JAVELIN

Digital Money Management in 2016

Moving Beyond Fits and Starts

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The next phase of the evolution of digital banking is now at hand, with personal finance fundamentally woven into virtually every transaction. This isn't about doing customers a favor. It isn't about mollifying regulators. It's about survival. FIs that are content serving as transactional centers are at high risk of losing sales if customers do not value the relationship and therefore shop primarily based on rates and prices. The challenge is that though familiarity with personal finance apps has nearly doubled since 2010, actual usage of personal finance management at banks, desktop software such as Quicken, and third-party apps is disappointing. There are compelling reasons for optimism and investment, notably that many consumers want advice from FIs and would prefer to turn to them for personal finance help. But significant long-term issues cloud the future of digital money management, including the reality that only 1 in 4 consumers is willing to provide passwords so their primary FI can aggregate outside account data on their behalf.

Key questions discussed in this report:

- How has familiarity and usage of bank-, desktop-, and third-party personal finance options changed in the past half-decade?
- What factors are setting the stage for investment and innovation with personal finance management?
- Which personal finance apps are winning with consumers?
- What is the return on investment (ROI) of personal finance management?
- What are the biggest obstacles to consumer adoption and investment by FIs?
- Are consumers willing to share login passwords to enable FIs to aggregate their account data?

Companies Mentioned: Acorns, American Express, Apple, Bank of America, BB&T, BBVA, Betterment, Capital One, Chase, Consumer Financial Protection Bureau, Credit Karma, Credit Sesame, D3 Banking, Digit, Digital Insight, Expensify, Finovate, Fiserv, Future Advisor, Geezeo, Google, HelloWallet, HIG Capital, Intuit (Mint, Mint Bills, Quicken, Demandforce, and QuickBase), LearnVest, Level Money, LinkedIn, Malauzai Software, Microsoft, Motif Investment, Moven, MX, Northwestern Mutual, Personal Capital, PNC Bank, Prosper (and BillGuard/Prosper Daily), Q2, ReadyForZero, SaveUp, Simple, SoFi, USAA , Wealthfront, Wells Fargo, Yodlee

The consumer data in this report is based primarily on information collected in a random-sample panel of 3,000 consumers in a September 2015 online survey. The margin of sampling error is ±1.79 percentage points at the 95% confidence level.

The Moneyhawks Segmentation

Javelin's retail banking customer segmentation incorporates scores of variables regarding demographics, banking behavior, and attitudes about relationships with FIs. Unlike approaches that use predetermined if/then rules regarding specific behaviors or demographic characteristics, Javelin employs sophisticated multivariate tools to develop a holistic segmentation based on multiple dimensions, resulting in homogeneous segments that differ from one another on such diverse criteria as how consumers prefer to interact with their FIs, what products and technologies they use, their needs and attitudes, and their financial value.