



# Consumer wealth health



# Introducing:

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# Defining wealth

“ **Net Worth** (wealth) is defined as the sum of the market value of **assets** owned by every member of the household **minus liabilities** owned

**Key assets** include: value of a household’s home, retirement accounts, stocks and mutual fund shares, and interest-earning assets (i.e. checking accounts, savings accounts, etc.)

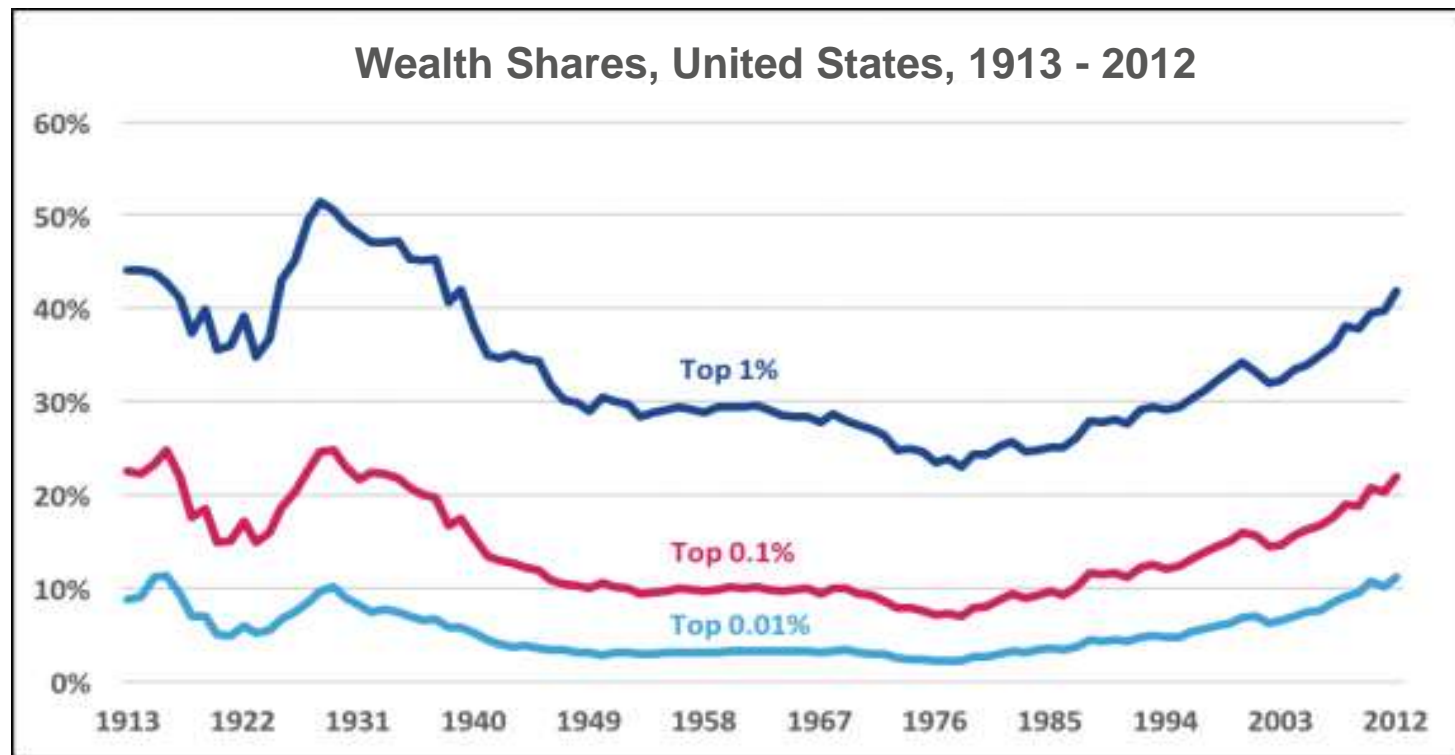
**Key liabilities** include: mortgages on a household’s home, credit card debt, student loan debt, and medical debt not covered by insurance

”

Source: U.S. Census Bureau, Survey of Income and Program Participation.

