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New Revenue Streams in 2025

The Insurance Playbook for
Driving Loyalty and Non-Interest Income

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An eBook from

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I. Executive Overview

- **Introduction**

With the financial landscape becoming increasingly competitive, thanks in large part to fintech, digital-only banks and more, financial institutions have difficult decisions to make if they are to successfully navigate evolving consumer demands. Evolving regulatory and compliance realities also complicate decision-making, heightening the need to step carefully in a quickly changing financial environment.

Some financial institutions feel they need growth without the burden of big tech investments and the complications they bring, which this eBook will explore. At the same time, consumer expectations today revolve around convenience, as well as ideas like “financial wellness,” with its focus on long-term security, protection, and trust.

Answering consumer needs by combining trust with convenience—while avoiding unrealistic burdens on financial institutions—is the primary goal of this eBook. It will also explore the question of sustainable non-interest income generation and loyalty drivers, dealing with the hard questions about working with third-parties despite the evolving regulatory and compliance landscape.

The data indicate that institutions failing to prioritize protection-first products in the next 12–24 months risk ceding long-term relevance. Consumers aren’t just looking for financial services—they’re looking for partners in financial wellness. Institutions that don’t evolve from transactional to protective relationships could fall behind.

To understand how financial institutions can meet growing demand for convenience and protection, we must first examine the evolving consumer mindset—and the macro trends reshaping expectations.

II. Market Trends: Why Protection Is the Future

- **The Rise of Protection: What Consumers Want**

Younger people are prioritizing financial wellness over wealth, with a focus on achieving stability. Financial wellness is no longer merely an umbrella term; it's a trend shaped by consumers seeking out those who can help them get and stay protected.

FinTok is a global hashtag community on social media platform TikTok. Consisting of users, influencers and brands, creators give advice on budgeting, investing, side hustles, insurance, debt, cryptocurrency and more. It has total views of over 4.7 billion.

Whether or not "*finfluencers*" provide sound advice is a salient question; one that leads to the question of trust. Increasingly, trust is a key factor in consumer decision-making when purchasing insurance from financial institutions, with 24% citing it as the most important factor.

FinTok's popularity could be based on the need for social proof among young people, making them feel safe in each other's company, sharing valid experiences, while leaving themselves vulnerable.

However, some financial institutions have joined FinTok, partnering with *finfluencers* to provide entertainment-based financial education, while closely monitoring regulatory and compliance requirements.

Convenience is a strong need among Gen Z and Millennials, who expect a "one-stop shop" experience. 44% of consumers are interested in purchasing insurance from a financial institution, with data indicating that 76% of those who do are likely to become repeat customers.

Trust and convenience are emerging solutions. Targeting the right people with the best protection products—by leveraging multiple providers for high-quality outcomes—is an effective strategy. In the coming years, consumers won't ask if their financial institution offers protection—they'll expect it. The real question is whether financial institutions will be proactive or reactive in owning that role.

II. Financial Impact: Insurance as a Growth Lever

- **Non-Interest Income Meets Lifetime Value**

Acquiring a new consumer costs six to seven times more than keeping one. And just a 5% boost in retention can increase profitability by more than 25%. Despite some seeing Share of Wallet and Customer Lifetime Value (CLV) as competing options for prioritization, others believe they should be studied simultaneously.

Insurance isn't just long-term—it's leverage. Institutions that embed it strategically aren't just engaging dormant accounts, they're protecting their future market share. 63% of consumers with insurance stay with financial institutions longer than those without it.

And with 63% of Gen Z and 60% of Millennials expressing interest in buying insurance from a financial institution, those adopting a one-stop shop approach are strategically enhancing engagement, creating long-term relationships, and increasing sustainable non-interest income.

In May of 2025, Truist announced the sale of its remaining stake in Truist Insurance Holdings (TIH)—whose all-cash transaction was valued at $15.5 billion—to an investor group led by private equity firms Stone Point Capital and Clayton, Dubilier & Rice. TIH will continue as an independent insurance brokerage firm.

During economic uncertainty, financial institutions must create strategies they feel are optimal. The popularity of financial wellness, increasing demand for trust and convenience, and the need for financial institutions to compete more forcefully, indicates that leveraging long-term products with proven value is a wiser option than conceding broader financial revenue streams to others.

The opportunity is clear, but how institutions capitalize on it depends on choosing the right delivery model. Each approach has tradeoffs in cost, complexity, and consumer experience.

III. Choosing the Right Model

- **Insurance Distribution Models**

Embedded Insurance

Embedded insurance places relevant, personalized insurance offerings directly into the consumer journey. It leverages convenience and trust, while answering the desire of 45% of bank customers—and 70% of digital bank customers— for insurance offers tailored to their purchase histories. This highlights why 81% of financial executives view embedded insurance as a must-have consumer experience.

