The disruptive force of new financial technologies, shifting customer demands, and challenging economic realities has transformed the role that financial institutions play in consumers’ lives. Gone are the days of doing “business as usual.”

In order to thrive, banks, credit unions, and other financial service providers must serve their customers in a way that creates satisfied, long-term, and loyal customers. Adopting a financial health framework will allow your company to do just that by investing in your customers’ financial wellbeing, while creating responsible and sustainable profits over time.

Orienting your business around financial health means expanding your company’s definition of success to include positive outcomes for your customers, in addition to positive outcomes for your business. An integral part of this journey is measurement. While financial and customer retention metrics will always be important, measuring positive consumer outcomes will provide your business with a fresh perspective on growth and a new way to achieve success. It will allow your company to identify customers’ pain points and develop innovative solutions that address their needs in a targeted and holistic way. It will arm your front-line staff with the knowledge they need to help customers solve financial challenges. And it will provide your executive team with insights to make strategic decisions and address gaps in existing services. Most importantly, it will allow your company to understand whether its strategies and solutions are making a difference in your customers’ lives.

More than Measurement
The shift to a financial health framework is more than just a measurement exercise. It’s fundamentally a shift in how your company does business and defines success. As Creighton Blackwell, Vice President of Corporate Affairs at Coastal Federal Credit Union explained, “Don’t look at this as an initiative, as a short-term project that you’re just testing. Measuring financial health and using that information to innovate is about developing a culture. Calling it an initiative puts it in a smaller box. This is not an initiative – this is a strategy. This is who you are.” While measuring your customers’ financial health is an important part of orienting your business around financial health, it’s not the end of the journey. Financial health must be hardwired into how your company makes decisions, rewards employees, and fundamentally defines success. This is what transforms financial health beyond a simple measurement exercise into a corporate philosophy.

Financial Health: A Paradigm Shift
The environment in which banks, credit unions, and other financial institutions find themselves is not unique to the financial services industry. A similar paradigm shift is occurring in other industries, as organizations recognize the importance of focusing on the ultimate wellbeing of the people they serve. Healthcare providers are moving away from a fee-for-service model to a system that prioritizes preventive care and healthy outcomes for the patient. Employers are increasingly investing in their employees’ overall wellness, recognizing that happy, healthy individuals make productive employees.

Nor is this shift toward customer-focused metrics a recent phenomenon: in the 1990’s, many financial service providers and other companies adopted the Net Promoter Score (NPS) to help them increase customer loyalty and drive long-term growth and profitability. The concept of financial health builds upon this tradition by providing companies with a comprehensive framework for defining success by measuring positive consumer outcomes. Financial health goes beyond looking at customer satisfaction to assessing whether and how your company is actively improving your customers’ lives. Ultimately, financial health is about tying the success of your business to the success of your customers: your business is doing well because your customers are doing well.
Your Company’s Financial Health Journey

To guide your company as it begins to orient itself around financial health, CFSI has outlined seven stages that collectively represent your company’s “financial health journey.” This journey reflects the steps that many companies have taken to successfully adopt a financial health framework and orient their companies around their customers’ financial lives.

1. ORIENT
   Understand Financial Health in America

2. ALIGN
   Consider Financial Health Within the Context of Your Company

3. DIAGNOSE
   Benchmark Your Customers’ Financial Health

4. DESIGN
   Develop Strategies to Improve Financial Health

5. DELIVER
   Launch Your Financial Health Strategy

6. TRACK
   Monitor Shifts in Your Customers’ Financial Health

7. IMPROVE
   Evaluate Your Strategies for Greater Impact

Each company begins this journey at a different stage and progresses along the route at its own pace. Some companies move sequentially, while others jump around or double back. Your company may re-visit the first three stages of the journey (Orient, Align, and Diagnose) every few years, while devoting the majority of your time to the last four stages of the journey (Design, Deliver, Track, and Improve).
The Seven Stages of Your Company’s Financial Health Journey

**ORIENT**
To begin your financial health journey, you will need to understand what financial health is and how it looks across the country. CFSI defines financial health as coming about “when your daily systems help you build resilience and pursue opportunities.” Millions of Americans are struggling to make ends meet, save for emergencies, manage their debt, and plan for the future. As a financial service provider, you have a $141 billion opportunity to differentiate your business by offering high-quality products and services that will help your customers build long-term and lasting financial health.

