FSI 2030

Financial Services and Insurance Brands' Marketing Transformation in the Next Decade

dentsu

Foreword

The analysis that follows is based on findings from dentsu's **The Age of Inclusive Intelligence** report, a study that combines insights from consumer surveys gauging our expectations for the next decade and predictions from world renowned futurists to identify the long-term consumer trends that will shape how brands need to evolve their go-to-market strategies from here on out towards 2030.

Many of the trends already in motion, such as the growth of online commerce, together with growing consumer demand for environmentally responsible brands, were accelerated by the events of 2020 and their aftermath and have also profoundly informed our expectations in the present. In this context, our vision of consumer trends provides new perspective on the drivers of long-term, sustainable brand growth.

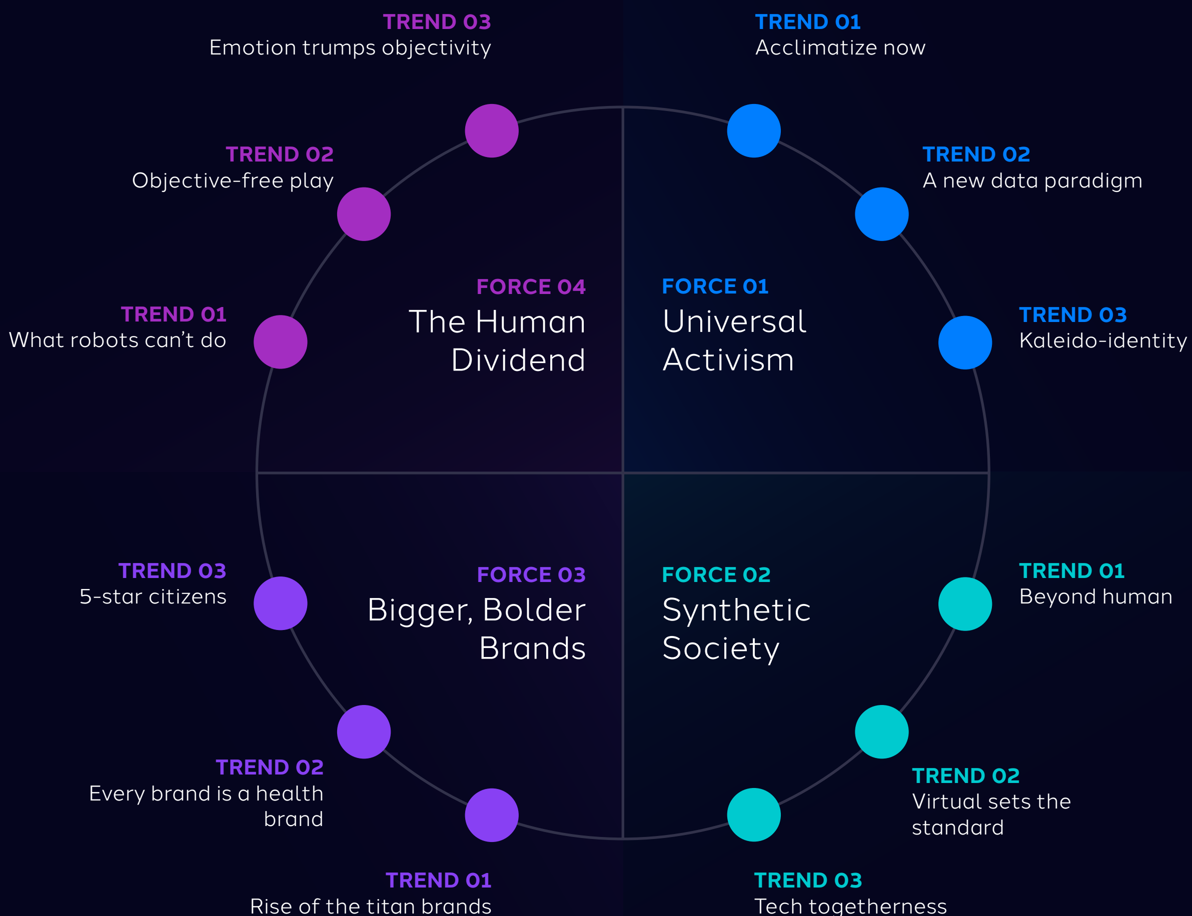
The Age of Inclusive Intelligence analyzes our path to 2030 examining four forces, each comprised of three market trends, that will redefine the market throughout the next ten years. In applying this lens to the financial services and insurance sectors ('FSI'), this e-book leverages insights from industry specialists across the dentsu network to map what implications these 12 trends may have for travel companies, providing a series of marketing-focused recommendations for brands operating in the sector.

Specifically, the implications mapped in this book were thought out considering the landscape of organizations delivering personal finance and banking, wealth management and investing, as well as insurance services, and, in the case of implications only applicable to some of these categories, this nuance will be noted. It's also important for us to remark that **this book absolutely does not provide financial or marketing advice or recommendations to individuals or organizations, but rather imagines marketing strategies that may help FSI brands connect with consumers in a progressively transforming landscape.**

While looking at such a vast horizon inevitably includes some level of speculation, we have also included, when possible, examples of FSI brands that are already making investments today to evolve their value proposition in the direction we envisioned. In an age of uncertainty, brands need to discard past playbooks, compete on innovation and imagine the future if they want to achieve true differentiation and redefine what 'next' means in their category.

Navigating this report

The *Age of Inclusive Intelligence* discusses four macro-forces that will inform the evolution of consumer behaviors throughout this decade: Universal Activism, Synthetic Society, Bigger, Bolder Brands and the Human Dividend. Each chapter in this report examines the implications of each of these forces for the financial services and insurance industries. Each force is comprised of three trends that we believe will have a level of impact on the sector. To help the reader navigate this narrative, here is a breakdown of the journey ahead:



This 'compass' will reiterate the broader context for the trends and industry opportunities discussed throughout the report.

