

Startups offer banking for smartphone users

August 30 2014, by Joseph Pisani

The latest banks are small enough to fit in the palm of your hand. Startups, such as Moven and Simple, offer banking that's designed specifically for smartphones, enabling users to track their spending on the go. Some things haven't changed. Like traditional banks, customers open a checking account, get a debit card and are able to make check deposits and pay their bills. Like many Internet banks before them, they have no maintenance or overdraft fees, there are no physical branches and depositing cash is a challenge. What makes Moven and Simple different is their apps. Every time a debit card is swiped at a store, a notification is sent to the phone letting the user know how much was spent and how much money is left in the account.

"It makes them mindful of what they spend," says Alex Sion, president and co-founder of Moven, comparing it to fitness activity trackers. "What Fitbit and Nike Fuel does for your health, we do for your wallet."

Both services automatically categorize purchases to provide an overview of what was spent on groceries, dining out or other areas over time. With Simple, users can set goals, such as saving up for a new bike, and the app will show how much needs to be saved every day to meet that goal.

Moven and Simple say most of their users are between the ages of 25 and 36, an age group that is often ignored by bigger banks who are more concerned with customers who have more money in their accounts. Portland, Oregon-based Simple, says it has more than 100,000 customers. Moven, which is based in New York, declined to say how many customers it has.

The two companies make money from fees merchants pay every time customers swipe their [debit card](#). The accounts are insured by the Federal Deposit Insurance Corporation, but Moven and Simple don't actually hold the money that customers deposit. Moven, which launched for public use in March, partners with CBW Bank which holds the deposits. Simple, which was acquired by Spanish bank BBVA earlier this year, partners with The Bancorp Bank for its deposits.

The two services are not for everyone. Neither one of them offer savings accounts. But both Moven and Simple say that they may be offered in the future. Neither mobile bank lends money, so those seeking personal loans or a credit card need to look elsewhere.

But no-frills banking is enough for some.

John Carr opened a Simple account in 2012 when the service was still in being tested by a small group of customers. He quickly closed his accounts at Bank of America where he was getting charged overdraft and ATM fees. He keeps a savings account at a military bank in Texas.

Carr, 35, has his pay sent directly to his Simple account. To pay his rent, he uses Simple's bill pay function to send a paper check to his old-school landlord every month.

When he wanted to save \$1,600 for a new laptop, he used the app to come up with a six-month budget.

The app also made him realize he was spending too much on fast food and gas. So he cut down on eating out and now rides the subway to get to his information technology job at a Los Angeles movie studio.

"It's saved me so much," says Carr.

More information: — Moven: moven.com/

— Simple: www.simple.com/

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Citation: Startups offer banking for smartphone users (2014, August 30) retrieved 30 April 2024 from <https://phys.org/news/2014-08-startups-banking-smartphone-users.html>

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