

Are Banks Ready for the Next Generation Customer?

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FINANCIAL SERVICES



A Survey Report on Gen-Y Banking by Efma and Oracle Financial Services

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Preface

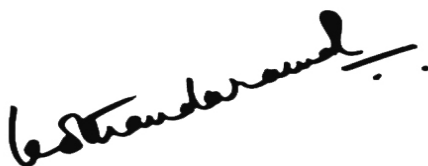
European Financial Marketing Association (Efma) and Oracle Financial Services are pleased to present this report on Generation Y (Gen-Y) banking.

Over the past decade banks have been forced to look for new revenue streams as new business models, technological innovations and non-traditional competition have transformed the banking landscape. Amidst all this change, a new generation has come knocking on their doors. They are in the age group of 18 to 30 years – and often called Gen-Y or the millennials.

Deloitte refers to them as ‘catalysts of change’, KPMG predicts that they will be tomorrow’s accumulators of wealth and Aite has termed them the generation that banks cannot afford to ignore. According to Javelin Strategy and Research 2009, by 2015, in the U.S. alone, their annual spending is expected to be over USD 2.45 trillion. By 2018, their projected income will be about USD 3.39 trillion annually. By that time, their income will surpass that of the Baby Boomers and will close in rapidly on that of Generation X.

Gen-Y is so different from their predecessors that banks must understand their needs, if they want them as their customers. Banks will need to use an approach distinctly different from anything that they have been accustomed to in the past. The imperative is that as the economic power of Gen-Y expands its members will change how financial transactions are conducted together with patterns of spending, saving and investments.

Key executives in the top 100 retail banks in EMEA like CEOs, CIOs, SVPs, Heads of Operations, General Managers and Product Managers of Youth Banking have responded to this survey. We hope the report will offer an insight into how leading banks are addressing the next generation’s requirements. We also hope that it will also help retail banks reflect on the strategies they need to adopt to connect and engage with the Gen-Y.



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Executive overview

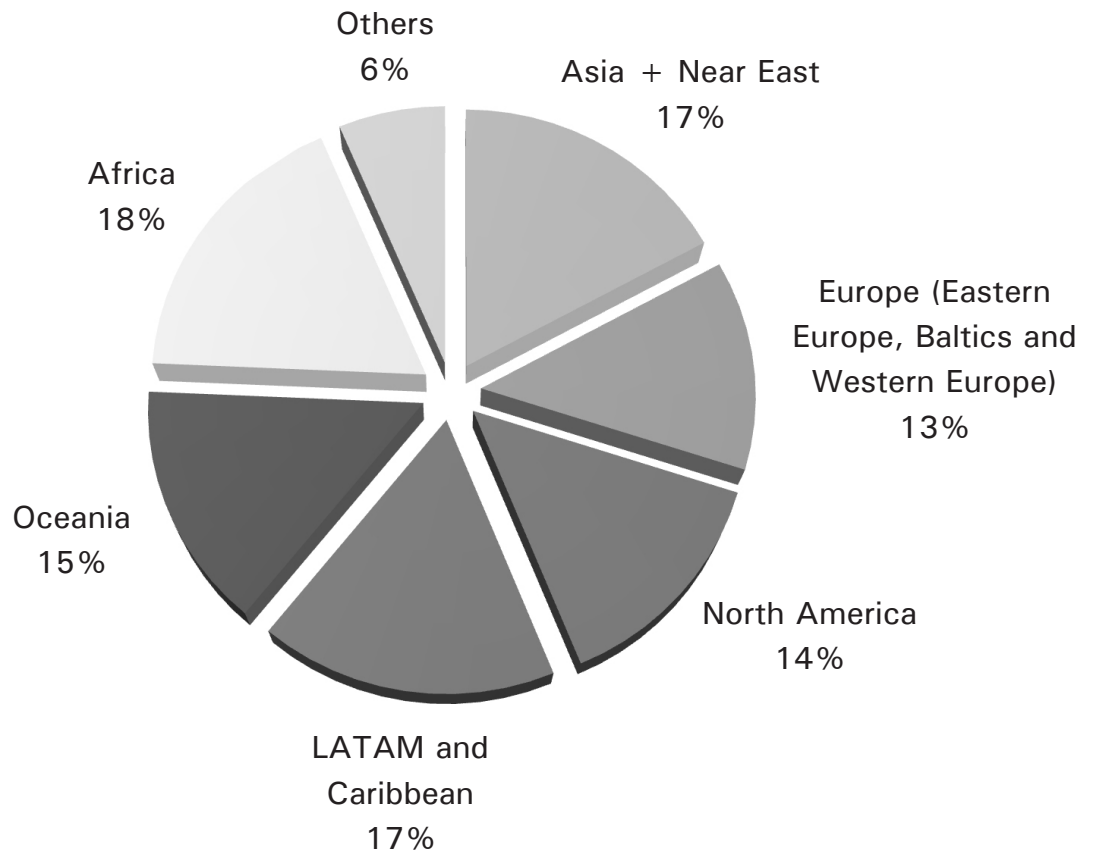
- **(Gen-Y) constitutes a sizeable proportion of banks' customer base.** Over half the banks who responded to the survey claimed that about 10 to **20 percent** of their existing customers were in the Gen-Y category. Around **30 percent of the banks** claimed to have about 20 to 40 percent Gen-Y customers.
- **Engaging with Gen-Y needs a dedicated strategy.** As members of Gen-Y are different from other customers, banks have designed specific strategies to win them over. Our survey revealed that about **31 percent** of respondents have a dedicated Gen-Y strategy in place, while **38 percent** said they were in the process of designing a well defined Gen-Y strategy.
- **Banks use social media for marketing and reaching out to their customers.** Only **37 percent** of the respondents said that they did not have any presence in the social media. A vast majority of respondents (**63 percent**) use social media or planned to use it over the next 12 months. Institutions have used the media to launch new products, make announcements and drive new conversations with their customers.
- **Great banking experience is one of the cornerstones of the Gen-Y engagement.** Enhanced customer experience is the key to attract Gen-Y customers. Only **8 percent** of the banks surveyed provided "exceptional service" to their customers. **54 percent** of banks surveyed said they provide a "good" banking experience to their customers while **36 percent** claimed they provided a "satisfactory" banking experience.
- **Banks with a defined Gen-Y engagement plan interact differently with their customers.** Banks engaging with Gen-Y customers have introduced new offers suited to their needs. These include innovative products and services, special interest rates, no fee transactions, customized and bundled products. These banks showed more interest in using the social media as compared to those who were still planning their Gen-Y engagement or those who did not have a Gen-Y engagement plan. About **85 percent** of the respondents acknowledged social media as a key channel for engaging with Gen-Y. These banks were keen on modernizing their retail banking applications unlike banks that did not have a Gen-Y strategy.

