



Banking on healthcare
The new health and wellness frontier

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Introduction

Sizeable opportunity

Access to the new health and wellness frontier allows non-traditional players to explore a plethora of opportunities to play in the health and wellness platform targeting both businesses and their employees. Given that the wellness market has grown 12.8% globally in the last two years (as of 2018)¹, the industry now represents 5.3% of global economic output². What's more, the growth sector within the market is expected to grow by an additional 17% globally by 2021³.

We believe that the success of a company depends on the productivity and work performance of its employees. This ability to function and perform at a high level consistently is enhanced by health and wellness programs that traditionally focus on the physical wellbeing of employees, looking after medical requirements and ensuring personal health is a priority. These have results that are beneficial for both the employee and the company at large.

Additionally, people are now more aware and connected when it comes to their health and finances and the connection between the two are ever growing. Thus, there is sizeable space to play across the personal fulfilment ecosystem from the physical, mental and emotional and financial spheres.

Why now?

In the current market setup there are gaps in adequate and effective healthcare coverage and delivery across regions. Legacy propositions by the public and private sectors built on models that have not changed in most markets.

We see that the new industry players are now collaborating and leveraging their respective strengths by taking the lead in building offerings that target holistic wellness to address an acknowledged whitespace. Furthermore, digitalisation today provides the needed impetus to innovate and drive new business models presenting an opportune time for diverse industry participants to come together e.g. Haven JV by Amazon, JP Morgan & Berkshire Hathaway⁴.

There is also an end-consumer driven demand wherein employee expectations today are pivoting from being limited to just physical wellbeing towards a holistic approach to also constitute mental and emotional along with financial wellbeing. Across Asia, wellness is increasingly considered a key component of the employee experience, and companies are starting to measure and report on the links between wellness and financial performance.

Companies therefore have a distinctive opportunity to package and position their health and wellness initiatives as viable business models and as an enabler of social good. In such scenarios, Financial Institutions can be instrumental in ensuring they not only are an active participant and have an instrumental role in the evolving ecosystems, and in some cases be the lead orchestrator if they are able to act fast and now. With tepid growth and an ever-challenging business environment, financial institutions are increasingly on the lookout for new adjacent business opportunities that can turbocharge their core business. Given the positive macro factors, health and wellness initiatives could very well turn out to be the new frontier for achieving sustainable growth.

¹ Global Wellness Economy Monitor

² ibid.

³ Euromonitor International

⁴ Business Insider, JP Morgan divulge Haven's disruptive insurance plan



Right to play

Banks play a part in financing the key milestones and transitions in an individual's life cycle, although they are not the natural port of call for customers for their everyday lifestyle needs. Banks tend to focus on digitalization which can only be a hygiene factor and not a new way of engaging customers. We believe it is vital for banks to embed financial services into broader ecosystems where customer attention is natural - health and wellness is one such ecosystem which has a symbiotic relationship with financial well-being.

The connection between financial wellness and personal health is inherent – in a global survey, 81% of respondents found other goals easier to achieve when finances were in order, while 70% stated that good financial health had a positive impact on their physical health⁵. Targeting end consumers through legacy bank retail channels can involve higher customer acquisition costs and is not always effective. Thus, a new approach would be for banks to build B2B2E plays by going through their small and medium enterprises (SMEs) and large corporate relationships, and offering employee value propositions which are holistic across non-financial and financial solutions. Wellness and Healthcare can therefore be one of the key value propositions to build a B2B2E play on.

Financial services as an industry is central to the healthcare and personal fulfilment ecosystem. Playing in the health and wellness space can result in a customer who is more health-driven and financially robust across the board generating revenue.

This paper will specifically delve into how non-traditional players, and specifically banks, can play in the health and wellness space and the personal fulfilment ecosystem. In doing so, we will examine the demand drivers behind the surge for health and wellness programs, insight driven from past learnings and the full life-cycle customer journey identifying the associated opportunities with life milestones.

⁵ Mark Achurch, The Health & Finance Correlation

Demand drivers for health & wellness programs

Demand drivers for employees

Deteriorating employee health behaviours

The foremost demand driver comes from the negative health patterns generated by increased urbanisation. This has led to sub-standard lifestyle habits causing poor health behaviours leading to higher health risks and more chronic diseases. Health and wellness programs that are personalised and tailored to the individual employee are able to improve these poor health behaviours.

