

## Millennials and the future of finance: A different kind of trust



Trust is the most important currency in finance. It is fundamental to the smooth running of every financial system in the world, and that is always likely to be so. However, a generational shift is underway that is challenging and reinventing notions of trust in financial services.

Growing up during the global financial crisis and a sluggish period of recovery thereafter, the Millennial Generation (those born between 1982 and 2004) is particularly mistrustful of established financial brands and institutions. Coupled with a penchant for new technologies, this lack of fidelity towards incumbents is creating new market opportunities for FinTech players.

The effect of this generational shift has been explored by a number of groups, including the innovation group, Scratch. Their [Millennial Disruption Index](#) concludes that banks are most likely to be disrupted by Millennial consumer preferences, and are facing massive challenges in terms of approach towards customer acquisition and user experience.

Millennials believe that the way we access money and pay for things will be completely different five years from now. But how do companies understand what trust really means to this generation, and more importantly, find ways to earn and retain it?

Innotribe has partnered with Daniel McAuley and Steve Weiner, co-founders of [Wharton FinTech](#), the first student-led FinTech initiative, to explore this topic in depth. Together with Power Women in FinTech ([download the white paper here](#)), Millennials will play an important role in this year's Innotribe programme at [Sibos](#), taking place in Singapore from 12-15 October 2015. In preparation for the event and the discussions that will happen onsite at Sibos, the paper examines how the Millennial Generation will help shape the future of finance.

The paper explores three main themes:

- **Trust in technology:** Millennials trust technology rather than face-to-face relationships and the traditional 'bricks and mortar' on-premises user experience. They want entirely new digital products that are relevant to their daily lives. However, there is a fine line between trust in technology and over-reliance on it, and information and identity security is an area of risk that needs to be managed.
- **Trust in networks:** FinTech startups built on the back of social networks have a distinct advantage over incumbents when it comes to customer acquisition. By focusing on user experience and viral or 'word-of-mouth' marketing, these young firms are often outperforming their better-funded rivals. For those financial services firms looking to

gain market share within the Millennials segment, this is an extremely important approach to master.

- **Trust in social causes:** Millennials demonstrate a stronger likelihood to buy a product from, or indeed work for, a company with a defined social or environmental mission. They trust companies with social or environmental objectives more than those that are perceived as operating solely for profit. While declaring affiliation to a social cause can attract customers and improve engagement, companies must be careful not to mislead Millennials – they tend to do their research to make sure a company’s claims can really be justified.

Socio-economic and generational dynamics play a critical role in the evolution of financial services. As companies reinvent the way people interact with their money, finance is becoming faster, cheaper and more efficient for individuals and businesses.

The Millennials and Future of Finance paper ([downloadable here](#)) provides valuable guidance on what financial services companies can and should be doing to capitalise on this major generational shift in consumer preferences, and create new opportunities for growth.