



**Finance apps and online money tools with
Steve Jackel of My Prosperity**

Woman: Welcome to the FinancePath Podcast, where we discuss all your burning questions relating to money, property and investment for every stage of life. Now, here are your hosts, Mark Attard and Chris Collard.

Mark: Welcome, listeners, to our next edition of Money, Property and You, and today I'm joined by Steve Jackel, the CIO. Is that right, Steve?

Steve: That is right.

Mark: I've got CIO of online personal finance portal, My Prosperity. Welcome, Steve.

Steve: Thank you, Mark.

Mark: It's the start of the new financial year, and we've been talking about money management and in particular we started to narrow our focus and look at all of the online money management tools that are out there, and apps, that are designed to make money management a little bit easier and hopefully a little bit more engaging. So I'm excited to catch up with you and find out a little bit more about My Prosperity, the My Prosperity story and what your platform does. So give us a little bit of background. What, I suppose, is the My Prosperity story? Give us the infancy and where we're at right now, and I suppose the cusp of exciting things that you're about to embark on.

Steve: Sure. I guess it really all started with a bit of an idea and a bit of a frustration, and that was one where with my personal finances.... There's a lot of different parts to that and it was just hard to keep track of everything. I was motivated enough to actually keep a bit of a spreadsheet, where I was trying to update it every so often with what's going on.

Mark: You were one of them, a spreadsheet, yeah?

Steve: Kind of, yeah. A bit of an ad hoc spreadsheet and I just found out it took a lot of time, it was always out of date and there was often things missing. So I guess for me it was really around, I just wanted one place where all of my stuff just lived. So I could just go there and just see, here is what's happening with all the different areas of my financial life. To me being in technology, it just seemed like technology was set to solve that problem.

Mark: Yeah, okay. So specifically, well, share with our listeners, because some of our listeners may have heard of some of the retail offerings out there such as a Pocketbook, etc. that...online money management or apps, etc., that they can use. Give us a little bit more background as to what the actual My Prosperity platform does? Talk us through that.

Steve: Yeah, sure. So, I guess there's a lot of different apps out there and a lot of them do individual functions. They might help you with some budgeting for example and checking your cash-flow, or they might help you with storing some documents somewhere. To me those were important parts of it, but that wasn't all of my finances. So I guess what we started with is really a balance sheet. What's all the stuff that I want to know and how can I actually get that in one place? So what we do is we actually bring in data feeds from pretty much everywhere. So for example my house, I can just put in my address and we pull through the current market value of your house from Archidata which is Canada's real-estate information.

Mark: Yeah, yeah. So I get a snapshot of what my asset and liability sort of statement is like. So I can find out about the value of my house.

Steve: Yeah.

Mark: I can do the same with the car?

Steve: Absolutely, you put in the make and model of your car, powered by RedBook which runs car sales. I guess the beauty of this is not only is it quick and easy to actually add it, but you get a current market value of that asset, and then it tracks it over time. So whenever I go in there I can just say, "Here is what my house is worth. Here is what my car is worth." And without any work.

Mark: Yeah, and so that's one part of it, it's a couple of the assets. Talk us through how you capture the information associated. So you can also capture the information on not just all of my bank accounts. So, if I've got multiple accounts, say I've got one with the ANZ Bank and then I've got one with NAB and then I've got my super with another mob. You can aggregate all of that data. You take feeds from every one of those accounts, and put it into a live current asset liability sort of all personal feature, yeah?

Steve: Absolutely. So we work with bank accounts, credit cards, home loans or other loans. We even hook into your super annuation as well. And that brings through, not only the current balance which obviously gets updated, but with bank accounts and then credit cards and things we bring through the transactions as well. So you've got the full details of those, and it's important for us to not work specifically only with a few institutions. But we've tried to go as broad as we can, literally a couple of hundred different financial institutions around Australia. So all different account types. So that way it's fairly agnostic. It doesn't matter where you're banking or if you're having credit cards with one bank and your home loan with another bank. You can find the right deal for you and still bring all that information into one place.

