



IPSOS AFFLUENT INTELLIGENCE:
**FINTECH: THE TECHNOLOGY
AND THE EARLY ADOPTERS
DISRUPTING FINANCIAL
SERVICES**



IAI AND FINTECH

Understanding affluent influencers—Affluencers—is critical for all businesses, particularly those in categories experiencing technological change and disruption. Deeply engaged in the categories they influence, Affluencers are the researchers and early adopters who road test new technologies and share their discoveries with their networks. Affluencer recommendations and reviews drive most categories, and Financial Services is no exception.

In fact, Financial Services is a perfect example of a category experiencing an unprecedented level of disruption, as new technologies replace traditional offerings. When categories evolve this rapidly, a small group of early adopters lead the way for other consumers.

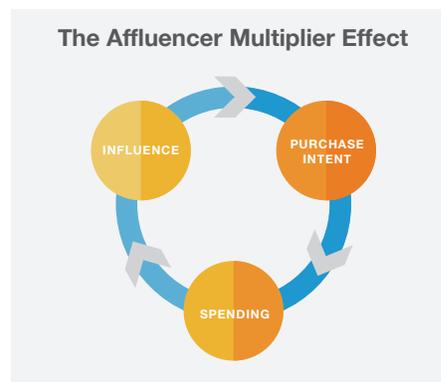
These early adopters are the experimenters who try new products and services—and eventually educate the rest of us. To belong to this elite group, a person needs time, passion and the means to experiment. Ipsos Affluent Intelligence has been studying these consumers for over four decades. We call them “Affluencers”. (<http://bit.ly/2Fj2nXe>)

Michael Baer
SVP, Team Lead Ipsos Affluent Intelligence

The Importance of Affluencers

Affluent influencers—Affluencers—drive most categories. Affluencers are enthusiastic consumers of category-related information and have disproportionately high purchase intent. They’re heavy spenders who are the first to try new offerings, and their networks depend on them for reviews and advice. Affluencer recommendations may be the single most powerful form of communications in any category.

This is what we call the *Affluencer Multiplier Effect*.



FINANCIAL AFFLUENCERS

Financial Affluencers are the affluent influencers to whom other consumers turn for advice on banking, investing or retirement planning. It’s a sizable group, which IAI has projected to 19.8 million Americans.

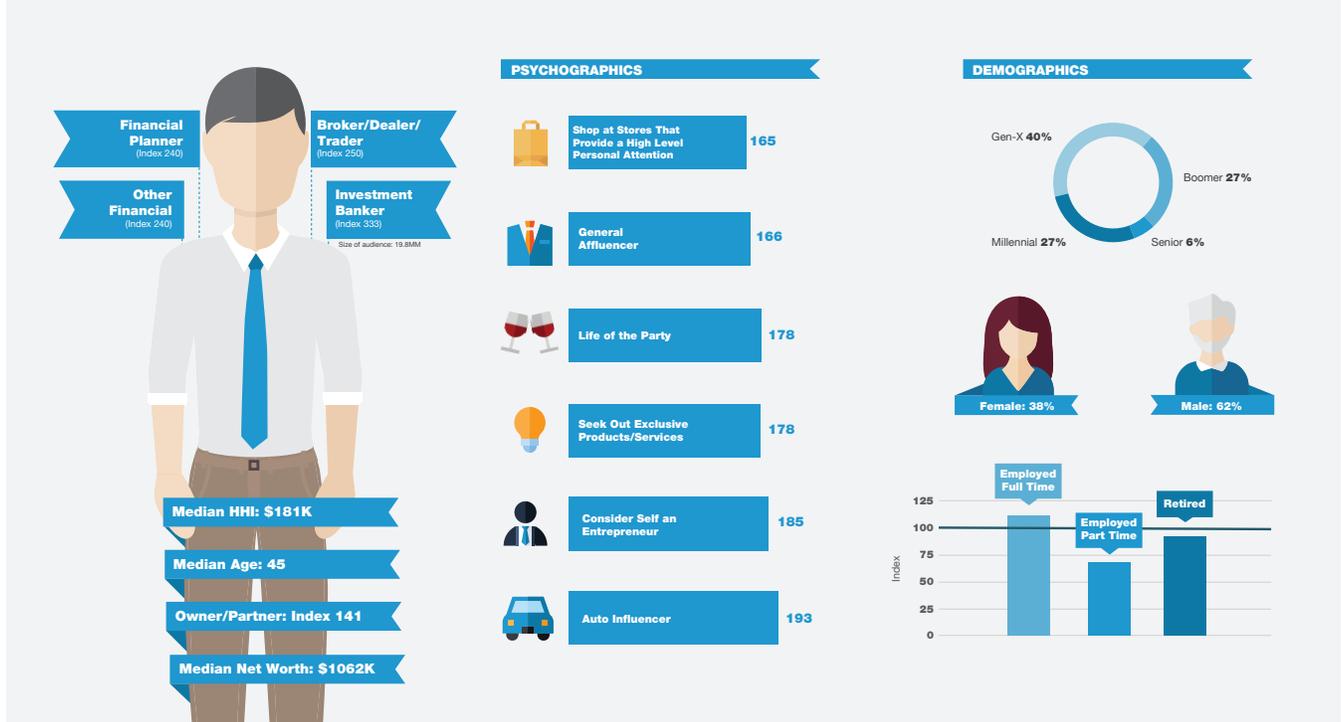
It should come as no surprise that Financial Affluencers are likely to work in the financial world. Top professions include:

Investment Banker (Index 333)	Broker/Dealer/Trader (Index 250)	Financial Planner (Index 240)	Other Financial (Index 240)
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Financial Affluencers skew male and are slightly older than the overall affluent audience. While their median household income is on par with that of other affluents, their median net worth is higher (Index: 117). They’re self-described risk takers, innovators and entrepreneurs who influence a wide range of categories, most notably the automotive category. Luxury and exclusivity seekers, Financial Affluencers expect a high level of personalized service.

THE FINANCIAL AFFLUENCER (ANY)

19.8MM AFFLUENT AMERICANS WHO INFLUENCE THE BANKING, INVESTING OR RETIREMENT PLANNING DECISIONS OF OTHER CONSUMERS



Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

Due to their category spending, Financial Affluencers are ideal consumers and a valuable target audience—but they’re also the ones who introduce their friends, families and colleagues to new financial technologies and services. Messaging targeted to Financial Affluencers will ultimately reach the ears of a much wider audience.

Financial Ultra Affluencers

The Financial Ultra Affluencer is a super-concentrated version of the Financial Affluencer. These are people to whom others turn for advice in the realms of banking, investing *and* retirement planning. It’s a significantly smaller group, with a projected size of 8.3 million Americans. They’re slightly older than the Financial Affluencer and have a higher median net worth.

