

OBR 198

True Virtual Banking Arrives

BankSimple, Betterment, Personal Capital and others go branchless, paperless and "bank-less"

Author: Jim Bruene, Editor, Online Banking Report

Published: October 31, 2011

Cost: Individual report: \$395 single-user; \$1,295 enterprise-wide license
or get this report now for no charge with your [annual subscription](#)

Size: 48 pages; 14 tables; 10,000 words

Format: Printed, PDF, Word

Ordering: [Online](#), [email](#), or (206) 517-5021

Abstract:

Since the 1990s, the term *virtual bank* has been used to describe financial institutions operating predominantly online. However, most of the upstarts were not full-service banks, but specialists such as ING Direct or Emigrant Direct, using the Internet to gather high-rate deposits.

But at this year's Finovate, we witnessed something that we'd not seen at our previous 10 events, the launch of not one, but two **truly virtual** financial institutions: companies designed to be the front-end of your entire financial life without the burden of being depository institutions.

- BankSimple
- Personal Capital

In this report, we examine the newcomers (BankSimple, Betterment and Personal Capital) and look at how their model could be adapted to traditional financial institution as well. Seven different potential business models are discussed.

Table of Contents

Definitions	3
Business models	
<i>Virtual bank: PFM</i>	5
<i>Virtual bank: Savings</i>	6
<i>Virtual bank: Payments</i>	7
<i>Virtual lender: P2P</i>	8
<i>Virtual lender: Alt lending</i>	9
<i>Virtual lender: Credit mgmt</i> ...	10
<i>Virtual investment advisor</i>	11
Product features	12
Examples	
<i>BankSimple</i>	18
<i>Betterment</i>	30
<i>Personal Capital</i>	38
FINOVATE Europe 2012 ..	48