Mark: So we've got the aggregations, so that's a snapshot of your current financial position and you talked about before around that sort of budgeting component as well too. So people can start to get a bit of an understanding of tracking their spends, etc. And no doubt that would appeal to some users. But your business model or My Prosperity's business model is a little bit different from the others that are out in the marketplace, who are primarily a platform straight to end-user. So it's a business to client type model. You guys have changed that up a bit and you've looked at a different model. Can you explain a little bit more for our listeners, as to how they would get access to the My Prosperity platform?

Steve: Yeah, sure. I guess what we found, we did quite a lot of testing with this product as we were building it. Because we wanted it to work for not just people with a financial background, but just regular normal people who are able to just get on here and understand what's going with their finances, and that was quite important. As part of that testing we actually could see the people who were, I guess, getting the most usage out of this platform, and actually achieving the best outcomes in terms of their own personal goals. What we found is that there were a small percentage of really, really motivated individuals who...

Mark: The ones that create spreadsheets like yours?

Steve: Yeah, those people who create spreadsheets. Who were just maybe the small percentage of really, really motivated people. But the other group that were actually getting some of the best outcomes, actually were working with some financial professional, whether that was an accountant or an adviser, to help them actually plan their financial path and also help lead them, and even sometimes motivate them, to

achieve those outcomes. So for us there was a big insight in that that just alone, some of these tools only worked for really motivated people. For the majority of people and we really want to help all Australians get to a better place with their finances, it was really about partnering up with those advisers, to help them on the path.

Mark: Yeah. So we're one of them. We've engaged with My Prosperity. So I'll put that out there, to provide this sort of information and access to the tool via our website and the feedback that we've got from our clients is, certainly, certain features and benefits that some people are drawn to. It's quite interesting that you mentioned the true benefit or a large number of the benefits they get by consultation with a finance professional. So the feedback, I'd be really interested to understand. What's the sort of feedback that you've got?

So, there's two markets there. We're talking about the end-user, so our listeners that are sitting and they're going, "Okay, so there's this platform that helps me manage my money, and if I want to get access to it, I can get access to it by engaging with it via my finance professional." And that could be an accountant, it could be a financial planner or it could be a mortgage business like ours. What are the insights that you've got from the end-users, and what are the insights that you've got from the finance professionals and are they different? What are people loving and what are they drawn to?

Steve: Absolutely, yes they are very different. So I guess at the end of the day, most individuals don't actually go home for the weekend and think, "You know what, I'd love to just spend some time with my personal finances." Strangely that isn't what really motivates people. What they really love is they want a nice home, they want a nice car. They want to be able to go on holiday every so often, they want to put their kids through school. Whatever point they are at in their life, that's what's important to them.

Mark: So more aspirational is what you're saying there, as opposed to sort of from the budgeting perspective and going, "Is this little thing in my hand or on my laptop going to tell me that I've only got 50 bucks left to spend this week?" I don't want to know about that, you're talking about the more inspirational stuff.

Steve: Absolutely, and budgeting is definitely part of that. Don't get me wrong. It's important to know where your money is going and then go, "Have you been over spending or are you doing a good job." But really

it's about where are you going in life and what's important to you? If that makes sense.

Mark: So within the tool itself then how does the tool itself cater for those desires of those clients? So to being able to track, getting that ideal home or being able to upgrade the car or send the kids to private schooling, etc. What are the features within the tool that help them to, and their professional I suppose, keep track of that and see whether they're on track?

Steve: Absolutely. So, I guess one part we've spoken about is that balance sheet, that's real time. So, whenever you go in there you can see, "Here is where I'm at with my net worth." Then you've got the budgeting component or the cash-flow, and we try to make that really simple. So most of that happens automatically. Your transactions come in, they get automatically classified for you. You can see how much you spent on groceries in the last month or eating out, or whatever it is and so you know where your money is going.

Then the next component is usually something that happens in conjunction with one of those advisers, where you set out a plan. What is it you want to do? Do you want to buy your first home? Do you want to buy an investment property? Do you want to have a plan for funding your kids going through school? Do you want to plan for retirement? What is it that's important to you? We have goals in there that you can set, but then also track those against what's actually really happening in your finances.