**ALIGN**
After understanding the context of financial health in America, you should explore what these challenges and opportunities mean for your business and how they align with your company’s mission, strategy, and goals. Consider how improving your customers’ financial health might advance your company’s strategic goals and inspire your employees, while enabling you to cultivate long-term and loyal customers over time. A thoughtful strategy that highlights the benefits – both economic and motivational – of investing in your customers’ financial health will help you secure buy-in across your organization.

**DIAGNOSE**
Getting a pulse on your customers’ financial health is necessary to develop an effective strategy to improve it. To help you get started, CFSI has identified a financial health framework that you can use to measure your customers’ financial health. Using this framework as a guide, you can collect survey and transactional data to understand your customers’ financial lives and benchmark that data against national or regional data. Survey results will shed light on how your customers are doing across the four components of financial health: Spend, Save, Borrow, and Plan. Transactional data – such as on-time bill payment rates, savings balances, or credit scores – will provide you with a narrow, but more nuanced view of your customers’ financial lives. Collectively, this data will reveal gaps, insights, and opportunities that will inspire and inform your business as it designs new financial health strategies.

**DESIGN**
Armed with an understanding of your customers’ financial health, you can begin developing a strategy to improve it. Your strategy may include filling gaps in your current product suite to address an unmet need, adding new features or functionality to existing offerings, changing internal business practices, partnering with fintech companies or nonprofits to provide auxiliary services, or providing financial health advice and tools directly to your customers. While there are additional concerns in the design of any new strategy – including business model feasibility and compliance risk – considering the impact of your strategy on your customers’ financial health will differentiate your business from the rest.

**DELIVER**
Every company will implement its strategy in a unique way. Some companies will pilot their strategy in specific branches or introduce it to a select group of customers. Some companies will roll out their strategy to employees first, while others will launch an enterprise-wide initiative. This is where your company should focus on what it does best: delivering high-quality solutions to improve your customers’ financial lives.

**TRACK**
Of course, simply designing and delivering a strategy to improve your customers’ financial health is not enough. An integral aspect of your company’s financial health journey will be to assess whether your actions are making a difference in your customers’ lives. You can do this by fielding additional surveys to holistically assess changes in your customers’ financial health, or you can look at transactional data to assess more nuanced changes in their financial health. If you introduce a new product or feature set, you can set up pilots to test whether these innovations are making a difference in your customers’ lives. You can do this by fielding additional surveys to holistically assess changes in your customers’ financial health, or you can look at transactional data to assess more nuanced changes in their financial health. If you introduce a new product or feature set, you can set up pilots to test whether these innovations are making a difference in your customers’ lives.

**IMPROVE**
With ongoing information about your customers’ financial health, you can analyze, evaluate, and make decisions about the impact that your strategies are having on the financial lives of your customers. From here, you may decide to expand a pilot, close a product line, improve a feature set, launch a new service, or change an internal policy. At this point, you may return to the Design stage of the journey and make your way through the Deliver, Track, and Improve stages once again. After your company has traversed the seven stages, perhaps multiple times, your financial health journey will not be over. Just as your company is never done striving to improve, your company will never be done striving to improve your customers’ lives.
Orienting your business around financial health will not happen overnight. Nor should it. Developing a comprehensive strategy to assess and improve your customers’ financial health will take time. Likewise, your company’s shift to financial health will not occur in a vacuum. It will require the collaboration and commitment of entities across the financial industry, such as the processors whose platforms you use and the partners with whom you share your data. It will require coordination with data aggregators to ensure that consumers and providers can access valuable financial information. And it will require a new era of regulation and rulemaking to encourage financial products and services that lead to positive consumer outcomes.

As an industry, it is early and we still have much to learn. We need to better understand what moves the needle on financial health and how to design high-quality products that lead to tangible improvements in people’s lives. We need to more deeply investigate how financial health correlates with drivers of profitability, such as customer retention and long-term loyalty. And we need to better appreciate how similar paradigm shifts among employers, healthcare providers, and other social services can inform our approach.

While the journey may be long and the road winding, financial health is your North Star, guiding your company forward. With perseverance, humility, and an unwavering conviction that your business will thrive when your customers succeed, your company is ready to embark on its financial health journey.
About Center for Financial Services Innovation

The Center for Financial Services Innovation (CFSI) is the nation’s authority on consumer financial health. CFSI leads a network of financial services innovators committed to building a more robust financial services marketplace with higher quality products and services. Through its Compass Principles and a lineup of proprietary research, insights, and events, CFSI informs, advises, and connects members of its network to seed the innovation that will transform the financial services landscape.

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