Elevated health risks

Equally important are the elevated health risks like blood glucose, high blood cholesterol, and high blood pressure, which are almost all caused by unhealthy diets and lack of physical activity. Wellness programs are effective at reducing these health risks in less than 10 weeks and the benefits are on-going after the completion of the program⁶.

Demand drivers for employers

Decreased productivity

For employers, the estimated costs of presenteeism namely the decrease of employee productivity while physically at work for employers is 2.5x more than direct healthcare expenses globally.⁷ This means that, for example, if healthcare costs are US\$100 per employee from absenteeism, costs from presenteeism would be US\$250⁸

One of the main causes of presenteeism is employee stress, thus programs that focus on promoting good health behaviours will positively impact productivity in the long term

Increased healthcare costs

Urbanisation has also increased health risks and the associated healthcare costs. Wellness programs improve the behaviours which lead to these health risks and savings from wellness participation are greater than the implementation costs of these programs⁹

Increased absenteeism

Employees with unhealthy behaviours are more prone to health risks including poor stress control thereby increasing the absenteeism rate. Wellness programs can improve these health behaviours reducing absenteeism, but they also have a large positive impact on employee morale¹⁰

⁵ Mark Achurch, The Health & Finance Correlation

⁶ Elsevier, Preventive Medical Journal v13; 2019 Mar : Workplace Wellness Program and short term changes in healthcare expenditure

⁷ Forbes, How the corporate wellness market has exploded: Meet the latest innovators in the space

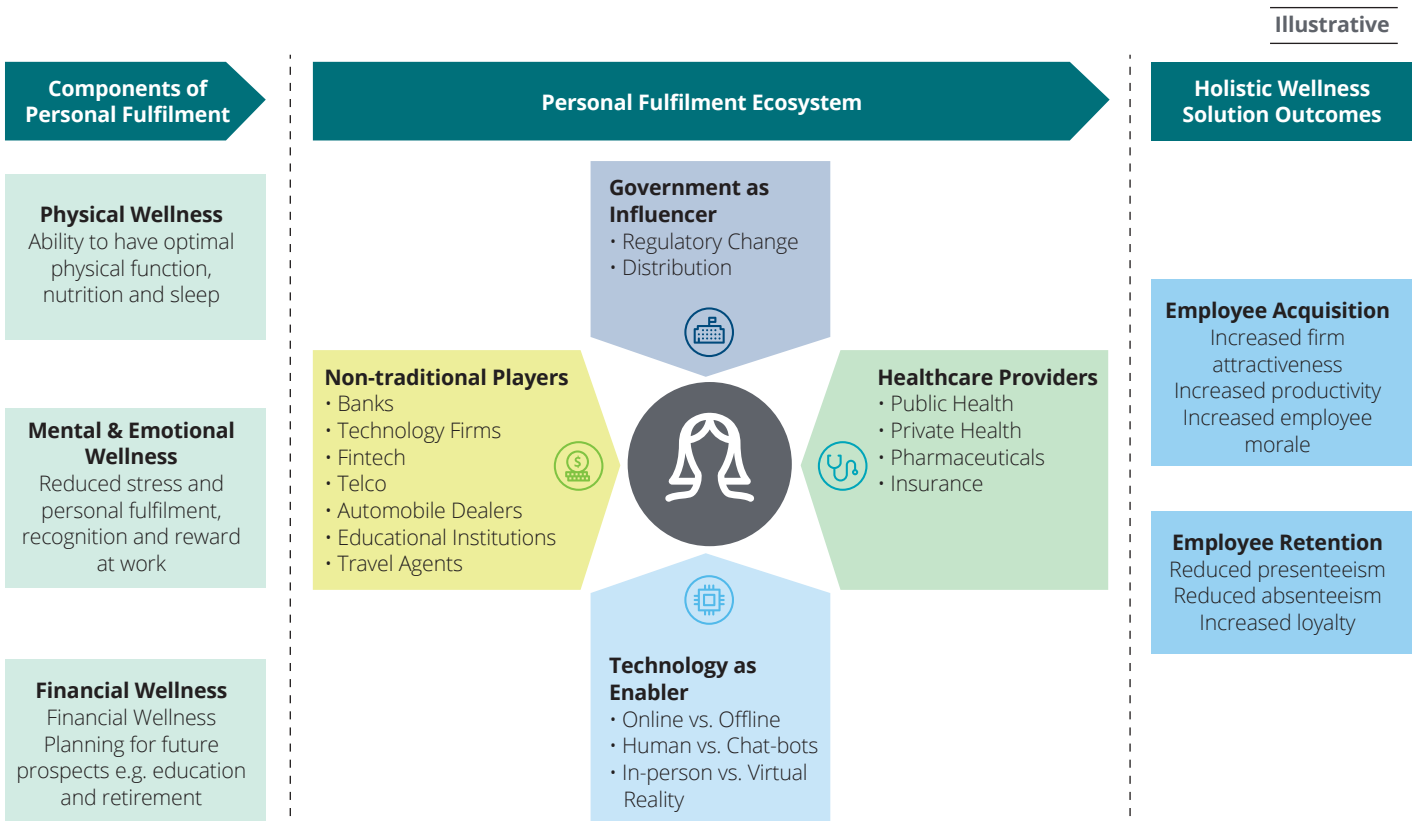
⁸ Forbes, How the corporate wellness market has exploded: Meet the latest innovators in the space

