

Best Practices In Digital Money Management

by Stephen Walker, May 10, 2013

KEY TAKEAWAYS

Take A Systematic Approach To Understanding Customers' Needs

Establish a systematic process for understanding customers' needs in which you use multiple research techniques, solicit direct customer feedback, and supplement your findings with vendor insight.

Make It Easy For Customers To Achieve Their Money Management Goals

Digital banking teams should work closely with customer experience and application development professionals to design and develop a user experience that is easy, meets needs, and is enjoyable. Adopt user-centered design best practices, and iteratively test and design new functions with customers.

Use Marketing And Education To Drive Customer Adoption

Rather than waste advertising on reaching the widest possible audience, opt for targeted marketing that delivers the right message to the right customers through the right medium. The best campaigns combine in-branch staff, mobile, social media, and email to put digital money management where customers can see it.

Provide Useful Advice That Is Easy To Use And Fun

Give customers a forward-looking view of their finances and help them make better decisions. Make it easy to use with accurate spending categorization, tight integration into digital banking, and intuitive visualization. Use social sharing, positive reinforcement, and game mechanics to make digital money management fun and engaging.



Best Practices In Digital Money Management

Processes: The Digital Money Management Playbook

by [Stephen Walker](#)

with [Benjamin Ensor](#), [Catherine Graeber](#), [Anthony Mullen](#), [Myriam Da Costa](#), [Peter Wannemacher](#), and [Douglas Roberge](#)

WHY READ THIS REPORT

The critical question for eBusiness and channel strategy professionals who have launched, or are about to launch, digital money management is how to drive customer adoption and use. To help, Forrester interviewed leading banks and vendors to identify processes and best practices. This report looks at how to drive adoption and use of digital money management by understanding customers' needs, following a customer-centric design process, using marketing and education to increase awareness, and providing practical advice as part of a fun and easy-to-use money management experience.

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Forrester interviewed 12 executives responsible for money management at Arion Bank, Bank of Internet USA, Barclays, Central Bancompany, Commonwealth Bank of Australia, Íslandsbanki, Knab, Lloyds TSB, Mechanics Bank, Rabobank, Säästöpankki, and Skandiabanken. We also spoke to 13 money management vendors: Balancion, eWise, Figlo, Fiserv, Geezeo, IND Group, Intuit, Linxo, Luminous Banking, Meniga, MoneyDesktop, Strands, and Yodlee.

Related Research Documents

[The Business Case For Personal Financial Management](#)

September 5, 2012

[Case Study: Mint.com Grows Its Business Using Game Mechanics](#)

January 26, 2012

[Case Study: How Barclaycard Helps Customers Manage Their Spending](#)

January 11, 2011



TAKE A SYSTEMATIC APPROACH TO UNDERSTANDING CUSTOMERS' NEEDS

To understand their customers' digital money management needs, digital banking teams need to work closely with market research or customer intelligence professionals. It's not good enough to rely on your instincts or just assume you know what your customers want. Instead, work with colleagues to build processes to research customers' money management needs:

- **Survey customers directly.** There is no substitute for speaking directly to your customers, either through focus groups or surveys. Use focus groups and ethnographic research to unearth latent or hidden needs; then use quantitative surveys to validate their statistical relevance. Beware that different customer segments, such as customers in different life stages or customers with different attitudes to their finances, are likely to have different money management needs.

Good practice: Rabobank in the Netherlands used focus groups to help fine-tune its spending categorization engine. In the end, customer feedback suggested the team focus on four or five big category buckets instead of giving customers a large number of potential categories to choose from.

- **Seek and collect feedback through multiple channels.** Once you have launched digital money management, your customers will provide feedback about their experiences through email, calls, chat, and social media posts. If you haven't yet launched, look at what your competitors' customers are saying. Assessed systematically, these communications offer a deep reservoir of unstructured data into what your customers want and how to improve digital money management.

Good practice: Société Générale in France seeks direct feedback from customers on a wide range of topics through a variety of media including social media like Facebook and Twitter, the bank's website, its smartphone apps, in its branches on iPads, and on its open innovation site "SG et vous." On that innovation site, the bank not only solicits ideas from customers but also asks for their feedback on new developments and asks them to vote to prioritize different improvements.¹

- **Take advantage of what vendors know.** There are a growing number of white-label money management vendors with experience of multiple digital money management deployments.² Listen to what they've learned about consumer needs from previous implementations, industry roundtables, and their own consumer surveys. Then use these insights to supplement your own findings.

FOCUS YOUR DESIGN ON HELPING CUSTOMERS TO ACHIEVE THEIR GOALS

To deliver great digital money management experiences, digital banking teams will need to work closely with customer experience and application development professionals to design and develop a customer experience that is easy, meets needs, and is enjoyable.³ Follow these customer experience design best practices:

1. **Adopt proven user-centered design processes.** Successful digital customer experiences don't just happen. Instead, they result from a disciplined design process. This requires learning — and then sticking to — the steps in a user-centered design process.⁴
2. **Focus on your customers' goals.** Make sure that you clearly identify and document what your customers are trying to do. It's likely that many customers will have simple money management goals, like “spend less than I earn,” “cut my spending,” or “save for a holiday.” If you focus on features or abstract goals like “categorize my spending” that few customers actually have, don't be surprised if the resulting service doesn't appeal to many customers.
3. **Create personas of your customers.** To design a great customer experience, create personas that represent your customers and scenarios of what they are trying to do. A persona is a vivid, narrative description of a named fictitious person representing a segment of your customers that you create to guide the design of your money management features and interfaces.⁵

Good practice: To create money management that would appeal to the mass market, not just Excel junkies, the digital banking team at Rabobank created a persona called Josephine. Josephine doesn't like budgeting, but she realizes the month is often longer than her pay lasts, and she's left short. Keeping Josephine in mind helped the team focus its efforts on delivering simple but effective functionality.⁶

4. **Iteratively prototype, test, and pilot new money management functions with customers.** Validate your design to ensure that your new functionality will meet customers' needs and expectations. These tests work best when real customers try to fulfill actual tasks using your current money management offering or a mocked-up prototype on a PC, a tablet, or a mobile. Have members of the project team look on and listen while customers move through their tasks, identifying areas where they get stuck, become confused, or express negative thoughts about the interface.⁷ Iteratively test and then continuously monitor your digital money management websites and apps with real customers.

Good practice: Mechanics Bank in the US used feedback from customers who were confident using its more complex digital money management features to inform how to refine and promote those features to less confident digital money management users.

DRIVE CONSUMER ADOPTION WITH MARKETING AND EDUCATION

To encourage money management adoption and use, digital banking teams must guide customers from their first encounter with the idea to habitual use (see Figure 1). Digital banking teams will need to overcome the many barriers that deter customers from using money management. For example when asked why they don't use money management, 32% of US online adults who don't

use money management tools say their finances are not complicated enough, 26% say they just don't see the point, and 25% worry about the security of their financial or personal information (see Figure 2).⁸ Digital banking teams should work closely with their colleagues in both digital marketing and brand marketing to address and overcome these barriers.

