

FINOVATION ARCHIVES

# SHOW ME THE MONEY

Tracking your financial health  
via budgeting

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**“A budget is telling your money where to go instead of wondering where it went.”**

- Dave Ramsey

This perhaps explains the essence of budgeting in a nutshell. “Tracking” where your money goes and “controlling” where you want it to go.

Despite best efforts, budgeting is not an easy task. In a world where regulatory and technical progress has resulted in easier access due to the availability of mobile wallets, BNPL platforms, and contactless virtual cards, spending for instant gratification has never been so easy.

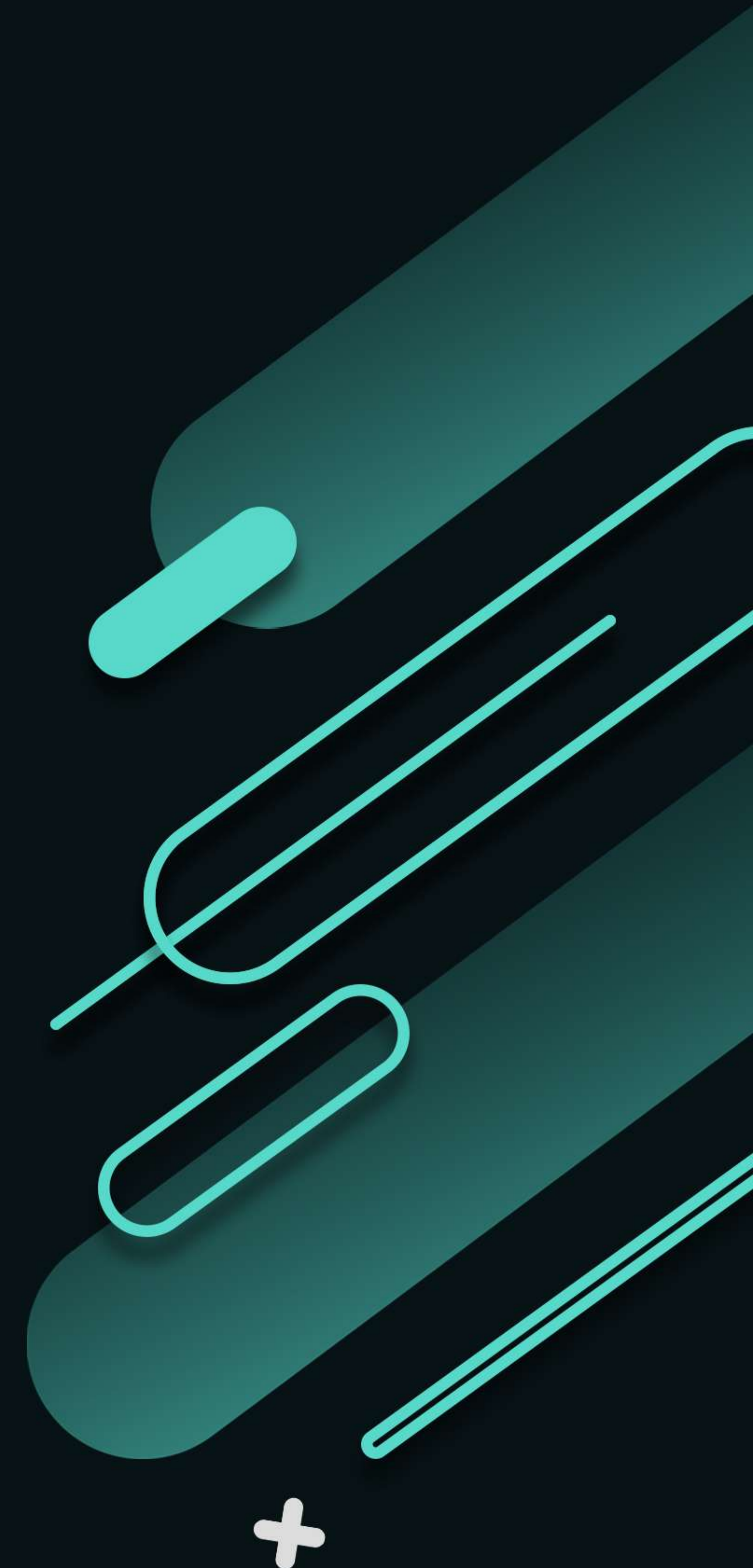
Features such as frequent “mobile exclusive discounts”, ease of payment and credit availability has reduced friction within the consumer purchase journey. Some psychologists hold the view that this leads many people to believe that they are saving their money.

The GCC e-commerce size was

**\$21.6**  
Million

in 2020 and is projected to grow further.