Introduction – An Uncertain Economic Environment and Rapidly Changing Consumer Expectations

This report will look forward to 2030 but, given the significant shifts that have played out in recent times across the FSI sector, it's first worth viewing likely changes in consumer behavior in the context of what's happened in the previous 24 months.

Turbulence in the broader economy - not least rising global inflation and a cost-of-living crisis that has hit many consumers - is having an impact across the FSI sector. U.S. inflation remained high in August at 8.3% (it was 8.5% in July).[1] In response, central banks in major markets are likely to continue to focus on raising interest rates to combat rising inflation, in turn putting pressure on consumers through rising mortgage and loan rates.

While rising interest rates leave less scope for finance brands to compete aggressively by offering ultra-low terms to consumers, some are adjusting by positioning themselves as helpful advisors who can assist customers in better managing their finances during hard times.[2]

The FSI sector has also been impacted by three macro forces that are driving major changes: decentralized finance, transfer of wealth, and the move to a cashless society.

Financial products are becoming more automated and searchable online, lessening the need for advisors such as banks and brokers.[3] Meanwhile, there is a sizeable transfer of wealth underway driven by both generational and societal factors. The Baby Boomer generation, born 1946 to 1960 and one of the wealthiest ever, is moving into retirement, while broader education and knowledge around financial products is leading to wider adoption of investment products across society.[4]

Most visibly to consumers, we've also witnessed a major shift to digital payment systems away from paper cash and coins. A move accelerated by the COVID-19 pandemic and rapid progress of technology development.[5]

The role of FSI brands and institutions in helping customers navigate these fundamental changes cannot be underestimated and this, together with a bounce back from the pandemic, goes some way to explaining the 17.8% growth in global advertising spend in the sector in 2021, following a 2.4% decline in 2020. Financial services ad spend is forecast by dentsu to further rise by 8.5% in 2022, slightly lower than the overall predicted growth across all industries of 8.7%.[6]

Despite the headwinds of the wider economy, however, it seems that FSI brands remain convinced of the power of marketing and advertising to communicate the sense of rapid change and modernization that is carrying the sector forward.

At the same time, Financial Services brands are also preparing for the next wave of digital disruption, investing in fintech innovation through development or acquisitions while assessing the long-term appeal of decentralized finance (DeFi) among consumers.

Younger generations will expect from FSI brands personalized customer experiences and will reward brands that help them gain a greater financial education through non-traditional solutions.

FORCE 01

Universal Activism

In the 2010s, brands obsessed about meeting consumer needs. But the term 'consumer' is itself too narrow a concept.

In the 2020s, brands will need to reconceive of their customers as activists, driven by a new range of influences and causes.

This chapter will examine three trends:

- Acclimatize Now
- A New Data Paradigm
- Kaleido-identity

TREND 01

Acclimatize Now

By 2030, we will have firmly entered the age of climate adaptation. The UN Intergovernmental Panel on Climate Change has set 2030 as the date by which the world needs to halve its greenhouse gas emissions in order to stand a reasonable chance of limiting global warming to 1.5 degrees by the end of the century.[7]

Extreme climate events are already having an impact on global populations, and this new climate reality will most harshly impact today's youngest consumers and future generations. This is a future we're already aware of—**nearly eight in ten people we surveyed across China, Japan, the United Kingdom and the United States are concerned that climate change will have irreversible consequences.**[8] Businesses, governments and consumers need to act collectively to avoid this dystopian future by focusing on reducing emissions and adapting to the negative impacts of climate change.

The most probable future scenario for the coming ten years is a business-as-usual approach with some progress being made towards climate goals, but not enough to limit or reverse the impacts of global warming. However, this represents an opportunity for more progressive brands in the FSI sector, not least in terms of developing new financial instruments and markets that recognize and reward progress on environmental and sustainability metrics.

There is also a specific role to play for insurance companies in finding ways to mitigate the impact on people who are disproportionately disadvantaged by the impact of climate change.

TREND 01

Acclimatize Now - Implications

Invest in Environmental Responsibility

Sustainability Expectations Are Here to Stay

While there is some pushback on the current definition of ESG (Environmental, Social and Governance) goals, consumers' expectation that brands should contribute to a better and more equal future remains strong. Financial companies should cater products to the 95% of corporations that will have some type of sustainability investment.

For example, Deutsche Bank has launched a green deposits program for its corporate clients that enables customers to use cash deposits to meet their sustainability goals by accessing the bank's "green asset pool". This pool makes loans to companies and projects that support the transition to clean energy sources and an environmentally sustainable global economy. [9]

Don't Penalize the Climate-disadvantaged

Insurance companies should seek more creative ways to spread risk, to avoid perception of disproportionality hurting people that are already facing unequal distribution of climate impact.

The creation of new "risk pools" in collaboration with institutions such as the World Bank and European Union is one possible way forward in terms of spreading risk and providing insurance at lower costs to people in zones more adversely affected by climate change. For instance, the African Risk Capacity Group, an arm of the African Union, pays claims to vulnerable people in Africa through a range of insurance products part-funded by global reinsurance markets. [10]

Eco-responsible Banking & Finance

FSI brands can appeal to sustainability-minded consumers by offering portfolios and investment funds that are environmentally responsible.

In November 2020, climate-friendly investing app Cooler Future raised €1.4 million. The app makes it easy for customers to invest in companies that are reducing carbon emissions or are removing CO_2 from the atmosphere. [11]

TREND 02

A New Data Paradigm

By 2030, more consumers will deploy personal data assistants to manage their relationships with brands, creating a new power paradigm. We'll also see the emergence of 'privacy islands': consumers who are willing to forego convenience and access to digital services in preference for control over their data, thereby becoming almost invisible to brands.