Mark: And it's all real-time data. So that's, I suppose, a really important part of the equation. As you said, when you go back to sort of your background, your history in creating those spreadsheets. That's all past tense, it's always got to be manually updated. So I'm a big believer, and what excited me about... And what's excited me about this area for a couple of years now, is the potential for...to save people time, it's massive. That I think at the end of the day is what people are always wanting to get back. If they could utilize a tool, an app, whatever form it may actually come in, that gives them back their time, it gives them some clarity and some accountability over how they're going and where they need to go. It's got the potential to alleviate a lot of what we see in financial stress in households at the moment.

Steve: Absolutely.

Mark: So what about the advisers? So we talked about, that's the sort of stuff that that aspirational stuff is the stuff that gets the end-user excited. With your business model, talk to us about what the accountants are telling you. What are they liking about the tool? What insights and what, I suppose, benefits is it enabling them as a business to give to their client?

Steve: Sure. I guess it actually completely changes the dynamics of the relationship with their clients. So, for example, a client comes in to meet you, the accountant or adviser also has access to that information. So it changes the meeting completely, rather than coming in and maybe you as an adviser bringing out your file notes and saying, "Now, are you're still in the same house? You still got the same car? What's been happening with you?"

You don't have to ask all those basic questions to find out what has been happening. You can just bring up your My Prosperity platform. A lot of them have a big TV in there at the corner of their office, and actually with the client in real-time actually go through what's actually happening in the balance sheet, what's been happening with their finances, how they're going with their goals. You know, actually talking a lot more I guess positively and proactively about where the clients want to go, rather than just trying to find out where they've been.

Mark: So it changes that discussion. It probably gives again from a time perspective as well, it saves that feeling out process again and possibly that pre-work that needs to be done, either by the client or either by the adviser. To turn around and say, "Okay well where are you at right now?" That "Where are you at?" question is answered, it's sitting there. It's live, it's visual. So there's graphical representations. As you said it changes the context to be more of, "Okay, so where are we spending more time or where are we going?" As opposed to, "What is going on?"

Steve: Absolutely, and I guess we find that the clients are very engaged in the process. It's very visual. They respond really well to it and they get quite engaged as well, excited about the plans and what's actually happening. I guess the other thing that the platform really helps to uncover is the needs of the client. So sometimes they might have one particular thing on their mind, but there's some other areas that they need to actually get some help as well. Rather than sometimes they can be easy to be focusing on, doing the tax or solving one particular financial problem, when there's actually some other things that need to be addressed as well.

So built into the tool, there's some little, I guess, like mini surveys or little questions and things like that, that you can set up to ask the clients, just to check how they're going with certain things. So for example, "Are you happy with your plan for retirement? How are you going with paying off your debt?" They're always fun and interactive. Sort of say, "Ah, yeah, ah, that's not going so great." Or, "Ah yeah, that's going pretty good." And very quickly the financial advisers or accountants are able to look through their clients, and actually see who needs help.

Mark: Yeah, it's interesting, you talk about that that interactiveness and we were saying like, a lot of people don't go home and think about, "How is my financial life going?" They probably don't do it consciously, but subconsciously in some way their financial life is impacting on other areas of their life. Whether they're stressing about not having enough, whether they're wondering about where their money is actually going. Or sometimes we see a large number of people that know they should be doing something more, than what they're doing.

So they're cruising. They go, okay. They've got enough money coming in, but they're finding, like 99% of the population, what's coming in, pretty much goes back out. And there comes a point in time, where they sit there and go, "Hang on, I need to, or I should be, doing something more." So this tool also plays a role in, I suppose, regular engagement, that regular tracking or the ability to regularly report and allows the adviser to say, "You know what? Keep them a little bit more accountable to themselves." Yeah?

Steve: Yes, absolutely. We have a built in communication mechanism, which basically means that the adviser or accountant can set up some different communications to automatically get sent out to their clients. So for example you can set maybe every three months, you're going to send out a summary of how your net worth is going. Maybe every month you're going to give them an update of how they went with their budgeting and how their property is performing, etc. So there's all these different areas that you can just sort of send out, remind your clients, "Hey, just check how your goals are going, maybe you're falling a little bit behind."