# U.S. wealth has become increasingly concentrated at the top

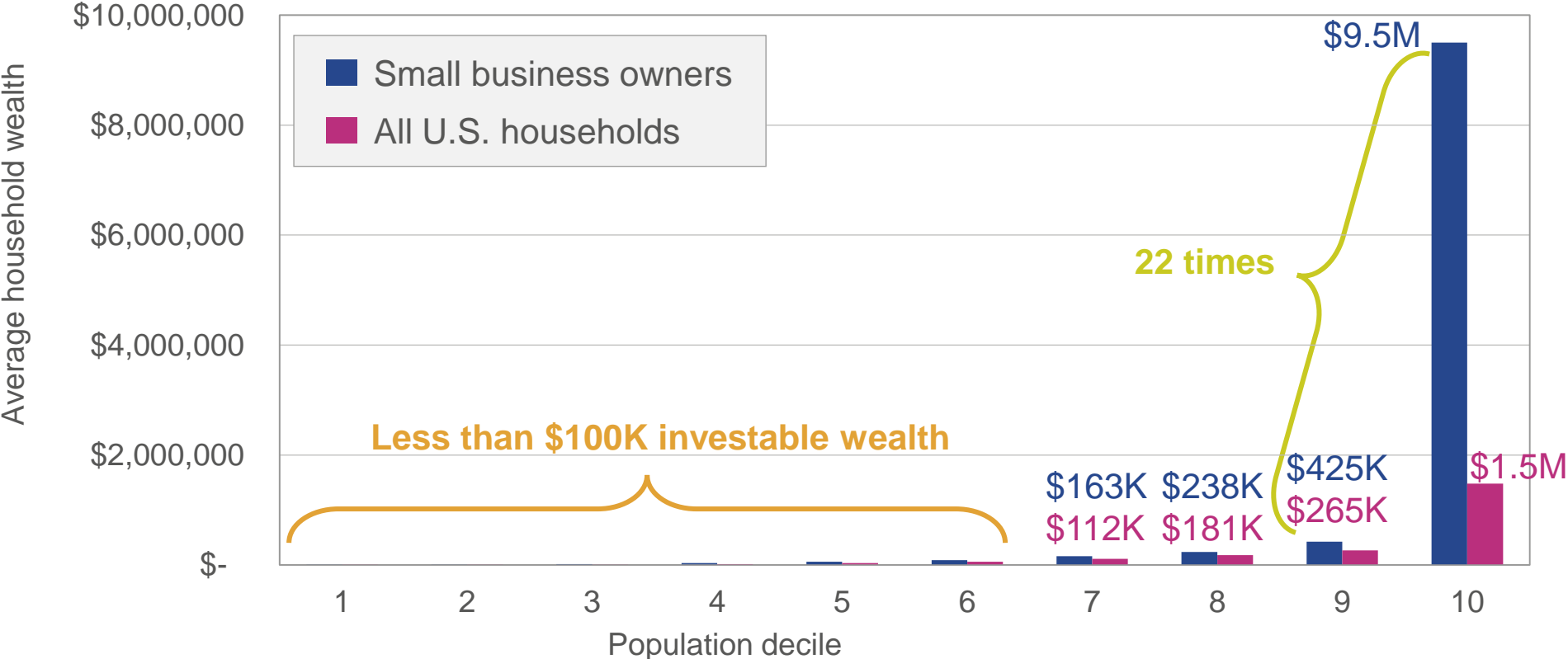
The top 1% of the U.S. population holds over 40% of total wealth, 40 years ago they held less than 25%



Source: Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data, Emmanuel Saez and Gabriel Zucman, August 2015. Inequality.org

# The wealth divide is even greater among business owners

Household wealth by population decile



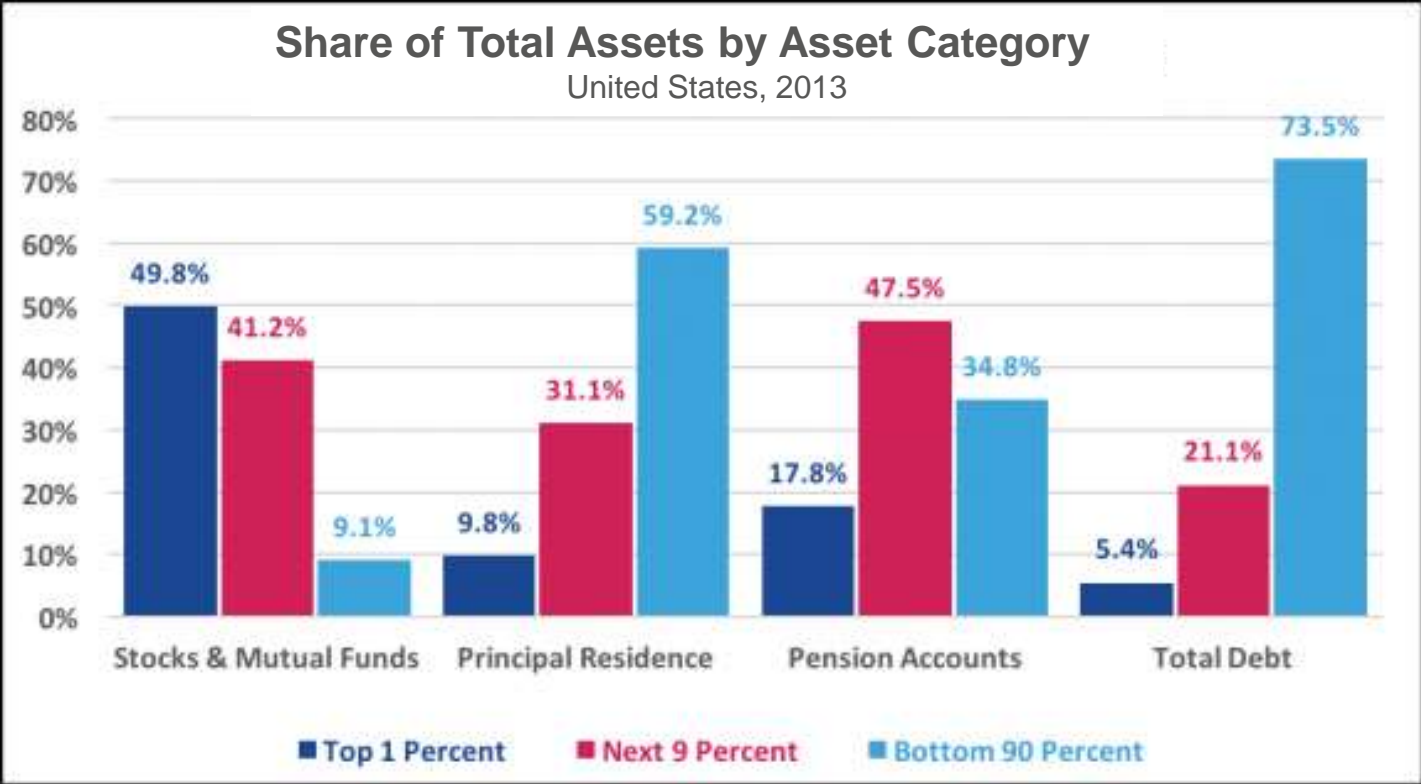
- 60% of business owners hold less than \$100K in liquid investible wealth
- The top 10% of business owners hold 22 times more wealth than the previous population decile

Source: Wealth Opportunity Score and Experian Business Information Services database.



