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Creating Financial Wellness Using Artificial Intelligence

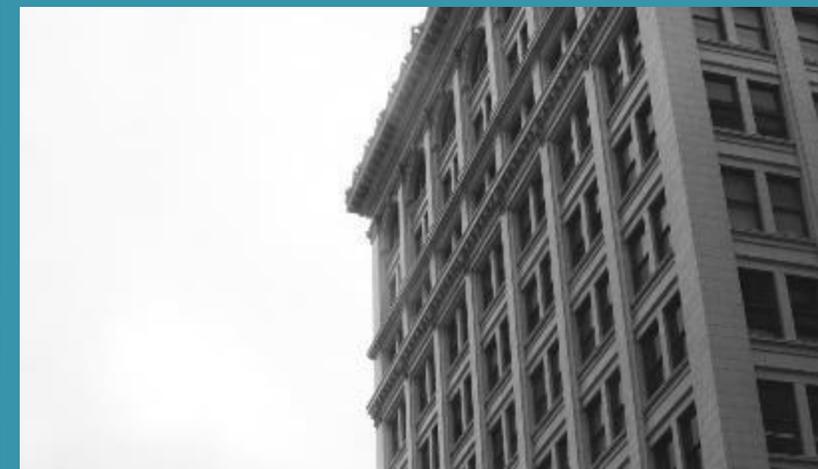
March | 2018

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About Aite Group

Aite Group delivers research and guidance to leading institutions and technology providers across the global financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We are dedicated to helping our clients make smarter decisions, faster, to strengthen and grow their business.



Agenda

- Methodology
- Consumers financial attitudes
- Personal financial management usage
- Personal financial wellness coaching
- Key takeaways

Methodology



Research Objective

- The study explores consumers' attitudes toward financial matters, determines the awareness and usage of personal financial management, and gauges consumers' willingness to use a virtual financial wellness coach that can help them improve their overall financial health.



Methodology

- Aite Group conducted a consumer-based Personal Financial Wellness study in Q4 2017.
- Participants watched a demo of the virtual financial wellness coach and were given details on how it could help them improve their financial health.
- The quantitative study involved 5,174 US digital banking consumers.
- The data has a margin of error of 2 to 3 points at the 95% level of confidence; statistical test of significance were conducted at 95% level of confidence.