(Consultancy-me.com)





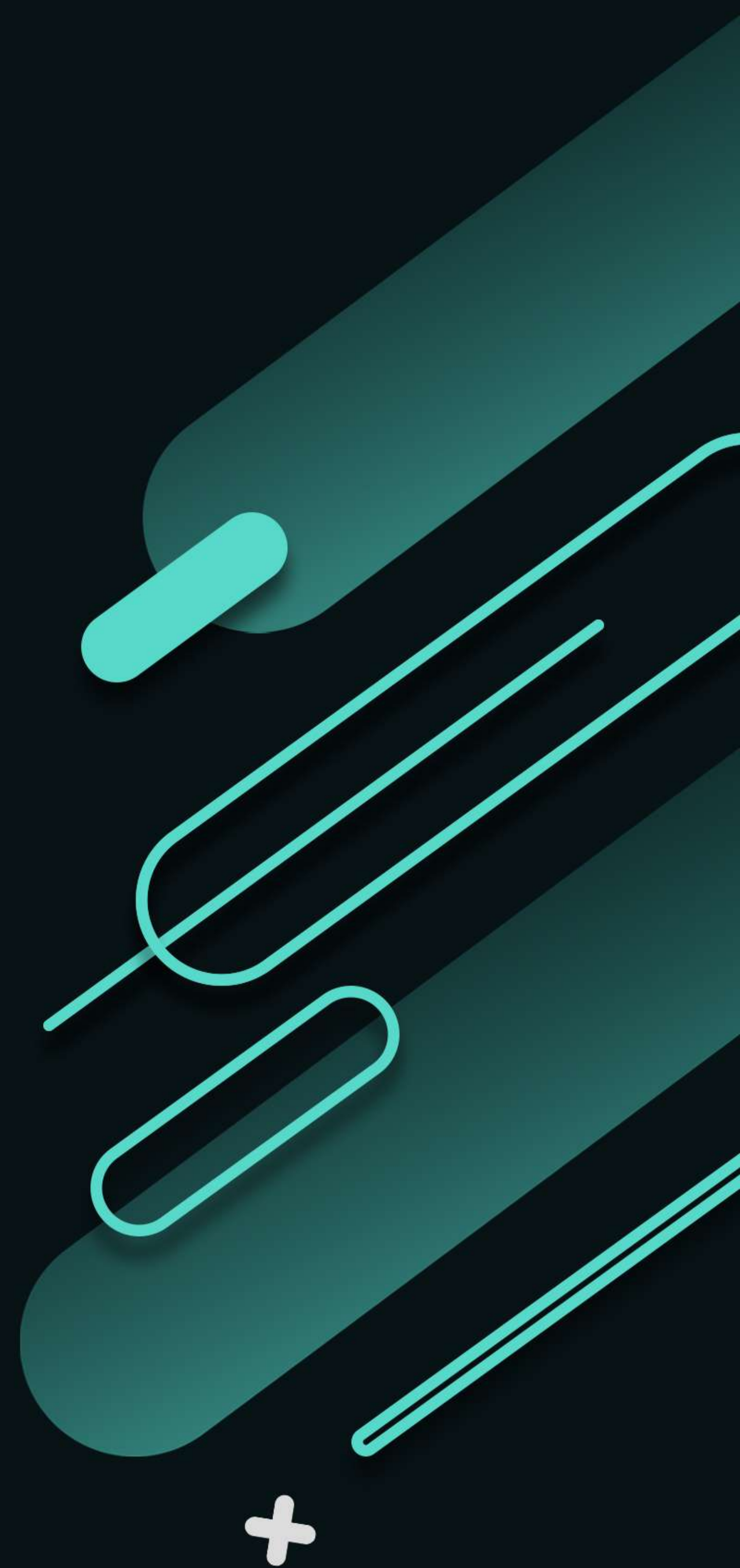
With COVID-19 having ripple effects across economies, there is a widespread realization that adequate financial planning rather than the "you-only-live-once" mantra (more popular amongst millennials) is far more beneficial. In fact, adequate financial planning can help many people sustain a lifestyle of comfort and pleasure that they were initially looking for.

This then makes a good use case for how and why people need to be educated about managing their personal finances, especially budgeting.

## PFM & Budgeting

Most modern PFM apps have had budgeting as a core feature in their offerings, albeit with different design formats. In the initial releases, most apps had users manually entering their transaction history, inflows, and outflows, but with the rise of automation happening at such a granular level, many users have come to expect seamless experiences with utility apps.

Take the example of a business executive who juggles in between meetings all day, faces long commutes, and gets back home to unwind only to repeat the cycle the next day. Or an online freelancer juggling between different gigs and wanting a better view on their personal finance. In fact, this applies to anyone who wants a better understanding of their financial health but is short pressed for time.



