

Money management sites promise financial salvation

March 17 2009, by Glenn Chapman



A trader studies markets at a private international investment banking firm in Moscow. Money management websites promising to save the Internet generation from financial disaster have made their case to technology trendsetters. "All banks are evil," Mint.com founder Aaron Patzer said while taking part in a 'Finance 2.0' panel discussion at the South By Southwest Interactive (SXSW) gathering.

Money management websites promising to save the Internet generation from financial disaster have made their case to technology trendsetters.

"All banks are evil," Mint.com founder Aaron Patzer said Monday while taking part in a 'Finance 2.0' panel discussion at the South By Southwest Interactive (SXSW) gathering here.

"Banks are self-serving. Banks are slow moving... the websites they put out are crap compared to the things we can do online. No good engineer

wants to work for a bank; it's no fun."

Mint launched in a test, or beta, form in September of 2007 and the number of users eclipsed one million a day before Patzer took part in the discussion here.

The website's free service securely compiles data from people's accounts in US banks, credit card companies and other [financial institutions](#) and then shows people how smart or dumb they are being with their money.

Mint sends users email or mobile telephone text messages if it notices upcoming bills, unnecessary fees, unusual account activity, or other possible money problems.

It also recommends ways for people to save cash.

"Our mission has always been to help people save and do more with their money," Patzer said.

SmartyPig.com on Monday launched software that lets its "social banking" service be added to money management websites Buxfer, Mint, Wesabe, Yodlee, MoneyStrands, Thrive, and [Microsoft Money](#).

SmartyPig is designed as an Internet-age piggy bank and its service provides people Web tools to "leverage the age-old idea of saving up for purchases before buying."

A social component of the website lets friends in communities such as Facebook put cash in friends' cyber piggy banks to help them reach goals.

"We recognize how important it is to securely manage your finances, set goals and help change the credit card mindset of 'buy now, pay later,'

that has contributed to the current [downturn](#)," said SmartyPig co-founder Michael Ferrari.

SmartyPig launched in the United States and Australia in 2008.

The [Internet](#) savings application appeals to "younger, plugged-in" people seeking fun and easy ways to save for specific goals, such as holiday travel or college tuition, according to SmartyPig.

"With all the tools here, the community of people who buy things can be bank agnostic," said Keeping Nickels blogger Nichelle Williams, who was a member of the SXSW panel.

"We can just find the services we want at the cheapest cost. There is a community on Mint.com, and we can galvanize everyone around something like a bank charging crazy fees."

Patzer says US banks will reap tens of billions of dollars in fees on accounts this year.

"A bank is not necessarily there looking out for you," said Murali Subbarao, founder of online service Billeo that enables users to make certain that they pay monthly bills on time, avoiding late fees and damaged credit scores.

Williams said she is bombarded with questions about money from readers of her posts at the personal finances blog.

The sign-up rate at Mint has tripled since the financial crisis began, according to Patzer. SmartyPig has also seen its popularity climb.

"Our business continues to do better as the economy does worse," said Ferrari, who was on the SXSW panel.

"It has taken this economy to get people to start thinking about the resources that are out there in the blogosphere and start being smarter with their money. I felt the love pouring from Twitter during the last couple days."

Operators of money management websites say they are obsessive about security, shielding computers with "Mission Impossible" like defenses and undergoing rigorous auditing.

"Online applications are still charting new ground," Stephens said. "Don't be afraid. I'm not saying banks are the enemy, but if you are smart you can beat the bank."

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