

EVERFI

IN THE MIX:

Digital Approaches to Financial Education in the COVID-19 Era

*Findings from a Survey of Financial
Institution Marketing Executives*



Introduction

Consumers increasingly want to bank remotely and to be engaged digitally, trends that have only accelerated as COVID-19 has pushed more activity — social, professional, and economic — online. Now more than ever, a successful consumer engagement strategy not only includes digital elements, but also puts digital engagement at the center of the strategy.

The unprecedented job loss and economic instability prompted by the COVID-19 pandemic has placed increasing financial stress on consumers. This provides financial institutions the opportunity, and places upon them the responsibility, to help consumers to make the most of their financial situations through informative financial education and meaningful products and services. These, too, can be delivered digitally.

In light of these trends in online activity and financial stress, in the summer of 2020 EVERFI and The Financial Brand surveyed 198 finance marketers and executives about their biggest barriers to acquiring new consumers, the importance of digital engagement, and how they see their marketing mix shifting over the next year in light of both ongoing trends and in response to the COVID-19 pandemic.



Key Findings



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Loyalty to other financial institutions and **lack of brand awareness** are the biggest obstacles to acquiring new consumers, but inadequate digital banking tools and issues of access also present challenges.



pg. 5

Digital engagement is a key priority for financial marketers, and investment in digital financial education and social media are on the rise.



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Financial marketers rate the **ROI on digital financial education as high**, particularly for increasing the value of current consumers (increasing their use of products and services) and positively impacting brand loyalty.

Acquisition Challenges: Awareness and Loyalty

In a competitive market, acquiring new consumers often involves persuading them to switch away from their current bank or credit union. Financial marketers are feeling that crunch in the market today: two thirds of respondents include “loyalty to other financial institutions” as one of the top three barriers to acquiring new consumers. A third of marketers listed it as their top barrier.

Following closely behind loyalty to other institutions, marketers noted that a lack of brand awareness also presents a barrier. A quarter of respondents name brand awareness as their number one barrier, and 60 percent list it in the top three.

Compared to large regional or national institutions, community banks and credit unions are more likely to cite competitor loyalty and brand awareness as barriers. Larger institutions — who may benefit from more brand awareness in a wider market — are more likely to feel challenged by a lack of trust in financial institutions or face criticism for high fees. Regional or national institutions are also more likely to indicate that they are concerned about the adequacy of their digital banking tools.

Barriers to Consumer Acquisition

The share of respondents from each institution type who listed barriers among their top-three biggest challenges for consumer acquisition.

Barriers to Acquisition	Community Banks and Credit Unions	National and Regional Banks and Credit Unions
Loyalty to other financial institutions	72%	59%
Lack of brand awareness	64%	47%
Adequacy of digital banking tools	41%	49%
Lack of convenient access	41%	37%
Lack of knowledge about how to access	39%	33%
Lack of financial education	18%	33%
Lack of trust in financial institutions	6%	20%
High fees	5%	20%

Across all institutions, less than a third of respondents ranked lack of financial education as a top-three barrier. But marketers from national and regional institutions were more likely than those from community banks and credit unions to see lack of financial education as a barrier. Similarly, 30 percent of respondents from banks ranked lack of financial education among their top three concerns, while just 14 percent of respondents from credit unions did the same.



