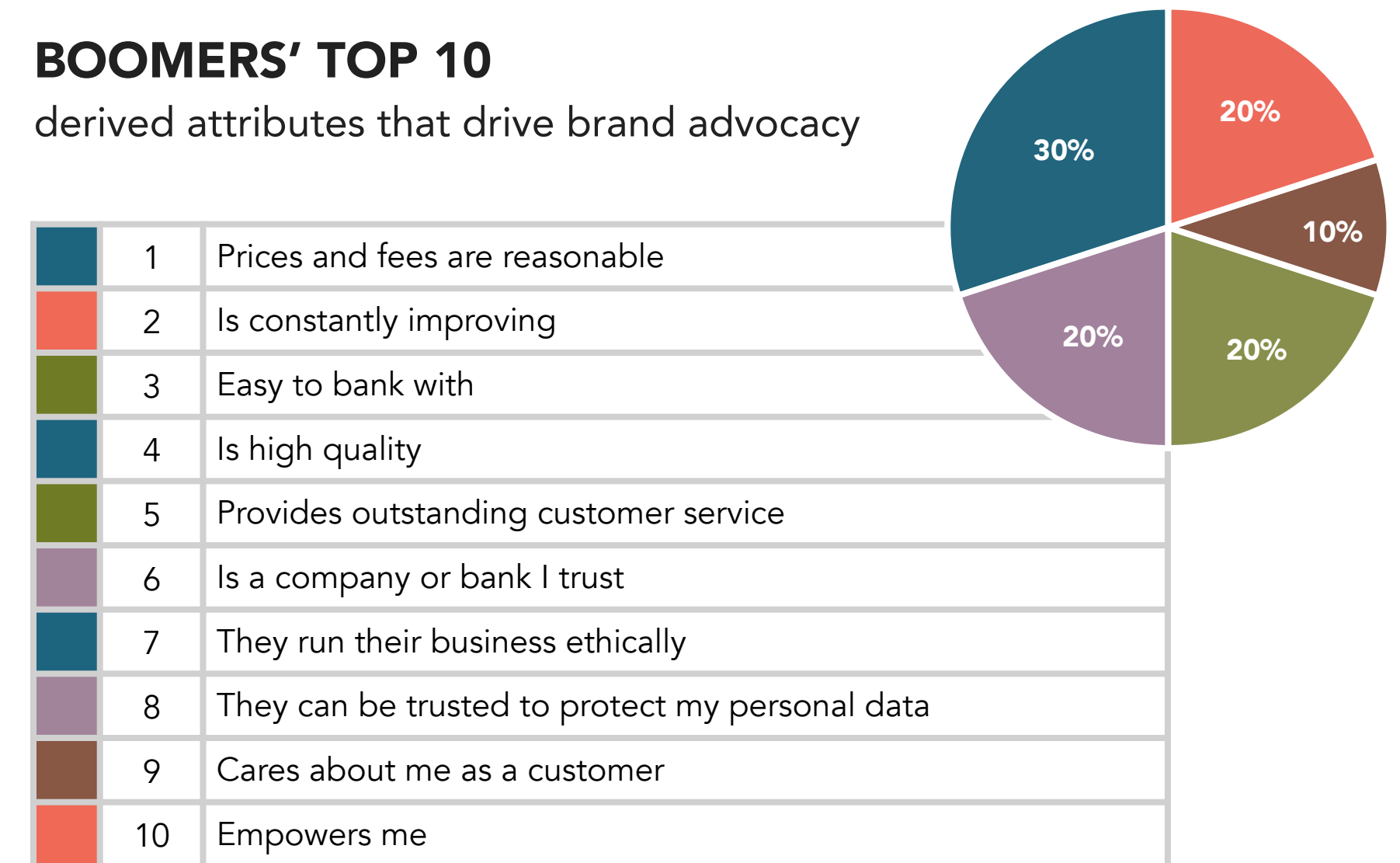
Relative Importance of Functional vs Emotional needs on likelihood to recommend



Source: Hero Digital Truth & Beauty Index August 2021, Consumer Goods n=2,300

## BOOMERS' TOP 10

derived attributes that drive brand advocacy



QUALITY



SECURITY



CONVENIENCE



CONNECTION



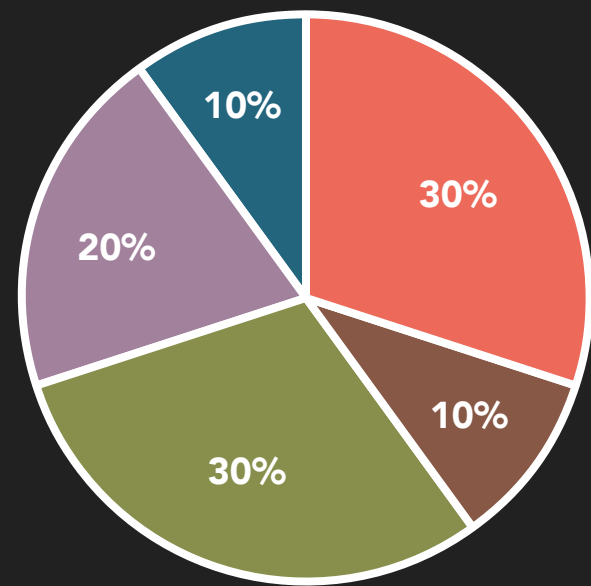
TRANSFORMATION



# Generational Trends

By comparing each generation to the financial services average, you might expect to see key differences between young and old. But the truth is, Gen Z and Boomers value similar attributes when recommending a financial services brand.

