MINDSET SEGMENTATION

Human insights for the Financial Services of the future
“33% of millennials believe they won’t need a bank in the next five years”

PICTURE THE SCENE
Banks and people got together. They made each other happy. They relied on each other.

THEN THINGS CHANGED
People started to move on and banks were left staring blankly at their outdated demographics.

IT’S TIME FOR THE BIG PLOT TWIST
Banks need to look at people with fresh eyes, understanding their mindsets and needs, and be willing to change.
We conducted research to identify four financial behaviour mindsets. These mindsets impact how we design, build & market financial services of the future.

What we discovered were four mindsets — so strong that we think they are universal. These mindsets hugely impact how we should conceive, design, build and market financial services of the future.

Objective: To leverage human insights to target the right customer, with the right experience, in the right context.
FIRST STEP

MONEY MOMENTS

We asked a broad variety of consumers three simple questions:

1. **WHEN**
   When do you think about money?

2. **WHERE**
   Where do you think about money?

3. **HOW**
   How hard do you think about money?

Where’s your bank at that moment?
We saw four distinct behaviours around how people engage with their money:

**MONEY MODES**

- **Manage it**
  Making decisions on how and when to spend, and how and when to save.

- **Track it**
  Keeping an eye on income and outgoings, savings pots and debts.

- **Get it**
  Earning money through work, cash back deals and discount vouchers.

- **Spend it**
  Using money to attain or maintain the desired lifestyle.

These can help us to understand the relationship between people and money and the new role of the bank in digital times.
OUR INSIGHTS

While gathering our research, we learned some fundamental truths about the ways in which people have moved on, leaving banks behind.

Traditional banking is misaligned with today’s consumers

Banks think about their products; people think about how they’re treated.
Banks think about how they can profit; people think about getting a rewarding deal.
Banks think about economic value; people think about personal value.

Long-established segmentation strategies are no longer useful

Consumers’ decision-making processes are messy and complicated. Focusing on simple demographics like age, marital status and income don’t reveal useful insight. To design services of the future, banks must look at how people behave and what’s important to them when dealing with their money.

It’s time for fresh thinking

Fjord and Accenture have a proven track record in the financial services sector, helping organizations to evaluate their customers and their business in new ways. While respectful of tradition, we believe that consumers and their lives are evolving at such a pace that banks must make room for the new, the dynamic and the unfamiliar.
To achieve a competitive advantage, banks need new ways to understand and segment their clients that informs the design of new products and services with the capability to enhance their lives.

**HIGH STRUCTURE**
“*I think about the bigger picture*”

**LOW STRUCTURE**
“*I follow the rules*”

**WIDE SCOPE**
“*I follow my instincts*”

**NARROW SCOPE**
“*I think about the present moment*”
The four Money Mindsets are defined by the attitudes and beliefs that guide people’s approaches to money and financial services.

Money Mindsets help us to understand the differences in people’s approach to saving and spending in a much more meaningful way than their age, gender, marital status, income etc.
Money mindsets help us understand distinct behaviors that define groups of people.
When banks understand how different personality types think about their finances, they can build services and products that become invaluable features of daily life. Our four Money Mindsets define different people's attitudes to spending and saving, segmenting them in a significantly more meaningful way than current dry data can:

**Achievers**
In this mindset, people define success by budgeting for clear, often tangible goals. This helps them feel in control and prepared for the future.

**Balancers**
In this mindset, people define success by getting the best deal in each transaction, maximizing rewards and staying on their financial plan so they don’t have to worry.

**Experiencers**
In this mindset, people define success by enjoying the present. They seek delight in how they choose to spend money and are optimistic about the future.

**Explorers**
In this mindset, people define success by saving money and making trade-offs so they can be happy and live comfortably.
In this mindset, people define success by budgeting for clear, often tangible goals. This helps them feel in control and prepared for the future.

**ACHIEVERS**

“I want to reach my goals”

**Key beliefs**

- Feels empowered and optimistic about future goals;
- Long term is more important than day to day expenses;
- Making wise financial decisions now allows them to save and work for something in the future;
- Structure is good for keeping track of where money goes, but they feel comfortable as long as they’re sticking to the spirit of their budget.
The 4 money mindsets: Achievers

Key behavior

- Set long term goals and plan financial behavior accordingly;
- Use rules to guide financial decisions and review progress on long term goals through tools and resources;
- Likely to adjust budgets based on new situations and spending habits;
- Seek information and guidance to best achieve goals.

Achievers’ attitude to finance positions them as potentially profitable customers in the future. Invest in helping them now and the reward will come.
MANAGE IT

Achievers showed more “Manage it” and “Get it” moments than Experiencers, Balancers, and Explorers did. They are determined to get what they want.