Close to half (46%) of people we surveyed agree they would prefer to receive an inferior service than share even basic personal data such as their location and age. Consumers are also likely to demand greater control and transparency when it comes to use of their data by both brands and public bodies. **Seven in ten consumers we surveyed are afraid that by 2030 they will have less control over their data than they do today, and eight in ten consumers would like more control over the personal information they give to companies.**[12]

Paradoxically, this will lead to many consumers handing over control to smart data services, in an effort to gain greater personal control. This could stimulate rapid growth in the adoption of personal AI services.

More broadly, however, the large-scale adoption of privacy-first behaviors and services will be highly problematic for many brands. The loss of access to customer data will hit the efficiency of marketing, customer understanding and corporate planning. To address this, the FSI sector should look towards ways of incentivizing people to share their information, invest in AI solutions that provide bespoke, private advice, and introduce greater levels of transparency in terms of informing customers exactly how their data is used and shared.

TREND 02

A New Data Paradigm - Implications

Data-based Decisioning

Usage-based Products Increase

As today's generation of consumers come to expect usage-based consumption (think Uber, Air BnB, WeWork), financial brands should start considering business models such as Usage-Based Insurance (UBI). The global UBI market is expected to grow annually at 26.9% from $18.9 billion in 2021 to reach $78.9 billion by 2028.[13]

State Farm partnered with Ford in February 2022 to offer U.S. drivers access to the insurance company's Drive Safe & Save UBI program, which adjusts premiums to fit an individual vehicle's mileage and customer driving behavior.[14]

The Holistic Robo-advisor

Financial Services companies should consider developing and promoting AI-driven 'Holistic RoboAdvisors' that can provide financial advice tailored to a user and are able to respond to real-time changes to someone's situation. From investing to insurance and lending, such a service could integrate with future personal assistants.

U.S. bank Truist Financial has launched Truist Assist, an AI-enhanced virtual assistant that uses natural-language processing and understanding to help answer customer questions and provide financial information in digital channels.[15]

Open Banking May Garner Consumer Skepticism

Increased consumer privacy-first mindsets may lead to pushback on API-driven open banking. Banks and lenders should be completely transparent in disclosing to customers the sources of their data in decision making.

TREND 03

Kaleido-identity

By 2030 the concept of identity will have evolved beyond sex and gender to incorporate a range of values, such as sustainability, more granular minority rights and urban dwelling. This is reflected in the finding that **nearly three-quarters (71%) of people we surveyed think that by 2030 the concept of identity will be more diverse than it is today.** [16]

Sustained urbanization during the next decade will continue to strengthen city identities. At the same time, the COVID-19 pandemic has heightened people's sense of community and could boost a simultaneous shift towards nationalism. As the coronavirus heightens awareness and appreciation of collective action, the importance of community, local areas and neighborhood to personal identity may increase.

We expect a continuing shift away from traditional identity markers towards more granular and individual identity markers, reflecting the growing level of diversity throughout the 2020s.

This diversity will provide consumers with new sources of belonging and identity that FSI brands will need to navigate carefully, requiring sensitive engagement and investment to stay heard, respected, and relevant. We will see the emergence of more 'brand tribes', groups of people linked together by a shared belief around a brand's values. Factors such as brand authenticity, experiences felt through interaction with the brand, and a collective sense of belonging will contribute to people feeling part of this.

FSI brands can embrace this change by moving away from demographic data when making decisions about customers, evolving their product marketing strategies to target more distinct 'tribes', and understanding when it's the right time to take a stand on cultural values.

TREND 03

Kaleido-identity - Implications

Innovate for a Community-driven Market

Make Decisions Beyond Demographics

Financial brands should start employing additional data points in lending considerations, moving away from historical and demographic data. This will include AI-driven predictive algorithms and newer identity markers that determine a user's risk and desirability.

HSBC announced in July 2022 that its UK bank would stop collecting data on the gender of customers using its Kinetic mobile-first account and its new mortgage service, in a move to provide more inclusive services. The change was part of a wider review that is expected to see further shifts in the use of bank account and loans data.[17]

Catering to the New Segment Tribes

Financial services companies should ensure that their product strategies offer choices to newer segment tribes that will emerge. Those that can capitalize will see a first-mover advantage.

John Hancock's Vitality life insurance product rewards athletes and fitness enthusiasts who exercise regularly with 25% premium discounts for making healthy choices and provides rewards points for those who eat wholesome food and meditate.[18]

To Pick a Side or Be Neutral?

Historically, large banks and insurance companies have largely remained neutral in the 'culture wars'. However, with growing expectations from consumers for brands to align to their values, financial companies will need to decide whether staying neutral or picking a side is the best course of action.

This is highlighted in our research that shows the clear risks facing brands who decide not to take a stance on an issue. For instance, 50% of consumers stated that they had taken some type of action after a brand remained silent on key social and political issue, and 24% said this action involved switching to another brand. More specifically, 54% of consumers stated they were less likely to support brands that stayed silent on the topic of racial equality.[19]

FORCE 02

Synthetic Society

In the 2010s, consumers and brands alike have placed a premium on natural products and ways of living.

In the 2020s, we'll see a widespread embrace of synthetic enhancements and virtual experiences.

This chapter will examine three trends:

- Beyond Human
- Virtual Sets the Standard
- Tech Togetherness

TREND 01

Beyond Human

By 2030, exponential advances in biomedical and technological research will enable people to upgrade their cognitive and physical capabilities. Expectations of personal health and well-being goals will inevitably rise in a world in which augmentation procedures are increasingly available, catalyzed by the coronavirus pandemic which brought the issue of optimal health to the forefront of people's minds.

