

# Improving your financial health with FinTech

## *A beginner's guide to personal finance apps*

A Consumer Action Publication



Financial technology (FinTech) is the use of modern technology, such as the internet and apps (downloadable mobile software), to develop powerful financial services tools for consumers and businesses. For those who are motivated to improve their finances and dedicated to working toward their goals, FinTech can make the process more convenient, efficient and even rewarding.

This guide will introduce you to the types of FinTech tools available and how they can help you. It will also tell you what to consider when choosing an app and how to stay safe when using FinTech.

## What you can do with FinTech

There's a FinTech tool for just about any money management task you can imagine. Using just a smartphone (or other device), an app and an internet connection, you can:

- Open, access and manage your financial accounts
- Check your transactions and balances
- Send and receive money
- Pay bills
- Set financial goals
- Create and update a budget
- Track and analyze your spending
- Save and invest
- Plan for retirement
- Check your tax refund status
- Check your credit reports and scores
- Get reminders and alerts

While FinTech apps generally do offer a limited educational component, financial

literacy services offered by non-profits and community groups (in person or online) provide a level of personalization that technology can't match. If you are new to personal finance, one-on-one and group coaching helps you understand what you need at the different stages of your life, why you need it, how to make wise choices and how to overcome obstacles along the way. FinTech apps enable you to apply what you have learned.

## Advantages of FinTech

While "FinTech" might sound intimidating, you are already at least somewhat familiar with how financial apps work if you access your checking or savings accounts via the internet (about two-thirds of consumers do!). Convenience is the main reason online and mobile banking is so popular. In addition to convenience, FinTech tools can offer:

**Accessibility:** Being able to access virtually

any financial tool or account from your smartphone opens up a whole new world of choices, particularly if you live in a rural or underserved area or are homebound.

**Savings:** Among other things, FinTech tools can help you avoid costs such as non-sufficient funds (NSF) fees by sending you a “low balance” alert, or make it possible to transfer money (even internationally) free or for a reduced fee. Mobile banking saves you the cost of traveling to the branch to deposit a check.

**Automation:** Putting financial tasks on “autopilot” can help you avoid late payment fees and build up your savings faster (by automatically moving money into your savings account).

**Efficiency:** Apps save time by automatically pulling together needed information from your various accounts and other apps, running calculations, analyzing data, providing reports and generally doing things in seconds that would take you hours—or longer. (There’s more than one app that allows you to see all your accounts on a single “dashboard.”)



**Accountability:** Real-time data—and alerts—can be just the thing you need to stay on track and avoid derailing your budget. (One app notifies you when you’ve overspent in a particular category by sending a sad-face “emoji.”)

**Motivation:** Some apps make achieving your goals easier by offering incentives or rewards. (For example, one pays a quarterly reward that equals .25 percent of your savings balance, providing motivation to save more.)

**Education:** General information and practical tips can help you continue learning and encourage wise financial choices. (One credit monitoring app that delivers your credit score tells you how much house you can afford and what steps to take to improve your credit to qualify for a home loan.)

## Choosing FinTech apps

As with any product, you should shop around and vet (research) FinTech tools before choosing one. Here are some things to look for:

**Compatibility:** If you will be using the tool on your phone or tablet (rather than accessing it on a website), find out if the app is available for iOS (Apple) or Android (Google). (Many are available for both systems.) Check the app developer’s website, or visit the Apple App Store or Google Play Store.

**Features:** List your priorities and then narrow your options. For example, if you need the tool to integrate with (“talk to”) your bank accounts or other apps, then check that first. If you want it to also pay



you a reward when you reach a goal, look for that next. If you have a number of priorities, you might not find an app that meets all of them, but try to get as close as possible.

**Cost:** Many apps are free. Some charge a one-time fee during download. Others charge a monthly fee, or fees based on activity—for example, a transaction fee if you wire money overseas or a “low balance” fee if your balance drops below a certain level. Still others make money off of advertising or “partnerships”—something you should be aware of before trusting a product “recommendation” or jumping on an offer to apply for a particular credit card.

**Privacy and data use:** Read the company’s privacy policy and user agreement before downloading the app or opening an account to find out how your personal information and/or the data on your device could be used. (If there is no privacy policy, or if you don’t like what you read, choose a different app.) Here are some tips for “How to Read a Privacy Policy”: <https://oag.ca.gov/privacy/facts/online-privacy/privacy-policy>.

**Satisfaction/ratings:** Before downloading an app, read reviews to make sure the developer is legitimate and users are satisfied. “Google” the name of the app along with the word “reviews” or “ratings” to find industry reviews (by companies such as CNET, PCMag.com and TechCrunch) and, in some cases, individual user reviews.

