



INFOCORP
helping people LOVE their bank

How to help customers with their personal finances?

INFORMATION FOR BANKS AND
FINANCIAL INSTITUTIONS





A historical moment

We are in a moment in history of humanity in which things change and evolve at an amazing speed. In the last 20 or 30 years, we've seen great progress and we have incorporated new paradigms into our lives (that have come to stay).

Technology has revolutionized our way of interacting with others, and it has allowed us to easily access to practically all the knowledge accumulated by man.

COVID-19 hit suddenly, and we entered in an unexpected crisis, some rules changed, and fears increased. The impact is being very important, from the economic perspective and, as usual, those who suffer the most are the ones with less resources, the ones who are less prepared.

However, this pandemic gave us more tools to face this difficult situation appropriately.

What role should banks play to help their customers?

In this document, we share some of the good practices to be closer to customers and therefore obtain long-lasting fidelity.



Lack of financial education





Those persons and families who have not worried about their personal finances are now especially suffering. In moments of economic crisis, this lack of financial education leads to a lot of people becoming even more poor.

The fact that the “**Personal finances**” concept is very new among us shows the lack of financial education, and, therefore, its effects on the population are still very few.

While every day more families worry about managing their money (and do something about it), they are quite few the ones who have learned to do it efficiently.

And it's not strange

In the basic and mandatory school, nobody teaches about this aspect of life. However, it is critical for the wellbeing of human beings.

Schools and universities worldwide have taught us, among other things, to add values as employees and receive money in exchange. But, curiously enough, they haven't prepared us to manage appropriately that money that comes to our hands.

Some lucky people have had as advanced teachers their entrepreneurial mothers and fathers, uncles, godfathers, or businessmen who have passed on their knowledge and experiences around money who have marked the difference with the rest. Others have looked for their own training with books or videos.



But they are the fewest. The rest are financially illiterate

Banks have historically been the most reliable partners on money issues. Banks are supposed to allow us to save money safely, and even give us loans or interests. And, in the last years, increasingly more people in Latin America and the Caribbean have entered the banking system. Sometimes, due to their own choice and most commonly, due to policies that encourage it.

But, at the same time, there are courses, blogs, books, e-books, coaches, mentors, podcasts, YouTube channels, TV shows that speak, inform and try to help people to make better decisions about money. And some of them don't speak very well about banks.



Banks who help people

Despite this, banks are in a privileged position, since they have the most difficult thing to get: the trust. This trust has been built over a long-lasting relationship. Although it might be possible that in some cases the degree of uncertainty and satisfaction might be decreasing.

It is necessary to do something different in order to change back a trend, there must be a paradigm change:

Banks can (and must) take a proactive role to improve their customers' personal finances.

They can help their customers:

- Have more consciousness about money
- Make better decisions with their money
- Improve their economic lives

When a person improves their relationship with money, they stop having problems with it, and their life quality improves automatically.

Banks are near people, and they are direct participants of the their relationship with their money.

Banks have a HUGE opportunity in front of them

They just need to take a step forward and focus more on improving their customers' financial education. And not just to sell their products, but also to elevate the level of knowledge and to leverage their customers' growth in their economic wellbeing.

Family economy, through the appropriate management of personal finances, may transform the life of people and can support them in difficult times and crisis. And, at the same time, it can even help in the education that parents offer their children in this sense.

There's so much value to contribute, that there would be a shame for banks to let this opportunity slip away. The value is not just in having the most innovative technologies, even if at Infocorp we know the role that technology has on customers. The value also lies in being useful for people and help them grow.

There are 3 areas in which Banks can contribute value, which should be combined to then complement each other and obtain better results.

1| EDUCATION: teach and educate about Personal Finances

2| INFORMATION: offer better information about own products and services.

3| TOOLS: provide useful and supplementary tools.

Education in Personal Finances





Personal Finances focus on the relationship between the person and money. They focus on the person, their habits and behaviors, rather than in numbers and complex formulas.

The education in Personal Finances tries to offer simple knowledge and practical strategies to be able to put money at the service of the person.

Those who have their personal finances in order suffer less during crisis. They enjoy more their money because they use it in a responsible way, they have clearer objectives and put money at the service of their lives.

Something essential is to make it clear that everyone should pay attention to their money in a different way. It's not just about making sure that you are not robbed, that you are paid what you deserve or look for the better offers. It's about dedicating some time to thinking what you are going to do with the money. Focusing on the fact that there must be certain management of cash, regardless of receiving it in some way and using it in some other.

Words such as plan, forecast, register, project should be part of the language when we think about personal accounts.