- **Time to launch new products in the market is a key differentiator.** Only **4 percent** of the banks confirmed that they could launch a new product in a week. A majority of the respondents, about **41 percent**, took one to three months to launch a new product, while **24 percent** said they could launch within a month. Banks that had a dedicated strategy for Gen-Y focused on quick product launch times. The majority of the banks who had launch times of less than a week had a Gen-Y focus. Conversely, the majority of banks that had product launch times of more than 3 months did not have a Gen-Y focus.

Who are Gen-Y?

Gen-Y, those born between 1980 and 1992, comprise about **17 percent** of the world's population¹. Those between 20-30 years old constitute about **17 percent** of Asia's population, **13 percent** of Europe's, **14 percent** of North America's population, and **17 percent** of the population in the Caribbean and Latin America.

Percentage of customers in the age group of 18 - 30 years



Source: U.S. Census Bureau, International Database – December, 2009

¹ U.S. Census Bureau, International Database – December, 2009

	Age group 20-29 years (in millions)	Total population (in millions)
World	1,143	6,831
Asia + Near East	692	4,042
Europe (Eastern Europe, Baltics and Western Europe)	68	529
North America	48	344
LATAM and Caribbean	101	591
Oceania	5	35
Africa	181	1,013

Source: U.S. Census Bureau, International Database – December, 2009

They have grown up in an era of global economic prosperity and a significant number of them are the children of affluent Baby Boomers. They own or at least are familiar with instruments like credit cards and loans. A large percentage of them have direct or indirect support of their parents – a reason their lifestyle often revolves around spending and not saving or investing for the future.

A large number of them have owned computers and mobile phones from their teens and spend a considerable amount of time messaging, chatting, watching videos and visiting social networking sites. They are tech-savvy population and have grown up using the Internet and its applications for communication, entertainment, social networking, shopping, information, reviews, and news and so on.

Gen-Yers are:

- Independently Dependent
- Practically Motivated
- Tech-savvy
- Socially Mindful
- Financial Freshmen

Catalysts for Change: The Implications of Gen-Y Consumers for Banks, Deloitte 2010

Gen-Y are quite different in their values and characteristics from their parents of the Baby Boomers generation. Most of them, being single children, are used to dealing head-on with figures of authorities and are inclined to establish a familial attitude with their friendship groups. They have a strong trust in their social network and are a peer-oriented population.

Due to the multiplicity of opportunities available to them Gen-Yers are mobile, unlike their brand-loyal predecessors. Their choices are informed and motivated by their own experience and that of their peers. They are highly educated, skilled and far more entrepreneurial than earlier generations.

They have high expectations about their careers and want to be well paid and maintain a work-life balance. The objective of the generation is to earn an income to maintain their lifestyle rather than to pay off their debts. Saving is not a high priority for Gen-Y as they believe in "living for the day".

Banking with Gen-Y – why are they important and what are they looking for?

Today, the significant percentage of the world population, or approximately 3.54 billion, is under the age of 30². Over the next 10 years, Gen-Y should constitute the majority of ‘wealth accumulators’ in developed economies and will look for financial products to maximize their wealth. This segment is expected to have a higher disposable income than their predecessors. Banks need to begin to engage with them now to reap benefits later.

Baby Boomers are currently in the wealth accumulation stage and banks are meeting their needs. However, this generation will soon be approaching retirement and their financial prospects seem less rosy. There will be a dramatic demographic shift by early in the next decade in the U.S.³.

The spending patterns of Baby Boomers will change and they will begin drawing from their savings. To generate significant revenue in the future, banks will have to reach out to the population that love spending, prefer credit and loans and are projected to be at peak of their earnings in 10 years from now – the Gen-Y.

They are financial novices

They do not have long term investment plans and are more interested in basic banking like having a checking and savings account⁴. Their most popular banking products are the credit, debit cards and loans (student loans and mortgage). Mobile banking is catching up fast as their preferred channel for banking. Gen-Y looks out for financial assistance to manage their money. More than one-third of Gen-Y feel they need financial assistance in managing their financial affairs⁵. They look to their parents for financial advice and banks can explore this opportunity using the social media and “virtual consulting”, in place of face-to-face delivery.