Financial institutions can incorporate the embedded insurance model into either a co-branded or white-labeled engagement approach. Co-branding can be said to combine the power of two brands; on the minus side, it has been found to cause "brand dilution." White-labelling promotes the financial institution's brand exclusively, focusing on trust.

Direct-to-Consumer

Direct-to-Consumer (DTC) engagement enables financial institutions to send data-based targeting straight to their customers or members through various channels: emails, ads, web pages, direct mail, or targeted omnichannel marketing. The DTC method maximizes the personalized approach for customers or members.

Fintech Platforms

Some financial institutions opt to work with fintech companies to create dedicated platforms for customers or members. However, the large investment is often beset by implementation and other issues so extensive that Forbes made a stark prediction:

"*By the end of the decade, bank-fintech partnerships will be a thing of the past.*"

Fintech fatigue is real—but the solution isn't to opt out. It's to outsmart. The smartest financial institutions in 2025 will offer fintech-level convenience without the fintech-level burden.

Even the best model needs a smart go-to-market strategy. Success depends not only on what you offer, but when, where, and how you offer it.

IV. Winning the Market

- **Go-to-Market Playbook: Creative, Channel, Conversion**

If you know your audience, you will thrive. This involves learning what consumers want based on where they are in their financial and life journeys. Nobody feels annoyed if they find themselves interested in what you're saying.

Engaging customers or members requires a combination of wins. Timing. Medium. Message. These three elements form the conversion trifecta—the foundation of every successful campaign.

Let's say that your highest email engagement occurs from 9AM to 12PM and 1PM to 3PM Monday through Wednesday. Or that a certain number of digital users have recently spent significant time on a specific product page. Knowledge is power and there are many ways to gain a strategic advantage through expert data analysis.

Omnichannel marketing enables financial institutions to be in the right place at the right time, whether that's a webpage, an inbox, a social media channel, a mobile device, or a physical mailbox. Combining digital with direct mail as part of a robust Omnichannel strategy can provide strong results.

When honing the message, financial institutions can use A/B testing to drive results simply by making small changes and testing the variant version against the control version. In short, making financial protection accessible and tailored to individuals in the right place, at the right time, with the right message, drives growth and loyalty.

Smart investors outside their comfort zones tend to seek expert advice; in the same way, financial institutions who wish to drive growth and loyalty should do the same.

Once the right message reaches the right audience, the next question is scalability. Can financial institutions execute consistently—without overwhelming internal teams?

V. Targeting Based on Data

- **Futureproofing Success: Who Wins and Why**

Looking at financial institutions of all sizes provides two takeaways:

1. **Big Picture Viewpoint:**
    - *Data + Targeting = Strategic Advantage*
2. **Strategic Implementation:**
    - *Targeting + Communication = Successful Engagement*

The case study below shows the relationship between data and outcomes. With data showing that 44% of consumers are interested in purchasing insurance from a financial institution, our client asked for a small test campaign to gauge interest from among their customers, resulting in a **123% positive variance** on the original projected outcome.

Despite being a small test campaign, the successful relationship between data, targeting, and tailored communication is confirmed by these results.

High Performance Marketing

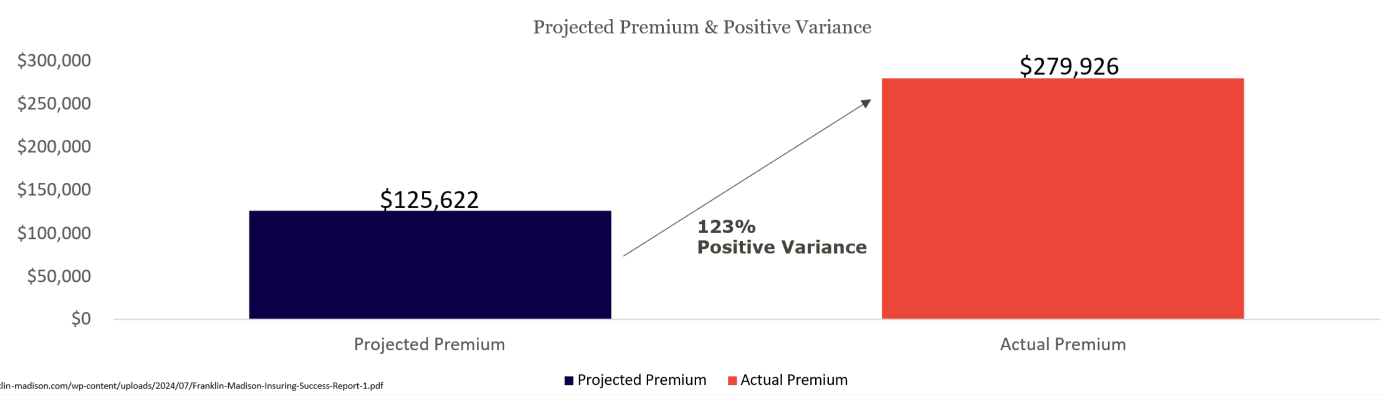
The Challenge

Like many banks, our regional bank client was looking to expand its existing insurance offerings to better serve its customers. With **44% of U.S. consumers** stating they want to purchase insurance from a financial institution[1], our client knew they would engage customers, gather future lead information, and generate **non-interest income** by responding to that need. The client asked for a **4-week test campaign** as a way to gauge interest in particular products with their customer base.

