

# Online Banking

Strategies for the Internet

REPORT

SINCE 1994, THE EXCLUSIVE MONTHLY REPORT ON INTERNET BANKING PRODUCTS & MARKETS

Number 205/206

## Personal Financial Management 4.0

*Moving forward with the most misunderstood financial service of the online era*

**Author:** Jim Bruene, Editor,  
Online Banking Report

**Published:** June 25, 2012

**Cost:** Individual report: \$495 single-user;  
\$1,295 enterprise-wide license  
or get this report now for no charge  
with your [annual subscription](#)

**Size:** 54 pages; 15,000 words

**Format:** Printed, PDF, Word

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

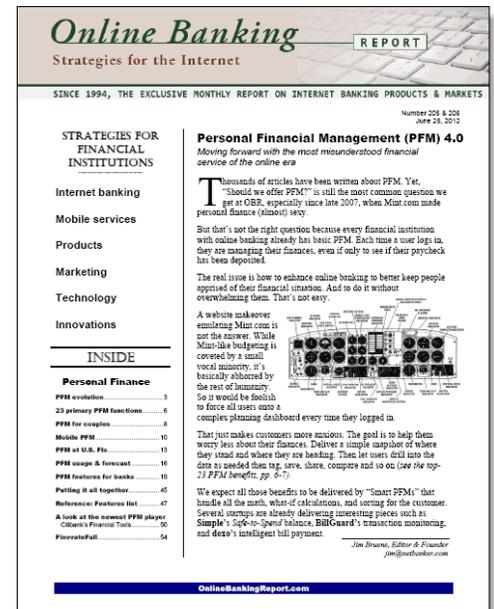
**Abstract:** While personal financial management (PFM) is THE most important part of online/mobile banking going forward, it's time to stop thinking of it as "product."

PFM is part of every single thing you do when communicating account info to customers. The paper statement is a PFM tool. The call center is a PFM tool. Even the branch helps certain customers with their financial management.

But those old-school tools have limitations. They are expensive, difficult to customize, and aren't always timely.

So online banking has been a boon to financial management. Can you imagine going back to the world where you actually had to keep track of your balance in your check register?

But 17 years after **Wells Fargo** put the first customer statement online, most customers are still stuck looking at an online rendering of their circa-1960 paper statement. It's an area ripe for



### Table of Contents

<b>PFM evolution</b> .....	3
<b>23 primary PFM functions</b> .....	6
<b>PFM for couples</b> .....	8
<b>Mobile PFM</b> .....	10
<b>Business case</b> .....	11
<b>PFM at U.S. FIs</b> .....	13
<b>PFM usage &amp; forecast</b> .....	16
<b>PFM features for banks</b> .....	19
<b>Putting it all together</b> .....	45
<b>Reference: Features list</b> .....	47
<b>A look at the newest PFM player</b> <i>Citibank's Financial Tools</i> .....	50
<b>FinovateFall</b> .....	54

disruption, and **Mint.com**, with 3% to 4% penetration of U.S. households, proved that users want better-looking, more functional online info.

However, unlike record stores, newspapers, and travel agents, incumbent banks and credit unions, have a much better chance to stay relevant and hold on to their market share. Other than a few early adopters, customers simply will not entrust their money to Internet-based startups (**Bank Simple** may be poised to prove me wrong, we'll see). And even if they wanted to, it's often too much of a hassle to make the switch.

As long as financial institutions keep innovating in online/mobile delivery, keep prices in check, and provide decent service, there will be no compelling reason for customers to leave.

A big part of the needed innovation is in helping customers keep apprised of their financial situation, and helping them improve it. We are lumping those things together and calling it PFM. One of the biggest changes coming, thanks in part to Bank Simple making it central to their UI, is the forward-looking "balance forecast" (or Safe-to-Spend balance in Simple-speak). See last Friday's post for more on that.

But that's just the tip of the PFM iceberg. There are dozens of needed new features to bring online banking up to the 2012 standards.

In our new 54-page report we cover:

- 23 primary PFM functions
- 40 promising PFM features
- 100 additional potential features
- PFM forecast (U.S. household usage by PFM type)
- The business case
- Putting it all together in multiple service bundles, including fee-based premium options
- PFM availability at the 30 largest U.S. banks and credit unions including our first look at Citibank's Financial Tools
- Mobile PFM
- PFM for couples

**Companies mentioned:** Bank of America, Barclays (US), BBVA, BCSG, Binksty, Bundle (Citibank/Microsoft/Morningstar), Citibank, H&R Block, HelloWallet, ING Direct, Mercantile Bank, Mint.com (Intuit), MoneyDesktop, Path, PNC Bank, Simple (Bank Simple), SimplyUs, SmartyPig (Social Money Systems), Suncoast Schools FCU, USAA, UW Credit Union, Zumbox

-----  
*For questions about ordering, please email [info@netbanker.com](mailto:info@netbanker.com).  
For questions about the content, please email [jim@netbanker.com](mailto:jim@netbanker.com).*