Financial Cohorts

Exclusively for IXI Network Members

The only Direct-measured asset-based household segmentation system
Financial Cohorts® is a breakthrough segmentation system based on our direct measurement of about $30 trillion in consumer financial assets. It segments customers based on their financial profiles, behaviors, and characteristics, as well as demographics, age, and urbanicity.

Financial Cohorts enables you to analyze your clients and prospects based on how financial services firms really classify households — by their financial potential. The system enables firms to identify pockets of opportunity among their most common segments (affluent, mass affluent, and mass market), and then guides marketers to understand the differences between households within each asset tier.

Available exclusively for use by IXI™ Network Member-firms, financial services firms can use Financial Cohorts to better understand the financial and behavioral characteristics of distinct customer and prospect groups in order to increase the relevance and effectiveness of their direct and online marketing efforts.

Unlike any other segmentation system
Financial Cohorts is the only segmentation system that leverages our proprietary direct measurement of consumer financial assets, providing segmentation capabilities based first and foremost on measured consumer financial capacity, investment style, behaviors, and characteristics. Unlike other solutions that rely on survey-based household geo-demographics, only Equifax can provide reliable and actionable insight based on measured assets.

Key benefits

Segments customers based on measured consumer financial capacity, investment style, behaviors, and characteristics

Enables financial services firms to identify top customer clusters, improve communications based on financial profiles, and target new clusters with desired financial potential and tendencies

Applicable across multiple online and offline channels

Leverages foundation of about $30 trillion of Direct-measured assets

Developed for use in non-FCRA applications across the customer lifecycle

Its unique development process includes:

- About $30 trillion of Direct-measured™ assets — about 45% of all U.S. consumer invested assets
- Household-level cluster solution with over 100 input variables
- Segments customers based first on financial profiles, including geographical credit data, then on demographics and consumer behavior
- Survey data to enhance cluster descriptions only after clusters have been defined
- No bias against affluent households; several clusters have greater than $2 million median assets
- Ability to integrate with all Equifax wealth-based solutions
- Available in both an online and an offline version

Financial Cohorts building blocks:

A foundation of Direct-measured financial capacity

The development of Financial Cohorts relies on our Direct-measured assets, additional data gathered from leading data providers, and 20 years of segmentation expertise.

Financial Cohorts groups customers into 61 clusters based on a multi-dimensional framework including:

- Financial capacity: Assets, income, spending, and credit
- Investment style: Complexity of investment mix, risk, advice orientation, and credit usage
- Additional behaviors and characteristics: Age, demographics, and urbanicity

The following table shows the source of the inputs used to define Financial Cohorts clusters.

Once clusters are defined, additional descriptive data is added to each cluster:

- Consumer and media behaviors and preferences
- Attitudes and lifestyle

Data type	Variable	Source
Financial capacity	• **Total assets, 5 investment products, advice orientation, portfolio complexity, risk** • **Total deposits, 6 deposit products**	**Wealth and investment measures:** • **WealthComplete®:** Total assets projected to the household level • **Investyles®**: Direct-measured assets at the micro-neighborhood level • **Active Trader Index™**: Estimated measure of investment activity volume
Financial potential	• **Total income:** Income from wages plus income generated from invested assets • **Discretionary spending estimate:** An estimate of the amount of money a household spends beyond non- discretionary expenses • **Intersection of income, spending and credit**	**Income and spending measures:** • **Income360®:** Continuous household-based dollar estimate of income uncapped up to $2.0 million • **Spending Power™**: Continuous household-based dollar value estimate of spending uncapped up to $1.2 million • **Financial Durability Index™**: Measure of financial ability to pay financial obligations or incur new ones
Demographics and home ownership	**Mainly life-stage:** • Age, marital status, children • Home ownership and value	**Solutions and other compiled data sources** • Includes projections of the most recent census
Credit	**ZIP+4 credit summary:** • Number of credit accounts, credit balances, adverse information • Mortgage data	**Solutions from Equifax**
Geography	**Geographic index framework:** Town/city size, population density, neighborhood quality	**Proprietary geographic framework from Equifax**

Group and cluster framework

Financial Cohorts' analytical framework relies on three criteria:

- Assets (3 tiers)
- Age (4 tiers)
- Urbanicity (3 categories)

Financial Cohorts' analytical framework

	Mass market < $100K assets	Mass affluent $100K – $1M assets	Affluent > $1M assets
Major metro – younger (<35)	A Starting out Clusters 1-4	E Youthful promise Clusters 17-20	I Young millionaires Cluster 32
Major metro – working years (35-54)	B Working cass Clusters 5-8	F Rising stars Clusters 21-24	J High-powered careers Clusters 33-36
Major metro – pre-retirement (55-64)	C Uncertain future Clusters 9-12	G Safe and secure Clusters 25-28	K Successful executives Clusters 37-39
Major metro – older (65+)	D Social security seniors Clusters 13-16	H Respected seniors Clusters 29-31	L Eminent and wealthy Clusters 40-42
Small city	M Strugglers and strivers Clusters 43-47	N Mature mainstream Clusters 48-51	O Achievers and winners Clusters 52-53
Small town and rural	P Working small town Clusters 54-57	Q Small town leaders Clusters 58-60	R Country nobility Cluster 61

The framework yields 61 clusters across 18 groups

Financial Cohorts key applications

Financial Cohorts can be used in a range of applications, including your efforts to:

- Profile customers
- Conduct market analyses
- Define product strategy and distribution
- Prospect for new customers
- Appropriately cross-sell/upsell
- Improve CRM and loyalty efforts
- Tailor positioning and messaging
- Choose marketing channels and media placement
- Online ad targeting and site optimization

Unique financial metrics included for each cluster

Financial Cohorts offers unique financial metrics for each of the 61 clusters.
The annotated pictures below explain the various cluster profile components:

Financial Cohorts enables you to analyze your clients and prospects based on how financial services firms really classify households — by their financial potential.

Identifying households with increasing wealth:

Wealth Growth Indicator

Wealth Growth Indicator™ assigns every household in the U.S. to 1 of 5 segments, based on the household's expected relative growth in total assets over the next three years. By using the segments in conjunction with WealthComplete household assets estimates, financial services firms can incorporate insight on potential asset growth to enhance prospecting, better prioritize customers, and find hidden future opportunity.

Financial Cohorts deliverables

Financial Cohorts can be used to address your firm's needs in several ways:

- **Coding** — analyze and segment households:
  - Append your customer or prospect file with Financial Cohorts cluster codes for modeling, segmentation, and marketing campaigns
  - Includes user guide with Financial Cohorts National Profile and Cluster Profiles for each of 61 clusters
- **Geographic market sizing** — analyze markets and small geographic areas:
  - Household counts by cluster and distribution of clusters for desired geographies (state, CBSA, county, tract, block group, zip code)
  - Geographic market sizing sizes, ranks, and prioritizes markets to enhance opportunity assessment, performance analysis, and resource allocation

Financial Cohorts Digital enables firms to bridge their online and offline marketing strategies:

- **Online** — analyze and verify online audiences and target online ads:
  - Use Financial Cohorts online for real-time for instant differentiation of customers and prospects

We look forward to working with your firm to enhance your segmentation and targeting strategies. Contact us to learn more.

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