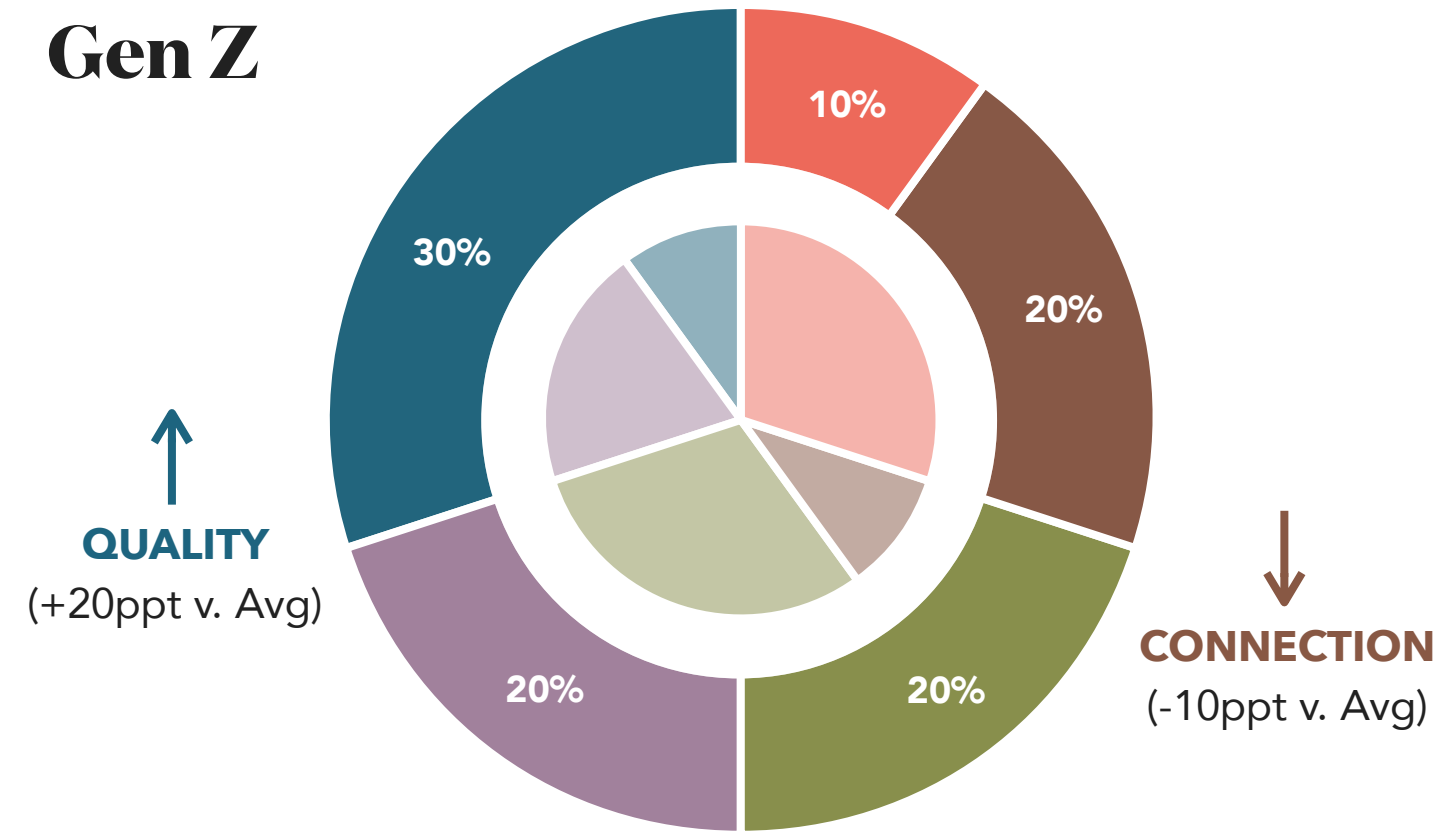
Financial Services Average



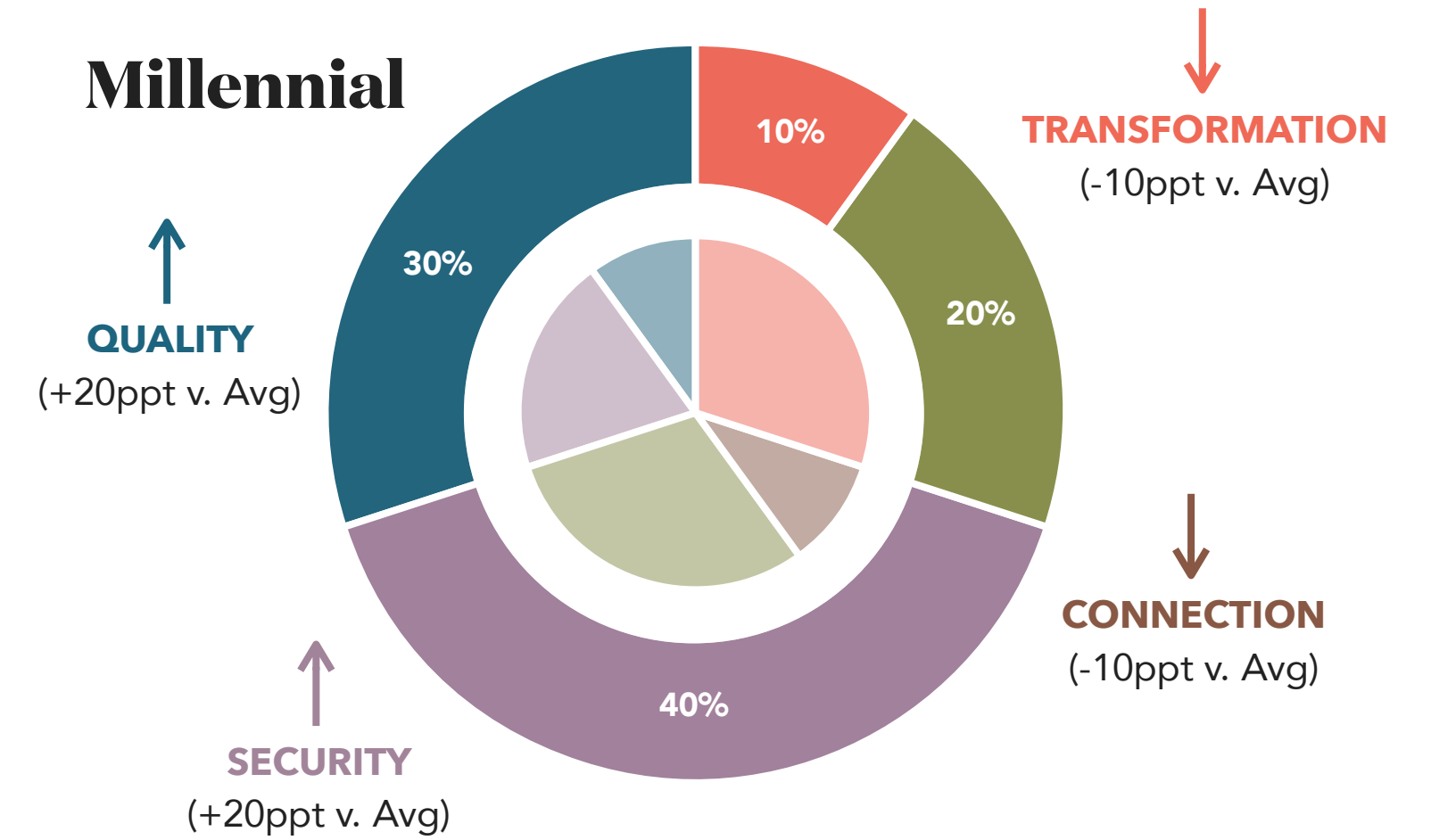
Source: Hero Digital Truth & Beauty Index August 2021  
Consumer Goods n=2,300

