

EASY, QUICKLY AND VERY EFFICIENTLY ARE THE KEYS OF PERSONAL MANAGEMENT TOOLS (PFM)

PERSONAL FINANCIAL MANAGEMENT

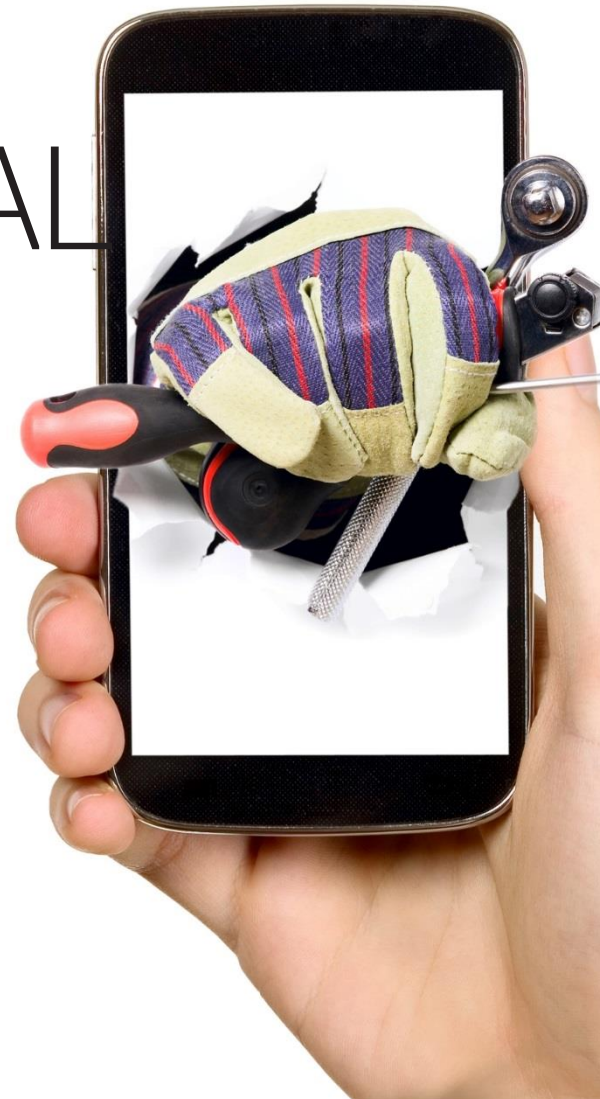
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01

The takeoff of personal financial management

The financial world faces the challenge of users demanding to manage their finances in their cell phones (PFM). Easily, quickly and [very efficiently](#) (🐦).





Personal Financial Management (PFM) tools allow viewing on mobile all accounts, transfers or movements to follow the day to day financial closely.

Make life easier for users to be consulted in the same application that displays the transactions, cards and accounts at different banks on

the mobile screen. Although not everything was as easy as this.

"Looking back with regard to PFM, the only users who actually used those tools were hardcore. They weren't intuitive or user-friendly. In fact, the potential market for these products was limited and the task was difficult and

not much fun."

Rick Claypoole, Director of [Cadence Bank](#) defines traditional personal financial management programs in this way in the study [Why Traditional PFM Is Dead](#).

By managing their finances on their computer through their bank, the study highlights that users have to face several problems: The information is hidden or barely visible (at the bottom of a tab and limited to a single account).

Some of the operations they want to perform involve too much work or are impossible and they have to go to a branch.

From an aesthetic standpoint, the websites are hampered by [their design \(f \)](#)





Users, highlights Dan Makoski, Vice President of [Capital One](#), have “an overwhelming need for technological innovations and imaginative ideas in the world of finance but the commitment of corporations is usually limited to earning money.” Many banks and building societies have attempted to provide value to account holders by offering different conventional and personal financial management software. And most of the time these attempts have failed to live up to expectations.

Digital Industry

Banks are increasingly focused on the digital industry - the large ones are spending more than \$500 million per year on "mobile technology" alone and worldwide "Fintech" investment

grew by 201% between 2013 and 2014 - and they are aware that the best way for financial institutions to grow lies in providing their account holders with an extraordinary value , empowering them. In America, Accenture notes that 67% of the millennial generation "are interested in their bank providing them with tools and services that help them create and monitor their funds." Forrester Research adds that digital money management is essential “to win the loyalty of [younger customers](#)” (). [in](#)

PFM Benefits

Consumers don't want to have to register on 5 different sites to find out the state of their finances.