# The composition of wealth varies by wealth segment

The top 1% of the U.S. population holds half of the wealth invested in stocks and mutual funds, while most of the wealth of Americans in the bottom 90% comes from their principle residences



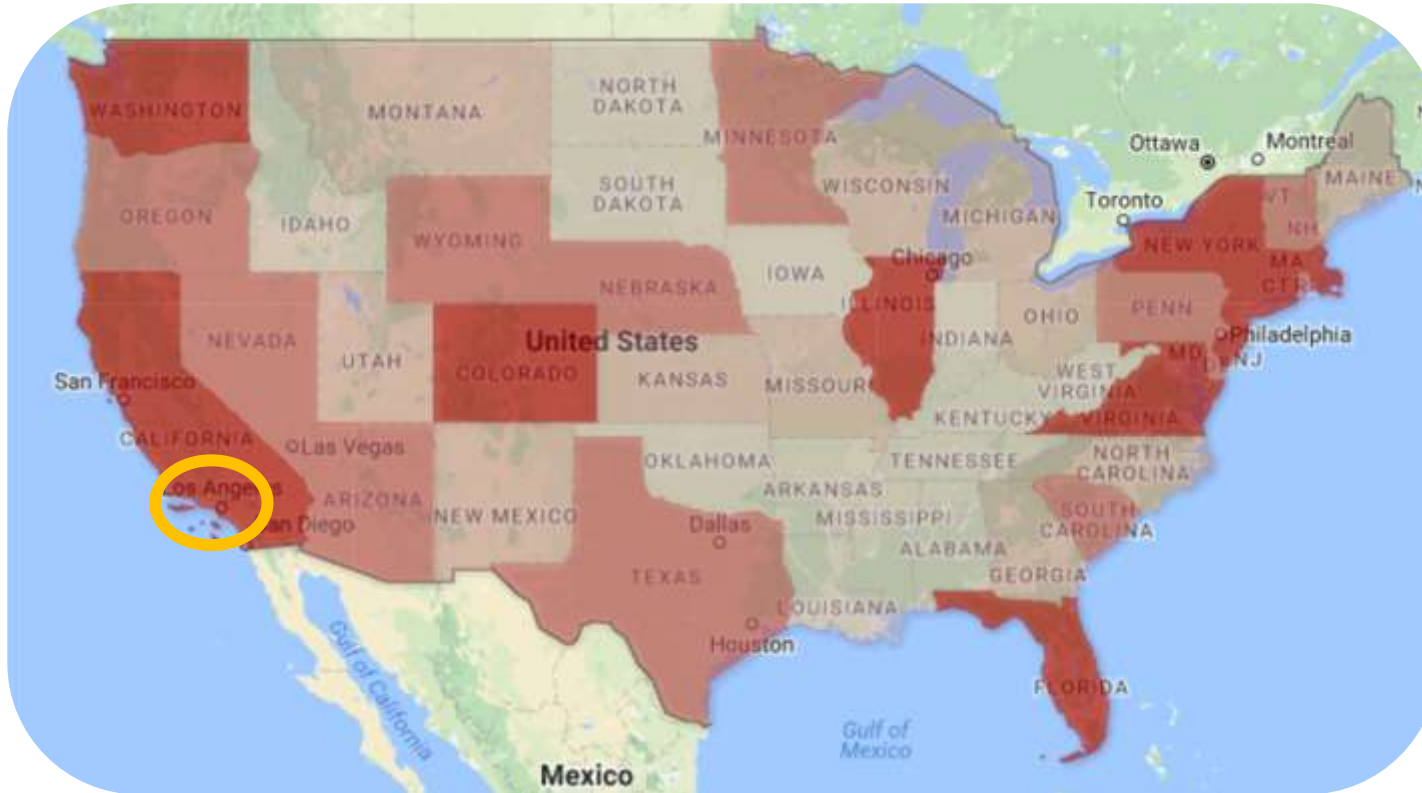
Source: Household Wealth Trends in the United States, 1962-2013: What Happened over the Great Recession?, Edward N. Wolff, December 2014.





# Where is the wealth?

Average household wealth by state



Twelve most wealthy states

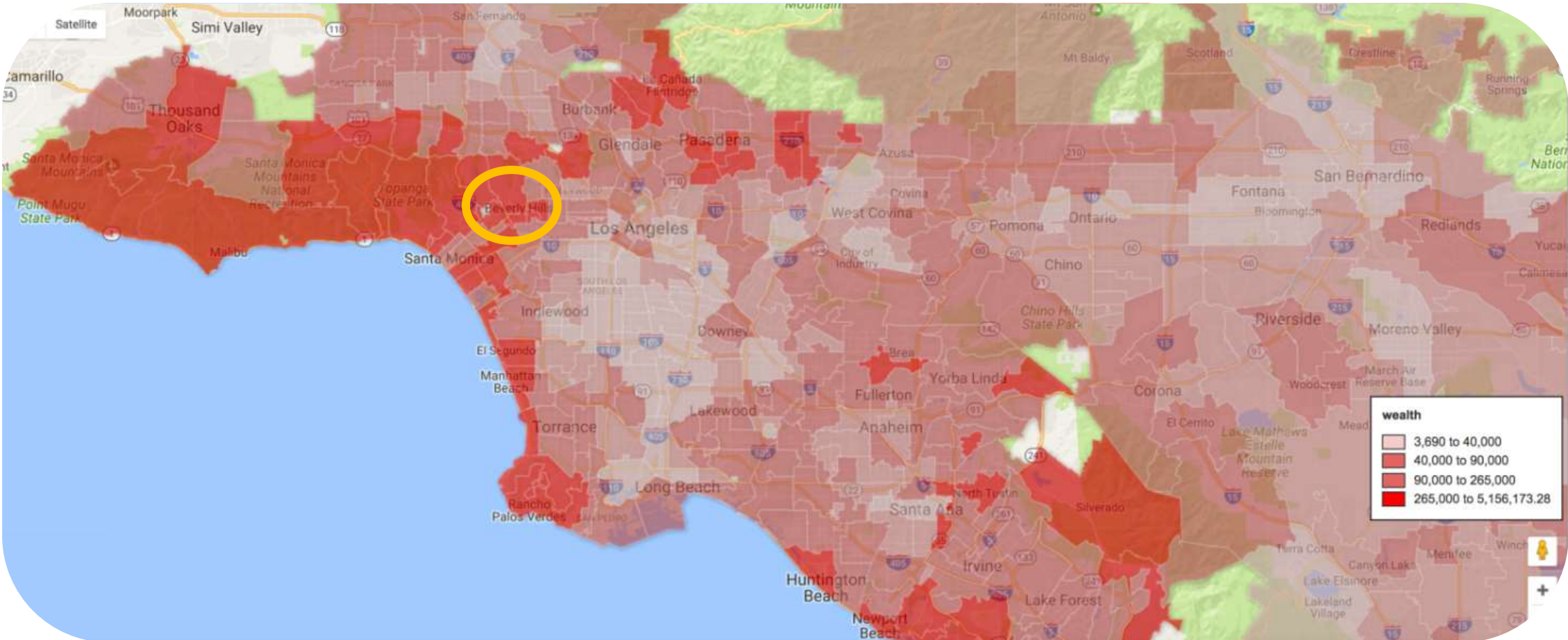
Rank	State	Average Household Wealth
1	District of Columbia	\$ 482,091
2	California	\$ 434,032
3	Hawaii	\$ 413,863
4	Connecticut	\$ 379,033
5	Massachusetts	\$ 322,186
6	New Jersey	\$ 293,145
7	New York	\$ 290,906
8	Washington	\$ 272,345
9	Maryland	\$ 253,635
10	Virginia	\$ 246,362
11	Colorado	\$ 245,583
12	Florida	\$ 235,639