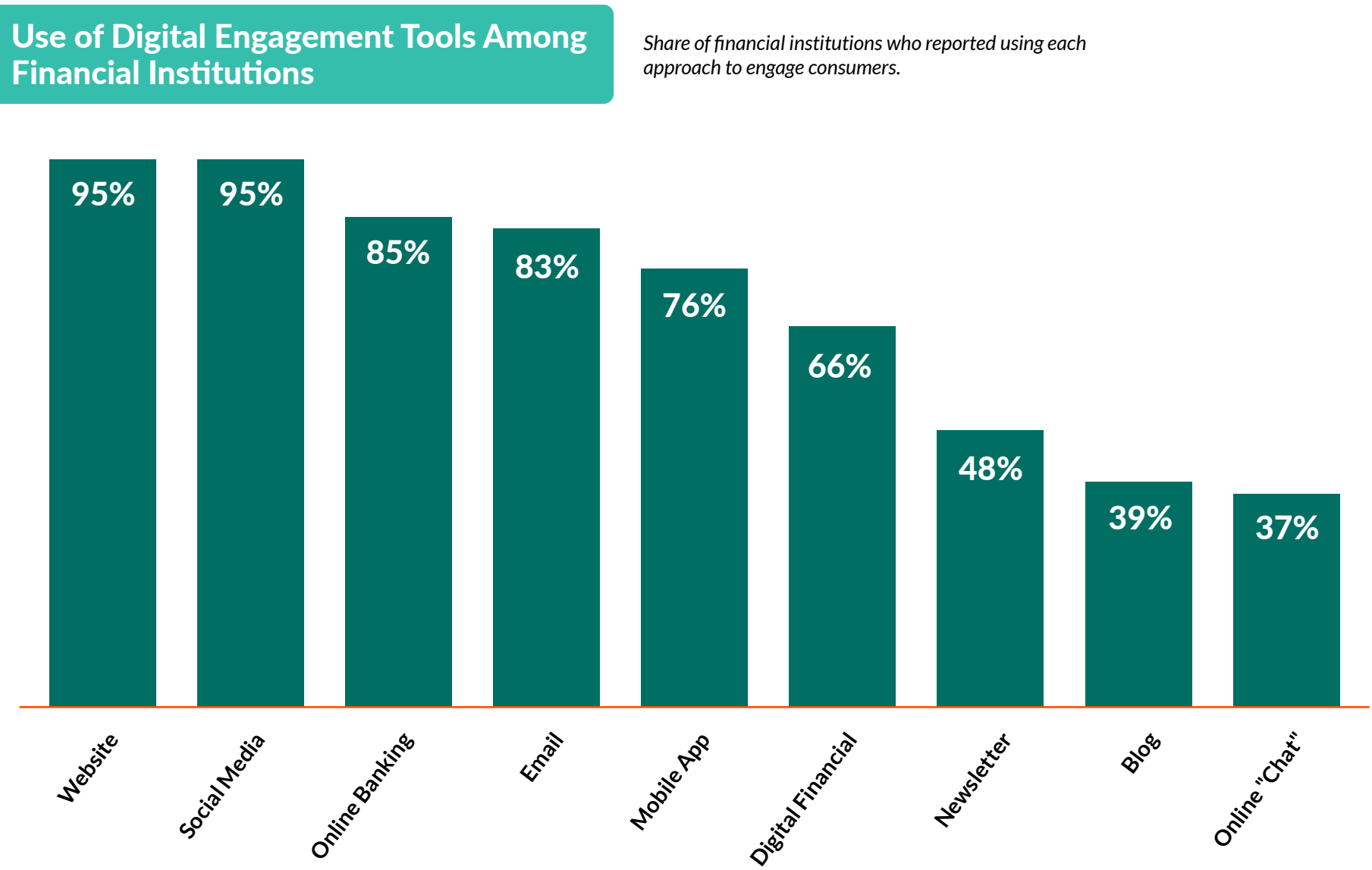
83% of respondents agreed that financially knowledgeable consumers are important to the future success of their institutions.

Regardless of their perspective on its role as a customer or member acquisition barrier, a large majority — 83 percent — of respondents agreed that financially knowledgeable consumers are important to the future success of their institutions. The value of knowledgeable consumers is borne out in consumer studies as well. [Prior research from EVERFI](#) found that most consumers agree that financial education would help them feel more comfortable engaging with their financial institution, and consumers who have received financial education are more likely to hold wealth-building financial products like retirement and investment accounts and mortgages.

Digital Engagement and Shifting the Marketing Mix

The marketing and financial institution executives who responded to our survey were nearly universal in their assessment of the importance of engaging consumers digitally. Fully 95 percent of respondents indicate that digital banking is a very or extremely important tool for engaging consumers. Nearly as many respondents — 87 percent — also agreed on the importance of digital marketing as an engagement tool.

Reflecting the value of digital engagement, the majority of institutions reported using their website, social media, online banking, email, a mobile app, and digital financial education to engage with consumers.





