

Better Market Engagement Using Behavioral Archetypes

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For decades, financial institutions have built marketing campaigns around demographics — once considered the foundation for audience segmentation. And while these variables remain useful, they aren't the only way to predict how people behave with their money (and are subject to regulatory scrutiny).

Take this example, two 42-year-old homeowners in the same ZIP code might look identical demographically, but one might consistently chase rate specials while the other values simplicity and brand loyalty. One avoids debt at all costs; the other actively leverages it to fund personal investments. That's where behavioral segmentation comes in.

Financial institutions positioned for growth aren't just slicing audiences by who they are — they're seeking customers and members based on what they do and how they think about money. Go-to-market (GTM) strategies built around behavioral archetypes unlock far greater personalization, product relevance, and profitability than static demographic groupings (while reducing regulatory risk).

Demographics tell you who a person is. But they rarely explain why they make financial decisions the way they do. In short: demographics create assumptions. Behaviors reveal intent. If financial institutions rely solely on age, income, or ZIP code, they'll miss cross-sell opportunities, misalign product recommendations, and overspend marketing budgets on poorly extended offers.

Defining Behavioral Archetypes

According to [McKinsey](#), *behavioral archetypes are “structured models of people responses to a specific stimulus. As the name suggests, they tap into the behavioral level of cognitive processing. In a nutshell, the focus is on who does what, how they do it, and why.”*

Behavioral segmentation groups customers by their financial habits, product preferences, and money-management philosophies.

Here are five high-impact archetypes most retail financial institutions should identify:

The Rate-Focused Audience

- Move deposits and loans based on promotional rates
- High responsiveness to teaser offers, low brand loyalty
- Excellent for short-term volume campaigns, but require smart retention strategies

The High Loyalty Audience

- Longtime customers with low engagement
- Rarely rate-shop, but often under-monetized
- Value stability and trust over bells and whistles

The Minimal Debt Audience

- Avoid credit cards, auto loans, and other consumer debt
- Prefer debit cards and cash purchases
- Strong candidates for savings products, financial wellness programs

The Convenience-Focused Audience

- Prioritize ease of access, digital banking tools, and branch proximity
- Less rate-sensitive, more experience-driven
- Respond well to bundled services and fast account-opening processes

The Credit Building Audience

- Young or thin-file consumers working to establish or repair credit
- Strong cross-sell potential for secured cards, credit builder loans, and financial coaching

Key Benefits of Adopting a Behavioral Archetypes Framework

- Behavioral segmentation: This aligns product offers with real financial intent instead of demographics.
- Ditch demographics: Using behavioral segmentation over demographics reduces regulatory scrutiny for financial institutions.
- Action not assumption: Understanding customers' various activities enables timely, targeted cross-sell opportunities and [increases products per household](#).
- Preemptive communication. This will help identify those customers and members likely to be churners (e.g., rate chasers) and those needing more engagement (e.g., silent loyalists).

Identifying Portfolio Financial Archetypes

To start, FIs should start by reviewing their portfolio's [relevant characteristics and attributes](#) such as:

- Account types per household
- Transaction frequency, channel use, product engagement
- Campaign and offer response rates
- Balance changes indicating rate chasing or loyalty
- Permissible credit report trends: debt levels, loans, inquiries

Segmenting Success

Demographics still have a role in financial services marketing — but they're no longer enough. In an era of data-rich personalization and fragmented customer expectations, financial institutions that segment by behavior will consistently outperform those relying on outdated demographic assumptions. In a 2024 study by BVA Nudge Unit and Ipsos, [behaviorally designed campaigns outperformed traditional message-based ones by about 31% in driving consumer response](#).

If your institution isn't mapping financial behaviors yet, you're leaving revenue, loyalty, and market share on the table. The future belongs to banks and credit unions that market to intent, not assumptions. By adopting financial behavior-based segmentation in today's hyper-fragmented market, institutions are poised for greater success through their go-to-market strategies.