Mark: Yeah. And the power of the tool is the ability for the client or the end-user to control that, but in consultation with their adviser. So if I'm a client and I am looking to utilize the tool, the accountant might have introduced me to it. There is the capacity to build my own little team. So

I can share and determine what sort of information that I share in the portal with each one of my advisers. Yeah?

Steve: Absolutely, and you can also customize some of those communications on an individual basis, around what it is that that person needs to receive. So that way they can get the email, jump on their iPad or on their phone in the land room. Just check out how are things going, get a nice little report. Then if they're not feeling so comfortable with that or they have a few questions, usually help is one click away, so just click Help and Email, all the communication goes off to the adviser. "Hey, this person just wants to touch base with you and get some help in this area."

Mark: Yeah. Great. I'm an end-user and I've got a number of different apps that are out there or portals or whatever we want to term them. There is a few in the marketplace that I have just started with, like I'm trying to feel out and get an understanding for, and the majority of them carry some sort of small cost or they're free to use like at base level, and then you need to upgrade and pay something for an upgraded model that's got, I suppose, more features and functionalities. From a My Prosperity perspective, what is it about the My Prosperity tool that separates it from the other apps and the other tools that are in the marketplace?

Steve: I guess we were kind of crazy enough, if you like, to try and take on the challenge of bringing all of that into one place. So a lot of the different apps, they cover one area. They might cover the budgeting component or cash-flow component or they might give you some values on your home, or they might give you a place to store all your important documents. We really think it's important to actually have visibility over all of those. So from that perspective, as far as I know, there really is no other one place that you can go as a client to see all of this information and particularly with that deep integration with the advisers and accountants. So they're there, they have access to the information that you want them to have access to. The help's right there, it's all integrated into one platform. That's quite unique.

Mark: Yeah, so that helps a bit. That help component or that adviser component I suppose. And I know, from our perspective as well too, that even when you've got the spreadsheet people that have done their spreadsheets in the past and then started to integrate and use the tool. There is definitely a time saving component to it, and they get excited about that. But there is still that element of them wanting to ask the

question, and in essence not necessarily be held accountable to what they're spending so much, but turn around and say, "Guys, this is what you want to achieve..." Again, that aspirational side of things, we've found to this point, has certainly been more motivating.

It's interesting, there's plenty of, especially overseas personal finance apps. They've seen millions of users embrace them. I think Mint was possibly one of the first apps out in the marketplace that made significant inroads, and there's a number of them especially in the U.S., that have gotten millions of users and I understand they've got a bigger population. But here in Australia, would it be fair to say that we're still probably in our very early stages of embracing this type of technology and trusting it, to the same extent that we've seen overseas? Where are we at in our journey, I suppose, is my question?

Steve: Yes, Mark, I think you're right in terms of Australia is maybe a little way behind the U.S. in terms of embracing some of this technology. At the same time, I don't necessarily think that's a bad thing. I think Australians are quite, I guess, savvy in the right ways in terms of making sure that they're getting good information and good advice around their finances. To me it's important that you understand that the platforms are actually independent, that there isn't sort of an agenda or something going on with those products. Definitely there are products out there in the Australian marketplace, which really are around selling some particular products or finances, financial products around that tool.

Mark: Yeah, it's interesting, you mentioned that. Because, correct me if I'm wrong, the models of those different platforms or the different apps and especially the ones in the States. I think it was the same way, their remuneration model, especially when they're providing this platform or this app for zero, you always sit there and you go, "Well, how are you doing all this? This doesn't cost small amounts of money to build this technology and use this technology. Where are they going to be able to make a buck?" And it's primarily been by recommending or putting forward and getting sponsored other types of financial services and products. So those financial service providers or those products providers, pay to get obviously those recommendations. Or, sorry, the tool would get paid when they recommend a particular product and someone goes ahead and buys that credit card obviously.

Steve: Absolutely. I guess that leads to the potential of some bias in there potentially and things like that. And I guess for us it was very important to just have a very neutral platform. So it's not about pushing

you towards one bank or one set of particular financial products. In conjunction with your adviser, you should work out what's right for you and go with those products. Regardless of what they are, they can come into app level.

Mark: So for you guys, the remuneration model is that you make your money off the advisers that at the end of the day are providing this tool to their clients. Yeah?