Figure 1 Encourage Customers To Use Digital Money Management At Every Step Of The Process

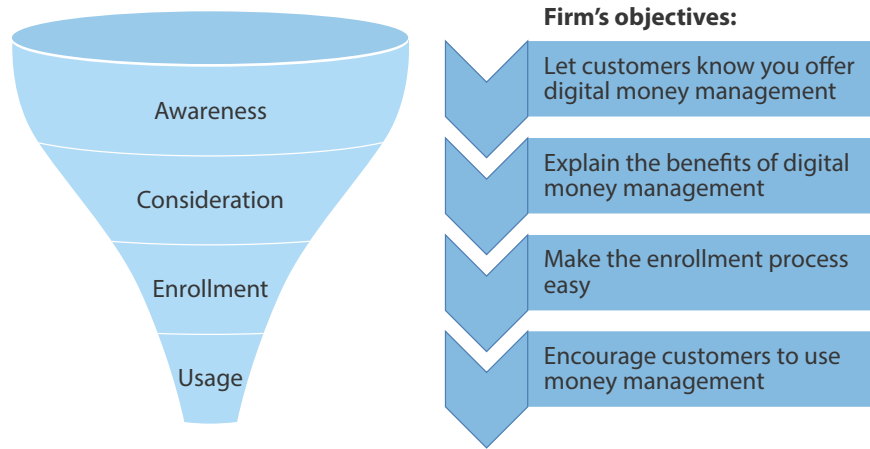
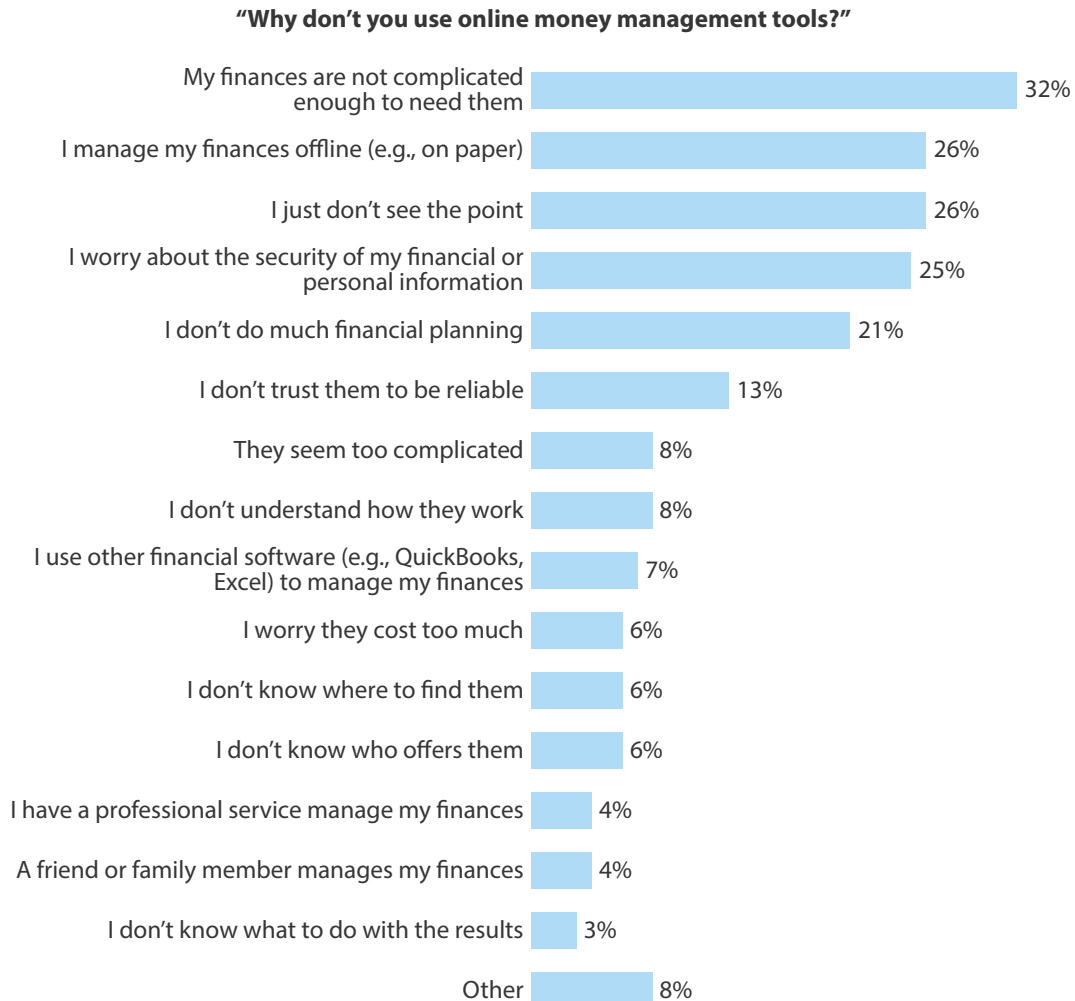


Figure 2 Customers Cite Many Reasons For Not Using Digital Money Management



Base: 6,658 US online adults (18+) who do not use online money management tools (multiple responses accepted)

Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US)

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Source: Forrester Research, Inc.

Let Customers Know You Have Money Management

Consumers will only use digital money management if they know it exists. Some banks, like the UK’s Lloyds TSB, have put money management at the heart of wider brand marketing campaigns.⁹ That can work as part of a branding campaign but won’t be the most effective way to reach the customers who are most likely to adopt digital money management.¹⁰ Rather than waste advertising dollars on reaching the widest possible audience, develop a clearly thought-out marketing strategy

in which you deliver the right message, through the right medium, to the right customers. As a general rule, digital banking teams should:

- **Start marketing campaigns before launch.** Many of the best campaigns start weeks, if not months, before digital money management actually launches to create awareness and anticipation, just as Hollywood does before each summer's blockbuster movie.¹¹

Good practice: Bank of Internet USA started an email campaign six months before launching money management. In the UK, Barclays pre-announced by four months to drive media interest in functionality and intent prior to the product launch. Commonwealth Bank of Australia has done the same throughout its online banking modernization program and in rolling out all money management features.

- **Not market money management as a separate online service.** Rather than confuse customers by introducing a separate new tool, with the added expense of a new marketing budget, promote digital money management as a better version of what customers already have — online or mobile banking, but with improved money management features.¹²

Good practice: BNP Paribas promotes money management as the bank's main online banking dashboard, "Tableau De Bord," not as a separate tool, and BBVA Compass does the same (see Figure 3). Likewise, new banks such as Alior Sync in Poland, Fidor in Germany, Knab in the Netherlands, and Moven and Simple in the US all market money management as their central online banking interface, not as a separate tab.

- **Put money management where customers can see it.** Digital teams should embed links, banners, and perhaps interstitials into the most frequently visited pages of your public and secure websites and the home screens of your mobile and tablet apps.¹³

Good practice: Commonwealth Bank runs banners within its secure site that promote money management features as "new" until a customer signs up. Rabobank used behavioral targeting to tailor banners and messages to specific types of users. Skandiabanken in Sweden and Norway put a new money management tab between its most commonly visited tabs, "transfer money" and "pay bills."

- **Alert customers through email campaigns.** Contact all of your online and mobile banking customers. If your CRM system can do it, run targeted campaigns that dynamically render content based on what you know about individual customers' spending patterns.¹⁴

Good practice: In the US, 1st Mariner Bank sent four different emails to all online banking customers: an introduction, information about the alerts function, an explanation of the cash flow calendar, and an encouragement to set goals.

- **Use staff to bring money management to life.** Encourage your branch and contact center staff to test-drive digital money management so they can talk about it to customers. “Have you used online banking? We’ve just launched new money management features.” Arm them with tablets to enable direct demonstrations to customers in branches. Encourage them to discuss money management during all new account openings.

Good practice: Barclays recently ordered 8,500 new iPads for staff in its 1,600 branches to help with various digital banking demos. At least one US bank has introduced branch staff incentives to increase “sales” of money management.

- **Show the fun side through social media.** For a topic that can often appear dry and boring, social media allows digital teams to show the fun side. Encourage customers to recommend digital money management to their friends and family by making it easy for them to share information about it through social media.

Good practice: In Sweden, Skandiabanken launched money management with a “Saving Club” Facebook campaign in which anyone could set up a group to save toward a specific goal, share their progress, and exchange savings tips. Linxo, a French vendor and independent provider of money management, ran a Facebook campaign around the question “How much is your husband costing you?” with a picture of a man in a brand-new sports car, golf clubs in the back, heading abroad for a golfing holiday (see Figure 4).