² U.S. Census Bureau, International Database – December, 2009

³ KPMG Survey

⁴ Javelin Strategy and Research 2009

⁵ The Next Growth Opportunity for Banks Cisco IBSG Retail Banking Survey

Another important finding by Aite, the U.S. research firm was that over the past year, one in five of the Gen-Y they interviewed had met with a bank representative for help with making a financial decision. They also found that **35 percent** of the generation had recommended their banks to family and friends. Those who made these recommendations were also more likely to deepen their relationship with their banks⁶. This finding explains why banks cannot afford to ignore Gen-Y.

Spend now and save later

The values of the technology-oriented Gen-Y will shape consumer spending⁷. This is because the attitude of Gen-Y towards managing their finances is distinctly different than that of Baby Boomers. They believe in living in the present and in “spending now, saving later”. They desire the luxury which their predecessors enjoyed in retirement and that is why most of them are often in a cash-crunch.

Speaking at “The Future of Financial Services—the Acquisition and Retention of Gen-Y” luncheon organized by FST Media and Oracle, renowned social commentator, researcher and best-selling author Mark McCrindle highlighted that bankruptcy was on the rise amongst 19 year olds.

He highlights that while many of the generation are high earners they spend it on cars, clothes, leisure and entertainment and are not concerned about investing for their future.

“57 percent of the Gen-Y population spend half their salaries on social purchases like holidays and technology.”

KPMG survey, September 2008

⁶ *Engaging Gen-Y: Cultivating a New Generation of Banking Customers Aite report 2009*

⁷ *PricewaterhouseCoopers LLP and Retail Forward, 2010*

A credit friendly generation

Gen-Y believes in spending and fancies credit cards and loans. This makes them an important segment for banks to explore. In Australia, for instance, Gen-Y have a more self-centered approach to finances than their predecessors, with **68.9 percent** of their income stemming from parental or family sources⁸. Statistics indicate that between 1998 and 2006, excessive credit card usage contributed to soaring bankruptcies among Gen-Y, these went up by **118 percent** and were expected to climb even higher than⁹. This suggests that Gen-Y continue to look for credit and debit card schemes and loans that are flexible and suits their needs.

More demanding with greater expectations

An important aspect of Gen-Y is that they are demanding and want the institutions they deal with to have the flexibility to fulfill their multiple needs. “Gen-Y knows they have options. If not satisfied with their treatment, they will go to a competitor”, says Peter Sheahan, author of best-seller “Gen-Y and Flip”. They use Internet and mobile technologies in their daily lives and demand that these be used for banking as well. UBank, for instance, has developed a Click to Chat and 24-by-seven knowledge base for better collaboration. The bank aims to develop a multi-channel means of reaching out to their customers.

⁸ *The Mission Australia’s National Survey of Young Australians*

⁹ *Insolvency and Trustee Service Australia (ITSA)*

A well-connected generation

Gen-Y has grown up using two crucial elements in their daily lives – mobile and social media. While the Internet has become an integral part of their lives, one of the most remarkable phenomenon over the past few years has been the growth of the mobile and wireless market.

“Two-third of the global Internet population visit social networks.”

Nielsen, Global Faces & Networked Places, 2009

This growth in technology has made mobile banking possible through SMS or Mobile Internet, which is commonly used to check account balances and account transactions. Banks can also offer customers services like funds transfer while travelling, receiving online updates of stock price or even the option to trade in stocks. Banks can develop mobile payment methods like mWallet. In Europe and Asia, where mobile banking has gained wider adoption, mobiles have moved beyond reporting balances and funds transfer and have become contact-less payment instruments for executing small transactions.

Conventional banking customer

Welcome,
Thank you for giving us the opportunity to present our case to you today. We hope that you will find the session useful. Please do let us know your feedback and guide us in this engagement going forward

Today's under-20 customer

wlcm,
thk U 4 givN us d opRtunET
2 presnt our case 2 U 2day.
We hOp dat U wiL find d
sessN useful. pls do lt us
knO yor fEdbak & guide us
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Source: www.transl8it.com

Jibun Bank in Japan is the first bank in the world, to offer its entire range of products and services using the mobile as their primary channel of contact with the customer. Customers can open an account with the bank using just the mobile phone and the phone camera¹⁰. The bank delivers enhanced customer service on “anytime and anywhere” basis, and offers different banking services on mobile, including fund transfers, payment services and web based shopping and auctions. It experienced a huge growth in customer accounts within 8 months of inception, with the number of accounts increasing to 500,000. Another area which has had a meteoric rise in usage is social media. Social media continues to change the way people communicate and express themselves. People connect with other people, communities and groups and share ideas and opinions on websites like Facebook, Twitter, LinkedIn and YouTube.

¹⁰ <http://www.youtube.com/watch?v=4mL-gN3ObQE>

About two-third of the global Internet population visits social networks¹¹. Facebook has more than 400 million active users¹². World-wide, Facebook saw **69 percent** growth in the number of users in May 2010 as compared to May 2009, according to comScore. More than **75 percent** of its visitors are from outside the U.S. The U.S. still has more Facebook users, 115 million, than any other country. Over the past year, Latin America and Europe saw the strongest growth rates in users, with the number of visitors in those regions growing by **102 percent** and **74 percent** respectively¹³. According to comScore¹⁴ Facebook went from being non-existent to number one in most European countries in the past few years.

Currently in 2010, Europe is the only continent with four countries having more than 10 million Facebook users. Five European countries feature in the top ten countries having the maximum Facebook users as on March 2010. An average user spends more than 55 minutes per day on Facebook. If banks get a sizeable share of this time for their products and brand, they can establish a profitable engagement with the customers.

According to comScore social networking statistics, 2009, Twitter's audience grew in 2009 with interesting shifts in its demographic composition. The initial success of Twitter was largely driven by users in the age group of 25 to 54 years, which made up **65 percent** of all visitors to the site in December 2008. Users between 18 to 24 years of age accounted for just **9 percent** of visitors.

