

Consumers want money management tools, but aren't using what their banks offer

Article

The news: North American banks and credit unions understand that consumers lead digital lives, and that they must offer digital tools to help customers manage their finances. But

consumers may not be getting the tools they need, according to a [report](#) by Personetics commissioned by Forrester Consulting.

“The Spotlight on North America: Banks and Credit Unions Need to Promote Customers' Financial Well-Being” report surveyed 184 North American digital business and strategy decision-makers in August 2022 on digital money management.

Key initiatives: Banks and credit unions are prioritizing their customers and their digital transformation in 2023.

- 55% of respondents said their organization is focused on improving their customer experience over the next 12 months.
- 51% of those surveyed are expanding and improving digital services for customers.
- 49% said they are accelerating their shift to digital business.

Aside from serving customers, banks and credit unions believe that offering digital money management tools also benefits their business.

- 43% said digital money management tools will help with new customer acquisition and 42% said they will lead to improved customer retention.
- 41% said these tools will increase customer satisfaction and 40% said they will increase customer engagement.

Flawed implementation: But there's a clear disconnect between the intention behind digital management tools and their execution. **Eighty-eight percent of banks and credit unions surveyed said that less than half of their customers actively use the tools they provide.**

- 32% of respondents said 5% to 24% of their customers use the tools.
- 56% said 25% to 49% of their customers use the tools.
- Only 12% of banks and credit unions said 50% to 100% of their customers use the tools.

The report posits that the tools currently on offer don't do enough to cause consumers to make a meaningful change to their financial behaviors. That's because they don't offer solutions that are specific to a customer's needs. It also suggests that most money management tools put the burden of data collection on the consumer, requiring them to manually input their financial information.

But banks and credit unions listed their own hurdles in implementing effective money management tools.

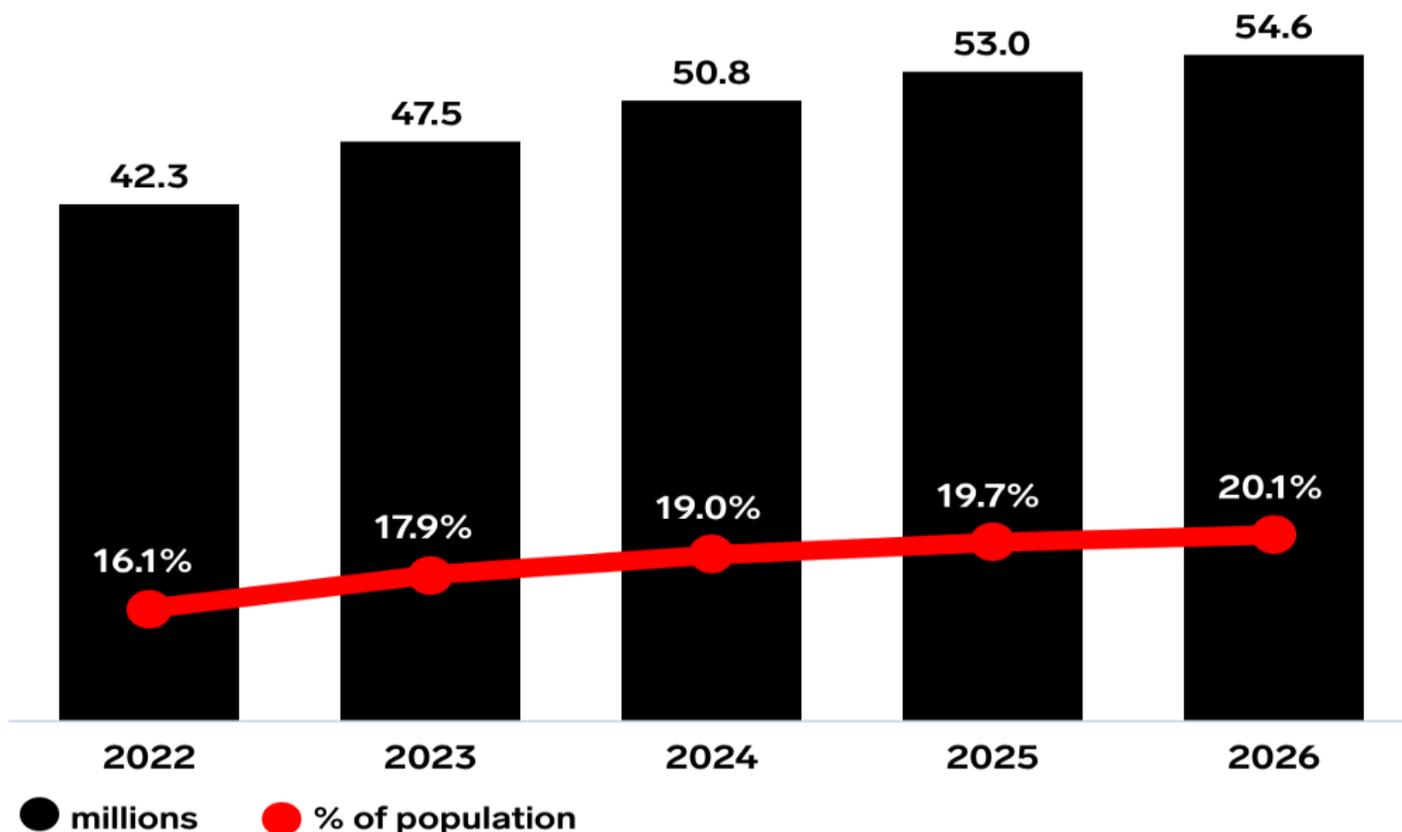
- 52% of firms said they lack alignment across the organization on a build versus a buy strategy.
- 51% said they face issues with integrating new technologies and systems with older, legacy systems.
- 48% of respondents said they struggle with developing well-defined processes to support the programs and proper due diligence to select trusted partners.

What can banks do? The report offers a few suggestions on how banks and credit unions can improve the effectiveness of their digital money management tools.

- **Create a vendor scorecard:** Keep tabs on a tech vendor's competitors and what the overall market looks like. Question if they are using the most up-to-date, easy-to-use, and accurate methods to provide solutions to consumers, and think about if they are able to provide the firm with quick and easy-to-understand data about customers using the technology.
- **Rethink key performance indicators (KPIs):** Instead of measuring customer engagement to determine the effectiveness of a tool, analyze more specific consumer actions, like task completion rate.
- **Restructure revenue models:** Not all customers are the same, and not all customers will need the same money management tools. Think about offering certain solutions to specific subsets of customers to optimize revenues, and cut costs by making tools available to only those customers who need and use them.

Personal Financial Management Tool Users and Penetration

US, 2022-2026



Note: individuals ages 18+ who use a desktop, mobile web- or app-based finance management service that monitors their spending and financial health without requiring the user to manually input transactions, and provides advice and insight based on habits, at least once per month; these tools may be provided by the user's bank or from a third party such as Mint, Quicken or Yolt

Source: eMarketer, July 2022

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