

# CAN FINANCIAL SERVICES TACKLE HEALTH AND WELLNESS?

By Seth Traum and Allyson Leavy | November 2019

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The food and beverage, beauty, and personal care sectors have embraced the increasing importance of health and wellness among consumers to drive their brand strategies. However, as consumers look beyond consumer packaged goods to address their health and wellness needs, and as the meaning of health shifts from the purely physical understanding of well-being to a more holistic perspective that encompasses all aspects of people's lives (including mind, spirit and emotions), we are seeing other industries jump on the bandwagon. In the retail world, we see one-stop shops for wellness, such as The Well in New York which offers a meditation space, healing center, and reflexology lounge. Hotels have gone beyond traditional gym and spa services, and now offer yoga classes, oxygen bars and "Zennis" classes (tennis classes that focus on relaxation). In the auto industry, Hyundai Motors introduced a 'Health + Mobility Cockpit' concept that connects mobility with wellness

by creating in-car 'micro experiences' to help drivers relax and manage stress. Convergence extends in both directions, with providers of health and wellness looking to stretch their brands into new sectors as well. Case in point: Equinox Fitness recently opened a hotel in New York City, marking the luxury gym company's first foray into lodging services.

With so much focus on health and wellness across industries, the financial services industry has an opportunity to also capitalize on this trend – and they have a right to be a major player. Given the fact that financial stress can be linked to anxiety, sleep issues and increased risk of heart attack and stroke, financial services companies can help consumers alleviate this stress and improve their holistic well-being.

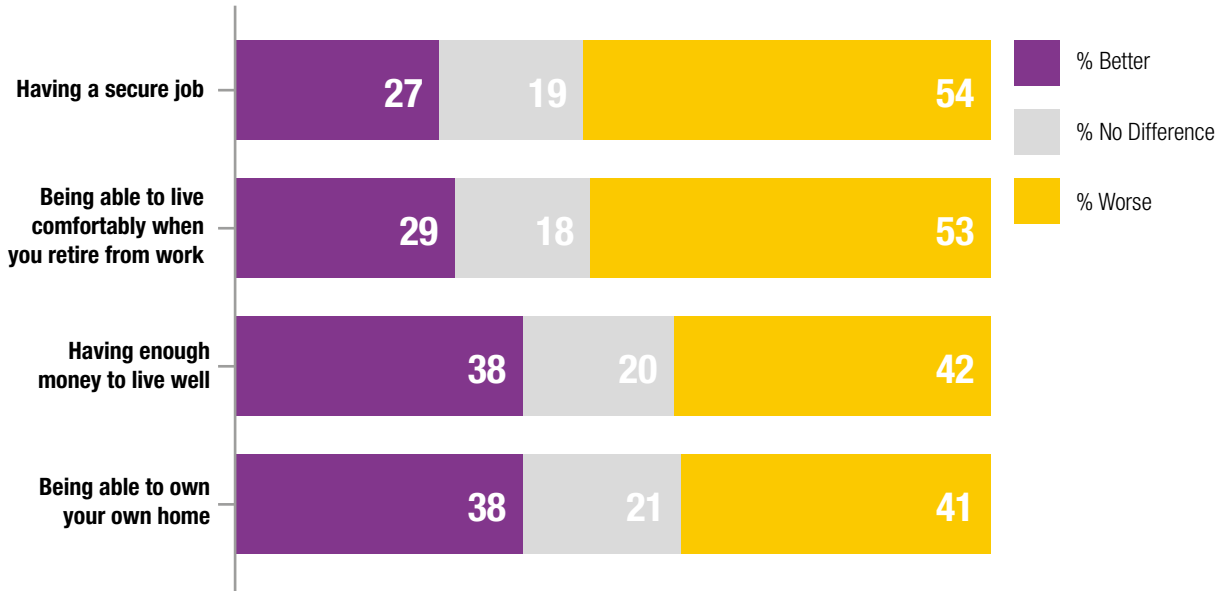
# IS FINANCIAL WELLNESS A REAL CONSUMER NEED?

According to data collected by Ipsos, financial stress is certainly an issue that needs to be addressed. In a 2019 study called “What Worries the World”, Ipsos asked global consumers to indicate their most worrisome concerns. The concern mentioned most often (by one-third of respondents) was “Unemployment” – indicating a serious concern about financial well-being. Moreover, new Ipsos global research reveals that a substantial percentage of consumers perceive themselves as worse off financially than their parents’ generation in terms of jobs, retirement, standard of living and home ownership (see figure 1).