From a psychographic standpoint, Ultra Affluencers resemble Financial Affluencers, though their indices for key measures are much higher. They, too, are likely to be financial professionals, though a few other professions rise to the top, including Doctor/Dentist (Index: 271) and Management/Administration (Index: 196).

THE FINANCIAL ULTRA AFFLUENCER

INFLUENTIAL IN ALL THREE REALMS

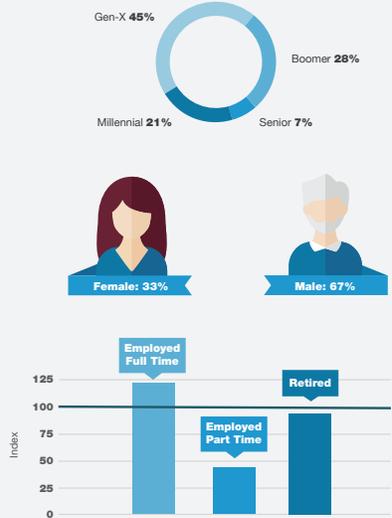


Median HHI: \$182K
 Median Age: 47
 Owner/Partner: Index 153
 Median Net Worth: \$1183K

PSYCHOGRAPHICS



DEMOGRAPHICS



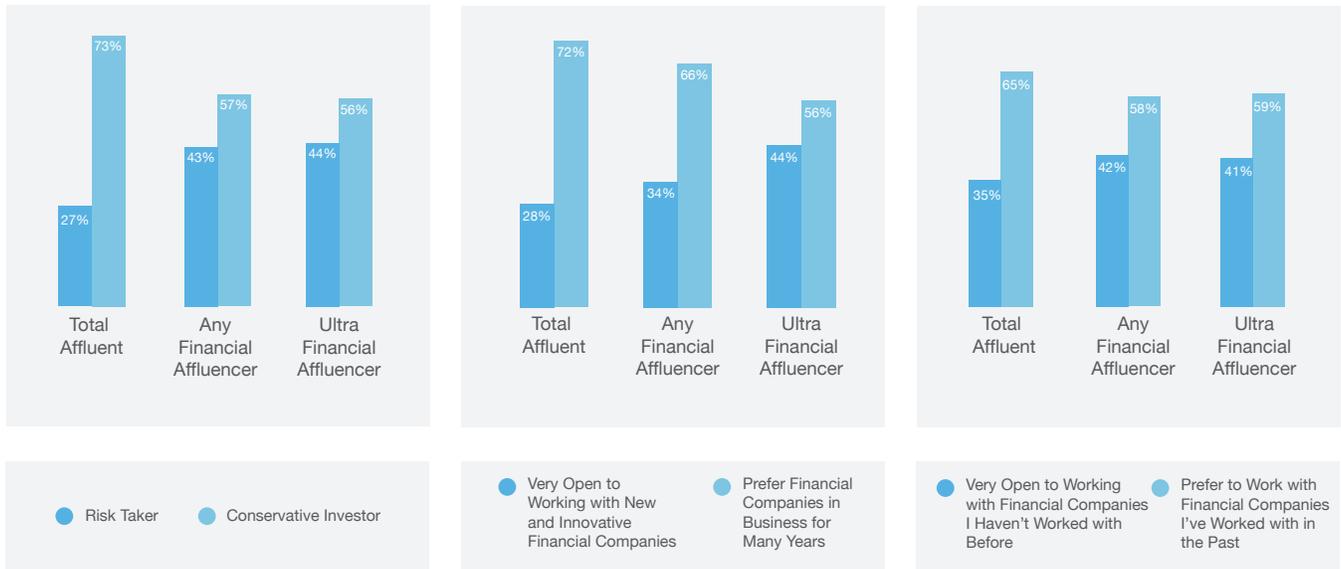
Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

Financial Affluencers: Attitudes and Behaviors

Like other category affluencers, Financial Affluencers are extremely engaged with the financial category, devouring all manner of category content and information. Articles on websites and magazines are their most commonly consumed media. Word of mouth and recommendations play critical roles in the financial world, and Affluencers eagerly solicit input and advice from other experts (Index: 140) and enthusiasts. However, when it comes to their friends and family, Financial Affluencers are significantly less likely to seek recommendations—and more likely to be the ones offering guidance.

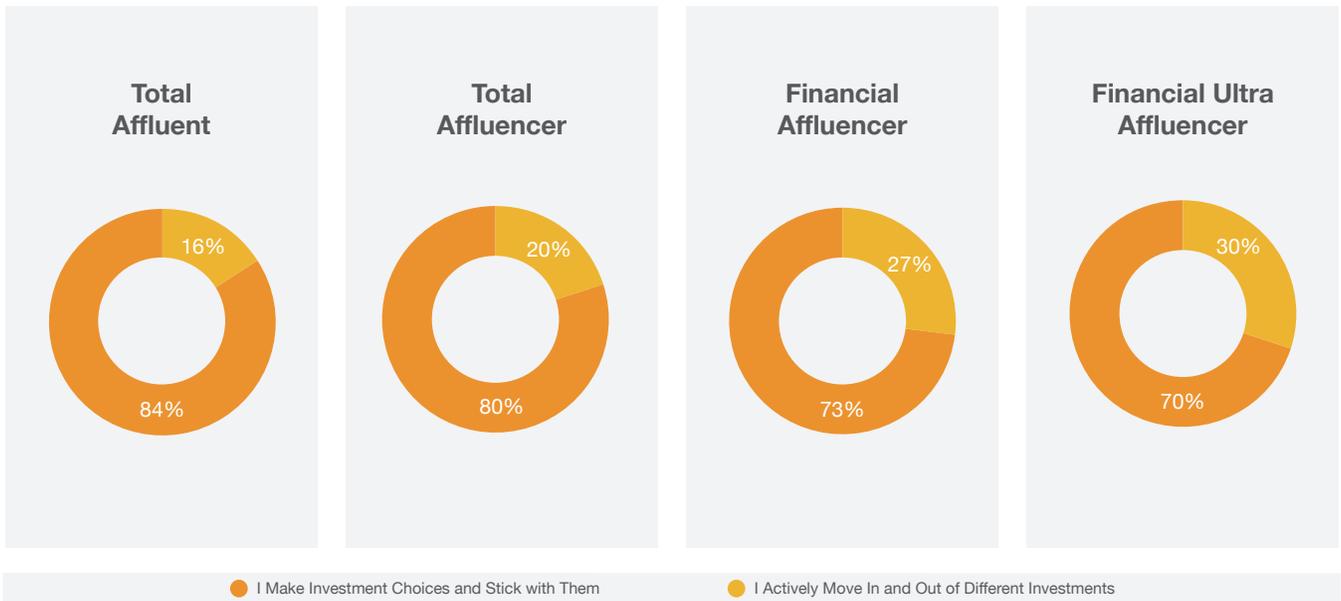


When managing their own money, Financial Affluencers are less conservative than other affluents. Because of their category experience and expertise, they're more comfortable taking risks and working with new companies.