⁹ Forbes, How the corporate wellness market has exploded: Meet the latest innovators in the space

¹⁰ Harvard Business Review, meet the wellness programs that save companies money

Health & wellness ecosystem

An employee obtains personal fulfilment for different issues that are influenced by many players within the ecosystem. Combining the components of personal fulfilment as a product offering will enable banks to increase the market opportunity across the ecosystem

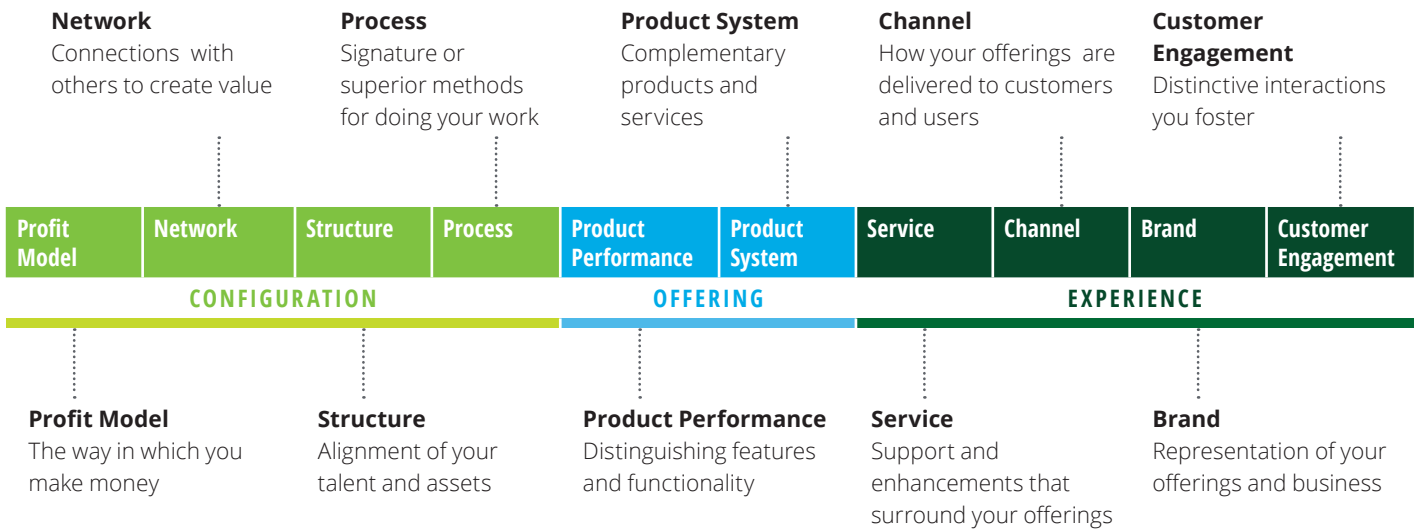


The Ten Types of Innovation

One of the frameworks that ecosystem participants can use when they are re-thinking or refining a strategy, is the “Ten Types of Innovation” developed by Monitor Deloitte.