Source: Experian Wealth Opportunity Score™.



# Where is the wealth?

## Average Household Wealth by ZIP Code™ – Southern California

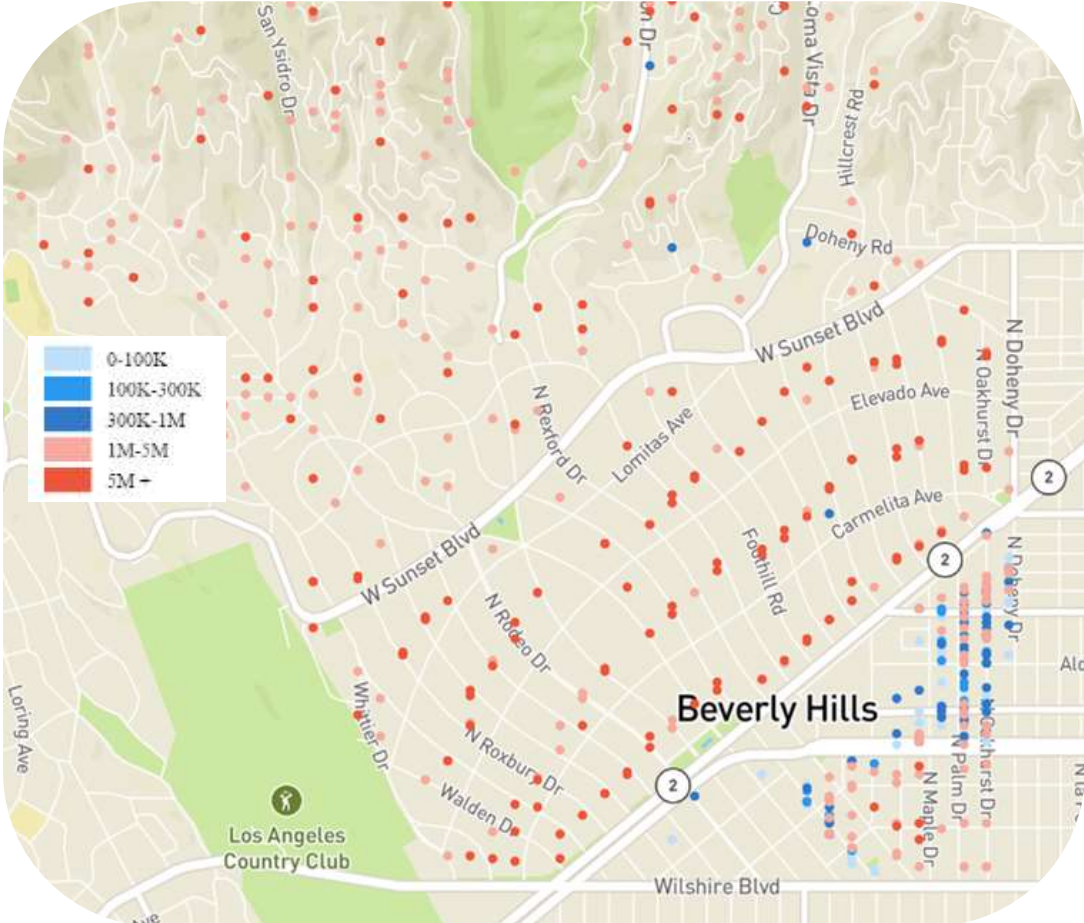


Source: Experian Wealth Opportunity Score™.