## DERIVED IMPORTANCE (compared to Financial Services average)

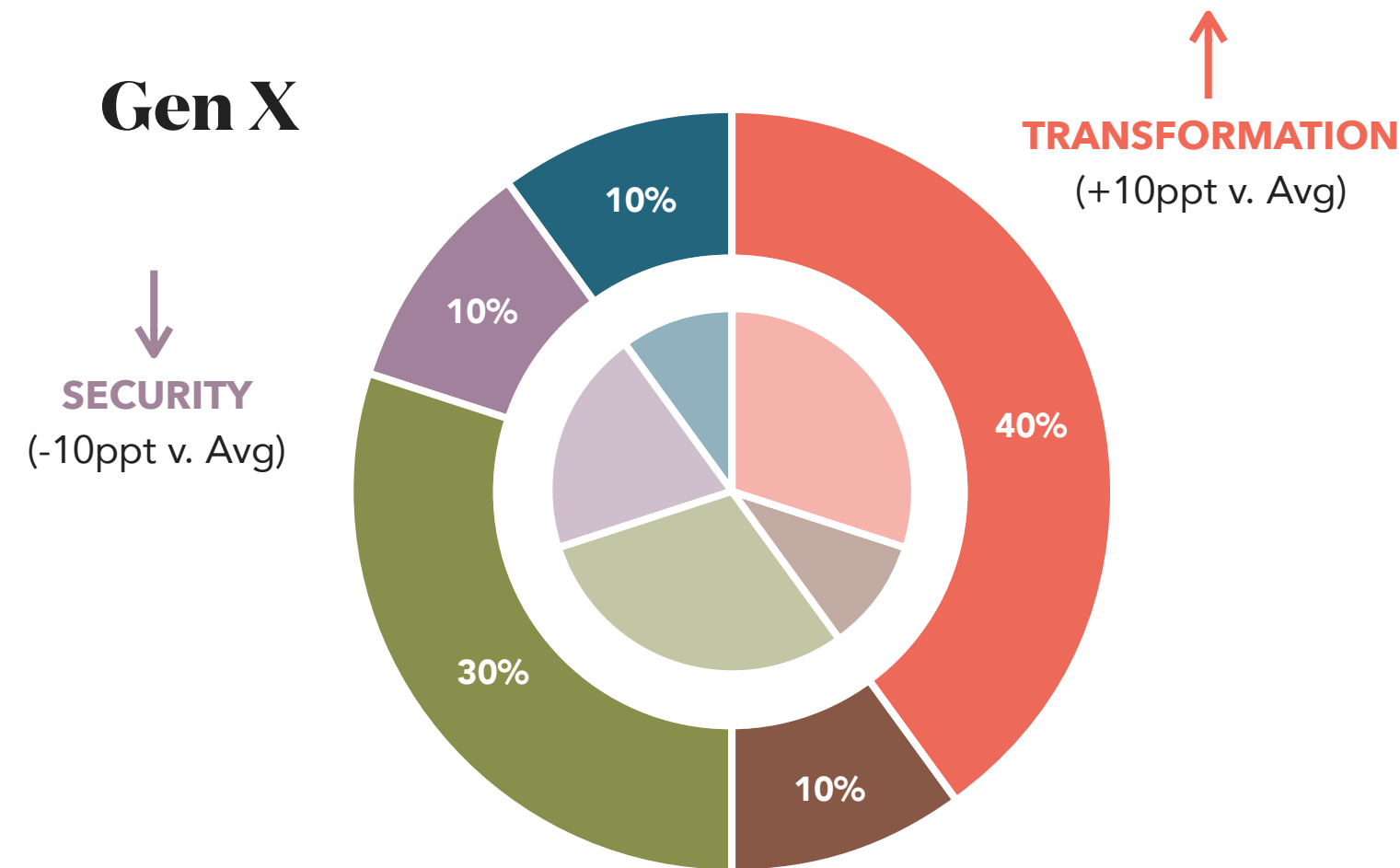
### Gen Z



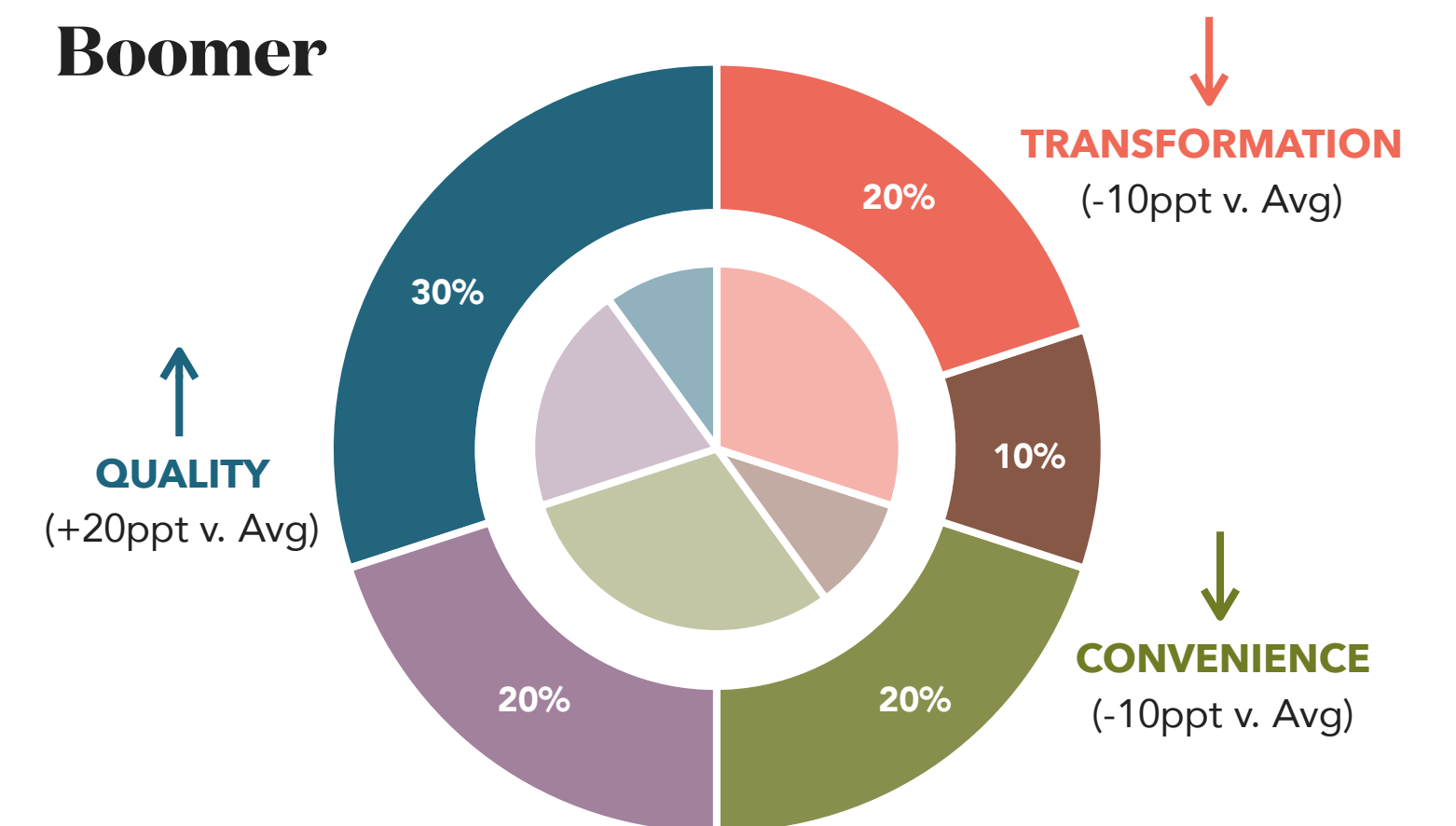
### Millennial



### Gen X



### Boomer



TRUTH & BEAUTY INDEX

FINANCIAL SERVICES

# Retail Banking Insights





# Retail Banking

Digital transformation has changed the way people bank. Accelerated by the pandemic, digital-first banking is here to stay. Leading retail banks are launching new data ecosystems that ensure privacy and deliver personalized digital experiences.

Open to using multiple platforms and organizations, Gen Z is decentralizing finance. The next generation of banking customers expects seamless, omnichannel experiences across digital platforms.

**60%**

of Gen Z are already banking with multiple financial service organizations. 56% of millennials also use multiple organizations.

**73%**

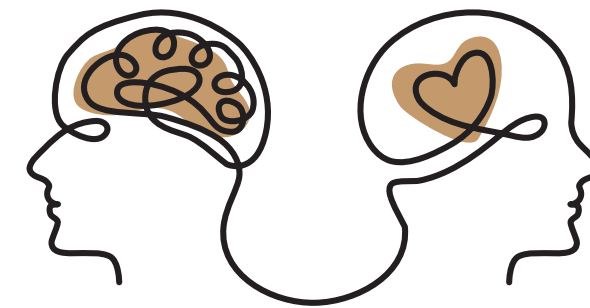
of banks plan to launch new initiatives around data ecosystems in the next two years. 40% of them will invest more than \$50 million annually on these initiatives.

**85%**

of banking executives believe Banking-as-a-Service will have a notable impact to their business in 2022.

# Truth: Ease and empowerment drive advocacy

Retail banking is a universal human behavior. Retail banking brands must gain their customer's trust and be easy to engage with. Privacy, empowerment, and a sense of pride are key for brand advocacy.



←..... WHAT PEOPLE SAY ..... HOW PEOPLE FEEL .....→

## CONVENIENCE IS EXPECTED

- ✓ There is a location nearby
- ✓ Has easy to use app/website
- ✓ It's a company with an established reputation

STATED AS DRIVING CHOICE  
*High stated importance*

## TRUST IS ESSENTIAL

- ✓ Easy to bank with
- ✓ Runs their business ethically
- ✓ Is a company or bank I trust
- ✓ Trusted to protect my data
- ✓ Cares about me as a customer

CHOICE + ADVOCACY  
*High stated / High derived importance*

## EMPOWERMENT IS DIFFERENTIATING

- ✓ Gives me a sense of pride
- ✓ Is constantly improving
- ✓ Shares similar values as I do
- ✓ It is easy to change my privacy settings
- ✓ Empowers me

IDENTIFIED AS DRIVING ADVOCACY  
*High derived importance*



Performance +/- to Industry Average

# Leaders deliver on Ease, Trust, and Security

Banks must protect personal information. Leading retail banks make it easy for people to manage their finances while also embracing privacy and security.

DISCOVER WHERE YOU BENCHMARK

## ESSENTIAL

	LEADER	LAGGARD
✓ Easy to bank with	+32%	-12%
✓ Runs their business ethically	-16%	-16%
✓ Is a company or bank I trust	+0%	+24%
✓ Trusted to protect my data	+4%	-9%
✓ Cares about me as a customer	+15%	-20%

## DIFFERENTIATORS

	LEADER	LAGGARD
✓ Gives me a sense of pride	+2%	+2%
✓ Is constantly improving	+7%	-29%
✓ Shares similar values as I do	-14%	+7%
✓ It is easy to change my privacy settings	+11%	-18%
✓ Empowers me	+36%	-43%

## THE IMPACT | Compared to overall sub-sector

### RETAIL BANKING

## Leader

+11% ↑ HIGHER BRAND RATING

+21% ↑ HIGHER LIKELIHOOD TO CONSIDER

+14% ↑ HIGHER LIKELIHOOD TO RECOMMEND

### RETAIL BANKING

## Laggard

-5% ↓ LOWER BRAND RATING

-16% ↓ LOWER LIKELIHOOD TO CONSIDER

-24% ↓ LOWER LIKELIHOOD TO RECOMMEND



FINANCIAL SERVICES

# Investing Insights



# Investing Insights

Over the past few years, with the growing popularity of cryptocurrencies and the relative ease it takes to get involved, investing has experienced a boom. This is especially true for younger people, as over half of Gen Z reports having invested in some form of crypto.

Owning stock is a part of life for many Americans and investment management is shifting to digital. As people become more familiar with trading, managing, and checking their investments in real-time, companies need to make sure they're laser-focused on the digital experiences their clients value most.

**53%**

of Gen Z has invested directly in cryptocurrencies or funds with exposure to crypto.

