

URL: <https://ecorner-prod.tcg.stanford.edu/in-brief/opportunities-in-fintech/>

Catherine Berman, co-founder and CEO of CNote, discusses how fintech startups like hers are in a perfect position to compete against the large banks by taking advantage of demographic shifts in the United States. Berman explains that women, minorities and young adults have been historically underserved by financial institutions, and that their incomes and percentages of the U.S. population overall are both on the rise.



Transcript

- I think one theme that we hear not just at Schwab but most of the other peers, is about the trends for wealth, so the idea that the vast majority of people that used to run, own the wealth, or own assets in this country were white males.. And that's about to change.. In the next 20 years, a historic shift is coming.. And there's no financial service firm I have spoken with that denies it.. In fact, they're all internally talking about it, and they're all trying to figure it out.. What do you do when you whole firm is based on the notion of serving X client, and yet you know, in the next 10 years that client looks and acts completely different.. You probably know some of these statistics, but when you think about women inheriting a great portion of that wealth, for three reasons.. One, traditionally women live longer, so they end up inheriting their husband's wealth.. Two, women are working more, so they end up having their own wealth, and then three, the wealth that's happening from parents.. Many more parents are actually in a position to pass down wealth to these same women..

So these women have that trifecta of inheritance coming, or wealth coming to them, and yet a financial services community that is not used to working with them.. We were just at a big finance conference called Money 2020 this week in Las Vegas, and the CEO of Accenture shared this statistic that 10% of women in America feel like financial services care about them.. We also know that over 70% of women fire their financial advisor when their husband passes away or when get divorced.. So there's a lot of problems in terms of how we're treating not just women, I would argue, I would say people of color, and anyone who's of a certain age.. I remember going into banks when I was 20, 25.. Very little attention, very little speaking my language, very few products I wanted to work with.. And so I don't think it's just a woman issue.. I think it's a business model focus issue that's about to change, whether they like it or not.. And so one of the things we're trying to shine a light on is exactly that.. How do we create a future to inherit those dollars and put them for work for good..

If we can redesign finance, what would that look like? And I think we have that opportunity...