# Part 2

The initial literature for our project involves a survey of popular budgeting applications on Android and iOS, such as Spendee and Mint, as well as spreadsheet applications that users may also use as a budgeting tool. We also investigated rationales of the users who eventually stop budgeting, and related this data to some shortfalls of the existing applications.

**Too much work**

According to Javelin Strategy and Research, 19% of Americans do not track their finances, and less than half check their account balances at all[[1]](#footnote-1). While there is little formal research on the psychology of budgeting, some suggest that it is ‘too much trouble’ to record and process day-to-day expenditures[[2]](#footnote-2).

In our survey of existing applications, we found a few common fields that requested the user to input: Amount, Time, Category, Vendor, and Notes. Usually, not all fields are required; however, the omission of one or more fields goes against the goal of a budget application to keep a thorough financial record. Once a transaction with incomplete field(s) is added, the user must search for it to complete them at a later time.

Another shortfall we witnessed is the lack of automated input for the fields of new transactions. Despite the technological possibility to leverage receipt scanners to find transaction details (receiptmate), or GPS locations to find stores (stackoverflow), the surveyed budgeting applications require the user to manually input values for each field of a transaction to be added. Though applications such as Numbers, Spendee, and Mint allow pre-set values for fields such as Category, Vendor, and Time, selecting these values still requires manual input from the user, and is more time consuming than automating inputs.

**Too much negativity:**

However, the biggest reason for budgeting failure is the feeling that it sets limits on a pleasurable activity[[3]](#footnote-3). While many people recognize, and are often reminded of, the importance of emergency planning and non-recurring expenses, such expenditures are seen as unavoidable; on the other hand, controlling the allocation of a budget to an enjoyable but an unnecessary expense is daunting.

Overview reports within the surveyed applications were brutally honest to the user about their spending history. All of the surveyed applications report user transactions in red once they have gone over the allocated budget. The default budget spreadsheet in Numbers will also report the total amount of transactions in the red, painting a grim outlook of the user financial history if users decided to go over their allocated budget. Although applications should be honest when reporting information, users may feel discouraged to continue budgeting if they are constantly informed of negative news. A notable example comes from Spendee, for which many users reported poor experiences due to repeated negative feedback from the application with messages such as "Have you lost your job?"

Financial planners recognize that budgeting is “highly subjective,” “highly personal,” and is “driven from within.”[[4]](#footnote-4) Taking into consideration the fact that people dislike constraints and shame, the strategy concentrating on rewarding good behaviour rather than punishing the bad is one that has been unfairly ignored by developers so far.

**Too much too soon:**

Personal finance professionals instruct their clients to avoid planning their spending immediately, and instead focus on analyzing their expenditures for a month or two.[[5]](#footnote-5) Popular articles echo the sentiment: the first step is to identify one’s spending habits[[6]](#footnote-6). Contrary to this, none of the options surveyed deal with the possibility that users might benefit from recording transactions before deciding upon a budget to follow. The existing applications also do not give recommendations to users for changing their budgets if they notice a consistent trend of missing the budgeting goal. These omissions can result in unrealistic budgets, which may eventually cause to users to give up.

**Too much trust:**

Of the applications surveyed, we established two types: those that require manual input, or those that require the users to authorize it to access their banking accounts. The former is time-consuming, and the latter is invasive. Some articles warn readers that some of the budgeting applications need personal passwords to be able to analyze their spending habits[[7]](#footnote-7), and, given that many people are weary of possible surveillance[[8]](#footnote-8) , that may prove to be problematic, if it is not already so. A benefit of being able to scan only the necessary data from paper receipts is the lack of saved metadata from the transaction, without needing to give up any personal information in the process—if the user chooses to discard the receipt image. This helps ensure the safety of the information, while providing users of the full benefits of convenience.

spendee - <http://www.spendeeapp.com/>

numbers - <http://www.apple.com/ca/ios/numbers/>

you need a budget - http://www.youneedabudget.com/

mint - <https://www.mint.com/>

<http://www.receiptmate.net/>

http://stackoverflow.com/questions/5028830/get-current-location-address-for-android-app

1. http://www.dailyfinance.com/2010/11/16/number-of-americans-ignoring-their-finances-doubled-in-2010/ [↑](#footnote-ref-1)
2. "Personal Budgeting: What Are We Trying to Do?" [↑](#footnote-ref-2)
3. Ibid [↑](#footnote-ref-3)
4. http://www.forbes.com/sites/moneywisewomen/2012/08/21/why-i-hate-budget-5-reasons-they-dont-work/ [↑](#footnote-ref-4)
5. "Personal Budgeting: What Are We Trying to Do?" [↑](#footnote-ref-5)
6. http://www.boston.com/business/personalfinance/managingyourmoney/archives/2014/01/personal\_financ\_2.html [↑](#footnote-ref-6)
7. <http://www.nytimes.com/2014/01/04/your-money/household-budgeting/review-apps-to-track-income-and-expenses.html> [↑](#footnote-ref-7)
8. "Poll: Most Americans now oppose the NSA program" [↑](#footnote-ref-8)