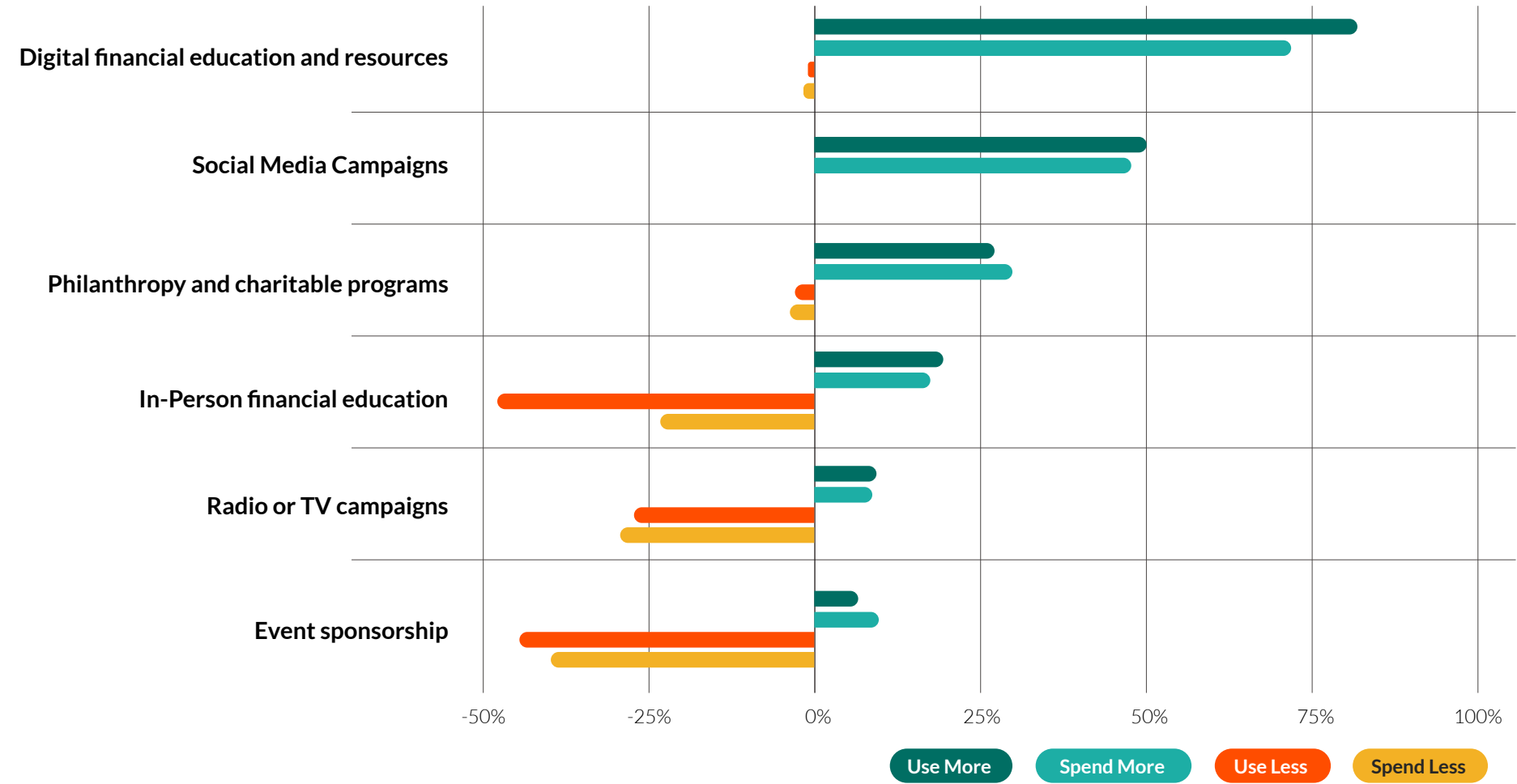
Bank and credit union respondents reported an increase in the importance of — and plans to spend more money on — digital marketing approaches.