4 keys to improve life quality

Life quality in personal finances is determined by a concept called financial wellbeing.

Financial wellbeing is the state in which a person can fully meet their current and underway financial obligations. They can feel confident about their financial future, and they are able to make decisions that allow them to enjoy life.

We must rely on 4 key aspects of Personal Finances in order to enhance this Financial Wellbeing, namely:

▶ CONTROL

▶ SAVINGS

▶ OBJECTIVES

▶ PLANNING

Each aspect is linked to the rest, they are all necessary and depend on one another.



CONTROL

Any activity or experience without control will most likely end badly. And money is no exception. To understand what it means to have control over money, we'll say that you have it when:

- You know personal expenses very well.
- You know when extra payments will arrive (biannual or annual).
- Actual income is very well identified.
- You can limit expenses based on income and priorities.
- You think in the mid and long-term.

Many things can be achieved with CONTROL, all of them beneficial for finances, but the best of all is SAVINGS.

SAVINGS

When we talk about good management of personal finances, the capability to save is the most important one of all. Because, when there are savings, there are options. And, with said options, people can make more decisions, and, most importantly, better decisions. Savings don't have any glamour, but it is the actual necessary base on which any healthy economy is sustained.

- ³ In order to buy something of certain amount, it is necessary to save first.
- ³ In order to have financial peace when unexpected events take place, savings is the best lifesaver.
- ³ In order to invest some money and obtain better income, it is necessary to save first.

Savings are obtained by living day by day below the economic possibilities of that moment. And having SAVINGS allows us to set future OBJECTIVES for which we want to allocate that money.





OBJECTIVES

OBJECTIVES

Setting objectives related with money is what gives sense to savings. Saving just for the sake of saving is only achieved by people who do it without even noticing (saver profile).

For the rest of people, saving is much harder.

For these people, the best way to manage to save is to set clear and defined objectives, with a concrete timeframe.

Vague objectives don't work.

Examples of clear objectives:

- ³ Save X money to be able to buy a dining room table in 9 months.
- ³ Save X amount of money to have a financial buffer of 6 months to cover basic living expenses (this should be a necessary and basic saving for anyone).
- ³ Save to get whatever anyone decides it's best for their lives, own and personal objectives.

In order to set OBJECTIVES, it is essential to master SAVINGS and to have CONTROL, but the path gets complicated if there is no appropriate PLANNING.

PLANNING

Once here, the person is in the right position to manage personal finances. Planning is the completion of the process.

It is important to have certain planning. Not meeting all objectives in a timely manner is not as relevant as the fact that the person has reflected about next steps.

Dwight D. Eisenhower already said it: "Plans are useless, but planning is everything".

It means that the result of planning (the plan) is not as important as the process of developing it (the planning) through a global reflection of the situation, resources and time.

Planning is focusing on personal finances; it means that there is certain control on the person's own money and that he or she has set objectives that encourage saving money. The financial situation will be much better than before starting the plan.

This doesn't mean that one will be richer (which can also happen, but that's not the important thing). It means that money is being prioritized towards the most important aspects for each person.

Taking control and arriving to this point increases the sensation of control of money and reduces stress due to money, it increases motivation and personal self-esteem.

All in all, it improves the life quality of people.



How to train in Personal Finances?

We've seen that the most important aspects of Personal Finances have a positive impact in the life quality of families.

We now have to see how banks can undertake training initiatives that encourage and strengthen them to have positive impact on their customers.

It can be used in many ways. Here are some ideas:

Digital newsletters via email, in the bank's own platform or even on paper.

Live or on-demand online webinars in order to explain each one of the key points.

Virtual or in-person practical workshops to set objectives, savings plan, etc.

In person or recorded video courses together with spreadsheets and practical exercises.

Clearly, not everyone is in the same situation or have the same training needs.

Measure Financial Wellbeing

In order to measure the life quality at a financial level, we can perform a **Financial Wellbeing test**.

This test is useful to know the initial situation of the person, as well as to assess the periodic progress or to measure the impact of certain trainings or concrete actions that have been implemented.

It can be used as an indicator to quantify the Financial Wellbeing of people. This information may even be great insight for banks to learn the reality of their customers and perform actions accordingly.



Information





Information about current Products and Services

Through the products and services currently offered by banks, some actions can be activated in line with the 4 Personal Finances keys, namely: Control, Savings, Objectives and Planning.

How? Contributing with new approaches that focus on customers and on their personal finances.

A | On Credit Products

Credit cards and personal loans can be great tools if used appropriately. But when there is no control of personal finances, they might have serious consequences for people's economy.