**\$103 tril**

in assets under management at the end of 2020, an increase of 11 percent from 2019.

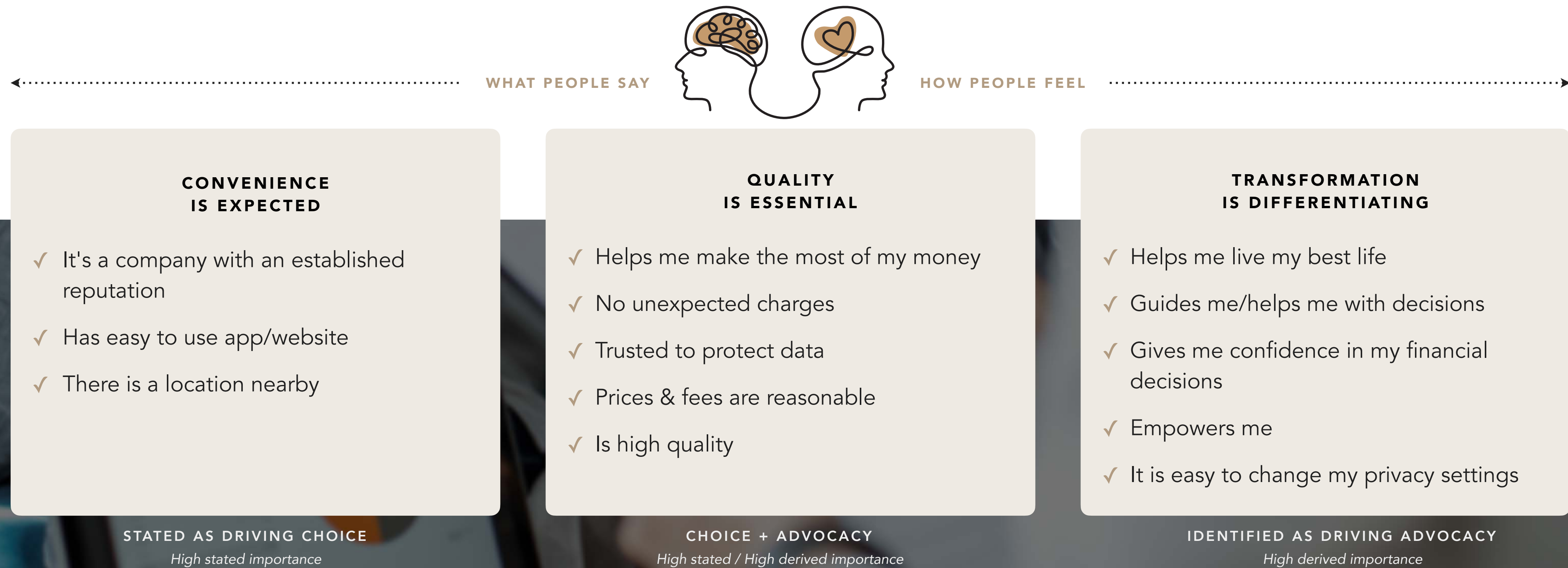
**45%**

annual increase in assets in thematic exchange-traded funds in 2021.



# Truth: Results drive everything

When placing their assets in investors' hands, people trust reputable institutions that work hard to make the most of their money.





Performance +/- to Industry Average

# Leaders deliver on Quality and Empowerment

Investing leaders stand out by maximizing people's assets, protecting their data, and helping them with financial decisions.

DISCOVER WHERE YOU BENCHMARK

## ESSENTIAL

	LEADER	LAGGARD
✓ Helps make the most of my money	+40%	-20%
✓ No unexpected charges	+10%	+6%
✓ Trusted to protect data	+25%	-14%
✓ Prices & fees are reasonable	+30%	+5%
✓ Is high quality	+23%	-17%

## DIFFERENTIATORS

	LEADER	LAGGARD
✓ Helps me live my best life	+29%	-12%
✓ Helps me with decisions	+34%	-16%
✓ Gives me confidence	+13%	+8%
✓ Empowers me	+27%	-5%
✓ It is easy to change my privacy settings	-3%	+3%

## THE IMPACT | Compared to overall sub-sector

### INVESTING Leader

+21% ↑ HIGHER BRAND RATING

+27% ↑ HIGHER LIKELIHOOD TO CONSIDER

+18% ↑ HIGHER LIKELIHOOD TO RECOMMEND

### INVESTING Laggard

-22% ↓ LOWER BRAND RATING

-4% ↓ LOWER LIKELIHOOD TO CONSIDER

-14% ↓ LOWER LIKELIHOOD TO RECOMMEND



FINANCIAL SERVICES

# Mortgage Insights

# Mortgage Banking

Mortgage banking is going through a volatile time. The housing market is experiencing some of the most significant growth in home value in the last 30 years. While at the same time, the US housing market is short 3 million homes, and 2022 will likely see further interest rate increases.

Mortgage firms will need to prioritize empathy and guidance as the already complicated buying process is likely to be exasperated by current economic conditions.

**37%**

of home buyers are millennial. Accounting for the largest portion of the current home buying market.

**15%**

increase in average home prices from April 2020 to April 2021.

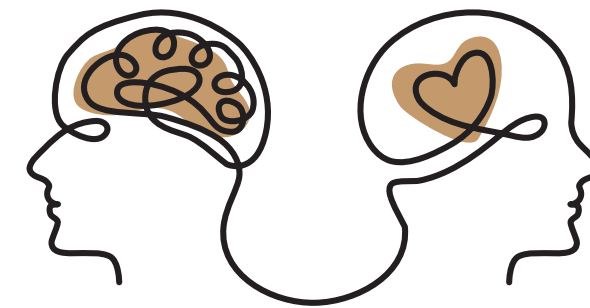
**58%**

of workers would “absolutely” look for a new job if they were not allowed to continue working remotely.



# Truth: When making big decisions, compassion is key

When getting a mortgage, people value compassion, guidance, and support. Mortgage companies should build partnerships with their customers to help instill lasting trust and brand advocacy.



