## Coronavirus Impact on the Financial Vertical

Now is arguably the most pivotal moment in the shaping of the public's trust of banks and financial institutions since 2009. Among the predictions for the crisis and beyond: financial strain, loans, low interest rates; to weather the storm mobile banking will be essential.



# Financial Institutions Will Have to Prove Their Trustworthiness and Expertise through Messaging

#### **Predictions for the Financial Industry**

(eMarketer)

- 1. Lending needs of (individuals and businesses) will heighten.
- 2. More banks will temporarily suspend or amend loan repayment requirements and fees.
- 3. Falling interest rates will bring down savings rates, but will also fuel a boom in mortgage and auto financing.

#### **Predictions for Fintech Sector**

[eMarketer]

- 1. Funding totals will be down.
- 2. Stock market volatility will chill consumer investing.
- 3. Digitally-minded insurers will benefit from increased awareness and demand for their services.

### Mobile, Online, and Remote Banking Options Will Succeed

Those well-equipped to handle remote/online banking will be well-prepared to weather the crisis: social distancing requirements have put strain on channels like telephone support, online and social media. Fintech companies are well-placed to deal with digital demand and remote working requirements.

[Econsultancy]

29%

of US internet users conduct mobile banking on a phone; 27% sometimes.

[eMarketer, February 2020]

89%

of adults in India consider banks an essential service

(eMarketer, May 2020)

## Young Adults are Especially Worried About the Financial Impact

With unemployment rate now at a record 14.7% due to the crisis, consumers are rightfully worried about their personal financial situation, especially millennials:

25%

of 18-to-29s reported being "financially affected by the coronavirus"

(Economist/YouGov polling via eMarketer, April 2020)

80%

of 25-to-44s said they were worried about their "personal financial situation," vs. 78% of 18-to-24s, 74% of 45-to-64s and 62% of those 65 and older.

(Elon University survey via eMarketer, March 2020) 47%

of 18 to 34 year olds are concerned about paying for basic needs without going into debt

(LeanIn.Org and SurveyMonkey via eMarketer, May 2020)

51%

of 18 to 34 year olds are concerned about paying rent/mortgage **as compared to 38% and 14%** 

(LeanIn.Org and SurveyMonkey via eMarketer, May 2020)

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## How to Advertise: Takeaways from '08

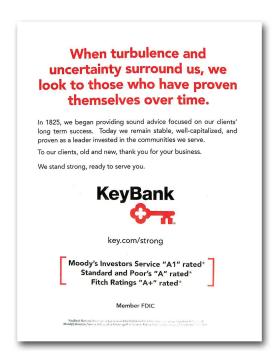
#### **Budget Shifted to Digital:**

After '08, U.S. ad spending plummeted, but accelerated the shift to digital advertising, particularly online video and mobile usage (New York Times, 2011). Similarly, we have already seen a massive increase in internet usage and online news consumption.

#### Post-'08 Examples:

"Bank Solid. Bank U.S. Bank." Readers understand the implicit call to action: "You should be banking at US Bank." Similarly, the short message "Had Enough Excitement?" offers a cheeky take on the same 'safe and sound' message that communicates mutual understanding. "When turbulence and uncertainty surround us, we look to those who have proven themselves over time" offers a grown up, somber tone that shows prudence, reliability and trustworthiness.

"Safe and Sound" Today, the brands that will make the greatest impact and weather the storm are those that can get positive, educational, and valuable content in front of people to build trust and establish themselves as experts. Financial institutions and fintech, in particular, need to prioritize building trust, offering sound advice, and pushing longevity and experience; consumers are craving steady, stable, "safe and sound" figures that care deeply. In times where our security is threatened, people are hardwired to seek clarity and calm, according to Econsultancy.



#### The Importance of Trust

Not only should trust, reliability, and compassion factor into brand messaging, but halting messaging completely will break trust with the consumer.

of Americans have already begun using a brand due to the innovative or compassionate way they've responded to the COVID-19 crisis. (Edelman)

say they want messages that are reassuring from brands they know and trust. (AAAA)

Millennials are 44% more likely to trust experts, who happen to be strangers, than advertisements.

(Hubspot, 2019)

75%

saying brands should inform people of what they're doing.

(Kantar Research)

Native ads garner greater levels of trust among consumers with a third (33%) more likely to trust native advertising than traditional advertising, and that clicking on a native ad driver on a premium content website has greater impact than clicking via Facebook.

#### **Bottom Line:**

The coronavirus crisis's impact on the financial vertical will likely be felt for a while. In this uncertain time, it's important for financial services to build trust with the consumer, stay present, steady, and don't go radio silent.