LinkedIn, one of the largest business social networking sites has about 50 million members across the world¹⁵. About 14.8 billion videos were viewed on YouTube in January 2009 alone¹⁶. Social media has become the most trusted form of advertising; people are most likely to follow their peer recommendations than be influenced by brand websites, newspapers, magazines or billboards. Social media has re-energized the age old word of mouth concept. Word of mouth has now become more powerful than ever.

¹¹ *Global Faces and Networked Places, Nielson 2009*

¹² <http://www.facebook.com/press/info.php?statistics>

¹³ <http://blogs.wsj.com/digits/2010/05/18/facebook-crosses-the-500-million-threshold-comscore-says/>

¹⁴ http://www.comscore.com/Press_Events/Press_Releases/2009/4/Facebook_Top_Social_Network_in_Spain

¹⁵ *LinkedIn, 2010*

¹⁶ *YouTube Report, 2009*

Social media a medium of choice among Gen-Y

Gen-Y is a “wired” generation and spends a significant amount of time online and is an avid user of social media. They are a sociable generation and their interest in building and maintaining relationships is shown in how they blog, text-message, upload photos and videos, tweet about their activities, post their thoughts and opinions and look for updates on recent developments. About **85 percent** of college and university students in U.S. have a Facebook account. A recent Aite survey entitled “Engaging Gen-Y: Cultivating a New Generation of Banking Customers”, found that one in five of Gen-Y surveyed use social networks to solicit opinions of peers when they are researching financial products. An Australian survey revealed that **73 percent** of Gen-Y consumers in Australia are reluctant to turn to financial advisors and institutions and are influenced by information provided by peers, social network, parents and other family members, blogs and Internet. They make an informed choice that is backed by logic, experience and communication.

Gen-Y is the most informed generation in terms of their willingness to research and access information and their favored method of doing this is through the social media and networking. The social media is the key to connect with Gen-Y¹⁷ to explain the features and benefits of their products and services. A customer-staff connection means that there is free flow of information which can have a dramatic impact on the brand’s reputation – it can either enhance or damage it. A substantial number of social network users post opinions about products and brands on their blogs and think more positively about companies that own blogs¹⁸. Banks that use social media to brand themselves have been successful in integrating social tools into their existing campaigns or creating new ones that capitalize on the spirit of the community. **Citi** is one of the largest financial institutions using social media (Citibank has 2750 fans on Facebook¹⁹ as on June 2010) to build a community around its brand. For example, Citi Credit Cards has launched a campaign that centers on the power of harnessing your Facebook network²⁰. Citi cards has 6,748 fans on Facebook²¹. AskCiti, official Twitter ID for Citi Customer Service has 654 followers and 1400 tweets as on June 2010²².

¹⁷ *The Next Growth Opportunity for Banks Cisco IBSG Retail Banking Survey*

¹⁸ *Wave 3 Report from Universal McCann, 2008*

¹⁹ <http://www.facebook.com/pages/Citibank/82932463184#!/pages/Citibank/82932463184>

²⁰ <http://mashable.com/2009/09/11/banks-social-media/>

²¹ <http://www.facebook.com/citicards#!/citicards?v=wall>

²² <http://twitter.com/AskCiti/>

In the U.S., there has been a phenomenal change in the banking industry. Facebook recently announced its capability to enable transfer of funds from one Facebook user to another. Many banks in the U.S. are using social media to promote their services and brand or to just build an online community with existing and potential customers.

UBank in Australia has been successful with its presence on Facebook, using its presence as a medium to launch new product ideas and eliciting user opinions amongst other engagement strategies. Their “Click to Chat” tool is designed to drive greater collaboration. It has extensively used social media including Facebook, blogs, Wikis and the whole approach was designed to create an integrated, multi-channel experience for their customers. UBank has 5,319 fans on Facebook and 2,555 followers on Twitter as on June 2010²³. UBank’s Facebook site hosts pages on poll, savings tips, customer feedback, discussions, and YouTube videos.

Social media is not just Twitter, Facebook or YouTube

While banks have braced themselves to take on traditional competition in order to increase their client base, non-traditional competition has been slowly making inroads into their domain. P2P lending, also known as social lending, matches lenders seeking a rate of return for their money and borrowers who need the money for a variety of purposes. P2P lending sites like Mint, Prosper, and Zopa have gained great momentum and could be a popular mode of unconventional banking amongst Gen-Y.

Designing “cool” products

Banks need to understand the generational differences while designing new products for Gen-Y. Gen-Y currently use basic financial products like cards, loans much to support their lifestyle. They are not too interested in investment or retirement products unlike the Baby Boomers and Generation X. Banks need to design products that are suited to their needs, simple to understand and easy to use. Products need to be designed keeping in mind their traits, attitudes and lifestyle and should enable personalization.

²³ <http://www.facebook.com/pages/Citibank/82932463184#!/ubank?v=wall&ref=ts>
<http://twitter.com/UBank>

Quality customer service – a critical component of Gen-Y strategy

In 2008 Forrester's research highlighted that Gen-Y was more likely to switch banks than members of any other generation. Customer service forms a critical measure in retaining their loyalty. Banks cannot afford bad customer service given how well connected the generation is and how actively they use word of mouth. Banks can offer them online personalized services like opening accounts online or on mobile and funds transfer online as they spend so much of their time online. Gen-Y is ready to pay premium for services that are available round the clock, anywhere, easy to access and quick to use. Banks have to embrace the latest technologies and improve their operations to provide a satisfactory service to their customers.