How We Helped

Our data scientists created models based on proprietary data, enabling the identification of customers **most likely to buy**. The time from initial signed contract to marketing was 60 days. This short preliminary test was given a **projected premium of $125,622**, which it exceeded by **123%,** for an **actual premium of $279,926**. It also exceeded the premium per piece mailed **projection of $1.50** by **123%**, for an **actual PPPM of $3.34**. This short test demonstrated great potential for non-interest income generation and customer satisfaction.

4-Week Test Campaign Results



[1] https://franklin-madison.com/wp-content/uploads/2024/07/Franklin-Madison-Insuring-Success-Report-1.pdf

VII. How Does an Effective Partnership Work?

Financial institutions are caught between competing priorities. The focus on core offerings is essential, while the requirement to increase Lifetime Customer Value (LCV), and generate sustainable non-interest based income is always top of mind.

The ideal partner would enable their client to focus on core offerings while they conduct data-based research, create consumer communication assets, and offer administration services for their non-interest income generating products. This breaks down as:

- **Planning** – Get the conversation started and assess needs.
- **Research** – Build data-based models leveraging proprietary data.
- **Identification** – Spotlight customers or members likely to buy specific products.
- **Campaign** – Create a targeted engagement campaign based on partner brand.
- **Administrate** – Process product purchases and provide customer service.
- **Assess** – Analyze data, A/B test approaches, optimize campaigns as they run.
- **Review** – Analyze approaches and results with partner at key campaign stages.

They would also offer tailored solutions based on the needs of the financial institution. The ideal partner should also be capable of presenting a strong, data-backed argument for all products and services being offered.

Using protection products as an example, the data indicate this approach would be optimal whether or not a financial institution has previously offered them:

- **60%** of purchasers state that insurance offerings are important when choosing a financial institution.
- **53%** of non-purchasers state that they had not received information from their financial institution about its insurance options in the last year.

- **38%** (about one-third) of purchasers state that they had received information from their financial institution about its insurance offerings at least monthly.

But trust isn't built on service alone. It also requires **absolute confidence in compliance**. Let's explore the regulatory realities and how to navigate them.

VIII. Navigating Compliance with Confidence

- **Regulation & Compliance: Facts vs. Fiction**

Separating facts from fiction, myths from reality, in the current regulatory landscape is no easy task. Shifting policies under a new administration and evolving global frameworks can be arduous to navigate. Some financial institutions are unsure if they are able to provide insurance through a Third-Party Administrator (TPA), or need to manage agencies in-house.

The Consumer Financial Protection Bureau (CFPB) has informed banks that any digital or direct marketing providers, including Third-Party Marketers (TPMs), must provide federal consumer finance protections; and they are of course affected by *Know Your Vendor* (KYV), issued within OCC Bulletin 2013-29. Basic advice in this regard would be:

- **Conduct thorough vendor due diligence** through risk compliance programs and vendor onboarding. Make sure you're asking questions like "*what compliance experience do you have with marketing?*", and "*do you know how to ensure we are following all state and federal compliance regulations?*"
- **Ask questions about their insurance**, what outside vendors they use and their vetting process, and their background check process for employees.
- **Review the vendor's data management practices**, including how data is acquired, processed and stored; and the protections put into place for your consumers.

An ideal partner's focus on compliance must be stringent, including strict adherence to state laws regarding operational procedures, marketing, and products that can be offered. Demonstrable experience navigating the fast-moving regulatory and compliance landscape should be brought to the table before any decision is made by a financial institution.

Compliance builds the foundation, but the consumer experience shapes the relationship. How protection products are offered and integrated matters just as much as what's offered.

VIII. The Consumer Experience

- **Adding to the Consumer Journey**

Frictionless customer or member experiences combine simplicity and convenience. A seamless enrollment process, followed by ongoing support, helps maintain high satisfaction levels. To reach that point means targeting based on needs.

When a customer or member is interested, there is no sense of intrusion. Instead, the communication engages the recipient, who becomes immersed. Data-based targeting enables the right message to reach the right person at the right time.

As a result, the customer or member becomes increasingly invested. Engaged consumers stay longer. They buy more. And they become your best advocates.