Setting and working toward long term goals

“One of my goals is to get a condo in Florida eventually. You know in two years if we keep this up, we could be out of debt and we can have an extra 2K a month.” — Lisa O., 39
Feeling excited and optimistic about saving

“I feel excited because the checks we are depositing will go towards our Asia trip in a few months. I feel secure and proud that we [my husband and I] were able to make it.” — Anne B., 33

Budgeting to make sure my goal is reachable

Now we’re setting aside money [from the monthly income] for improvements to the house and setting budgets for groceries, entertainment...” — Kenny M., 31

Banks have a golden opportunity to make Achievers into lifelong clients by helping them to reach their goals.
TOOL DISSATISFACTION

Off the rack tools can underwhelm, so Achievers make their own systems.

Analog tools
Achievers had high analog tool use (eg. binders, folders, notebooks).

“We just used our budget folder when we went out to eat.”
— Kurt S., 38

Custom “hacks”
Digital tools are put to use supporting Achievers specific & personal needs.

“When we want to do an activity, we take money out of the allocated folder and use it.”
— Kurt S., 38
Achievers’ requirements for tools to manage their money are more sophisticated than the products banks currently offer.

“[Trello] is not really a financial app, but I have adapted it to keep track of some of my investments.”
— Cathy T., 55

“[Trello] The website syncs seamlessly with the app on my iPhone and iPad.”

Car Insuran— Cathy T., 55
Groceries
Gas
Achievers thrive on

GOALS, PROGRESS,
AND KNOWING THEY’RE IN CONTROL.
In this mindset, people define success by getting the best deal in each transaction, maximizing rewards and staying on their financial plan so they don’t have to worry.

**Key beliefs**

- Very risk-averse; what they’re doing right now affects their future;
- All the little things matter, which is why it’s important to weigh and find the best value;
- Systems and structure are necessary to stay on track;
- Monitoring finances gives them power and control over their lives;
- Order and consistency are most important; uncertainty and unexpected expenses throw them off.

**Balancers**

“I want to get the best value I can”

**Gender**
- Skews female

**Age**
- Skews under 30

**Household Type**
- Skews with family

**Income**
- Even distribution
Key behaviours

- Always trying to find the best deal and value for their efforts;
- Most likely to maximize credit card points and rewards;
- Frequently and meticulously track finances using tools and resources;
- Spread expenses out and rely on schedule-oriented bill paying;
- Compensates for other expenses and makes in-the-moment tradeoffs.

Balancers are savvy, and likely to invest time and effort finding out whether banks’ services can improve their financial situation.
TRACK IT

Balancers showed more “Track it” mode moments than Experiencers, Achievers, and Explorers did. Balancers stay on top of money and deals to dictate their behavior.

Checking accounts to avoid surprises

“I woke up and immediately checked my bank account to see where I’m at. I’m worried a bill will come out that I forgot about and make me over drawn.” — Jocelyn M., 38
Swapping tools to get the most out of the system

“For the most part if there’s a good deal for something, we’ll default only to that credit card to get the better return on our investment.”
— Kiran M., 34

Tracking to prevent blowing a budget

“I use the Mint app to help me budget... I feel responsible because I’m able to budget and keep track of my finances... It helps me when I get off track” — Chanda I., 27

Balancers are most likely to recommend their bank to friends and family when it gets things right for them.
DEAL & BUDGETING TOOLS

Deal apps and budgeting tools help Balancers stay on top of their finances.

Deal apps

Balancers showed more Deal app use (eg. Cartwheel, Shopkick, Groupon) than any other segment.

“[RetailMeNot] helps me save money by finding the best deals in all the stores I shop in.”
— Chanda I., 27

“It may not always be a lot, but it adds up, and every penny saved makes a difference.”
— Chanda I., 27
Digital budget users

Balancers showed more Digital Budget tools (eg. Mint, Excel, Google Sheets) than any other segment.

“I track my expenses daily and categorize them. [Excel] It’s a pretty ghetto method.”
— Alice Z., 29

“I really like Mint. It is still the most comprehensive budget tracking site and is pretty reliable.”
— Christian S., 26

Balancers take pride in discovering new ways to be brilliant with money.
Balancers want to thrive on

CELEBRATE THEIR SAVVY WITHOUT THE ANXIETY OF FALLING SHORT
In this mindset, people define success by enjoying the present. They seek delight in how they choose to spend money and are optimistic about the future.

**EXPERIENCERS**

“I’m living for today!”