Another major field of scientific progress we will witness during the next decade is the development of brain-computer interfaces. **Our own consumer survey finds that, by 2030, around two-thirds of consumers would consider having a microchip inserted into their brain to improve physical senses, extend life expectancy, improve mental health and learn new skills** to improve job prospects or personal development.[20]

While technological and biological upgrades may appeal to many, we predict access to these will be limited by affordability. The overburdening of health systems worldwide during the coronavirus crisis may result in louder calls for democratized healthcare innovation, but this is likely to exclude truly transformative augmentation. Most consumers will not be satisfied by this development. T**wo-thirds of consumers globally expect in the next five to ten years organizations to use technology in a way that has positive societal impact**.[21]

As the definition of what it means to be human changes dramatically, FSI brands will need to rethink their marketing communication, channel and content strategies. This could involve developing products for 'long tail retirement', new categories of life insurance, and specialist loans to finance biological augmentation.

TREND 01

Beyond Human - Implications

Savings & Plans for the Enhanced Human

Long Tail Retirement

As more people live longer, and spend more years in retirement, consumers will face additional pressure to plan and save accordingly. Firms with Wealth Management offerings will need to respond to this trend, offering more dynamic investment and life-planning advice that incorporates second and third 'post-retirement' careers.

In 2021, Bank of America launched Personal Finance Strategy, for corporate retirement plan clients to offer their employees. Designed to address the rising complexity of planning for a potentially long retirement, the program offers personalized insights, guidance and tools, as well as access to digital investment management services. [22]

'Bio-matic' Life Insurance

Similar to telematics in Auto Insurance, Life Insurers should explore how new wearable, exoskeleton and prosthetic technologies could open up a new category of 'bio-matic' life insurance. As people become able to live safer and healthier, data feeds from these technologies could make life insurance underwriting more dynamic, and accurate.

Bio-lending

As gene-editing and augmentation move to wider audiences and become 'table stakes', consumers may seek loans to finance these therapies—similar to a student loan today. Financial institutions should begin exploring ways to profitably underwrite such loans.

There is the opportunity to build on the existing innovative payment mechanisms for gene therapies in the U.S. and Europe. For instance, Kymriah, owned by Novartis, is medication for the treatment of B-cell acute lymphoblastic leukemia which uses the body's own T cells to fight cancer. The treatment is provided in the U.S. on an outcome-based payment basis - patients aren't invoiced unless they have experienced a positive response within 30 days.[23]

TREND 02

Virtual Sets the Standard

Over the course of the next decade, a new generation of augmented technology will elevate day-to-day experiences, overlaying audio and visual content across many aspects of a consumer's life in 2030. The sophistication and scale of virtual and holographic technology in the 2020s will extend artificial experiences to the mainstream across leisure and cultural events.

For FSI brands, this means new opportunities for sponsorship and partnerships, as well as developing their own augmented experiences. And the growing influence of activities such as eSports is expected to spill over into people's lives - **62% of people we surveyed said that lockdowns have made them more interested in discovering how technology can be used in entertainment.** [24]

Another game-changing advancement during the 2020s will be the rise of haptic technology (technology that can create an experience of touch) used in conjunction with immersive experiences. This technology will allow consumers to feel physical sensations corresponding with their virtual experience, enabling more precise mimicking of real-life events.

The potential utility of augmented technology has been demonstrated more clearly due to the COVID-19 pandemic—with the introduction of new services that seek to replace in person expertise and service not accessible during the lockdown. Alongside personal AR devices, augmented technology will be used increasingly across a range of brand products to reshape how we view the world.

There are clear opportunities here for FSI brands in the form of using AR and VR technologies to provide personalized experiences and advice to customers and introducing eSports into their sponsorship initiatives.

TREND 02

Virtual Sets the Standard - Implications

FSI Goes Personal Through Virtual

Advanced Virtual Consultations

As immersive VR and AR technologies become mainstream, FSI brands can offer highly personalized virtual consultations. More convenient for the consumer than having to travel to a branch or office, the experience is actually better, allowing representatives to present graphs, charts and animations in real-time.

JP Morgan is among the first major banks to establish a presence in the metaverse, opening a virtual lounge for customers to visit in the blockchain-based world Decentraland. In the Onyx Lounge, a user's avatar can interact with experts talking about the cryptocurrency market, and JP Morgan sees this as a step towards the virtual world replacing some of its direct human interactions with customers. [25]

Esports Sponsorships

Big DTC Insurance, Banking and Wealth brands will want to consider sponsoring popular eSports celebrities (teams, clans, and leagues), as their growing fanbases are also prime prospects. Many FSI brands who have had success with traditional sports sponsorships (TD Arena in Boston, Nationwide/Peyton Manning sponsorship) may be among the first to explore.

Santander, the global banking brand headquartered in Spain, has agreed a deal to become a main sponsor of professional eSports competitions League of Legends European Championship and the Liga Latinoamerica. The bank views the 100% digital agreement as a way to complement its other global sponsorships in Formula One and with Spanish soccer's LA Liga. [26]

TREND 03

Tech Togetherness

Thanks to technological innovation, being remote is not the compromise it perhaps once was. A legacy of the COVID-19 crisis is the realization among consumers that it is OK—even preferable—to dial in remotely, to watch and work from afar, to experience at a distance.

The tech to support this (largely) works—and will only improve. In the next decade, technology will be increasingly leveraged for human connection, forging togetherness despite distance or solitude, and democratizing friendships and intimacy. For FSI brands, this means exploring new ways of communicating with, and engaging, potential customers, through senses in addition to sight and sound.

However, there remains a desire for human connection and fear of loneliness is a real issue. Though digital communication with others has been shown to help mitigate feelings of loneliness and isolation, it cannot replace real life interaction and the human touch, yet. But as technology evolves over the next decade, we can expect it to further redefine the future parameters of relationships and connections, among humans and between brands and consumers.

