



The Evolution of Financial Wellness

From saving accounts to personalized platforms and apps

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2020 has been a year of monumental change and disruption on so many fronts. With it has come a broader awareness of the need to redefine finance for good, and to empower better outcomes for society as a whole.”³

Simon Paris
CEO, Finastra

Introduction

The Challenges and Potential of Financial Wellness

Financial wellness, also referred to as financial health or well-being, is a state in which a person or organization can easily manage their day-to-day financial obligations and have confidence in their future financial goals and resilience to financial volatility.

Research by the Consumer Financial Protection Bureau (CFPB) reveals that many Americans don't enjoy managing their finances with 59% considering it a burden. Common reasons for this occurrence include lack of time, biased financial advisors sharing conflicting advice or inadequate financial literacy. Despite Americans trying to overcome these challenges by using third-party apps, they still experience access, ease of use and security issues. As a result, one third of Americans have a financial wellness score of 50 or below on a 100-point scale.¹

According to Accenture's research in the United States, 74% of small and mid-sized businesses (SMEs) don't have the relevant knowledge to manage their companies and meet customer

expectations regarding their financial well-being. Out of those, 32% are ready to pay their financial institutions for business support to resolve these issues. Since the global pandemic has caused difficulties in communication between financial institutions and their users, SMEs are turning to online banking channels. However, to be able to compete with other banks, SMEs need to manage a large volume of customer data while providing personalized tips and offers.

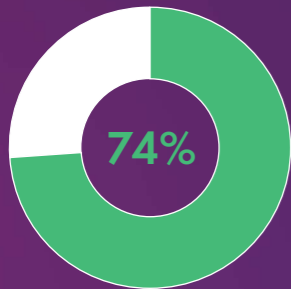
In 2017, there were 1.7 billion people (32% of adults) and 200 million businesses without access to an account.² However, financial wellness has evolved beyond owning a simple savings account. Consumers and businesses want to be able to look to their trusted bank or credit union for guidance and personalized tips relevant to where they are in their financial journey. The banks recognize the potential of the unbanked and underbanked customers. They are actively building partnerships with startups that could deliver on the customers' needs and expectations.

Introduction

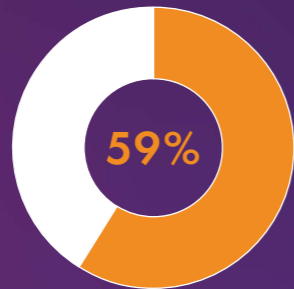
The Importance and Benefits of Financial Wellness

With online banking entering the United States' financial ecosystem in 1980, new innovations in technology and regulations started emerging. The biggest advantages of digital banking for consumers were eliminating long lines at the branches and allowing customers to transact from home, while financial institutions gained access to a large amount of data. The turning point for the financial landscape was the global financial crisis of 2008, demonstrating that lack of competitiveness in the sector had created institutions that were too big to fail.

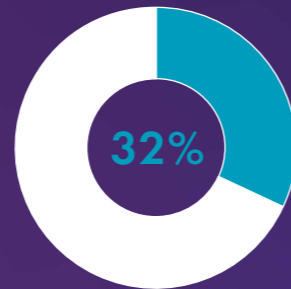
Having no adequate competitors meant large banks no longer needed the incentive to serve customers, both individuals and businesses, in the best way possible. This alongside global, political, economic and socioeconomic challenges have become more and more prevalent, emphasizing the importance of financial wellness in the financial industry on a personal and business level. Post-crisis financial occurrences have paved the way for fintechs who are customer centric and built on new tech to take charge.⁴



of SMEs don't have the relevant knowledge to manage their companies



of United States' citizens consider financial wellness a burden



of adults and over 200 million businesses were unbanked worldwide in 2017

Personalized Banking

Consumer behavior and expectations are heavily influenced by new technologies and companies that develop them. In order to meet these expectations, banks build partnerships with fintechs to develop innovative solutions. In other words, the growing importance of personalized banking has ensured financial institutions prioritize account holders and their needs.

Banks and credit unions can learn their customer habits and trends in order to generate personalized offers and products which the customer currently needs in their own financial journey. This allows them to market the right products at the right time such as [Fusion Digital Banking Insights](#) or [Fusion Analytics](#), reaching multiple segments, staying relevant and driving engagement. Empowering consumers and businesses to leverage financial wellness tools assures customers that they have a trusted advisor on their side.

