

Market Commentary – Digital Banking

Small amounts, big savings for millennials

Over time, small amounts can add up to big savings. Christian Ruppe, CEO at Monotto, shares insights how to mine greater data on millennials and their saving habits.

Millennials, one of the highest educated generations in history, are consequently one of the most in debt.¹ To add insult to injury, they are often portrayed to have shockingly poor decision-making when it comes to money management.

However, news stories and statistics don't always tell the full story, so we turned to Christian Ruppe, CEO at [Monotto](#), to mine greater insights on millennials and their saving habits.

As this millennial suspected, it isn't necessarily the story the numbers are painting.

Saving is situational

According to Ruppe, the reasons why people save money or don't save are purely situational, because at the core of it, all humans have the same response to pressure, and that is to solve for the most immediate problems first.

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If you are in a situation where you have high expenses in relation to your income, the natural reaction is to stop looking toward the future and ignore the savings,"

Christian Ruppe
CEO, Monotto

"If your car breaks down, you find the money to fix the car and ignore the retirement investment."

This mindset pervades many households as families struggle to make ends meet. A Bankrate survey reveals that 1/3 of Americans would need to turn to credit cards or lending to cover a \$1,000 emergency expense.²

So, what makes the younger generation different when it comes to saving money? Those high levels of debt for one thing.

About the Author



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Caitlin is Finastra's Solution Marketing Lead for Digital Banking. She works closely with cross-functional teams, customers, and Finastra leadership, to evolve the digital banking marketing strategy through thought leadership, customer-oriented content, and solution values.

An active alumna of University of South Florida, Caitlin is passionate about educating and growing community organizations. She is an engaged leader in her Tampa Bay community through non-profit, continuing education, and professional organizations.

Monotto uses the power of artificial intelligence to automatically place money into savings based on a user's spending habits.

Monotto, the saving grace for younger generations

According to a study conducted by TIAA Institute, 43% of millennials have student loan debt, and 50% are afraid they won't be able to pay it off.³ It's hard to think about saving money when you don't know if you'll be able to make your next loan payment or grocery bill.

The younger generations are also plagued by lower levels of financial literacy when compared to the general population, according to research conducted by the Global Financial Literacy Excellence Center.⁴ In the study, millennials scored lowest in every functional area, but particularly when it came to investing and comprehending financial risk.⁵

High debt loads, low financial literacy, and a pittance of savings in their bank accounts has created a potent cocktail in which 37% of millennials can't come up with \$2,000 in 30 days to cover an emergency expense, and 68% are stressed out about the state of their finances.⁶

Ruppe, a member of the younger generation himself, understands how difficult saving can be when confronted with daily financial challenges, so he invented Monotto. Monotto uses the power of artificial intelligence to automatically place money into savings based on a user's spending habits.



The benefit of being wealthy, is that you tend to have more financial options at your disposal."

Christian Ruppe
CEO, Monotto

"If your car breaks down, perhaps you can get a loan at a better rate, while if you struggle financially, your options may be more limited."

Ruppe's goal in creating Monotto is to level the playing field for a debt-strapped generation, by giving them the benefits of saving.

Monotto uses AI to monitor a user's spending habits and then automatically—or sneakily, depending upon your view—move money from checking accounts into savings. Generally, the amounts are something that won't be missed. Maybe that's only \$2 or \$3, but it could be higher depending on your spending and income.

Over time, small amounts can add up to big savings, and if a user runs into financial trouble, the money that Monotto has stashed away is waiting in a savings account to bail them out. It's about taking dollars that might get spent sitting in a checking account and moving them somewhere safe, where they have a chance to grow. And it's offering millennials a way to save for a brighter future.



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