In the next decade, machine learning advancement will set the scene for personalized companionship in the absence of others. For FSI brands this means grasping the potential of peer-to-peer services and monetizing people's connections on social networks.

TREND 03

Tech Togetherness - Implications

Investor Togetherness

Peer-to-Peer Goes Mainstream

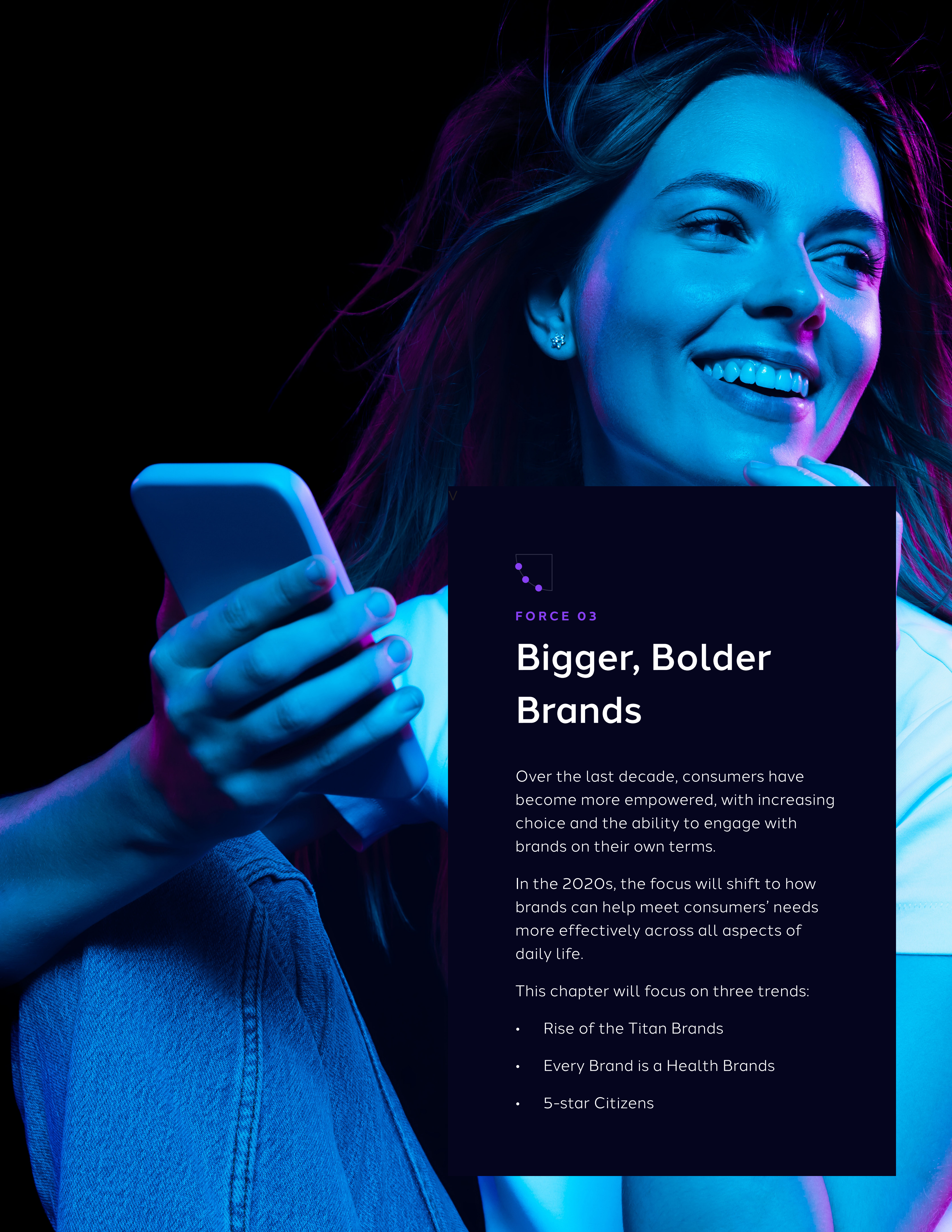
Peer-to-peer financial services are growing rapidly, with lending projected to rise 30% annually to reach $558.9 billion by 2027.[27] While this has the potential to help address the macro trend of increased inequity in banking services (growth of the underbanked) it will change the way traditional banks are viewed by consumers. Financial Services firms should consider what role they play in the P2P space, potentially making P2P loans a component of their offering.

U.S. bank Citigroup and French financial services company Natixis backed German digital P2P lending platform auxmoney to the tune of $500 million. The deal allows auxmoney to fund new loans on its platform.[28]

Investing as a Social Connection

While investing in the markets has never been easier, the power of social media has drawn in entirely new audiences of investors (witness meme stock investing). FSI firms should think about how to create and/or tap into social networks as places for people to talk about investing and personal finance.

Saxo, the Danish bank and online trading platform, operates a service to enable customers to invest in meme stocks (such as GameStop and Tesla), whose popularity among retail investors is based on social media conversations. “The market is volatile and unpredictable, so make sure you do your research before you invest,” warns Saxo on its website.[29]



FORCE 03

Bigger, Bolder Brands

Over the last decade, consumers have become more empowered, with increasing choice and the ability to engage with brands on their own terms.

In the 2020s, the focus will shift to how brands can help meet consumers’ needs more effectively across all aspects of daily life.