- **Use seasonal marketing campaigns, prize draws, and blogs.** Run marketing campaigns at high-spending periods of the year — like Christmas, New Year, and summer holidays — to show value at a time when customers are more financially engaged. Fixed-length prize draws, product giveaways, and regular blogs can help raise awareness further.

Good practice: In January 2013, Lloyds TSB ran a Money Manager campaign based on starting the year with a clear savings plan. Truliant Federal Credit Union in the US ran a campaign in which customers could win \$100 or an iPad 2 for signing up within a specified period.

Figure 3 BBVA Compass And BNP Paribas Offer Integrated Money Management Dashboards



Source: BBVA Compass and BNP Paribas mobile apps
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Source: Forrester Research, Inc.

Figure 4 Linxo Uses Social Media To Drive Awareness In A Fun And Engaging Way



Source: Facebook

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Source: Forrester Research, Inc.

Educate Customers About The Benefits Of Money Management

Digital banking teams need to communicate the value of digital money management to increase consideration. Overcome these barriers to adoption by clearly explaining the benefits, not just listing features. Increase effectiveness by tailoring your content and delivery to specific customer groups. As a general rule, digital banking teams should:

- **Focus on what money management enables, not money management itself.** For many customers, money management is a boring chore, so focus on the rewards, whether it's being able to afford that holiday, buy that new car, or save time if and when they do budget.

Good practice: The marketing for PNC Bank's Virtual Wallet focuses on the time-saving benefits: "Life's busy, and it's hard to stay on top of everything — especially your money." Lloyds TSB does the same through a brief animation.¹⁵ Payoff.com, a new online money management site for debt repayment, focuses on making customers' dreams come true, asking, "What do you really want to do in life?"¹⁶

- **Help customers understand the problems money management can solve.** One-third of US online consumers who do not use money management tools believe their finances are not sufficiently complicated.¹⁷ Demonstrate that for those with simple finances, every penny counts even more. For more affluent consumers, focus on maximizing returns on savings.

Good practice: Australia's ANZ puts customer reviews directly on its MoneyManager service landing page (see Figure 5). Similarly, PNC Bank uses customer reviews to encourage customers to try its Virtual Wallet (see Figure 6). You Need A Budget, an independent online money management provider in the US, shows how much consumers saved in one-month, three-month, and six-month intervals. ImpulseSave runs video animations highlighting how average customers are saving \$3,000 a year.¹⁸

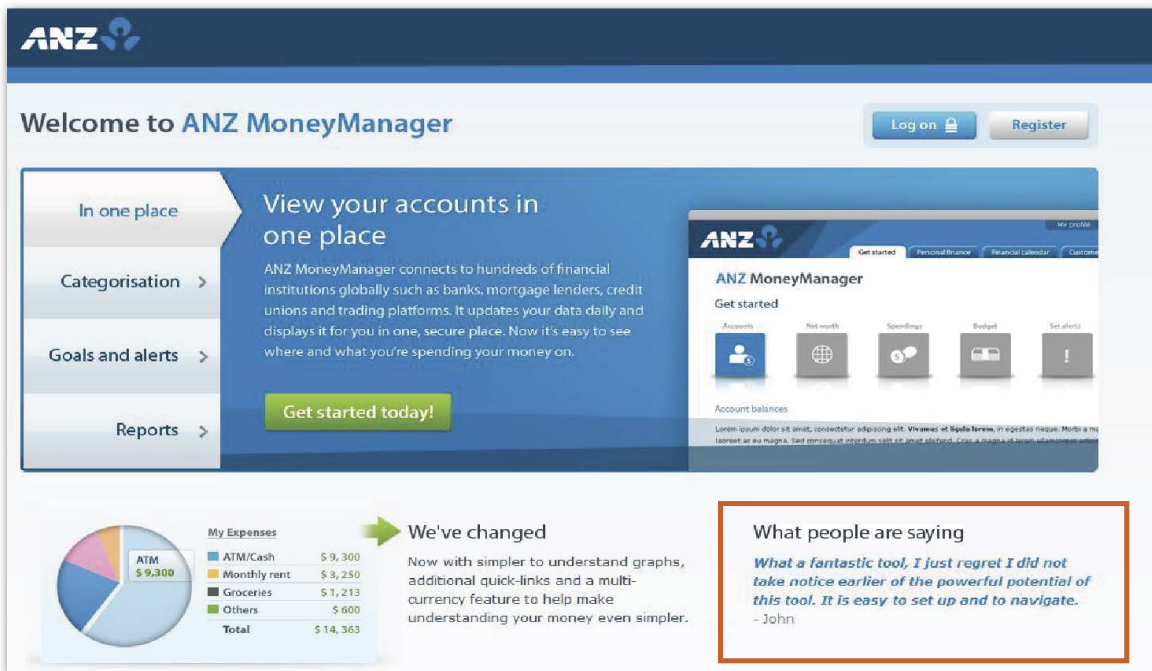
- **Offer financial checkups in branches.** Many potential users of money management are simply in denial about the reality of their finances.¹⁹ Offering financial checkups in the branch empowers branch staff to have conversations about how they might be able to help.

Good practice: In Australia, ANZ Bank's Courageous Conversations contacts at-risk customers based on various indicators of poor financial health and encourages them to come in for a financial checkup. ASB Bank in New Zealand uses Your Money Explained as the basis for in-branch advisory sessions and then encourages customers to sign up for online money management.²⁰

- **Offer financial checkups and resource centers online.** Offering financial checkups online, underpinned by in-depth resource centers, can help build awareness and understanding, particularly among older customers.²¹

Good practice: In the US, SunTrust Bank’s resource center, which is part of its “Live Solid, Bank Solid” campaign, is packed with tips, quizzes, polls, articles, and videos organized around common financial problems (see Figure 7). Wells Fargo’s Financial Education center is similar, though less entertaining. NatWest in the UK and Skandiabanken in Sweden offer basic online financial checkups, while Knab and ANZ offer simplified versions of digital money management on their public sites.²²

Figure 5 ANZ Offers Customer Reviews Within The Main MoneyManager Landing Page



Source: ANZ website

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Source: Forrester Research, Inc.