Celent Research highlights that 75% of account holders assessed being able to see all their finances in one mobile app as "highly valuable", even more than transfers, for example.

For digital money management to be effective, all a user's accounts - even if they are in different banks - must be displayed in their application.

To reach out to these customers, digital PFM tools

must have the following characteristics:

1. Fully integrated in the digital banking experience.
2. Be able to be added from multiple sources.
3. From cleaning and sorting transactions.
4. Instantly and effortlessly, requiring little or no work for the user.
5. Enriched with an imaginative and pleasing design.



Oracle Financial Services notes that "To shine, a bank should not be a mere transactional body, but must look for the boundaries on the services provided. And to stand out they need to become a kind of personal finance guru to their customers; providing advice and guidance via a touchscreen. *Why Traditional PFM Is Dead* highlights that

consumers don't want technology that makes them work. Therefore financial management should analyze historical data and allow users to have all the information at a click of a button. And they want it on their cell phone.

"See it and do it" is the phrase used by **Mark Schwanhauser**, director of [Javelin Strategy &](#)

Research to refer to customer needs.

They don't want to waste time on the web or dive into complex graphics. They seek concise, clear ideas to track their bonds and take action quickly. They want advice but without hassle and without wasting a minute of time.





PFMs are coming though banks and financial management platforms still have a long road ahead.

In the US, 82% of consumers state they currently control their finances in some way.

However, 54% of consumers only do it through pencil and paper or through their own memory.

Reaching out to them technologically is the financial industry's challenge.

02

The relationship between banking and personal financial management tools

PFM tools must prioritize the wishes and needs of the consumer over and above the bank's own business if [they are to succeed \(🐦\)](#).



When personal financial management (PFM) began to weave its way into the banking sector, both consumers and the financial institutions themselves were skeptical.

The consumers did not understand them and were reluctant to trust this new service, whereas the banks and credit unions struggled to find a way of fitting these tools to their products and making them **attractive to the consumer**.

PFM tools were created with

the aim of presenting accounts, balances and financial transactions in the customer's own language.

The study by BBVA's [Financial Services](#) says that the Personal Financial Management tools (PFM) help consumers follow, classify, remain informed and manage their personal finances.

Banking based on PFM represents the **evolution of traditional online banking**, now that non-banking PFM is becoming an ever greater competitive **in** threat for banking



These tools took some time to get off the ground, but today almost all the aspects of consumers' financial lives have migrated to the digital channels.

People look for online PFM tools so they can stay up to date in the field of finances.

"What it comes down to is that people need advice, but they don't seek advice", says **Rita Sly**, managing director of channels at ATB Financial, a regional Canadian bank that launched their PFM Track It tool from MX, in [The Financial Brand](#). Rita points out that when people are familiar with

a branch, it's relatively easy to link them with a personal manager.

Where is the key?

Where is the key?

"Delivering advice in a way that naturally fits within people's patterns of behavior - that's the sweet spot for all financial institutions", adds Sly.

"If you don't leverage technology to make it part of customers' day to day lives, you're missing an opportunity to help them".

Rita Sly took only six months to get 46% of their online banking clients to adopt their PFM product.





Nate Gardner, Executive Vice-President of Client Services at MX, the Fintech firm behind the ATB's PFM solution, says the company wanted to start afresh and reinvent the category. "We fundamentally tossed the traditional notion of PFM into the trash -the notion that says, 'We have PFM, let's check the box and move on.'

Instead, **money management should be a key part of the banking experience across [all channels](#)**" (). **f**

Gardner's PFM philosophy is fairly straightforward. He believes a good PFM solution should do the heavy lifting for users -make life easier. So the development team at MX

focused on a critical component in the consumers' experience: ensuring that user transactions are automatically categorized with precise accuracy. It may sound simple, but Gardner swears this is the trick to make customers value PFM tools. This makes it unbelievably easy for users to manage their money.

The key for innovation

Staying one step ahead is an obsession for ATB in order to create loyalty among their customers. "There's so much innovation happening in the marketplace around financial services, and we need to be actively seeking out what's on the horizon" say ATB.

To explore innovations within the industry and ferret out disruptive threats facing their bank, ATB Financial created the "Emerge Group".