This chapter will focus on three trends:

- Rise of the Titan Brands
- Every Brand is a Health Brands
- 5-star Citizens

TREND 01

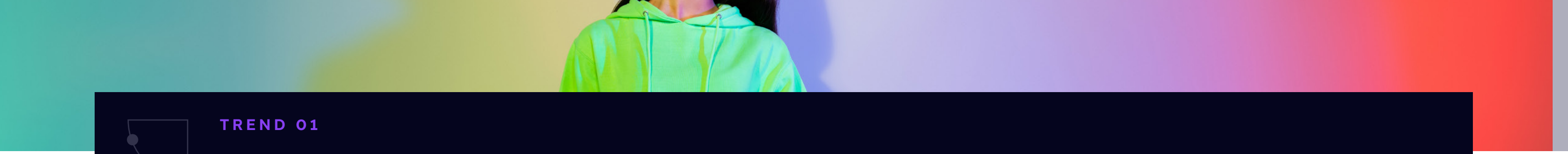
Rise of the Titan Brands

By 2030, consumers will likely select key brands to act as their main lifestyle partners, becoming an integral part of their everyday lives and spending. For instance, in 2030, **four in ten Chinese consumers would consider using a single company for all their lifestyle needs.**[30]

Super-functionality will be the primary driver of brand loyalty, with brands assessed on their holistic benefit to the customer's life. The most obvious candidates for future Titan brands are Amazon and Alibaba, due to their continued expansion across industries and consumer life in Western and Eastern markets respectively. The projected expansion of these two companies alone illustrates how individual brands can cater for a significant proportion of future service and product needs - and both Amazon and Alibaba have made investments in the financial services space.

Foresight Factory research demonstrates that the more people use one brand (such as Amazon) for services today, the more open they are to offerings from the same brand in future. For example, **UK consumers who already use Amazon across five different product or service categories are five times more likely to consider buying a mortgage from Amazon compared to those who only use Amazon for one category.**[31]

A mass migration of consumer choice towards Titan brands will place traditional notions of brands further in jeopardy. However, FSI brands can move towards addressing this by finding partnership models to help them work with Titan brands, discovering a niche proposition and a story to tell from such collaboration, while also remaining competitive in terms of great products and services.



FinTech Raises the Bar of Customer Experience

Big Tech Moves into Finance

Big tech has subtly launched financial services products that leverage their network effects and data. FSI brands can't compete on scale so must do so on product and service.

Amazon has built and launched tools and services mostly focused on payments, cash deposits and lending (including Amazon Pay, Amazon Cash, and Amazon Lending) and Google and Apple are following suit. These services are aimed at increasing the number of merchants and customers in its ecosystem by enabling them to sell and buy more and reducing any buying/selling friction.[32]

App = Service

Fueled by private and public money, many FinTech companies are building 'super-apps' that offer a growing number of services, catering to the financial needs consumers typically get from a traditional bank. FSI brands must either build, borrow or buy to compete. In the eyes of consumers, apps and services are becoming one and the same.

Starting out as an alumni-funded lending model, SoFi has become a purpose-driven holistic financial compa ny offering. Meanwhile, in July 2021, Square announced Square Banking, offering a full range of services to small business. This is on top of its successful consumer product, the Cash App, that now accounts for 14% of total revenue (up 171% in Q1 2021).[33] In August 2021, Square also bought 'buy now, pay later' business Afterpay for $29 billion.[34]

DeFi vs. the World

Decentralized Finance (DeFi) avoids any single entity controlling from the center. As popularity grows, regulators and banks are taking note. Banks must innovate to compete; speed, UX, low processing costs and new ways to contract are a must, and loyalty programs become more important than ever.

As of July 2022, the total value locked (TVL) in DeFi amounted to almost $172 billion throughout different DeFi applications worldwide.[35]

TREND 02

Every Brand is a Health Brand

As we move towards 2030, securing long-term health and extending longevity will be the ultimate goal for many consumers. Disease eradication, better treatments and global regulation have saved and improved the lives of millions of people.

Yet the rise of lifestyle-related diseases and a retreat of state health provision in many economies have shifted responsibility for health onto the individual—especially in higher income markets. And, as global affluence continues its upward trajectory in the 2020s, many consumers will have more time and money to spend on the pursuit of good health and longevity. Within this context, every brand is now a health brand and will need to identify how it can enhance the well-being of its customers through its products and services.

More than half of people globally expect to use tech to monitor their health daily, according to our own research, and we expect to see the adoption of print-on sensors and microchip implants, as consumers demand that technology becomes more precise but less intrusive.[36] Securing health and longevity in 2030 will be about using technology to mitigate life risks, while finding solutions to the dangers technology itself presents.

In light of this, FSI brands can prepare for the future by making greater use of data that's available through wearable technology, and in helping people to plan for longer, 'multi-stage' retirement.

TREND 02

Every Brand is a Health Brand - Implications

Plan for a New Horizon of Wellbeing

Health = Wealth

The ability to report and monitor our personal health data is becoming increasingly sophisticated through wearable devices. FSI brands, especially insurance, must increasingly target and incentivize those with ‘good’ data.

Tech-driven innovators such as Healthy are tailoring Medicare products based on the policy-holder’s healthy lifestyle, further segmenting off some of the most preferred/low risk consumers. [37]

Multi-phased Retirement

As life expectancy increases, both people, and the FSI brands that serve them, need to plan for multi-staged, and longer-lasting retirement. The ‘4% rule’ doesn’t apply if a person’s retirement spans 30-plus years and work lives now contemplate multiple career stages and extensive breaks between them.

Wells Fargo recently launched The Longevity Project in partnership with the Stanford Centre on Longevity, with a mission to “Promote Transformation in Support of a Longer Life” and is adjusting its products and advice accordingly. [38]

TREND 03

5-star Citizens

By 2030, it may be standard practice for brands and governments alike to rate their consumers and citizens across a range of factors, determining whether they allow access to exclusive services or even public services.

Over the next decade, we expect that personal reputations will again become prized assets, with ratings from government, businesses or peers acting as a powerful mechanism of behavioral incentivization. An increasing number of companies already review, and rate customers based on their behavior. We expect this trend to grow over the next decade.