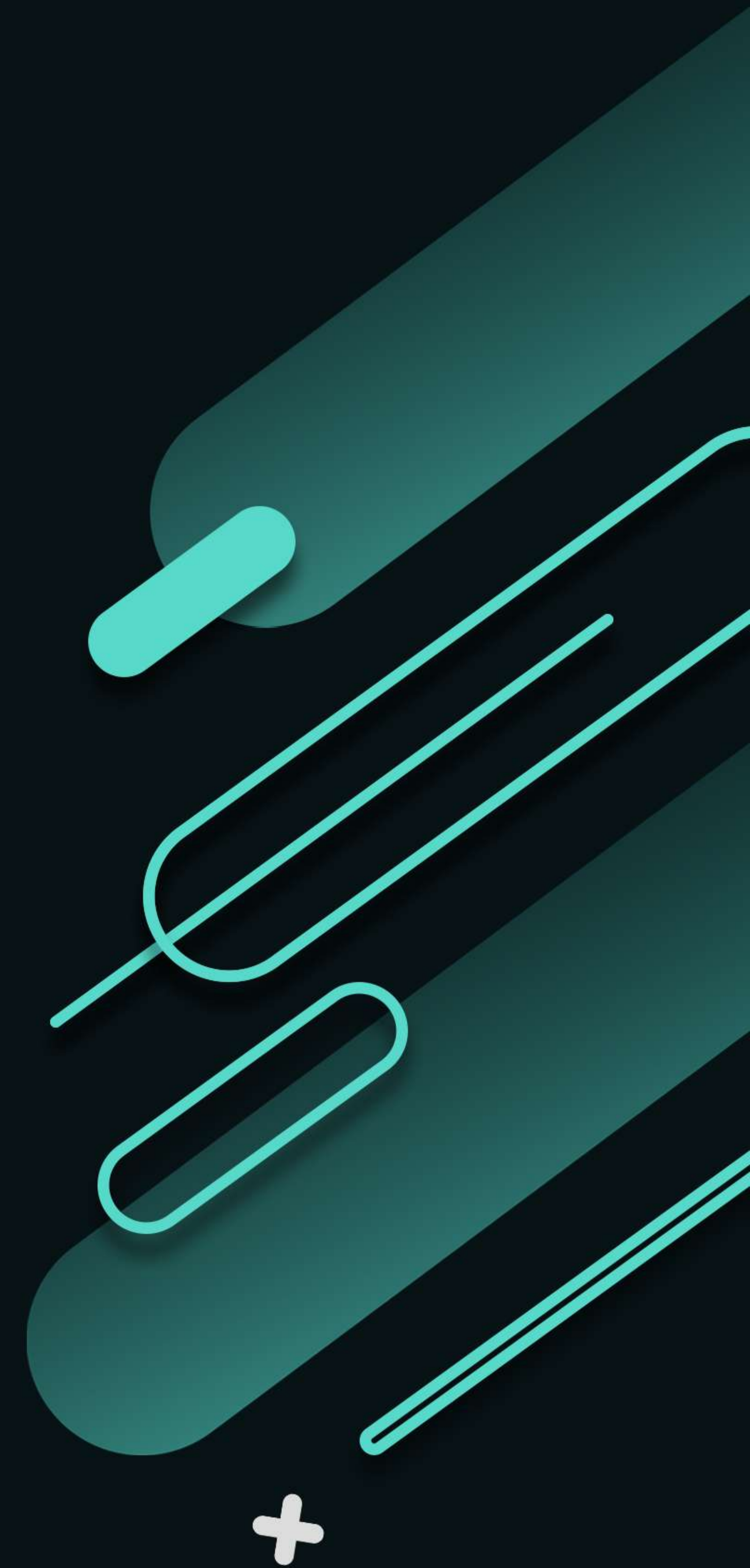


They may take out time to update their financial information on an app, but with time being a diminishing resource in an increasingly fast-paced world, they may dislike the process or even make errors. In fact, as per Credit Karma, **“people are more likely to trust autonomous finance rather than self-driving cars.”**

Apps such as Plum, Cleo, and Wallet.AI are some of the many players incorporating AI in personal financial management. Much like the robotic sidekicks in many pop culture films and stories, today's AI seeks to be more of a “friend” or advisor rather than an observant overlord. On a more practical front, AI in the context of budgeting is not just to automate transaction categorization or provide analysis, but it also has the capability to send timely alerts on aspects such as overspending, discount or coupon deals, and overall financial health. Advancements in AI technology are only going to make recommendations smarter and more contextualized.