Figure 6 PNC's Virtual Wallet Offers Customer Reviews

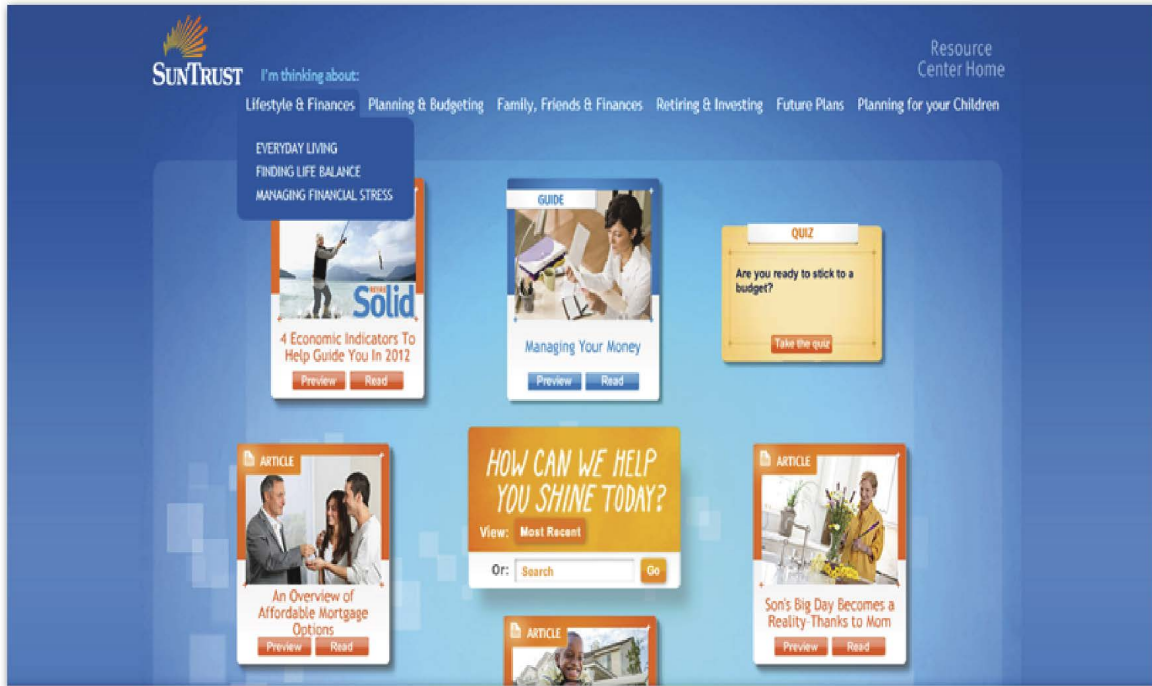


Source: PNC website

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Source: Forrester Research, Inc.

Figure 7 SunTrust Offers Tips, Blogs, Articles, And Quizzes Within Its Resource Center



Source: SunTrust Banks website

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Source: Forrester Research, Inc.

Make Enrollment As Simple As A Single Click

The more work consumers have to do to enroll for money management, the more likely they are to drop out of the process. Determining how to streamline the process depends on whether you work for a bank or an independent site and the level of integration with digital banking. As a general rule, digital teams should:

- **Ask for minimal registration details.** If digital money management is not integrated into online and mobile banking, make clear how customers can register and ask for as little information as possible.

Good practice: Not surprisingly, the team at Linxo found that the more fields they removed from the initial registration process, the more customers completed the registration process. Now Linxo just asks for first and last names, giving customers the option to come back later to fill out more fields.

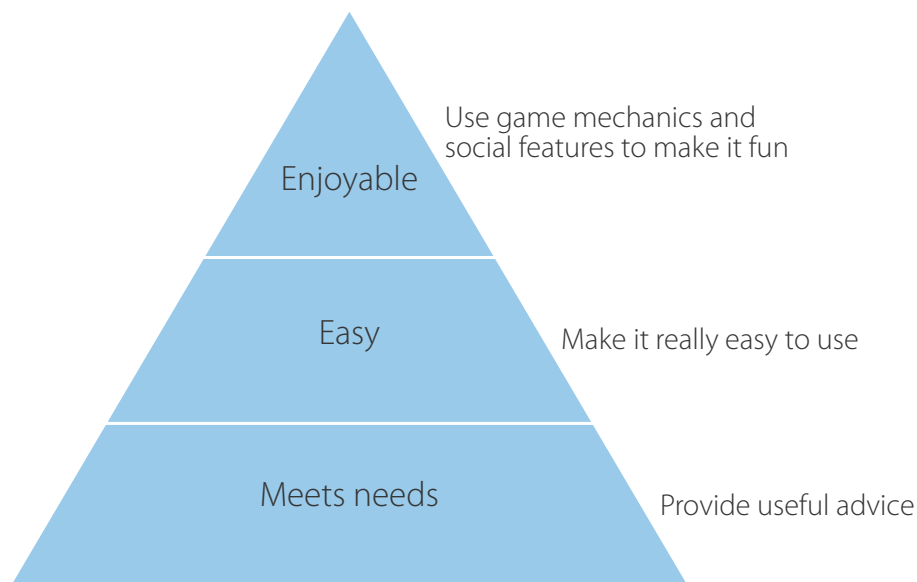
- **Integrate money management enrollment into digital banking enrollment.** The only thing more straightforward than a simple enrollment process is no enrollment process. When new customers enroll for online or mobile banking, automatically enroll them for money management, except for perhaps having to agree with one click to additional terms and conditions.²³

Good practice: When Rabobank customers click on money management, they are automatically taken to a separate screen that lists four reasons to use money management, gives a brief list of terms and conditions, and then displays an orange “activate” button. Once the button is pressed, the customer’s transaction data is automatically copied from the main online banking database to the money management database in less than 2 minutes. Users watch a video on how to use money management while they wait. In Malaysia, Maybank’s m2u Planner uses a similar approach.²⁴

PROVIDE PRACTICAL ADVICE THAT’S FUN AND EASY TO USE

Many of the banks that Forrester has interviewed for this research found that while the launch of digital money management generates an initial spike in interest, customers can quickly lose interest if the work involved outweighs the apparent benefits. At best, customers shouldn’t actually have to *do* anything — they should log on, see what they have, see what they should do, and ask for it to be done for them. Forrester believes that customer experiences need to meet customers’ needs, be easy, and be enjoyable. You should apply this framework to digital money management: Provide useful advice, make it really easy to use, and make it fun and engaging (see Figure 8).²⁵

Figure 8 Three Money Management Customer Experience Imperatives



Source: SunTrust Banks website

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Source: Forrester Research, Inc.

Provide Useful, Actionable Advice

The whole point of digital money management is to earn customers' loyalty by helping them make better financial decisions. Merely helping customers see all of their historical account information in one place, while valuable, doesn't do enough to help them actually make better financial decisions — which is why standalone account aggregation never took off.²⁶ To make digital money management worthwhile, digital teams should:

- **Encourage customers to set up savings goals.** The process of setting goals focuses customers on what digital money management will help them achieve, which encourages them to think longer-term and will provide evidence of what they have achieved over time. Goal-setting also offers insights into customers' aspirations and product needs, which digital teams can then use to tailor advice and guide product development.

Good practice: ING Direct in Canada, Mint.com, and SmartyPig all encourage goal-setting and graphically display progress toward user goals on their main dashboards.²⁷

- **Help customers see ahead.** Don't just provide a history lesson; use what you know about customers' past and present transactions to help create a picture of their likely future. As far as possible, make this forward-looking view dynamic so customers can explore different scenarios.²⁸

Good practice: PNC's Virtual Wallet offers cash flow calendars to help users predict future cash flows and identify "danger days." Mint.com offers a similar forward-looking view of bills due for payment with red flag icons. Money management vendor Strands Finance goes a step further with "what-if" scenarios that let customers assess the implications of different savings and spending plans across multiple timelines.²⁹ Planwise's iPad app offers "adjustable plans" that automatically adjusts cash projections based on user input.

- **Use mobile to deliver advice when it's needed.** Advice is a lot more useful when it is delivered before or at the moment of making a financial decision, when it is more likely to be acted upon.³⁰ Use mobile to increase the utility of advice.³¹

Good practice: Money management vendor Meniga's "To buy or Not to buy" feature checks if a customer can afford a given item — say a new pair of shoes — and helps the customer make a tradeoff by estimating how much closer to a savings goal — say a new holiday — she would be if she didn't buy the shoes. It even lets the customer ask her friends what they think and, if she goes ahead, helps find the best deal (see Figure 9). MoneyDesktop's GuideMe app works as a personal financial coach, monitoring consumers' finances, letting them know if they're going off track, and regularly making suggestions on how to get to their ultimate financial destination more quickly (see Figure 10).