Each tool has specific features that help improve financial health such as enabling AI automated savings (RoboSave), business forecasting (upSWOT), credit score and reporting (SavvyMoney), data cleansing, personalized financial management and spending recommendations (MX by Money Experience, Find Money by FinGoal) or self-employment tax-savings platform (RoamHR by Vaultz Inc.). With this trust comes

greater wallet share as customers continue to stay loyal to the same advisors for future products and services.

Business Banking

Regardless of their size, businesses require a holistic approach to their financial management. They need flexibility and improved workflows to simplify their daily operations, preferably via streamlined digital solutions that provide a modern digital experience and access to out of the ordinary tools. Finastra empowers businesses to seize new markets with a configurable, simple, feature-rich solution such as Fusion Digital Banking.

[Fusion Digital Banking: Business](#) is an integrated solution for businesses delivering scalable innovation, while supporting greater efficiency, lower costs, and streamlined processing. It increases competitiveness and offers simple access from any device enabling faster and more efficient financial management. Businesses can easily manage their multiple business and personal accounts, uncover new segments and simplify payments all through a single interface.

Through FusionFabric.cloud, financial institutions can quickly and easily add new products to keep pace with changing needs and market trends.

Digital Banking

Enable Meaningful Experiences Through Open Innovation

Personalized and business banking is more important than ever stemming from more sophisticated customer expectations. Digital banking is the fast track to innovation via an open banking platform.

Banks and credit unions claim their customers and members are their most important asset. So why are so many slow to implement modern solutions that are expected?

“The journey to financial empowerment” is Finastra’s unique study that explores people’s feelings toward their finances and the relationship they’d like to have with their financial institutions. This report reveals knowledge, freedom and control are three key elements to consumers’ financial empowerment in the United States. It further presents the findings in the form of a comprehensive guide that can help banks and credit unions develop a better understanding of their consumers. The report states that financial institutions could play a significant role

in helping people on their financial wellness and empowerment journey by providing the right tools and in turn a sense of control.⁵

Paired with an open banking ecosystem, digital solutions enable financial institutions to customize banking that makes the most sense for their institution. Financial institutions offering a breadth of solutions that digital users can pick and choose from to customize their experience will find that what’s good for customers and members is also good for business. The higher the engagement, the higher the ROI and likelihood for customers to return to use more products and services which results in increased loyalty and wallet share.





Digital Banking

Enable Meaningful Experiences Through Open Innovation

Finastra's [FusionFabric.cloud](#), a vibrant and ever-growing innovation platform and app marketplace, allows financial institutions to build, partner, or buy next generation solutions to rapidly solve today's customer needs. Through FusionFabric.cloud, financial institutions can quickly and easily add new products to keep pace with changing needs

and market trends. This allows them to provide their customers with the right tools to do what and when they need it.

Figure 1 demonstrates the multiple benefits and value of open banking, ranging from improving efficiency to enabling the user to save money.

Figure 1: Open banking benefits



Digital Banking

The Future of Finance is Open

Third party apps have accelerated the evolution of financial wellness. Users are empowered to achieve lifelong goals by using automated savings tool apps, powered by artificial intelligence and credit reporting solutions, to help SMEs better understand their business health. FusionFabric.cloud helps financial institutions incorporate Financial Wellness tools and apps created by fintechs such as SavvyMoney, upSWOT, Monotto, Allied Payment Network and Codat.



SavvyMoney has over 700 partners and a proven track record of user adoption, improving their credit score by an average of 14 points over a 12-month period.

89%

upSWOT provides growth in customer retention by 89% and increases cross and up-selling by 18%.



SavvyMoney

Finances can be overwhelming when customers have a breadth of banks and advisors to choose from to help with managing and improving credit score. Consumers often don't know who to trust and they struggle to anticipate how specific decisions and actions will affect their path to financial wellness. [SavvyMoney](#) created an app called [Credit Score and Report](#) that seamlessly integrates into Fusion Digital Banking so that account holders can handle financial tasks conveniently in one sitting. Users can leverage the credit simulator to see what happens to their credit score based on certain financial decisions.