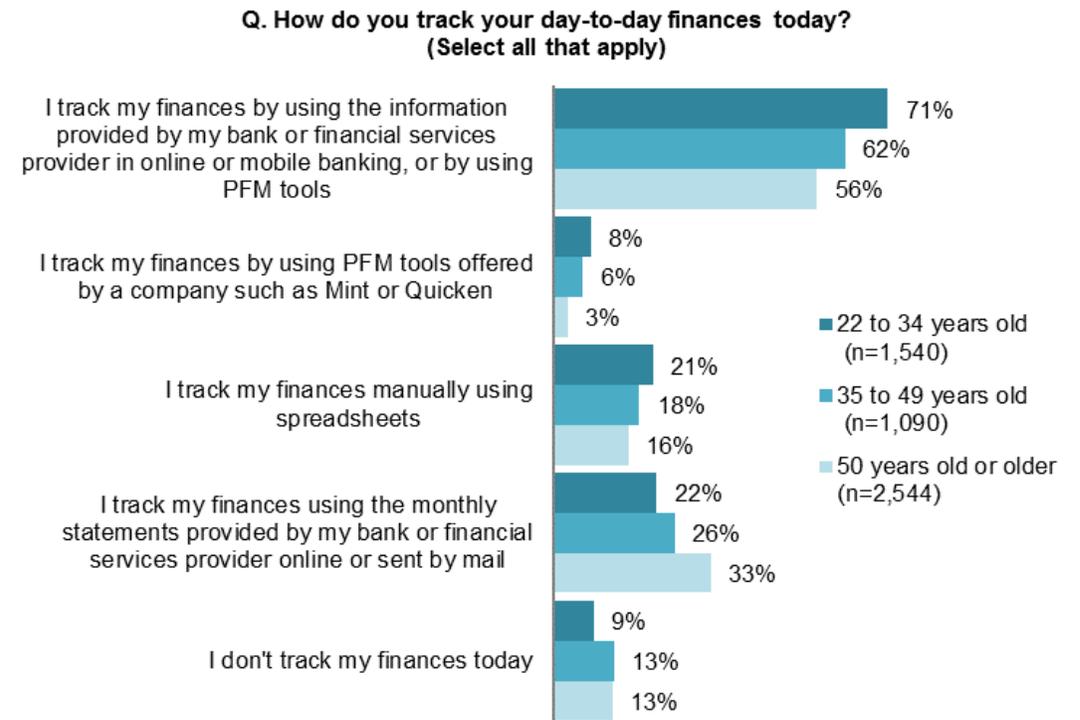
Qualification Criteria

- Have account with a U.S. based financial institution or financial service provider including a checking or savings account, credit card, prepaid account or investment account;
- Transact with online website or mobile site of primary FI at least few times/year;
- Have primary or shared responsibility for managing the finances of their household.

The majority of respondents use digital banking to track their finances

- The majority of respondents use their bank's or financial services provider's online, mobile banking, or PFM tools to track their day-to-day finances:

- 71% of 22 to 34 years old
- 62% of 35 to 49 years old
- 56% of 50 years old and older



