

April 17, 2017

FINTECH UPDATE: 5 FINANCIAL APPS TO KNOW NEXT

These five money apps are banking on Millennials for success...

Young consumers are driving the fintech revolution—according to study after study. Finance company SoFi reports almost 40% of 25-34-year-olds are using apps and digital tools for personal finance a few times a month or more. [According to](#) Bank of America's 2016 Consumer Spending Snapshot, mobile wallet transactions are up 267% with 18-34-year-olds, and spending is up 235%. "Venmoing" has become a verb for a reason. The increasing popularity of the new payment method helps explain why credit card usage is on a decline with consumers between the age of 20-50. But they're not just making spending and paying mobile, young consumers want their financial institutions to be mobile as well. Research by The Independent Community Bankers of America [found that](#) 74% of Millennials say mobile banking is very important to them, and 40% say they'd rather communicate with banks via email and websites. According to the 2016 FIS Consumer Banking PACE Index, 63% of Millennials [are accessing](#) their bank accounts on their mobile phones on a monthly basis—they're also 30% less likely than Baby Boomers to visit a bank location or use a drive-thru, and are 17% more likely to pay a bill from their bank through a mobile device. Of course, investing is another financial space that's been taken mobile for Millennials—while they may be [notoriously risk-averse and financially insecure](#), they're finding their own way of getting into the stock market, and [mobile microinvesting](#) (investing in "low-maintenance, index fund-based allocation strategies with small, frequent contributions") has been a fairly safe strategy many young investors are trying out. Startups like Acorns—which we [called out back in 2014](#)—and Robinhood have created apps to help young consumers to microinvest.

It's no wonder that the fintech space has become brutally competitive in a relatively short amount of time, with traditional institutions racing to keep up. As more and more mobile financial solutions and tools flood the market, they're relying on Millennials' interest to be the key to their success. Here are five new and upcoming fintech apps counting on young consumers...and being designed with them in mind:

[ZELLE](#)

Can banks get back into Millennials' good graces? The Millennial Disruption Index [revealed that](#) 73% of Millennials would prefer to handle their financial needs through Google, Amazon, Apple, PayPal, or Square, and more than half feel their bank doesn't offer them anything unique. Leading banks JPMorgan & Chase, Bank of America, Citigroup, and Wells Fargo are among the top ten least loved brands by Millennials, and up to now haven't been catering to young consumers' digital needs as much as they might need to. To compete with the new financial services, traditional banks need to work towards a digital future to make transactions seamless and easy for consumers—and their biggest step yet should be [released this year](#). Zelle is a peer-to-peer payment system and big banks' response to Venmo, rolling out in 2017. The app will allow consumers of 19 major U.S. banks to make instant payments to each other and has already been integrated into Bank of America's mobile app. Venmo is a "force to be reckoned with," processing \$17.6 billion in payments last year, but Zelle aims to be bigger by focusing on the user experience like "security and the rapidity of payments" instead of the social aspect.

PENNIES

Of course, finances are about more than paying back friends, buying things, or even investing—actually managing your bank balance is a skill that many Millennials lack. Many also feel they don't have reliable sources to help them with the task, but new app Pennies [wants to](#) assist them right on their phones. The app helps users create multiple budgets, and gives daily spending limits to keep bank balances safe and splurges in check, alerting with how much is left to spend each day and for the rest of the month. Pennies' founder [tells Business Insider](#) that their main users are 18-25-years-old, and, "it's very much a budgeting app for everyday people trying to find a little help with managing their spending money." With a reported over 500K downloads, their "everyday" approach seems to be working.

STASH

To get [Millennials into investing](#), a growing number of startups are going after their "first saved dollar." Stash, described [by Fast Company](#) as a "calculated [M]illennial machine," only requires \$5 to open an account, and labels exchange-traded funds with "catchy" titles like "Clean & Green" or "Defending America." Users can choose from over 30 ETFs designed according to these themes, allowing them to feel that their investments are aligning with their beliefs of interests. The "Auto Stash" feature automatically transfers small amounts towards those funds, making investing a "habit" as mindless as auto-saving. Unlike traditional investment advisors, who make a profit by charging fees, apps like Stash rely on "alternative sources of revenue."

DROP

A Canadian rewards app with over 70,000 Millennial users is coming to the states. Drop, which consolidates reward and loyalty programs from various brands, [allows users](#) to earn points they can put towards redeeming gift cards by linking their credit and debit cards to the app. By eliminating the use of credit cards at the register and collecting all the points earned on various cards in one place, accruing points and juggling credit card benefits becomes far simpler. According to Drop's founder, young consumers are looking for "seamless experiences" and are attracted to the app because it provides "instant gratification." The platform will be rolling out in major cities in the U.S. next year.

BSTOW

Fintech startup Bstow [lets Millennials](#) donate to charities "without lifting finger." After syncing up their debit and credit cards to the platform, daily transactions are rounded up to the nearest dollar, and the difference is automatically donated to the charity of their choice. The strategy was created for Millennials, who want to donate but need digital solutions and "low barriers to entry" to be motivated, and it's exceeding expectations: the non-profit sector sees an average of 44.5% in donor retention rates, and Bstow has achieved 90%.

Terms & Conditions: Use of this content must adhere to the Terms & Conditions, published at <http://www.ypulse.com/about-ypulse/terms>