This group of experts investigated everything from

crowdfunding through to collaborative savings plans –as well as PFM tools. Curiously, it didn't see this as a threat for the banks. PFM tools were not a widespread technology in Canada at that time, as there was only one bank in the country that provided the services, and one other that just dabbled in the market. They saw a gap and went for it: **"We're here to make banking better for people and make their lives richer, and this was the tool we needed in order to do that"**, concludes Sly.

BBVA's study highlights that: "PFM can potentially transform

the consumer experience, provided they are motivated by the wishes and needs of the consumer rather than by the priorities of the banking business. People want to learn to manage their lives better, not their finances". And another tip for success is "Adding social capacities by identifying social sites that are important for the consumers (not only the ones the bank decides to sponsor)".

More than just a financial tool, if personal financial management is to be successful it must take account of the customer's psychology.

03 / INTERVIEW

“We don't want to compete with banks, our aim is to to organize home economics”

Lupina Iturriaga is the founder and general manager of [Fintonic](#) ([Twitter](#)), which designed the personal finance management (PFM) app.



How would you define Fintonic?

It's a mobile app that displays the transactions with your banks and cards on the screen. Everything is organized by category: how much you spend in supermarkets, restaurants, cell phone, gas, children... The user doesn't have to do a thing in all this automatic organization. With the app you can view all the bank statements and balance the accounts. The process is very simple. The app tells you if a bank is charging you more than others, if you have an overdraft, if your insurance is about to expire, if there are erroneous or duplicate

charges... It tells you all this with [over 50 alerts \(in\)](#).

What's the most important thing for the user?

We think that the most important thing for the user is knowing where the money is. Eight out of ten families don't know where the money goes and this alert system enables them to receive all the information transparently, irrespective of the bank. It's very important for the users to have information, so they can use it to make the best decisions about financial products and other services.

Does the app use the user's entire history?

No, when you begin it goes back 12 months, which is the information usually provided by the bank. Once you're a user, you have your history saved forever. Through the search engine you can look up, for example, how much you spent at Christmas three years ago. It enables more flexible management of your home economics, of your day-to-day.



Is this system aimed preferably at the millennials?

No, it's aimed at all those who use online banking. There are older people who are interested, there's all kinds, even people aged 70.

Is there some apprehension in using this kind of tools?

We have more than 350,000 users. At the beginning there was some apprehension, but now there's a great deal of trust. In the United States, over 20 million people use these tools. It helps you in your day-to-day. Being so useful, and thanks to word of mouth and how much you can save, the initial distrust has disappeared. Users want to optimize their money better.



Are they a threat to online banking?

No. We have nothing to do. We're not a bank and we have no balance sheet. We're complementary. At the bank, the user makes transfers or applies for a mortgage loan. With Fintonic, the user is going to see this information organized, with very good usability. Apart from the organization, the users will also receive recommendations with possible alternatives. Or the app will tell you which

bank charges more commissions. It's a complementary service.

You don't stop having a bank, in fact, to us the bank is the customer. We offer the bank's services, we tell Fintonic customers whether there is an interesting account for those who fit the profile for that account. We're a platform that wants to offer users the possibility to make the most of their financial products and other services.

Will banks use these platforms?

I think we will all evolve towards what the user wants. The banks and ourselves. Customers want to have easier access to their products and be able to buy services flexibly, and they want to do everything using their cell phones.

What are your users most interested in?

No two users are alike. Some pay more attention to the alerts, others to the budgets... Users ask us for many things, but no one in particular. Sometimes they ask for a feature to export data to Excel and when we ask them what

they need it for, we develop it and try to go one step further. Fintonic will soon have nothing to do with the current app, the look and feel will change [completely \(\)](#).



Our work is to make sure that all the information is understandable and users can understand their home economics. That's our focus.

A bank has more focuses: balance sheet, products, collections... We have a different goal: to present the information in a very simple way and give the best possible recommendations and alerts.





04

Personal finance management platforms for cell phones

A browse through some the personal finance management (PFM) programs [now on the market](#) (🐦).



There are mobile applications to support users in practically every aspect of life; in leisure, health and more. So it is no surprise that such technology has been used to support personal finance, by migrating accounts and investments to mobile devices.

Personal finance management (PFM) apps give clients control over all accounts and positions via a single website or application.