Source: Aite Group

One-third of 22 to 34 year olds have used personal financial management

22 to 34 years old



33%

have used PFM

35 to 49 years old



31%

have used PFM

50 years old and older



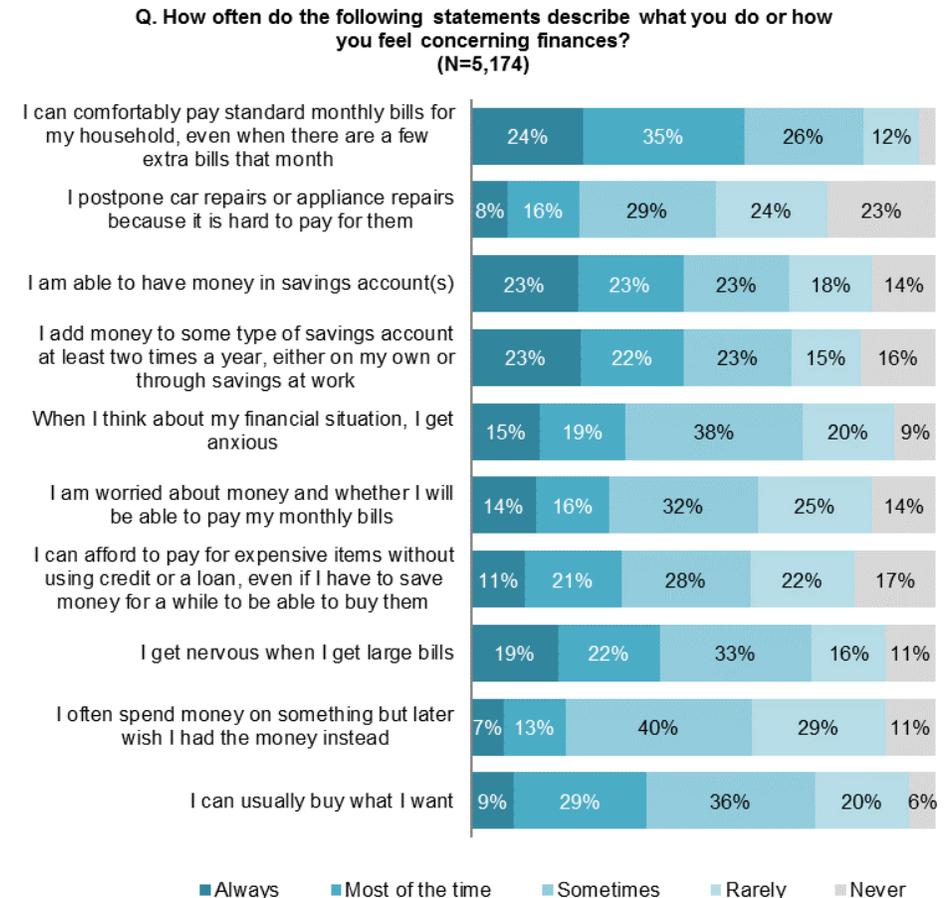
21%

have used PFM

Source: Aite Group

Consumers struggle with paying for unexpected expenses

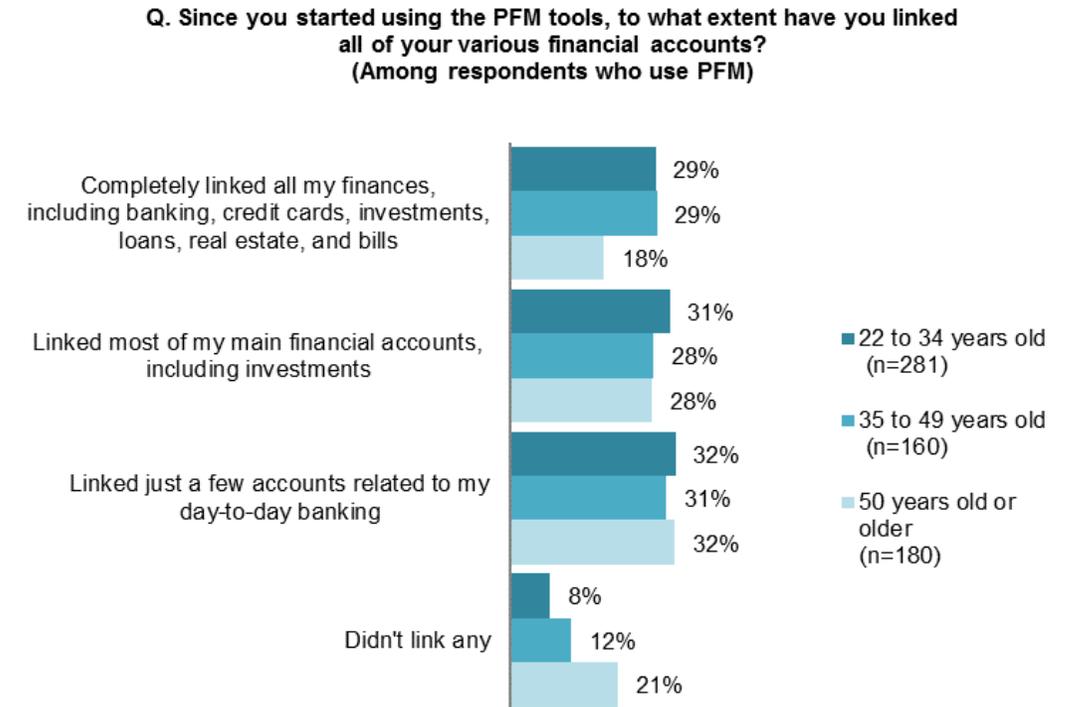
- Fifty-nine percent of respondents indicate they can comfortably pay their standard monthly bills for their household, even when there are a few extra bills that month.
- Four in 10 respondents indicate they have saved some money, whether it's that they have it an account or they add money to a saving account two times a year through work or on their own.
- About four out of 10 respondents indicate they get nervous when they get large bills.
- And, about three out of 10 respondents are worried about money and whether they will be able to pay their bills and they get anxious when they think about their financial situation



Source: Aite Group

The majority of consumers who have used PFM have link at least one account

- More than three-quarters of consumers have linked one or more of their accounts.
- Twenty-nine percent of 22-to-34-year-old consumers and 35-to-49-year-old consumers have completely linked all their finances



Source: Aite Group

Meet the virtual financial wellness coach...