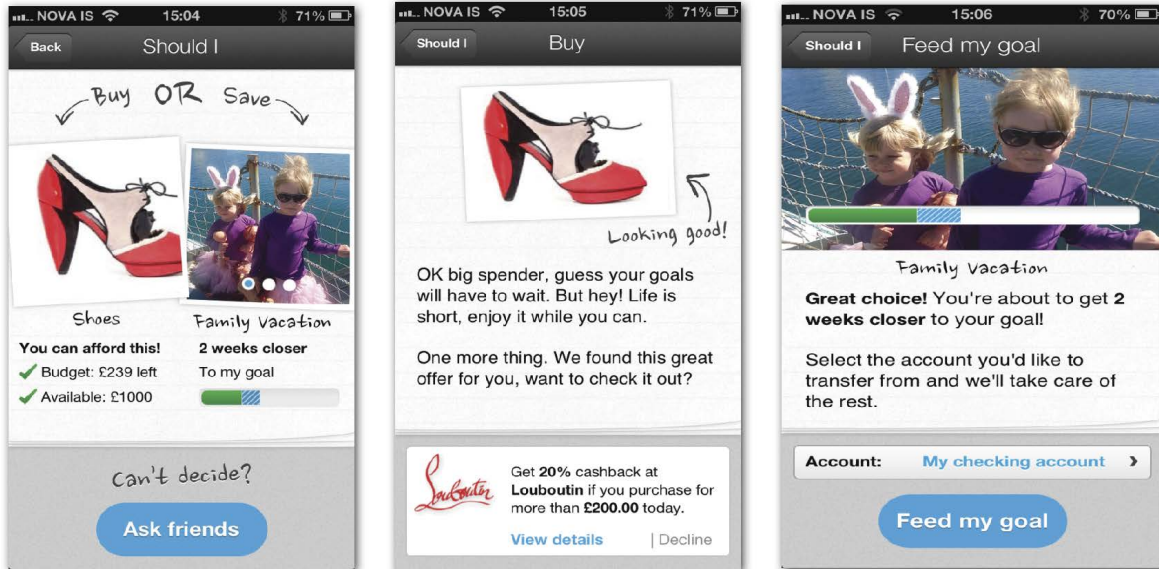
- **Use the community to generate advice.** Many consumers trust their peers more than they trust financial providers.³² Offering advice derived from the experience of customers' peers — “People earning your salary typically spend X on entertainment” — can help drive better financial decisions. Going a step further, digital teams can help facilitate direct peer-to-peer exchanges in user communities organized around particular spending and savings challenges.³³

Good practice: Spain's BBVA lets customers compare their spending with people living on a similar salary, with a similar family size, or living in the same area. Similar peer comparison functionality is now quite widespread.³⁴ Australia's UBank recently launched People Like U, which helps people compare spending, assess their current financial health, and predict likely future income trajectories.³⁵ HelloWallet offers product and service suggestions based on the behavior of customers with similar spending patterns. BBVA encourages peer-to-peer discussion groups on financial topics.

- **Notify customers of better offers.** Beyond traditional financial advice, banks can let customers know about better offers on a range of other products and services, to both increase customer loyalty and encourage better purchasing behavior.

Good practice: moneyStrands lets users know when it finds relevant offers, discounts, and deals on products and services its users have bought before.³⁶ Mint recommends banking, credit card, brokerage, and investment deals that it believes can save customers money based on their existing account information. Banno's financial decision support tool, Grip, offers guidance on the best possible price, place to buy, time to buy, and payment method based on users' historical spending behavior at the moment of purchase.

Figure 9 Meniga's "To Buy Or Not To Buy" Helps Customers Trade Off Different Choices



Source: Meniga mobile website

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Source: Forrester Research, Inc.

Figure 10 MoneyDesktop's "Guide Me" Is A Financial Coach To Keep Customers On Track



Source: MoneyDesktop website

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Source: Forrester Research, Inc.

Make It Really Easy To Use

For a task that many consumers already believe to be a time-consuming chore, it is especially important that money management be easy to use. At its core, ease of use is about delivering the maximum amount of insight in return for the minimum amount of effort. Digital banking teams should therefore:

- **Prioritize accurate spending categorization.** Inaccurate or incomplete spending categorization makes it harder for customers to understand their spending. Even at 70% accuracy, the amount of clean-up work required can quickly cause customers to lose interest in money management and give up.³⁷

Good practice: Rather than rush to market with 65% to 70% accuracy on spending categorization and risk alienating users, Sweden's Skandiabanken worked closely with vendor Meniga to achieve categorization accuracy of about 80% before launching.³⁸ The digital team then worked with the developers and conducted extensive testing to drive this to 90% and higher (see Figure 11).

- **Integrate digital money management tightly into digital banking.** Integrating digital money management more deeply into online and mobile banking promises big improvements in usability. While deep integration will take time, and may ultimately have to wait for the replacement of your digital banking platform, there are many things digital teams can do to improve usability in the interim by embedding links or graphics in online and mobile banking home screens where customers will see them.³⁹

Good practice: Denmark's Nykredit ensures that money management is never more than one click away by contextually embedding links to money management into various parts of its online banking site. Rabobank uses widgets to put graphical representations of spending into customers' main online banking landing page. Regions Bank in the US inserts money management charts into online banking pages.⁴⁰

- **Show customers what they really want to see.** Help customers get at the information most important to them more quickly with intuitive visualizations. Instead of showing them a long list of debits and credits or their static balance, show them what they really want to know — how much money they have left or how they're performing against their budget.

Good practice: In the US, KeyBank's myMoney Forecast shows customers their uncommitted balance and lets them enter not-yet-processed transactions to get a more accurate picture (see Figure 12). Iceland's Íslandsbanki shows customers their safe-to-spend number and how long it will be until their next payday. Moven's Money Pulse uses traffic lights to show customers how their spending compares with previous months. Vendor MoneyDesktop's bubble budgets use different-sized bubbles that correspond to the size of each spending segment and correspond in color according to how over or under budget that segment is (see Figure 13).

- **Keep it simple.** Instead of overburdening customers by launching with a range of complex features, start with the most simple and important, such as spending categorization, goal-setting, and budgeting and then extend as customers get accustomed. Organize your most useful guidance and functionality around common financial challenges, or profiles, which customers can then pick from to reach useful advice more quickly.

Good practice: Rabobank launched with only spending categorization, goal-setting, and budgeting tools so as not to distract customers from the core functionality. Mechanics Bank launched with the full suite of functionality but only marketed the features that are easiest to use.⁴¹ Money management vendor IND Group has created common customer stories around events such as saving for a baby or buying a house. Customers can simply click on a given profile to import all associated savings guidance and tools (see Figure 14).

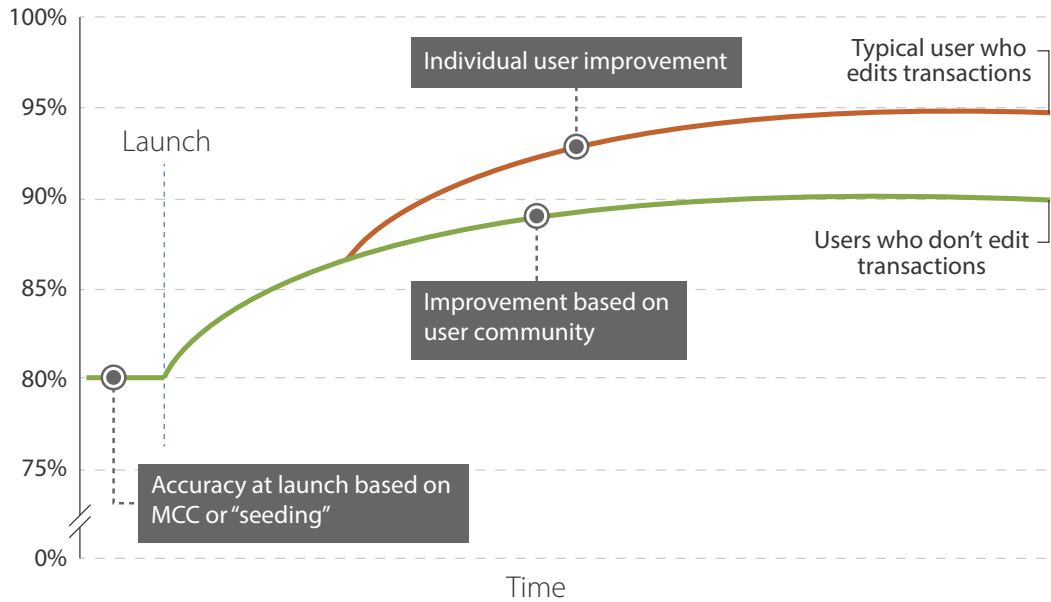
- **Use alerts to help customers stay on track.** Make it easy for customers to stay on top of their finances by sending them regular alerts.⁴² Over time, consider accompanying alerts with related actionable advice.⁴³ Digital teams can offer daily, weekly, and monthly alerts in multiple formats (such as SMS text, email, and online) and with a variety of triggers such as overspending, large purchases, or low balances.

