**Empowering Financial Literacy in the Digital Age**

Who do we go when we don't know something?  The books? Teachers? Well I'm pretty sure we were all thinking about the internet. Why? Because it is easily to access and answers can be quickly determined. In this growing digital age, social media has come blazing in to be our financial advisor whether we chose to seek it or not.

(PROVIDE SNIPPETS OF TIC TOKS AND INSTAGRAM PICS OF FINANCIAL ADVICE)

But how can we trust it? With the rise of social media influencing our financial decisions, it becomes imperative for banks to offer credible and reliable advice. Enter Cleo – the innovative chatbot tool the provides personalised financial advice to users before they commit to purchasing such expense.

**Project Overview: Cleo – the Financial Advice ChatBot**

Cleo is designed to assist users in making informed decisions about their spending before they hit that 'submit' button when confirming such payment. This chatbot will provide support to help user either maintain or reach financial freedom, by simply evaluating the user's financial standing and provide a response to whether the user can or cannot afford whatever expense they wish to make.

Cleo operates on the widely recognised budget rule 50/30/20. To quickly summaries, this budge rule suggest users to divide their after-tax income into three distinct categories of:

1. Needs (which take up 50%) and are essential payments like rent, utilities, debt payments, etc.
2. Wants (which take up 30%) and are discretionary spending on non-essential items like dining out, entertainments, and/or hobbies
3. Savings (which take up 20%) and is allocated to savings, investments and/or building an emergency fund

To use Cleo, if users have an expense that they wish to afford but are not too sure about whether they can afford, or just need to extra support to make that purchase, they can go to Cleo and provide details of said expense.

* Cleo will prompt the user to provide information about the type of expense (either optional, essential or recreational), the name of the expense, and amount (per month)
* Based on this input, Cleo will then analyse the user's financial data, considering the user's revenue and expenses per month and calculate its respective percentage based on its expense type.
* If the user's percentages align with the 50/30/20 rule, then Cleo will advise that the expense can be comfortably afforded
* If the allocation deviates slightly or significantly from these boundaries, then Cleo will suggest financial adjustments or alternatives

Cleo isn't a replacement for human advisors but a valuable stepping strong. This financial advice chatbot acts as a virtual financial conscience, engaging users before each transaction to encourage mindful financial decisions.

**Project Planning: Cultivating Financial Consciousness**

Financial literacy is greatly declining. To develop financial consciousness it is crucial for users to be aware of every purchase that they; even the insignificant expenses which subtly yet impactfully effect our financial standing.

For instance, without financial awareness, routine small purchases like daily $6 coffees (totalling over $120 per month) or a $20 monthly music subscription can accumulate unnoticed, significantly impacting overall financial health. Many may perceive these expenses as easily affordable, equating them to just a few hours of work. However, this mindset can contribute to a paycheck-to-paycheck lifestyle, undermining long-term financial wellbeing.

Through Cleo, our team aims to tackle this issue by implementing an awareness wall that prompts users to pause before finalizing a purchase. Cleo provides personalized financial advice, helping users assess the affordability of expenses and encouraging thoughtful consideration (Can I afford this? Why or why not?).

However, it's important to acknowledge our human nature. There will always be desires that feel like needs but are actually non-essential items. True enjoyment of these purchases comes with financial freedom and Cleo will gently, yet assertively, remind users that distinguishing between wants and necessities is crucial for financial stability. Developing financial consciousness is the cornerstone of achieving a more secure financial future.

**Cleo Demonstration**

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**Cleo-GPT? Personalisation and Data Insights Improvements**

There are several improvements that can enhance the effectiveness and user experience of Cleo.

One approach involves integrating a Machine Learning model into Cleo to enhance its capabilities beyond the 50/30/20 Rule. By analysing user spending patterns, Cleo can offer customized budgeting advice. For example, if a user frequently overspends on dining out, Cleo might suggest strategies like meal planning or cooking at home more often.

Another strategy is to expand the categorisation of the user's financial data into two databases: one based on user input and another reflecting Cleo's interpretation of income and expenses. For instance, while a user might consider a music subscription essential, Cleo might categorize it as discretionary spending. This dual approach allows Cleo to build a comprehensive profile of the user's financial habits and goals. So when users seek advice at a Westpac branch, staff can access this profile swiftly, ensuring seamless continuity and enhanced service from Cleo to human advisor interactions.

**Cleo's Potential to Disrupt Traditional Banking Services**

Cleo's chatbot model has the potential to transform traditional banking services in several key ways:

One significant aspect is its ability to mitigate financial risks and unsafe spending practices. Serving as an early warning system, Cleo analyses users' financial data to identify potential risks, such as insufficient funds for essential bills, failure to meet savings goals, or missing interest payment deadlines.

Another critical role is complementing in-person banking services. Rather than replacing human expertise, Cleo enhances face-to-face interactions by offering initial advice and handling routine inquiries. For complex situations or personalised guidance, Cleo bridges the gap, encouraging users to transition to in-person consultations proactively identifying the potential financial challenges users may face, ensuring they are addressed early on.

The ultimate goal of Cleo is to empower users on their financial journey by leveraging machine learning, diverse budgeting rules, and data insights, thereby enhancing personalisation and effectiveness.

**Concluding Thoughts**

Cleo represents a future where banking services are available anytime, anywhere. It serves as a beacon, guiding users towards financial stability. But will this change be enough? Well, we think it’s a promising start.