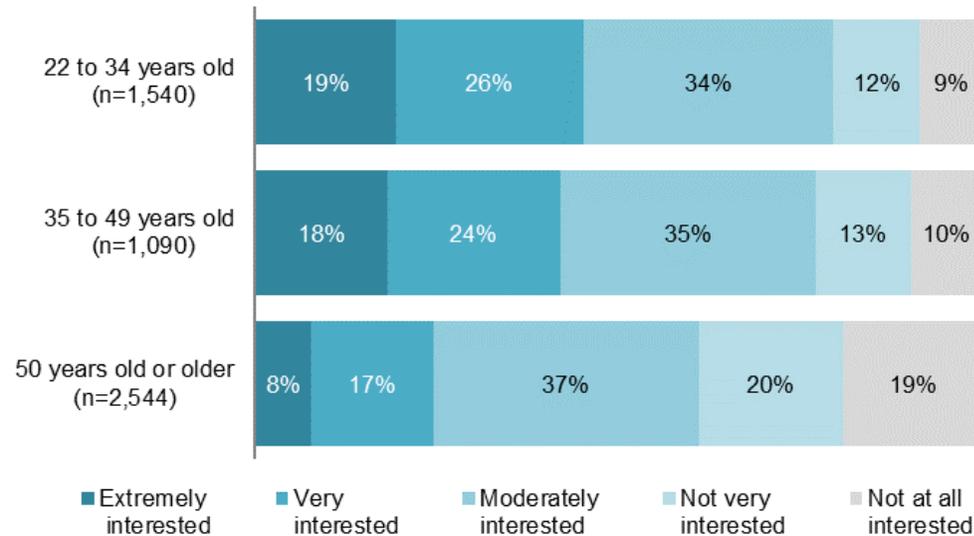
“A new online tool that allows you to understand your financial picture.”



- The virtual financial wellness coach would help a consumer:
 - See where he or she is spending money, get account balance projections, and understand how much they can spend based on upcoming income and expenses
 - Set up savings goals, create a plan to achieve a goal, and monitor progress toward the goal
 - Compare a consumer’s expenses to the expenses of other people like them to see where he or she may be able to optimize your spending
 - Get real recommendations, information, and advice on how to improve overall financial health

Over three-quarter of 22 to 49 year olds are interested in using the virtual financial wellness coach

Q. Based on everything you have just read and seen, how interested are you in using this virtual financial wellness coach?



Source: Aite Group

- Seventy-nine percent of 22-to-34-year-old consumers and 77% of 35-to-49-year-old consumers indicate they are moderately to extremely interested in using the virtual financial wellness coach.
- Sixty-two percent of those 50 years old and older are moderately to extremely interested in using the virtual financial wellness coach

Consumers are interested in reducing debt, saving money, and tracking their finances to improve their financial health

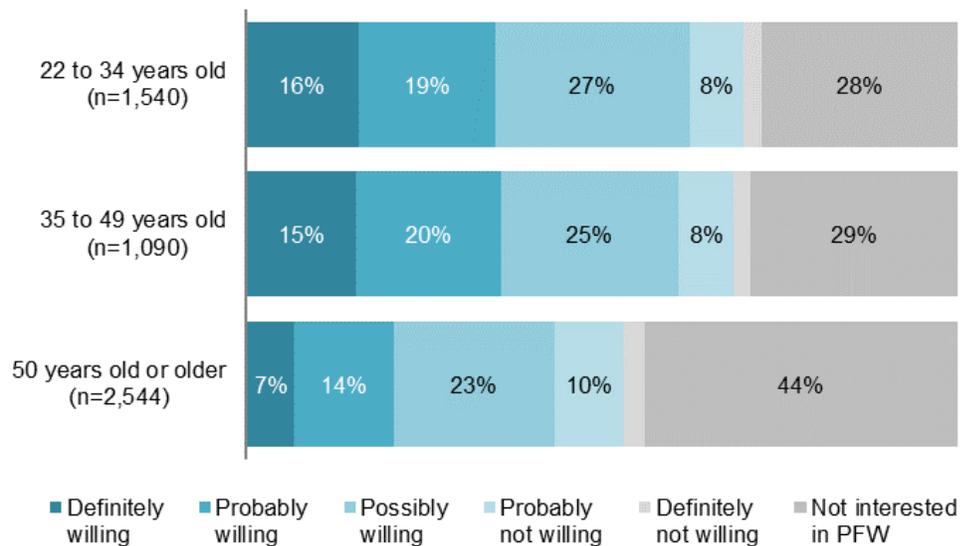
- Respondents are the most interested in using the virtual financial wellness coach to reduce debt, achieve savings goals, track their finances, and optimize their financial health.
- They are the least interested in using the virtual financial coach to get help with tax planning and preparation or obtain guidance from a financial advisor