A quick tour of just a few of them:

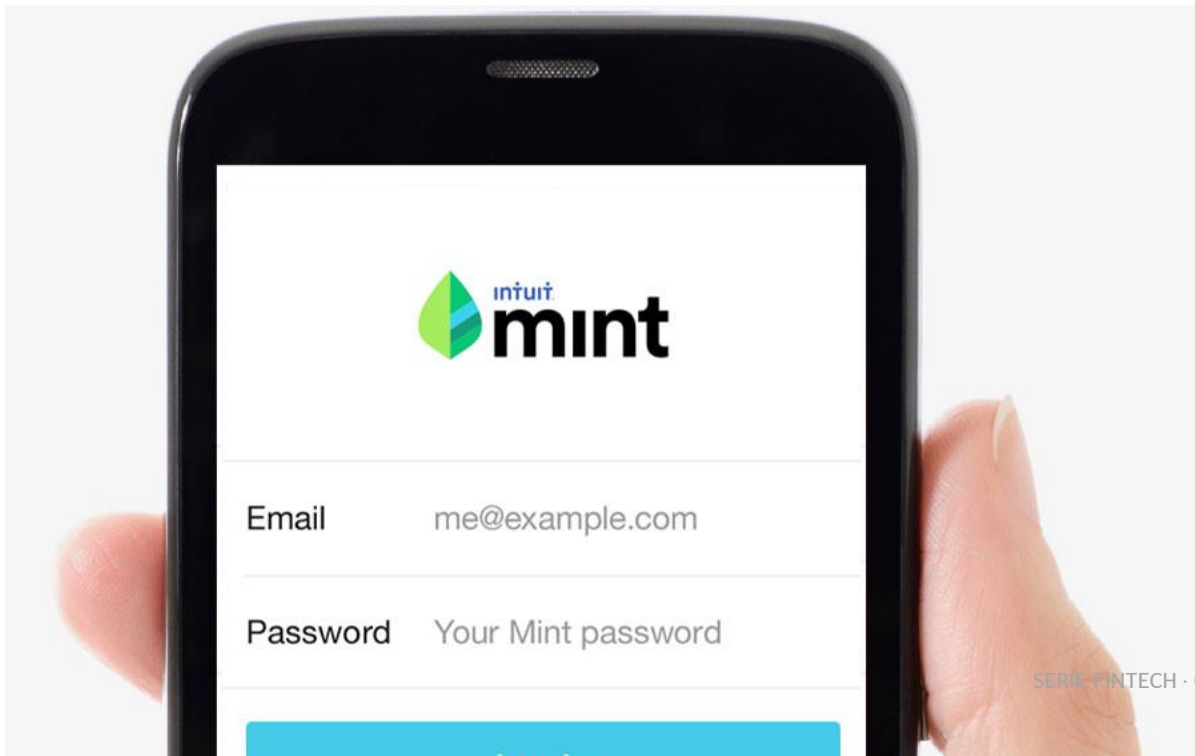
Mint

Mint compiles a user's bank accounts into a single platform. The platform displays all of their money and how it is moved. Mint is capable of synchronizing all bank accounts, credit cards and debit cards.

It gives users control over credit card movements, expenditure, cash, income and total assets over time. The application features reminders to pay outstanding bills and tips on how best to save.

A group of consultants is also on hand to support users and help them achieve their financial goals, such as paying off debts, creating budgets, making purchases, etc. It can also automatically sort items into categories. For example, when you make a payment at a restaurant the expense is automatically classified under food. The aggregate account data can be displayed in graphs and tables to provide a clearer view of a user's financial situation.

This is one of the pioneering applications in the field, as well as one of the most downloaded. It is free and works with iOS and Android.





Yodlee

In August the financial solutions firm [Envestnet](#) bought the technology and financial company [Yodlee](#) for 590 million dollars. Yodlee, founded in 1999 and the leading company in the United States, is able to extract and classify account

transactions and work with more than 12,000 different sources. The cloud platform allows users to view their credit card movements, bank accounts and investments via a single site. The company offers its services to more than 850 companies, among

them 11 of the 20 largest banks in the United States and hundreds of Internet services companies. Its technology has been at the hub of the leading personal finance management (PFM) platforms [for a long time \(\)](#).
f

MoneyWiz

Payment application. This application allows users to configure accounts and set up reminders to pay bills. It is available for multiple platforms and devices.