In fact, Omar Green, founder of Wallet.AI refers to two crucial elements:

- Contextual Awareness
- Quantified Self

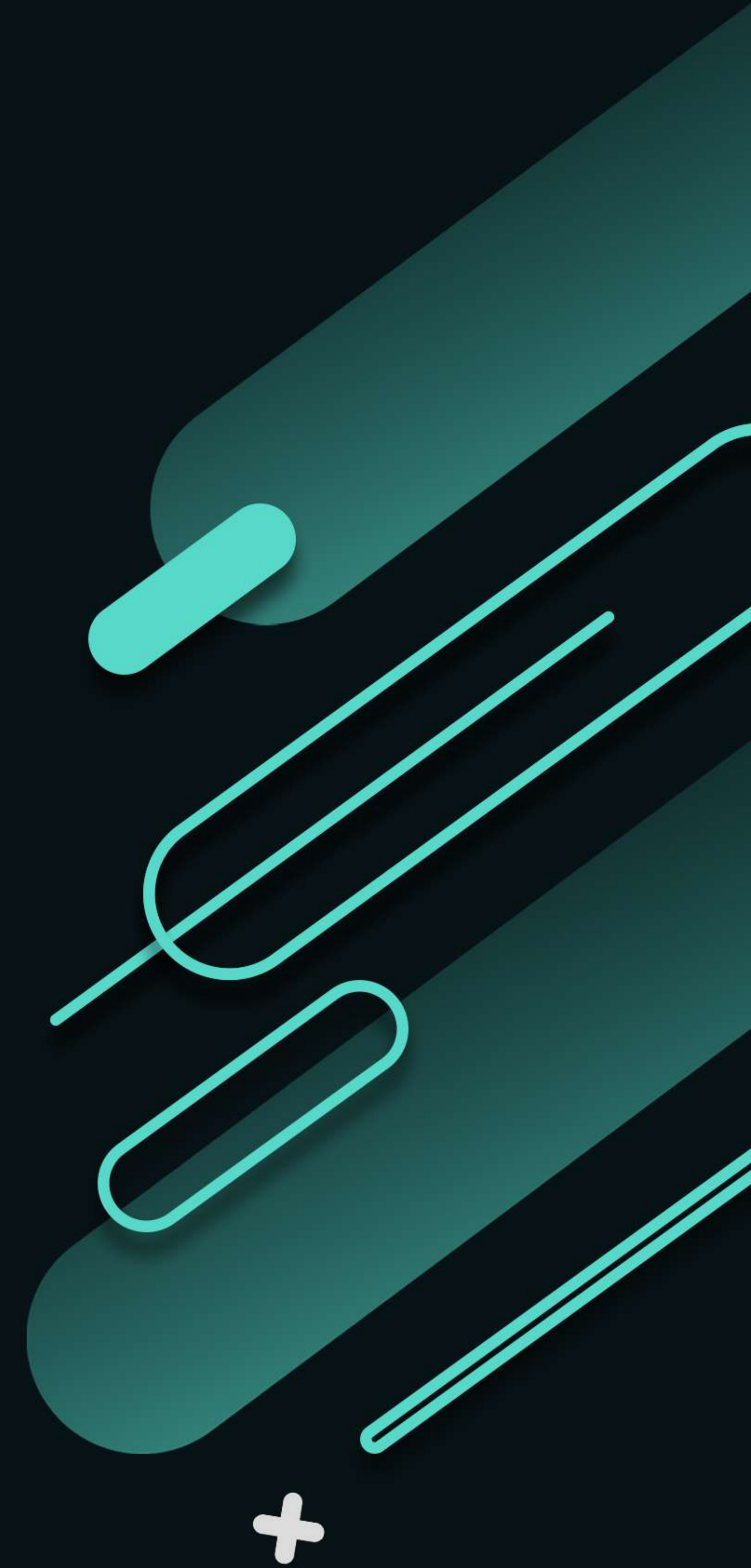




“**Contextual awareness**” refers to analyzing transactions in the context of a particular user’s profile rather than from a general point of view. For example – a user runs into a health emergency and due to spending on medicine, hospital costs he/she goes overbudget. In this scenario the spend was a necessity rather than a luxury and a “contextually aware” AI advisor would be able to make this distinction.

“**Quantified self**” as Green puts it, would be akin to a personalized gym trainer observing their client's performance and then recommending steps to improve form or reach their goals. AI would work in a similar manner, providing updates or advice like “a coach would”.

The overall motif of AI in budgeting isn't to take away the human element of decision making, but rather to enhance the user’s experience and give them more value for money, quite literally.





# Enter Spire

Our state-of-the-art PFM solution leverages modern tech developments (Open Banking and AI) to make financial planning seamless for you or your clients.

- Transactions are automatically categorized against pre-set criteria.
- All transactional data can be analyzed and displayed with different visualizations, helping you understand **where your money goes**.
- You can set budget limits and be reminded in a timely manner if you are going over them.

## QUICK SUMMARY

Budgeting helps you manage your financial health and build wealth overtime

E-commerce and online marketplaces are on the rise and a budgeting tool comes in handy

PFM apps make budgeting easy for the modern consumer-leveraging AI

“Quantified self” and “contextual awareness” are some concepts that AI enhances.