Good practice: Meniga combines alerts with basic advice, through monthly emails that detail key account activity along with priority “to dos.”⁴⁴ ING Direct Canada, now owned by Scotiabank, calculates potential savings from abstaining from nonessential daily and weekly spend, which it sends as alerts.

- **Use video to explain common tasks.** Even with the best design, some aspects of money management are more complex than others. Eight percent of US online consumers not using money management tools say they don’t know how it works.⁴⁵ Video lets firms provide support at a relatively low cost.⁴⁶

Good practice: Canada’s Bank of Montreal offers how-to videos for common tasks, such as registering for its MoneyLogic money management service, setting up a budget, and understanding auto-categorization.⁴⁷ Lloyds TSB does the same.⁴⁸

Figure 11 Reaching 90% Auto-Categorization Accuracy Takes Time And Involves Multiple Steps



Note: Estimate based on variables such as quality of data, cash consumption, etc.

Source: Meniga website

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Source: Forrester Research, Inc.

Figure 12 KeyBank’s “My Money Forecast” Does The Mental Math For Consumers

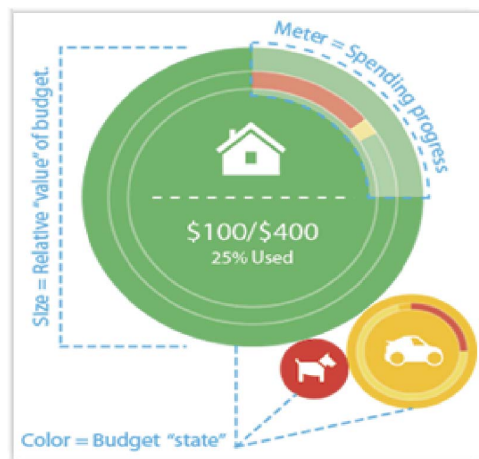


Source: KeyBank mobile app

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Source: Forrester Research, Inc.

Figure 13 MoneyDesktop Uses Bubbles That Relate In Size And Color To Budgetary Performance

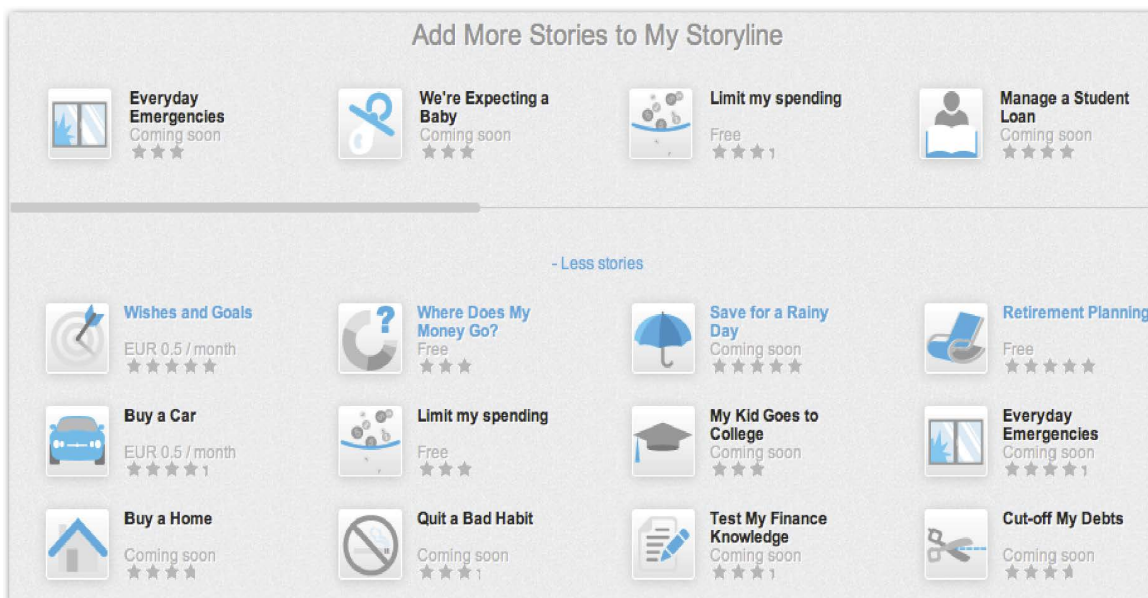


Source: MoneyDesktop website

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Source: Forrester Research, Inc.

Figure 14 IND Group Focuses On Real-Life Stories, Not Functions And Features



Source: IND Group website

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Source: Forrester Research, Inc.

Use Game And Social Features To Make It Fun

Once you have the basics of providing helpful advice that's easy to use, you can start thinking about trying to make money management more fun and engaging using game mechanics and social features. Done right, gaming features can motivate people to complete tasks they might otherwise not do. By employing a suite of game mechanics — including challenges, progress bars, and alerts — Mint.com persuaded more than 75% of its users to log in daily or more frequently.⁴⁹ Consider whether you should:

- **Create games out of activities central to consumers' financial health.** Use games to encourage customers to set up savings goals, transfer money to their savings account, or offer friends saving advice.

Good practice: Mint.com encourages customers to set up specific goals, such as paying off credit card debt, saving for college, or improving a home, and then provides a progress bar showing how close they are to achieving these goals and their position relative to peers, with regular notifications on progress. It has leadership boards showing progress against peer groups. Meniga uses quizzes to help unearth hidden spending habits, such as "How much do you think you spend on coffee a month — \$10, \$20, or \$40?" Singapore's PlayMoolah pulls in data from sites like Amazon.com to give kids both an image and a price of items like bikes or video games

on their goals page (see Figure 15). Kids can earn funds from their parents through chores and tasks incorporated into the platform as games.

- **Offer praise and rewards for achieving goals.** Consumers often like to see progress and results quickly. Offering positive feedback encourages them to persevere and helps them stay focused on longer-term goals.

Good practice: Payoff.com lets users earn badges and even cash prizes as they accomplish stated goals.⁵⁰ IND Group offers points for different savings transactions, depending on the amount and frequency. Meniga sends monthly emails reviewing customer activity with comments such as “Good job, you saved X this month.”

- **Encourage customers to share their savings goals through social media.** Many consumers may not be comfortable sharing details of their personal budget through social media, but many are quite happy sharing their goals. Shared goals, in turn, can create a stronger sense of community while encouraging people to help each other reach their respective goals.

Good practice: Alior Sync in Poland encourages customers to share their spending and savings goals through Facebook. ICICI Bank in India does the same through its iWish tool (see Figure 16).

