

PFM Market Segments

Your financial institution undoubtedly has a diverse set of consumer types who take advantage of your digital products and services. Your PFM contains many powerful money management tools that can help consumers, but most will need help to understand which tools will be the most use to them. Connecting consumers to your financial solutions requires targeted messages tailored to specific financial management styles.

1) The paycheck-to-paycheck consumer

What they look like – There is no specific age for this segment and these consumers tend to hold fewer accounts with lower balances than the average. Typically, the paycheck-to-paycheck consumer has a low balance checking account and low balance savings account. They may also have an auto loan of less than \$7,500 and/or a low balance credit card, line of credit or signature loan. This consumer is not always “low income.” Often, they make plenty of money, but have a hard time controlling their spending, or have become overloaded with debt. We can become a hero to this consumer by providing solutions that help them feel a sense of control or reduce the stress their financial situation creates.

How the PFM can help the paycheck-to-paycheck consumer:

Spending Targets – The ability to track spending in the major variable budget categories like groceries, dining out, transportation and clothing can help the paycheck-to-paycheck consumer gain more control over their expenses. If the consumer sets up spending targets for their most troublesome regular

expenses and creates alerts for the 75% and 90% marks of these targets they can begin to exert more control over when and how they spend. The saying, “knowledge is power” really matters here. If the consumer finds that they continually go over their target in a category they can either look at whether they can realistically reduce their spending in that category or whether they should consider cutting spending in another category instead.

Cashflow Calendar – Seeing how your regular bills impact how much money you have available each month can reduce stress if the information is used to change the situation. Many times, issues related to paying bills on time can be resolved by changing when bills are paid. For example, an individual who has electric, car payment and cell phone bill all due near the end of the month can find themselves running short when it comes time to pay the rent or mortgage at the beginning of the month. The cashflow calendar can help the consumer see this issue so the consumer can modify either their spending, or when they pay bills to better balance their income and expenses.

Alerts (if available) – Combined with the cashflow calendar and spending targets, Alerts in PFM can keep the consumer informed even when away from their computer through text or email notices related to their bills, spending or balances. One of the most helpful ways to use the alert feature is to create alerts for spending targets. If a consumer knows ahead of time they are nearing the limit for a spending category they can modify their behavior before it is too late. For example, imagine a consumer has set a limit of \$200 a month for dining out. If they set an alert to let them know when they have reached 80% of that amount, they will know when they receive the alert that they only have one or two more chances (depending where they dine) to eat out that month.

2) The multiple accounts and multiple FI consumer

What they look like – This consumer tends to be 40 and older, but there are consumers in their 30’s who will meet this definition as well. The multiple accounts consumer we are looking for in this case tends to have higher deposit and loan balances than the paycheck-to-paycheck consumer and holds accounts at other financial institutions...often mortgages and investment accounts, but can also include credit cards and auto loans. These consumers have enough money to meet their needs, but are often stressed by the amount of work it takes to keep track of their money and by the fear that their decisions they are making now may adversely impact their financial security in the future.

How the PFM can help the multiple accounts/multiple FI consumer:

Add accounts – The benefit of seeing all their accounts in one place can be easily waived off as “not worth the trouble.” However, taking a few minutes to set up each outside account can provide the consumer with the first complete financial “dashboard” they have ever used. The dashboard in PFM becomes more useful with each account that is connected to it. A consumer using multiple credit cards, for example will not only be able to keep track of their current balances in PFM once they are connected, but be able to monitor the spending on the cards. Being able to monitor activity of all their accounts in one place can be a time saver and a big reducer of stress. It is important to note that the service is extremely secure, and that we (as their credit union) do not gain access to their outside accounts when added to the PFM. The tool manages the access to outside accounts, and account and password information is not accessible by anyone but them.

Net Worth – This group usually has enough assets that tracking the value of their portfolio can be a worthwhile exercise. The net worth tool in PFM takes any accounts in the tool and additional information the consumer supplies to provide an up-to-date total of the difference between their assets (savings, investments and property) and debts. This simple tool can be a powerful motivator. Seeing how their belongings and debts stack up can provide a sense of accomplishment or spur a consumer to take a more active role in the management of their finances.

Expense Widget – The little box on the right side of the dashboard in PFM is more than a little pie chart. It provides a quick hit of insight into your spending. For the multi-account consumer, this is mostly all they need to use to feel more informed about their spending. PFM automatically categorizes as much of their spending as it can and displays the last 30 days of spending by category in the widget. Clicking on a section will display the spending that makes up the total displayed. Consumers can change tags if they wish to modify category assignments for transactions, which accounts are monitored or just browse the history of that category. Either way, they leave the tool feeling better informed and more in control of their money.

3) The aspirational consumer

What they look like – This consumer will tend to be 20 to 40 years old, but there may be older consumers who will meet this definition as well. The aspirational consumer will be trying to take control of their finances through goal setting...either paying off debt to reestablish a sound financial footing, or saving toward major purchases or life events (like a wedding or buying a home). At the account level, they will look much like younger paycheck to paycheck consumers, but their attitude about money will be different. The aspirational consumer sees money as a good thing, but only as it is used to accomplish something and is generally fairly good at living within their means. However, they look for tools that will help them keep track of and improve their progress towards meeting their life goals.

How the PFM can help the aspirational consumer:

Goals – Setting and tracking goals is the main purpose that these consumers will sign up to use PFM NAME, and that is not a bad thing. This type of consumer often manages their money only as much as they need to make certain milestones or progress towards life events. For this segment, it sometimes seems that a big financial goal is the only reason to track their money at all. Fortunately, there are plenty of things to aspire towards. Whether it is paying down a credit card or other loan, saving for a wedding, car, baby, home or vacation, PFM can track it for them and keep them informed of their progress...one goal at a time, or all at once.

Spending Targets – The tool is the same one we talked about with the paycheck to paycheck consumer, but the purpose for using the tool is different. Often, the aspirational consumer needs to track spending to increase how much they are saving. A consumer can set a goal to save more money or pay down debt, but unless they change the way they spend their money many find these goals very hard to reach. Using the spending targets to first see how much they are spending in big variable categories like dining out, groceries and clothing can help the consumer find areas where \$25 or \$50 a month can be freed up to be applied to their goals. It can add up very fast if they can do that in multiple categories.

If you need any help,
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