Source: Aite Group

Consumers less than 50 years old are more willing to share information to get advice

Q. How willing are you to share personal information in order to get advice from a virtual financial wellness coach?



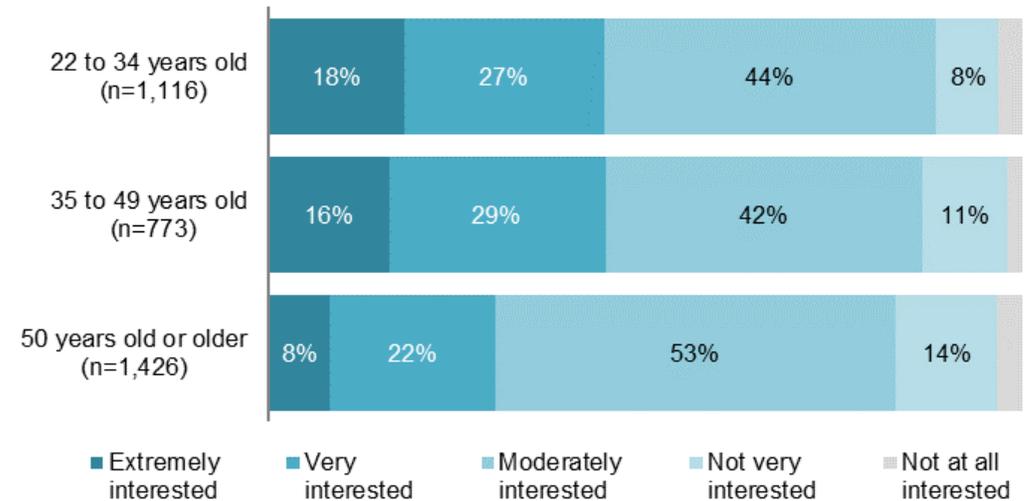
Source: Aite Group

- About 60% of 22-to-49-year-old respondents are definitely-to-possibly willing to share information to get advice
- Forty-four percent of 50 years old and older respondents indicate they are either definitely-to-possibly willing

Consumers are willing to provide more information to get personalized financial advice

- The 22-to-34-year-old consumers and the 34-to-49-year-old consumers with about eight in 10 extremely-to-moderately interested.
- 50 years and older less willing to do so

Q. How interested would you be in answering some questions from your bank or financial services provider to assist your virtual financial wellness coach in personalizing financial advice specifically for your situation?
(Among respondents likely to seek more information about the coach)



Source: Aite Group

Key takeaways

- Build experiences that are first centered on making users aware of their financial activity. Once consumers become aware of how they are spending money, begin layering in more data to provide them with insight into their finances. Then provide them with actionable advice on how to meet their savings goals and reduce debt.
- Consider the role that chatbots and interactive assistants can play in resurrecting the concept of PFM. Interactive conversational touch points could be the format that finally increases consumer engagement in this topic.
- Interest in the virtual financial wellness coach is driven by age. The age brackets that showed the most interest in the virtual financial wellness coach were 22-to-34-year-olds and 34-to-49 year-olds. Financial institutions should look at these age groups as their target markets for building virtual financial wellness coach capabilities.



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Aite (pronounced “eye-tay”) Group is an independent research and advisory firm focused on business, technology, and regulatory issues and their impact on the financial services industry.

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February 28, 2018

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Goal

Build digital tools that help consumers build daily systems that simplify and automate day-to-day financial management and long term financial planning.



Works well for expert users

Not optimized for non expert users

Actionable Financial Wellness Gap Analysis

STEP 1

WHAT DO I HAVE?