Figure 15 PlayMoohlah Gives Kids An Image And A Price Of Items They Might Want To Save For

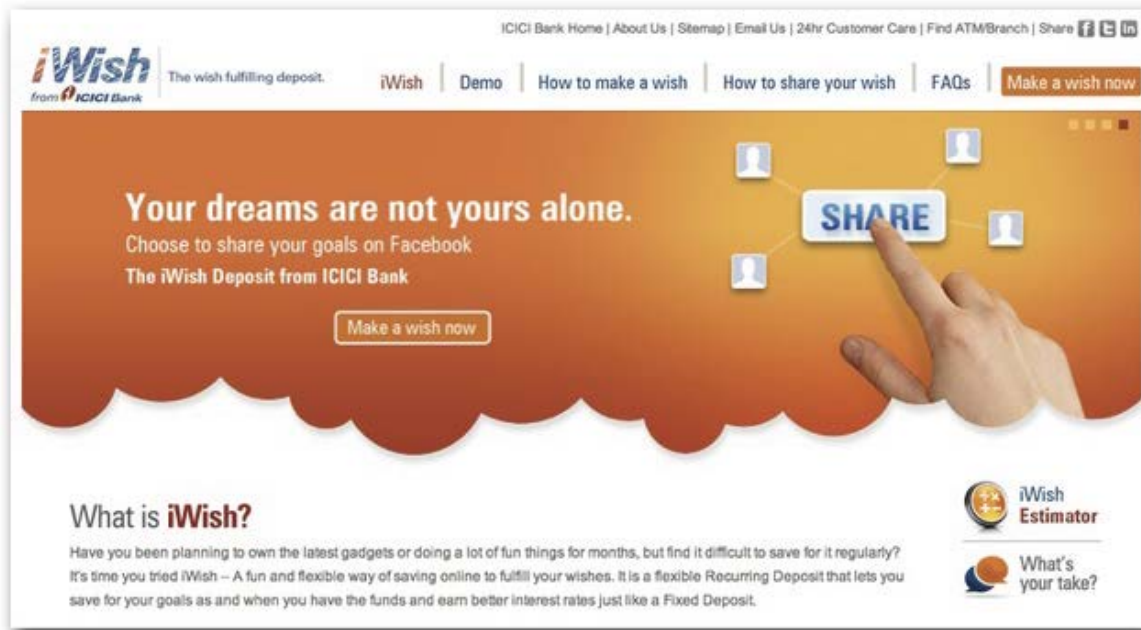


Source: PlayMoolah website

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Source: Forrester Research, Inc.

Figure 16 ICICI Bank Encourages Users To Share Savings Goals Through Facebook



Source: ICICI Bank website

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Source: Forrester Research, Inc.

SUPPLEMENTAL MATERIAL

Survey Methodology

The North American Technographics® Financial Services Online Benchmark Recontact Survey, Q3 2012 (US), fielded in June 2012, surveyed 11,413 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 11,413), there is 95% confidence that the results have a statistical precision of plus or minus 0.92% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 11,198. The sample was drawn from members of MarketTools' online panel, and respondents were motivated by receiving points that could be redeemed for a reward. The sample provided by MarketTools is not a random sample. While individuals have been randomly sampled from MarketTools' panel for this particular survey, they have previously chosen to take part in the MarketTools online panel.

Please note that weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels. This survey was an online survey. Respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online. The data is weighted to be representative for the total online population on the weighting targets mentioned, but this sample bias may produce results that differ from Forrester's offline benchmark surveys.

How To Get More Technographics Data Insights

Forrester's North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US) of 11,413 US individuals includes many additional questions and parameters by which you can analyze the data contained in this report. If you wish to subscribe to Forrester's Consumer Technographics services, please contact your account manager or data@forrester.com. If you are an existing Technographics client, please contact your data advisor at consumerdataadvisor@forrester.com. We can provide additional insights about:

- **Demographics.** Age, gender, household size, education, income, financial assets, employment status, and marital status.
- **Behavior.** Ownership, researching, and buying of financial products; use of online and mobile banking; use of and interest in payment systems.
- **Brands.** Banks, insurance companies, and other financial services companies.
- **Attitudes.** Technology attitudes, proprietary Technographics segments, and consumer attitudes toward financial services.

Companies Interviewed For This Report

We would like to thank the individuals from the following companies and others who generously gave their time during the research for this report.

Arion Bank	Figlo
Balancion	Fiserv
Bank of Internet USA	Geezeo
Barclays	IND Group
Central Bancompany	Intuit
Commonwealth Bank of Australia	Íslandsbanki
eWise	Knab

Linxo	Rabobank
Lloyds TSB	Säästöpankki
Luminous Banking	Skandiabanken
Mechanics Bank	Strands
Meniga	Yodlee
MoneyDesktop	

ENDNOTES

- ¹ For more details in French, please visit <http://www.sgetvous.societegenerale.fr/>.
- ² Executives who want to offer online personal financial management to their customers have a large array of vendors to choose from. Forrester developed an overview of white-label personal finance management vendors globally. While most vendors provide similar functionality, they differ by company background, experience, and geographic focus; the deployment options they offer; and whether they provide related functionality like account aggregation and campaign management. See the September 27, 2011, “[Market Overview: Personal Financial Management Solutions](#)” report.
- ³ Firms struggle to identify what digital experience improvements they need to make — and, once that’s nailed down, how exactly to make them. This report gives customer experience professionals the tools and processes they need to act on digital customer experience improvement across touchpoints like websites, mobile phones, and tablets. Forrester recommends 10 tactics for evaluating digital touchpoints and determining customers’ needs, proven and emerging methodologies for redesigning digital interactions, and best practices for ensuring that your digital experiences support your business objectives. See the July 31, 2012, “[Top 10 Ways To Improve Digital Experiences](#)” report.
- ⁴ The business discipline of design remains a foreign concept to many of today’s business leaders. That’s why Forrester has answers for customer experience professionals’ most common questions about design, including what value design can bring to organizations, what steps companies must follow during the design process, and how to get started adopting a design approach. See the June 22, 2012, “[Executive Q&A: Customer Experience Design](#)” report.
- ⁵ Personas are ideal tools to guide the design of products, channels, and messaging, but companies are concerned that they fail to keep track of evolving behaviors. It’s critical that firms regularly update personas with accurate information. See the August 15, 2011, “[Personas Require Regular Updates](#)” report.
- ⁶ Based on this persona, a lot of the more complicated functionality that Rabobank’s digital team considered wasn’t implemented, as it didn’t fit Josephine’s priorities.
- ⁷ To quell design debates and accurately focus project priorities, integrate input from your actual customers on an ongoing basis. See the July 31, 2012, “[Top 10 Ways To Improve Digital Experiences](#)” report.

- ⁸ We asked 6,658 US online adults who don't use money management why they don't use money management tools. Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US).
- ⁹ Lloyds TSB, for example, put Money Manager at the heart of a large brand campaign using TV and outdoor campaigns, which both increased the credibility of branding with evidence on how the bank delivers on its promises and used money management to try to attract new customers.
- ¹⁰ That said, for some institutions, money management can be an effective way to deliver on their central brand message, whether it be around financial transparency, simplicity, or control.
- ¹¹ Pre-announcement doesn't necessarily imply a big-bang launch. As digital projects get more complicated, many banks find themselves moving further away from big bang, with the inherent risk of big failure. Pre-announcement is about capitalizing on the rumor mill to drive awareness.
- ¹² Forrester believes digital money management will become the foundation of next-generation digital banking, not a separate tab service. Digital banking and digital money management will eventually cease to exist separately; they will become one.
- ¹³ Deep integration is the ultimate expression of "putting money management where customers can see it." It then becomes the central interface through which all online banking activity is accessed and organized. Ahead of this, putting money management where customers can see it signifies the importance of the tool. Burying it seven clicks away within your secure site does the opposite.
- ¹⁴ If a customer is saving for a new car, a new house, or has just had kids, articulate the benefits of money management in the context of these specific priorities.
- ¹⁵ Lloyds TSB's Money Manager video, available on YouTube and on the bank's public site, uses a brief animation to show how money management can save time and reduce clutter. Select "Watch Our Money Manager Video" within the following link to watch the video: http://www.lloydstsb.com/internet_banking/money_manager.asp.
- ¹⁶ Payoff.com is a digital money management provider focused on debt reduction. Source: Payoff.com (<https://www.payoff.com/marketing>).
- ¹⁷ We asked 6,658 US online adults who don't use money management why they don't use money management tools. Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US).
- ¹⁸ ImpulseSave is a digital money management provider that aims to make saving as fun — and impulsive — as spending, with the tagline "Go on a saving spree." Source: ImpulseSave (<https://impulsesave.com/>).
- ¹⁹ For example, when asked why they don't use money management, 32% of US online adults who don't use money management say their finances are not complicated enough, while 26% say they just don't see the point. This strongly suggests many US online consumers cannot possibly be aware of how much they spend and on what each month. Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US).