## Finding FinTech apps

If you have a financial account, the financial institution almost certainly offers an app for accessing it. Banking apps can be helpful and easy to use, but their functionality is limited.

If you want more, you’ll need to turn to one or more FinTech apps. Here are some lists that can help you find what you want: NerdWallet’s “The 7 Best Budget Apps and Personal Finance Tools for 2019”: <https://www.nerdwallet.com/blog/finance/budgeting-saving-tools/>

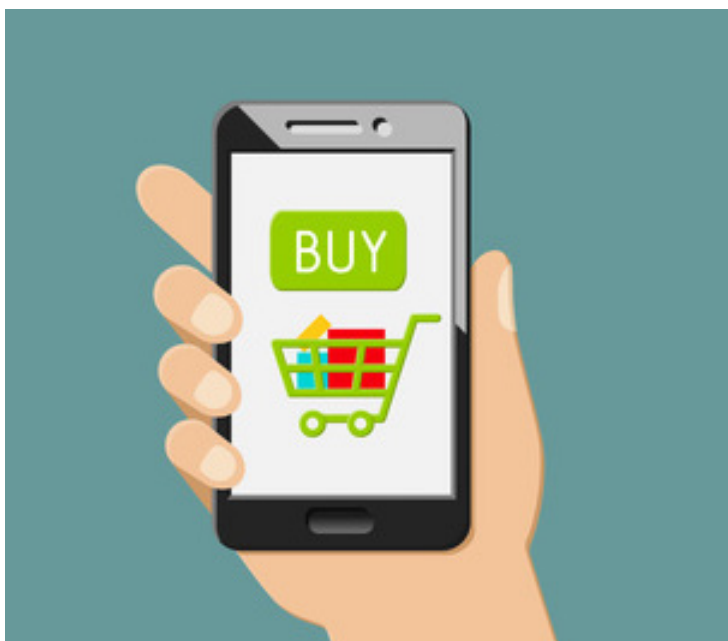
PCMag.com’s “The Best Personal Finance Services for 2019”: <https://www.pcmag.com/roundup/300724/the-best-personal-finance-services>

Tom’s Guide’s “Best Budgeting and Personal Finance Apps”: <https://www.tomsguide.com/us/pictures-story/548-best-budget-expense-apps.html>

## Using FinTech safely

Every type of technology—including the internet and apps—presents risks. But following these simple yet effective “dos and don’ts” will go a long way toward protecting your privacy, personal data and account security.

**Do** verify the legitimacy of an app before downloading to avoid malware (malicious software that can steal, corrupt or lock



your data) and unauthorized charges.

**Do** set your mobile devices (and computer) to require a password or PIN to start or wake up. (Learn how to do this on Apple [<https://support.apple.com/en-ph/HT204060>] and Android devices [<https://support.google.com/android/answer/2819522?hl=en>].)

**Do** create strong account passwords and change them regularly. (Read ConnectSafely's "Secure Passwords" tip sheet: <https://www.connectsafely.org/wp-content/uploads/qg-passwords.pdf>.)

## About Consumer Action

[www.consumer-action.org](http://www.consumer-action.org)

Through multilingual consumer education materials, community outreach and issue-focused advocacy, Consumer Action empowers underrepresented consumers nationwide to assert their rights and financially prosper.

### Consumer advice and assistance:

Submit consumer complaints to <https://complaints.consumer-action.org/forms/english-form> or 415-777-9635 (Chinese, English and Spanish spoken).

[connectsafely.org/wp-content/uploads/qg-passwords.pdf](https://www.connectsafely.org/wp-content/uploads/qg-passwords.pdf).)

**Don't** let your browser or device save login information if given that option.

**Do** log out of your account and/or app (extremely important if you use a public computer or shared device to access your accounts).

**Don't** log in to your financial accounts on public Wi-Fi. If you plan to use a mobile app to make a payment, file your taxes, access your bank account, etc., use a secure wireless network or your phone's data network. If you must use public Wi-Fi, use the company's mobile website rather than an app; you can check for the *https* in the web address, indicating a secure connection. (The Federal Trade Commission [FTC] offers "Tips for Using Public Wi-Fi Networks": <https://www.consumer.ftc.gov/articles/0014-tips-using-public-wi-fi-networks>.)

**Do** promptly install operating system updates that fix security issues.

**Don't** fall for "phishing attempts"—calls, emails or text messages asking for your password, account number, Social Security number or other sensitive information. (Learn more at the FTC website: <https://www.consumer.ftc.gov/articles/0003-phishing>.)

**Do** turn on features or install apps that can locate, lock or erase your device remotely in case it is lost or stolen. ■

## About this guide

This guide was created by Consumer Action with the support of the Financial Solutions Lab, managed by the Center for Financial Services Innovation with founding Lab partner JPMorgan Chase & Co.