←..... WHAT PEOPLE SAY ..... HOW PEOPLE FEEL .....→

## CONVENIENCE IS EXPECTED

- ✓ There is a location nearby
- ✓ It's a company with an established reputation
- ✓ Has easy to use app/website

STATED AS DRIVING CHOICE  
*High stated importance*

## QUALITY IS ESSENTIAL

- ✓ Provides great customer service
- ✓ Cares about me as a customer
- ✓ Easy to contact
- ✓ Products easy to understand
- ✓ Run their business ethically

CHOICE + ADVOCACY  
*High stated / High derived importance*

## EMPOWERMENT IS DIFFERENTIATING

- ✓ Guides me with decisions
- ✓ Empowers me
- ✓ Gives me confidence
- ✓ Is constantly improving
- ✓ Shares similar values as I do

IDENTIFIED AS DRIVING ADVOCACY  
*High derived importance*



# Leaders deliver Empathy and Convenience

Mortgage leaders succeed by caring about their customers, giving them confidence, and empowering them to make decisions with confidence.

DISCOVER WHERE YOU BENCHMARK

Performance +/- to Industry Average

ESSENTIAL	LEADER	LAGGARD
✓ Provides great customer service	-4%	+4%
✓ Cares about me as a customer	+8%	-24%
✓ Easy to contact	-6%	-14%
✓ Products easy to understand	-17%	-21%
✓ Run their business ethically	+13%	-13%

DIFFERENTIATORS	LEADER	LAGGARD
✓ Guides me with decisions	-12%	-37%
✓ Empowers me	+50%	-5%
✓ Gives me confidence	+14%	-30%
✓ Is constantly improving	-3%	+11%
✓ Shares similar values as I do	+29%	-53%