As Gen-Y is a multi-channel user, banks need to create a consistent unified experience across channels. Branch innovation is yet another imperative which banks need to consider while targeting Gen-Y. They need to provide Gen-Y with special offers that would attract them to the branch. A customer might want to get advice on loans at the branch, apply and pay premium online and check the premium details on their mobile. To achieve such a state, banks need to integrate their channels yet innovate with them separately.

SURVEY REPORT

Survey results and analysis

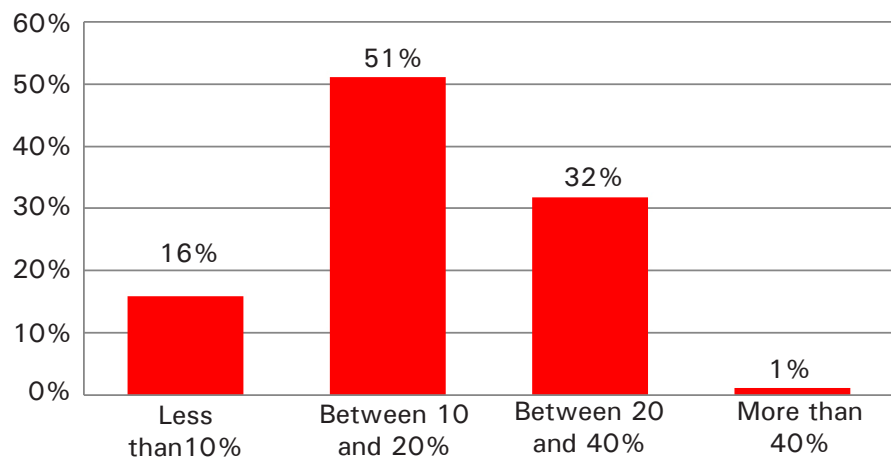
This survey of Efma members analyzes whether banks have formulated a Gen-Y strategy and the ways in which it has been implemented.

Customer profile

A substantial percentage of the existing customers of many banks are Gen-Y. More than **50 percent** of the respondents claimed that between 10 to 20 percent of their existing customers were in the age group of 18 - 30 years.

Percentage of customers in the age group of 18 - 30 years

Figure-1

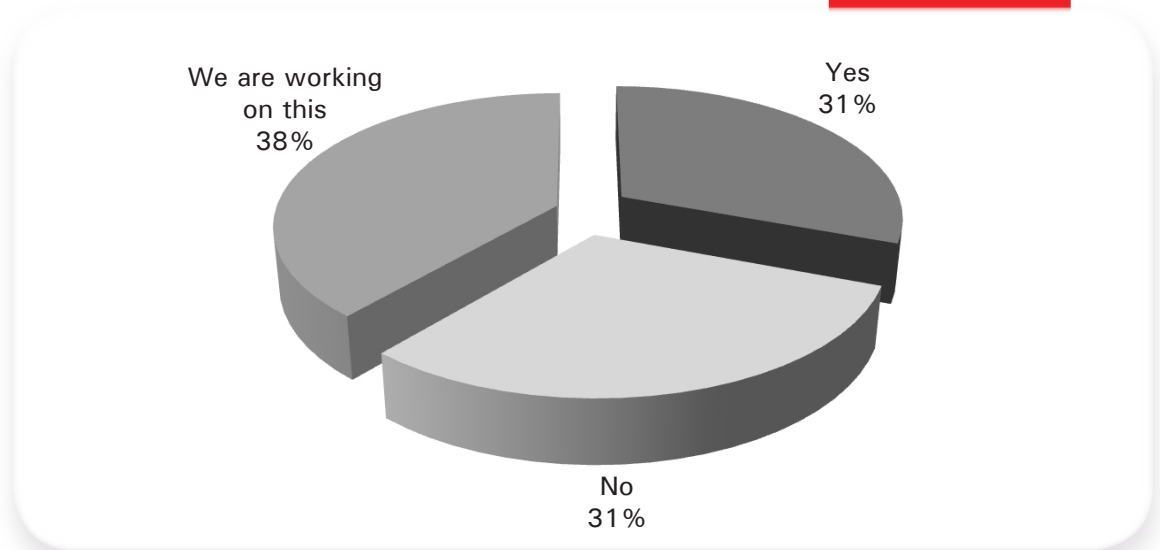


Dedicated Gen-Y strategy

31 percent of respondents said that they had a strategy that focused on Gen-Y customers. Around **38 percent** claimed they were working on a Gen-Y strategy.

Dedicated Gen-Y strategy

Figure-2



Critical for success

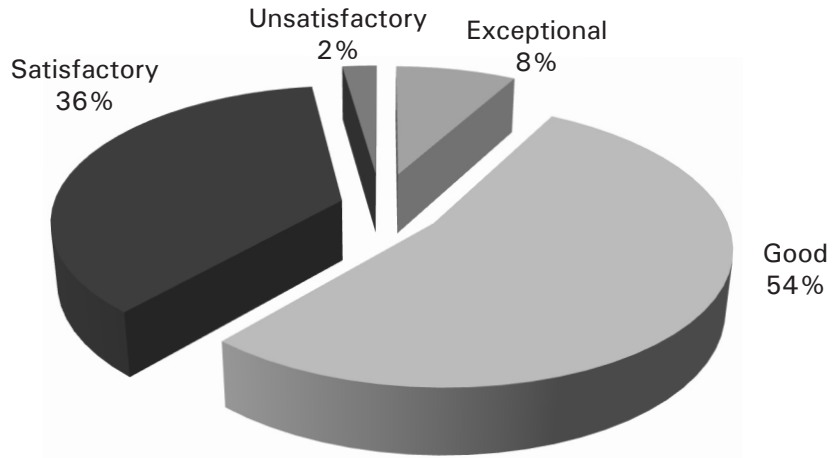
Gen-Y demands a variety of choices with simple and uncomplicated processes and is not hesitant to switch brands if they are dissatisfied. We analyzed a few critical parameters necessary to engage with a Gen-Y customer.