Source: IAI Q1 2018 Barometer

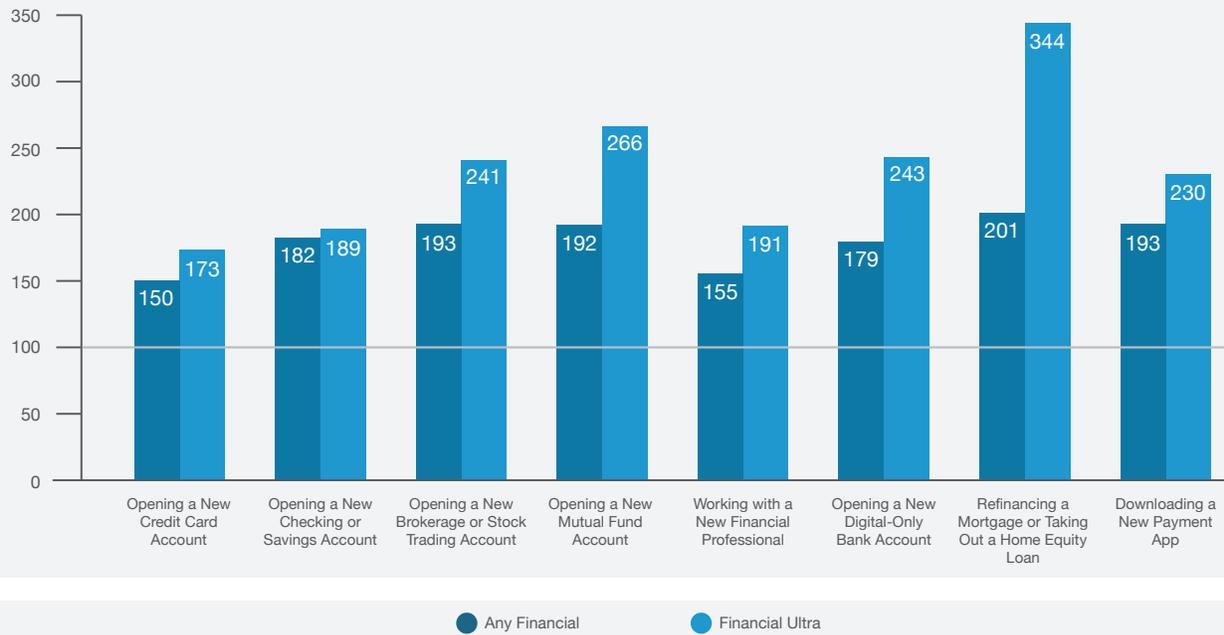
Compared to other affluents, Financial Affluencers are also significantly more open to experimentation. A sizable number of them (27% of Financial Affluencers and 30% of Financial Ultra Affluencers) say they actively move in and out of different investments rather than stick with investment choices—almost double the number of affluent consumers who say so.



Source: IAI Q1 2018 Barometer

Financial Affluencers are always on the lookout for new opportunities, and they're much more likely to express interest in downloading new apps, working with a new advisor, or opening a range of new accounts in the next twelve months. This makes them prime targets for most financial services marketers. They're "low funnel" and receptive to opportunities.

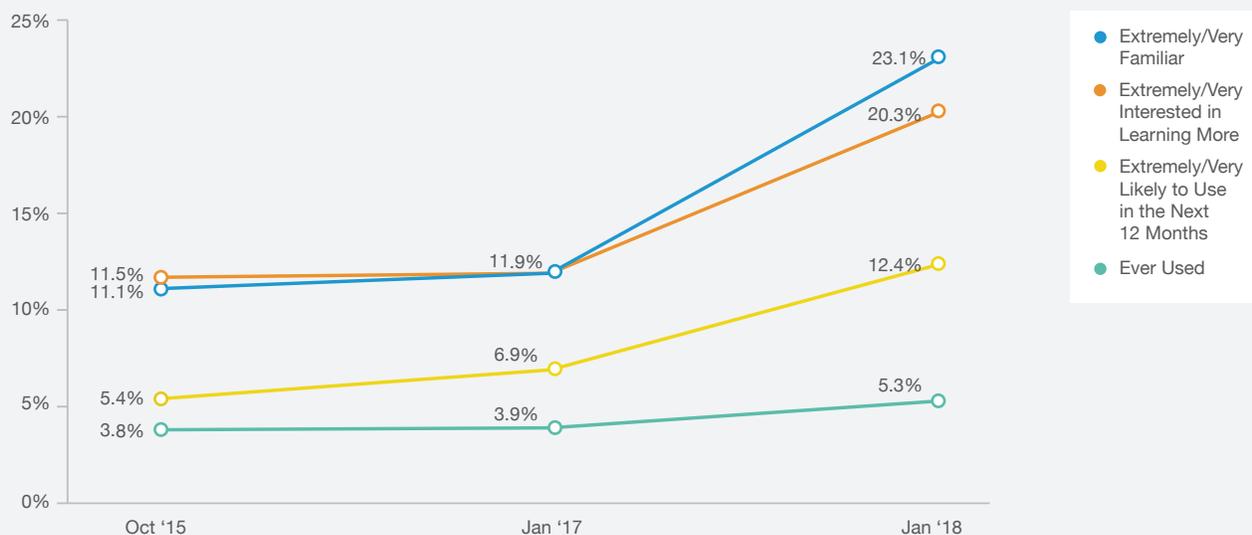
Interest in Opening New Accounts/Financial Services



Source: IAI Q1 2018 Barometer, Top Three Box: Somewhat/very/extremely Likely In Next 12 Months

ROBO-ADVISORS

IAI has been tracking robo-advisors since 2015, and until recently we had seen little movement in most awareness and usage measures. While our 2018 data shows that consumer adoption of robo-advisors remains in the early stages, signs of a significant opportunity have appeared on the horizon. Reported usage of robo-advisors has risen over 30% in the past year alone. Although adoption remains low at 5.3%, awareness, interest and intent have all reached the high teens and beyond—nearly double last year’s percentages.