In the FSI category, it is increasingly likely that privileges, such as a premium customer service or promotions and discounts, will be extended to 'good' users, while those who fail to play by the rules will risk restrictions or, worse still, being excluded from services entirely.

FSI brands could use incentives to encourage consumers to agree to being rated or reviewed. For now, customer ratings remain narrowly defined by commercial transactions and good behavior but over the next ten years, we foresee companies using a broader range of metrics—from social engagement with the brand to successful referrals of other users to the variety of services used—to determine what exactly a 'good' customer means to them.

In addition, financial service providers could use mobile data and monitor social media behavior to assess customers' creditworthiness—useful for consumers who find themselves without a credit score.

TREND 03

5-star Citizens - Implications

Innovate Customer Ranking

Bye Bye FICO

Despite some recent efforts, credit rating systems such as FICO haven't changed much since the '70s, meaning that too many bad loans are being made, and potential good borrowers are rejected. FSI brands may consider using AI and more sophisticated models to identify and rate customers.

Underwrite.ai claims to reduce defaults by 25-50% by creating a superior algorithm that utilizes AI and modern computer processing.[39]

Ratings to fuel Peer-to-Peer Lending

To capitalize on the rapid growth of peer-to-peer lending, FSI brands should look to facilitate transactions between tiers of customers based on their knowledge and ratings of these individuals.

Lending Club, America's largest lending marketplace, has helped more than 3 million members since it was founded in 2007. It recently merged with Radius bank to launch the U.S.' first publicly traded 'Neobank'.[40]

FORCE 04

The Human Dividend

In the 2010s, we focused on integrating digital technologies into the everyday aspects of our lives and of business operations.

In the 2020s, attention will shift towards those traits and capabilities that make us human, leading to a renewed celebration of what makes us unique.

This chapter will discuss three trends:

- What Robots Can't Do
- Objective-free Play
- Emotion Trumps Objectivity

TREND 01

What Robots Can't Do

Faced with the threat of automation, by 2030 there will be an even greater premium on human skills such as creativity and compassion—and the brands that can embody these traits. At the same time, AI-driven productivity will liberate many workers from repetitive tasks, allowing them to pursue more fulfilling work and find a better work-life balance.

A heavily automated future may be considered a threat to workers, but by the end of the decade it also promises to relieve at least some of the (perceived) time pressures in consumers' lives by removing monotonous tasks, potentially enabling access to more leisure time and fulfilling work. Already today, **four out of ten consumers would consider using AI and robotics to perform household tasks unsupervised, and around three in ten would consider allowing these technologies to care for a child unsupervised.** [41]

As technologies become ever more ubiquitous and complex, time offline will gain appeal and the need for humanized brand strategies will be paramount. For FSI brands, this means authentic and human customer service should be at the center of premium brand propositions by 2030.

And Emotional Intelligence (EQ) will remain crucial in a future where tech interactions dominate. For instance, insurance provider Zurich climbed 176 places in the UK Customer Satisfaction Index in 2019, partly due to its strategic use of EQ. It revamped its complaints handling processes to incorporate Close-the-Loop calls, and launched SignLive, a service enabling customers with impaired hearing to contact the company using a video interpreter. [42]

TREND 01

What Robots Can't Do - Implications

Humans Are the Key to White Glove Service

From Financial Advisor to Life Coach

As AI-driven robo-investing increases, the role of financial advisors will evolve from counsellor to coach.

Financial Advisory firm Edelman Financial Engines offers a broad suite of career planning services to help clients earn more and optimize their savings and wealth growth.[43]

Video Customer Service

Financial services companies should take inspiration from the luxury brands offering video-concierge services and consider adding video to their customer service touch points.

TurboTax has blazed the trail in this space with its live CPA service.[44]

Face-to-Face Experiential

Banks should view their physical branches as opportunities to provide experiences with customers beyond merely transactional. From highly empathetic financial coaches to multi-sensorial experiences, this can be unique differentiator for those that get it right.

TREND 02

Objective-free Play

By 2030, consumers will strive to maintain a balance between 'optimized' and 'objective-free' leisure pursuits. With advancing technological tools such as artificial intelligence assistants, consumers will also increasingly trust brands and platforms to offer personalized leisure suggestions, or even to make decisions on their behalf on how to spend their downtime.

While many consumers will still want this leisure to be pleasure-rich or escapist, they will also look increasingly for the opportunity to acquire new skills, undertake self-improvement activities (such as health and fitness) and try new experiences. **Our research finds that 70% of people agree that the COVID-19 crisis has increased their interest in the good life/ more sustainable pastimes, such as gardening, upcycling and baking.** [45]

At the same time, however, the prospect of an economic recession also drove many consumers to use their leisure time to re- or up-skill. About one-third of people globally agreed that, during this time, their personal use of technology enabled them to learn new skills and knowledge. FSI brands have already played a key role here with banks, such as Virgin Money and Capital One, transforming some of their branches to offer personal finance courses to customers in a relaxed setting, with dedicated advisors on hand.[46]

However, in response to higher rates of burnout and stress, a growing consumer movement against the culture of constant optimization will emerge, with an increased desire for objective-free activities. FSI brands will attempt to capitalize on the popularity of unproductive leisure pursuits by providing entertainment and relaxing environments for customers.

TREND 02

Objective-free Play - Implications

Inject Entertainment in the Financial Experience

Gamification of Saving & Investing

The increased gamification of financial services will become more mainstream, with Robinhood and Acorns-type services tailored for the digital-native generation via a primary focus on UX and gamification. FSI firms need to explore and test new ways to make saving money (and investing it) more fun and game-like.