Given the scope of consumer financial worries and its link to mental and physical well-being, financial services institutions who can provide ‘financial wellness’ by making consumers feel less financial stress – as opposed to the traditional

definition of financial wellness which relates to the level of wealth consumers achieve – will be meeting an important unfulfilled consumer need. To be clear, we are not implying that financial services companies must attempt to raise their customers’ levels of prosperity to help them relieve financial stress (especially in light of evidence that prosperity does not necessarily correlate with wellness); instead we are suggesting financial services companies should focus on helping their customers to avoid harm (e.g., reduce debt, improve budgeting, avoid bad investments and have a better understanding of how to manage their finances overall). Of course, any attempts to help reduce financial stress must be authentic – customers will not buy into these programs if they perceive them as a means for financial services companies to gain publicity and promote their product.

**Figure 1** How do you compare yourself to your parents’ generation?



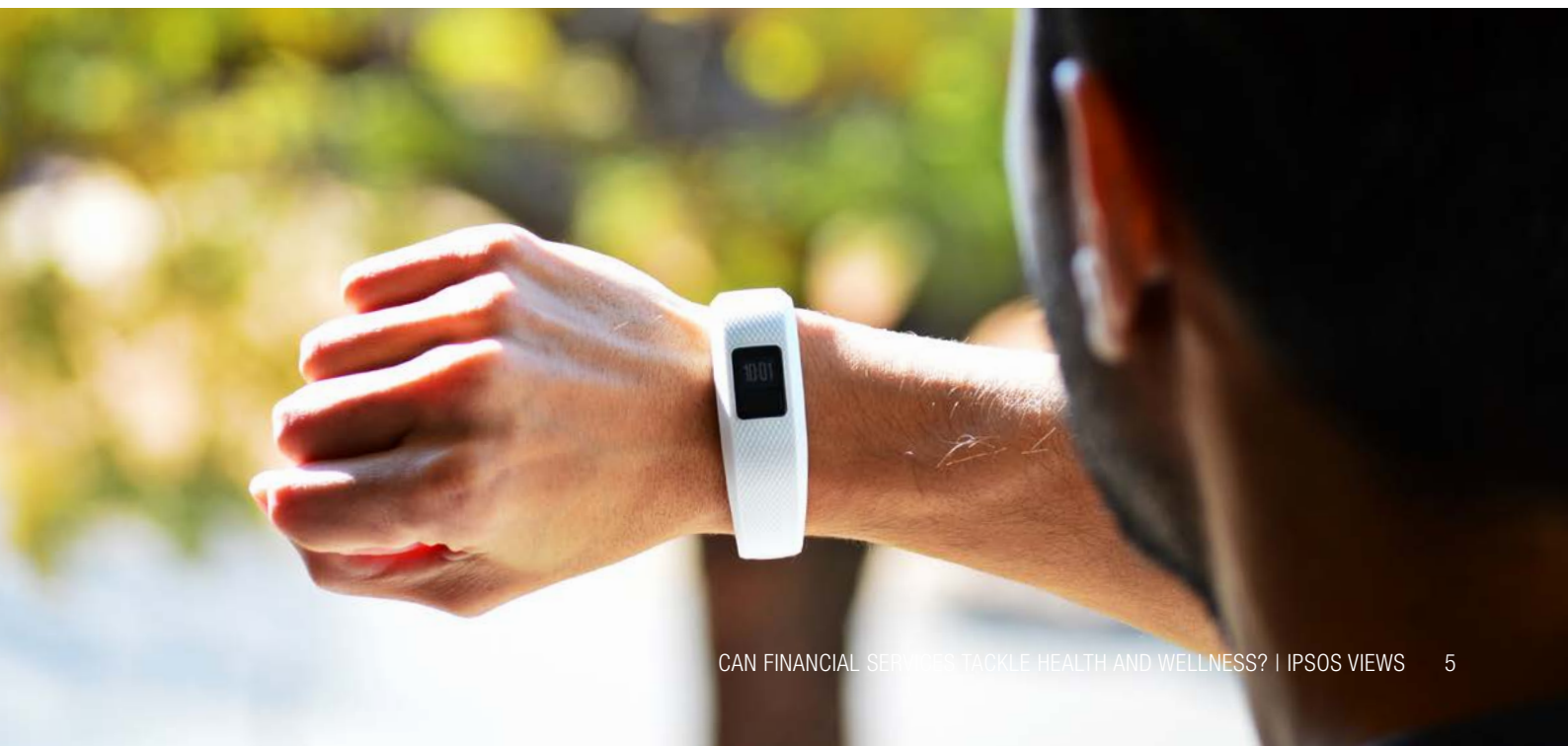
Source: Ipsos Global Survey, 2019

# HOW WELL ARE FINANCIAL SERVICES COMPANIES DELIVERING FINANCIAL WELLNESS TODAY?

While financial wellness classes and assistance are increasingly becoming a workplace benefit (with SunTrust Bank in the US even offering a paid day off to employees to put their financial affairs in order), many major financial institutions are still not doing enough for their customers. However, there have recently been positive developments, with large financial services companies adding financial wellness as a consumer focus, for example:

- HSBC offers community financial wellness programs in a classroom setting, offering guidance on budgeting, credit, and identity theft.
- JPMorgan Chase & Co. recently announced it would commit \$125 million to financial health initiatives to help underserved communities across the globe with their finances. The money will go toward developing fintech products as well as financial wellness coaching programs.
- American Express is now offering Plan It®, which lets cardholders pay for large purchases over an extended time period instead of at the end of their billing cycle, thus alleviating the pressure to pay large sums of money quickly to avoid interest charges.
- Wells Fargo offers an online toolkit to help customers monitor their credit scores, debt-to-income ratios, and budgets; in addition, they offer a virtual financial health banker that provides personalized financial guidance.
- Capital One Cafés offer cozy spaces where consumers can get personalized help, sign up for workshops and coaching sessions, and have a cup of coffee while enjoying free Wi-Fi.
- Betterment.com, launched in 2008, offers automated, goal-based investing that focuses on helping people make better investments to meet whatever goals they have.

It is important to note that financial wellness is just one way to position a financial services company as a wellness company. Some financial services companies have become quite innovative in leveraging health and wellness trends to enhance their brand image. An example is The World of Hyatt Credit Card which pays 2 points per dollar spent at fitness clubs and on gym memberships. Another opportunity for financial services to step into the health and wellness arena is to help offset the costs of connected health (e.g., wearables, smartphone apps, etc.). A recent Ipsos global survey found that cost was the number one barrier in preventing consumers from using/owning a connected health device, with 27% of global consumers citing this as a barrier.



## FINDING NEW WAYS TO CONNECT FINANCIAL SERVICES TO HEALTH AND WELLNESS

The examples cited here show how financial services companies are starting to expand into the health and wellness arena. While this is more of a challenge for financial services companies than for food or beverage companies, savvy marketers will take the necessary steps to re-imagine their offer, brand positioning and marketing strategies. To get started, we recommend the following approach: look outside, look inside, and look sideways.

**Look outside:** What are your consumers (or desired consumers) doing to get what they want and need? Are you looking at your customers from a 360° perspective, respecting their “out of category” needs in terms of what else they are doing in their lives to achieve peace of mind, wellness, and happiness? Or have they had to ‘hack together’ their own solutions to get what they need? What are your competitors doing? What kind of financial services apps are most popular and what are they delivering? For example, Mint, with the tagline “When you’re on top of your money, life is good”, lets users track bank, credit card, investment, and loan balances through a single user interface, as well as create budgets and set financial goals. Do you offer apps like this? Could you? What would be the advantage of using your app versus others?

**Look inside:** What financial wellness services are you already offering – and how can these be expanded to include more people or, conversely, be fine-tuned to target specific groups like Millennials or upcoming Generation Z customers? What financial wellness services are you offering to your employees and can these be replicated for your customer base? What capabilities have you already developed that can be brought together in new and innovative ways to be packaged into the solutions your customers need?

**Look sideways:** How are other sectors leveraging health and wellness trends? We mentioned earlier that Hyundai is creating an in-car mood experience. Is this replicable at a bank branch or an ATM machine? Nestle recently partnered with Amazentis to explore the anti-aging potential of pomegranates. Who could your company partner with? Perhaps a healthcare company to make health and wellness more seamless. A great example is MintHealth, a new company that leverages blockchain technology to empower patients with a global, holistic health record with the aim of improving outcomes and lowering costs.

## THE FUTURE OF FINANCIAL SERVICES AND HEALTH AND WELLNESS

Connecting financial services to health and wellness is a challenge – but one that can be overcome. From retailers offering one stop shopping for wellness services to gyms moving into the hospitality space, there is clearly an emerging convergence across industries and sectors to offer enhanced functional and emotional benefits related to health and wellness. By looking outside, looking inside, and looking sideways, financial services marketers can gain a

deep understanding of consumer needs, aspirations and pain points, and marry those insights with company strengths, the latest technology, potential partnerships and other resources. In this way, financial services marketers will be able to develop more innovative offers and fine-tune their brand positionings to capitalize on health and wellness trends and meet historically unmet consumer needs.

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