Steve: Correct, that is absolutely right.

Mark: Yes. So it's a very different sort of remuneration model. It's interesting you talked about, you think Australians primarily are relatively savvy. They'll sit there and they'll want to understand a little bit more as to what they're going to get out of a tool. Have you got any thoughts? We recently just saw ANZ, they've got a money management and all the major banks have one. But it's just for their accounts primarily. ANZ's, I think, was a little bit broader. But primarily for just their accounts. We've seen them just pull their tool from the marketplace or from their users, which I found really interesting and I think the line was that we're seeing changes in habits, of how users are interacting digitally. Have you got any thoughts or insights as to why that would lead themselves to pulling something like that from the marketplace?

Steve: Yeah, it's a very interesting topic actually. Overall consumers are becoming more and more online, in terms of their habits. Additionally they want to interact with their finances online, that's definitely a trend. For me I can't imagine whether it's one year, two years, three years' time, that there will be anyone who doesn't have one place they can go to get all their financial information. It's just so useful, so handy.

Mark: Just like a mobile phone.

Steve: It's just like a mobile phone, it's inevitable. It's so much easier to just run your life basically when everything is in one place. That's something that people definitely want. At the same time I think particularly with Australians, they're quite savvy and maybe a little bit suspicious of, if a particular financial institution is offering a product then, "What are the outcomes of that product and what are the recommendations going to be? Are they going to be really the one that's the best for me?" That's where there's potentially some question marks and some of the reasons behind some of those products being pulled. Yeah.

Mark: Yeah, cool. And so do you think there is anything else that needs to happen or, I suppose, change in the marketplace, or the offering? So whether it's, I suppose, the attitudes of end-users, or whether it's features within the tools that are being offered by providers such as My Prosperity, to see this sort of new technology become more common place? Or is it a just a matter of like with everything else, it becomes the norm all the time and it creeps up on people and it's just what you do? Just like Internet banking. At the end of the day Internet banking is what most people do now. Ten, fifteen years ago, that was quite foreign. Do you feel that it's going to be much the same sort of way? Or is there as I said improvements that have to happen within the tools, that make people turn around and go, "Cool, I must have that?"

Steve: Yeah. I think the Internet banking is a great example, because that sort of shows how Internet banking, originally, no one was going to do that, "No one will do their banking online. That will never happen." And now today, almost everyone does. The time-frame around that adoption was maybe 10 years, 10 to 15 years, as you said. Technology adoption is happening a lot more rapidly these days. So to me, from where we are today, where smallish numbers of people are really embracing their finances online, to the point where everyone realizes that it's just easier and it's almost the expectation of that's what you have, I think will happen in a lot shorter time-frame than the bank adoption.

I think the other thing is just realizing the expectations of consumers. People are now sort of expecting that there's that online or technology solution. And I guess if they have a choice between going to an accountant or adviser or a broker who brings out a piece of paper and starts asking them a whole bunch of basic questions vs someone who has these technology solutions that can actually harness a lot of that, and having to make a choice between the two, I think it becomes a no-brainer which way they're going to go.

Mike: Yeah, yeah, there is no doubt that it's definitely, it feels like it's this whole piece, this technology, it's coming and it's exciting and we're excited also to be able to offer it to our clients. So thanks for your time, Steve. Listeners, if you're keen to learn more about this exciting new technology and how it can help you, log onto our website, www.financepath.com.au. Click on the Our Services at the top menu and then click on Money Management, and register for your free 30 day trial with the tool.

The feedback that we've got from our clients to this point has been really insightful and interesting. So, yeah, thanks again Steve for your time. Next week, guys, we'll be sharing a couple of real life client stories, and how two couples who started in the same financial position...I don't know if you've seen those ads, where you've got the superannuation people and one's in one boat. They started the same and somebody else invested their money a little bit different, and you see the difference in the balances. We're going to do the same sort of thing. Where we're going to share with you some stories of clients that we met around about eight years ago now for the first time and now find themselves in very different financial positions. What are the three most important things that they did and they didn't do, to end up in their current situations? So, thanks Steve and we'll catch up with you guys next week.

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