Source: IAI Q1 2018 Barometer

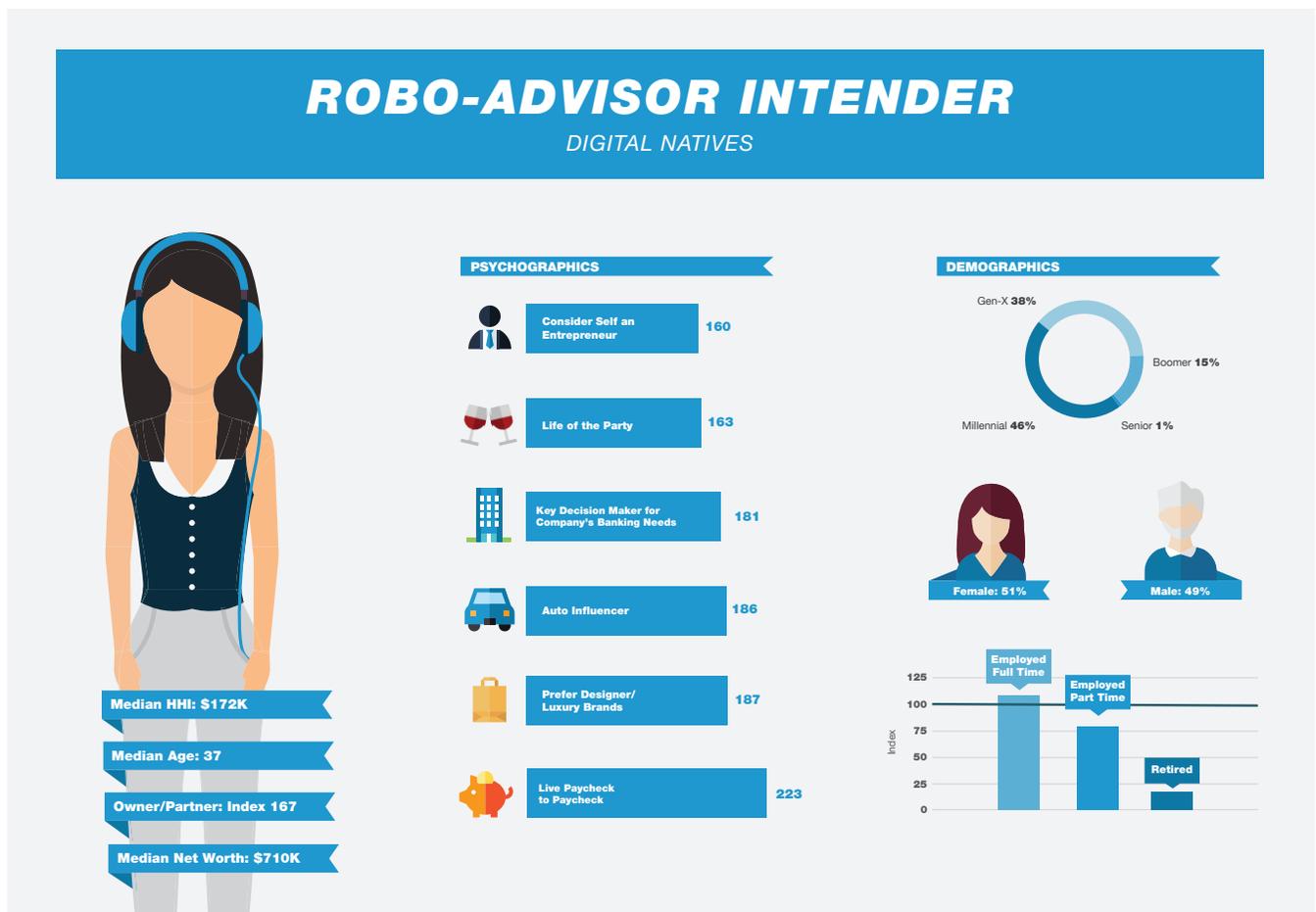
Robo-advisor users are younger than the average affluent and are overwhelmingly Gen-X (Index: 147). They aren't especially high earners (HHI Index: 88), but they've built a net worth that's on par with that of the average affluent.

Users aren't newcomers to the financial services category. They describe themselves as "financial risk takers" (Index: 210) who are open to working with companies that are "new and innovative" (Index: 150). Nevertheless, they often turn to others for financial advice (Index: 175). Their core competency is technology—a category in which they're both early adopters and influencers. They understand the tech behind robo-advisors—as well as the benefits of using one.

Robo-Advisor Intenders: Digital Natives

Affluents who intend to use a robo-advisor in the next twelve months are less likely to see themselves as risk takers (Index: 129)—which may explain why they've resisted taking the plunge thus far. They're younger affluents who are comfortable in both the tech and financial worlds. Like current users, intenders are tech and financial influencers—but to a lesser degree.

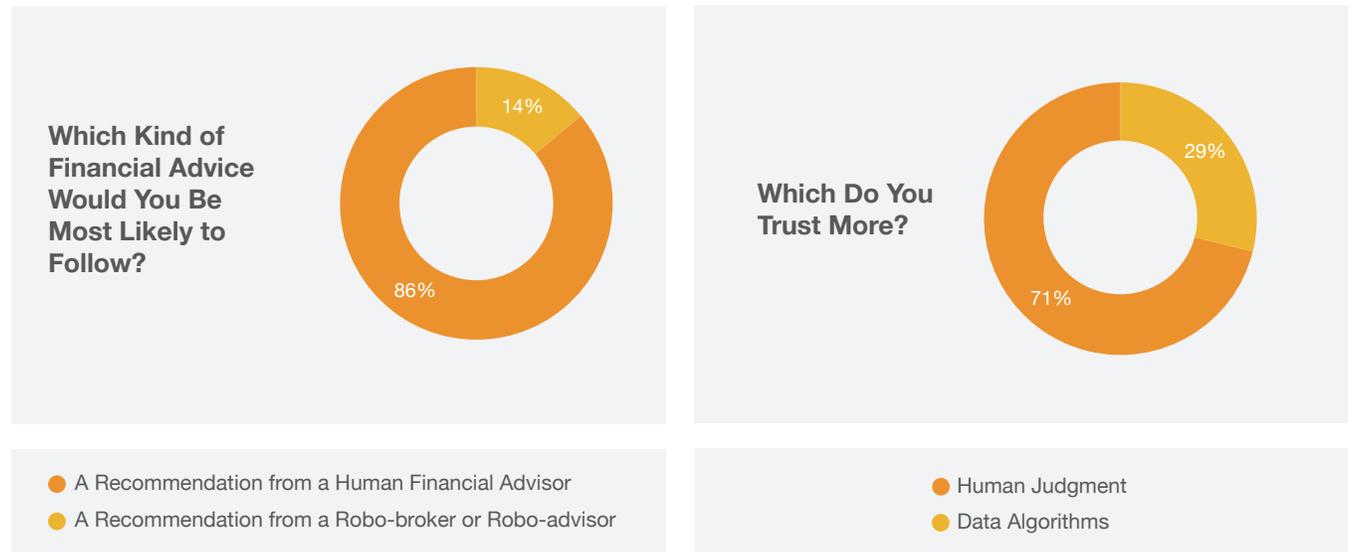
46% of intenders are Millennial (Index: 153). They haven't amassed the net worth of current users, but they have a higher household income. Because of their relative inexperience, they're likely to seek advice and recommendations from those who've tried the latest FinTech products. Once they gain the confidence they need, there will be little holding intenders back. This is an audience that's keen to work with companies that are "new and innovative" (Index: 159).



Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

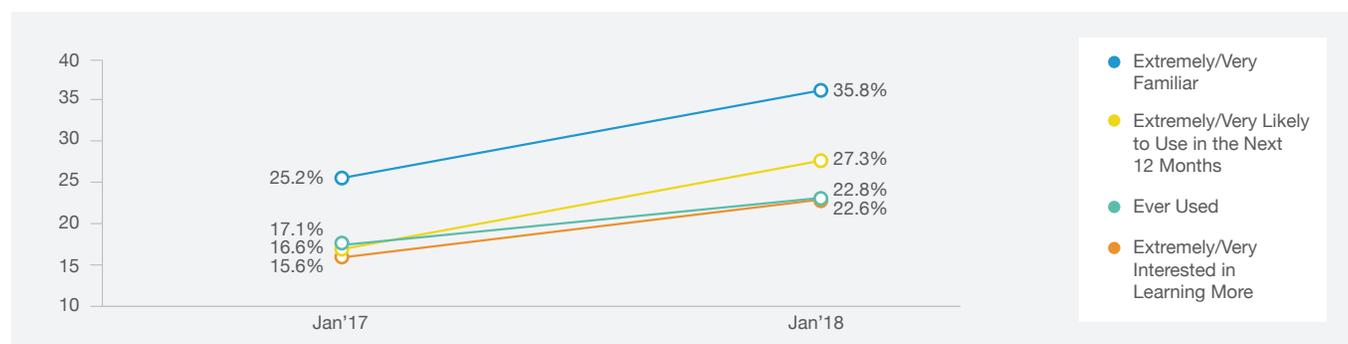
Are Robo-Advisors Victims of Their Name?

One factor hindering consumer adoption may be resistance to the term “robo-advisor” itself. When asked whether they would be more likely to follow a recommendation from a human financial advisor or one from a robo-advisor, only 14% of our affluent sample chose the robo-advisor. However, when asked to choose what they trust more, human judgment or data algorithms, 29% of our respondents chose data, suggesting that the benefits of robo-advisors may be much more broadly appealing than current usage suggests.

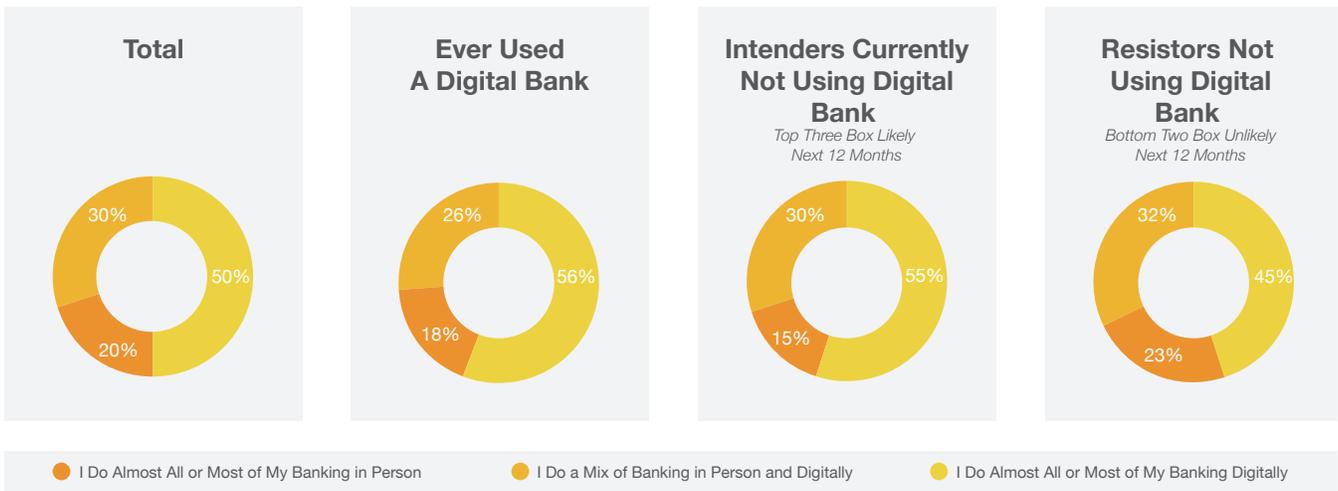


DIGITAL-ONLY BANKS

As we saw with robo-advisors, familiarity, use, intent and interest in digital-only banks are on the rise. We’ve seen significant increases in all measures in the past twelve months.