In that sense, it would be important taking certain actions, such as:

- ³ Offer more transparency with the products information to reinforce the control part.
- ³ Show concrete examples of the consequences of having unpaid things or breaching payment deadlines.
- ³ Show how compound interest can be very negative in these cases.
- ³ Train and educate customers in ways to acquire more control.
- ³ Provide a system of alerts of indebtedness level.





B | On Products for savings

For savings products, the most important thing would be for people to have the saving habit and to have it present.

In this sense, these would be some of the recommended measures:

- ³ Promote and encourage saving with some concrete goal-establishment system.
- ³ Provide the visualization of savings evolutions for a better follow-up.
- ³ Once objectives have been accomplished, propose new ones to keep with the conscious and continuous saving.
- ³ Train customers so they can be able to define clear and concrete goals in line with their own values.
- ³ Have different accounts for each objective.
- ³ Make available an indicator of the % saved monthly.

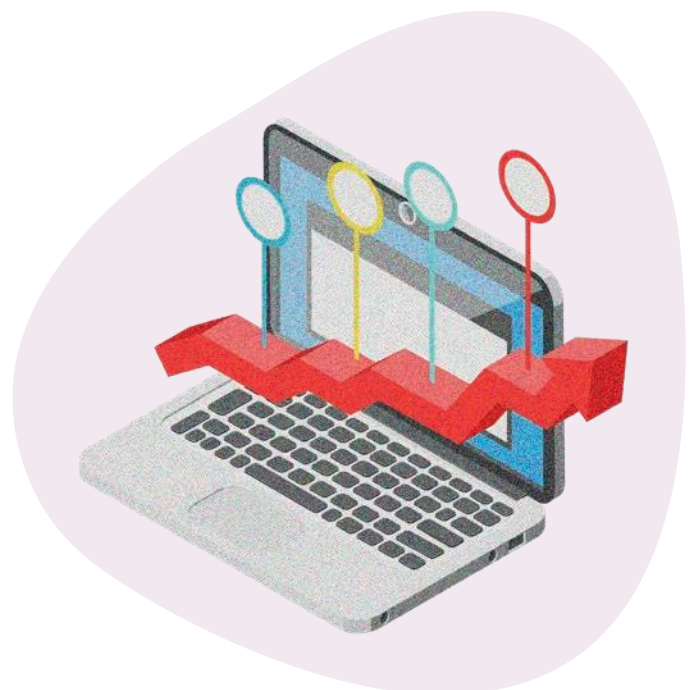
C | On Investment Products

When people allocate different amounts of money to invest, they can be taking high risks. Maybe not so much for the investment itself, but for not having a strong base in their personal finances.

This can happen when certain previous savings objectives are not covered, such as having a liquid financial buffer, with at least 6 months of expenses covered.

In terms of investments, possible actions may be:

- Help define and plan investment objectives.
- ³ Facilitate the projection of long-term investments.



Tools





Provide practical tools

In the technology era that we are currently living, where data are almost more valuable than oil, it is the right time for banks to leverage the huge databases they have of personal economies.

And not only for their own benefit of market analysis and behavior standards. But also, to give more value to their customers.

An example may be the Expenses Record. This is one of the strongest and most transformative tools available in the management of personal finances.

The Expense Record is the control tower of our expenses and our finances. People who have their expenses fully controlled and classified acquire a special power over their economy.

They have the power and, especially, they acquire awareness of their money that they had never had.

Besides having their expenses registered, it is important to have them well classified.

A proper classification of money expenditures allows to know:

- ³ How much money is spent for basic needs.
- ³ How much money is allocated for recurring fix expenses.
- ³ How much money (and when) is gone in initially unforeseen expenses, but that take place frequently every year.
- ³ How much money is consumed in eventual expenses that are not recurring nor basic.

And we could also have an income record, although in most cases, these are easier to control.



With all this well organized, we can obtain magic numbers for our personal finances, such as:

- 1 Saving capacity.
- 2 The monthly need to be able to live and calculate a financial buffer.
- 3 How much can be cut out of each type of expense in case of need.

And not just that, with all this information, projection and planning can be done with more clarity.

Keeping a conscious expense record is not very well thanked at the beginning, since it requires a lot of perseverance and because it won't flow, until the habit is acquired. A lot of people never manage to do it.

If each customer has the possibility to classify their account expenses and organize them, extract totals, see graphics, etc., from the web portal or from an app, they will most likely manage to implement their personal Expense Record.

Making available tools to obtain a complete expense record, would be one of the most beneficial achievements and with highest impact on the money management of customers.