They receive personalized offers such as auto refinancing or a personal loan, to consolidate credit cards into one monthly payment. Account holders get credit monitoring alerts, like payment history, credit score changes, and updates on current or past due accounts. SavvyMoney's analytics and marketing engine lets users dive deeper into actionable insights to better serve account holders. From wallet share analysis, visibility into key lender competition to product score trends, financial institutions can create marketing campaign lists to reach the right groups, saving money and driving growth. SavvyMoney offers an engaging solution providing value to consumers with in depth analysis, education, and loan offers most relevant to them.



upSWOT

[upSWOT](#) has developed four apps that can be seamlessly embedded as white-labeled solutions. All are pre-integrated with Finastra's Fusion Digital Banking for quick and easy deployment. upSWOT's technology serves dozens of financial institutions by helping them build loyalty and grow engagement among their small and mid-sized business clients. [upSWOT Business Health Dashboard](#) enables business customers to connect their data for continuous, API-enabled access to QuickBooks, Xero, Salesforce, Stripe, Shopify and 120+ other business critical SaaS applications.

It provides access to more SaaS applications than any of its competitors. Business customers can also apply for any bank product and connect valuable data completely online with [upSWOT Loan Onboarding](#), enabling faster access to loans, higher commercial credit card limits and better cashback or benefits compared to other companies. Data from connected apps is presented back to the business customer to show insights and cashflow forecasts creating a highly personalized banking experience.

On the back end, upSWOT [Sales Insights Dashboard](#) leverages the user's data collected during the bank loan application process to provide personalized offers and insights.

Data is aggregated in real-time to help small and mid-sized enterprises better understand the health of their businesses via insight-based interactive dashboards, accurate cashflow forecasts and simple to use budgeting.

upSWOT [Marketing Automation](#) is designed to automate highly personalized marketing campaigns to support business customers with the products, insights, and services they need before they reach out to competitors. The app can be connected to internal CRM platforms, marketing automation systems, business orchestration workflows, external telephony providers including Mailchimp, Twilio and many others.



Monotto

[RoboSave](#) is an automated savings platform created by [Monotto](#) enabling account holders to grow their savings balance without affecting their spending habits. It automates the savings process end-to-end. The platform analyzes the account holder's transaction history to create a personalized safety net for each user. It determines how much money they can save every couple of days, and automatically transfers that money into their savings.

Through artificial intelligence and machine learning, RoboSave learns the account holders' spending habits and can adjust the amount that is saved according to their unique financial situation. The process happens automatically and in such small increments that users barely notice the transfers until they see their savings multiply. This helps account holders save money more efficiently and build a stronger relationship through financial literacy.



Allied Payment Network

Bitcoin adoption has increased dramatically over the past 10 years. Financial institutions are able to meet the demand by offering consumers the ability to buy, sell and hold bitcoin. This is enabled through [Allied Payment Network's](#) app called Allied Bitcoin Platform. [Allied Bitcoin Platform](#) offers a secure, regulated and compliant alternative to transacting with unregulated bitcoin entities. In other words, with this turnkey platform, financial institutions do not have to transact in or hold bitcoin on the balance sheet to offer this service.

Allied Bitcoin Platform offers financial institutions a new source of potential non-interest income to help attract new account holders and retain existing ones. It allows them to be positioned as leaders in digital and payments innovation through fast deployment and enhanced efficiency.

The platform consolidates bitcoin transactions and balances, digital payments and account balances into one easy-to-access location for enhanced financial management.



Codat

In order for financial institutions to access accurate financial data from their small and mid-sized enterprise (SME) customers in real-time, [Codat](#) has built integrations with the major accounting packages (Xero, Quickbooks, Sage, Netsuite etc.), two core open banking providers (Plaid & TrueLayer), and a growing number of data sources (Square, Stripe, Shopify, Paypal, etc).

Codat's [Bill Pay](#) app enables businesses to integrate seamlessly with their accounting platforms, streamlining access to their suppliers and invoices. The customers can pay outstanding bills using preferred payment methods, saving time and removing the need for admin assistance.

The [Business Financial Management](#) solution allows customers to automatically reconcile data into their accounting software and create accurate forecasts using multiple data sources. This provides SMEs the opportunity to better understand their customers and leverage the actionable insights based on customer data.



RoboSave increases deposits and user engagement through automated savings.



With Allied Bitcoin Platform, consumers can easily and securely buy, sell, and hold bitcoin through their trusted financial institution.



Improving accounts payable procedures using Codat's Bill Pay solution reduces processing costs up to 83%.

THE FUTURE OF FINANCE IS OPEN

Finastra is unlocking the power of finance for everyone by creating a platform for open innovation in the world of financial services.

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Contact us

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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