# Where is the wealth?

Average household wealth by micro-neighborhood – Beverly Hills 90210



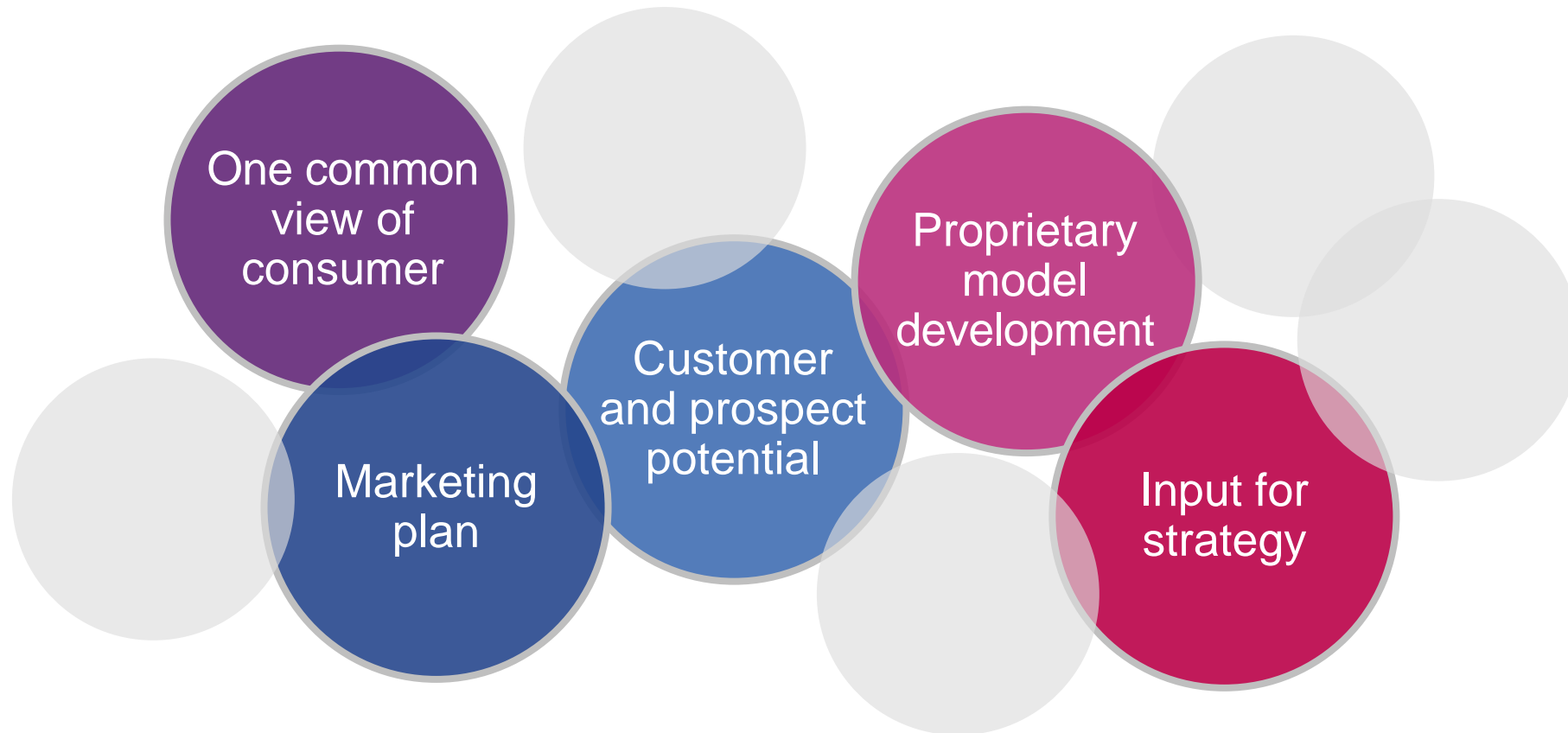
Source: Experian Wealth Insight Attributes™.



# Getting the complete financial picture



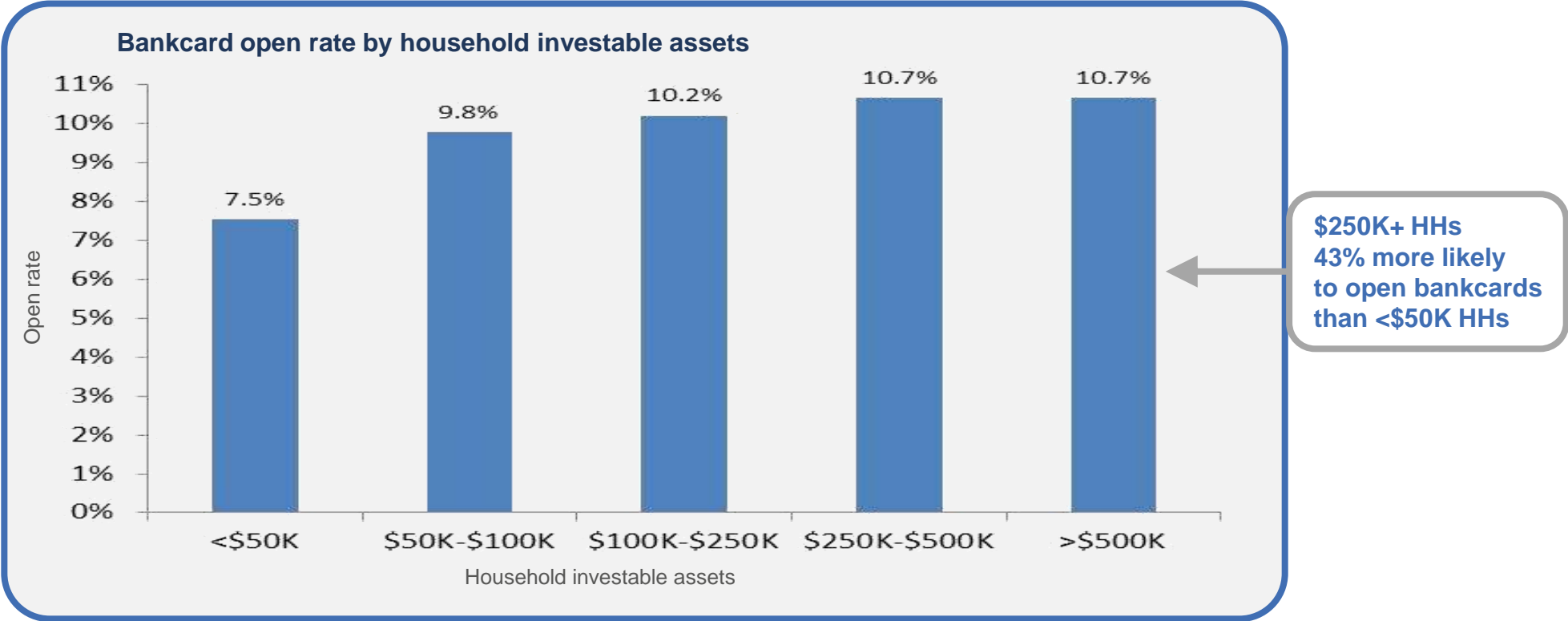
# Why is wealth data important?