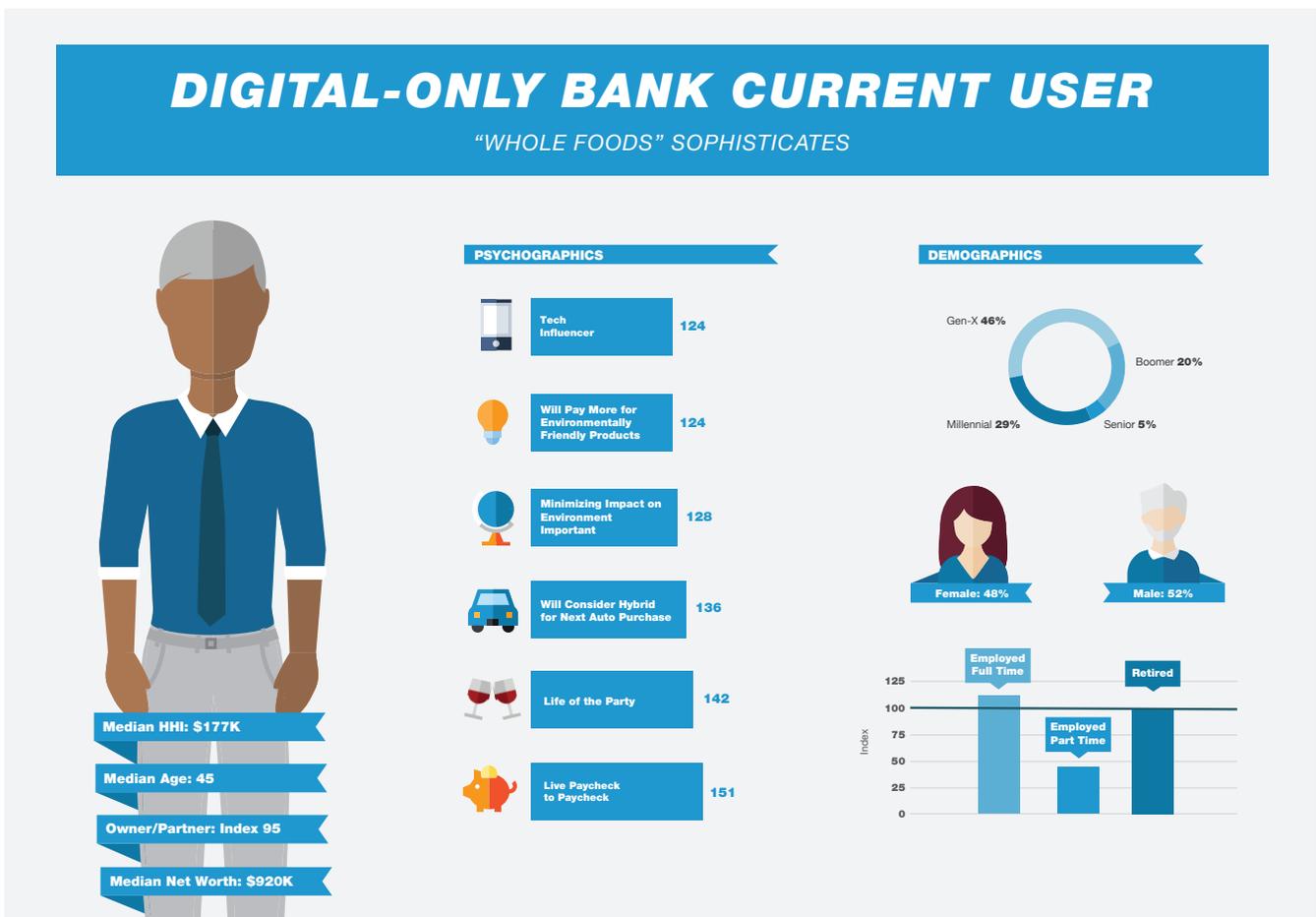


While usage of digital-only banks remains low, banking online is an increasingly common behavior, with half of all affluents claiming they rarely set foot in a brick and mortar bank. Moving from a traditional bank to a digital-only bank would require little behavioral change on the part of many consumers. However, they’ll require a compelling reason to make the move. Retirement Planning Affluencers index highest for current usage, suggesting that the competitive interest rates available at many digital banks may be a motivator.



Digital-Only Bank Users: “Whole Foods” Sophisticates

Current digital-only bank users are Financial Affluencers who are less familiar with new technologies than those who say they intend to use in the next 12 months. These environmentally conscious, organic food-loving consumers don’t resemble other financial groups we’ve profiled. Our data indicates that they may have come to the category with a specific need or desire to take advantage of better rates. They Index 221 for planning to sell their main residence in the next twelve months, which tells us they may be using a digital-only bank to safely park money for future use.



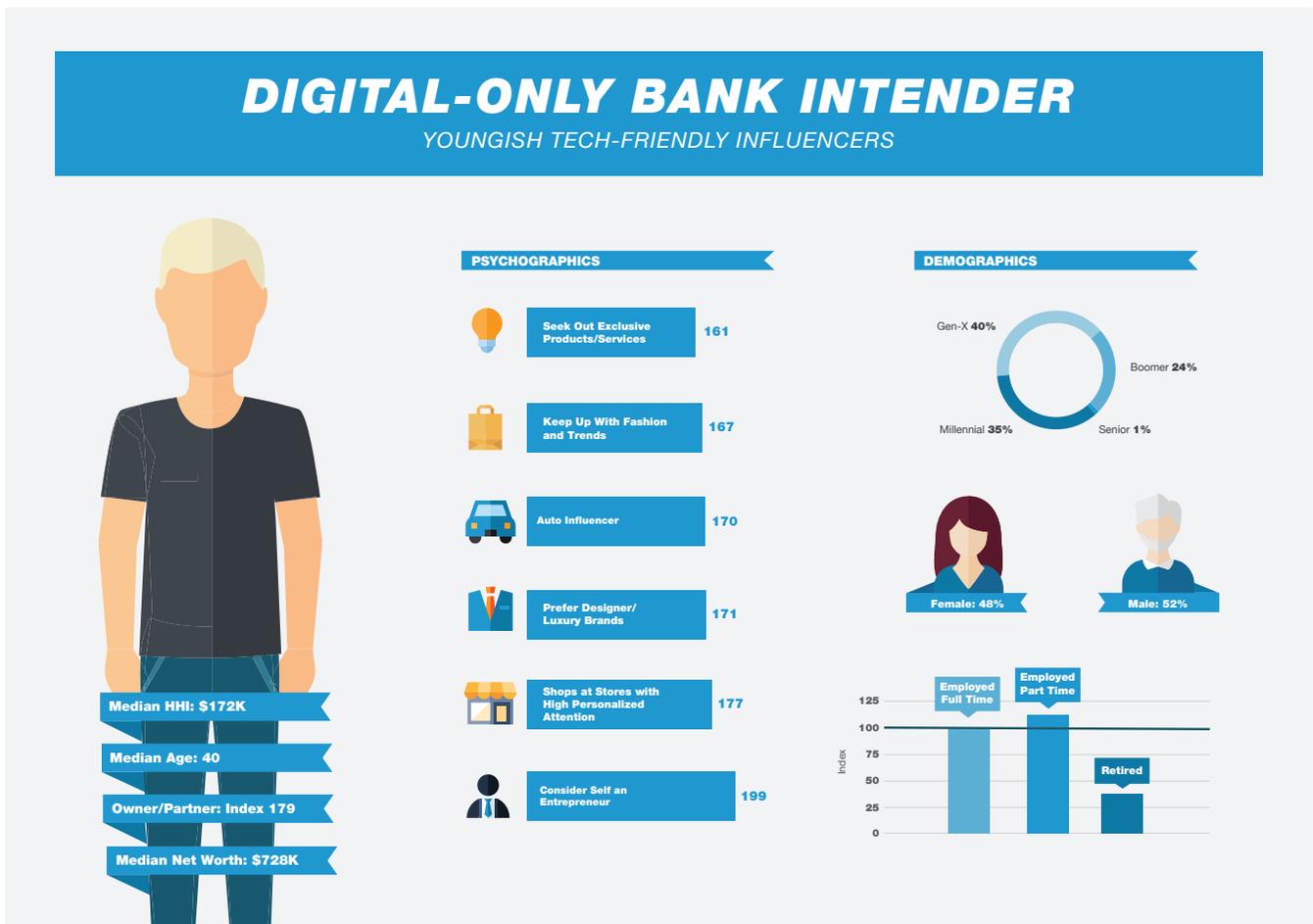
Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

Digital-only bank users are younger than the average affluent, indexing 118 against Gen X. They are similar to overall affluents in median household income and net worth.