Income and expenses can be managed via a cloud system, SYNCbits, which supports local data storage to allow access even offline. Data is synchronized instantly, automatically and securely. It supports the import of CSV, QIF, OFX, QFX and MT940 files.

The application can also be connected to bank accounts or PayPal to ensure that all transaction data is automatically imported to the personal manager.

Transfers cannot be made via the application, meaning users cannot do anything with their money except view and evaluate movements. It does support operations in any currency, with a simultaneous conversion tool [for all items \(](#)
[\)](#). [in](#)





Fintonic

Provides full information on all of a user's bank accounts in a single display.

Income and expenses can be organized and alerts set up for movements, overdrafts or fee charges.

Fintonic can compare a user's expenses and is able to provide useful information, such as informing you of an insurance policy that is cheaper than the one you just paid for.

It aggregates and displays data to anticipate costs, thus helping to control household finances.

05/INFOGRAPHIC

Financial management on the cell phone

Users want to manage their personal finances on the cell phone easily, quickly and very efficiently.



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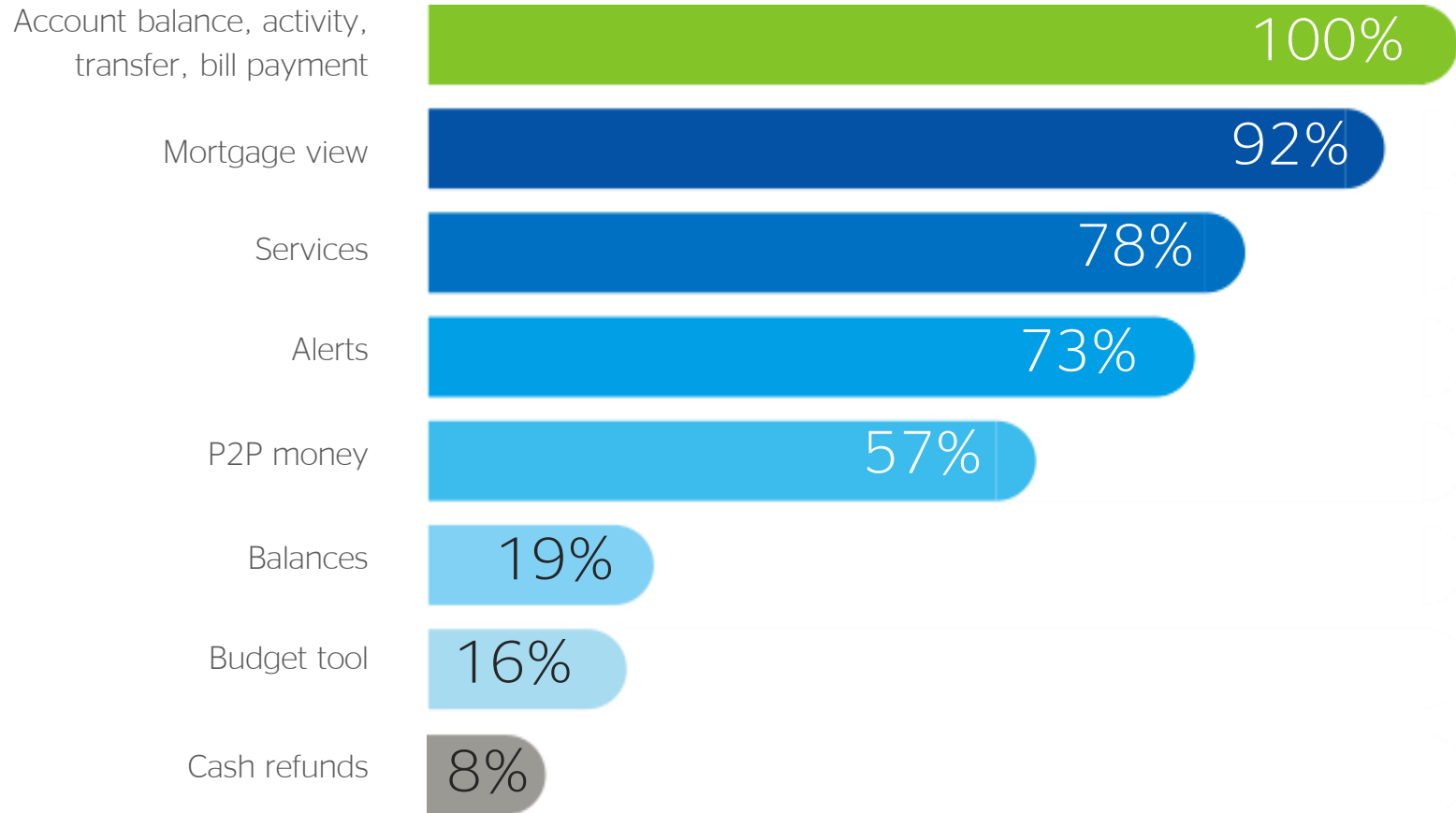