**Gender**  
Skews female

**Age**  
Even spread

**Household type**  
Even spread

**Income**  
Skews higher

**Key beliefs**

• Money is best when spent and experienced;
• Lifestyle will always come first, and they’ll do whatever it takes to maintain it;
• Too much structure and thinking about money interferes with their lives;
• They’ll always have enough money and are resilient in unexpected financial situations;
• Efficiency and convenience are highly valued.
Key behaviours

• Don’t use budgets or any hard rules
• Willing to spend outside their means
• Save money through lowering the frequency of certain purchases
• Use automated or background tools
• Rationalize and justify behavior that might otherwise make them feel guilty
• Prone to splurging and rewarding themselves

Experiencers feel the most pressure to be people they aren’t when it comes to their money.
SPEND IT

Experiencers “spend it” more than any other mindset. Money enables Experiencers and is meant to have immediate utility. Budgets? Effort? No thanks.

Spending “free money”

“I had a referral bonus for work that I didn’t put into budgeting because it’s basically free money, so I might as well enjoy it and I bought myself a bag.” — Mike S., 30
Buying what I want and ignoring guilt

“Purchased an entire juice cleanse from a health food store. [It’s] super expensive, and I should be using my Vitamix instead of buying juices, but I’m too lazy.” — Alice Z., 29

Avoiding budgets that inhibit my lifestyle

"I don’t budget. It doesn’t interest me. It doesn’t come naturally to me... I know that if I really started budgeting, I would start realizing I need to spend even less than I am.” — Erik C., 28

Banks have the opportunity to be pro-active in helping Experiencers to manage their finances, without judgment.
MONEY TOOLS

Money tools, like finances in general, are integrated into their life and lifestyle.

Digital paying apps

Experiencers used more Digital paying tools than any other segment.

“I used Venmo Monday to pay my brother back for the weekend”
— Janet S., 29

“[Venmo] It’s as fast as texting or posting in Instagram.”
— Janet S., 29
Lifestyle spending apps
Experiencers showed more Lifestyle spending tools than any other segment.

“I used Makeup Genius to try on some new makeup looks and it was easy to make the purchase.”
— Vikki W., 30

“I used Uber [...] the new RideShare makes it even easier to split payments”
— Jason W., 27

Immediacy and simplicity is key for helping Experiencers with their financial decisions.
For Experiencers

**The Tangibility of Enjoying Money Makes the Work Worth It**
In this mindset, people define success by saving money and making trade offs so they can be happy and live comfortably.

EXPLORERS

“I want to keep my future open”

Key beliefs

- Rules and too much structure inhibit a well cultivated intuition;
- Quality of life defines success;
- Financial needs must be balanced with my other needs;
- Financial independence means they can do what they want in the future;
- Everything will ultimately be okay, so there’s no need to feel anxious.
Key behaviours

• Relies on gut checks to make financial decisions;
• Takes an analytical and practical approach to new situations;
• Takes care of bills and payment quickly;
• Generally prefers minimal engagement with financial services;
• Uses more list-based systems to calibrate and judge financial status.

Explorers are unlikely to switch away from their bank, providing things tick along without much effort.
ALL THE Modes

Good practices and cultivated intuition help Explorers feel on track. Explorers showed all money modes: “Get it”, “Manage it”, “Track it” and “Spend it”.

Making decisions through gut checks

“Trying to decide if I should pay my auto insurance in full or month to month. [...] I like month to month so I can change my policy more easily.” — Mike S., 30
Prioritizing other needs

“I don’t need to be called every two months asking what my goals are. My goals haven’t changed, if I had any to begin with!”
— Frances S., 64

Keeping my options open

“Checking on my Acorns account. It’s more of a recreational thing than a serious investment. I’m curious... to see what would happen if I switched portfolios. It’s fun!” — Justine G., 39

Explorers like low-touch services that look after themselves.
SIMPLE TOOLS

Explorers stand out in the simplicity and educational value of their tools.

Simple analog tools

Explorers had high Analog tool use, unlike Achievers these tended to be simple tools not money systems.

“I write down my checking and savings balance every week or so”
— Pauline G., 24

“It does provide a nice reminder when I’m spending too much.”
— Pauline G., 24
Keeping an eye
Explorers more frequently used investment tools (e.g., Learnvest, Fidelity) to check and manage their finances.

“Personal Capital looks at my assets and compares their performance to other indices”
— Mike S., 30

“My advisor helps keep me on track. She looks at the big picture, the apps look at the day to day.”
— LaVonne W., 47

Banks have the opportunity to offer Explorers fully serviced products to fit into their lifestyle.
Explorers want

SUPPORT AND RESOURCES, NOT INSTRUCTIONS AND RULES
Fjord has been a pioneer for design and innovation since we opened our doors in 2001. We help our clients answer critical questions around customer relevancy, loyalty, and delight to conceive, design, and deliver innovative service strategies. Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations.
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