**HelloWallet**

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**Behavioral Finance Opportunities for HelloWallet**

Many people often wait until they are in financial stress before they reach out for help planning their future. The concept of budgeting and saving for the future is quite intimidating for many people, but that fact also presents a unique opportunity for companies such as HelloWallet. With over 70% of Americans living from paycheck to paycheck, it is easy to see why many people do not want to confront their financial situation. By providing a simple and user-friendly interface for consumers to get their finances in order, HelloWallet can help bridge the gap.

While most people have the ability and know-how to compare services and products online, when it comes to setting a budget and planning your finances people tend to search for a simple and understandable tool. HelloWallet can take advantage of this opportunity by providing a simple onboarding process that asks customers a variety of basic questions to build an investor profile. By creating this profile, they can then offer each investor a range of products that might fit their specific needs. Most if not all of HelloWallet’s competitors are taking incentives from financial service companies to push their products on their users. HelloWallet is unique in this aspect as they simply rely on a subscription fee to fund the business and then let users decide which product is actually the best for them. HelloWallet can show their users that they are not just looking to make money off them, and that the relationship can be mutually beneficial.

**Behavioral Finance Challenges for HelloWallet**

HelloWallet’s major challenge moving forward all lies around the fact that many Americans are not financially literate and do not want to come face to face with their financial future. If you think that you will likely be facing some bad news if you do something, many people tend to avoid it for as long as possible. No one wants to hear that they are not prepared for the future and overcoming that barrier with consumers is HelloWallet’s toughest task in building a lasting service. The key to breaking down this wall is building a comforting and lasting relationship with clients. If you can get your clients to trust that your company truly has their best interest at heart, people might be more prepared to take on the task of planning their future with your help.

Another major challenge in getting consumers to adopt HelloWallet as their new financial management tool is the resistance to change that comes naturally as a human. People do not like changes to new things that they are not prepared for and tend to stay in their comfort zone. Many will want to stick with the status quo as it has worked for them up until now. Changing the way you handle anything, let alone finances, is a task most people just are not ready for. HelloWallet needs to show potential customers that change can be beneficial by providing a welcoming and comforting interface that makes users less intimidated.

**Market Forces Creating Opportunities and Challenges for HelloWallet**

HelloWallet’s biggest challenge compared to the market of competitors is their revenue model. While Mint and Yodlee receive incentives from financial services providers to promote their products, HelloWallet remains completely independent. Instead, HelloWallet is relying on recurring revenue from subscribing customers. While this is a challenge, it also represents an opportunity. This could be a major selling point for HelloWallet, as they are fully independent to choose which financial products they recommend. Coming off the financial crisis of 2008-09, many people are still wary of trusting the financial system. HelloWallet’s independence from these financial institutions is a major promotional point which makes them stand out as a more trustworthy source of financial advice.

When comparing the services themselves, HelloWallet is not completely unique. Both Mint and Yodlee came to the market first, and they offer the same tools to track spending, create budgets, pay bills, and aggregate accounts into one space. Further, it is expected that many banks will also enter the personal financial management (PFM) space. This could be a major disruption in the industry because customers seeking simplicity can opt to keep their accounts under the same system without using a 3rd party. Many consumers are still very skeptical about putting their financial information online. In fact, this was the biggest fear brought up by consumer focus groups. Regardless, the market opportunity for the leading PFM service is large. The ability to eliminate stress points for consumers is a feature that many great companies have used to dominate markets. For example, Apple prides itself on its ability to reduce stress points in existing technologies as a form of innovation. Considering personal finance is one of the biggest stress points in everyday life, HelloWallet has a large market opportunity which could revolutionize personal finance.

**HelloWallet Resource Allocation**

The resources should be allocated evenly between the direct online field and the corporate field. The corporate field should be strong and have people who generally understand some finance terms that could be used on the program. The Online field has almost unlimited possibilities, given that the number of customers available to reach is limited only by their ability to reach and use a computer. Solely funding one or the other could cost the company its livelihood. Since the product is being promoted at fortune 500 companies it looks legitimate and since it can reach more customers online it doesn’t have a real ceiling, HelloWallet is receiving a consistent percentage of clients per company that can spread the word of the good job that HelloWallet is doing. Until the internet starts to rapidly grow faster than the Corporate distribution channel, HelloWallet should allocate its resources evenly.

**HelloWallet Pricing**

The Prices of the direct-to-consumer (DTC) and enterprise channels should be similar because any significant price difference would result in distrust from HelloWallet consumers. If the price was significantly cheaper for the DTC channel than the enterprise channel it would impact half of your potential sales. If the prices are similar, as they should be, the enterprise customers would be reassured they aren't being swindled. The added benefit of charging the same for both channels is that the DTC channel will collect extras profit for similar work. A capped commission pricing strategy seems most appropriate for HelloWallet with a free subscription service for low-income families to increase positive press coverage. Individuals and organizations with a higher net worth and funds will have to pay a slightly higher percentage of total assets to receive financial guidance and budget advice. However, low-income families could utilize the service for free until they reach a higher level of funds and are able to eventually pay for the service. This will also increase positive press of HelloWallet and possibly market share in this crowded market.

The free trial seems like a necessity in a polluted market pool, where the competition is offering free service. The free trial shouldn’t take credit card information until the free subscription is over. Asking a potential customer for their credit card information is a deterrent and exudes that the promised service is a scam. Waiting for the free subscription period to the end will allow the potential customer to experience the product and gain trust with the company. Since the competitors of HelloWallet use the same kind of services, potential customers may think the product is a scam if the credit card information is required upfront. Conversely, if the potential client is allowed to observe the system and how it works, they will likely have noticed that HelloWallet is not backed by any financial institutions by the time their free subscription is done.

Grade 40/40