■ Banking experience

Only **8 percent** of those surveyed said that they could offer an “exceptional” banking service to their customers. **54 percent** of the banks surveyed were confident that their customers had a “good” banking experience with them. This suggests banks still have a long way to go if they want to engage with Gen-Y and will have to resort to innovative efforts to build competitive advantage.

Banking experience to customers

Figure-3

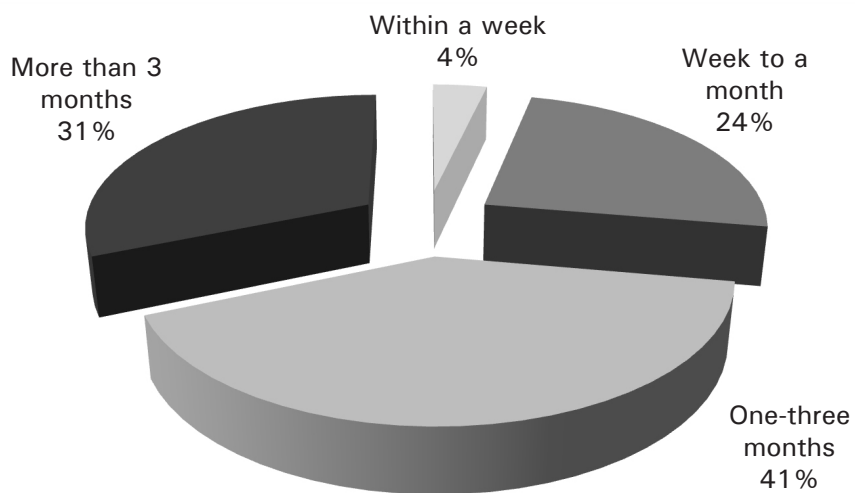


■ Time to launch new products

One way banks can create an edge over competition is by reducing the time to market for launching new products. Only **4 percent** of respondents claimed they could launch a new product within a week which could be a key differentiator for them. **31 percent** of the respondents said that it takes them longer than 3 months to launch a new product.

New product launch time

Figure-4

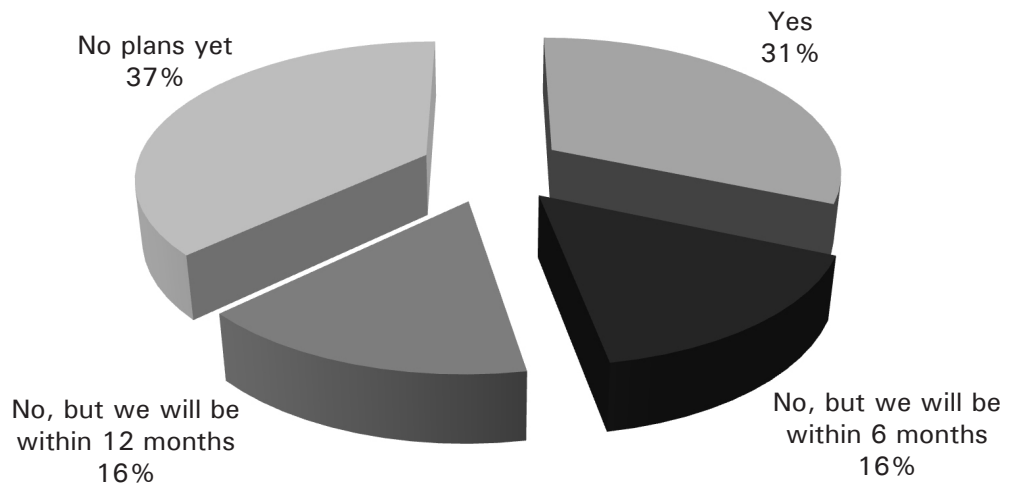


■ **Presence and use of social media**

Our survey revealed that most banks are engaging Gen-Y by designing innovative, customized and bundled products and services. Banks are using social networking services as well as the mobile and Internet as sources of product and service innovation. **31 percent** of respondents said that they currently use the social media, **16 percent** planned to use it in the next 6 months and another **16 percent** in the next 12 months.

Presence in social media

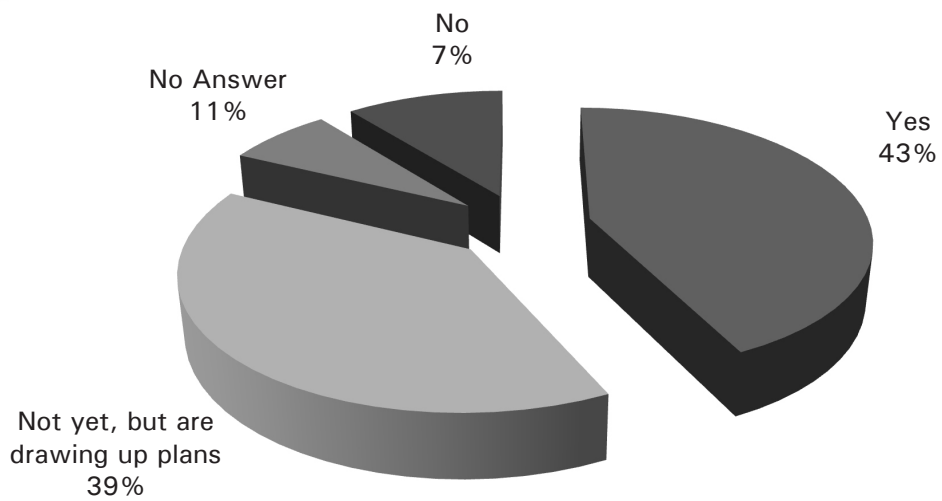
Figure-5



According to the survey, banks used social media as a platform to market themselves. A whopping **82 percent** of the banks that use the social media presence recognize it as one of the best mediums for marketing. **43 percent** of them are already using social media to launch new products, make announcements as well as engage in new conversations with their customers.