## THE IMPACT | Compared to overall sub-sector

### MORTGAGE Leader

+6% ↑ HIGHER BRAND RATING

+21% ↑ HIGHER LIKELIHOOD TO CONSIDER

+22% ↑ HIGHER LIKELIHOOD TO RECOMMEND

### MORTGAGE Laggard

-15% ↓ LOWER BRAND RATING

-21% ↓ LOWER LIKELIHOOD TO CONSIDER

-21% ↓ LOWER LIKELIHOOD TO RECOMMEND

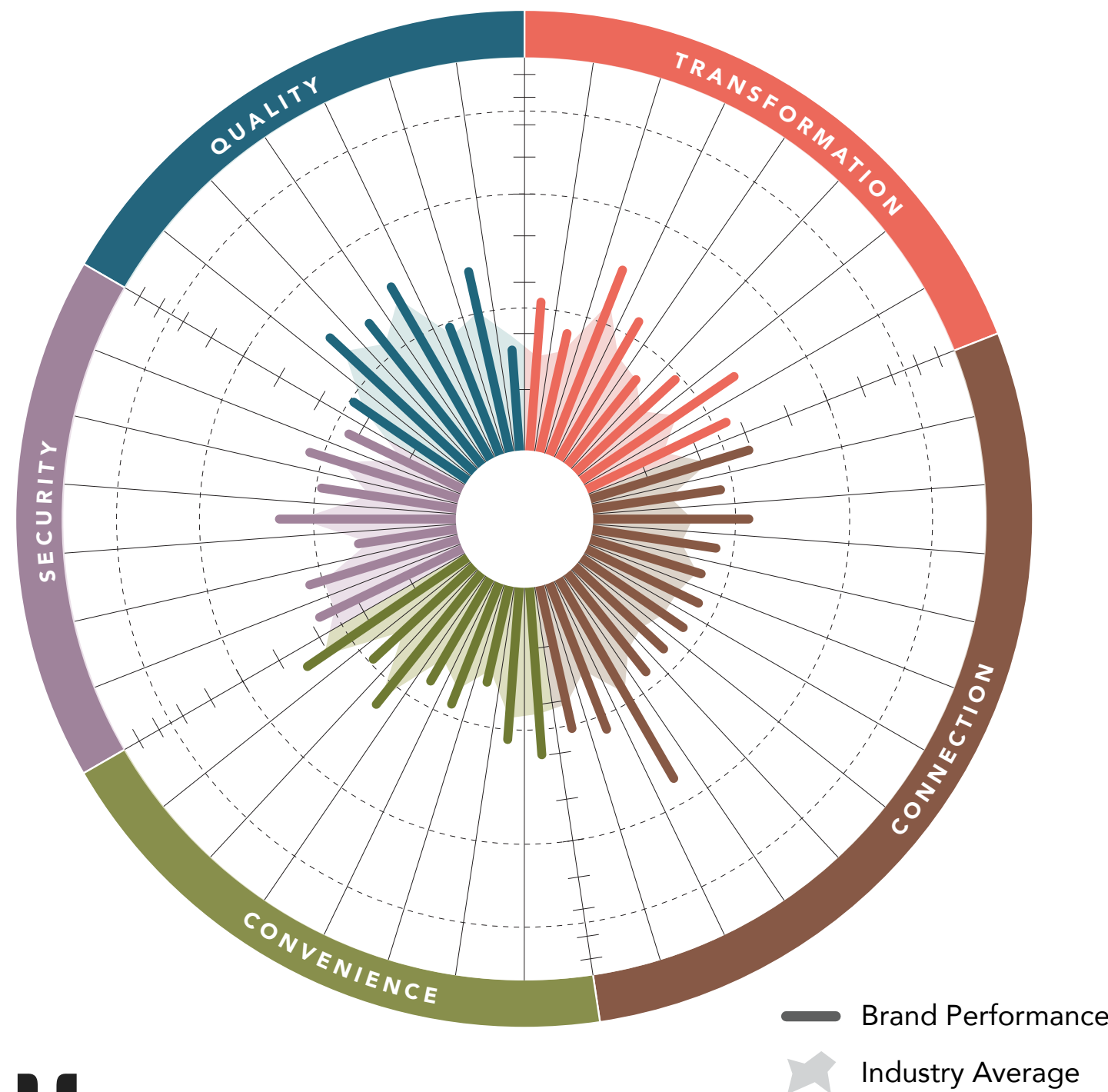


FINANCIAL SERVICES EXAMPLE

# Brand Diagnostic

## Betterment: Truth & Beauty Report

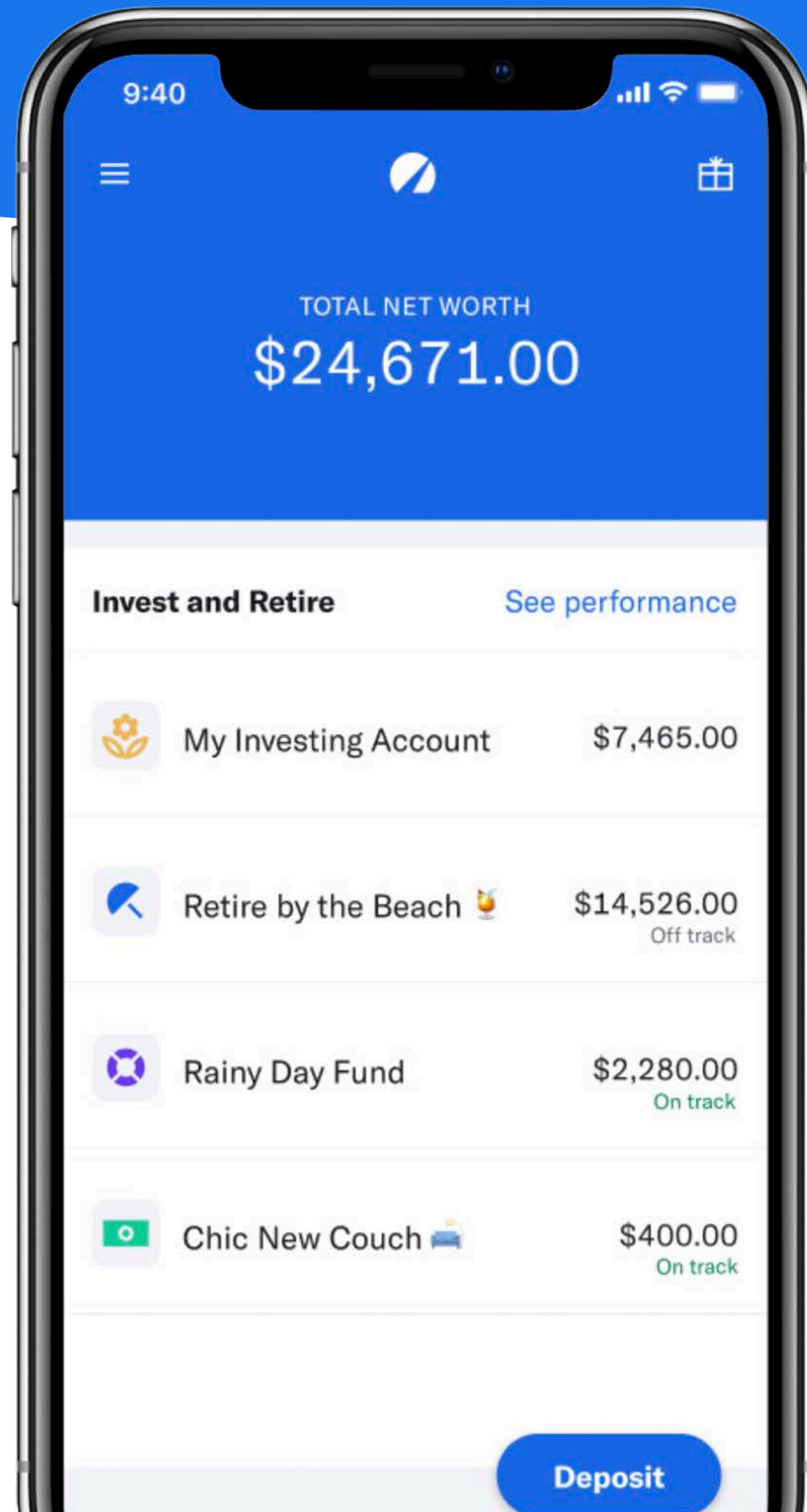
Compared to other brands in Financial Services, Betterment over-indexes on giving customers **confidence**, **empowerment**, and **pride**. They make planning for the future as easy as a click.