Respondents from both large institutions and community banks and credit unions were similar in their perceptions of the importance of top-five most used digital engagement tools. Among the less-used tools, community institutions are somewhat more likely to engage in news-driven approaches like newsletters (50%, compared to 29% of larger institutions) and blogs (43%, compared to 29%). These smaller institutions are also more likely to use digital financial education to engage consumers, with 69 percent of community institutions currently employing digital financial education, compared to 57 percent of large national or regional institutions.

Reflecting the importance of digital engagement, bank and credit union respondents reported an increase in the importance of — and plans to spend more money on — digital marketing approaches within their marketing mix.

Marketing Mix Changes Expected

Share of respondents who report they expect to do and spend more or less on marketing activities over the next year.



	Use More	Spend More	Use Less	Spend Less
Digital financial education and resources	84%	72%	-1%	-2%
Social media campaigns	75%	72%	0%	0%
Philanthropy or charitable programs	28%	30%	-7%	-8%
In-person financial education	22%	21%	-47%	-24%
Radio or TV campaigns	14%	14%	-27%	-29%
Event sponsorship	11%	14%	-46%	-42%

Unpacking the Impact of COVID-19 on Marketing Practices

Marketers and executives who responded to the survey expect to see a fairly substantial shift in the marketing mix, toward digital-driven activity and away from events and more traditional media over the next year. This shift is in response to both ongoing trends that have been building for some time, and a response to the COVID-19 pandemic, which has individuals and businesses looking to shift away from in-person gathering wherever practicable. Asked directly to consider the impact of the pandemic on the importance of digital engagement, 87 percent of respondents described digital marketing as ‘very’ or ‘extremely’ important. Nearly the same number (83%) agreed that digital financial education will be ‘very’ or ‘extremely’ important over the next year.



83% of respondents agreed that financial education will be 'very' or 'extremely' important over the next year.

Value of Digital Financial Education

With more than eight in 10 financial institutions reporting they plan to make more use of digital financial education in the next year, we would expect that marketers are seeing a positive return on their investment in digital education. In fact, most respondents — 86 percent — describe the ROI on digital financial education and resources as ‘positive’ or ‘very positive’. In comparison, fewer respondents described other marketing activities like social media campaigns (78%), in-person financial education (66%), or philanthropic investments (65%) as positive ROI marketing efforts.

“For quite some time we've partnered with EVERFI for financial education, and when the pandemic hit, we saw a very clear spike in active users.

This wasn't surprising, but it does confirm the need for financial education.”

— Vice President at a Community Credit Union

When asked where they find the most value in their digital financial education strategy, respondents from banks and credit unions who currently include digital financial education as part of their digital engagement strategy (127 respondents) called back to one of the biggest marketing barriers they face: consumer loyalty. Two thirds of those respondents ranked “increasing loyalty among existing customers” as one of the top-three benefits of digital financial education. And nearly as many — 64 percent — said that financial education increases the value of those consumers by increasing their use of products and services.

Benefits of Digital Financial Education in a Marketing Strategy

Share of respondents who currently use financial education for digital engagement (n=127) who ranked each option among the top three benefits.

Increase loyalty among existing customers or members	67%
Increase use of products and services	64%
Increase financial knowledge and capability of community members	60%
Reach people who aren't already customers or members	52%
Opportunity to collect consumer data	38%
Attract positive press or other recognition	11%
Satisfy regulatory obligations (e.g., Community Reinvestment Act)	4%
Support government relations	2%

86% 

describe the ROI on digital financial education and resources as ‘**positive**’ or ‘**very positive**’.



Tracking data from digital financial education can give financial institutions a strong signal about what their consumers are most interested in — or concerned about.

Fewer than four in 10 respondents cited data collection as a top-three benefit of financial education, which may make it a missed opportunity for some banks and credit unions. Tracking data from digital financial education can give financial institutions a strong signal about what consumers are most interested in — or concerned about. And engagement opportunities in interactive education can allow for collection of additional information, such as financial confidence, financial goals, or financial capability.

"We launched a simple financial checkup online and the response was overwhelming for our marketplace. It made us sit up and pay attention to the need in our community."