Use social media for marketing

Figure-6



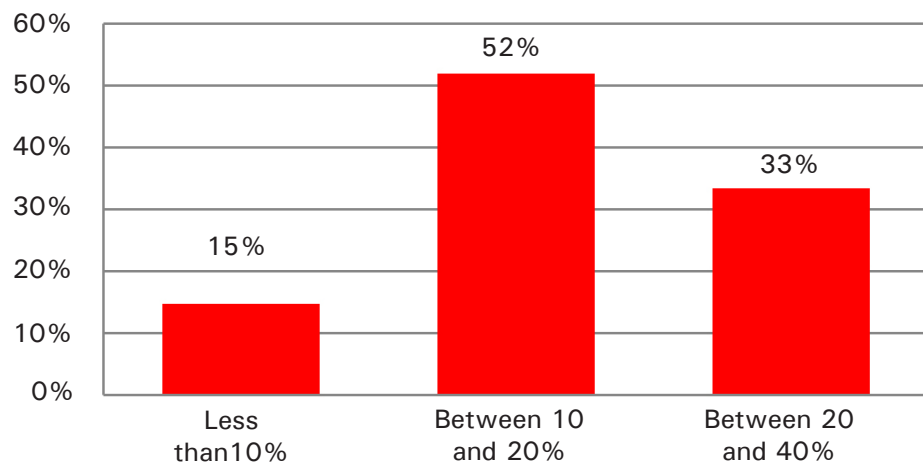
Banks with Gen-Y strategy and presence

While **71 percent** of banks were at present, either not planning for Gen-Y or were in the planning phase, there were a significant number of them who stood out as believing that engaging with Gen-Y was imperative. These banks had formulated and implemented their plans to win the confidence of Gen-Y. In our survey, we analyzed the objectives, processes, impact and success of their Gen-Y strategies.

- A sizeable share of customers of these banks belongs are Gen-Y which explains their special emphasis on this segment. Building a strategy to engage and build strong links with Gen-Y would be advantageous for these banks over others in the long run.

Percentage of customers in the age group of 18 - 30 years

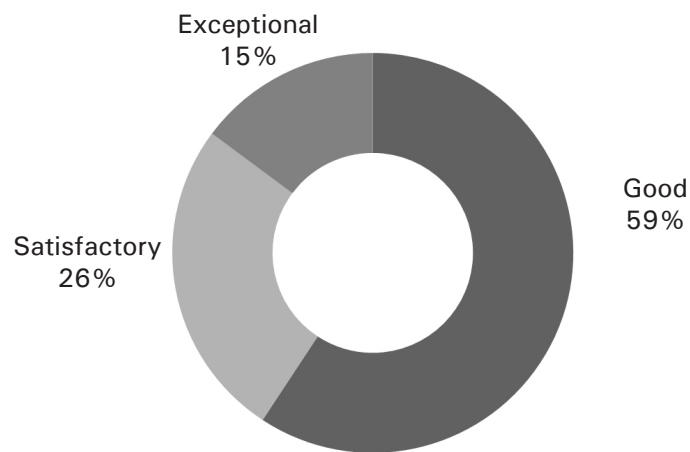
Figure-7



- Gen-Y considers good customer service as one of the key priorities while banking with any financial institution. According to the survey, the majority of the banks who adopted a Gen-Y strategy, were confident about the quality of their service. They considered customer banking experience as an important factor in maintaining good customer relationships.

Customer service

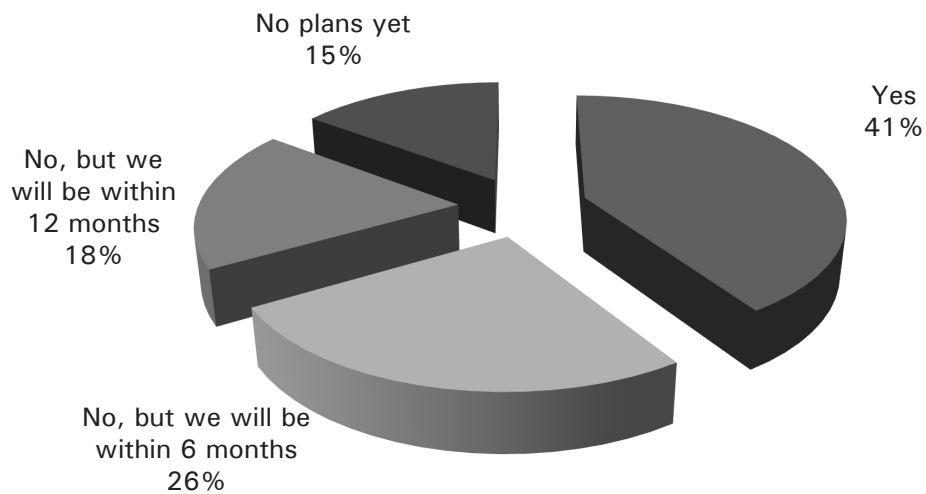
Figure-8



- These banks were also more willing to use social media as compared to banks who were still drawing up their plans for Gen-Y and those who did not have any such plans. The survey results revealed that a majority of banks with a Gen-Y strategy had a presence in social media. Banks are using social media to understand what Gen-Y needs, provide interactive financial advices, launch new products, gain feedback about their products and services and promote themselves.