- ²⁰ ASB Bank's Your Money Explained is an online service consisting of calculators, budgets, and articles launched in 2009 to help improve financial literacy in New Zealand. Source: "ASB in your community," ASB Bank (https://www.asb.co.nz/story_images/1617_623011081010Emai_s5153.pdf).
- ²¹ Some banks worry they may end up "speaking to themselves" if they offer pages and pages of PDFs within dry resource centers. To avoid this, try and make resource centers as interactive as possible. SunTrust, for example, dynamically renders content and guidance based on user input, so customers don't have to read reams of text. Though Forrester hasn't found strong examples in retail banking, wealth management firms are beginning to explore what role adaptive learning may be able to play in helping customers learn about more complex products and services online.
- ²² Knab makes it clear that its public site money management sample doesn't save customers' data, so if they want to use it again, they have to come back and sign up.
- ²³ For a more positive user experience, ensure that your terms and conditions are checked by, but not written by, your legal team. Try to create the shortest possible document, which customers are more likely to read, and they may well trust your institution more as a result.
- ²⁴ Maybank lets customers register with one click, but they have to wait 24 hours before all of their spending is categorized.
- ²⁵ Digital touchpoints can drive revenue, lower costs, build brands, and engender customer loyalty. But to achieve these potential benefits, companies must deliver digital interactions that meet their customers' needs in easy and enjoyable ways. See the July 31, 2012, "[Top 10 Ways To Improve Digital Experiences](#)" report.
- ²⁶ To be clear, Forrester believes account aggregation is foundational functionality for money management, yet outside of the US, there remain various technical and territorial barriers to delivering this service.
- ²⁷ SmartyPig is a free online piggy bank for people saving for specific financial goals like a wedding, a vacation, or a flat-screen TV. Source: SmartyPig (<https://www.smartypig.com/>).
- ²⁸ Human beings can be impulsive about their spending decisions and often fail to think through the full budgetary impact of a given purchase. Tools that make it easier for customers to see that medium- to long-term goal immediately will help them make more informed decisions.
- ²⁹ For example, if a customer wants to buy a \$300 pair of shoes, Strands' "what-if" tool will quickly highlight the impact this will have on cash flow and savings.
- ³⁰ Advice that comes after the event, after a bill has been missed or a budget has been exceeded, is not advice at all. It is confirmation.
- ³¹ Point-of-sale decision support is also a feature with far more obvious mass-market appeal than, say, goal-setting or budgeting tools.
- ³² Worldwide consumer trust and confidence in mainstream financial service providers is at an all-time low. See Forrester's Consumer Technographics European Benchmark Surveys, 2005-2011. For US customer

advocacy information, see the April 30, 2012, “[Customer Advocacy 2012: How Customers Rate US Banks, Investment Firms, And Insurers](#)” report.

- ³³ There remain a number of legal and regulatory hurdles to peer-to-peer advice. In particular, do banks want to run the risk of their customers recommending different providers to each other? And if a bank facilitates a discussion that results in bad advice, will that bank be in any way held liable? These concerns must be balanced against regulatory environments that make it more difficult to offer traditional advice in a branch, such as the Retail Distribution Review in the UK and the Dodd-Frank regulation in the US.
- ³⁴ Citibank, Hapoalim Bank, ABN Amro, and ING Netherlands, among others, offer similar functionality.
- ³⁵ The site claims to crunch more than a billion transactions. Source: People Like U (<http://www.peoplelikeu.com.au/>).
- ³⁶ moneyStrands is a free digital money management provider in the US. Source: moneyStrands (<https://money.strands.com/>).
- ³⁷ Getting to 80% spending categorization is difficult and takes time but is possible through a combination of merchant category codes and external business directories. Going from 80% to 100% is much harder. Developers have to devise statistical analysis detector tools, in which the engine learns every time a user changes a category, both on a general level and on a user-specific level. They then have to find a graceful and effective way to handle hard-to-categorize transactions, such as ATM withdrawals and unknown transfers, without requiring too much end user involvement.
- ³⁸ The digital banking team at Skandiabanken realized that it would get one chance to convince customers of the value of digital money management. If the bank launched money management before the auto-categorization engine was ready, generating extra work for customers, it would be twice as hard to win customers back afterward.
- ³⁹ The shortcomings of “separate tab PFM” are now widely understood. Not properly integrating money management into online banking creates a poor user experience. Deeper integration is clearly the way forward, but the work is only just beginning. Digital teams can create a veneer of integration through widgets, banners, and other links — i.e., integrated as far as the end user can see — but the underlying databases and systems on the back end remain entirely separate. The problem is that, having grown accustomed to real-time data in online banking for more than a decade, money management users find themselves with a 24-hour time delay, as they have to wait for the money management database to update from the online banking database at the end of each day. There are possible workarounds here, but this type of architecture becomes an Achilles’ heel. For guidance on how to balance tactical time-to-market priorities and long-term strategic imperatives from an application development perspective, see the June 28, 2011, “[Best Practices: Multichannel Strategies In Financial Services](#)” report.
- ⁴⁰ Therefore, while money management and online banking are still separate, they appear integrated to end users, as they always see a visualization of their spending within online banking.
- ⁴¹ Mechanics Bank then used feedback from customers who were confident using more complex features to inform how to refine and promote those features to less confident customers.

- ⁴² A number of banks we interviewed for this research reported sharp increases in account activity following various account alerts. Effectiveness depends on getting the frequency and timing of alerts right and sending different types of alerts through different channels — i.e., detailed analysis by email, data point updates by text, etc.
- ⁴³ Money management gets easier to use when customers have less work to do. By accompanying alerts with actionable advice, users can act on that information in one click.
- ⁴⁴ HelloWallet's to-do list feature is similar, automatically updating with progress reports and advice on new savings ideas.
- ⁴⁵ Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2012 (US).
- ⁴⁶ To understand the business case for video within bank websites, see the August 22, 2011, "[Use Video To Drive Online Financial Services Sales](#)" report.
- ⁴⁷ Bank of Montreal's video on how to use the Money Logic tool can be viewed at <http://www.youtube.com/watch?v=qZIUHbVFDf0>.
- ⁴⁸ Lloyds TSB's video on how Money Manager works can be viewed at http://www.lloydstsb.com/internet_banking/money_manager.asp.
- ⁴⁹ By employing a suite of game mechanics — including challenges, progress bars, and alerts — Mint persuaded more than 75% of users to log in daily or more frequently. See the January 26, 2012, "[Case Study: Mint.com Grows Its Business Using Game Mechanics](#)" report.
- ⁵⁰ Source: "Payoff.com Transforms Personal Financial Management with First Ever Social Community for Your Finances," PR Newswire, June 28, 2011 (<http://www.prnewswire.com/news-releases/payoffcom-transforms-personal-financial-management-with-first-ever-social-community-for-your-finances-124656253.html>).

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