STEP 2

HOW AM I DOING?

STEP 3

WHAT SHOULD I DO?

STEP 4

DO IT!

**AGGREGATE
& VISUALIZE**

DIAGNOSE

GUIDE

AUTOMATE

**TRADITIONAL
PFM APPS**



AI FinCheck



**SAVINGS AND
BUDGETING APPS**

- Actionable diagnostics measure financial health
- Dynamic calculations track behavior change in real time
- Personalized insights and recommendations for next steps

Intuitive, Easy to Use Interactions for Consumers

AI Does the Heavy Lifting

1

CASH FLOW PROJECTION (Organizing Recurring In and Out flows)

Proactively tackle basic chores like managing bills and account balances



2

FINANCIAL HEALTH CHECK

Gives a real-time diagnosis of your financial health across spending, saving, borrowing and planning and recommends next steps



3

PEER BENCHMARKING AND INSIGHTS

Use advanced AI techniques to identify behavior patterns, predictions of future behavior and peer benchmarking insights



4

EDUCATIONAL CONTENT AND CALCULATORS

Improves your customer's financial literacy. Build what-if scenarios, and take action

5

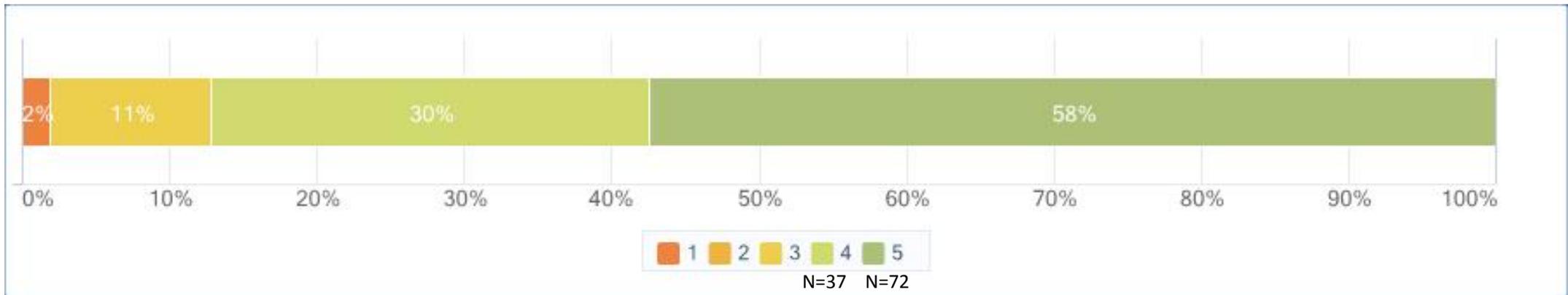
CONVERSATIONAL ASSISTANT

Handle multistep tasks through simple voice commands



How Helpful Will App be to you for Managing Your Finances?