Presence in social media for Gen-Y focused banks

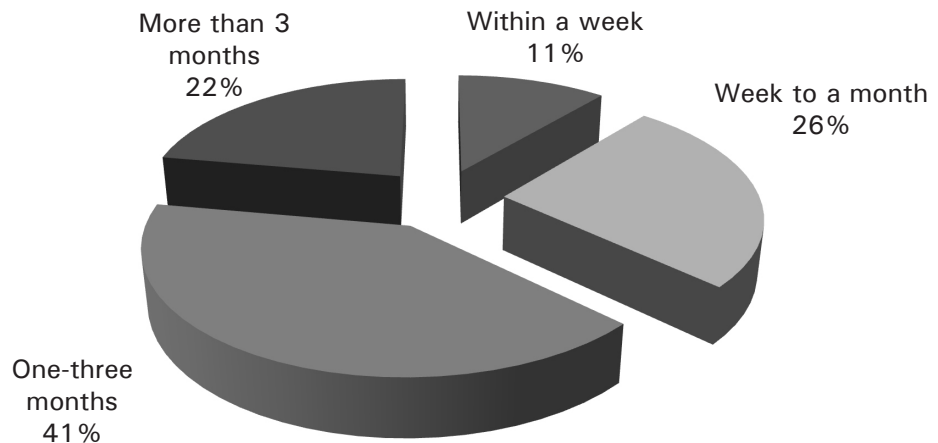
Figure-9



- One area of concern which emerged in the survey was the time that it took banks to launch new products. Majority of the banks, about **41 percent** of them, said it took one to three months. **22 percent** of the survey participants said that they needed more than 3 months for a product launch. Banks will have to improve their efficiency if they want to be in sync with the dynamic needs of the Gen-Y and be their preferred bank. Since members of this generation are demanding and have high expectations they may opt to bank with those who provide them the products that meet their needs, failing which they might switch to other banks.

Product launch times

Figure-10



- The survey revealed that banks with a larger proportion of Gen-Y customers were the ones that could launch products faster than other banks. Majority of these banks launched new products within a week and a small number of them took more than 3 months to launch a product.
- Banks with strategies to attract Gen-Y, had distinct offers for this group, with special interest rates, customized products and services:
 - Dedicated account package for “life starters” (aged 18 - 26 years) with current accounts, specially designed debit cards, regular savings plans and overdrafts. If young customers use their account and cards they could receive free tickets to cultural events like exhibitions, movies and theatre.
 - Partnerships with retail chains/co-brands.
 - Prepaid Card - debit card that enables funds transfer through SMS
 - Student accounts - free of any regular maintenance fees
 - Student loans – at competitive interest rates

Compared with their peers, banks with a Gen-Y strategy were keener on modernizing their retail banking platform. For banks with no dedicated Gen-Y strategy, most of their IT spend was on maintaining current applications and platforms, and upgrading and building new applications. Modernization of their retail banking applications was on low priority for them. A dedicated Gen-Y strategy would require banks to invest in new technologies in order to launch products faster and provide superior experience to their customers.

Conclusion

As banks analyze future business opportunities, Gen-Y is emerging as a key customer segment and they already constitute a significant proportion of banks' current customers. Banks are developing a dedicated strategy to understand and meet the demands of this segment. With innovative and customized products and services, attractive pricing and special offers, these banks are engaging Gen-Y differently as compared to other respondents. Banks should have an integrated enterprise-wide intelligence with the ability to capture market feeds, to have a holistic understanding of their Gen-Y customers.

Interaction with Gen-Y is complex as they are well-connected through social media and mobile. Our survey revealed that banks used their social media presence as a medium to converse, get feedback from their customers and launch new products. They can leverage or partner with other retail brands that have successful presence in the Gen-Y segment by co-branding or creating joint offers.

Banks can make their products and services more attractive to Gen-Y through personalization of services. Each offering should be attractive enough to be on the wish list of this generation. They rely on opinions and word of mouth of their peers and if banks fail to offer "exceptional service" they run the risk of losing their brand reputation. Our survey revealed that though many banks were providing new and innovative products and services, they lagged in product launch times.

Banks with a Gen-Y focus had shorter product launch times as compared to others. Seamless multi-channel banking offering a superior customer experience is key for engaging Gen-Y. Innovative pricing strategies like pricing based on relationship could help banks establish incentives for Gen-Y customers to continue buying more from the same brand instead of hunting for other deals.

Engaging with Gen-Y is a potential money-spinner for the banking industry. But banks need a dedicated engagement plan to connect with them. Banks who have adopted a dedicated Gen-Y strategy are engaging them using social media, customized products and services and modernized banking applications. These banks are proactively embarking on strategies which will provide them an unbeatable early-mover advantage in realizing the lifetime value of this customer segment.

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The European Financial Marketing Association has been an unfailing observer of the numerous transformations that the retail financial services sector has experienced over the years and has demonstrated its ongoing commitment to providing a forum for professionals from the sector. Formed in 1971 by bankers and insurers to encourage their colleagues to share experiences, promote the best practices of their institution and collaborate through alliances and partnerships, today the non-profit association's members include over 80 percent of Europe's largest retail financial institutions.

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