The Ten Types enables design thinking and can help companies explore new ways to innovate, and encourages innovation to permeate holistically—integrating multiple types into a single new

breakthrough. The underlying construct of the Ten Types and the 100+ available tactics within it effectively forces us to strategically think beyond just product innovation and uncover innovation opportunities across the value chain in how we configure, what we offer and the experience we deliver. It further helps in taking a portfolio approach to innovation that can be categorized across core, adjacent and transformative to measure impact and dedicate resources



Insight driven learnings

As highlighted earlier, the impact of health and wellness to a company's success is dependent on the productivity and performance of its employees.

The ability to function and perform at a high level consistently is enhanced by health and wellness programs and the results of these programs are beneficial for both the employee and the employer. The following insights and learnings from past programs need to be taken into consideration by financial institutions when assessing the opportunities to play in the health and wellness across the innovation continuum of "how we configure", "what we offer" and the "experience we deliver"

1. Do not only concentrate on physical wellness. Instead, organisations should bring their attention to all three components of wellness (i.e. the physical, the mental and emotional, and financial)

In a global survey, 77% of employees responded affirmatively that physical, mental and emotional, and financial wellness promotion programs make their company a more attractive place to work for¹¹. When asked to rate the impact of wellbeing programs on their personal lives in a global survey, 4 in 5 employees said workplace mental health support, physical health support and financial wellbeing support are all directly important¹²

It is crucial to focus on 'Holistic Solution Outcomes'.

2. Do not just implement health and wellness programs and instead also focus on leadership buy-in and promotion of these programs to improve employee engagement

Employee engagement levels are largely affected by leadership buy-in with 4 of the 6 drivers of employee engagement having to do with leadership, and the effectiveness of a wellness program is equally dependent on leadership support. Worksites that have strong leadership support also have functioning, effective wellness committees that guide and direct the program. Companies with strong leadership support have leaders who participate in visible ways.

3. Do not just implement recognition-based programs and instead focus on a move towards rewards-based programs to drive recruitment and retention

Rewards-based programs are distinct from recognition-based ones. Essentially, rewards systems are set up to reward performance and motivate employees and separate from salary i.e. more employees are considering rewards-based systems when accepting employment in the competitive job market. Employers who implement health and wellness rewards, and incentive programs will see employee productivity improvements and lower absenteeism. In this manner, implementing a rewards program can improve a company's employee recruitment and retention, while building employee morale.

4. Do not focus on generic wellness programs and instead focus on specialised programs to drive returns on investment

Wellness programs have the ability to reduce employee-related healthcare expenditures since they are beneficial to the employer, and reduce employee-related health expenditures with the average ROI at 3.27 (from 22 studies examining employee wellness programs and healthcare costs globally) due to the reduced healthcare costs paid to employees¹³. We recommend to tap into expertise data platform(s) to leverage on reliable repository for all health and wellness technology trends and innovations to launch their specialized platforms and programs with greater success through better intelligence depth, strategic planning of platforms and up-to date reporting¹⁴

¹¹ Kantar Consulting, Alight Solutions, 2018 Consumer Health Mindset Study

¹² ibid.

¹³ Dr. Steve Aldana, 5 Workplace Wellness Statistics Every Employer Should Know, WellSteps: Effective Employee Wellness Solutions

¹⁴ TechLabour is a Deloitte proprietary data platform that provide startup data research, technology trend analysis and open innovation strategy.

5. Do not focus on a catch-all wellness programs and instead focus on personalised and individualised programs as they are more effective

Personalisation drives success when services can be customized to an individual's habits and goals. Similarly, customisation for the organisation or company that institutes the program, and also for the individuals drives better employee engagement as it allows the employee to be better motivated and have better knowledge leading to the optimisation of results improving the bottom line.

6. Do not have programs that are indistinct and instead focus on programs where employee outcomes are clearly defined and articulated

Half of employees globally who have a formal and strategic plan in place for wellbeing report better outcomes on health improvement and medical trends than those who do not¹⁵. Thus, it is beneficial for employers to have well-defined, measurable goals for their health and productivity strategy, combined with a deep understanding of their employees' health risks. In this manner, employers are positioned to develop targeted, coordinated strategies and programs that drive overall improved results.



¹⁵ The Hero Health and Well-Being Best Practices Scorecard in Collaboration with Mercer, 2018 Progress Report

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