Current digital-only bank users are not outstanding “financial risk takers” (Index: 113), but they’re not risk-averse either. They look for great rates and value (Index: 116) over great service and benefits (Index: 81) and trust data algorithms (Index: 138) and robo-advisors (Index: 183) more than other affluents.

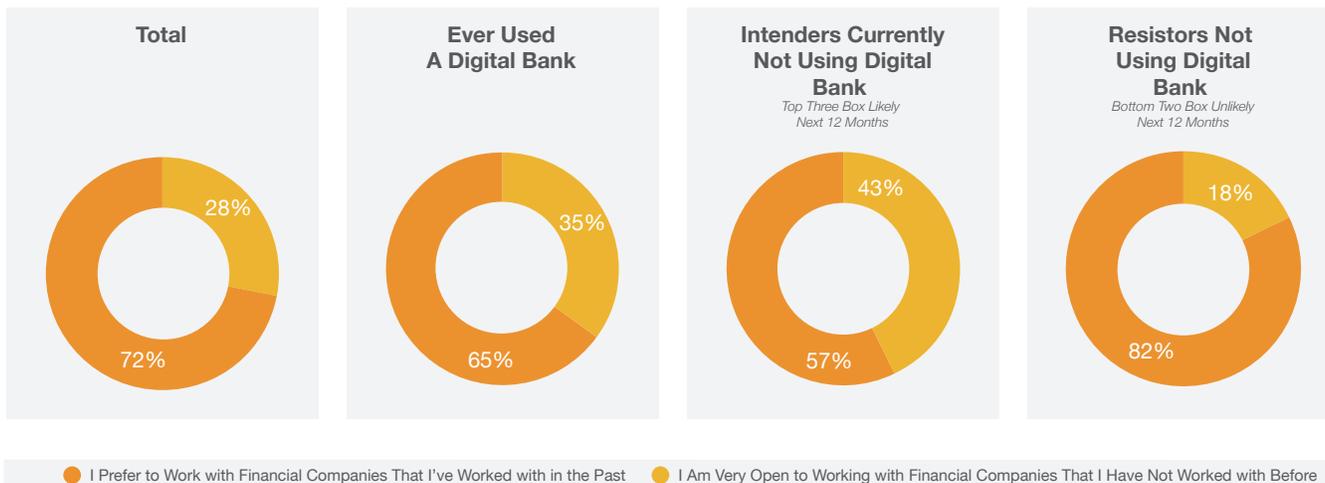
Digital-Only Bank Intenders: Youngish Tech-Friendly Influencers

The next wave of digital-only bank users will be technology “affluencers” who are the first to adopt new tech products. They are already doing most of their banking digitally, and there will be no behavioral hurdles to overcome.



Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

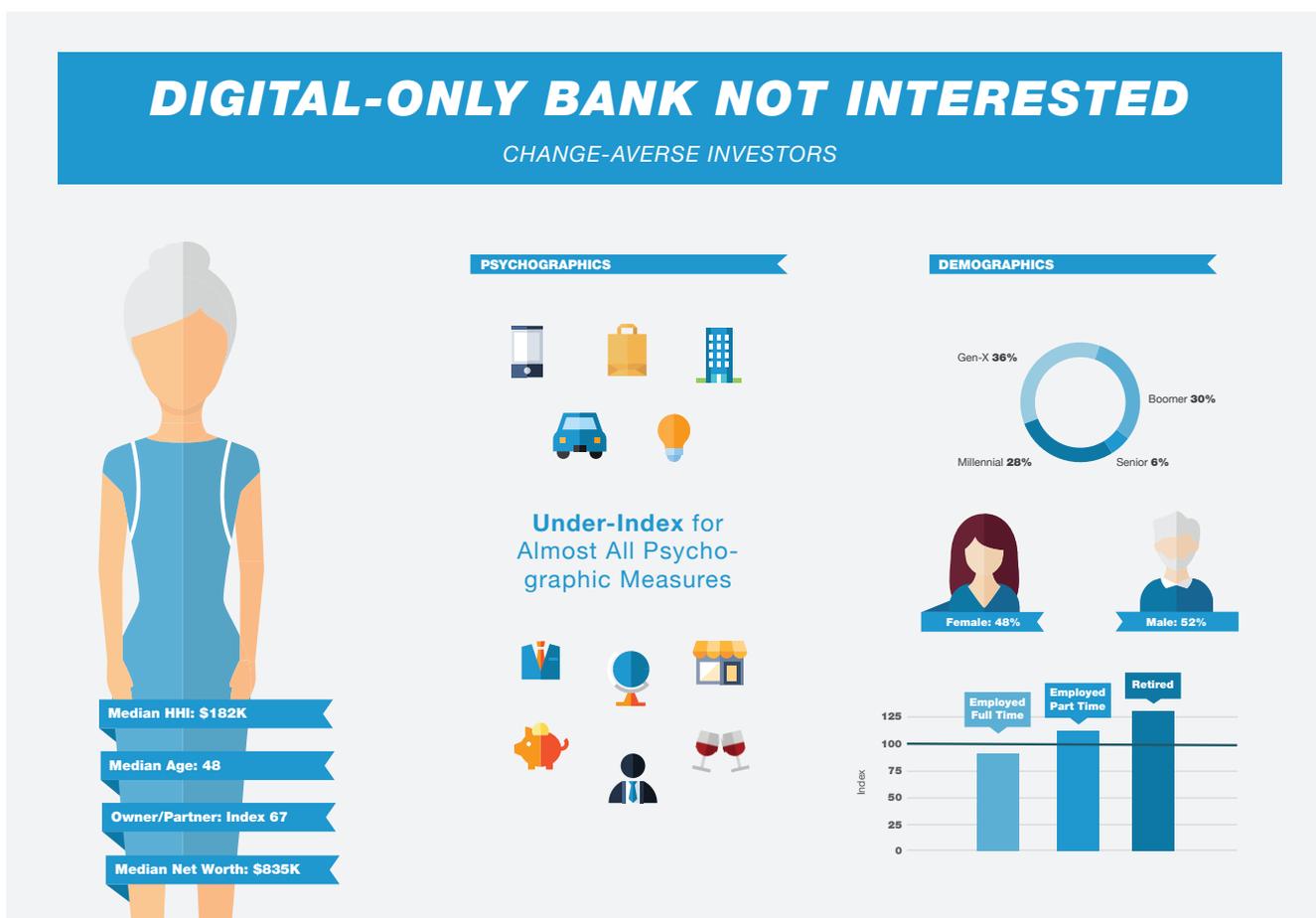
Intenders are younger than users, with a median age of 40. These intenders are self-described “financial risk takers” (Index: 147) who want both great rates and great service. They trust data algorithms (Index: 134) and robo-advisors (Index: 130) more than others but less than current users. They have faith in data and aren’t put off by the new and innovative. In fact, they are significantly more likely to say that they’re open to working with financial companies they’ve never worked with before—a potential boon for up-and-coming digital-only banks without the brand recognition of traditional banks, as well as a potential challenge for existing companies.