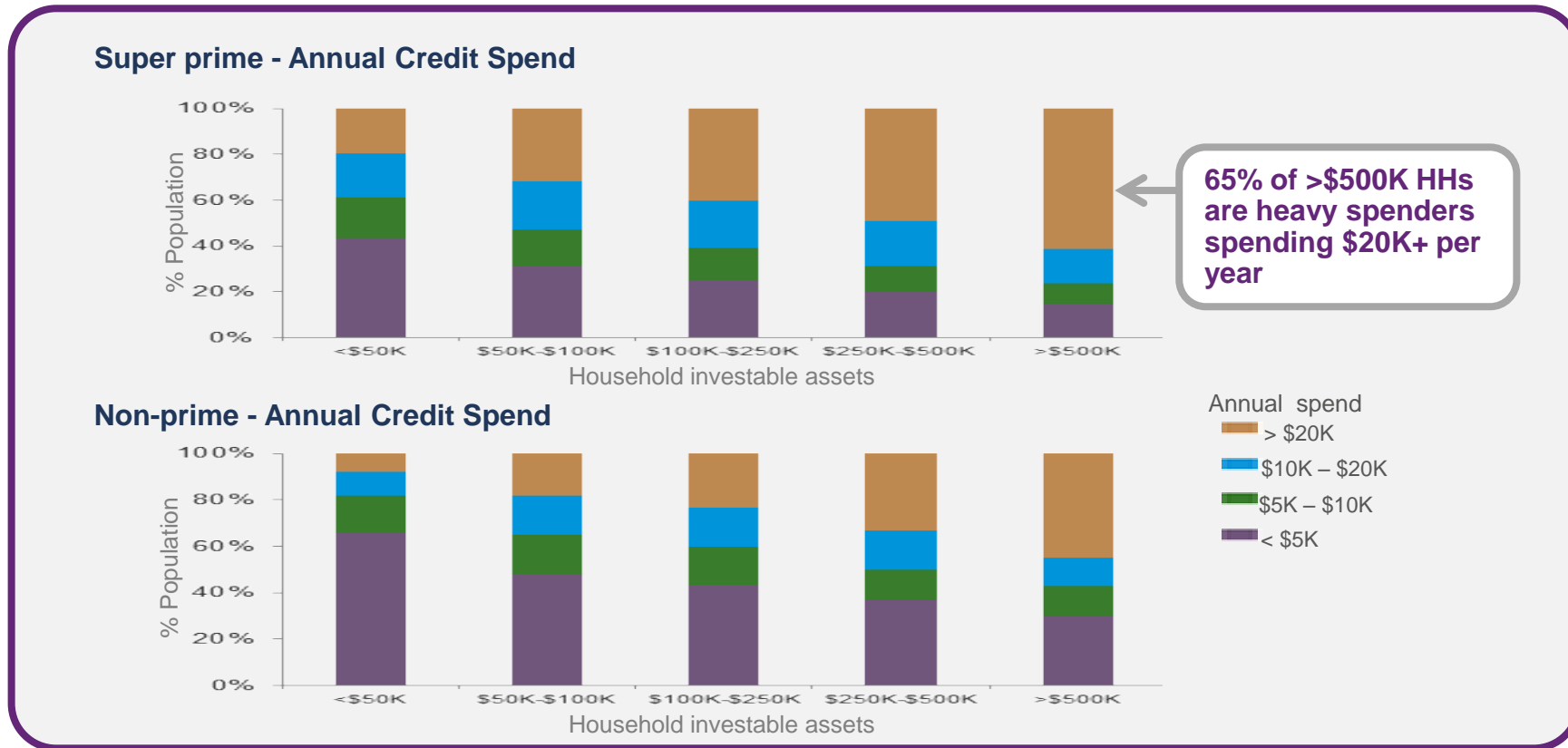
# Why wealth-based segmentation?

Effective targeting tool as propensity to open credit lines increases with wealth



# Why wealth-based segmentation?

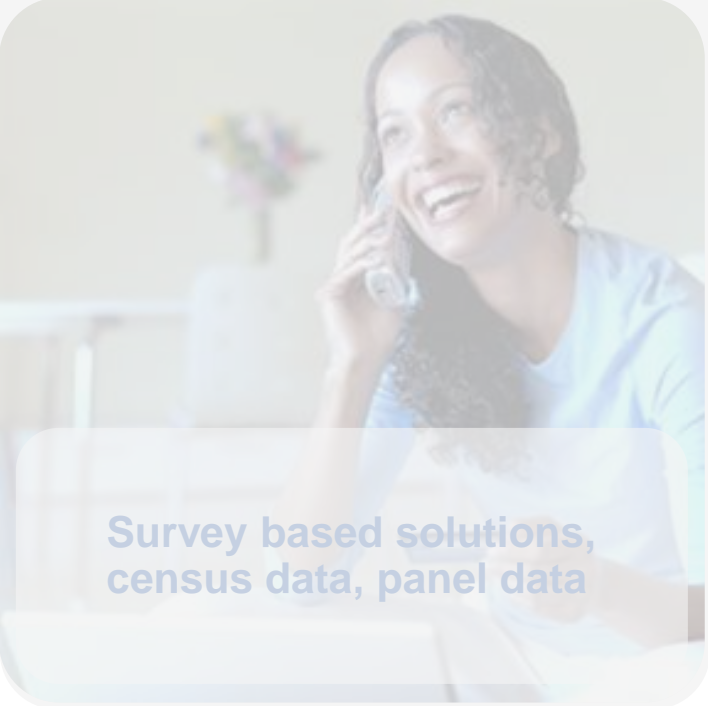
Ideal for offer customization as propensity to spend increases with wealth regardless of credit profile