[REQUEST ACCESS TO THE FULL REPORT](#)



## Betterment: Making future planning as easy as a click



Betterment offers an easy way to passively manage investing, while providing tools to plan for specific events and savings needs. They not only provide the essential attributes that customers are looking for from their financial institution, but they also excel at every differentiating aspect of a financial service customer experience.

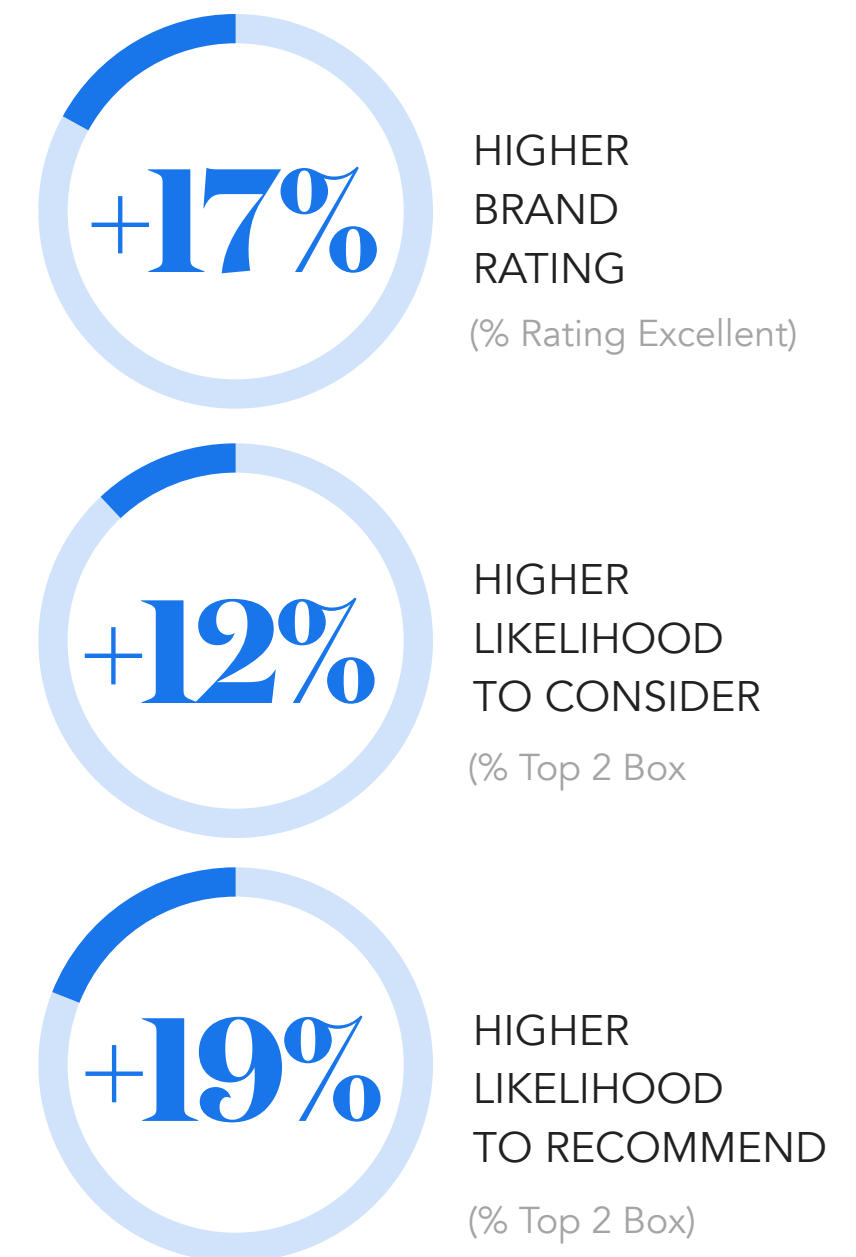
### DIFFERENTIATORS

- ✓ Gives me confidence in my financial decisions (+86%)
- ✓ Empowers me (+65%)
- ✓ Gives me a sense of pride (+64%)