Financial management on the cell phone

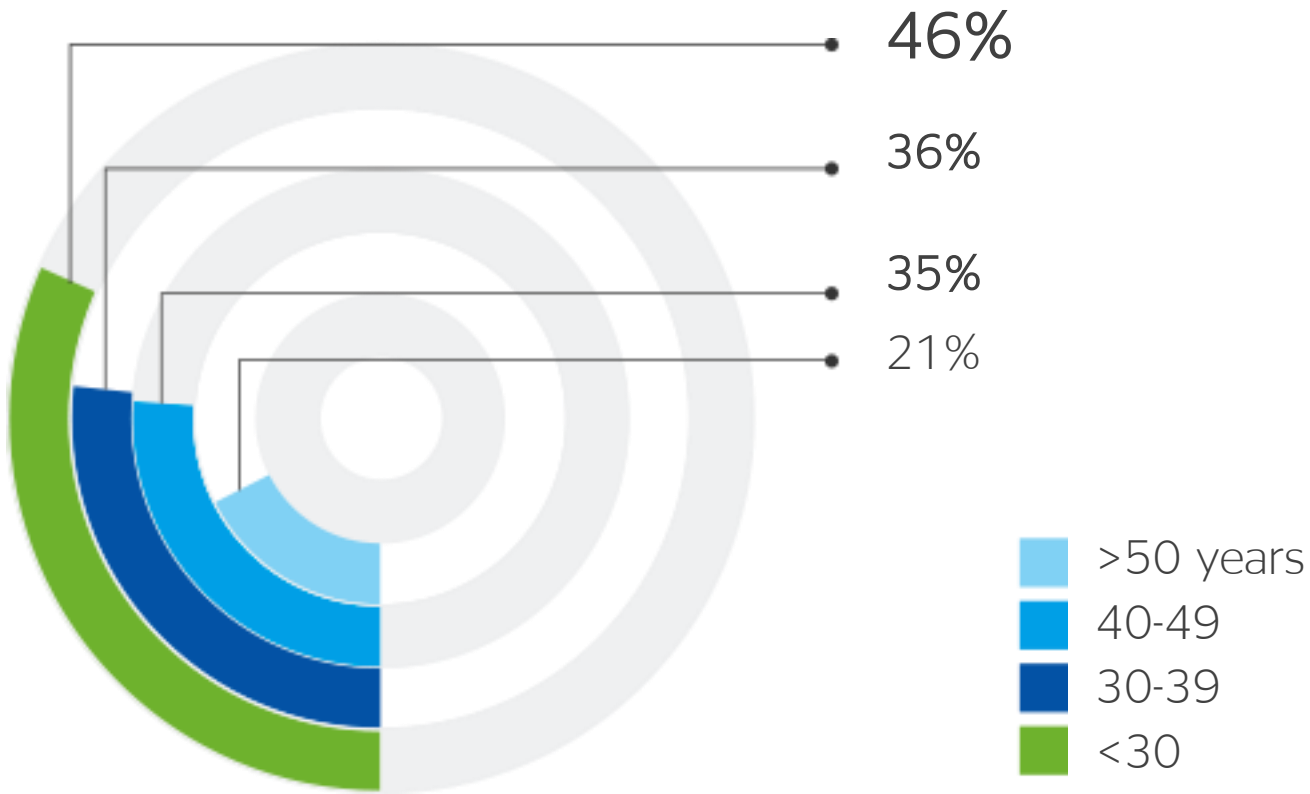
- Fully integrated with the banking digital experience.
- Enables users to add from multiple sources or check bank accounts.
- Transaction clarity and classification.
- Instant and effortless, requires little or no work by the user.
- Imaginative and pleasant design.