# Wealth data challenges: Sourcing

Selecting the appropriate method to capture household investable assets is key

## Self-reported



Survey based solutions,  
census data, panel data

## Market observed



Reported directly  
by financial institutions  
to a data consortium

## Partial data



Assets client has with  
financial institution  
SEC filings and other publicly  
available information



# Wealth data challenges

Market observed data

**Producing data files**



- Time and resources invested
- Inconsistency of data across contributors

**Frequency and timeliness of updates**



- Impacts ability to capture market fluctuations
- Changes in client behavior

**Mapping accounts to geo-aggregated households**



- Filtering out institutional holdings
- Account addressing

**Loss of granularity in aggregation process**



- High net worth extremes watered down
- Trends confounded by households in / out
- Share of wallet blurred

# Experian's solution to the problem

Wealth Insight Services<sup>SM</sup>



**Broadridge**<sup>®</sup>

Investor communications and proxy-voting services for more than 90% of U.S. brokers



Consumer data management and analytics expert

## Financial institutions

**Positions held in “street name” and account registration**

**Broadridge**  
Anonymize and aggregate securities investment data

**ZIP+4<sup>TM</sup> consumer investment profiles and estimated wealth models**

**Experian**  
Normalize, household, aggregate, model investment credit, automotive, marketing and demographic data

Aggregate position detail by ZIP+4<sup>TM</sup>



# Better data – better decisions

## Most dynamic, granular and actionable wealth data

- Unparalleled data
  - 90+% of all retail registered shares
  - Over 850 participating financial institutions
- Faster – monthly updates within 6 weeks of period close
- Fresher – 75+% of securities refreshed each month
- More comprehensive – common keyed data view across wealth, marketing, credit and auto
- Unmatched data granularity
  - Patent pending methodology
  - Preserves granularity, accentuates meaningful differences, ensures anonymity

## Liquid investable wealth

Bank deposits

Equities

Bonds

Mutual funds

Money market funds

Exchange traded funds

# The Wealth Insight Services<sup>SM</sup> product line

1,600+ Wealth Insight Attributes<sup>TM</sup>

Household wealth

Marketing demographics

Household credit

Auto ownership

- **Micro-segment technology:** 7 households min.
- **Non-FCRA use:** segmentation, planning, marketing
- **National coverage:** 11M+ micro-segments

Wealth Opportunity Score<sup>TM</sup>

- **Household score:** liquid investable wealth
- **Non-FCRA use:** marketing, planning, targeting
- **National coverage:** 110M+ households