Saving strategies

With a history of movements of expenses and incomes of an account, it is very likely to predict the saving capacity that a person will have over certain month. It would be great to have a tool that would suggest saving amounts to keep fulfilling the accounts towards certain objectives chosen by the customer. And, at the same time, project the future saving capacity to visualize when those objectives may be met.

Help in the planning

One of the main problems that most people have when managing their money is that they tend to forget daily expenses, those that don't arrive every month.

This type of expenses is usually high and if they are not considered month to month, they can be an actual problem when they arrive. Most of these expenses are fix and we cannot refuse to pay them (insurances, taxes, etc.). Offering a tool that can set aside monthly the proportional amount of annual, biannual or quarter expenses could save a lot of headaches.



Personal Finance Manager Module

IC Banking, Infocorp's intelligent omnichannel open platform, has a **Personal Finance Manager** module, which allows users to see their expenses and incomes classified by categories. They can graphically see the evolution of their incomes and expenses over the months, as well as setting a fix monthly saving budget with specific goals, from something small to something big, according to each person's preferences. Each bank can customize this module and include it within their channels.





Other examples:

Economy

It is a BBVA platform that helps control those very essential indicators for personal finances, such as saving capacity, financial buffer, saving goals and much more.

Economy even lets you compare your expense level against other customers who have profiles similar to yours. You can connect all your accounts to analyze your economy's full data.



Mis presupuestos
Con tus presupuestos ahorrarás mes a mes y podrás comparar tus gastos con lo que habías presupuestado.
[Créate tu presupuesto](#)

Mis metas
Cuando tengas movimientos podremos decirte cuáles serán tus próximos gastos e ingresos y cómo acabarás el mes.
[Descubre las metas](#)

Compárate
Averigua si gastas más o menos comparándote con otros perfiles similares al tuyo.
[Activar](#)

Mi panel Economy

Tu mes: 01 sep. - 30 sep. Productos seleccionados (5 / 5)

Salud Financiera
Con BBVA Salud Financiera podrás conseguir el colchón financiero que quieres. Analiza y compara tus gastos y descubre cómo ahorrar.
[Acceder](#)

Ten una visión completa de tus finanzas. [Conecta tus otros bancos](#)

- Mi panel Economy
- Salud Financiera
- Salud mes a mes
- Mi día a día
- Resumen Mensual
- Movimientos previstos
- Mis metas
- Mis presupuestos
- Compárate



MINT

It is a platform/application that lets you manage your finances effortlessly in one single place. It allows you to link all your accounts to have the full information of your financial life.

You can do everything to improve control of your personal finances. From creating expense budgets, setting concrete goals to create alerts for payment due dates and bill due dates in order to avoid having extra expenses due to arrears.

These are only some of the examples of what Mint can do to help you in your personal finances. With over 20 million users, it is one of the most popular free personal finances apps in the United States.

Cree presupuestos a los que realmente pueda ceñirse

Calculamos el gasto promedio por categoría, para que pueda crear fácilmente un presupuesto basado en patrones de gasto. Vea cuánto está gastando en qué, año a año o mes a mes.

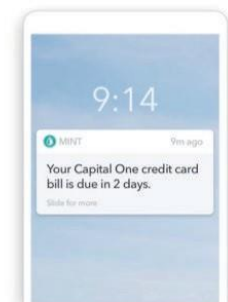


Cumpla sus objetivos presupuestarios

Planifique con anticipación y vea cuánto ahorrará recortando en cualquier categoría. Incluso puede planificar gastos únicos y gastos mensuales recurrentes.

Diga adiós a los cargos por mora con un rastreador de pagos

Reciba recordatorios de seguimiento de facturas para que pague a tiempo y reciba alertas si los fondos son bajos.



Recibe alertas y recordatorios de pago de facturas

Vigilamos las cosas para que usted no tenga que hacerlo. Cuando se acerquen las fechas de vencimiento o los fondos sean bajos, se lo haremos saber. También le mantendremos informado de cualquier cargo por excedente, recargos por mora o actividad sospechosa.



Conclusion

People will have positive and real results on their economy if they do their part, perseverance, habits and a proactive attitude are essential to succeed, and it's usually the hardest part to keep in time.

But without tools or knowledge, the effort that every person has to do is too much and only those with strong motivation will end up doing it.

That's why, making strong tools and the proper training available will be essential to achieve positive results and for people to love their banks, which is our mission at Infocorp.

Achieving high financial wellbeing through the improvement of personal finances today is a challenge most feasible than ever.

**It's possible and, it's also necessary.
Are you in?**



Let's talk about our
Personal Finance module
or about whatever you
want.



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