

# Unlocking the Future: Diversifying Your Borrower Community

Using Personas to Set Up a Lifetime Value Strategy



Embedded lending serves as a powerful on-ramp for banks and credit unions to diversify their customer and member base, and convert them into depositors. By understanding the relationship between demographics, loyalty, and financial preferences, institutions can utilize embedded lending to advance their long-term goals.

**Which borrower personas are most likely to become loyal depositors? How can you utilize borrower demographic data? And how can embedded lending help you facilitate the journey from borrower to depositor? Read on as we explore these questions and more.**

## Loans, deposits, and the role of demographics

Demographics play a pivotal role in shaping the preferences and behaviors of individuals. When applied to the lending landscape, demographics can help financial institutions target lending opportunities that will attract their desired customer and member segments, then architect strategies to effectively engage and satisfy these segments.

## Which borrower personas are most likely to become loyal depositors?

The transition from borrower to depositor can be complex and vary dramatically in length depending on the individual. While there are no guarantees your borrowers will become loyal bankers at your institution, there are some borrower personas that have a higher probability of doing so. Let's take a look at some of them.

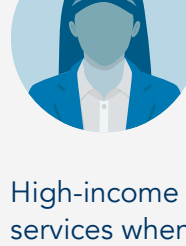


### Young Adults

Many young adults are beginning major life events like college, car buying, or homeownership and may need to take out loans. Young adults are notorious for their familiarity with and desire for convenient digital solutions. Positive early borrowing experiences with embedded lending solutions may present the opportunity to convert them into long-term patrons.

**64%**

of millennials report that they would think about moving banks if their financial institution didn't offer bundled services.<sup>1</sup>



### High-income Earners

High-income individuals may come across embedded lending services when investing or making high-end or luxury purchases. Due to their socio-economic status, they would also have the resources to maintain high-balance deposit accounts, making them attractive prospects for financial institutions. They also pose as a high acquisition for refinance or other tradeline opportunities.

**81%**

of earners who make over \$150k save regularly, while only 41% of earners making less than \$30k report being able to.<sup>3</sup>



### Gig Economy Workers

Because they work on a short-term, individual contract basis, these workers may rely on short-term loans and flexible lending solutions at the start or in-between projects. After their work becomes more consistent and their earnings stabilize, they might be interested in deposit services.

**84%**

of gig workers and 38% of young adults rely on gig work as their primary source of income.<sup>5</sup>



### Young Adults



### Small Business Owners



### High-income Earners



### New Parents



### Gig Economy Workers

			✓	✓
		✓		✓
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## How can embedded lending help you facilitate the journey from borrower to depositor?

Once you've diversified your loan portfolio with a configurable, borrower-centered embedded lending program, now it's time to convert your satisfied borrowers into satisfied depositors. Here are some tips to assist with that journey.

**Prioritize consumer experience.**  
Ultimately, a positive consumer experience is the best way to inspire your borrowers to engage with your institution as depositors.

**Emphasize convenience.**  
Today's account-holders value convenience, so make sure to emphasize your ability to provide convenient, frictionless products across service areas.

**Recognize cross-sell opportunities.**  
Look for opportunities to effectively cross-sell banking services, including special rates, bonuses, or referral incentives.

**Customize offers.**  
Embrace consumer preferences as a way to deliver customized products, such as special rates on savings accounts for business owners, or deposit bonuses for high earners.

## Focus your strategy and foster customer and member loyalty with LoanStar

Borrower personas are a powerful tool, and banks can use them to identify lending opportunities with the greatest likelihood of growing deposits. In order to activate these opportunities in a scalable way, banks need an embedding lending platform that is flexible, fully branded, and truly turnkey. LoanStar's MerchantLinQ platform empowers credit unions and banks to rapidly deploy embedded lending programs that boost their loan portfolios with hard-to-reach consumers in diverse lending sectors and at various levels of risk.

For more information, contact us at [lenders@loanstartech.com](mailto:lenders@loanstartech.com).



1. <https://www.pymnts.com/news/banking/2022/the-data-point-younger-consumers-look-for-convenience-of-bundled-banking/>  
 2. <https://www.nerdwallet.com/article/small-business/small-business-statistics>  
 3. <https://www.forbes.com/advisor/banking/savings/us-savings-rate-2023-survey/>  
 4. <https://www.thinkwithgoogle.com/consumer-insights/consumer-trends/financial-product-use-statistics/>  
 5. <https://www.thezebra.com/resources/research/financial-independence-report/>