Product delivery

Full national data set

Regional subset

Attribute subset

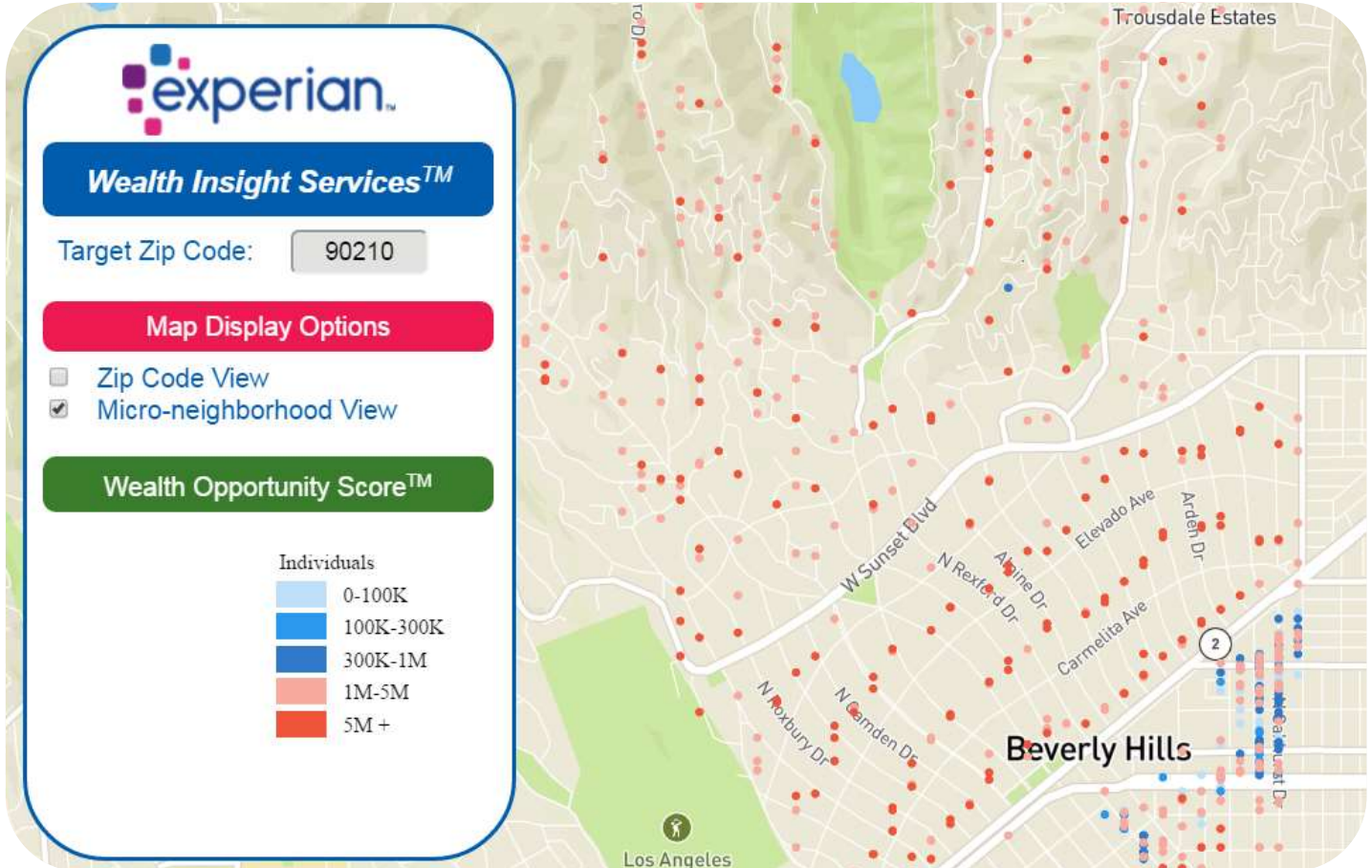
Client file append

Prospect list

Decisioning as a Service<sup>SM</sup>



# Wealth Insight Services<sup>SM</sup> demonstration



# Non-FCRA usage

Optimize marketing and corporate resource ROI with strategic precision



# Accelerate customer acquisition

## Client challenges:

- Entering a new market
- Slowing customer growth
- Losing market share to a new competitor

SOLUTION:

**Wealth-based segmentation for invitation to apply (ITA) campaigns**

**Request a wealth-based prospect list** using Wealth Insight Attributes™ and Wealth Opportunity Score™

**Profile** the prospect population and select customized segments for ITA testing

Segment A

Segment B

Segment C

**Test** offers and refine target audience using proprietary and response data

**Grow** your customer base and reduce marketing costs





# Increase customer stickiness and profitability

**Client challenges:**

- Increasing customer attrition
- Low profitability per customer
- Too many single-account, transactional relationships

**SOLUTION:**

**Use Wealth Insight Services<sup>SM</sup> to segment, model and prioritize cross-sell program execution**

**Sample population by:**

- 1 Product
- 2 Products
- 3 Products

**1 or more populations:**

- Checking
- Mortgage
- IRA

**Segmentation and look-alike modeling:**

**Wealth Insight Attributes<sup>TM</sup>**  
and  
**Wealth Opportunity Score<sup>TM</sup>**

**Cross-sell profile**

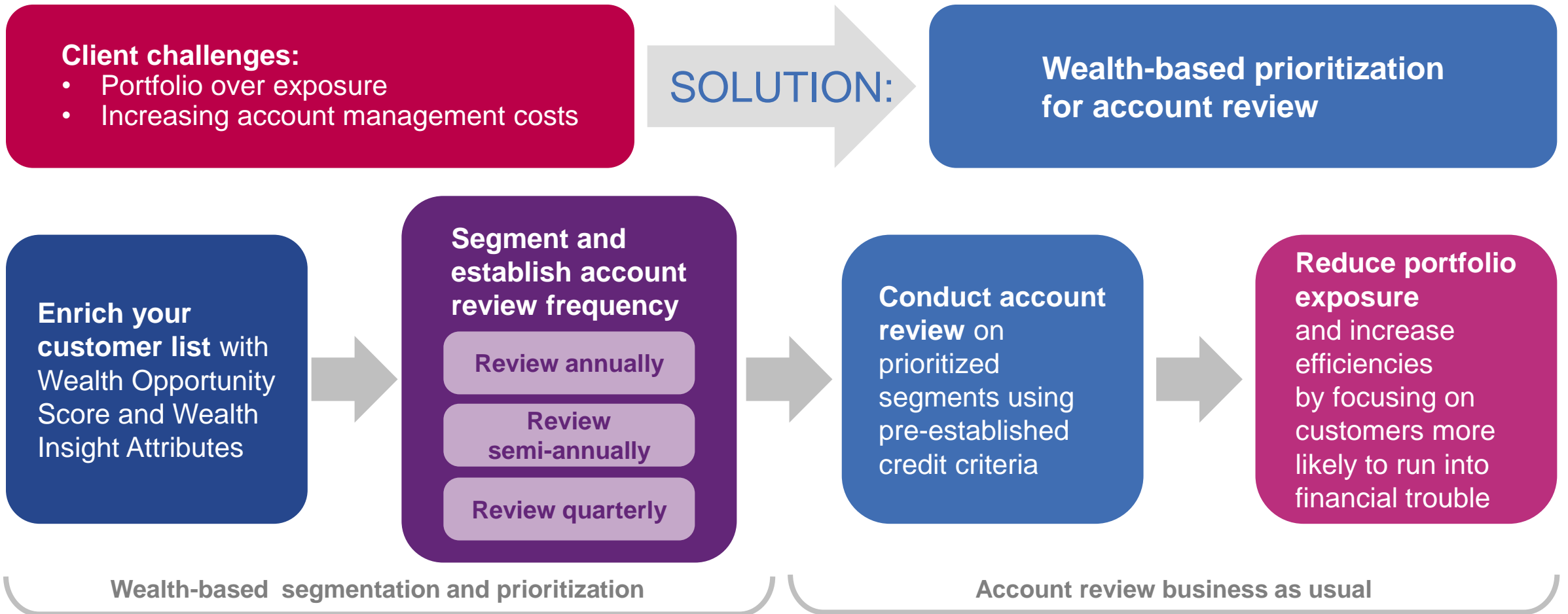
- Brokerage
- Wealth management
- Trust

**Prioritized target profile and lists**

**Drive growth through cross selling and prospecting across enterprise**



# Effectively manage your book of business



# Questions and answers

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