In summary, data-based targeting can help:

- **Uncover opportunities**: Pinpoint where members are highly engaged.
- **Drive personalization**: Use insights to tailor products, messaging, and outreach.
- **Fuel growth**: Adoption of new products is more likely by engaged members.

Data and demographics provide insights to inform targeting. Interestingly, the most targeted demographic in the second bullet below is between the ages of 30-39—despite common misconceptions about age on that topic.

- Only **19%** of net wealth in U.S. households is made up of inheritances, yet almost **40%** of consumers lack life insurance.
- **59%** of identity-theft victims had financial losses totaling *$16.4 billion in 2021*, yet only **2.4%** of consumers currently have cyber insurance.
- **63%** of Gen Z and **60%** of Millennials are interested in buying insurance from an FI, yet many financial institutions do not target them with tailored communications.

Delivering campaigns based on behaviors, demographics and other relevant data leads to communications that inspire action, not indifference.

X. Strategic Fit with Core Offerings

- **Core Offerings, Complements, & Convenience**

The need for financial institutions to prioritize core offerings means decisions should be made about how to respond to current demands and evolving expectations. Financial institutions should address the need for trust and convenience among consumers as they consider protection and other products.

As touched upon in section IV, fintech products can raise serious challenges in terms of scalability issues, technical limitations, adoption, and evolving regulations and compliance. As fintech evolves, the risks for financial institutions grow exponentially.

The price of investment must be considered alongside potential issues, which often involve legacy systems and infrastructure. A 2024 report from IBS Intelligence (IBSi), showed that 55% of banks cite legacy systems as the primary barrier to digital transformation.

With trust in financial institutions established, offering convenient products—with methods not requiring a heavy tech lift—indicates robust competitive advantage.

You don't need to choose between core products and long-term value. Protection products can run in parallel—without overwhelming your staff or resources. Embedded products, bundles, product pairings, and cross-selling are all viable options that create convenience in an already trusted space.

Financial institutions who leverage marketing and administration services under their own brand name, with a partner equally capable of bringing trust to the table on issues such as compliance, are successfully answering the demand for convenience and trust among consumers.

XI. Measurement & Evaluation

- **How to Evaluate an Insurance Program**

Offering protection products is meaningless if the customers or members don't know it's there. Interest vs. engagement should be measured. As always, the data show us where consumers stand. A recent report highlighted that:

- **37%** didn't know their financial institution even offered insurance.
- **32%** want more information about insurance from their financial institution.
- **60%** have life insurance but **only 7%** buy that insurance from their financial institution.
- **53%** who buy life insurance would buy it from their financial institution if made aware of it.
- **41%** of high-income consumers, compared to **32%** of lower-income consumers, demonstrated lack of awareness of life insurance from their financial institution.

The robust evaluation of an insurance program requires ongoing analysis across metrics including engagement, retention, activation and conversion. You don't need a full overhaul to improve performance. Sometimes a small tweak—or a targeted A/B test—makes all the difference.

Assessing scale vs. friction at specific stages of a campaign can make a dramatic difference in driving successful results. Of course, focused expertise in customer or member engagement, data analysis, and data-based targeting is key for creating satisfaction, building long-term relationships, and earning sustainable non-interest income.

Data-based and demographic targeting requires a detailed understanding of which customers or members would be most interested in specific types of insurance—and why. Assessing behaviors is equally important in ensuring the right message reaches the right person at the right time.

Having insurance products on site and expecting customers or members to find them independently, become engaged, then purchase is not recommended.

XII. Long-Term Vision

- **Building for Long-term Value**

The institutions that win the next decade won't be those with the most digital tools—they'll be those with the deepest consumer relationships. Insurance, when done right, will be the new loyalty program: sticky, protective, and embedded in everyday life.

The consumer desire for trust as a commitment prerequisite for products like insurance could come from an increase in security concerns, with 64% of consumers citing data breaches as their primary concern. A single trusted source for various financial wellness needs is convenient and reassuring.

Financial institutions have difficult decisions to make. To focus on core products at the expense of broader financial wellness products is one solution, giving up broader financial revenue streams to competitors.

An alternative is major investments of time and money in fintech platforms, with all that entails, including evolving regulatory and compliance requirements, as well as implementation, adoption, and legacy data migration.

Healthy relationships work both ways. The convenience technology brings to consumers on the front-end needs to be matched—at least to some degree—by convenience on the business end.

Franklin Madison brings a wealth of experience from financial institutions, the insurance industry, digital/direct strategic marketing, and data science to its creation and delivery of turnkey insurance solutions.

Leveraging multiple insurance carriers to ensure optimal product fits, we present the partner brand exclusively at all communication touchpoints—maximizing trust and delivering convenience.

Don't wait for fintechs, insurtechs, or outside competitors to define your value. You already have the trust—now build the protection strategy that turns it into long-term loyalty. Let's build the next era of member relationships—together.

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