

# how payments can improve financial health

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## an unprecedented commitment to financial well-being

Discovery Bank is the first behavioral bank. This digital-only bank based in South Africa was founded in 2018 with the unique mission to help its customers achieve and sustain healthier lifestyles by providing monetary incentives for improving their financial and physical well-being. Discovery Bank reimagined the business of banking with financial rewards for responsible spending and debit management, healthy eating and exercising, and more. This bank clearly understands the mutual benefits of improving the overall well-being of its customers and is putting its money where its proverbial mouth is.

While most U.S. banks and credit unions clearly don't have strategic plans to evolve into behavioral institutions, Discovery Bank's unprecedented commitment to the well-being of its customers is aspirational and remarkable.



## the common, noble purpose

Despite the diversity of domestic banks and credit unions, they share the fundamental goal to improve the financial health of the people, businesses, and communities they serve. But the concept of financial health is deep, wide, and subjective.

The essence of financial health is understanding money and how to proactively manage it in a way that builds near- and long-term financial stability and security. Financial health is enabled by good spending, saving, borrowing, and planning habits.

Unfortunately, financial health is challenging, anxiety-inducing, and elusive for many Americans of all generational segments – from boomers to Gen Zers. According to a recent survey by Northwestern Mutual, money is the dominant source of stress for 44% of Americans, and the American Psychological Association reports that money has been the leading source of stress, regardless of the economic climate, since 2007.

## high expectations

Consumers and small business owners expect their primary provider of financial services to proactively help them improve their financial position with data-driven advice, continuing education, and meaningful money movement and management tools. Accountholders want financial advice – specifically, how to better manage their money and improve their spending habits – from their financial services provider.

These high and often unmet expectations are pushing banks and credit unions into a strategic crossroads and motivating many of them to rethink their fundamental purpose.

## back to the basics

Most banks and credit unions believe that enabling financial security and stability, and ultimately financial freedom, is important, but many of them are unsure how to develop and implement the right service and technology strategies that will



Banks and credit unions share the fundamental goal to improve the financial health of people, businesses, and communities, but many are challenged to convert this aspirational goal into an actionable, living mission.

improve financial health in meaningful ways. And many financial institutions have been understandably distracted from this aspirational mission by the challenges and complexities inherent in today's financial services industry and economic environment.

While most banks and credit unions aren't ready to reimburse their accountholders for 100% of their gym membership fees like Discovery Bank, many are renewing their commitment to the industry's common, noble purpose. And those financial institutions should start with payments – the foundation of financial health.

## payments – the epicenter of financial health

It's a hard, cold fact that missed and late payments, punitive late fees and service charges, interest rate increases, and declining credit scores are common barriers to financial health. So, while there's no silver bullet for improving the financial health of today's extremely diverse consumers and businesses, offering modern, flexible, digitally accessible payments is the place to start.

According to the Federal Reserve Bank of Atlanta, U.S. consumers made an average of 68 monthly payments in 2021. With payments being the most common money moments – the leading financial transaction by far – payments are the fundamental component of financial management.

Real-time payments provide just one example of how modern payments can improve financial health. The ability to make real-time payments improves cash flow by controlling the exact date and time funds leave the payment account, provides payment confirmation, avoids late fees and service charges, and protects impactful credit scores.

Stating the obvious, banks and credit unions can't improve and enable financial health overnight – it's an exponential journey that should start with payments and evolve based on unique business strategies and accountholder needs.



The fundamental commitment to reduce the barriers to financial freedom generates a legitimate differentiator in today's crowded, highly competitive financial services industry while enabling banks and credit unions to build material goodwill, trust, and loyalty.

# it's a really big rock

It's a big, important, daunting job to help diverse consumers and businesses achieve lasting financial security and stability. And no bank or credit union should fly the "financial well-being" flag if they're not ready, willing, and able to foster the culture to give it life, to invest in the tools to do it right, and to establish consultative relationships that will help accountholders:

- Clearly understand their near- and long-term financial position
- Easily aggregate and digitally manage their finances
- Consistently make good financial decisions
- Plan for expected and unexpected life events
- Define and reach attainable financial goals

And it's a big, important job for Jack Henry™ to provide the technology and services that strengthen the connections between financial institutions and individuals and reduce barriers to financial health, empowering both to gain the financial freedom to move forward. But we're ready, we're willing, and we're able.

Payments are vital to day-to-day money movement and management, so they're vital to the near- and long-term financial health of consumers and businesses. If your bank or credit union is ready to rethink its payments strategy, here are [11 Big Questions to Help You Develop a Modern Payments Strategy](#).

## create limitless possibilities

[Learn more](#) about how future-ready payment solutions can improve financial health.

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).



The payments platform should be considered the cornerstone of a financial wellness platform.