58% VERY HELPFUL, 30% HELPFUL

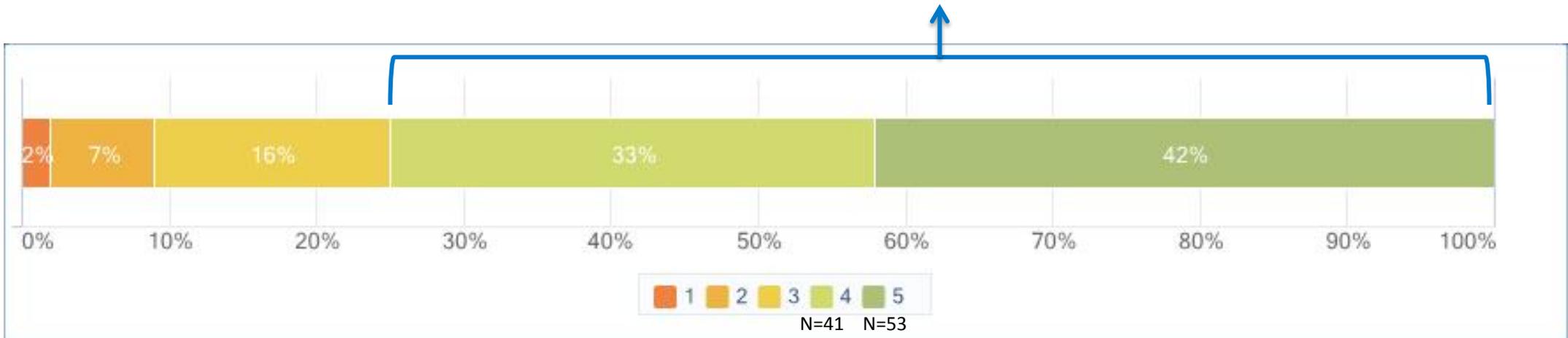


Likelihood to Link Accounts

Participants were asked:

Based on what you've seen so far, how would you rate your likelihood to answer questions about your financial status, or link your financial accounts (i.e. checking, savings, credit cards and investments) to this app, in order for the app to provide you with recommendations? **1=Very Unlikely, 5=Very Likely**

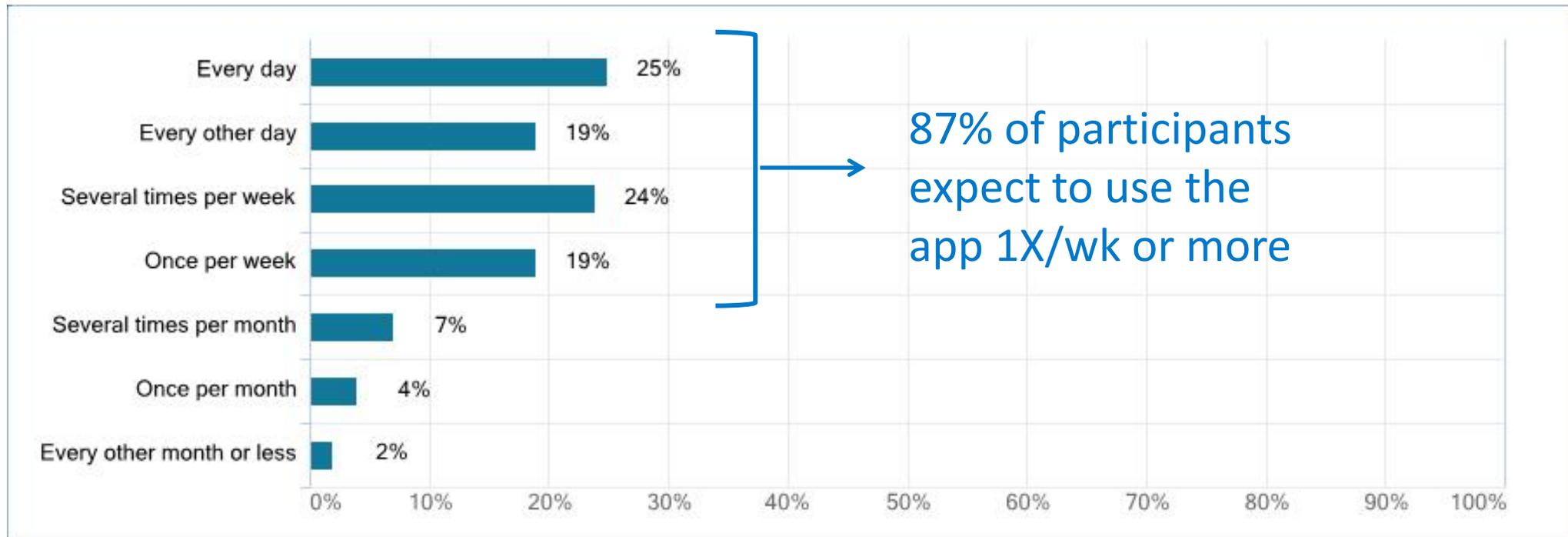
75% of users v likely/likely to link accounts



Frequency of Use

Participants were asked:

Assuming this app is a fit for you, how often do you feel like your “normal usage” would have you using the app?





Thank You