Multi-national bank Standard Chartered launched a mobile game for customers to win surprise cashback for transactions made with its credit cards. Twist & Win was integrated into the bank's mobile app, encouraging credit card use with the possibility of a cash payout.[47]

Telematics Make Auto Insurance Fun

Over the past decade, auto insurers have been slowly rolling out Usage-Based Insurance (UBI) through telematics (mobile apps that track driving behaviors with the potential to provide better pricing to good drivers). Firms should embrace the 'game-like' aspect of this, encouraging drivers to win with safer driving habits. The concept can be extended to other types of property insurance: homes; boats; and motorcycles.

USAA, the Texas-based insurance, banking, and investment brand, partnered with eSports organization Envy Gaming to add gamification elements to its push into telematics and UBI.[48]

Bank Branches as Relaxing Oasis

As online banking becomes more popular, it begs the question: why do we need branches? Financial Services institutions of all types should think about how this can extend and enhance the total customer experience.

Innovative firms like Capital One Bank have turned many of their branches into cafes, with free wi-fi, cozy seating, Peet's Coffee, and the opportunity to talk with bank representatives (no appointments needed).[49]

TREND 03

Emotions Trumps Objectivity

In 2030, verifiable truth may be hard to come by. The spread of fake news, conspiracy theories and entrenched tribalism means that public debate is frequently characterized by an endless loop of claim and counterclaim, and a lack of consensus on any given topic. **Globally, 55% of consumers agree that they have trouble sifting fact from fiction in the digital world.**[50]

Faced with this growing complexity, modern day consumers have come to rely more on emotional truths to make sense of new information and the world at large. They believe, and choose to believe, evidence that aligns with their own values and views.

Because algorithms personalize an individual’s online experience, consumers continue to encounter only information and ideas that conform to, and reinforce, their beliefs. This presents a real problem for brands in the battle for consumer attention and custom. They will need to constantly find innovative ways of getting in front of, and engaging, new audiences and potential customers.

For FSI businesses, this shift towards using emotional intelligence over objectivity to discern truth necessitates a robust brand purpose—some relevant emotional truth that consumers feel speaks to them. And working closely with social media platforms will be paramount in terms of managing any reputational damage caused by ‘deepfakes’, while embracing technology that enables them to identify and target ‘real’ people online.

TREND 03

Emotions Trumps Objectivity - Implications

Embrace & Protect the Culture

Hype-based Investing

During 2020, hype-based investing dominated the financial news cycle (meme stocks, crypto, NFTs). As the debate around these new trading categories continues, FSI brands must advise and guide their customers to come out on the right side of things.

In May 2021, VanEck launched a new ETF, Vectors Social Sentiment, (ticker: BUZZ) tracking the 75 stocks that are attracting the most social media hype. [51]

Celebrity-endorsed FSI Go Mainstream

Finance and investing are increasingly becoming part of culture, with celebrities entering the space to launch products such as a Special Purpose Acquisition Company (SPAC). FSI brands could look to financially-savvy celebrity endorsers to connect with a younger cohort of consumers.

In April 2020, South Korea's KB Kookmin Bank launched a series of videos featuring members of the K-pop band BTS, to help make messaging more engaging for young consumers. [52]

Deepfake Protection

Financial services is quickly becoming the number one target for deepfake fraudsters, be that ghost fraud, new account fraud, synthetic identify fraud or annuity/pension/life Insurance fraud. FSI brands must double down on security and constantly communicate to, and educate, their customers on fraud detection.

Through its product 'Genuine Prescence Insurance', iProov offers financial service companies a way to authenticate customers online using biometric technology. [53]

Implications Recap

In this report, we explored the four major forces informing the evolution of consumer habits and expectations over the next decade and discussed the twelve trends emanating from those forces, as outlined in our study The Age of Inclusive Intelligence. Seeking to determine how financial services and insurance companies can - or in some cases have already started to – evolve their offerings and business models to keep and gain market share throughout the unfolding tensions at play, we mapped sector-specific implications that we foresee these trends may set in motion.

Here is an overview of the implications and opportunities the FSI sector is expected having to navigate on its path to 2030.

TREND 02

Objective-free play

Inject entertainment in the financial experience:

- Gamification of saving & investing
- Telematics make auto insurance fun
- Bank branches as relaxing oasis

TREND 03

Emotion trumps objectivity

Embrace & protect the culture:

- Hype-based investing
- Celebrity-endorsed FSI goes mainstream
- Deepfake protection

TREND 01

Acclimatize now

Invest in environmental sustainability:

- Sustainability expectations are here to stay
- Don't penalize the climate-disadvantaged
- Eco-responsible banking & finance

TREND 02

A new data paradigm

Data-based decisioning:

- Usage-based products increase
- The holistic robo-advisor
- Open banking may garner consumer-skepticism

TREND 01

What robots can't do

Humans are key to white glove service:

- From financial advisor to life coach
- Video customer service
- Face-to-face experiential

FORCE 04

The Human Dividend

FORCE 01

Universal Activism

TREND 03

Kaleido-identity

Innovate for a community-driven market:

- Make decisions beyond demographics
- Catering to new segment tribes
- To pick a side of be neutral?

TREND 03

5-star citizen

Innovate customer ranking:

- Bye bye FICO
- Ratings to fuel peer-to-peer lending

FORCE 03

Bigger, Bolder Brands

FORCE 02

Synthetic Society

TREND 01

Beyond human

Savings & plans for the enhanced human:

- Long tail retirement
- 'Bio-matic' life insurance
- Bio-lending

TREND 02

Every brand is a health brand

Plan for a new horizon of wellbeing:

- Health = wealth
- Multi-phased retirement

TREND 01

Rise of the titan brands

FinTech raises the bar of customer experience:

- Big tech moves into finance
- App = service
- DeFi vs. the world

TREND 03

Tech togetherness

Investor togetherness:

- Peer-to-peer goes mainstream:
- Investing as a social connection

TREND 02

Virtual sets the standard

FSI goes personal through virtual:

- Advanced virtual consultations
- Esports sponsorships

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