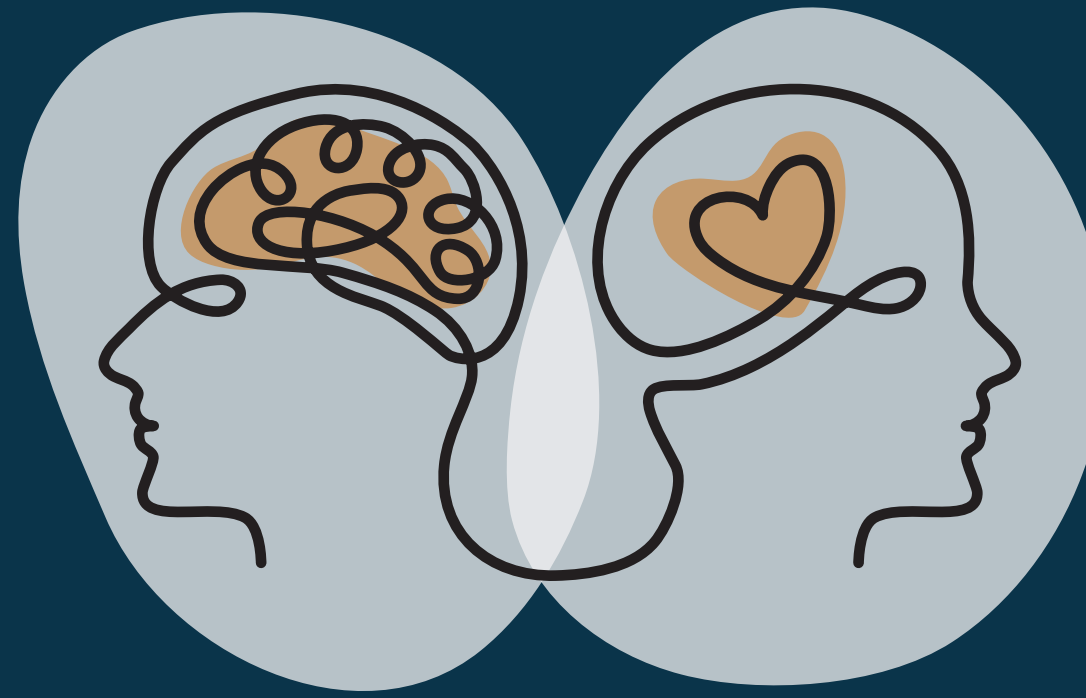
### ESSENTIAL

- ✓ Helps me make the most of my money (+31%)
- ✓ Cares about me as a customer (+26%)
- ✓ Easy to bank with (+21%)

(+ above industry average)







## Logic tells you one thing. But what do your customers really feel?

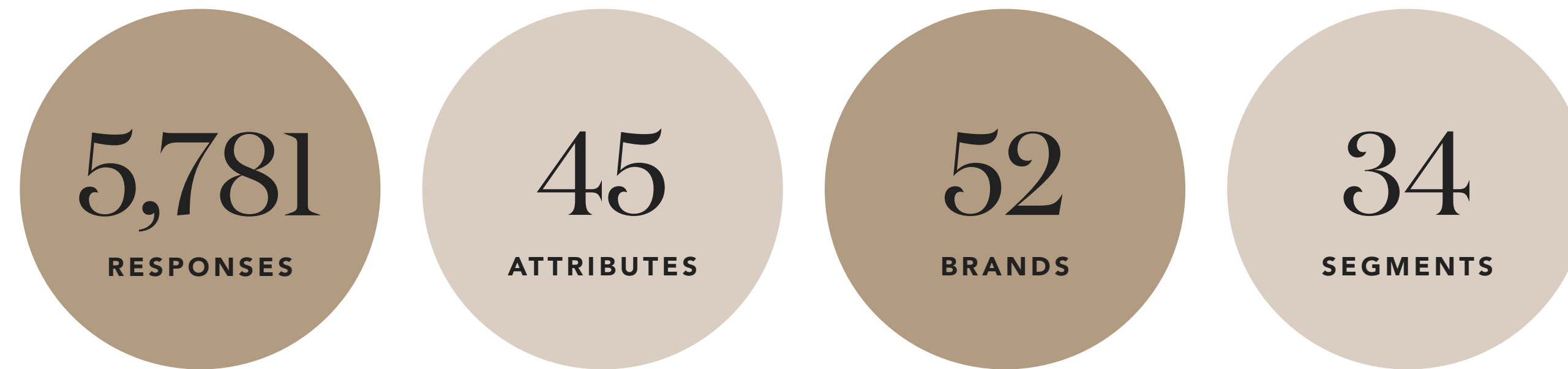
Connect with us to prioritize customer experiences that directly impact customer choice and brand advocacy.

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INDEX YOUR BRAND WITH TRUTH & BEAUTY

# Truth & Beauty Index Methodology

In August 2021, Hero Digital commissioned a study of 3,011 participants to understand what mattered most to them in a customer experience. The research study was conducted by Material. Respondents are reflective of the U.S. internet population (18-64), weighted back to U.S. Census data.



Results were analyzed by industry sub-sector and rolled up by industry:

**Financial Services Industry:** Retail Banking, Investing, Mortgage

**Consumer Goods Industry:** Grocery, Apparel, Mass Merchandise

**Health & Wellness Industry:** Healthcare, Wellness Brands, and Pharma

To calculate derived importance, advocacy was measured and benchmarked across a representative sample of 52 individual brands, ranging from more traditional businesses to recent tech entrants.

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Truth Beautifully