Digital-Only Bank Rejectors: Change-Averse Investors

The consumers who aren't interested in using a digital-only bank are "conservative investors" (Index: 110) who value great service and benefits (Index: 109) and human judgment (Index: 113).

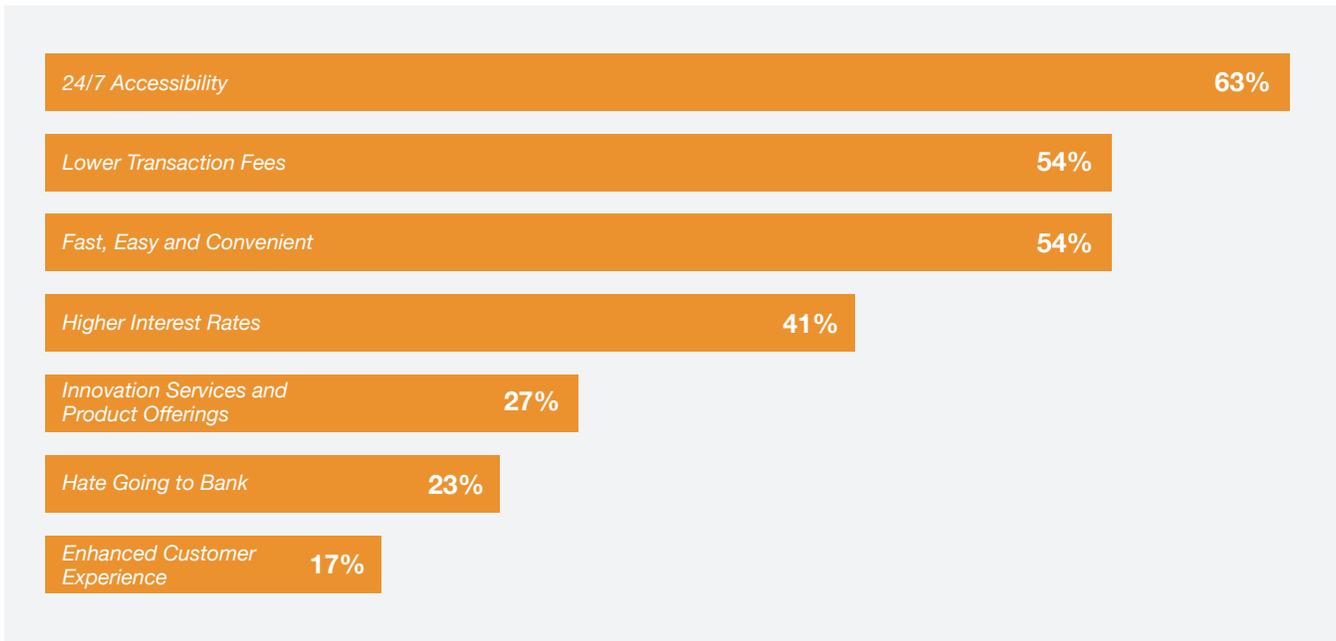
They would be very unlikely to seek the recommendations of a robo-broker (Index: 51). However, their median net worth makes this audience an appealing one. These are consumers who prefer working with other humans—and we suspect there always will be people like them.



Source: Ipsos Affluent Survey Fall 2017; Psychographics: Two Two Box Agreement; All Indexes Against Total Affluent

Offering a Compelling Reason to Switch

“24/7 accessibility” is currently cited as the number one reason for using a digital bank. “Fast, easy and convenient” ranks third. However, accessibility and convenience won’t differentiate the digital-only banks or individual bank brands. Intenders also cite fees and rates as potential reasons for considering a digital-only bank. Yet familiarity with these benefits is not as high as it could be. Digital banks need to communicate differentiating and compelling benefits, and those that do will find intenders willing and able to switch.



Source: IAI Q1 2018 Barometer; Base: Top Three Box Likely to Use a Digital-Only Bank in Next 12 Months

CONCLUSIONS

As technology continues to disrupt the Financial Services category, Financial Affluencers should be a key communications target for new products and services. Not only are Financial Affluencers the first to try and buy—they’re also the category’s educators, introducing their networks to the latest offerings.

Gen-X Affluencers with financial and tech expertise have led the way in the adoption of robo-advisors. They understand the products—and are satisfied users who have come to trust algorithms and data more than human financial advice. They’ll be advising the next batch of converts, affluent Millennials who are keen to give innovative new offerings a try.

Digital-only bank current users are affluent Gen-Xers. Though they’re influential in the financial services category, they don’t resemble the other groups profiled and are likely driven by a desire to take advantage of higher interest rates. Digital-only bank intenders are Millennials who are open to working with new companies and are already banking online. They’ll need a compelling reason to switch from traditional banks, but once they’re given one, there will be little to stop them.

ABOUT IPSOS AFFLUENT SURVEY USA

Ipsos Affluent Intelligence began our affluent study over 40 years ago because we understood that affluents are one of the most powerful and influential target audiences across all industries, driving revenue, adoption of new technologies and experiences, and influencing purchases among their peers and network.

Affluents control the lion's share of U.S. household net worth and outspend non-affluents in virtually every category. Consequently, marketers of everything from automobiles to watches, technology to media, and entertainment to travel rely on capturing both the share of wallet and share of mind of this critically important group.

For the purposes of this White Paper, the definition of affluents is adults aged 18 and over, living in households with at least \$125,000 in annual household income. Data presented here are from the Fall 2017 Ipsos Affluent Survey USA, which consists of online interviews of 22,449 interviews projecting to 58 million affluents in America, and a January, 2018 re-contact of 803 respondents on the subject of FinTech.

ABOUT IPSOS CONNECT

Ipsos Affluent Intelligence is housed within Ipsos Connect, the market research specialization within Ipsos built to reach, engage and more actively understand today's digitally-driven consumer in the fast moving media, content and technology space. We work with leading companies in technology, entertainment and all sectors of media—TV, online, print, mobile, outdoor, radio—helping owners and advertisers to better understand different audiences, the content they consume, the channels they use to consume it and the technology they employ to discover, share and access this content.

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