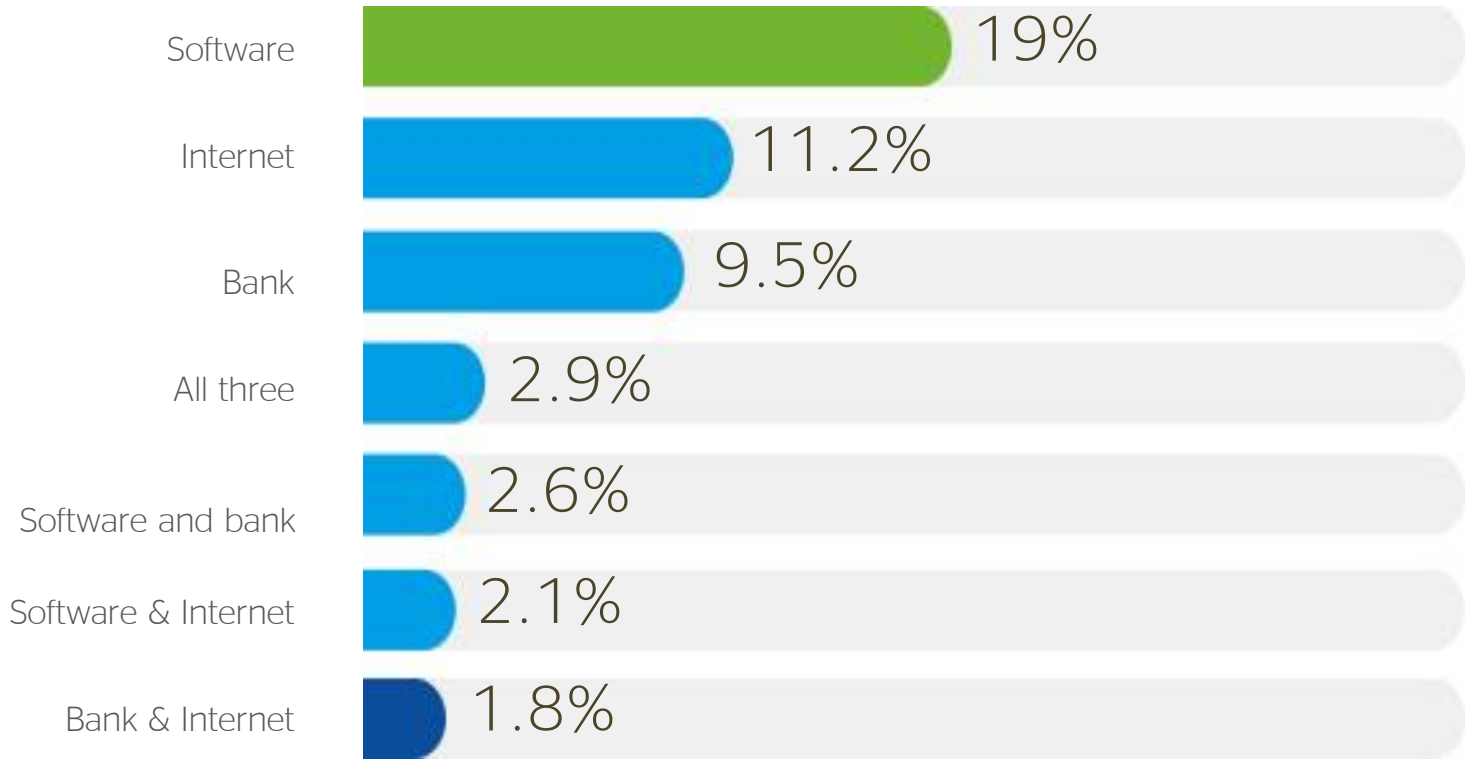
APP use



PFM tool consumer age



PFM tool use





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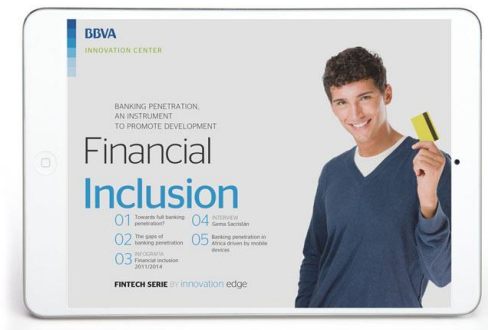
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