— Marketing Director at a Community Bank

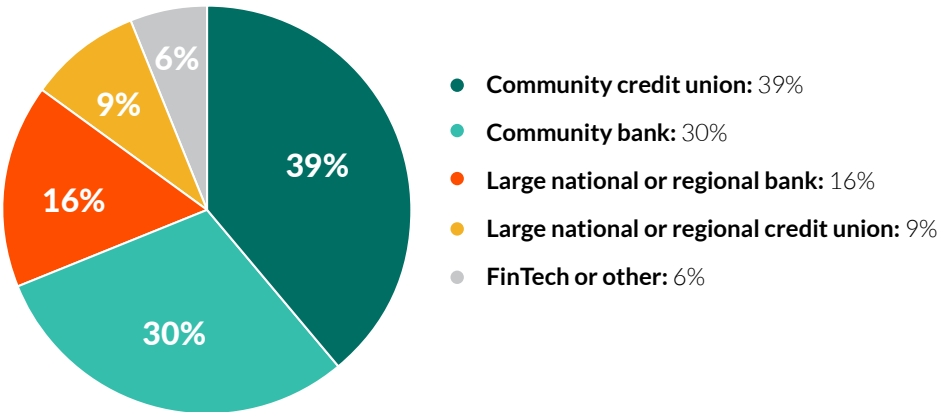
Financial education is often shared between departments at financial institutions, so other stakeholders might rank the benefits differently. But for marketers, digital financial education is an opportunity to develop engaged, loyal, and informed consumers.

About This Report

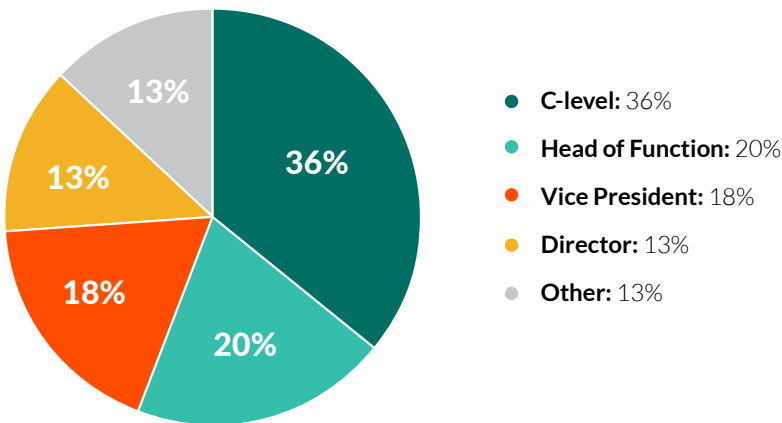
Respondent Characteristics

This survey of financial institution marketers and executives was conducted by The Financial Brand from July through August 2020. 198 individuals responded to the survey.

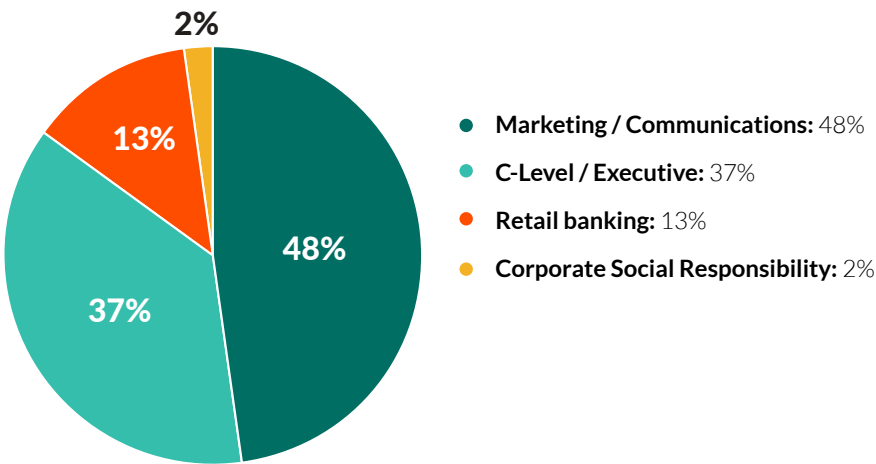
Type of Company



Functional Area



Seniority



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