

THE STRETCH FACTOR



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With the demands on your money increasing daily, it is becoming more and more necessary to stretch your income so that it goes further

The effects of the global recession are still playing havoc with our economy and elevating the cost of living to alarming new heights. The grim reality is that we are getting less for the same amount. However, building wealth by constantly chasing more money is not always the solution.

One of the first steps to making what you have go further is increasing your understanding of your own financial behaviour, particularly how you spend your money. A basic budget can go a long way to curbing and directing your spending, but there are often overlooked daily factors that need to be included. For example, exactly how much are you spending on takeaways? When you fill up your car at a garage and pop into the convenience store there, what are you walking out with? How many times are you doling out R20 or R50 notes to your kids (over and above their pocket money) for outings or treats, particularly during school holidays? All these things add up. The following platforms are designed to help you change the tide.

MONEYSMART

Launched in beta version in late 2011 by its founder and CEO Tobie van Zyl, www.moneysmart.co.za aims to assist you interpret your financial profile by “aggregating your financial information into a single web-based environment, accessible anywhere at no cost, and providing it to you in a visual experience, with recommendations on where you can save money and make better purchasing and financial planning decisions”.

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Moneysmart uses CSV (bank statement upload) functionality and allows you to upload financial data for multiple accounts, including banking, investment and insurance. It then categorises transactions and gives you a clear picture of exactly where you are spending. It shows you, for example, how to save money on excessive bank charges, or offers advice on moving your money to savings

accounts that offer higher interest rates. It also has an automatic account set-up (though still only at a couple of institutions), income budgeting and spending budgeting.

A credit score adviser is in the works, which guides users in managing credit more responsibly and, by doing so, becoming “able to access credit at better interest rates”.

“Our service is about financial education with practical guidance,” says Van Zyl. “We have always seen ourselves as a platform with our basic service and features free of charge, but our aim is to develop niche financial services at a premium that can focus on core needs to the consumer.”

At the time of going to print, www.moneysmart.co.za had just over 12 000 registered customers, with around 5 000 returning on a monthly basis. The revenue generation intention is to use knowledge gained about customers in order to determine premium services they require, as well as have advertising on the blog, which receives about 18 000+ visitors a month.

PERSONAL WEALTH REPORT 2013

22SEVEN

The launch of www.22seven.com in January 2012 created disruption in the financial sector, with banks saying they would not be held responsible for any losses to customers' accounts, since the service requires you to use Internet banking logins to add accounts. FNB was the first to provide an alternative approach where you set up a second read-only login.

The website was started by Christo Davel, who has a history in financial services, because "traditional ways of helping people manage their money are clearly neither efficient nor effective. Drawing from behavioural economics, we recognised that while financial plans should be long term, we live in the short term. So, if you understand how you make immediate decisions, it helps you make long-term ones."

How 22seven positions itself differently lies in its simplicity, quirkiness and graphics. Once you have linked all your accounts, it shows how much money has come in versus how much has gone out, as well as the ABM (A Bit More) Machine, which enables you to set targets on reducing spend in specific categories. For example, if you are spending R2 000 a month on takeaways, you can set a lower target – say, R1 500 – which it then monitors, giving you a clear picture of where you stand.

"The primary focus is on changing behaviour and pie charts do not do that, hence the focus on features like the ABM Machine," says Davel.

Having recently launched a Windows 8 app, 22seven is said to be rolling out mobile capabilities in the next few months. While the traction gained has exceeded its expectations, there is still much more to come. Subscribing to the platform costs R70 per month. Davel has previously stated that the platform will not be pushing products to generate revenue, but rather relying on subscriptions.

MY FINANCIAL LIFE

In dealing with the disruptiveness of moneysmart and 22seven, financial institutions have taken different routes. Nedbank launched www.myfinanciallife.nedsecure.co.za as direct competition to both platforms. Not limited to the bank's clients, the site offers the most comprehensive list of accounts you can link, including all major banks, credit cards, investment vehicles and even rewards programmes (ie Discovery and Voyager miles).

When logging on, you have to verify your action on your cellphone. You then land on the Dashboard, which is customisable with a variety of "My FinApps" such as:



MANAGING YOUR MONEY

Old Mutual provides the following tools to help you manage your money:

- **Savings Calculator** – Decide on your savings goals and use this to determine what you need to save to achieve them.
- **Education Calculator** – Input different costs, savings periods and growth to calculate various scenarios in ensuring your child's education.
- **Retirement Calculator** – Plan for your retirement by creating different scenarios and finding the best option for you.
- **InvestRight Calculator** – When saving for retirement, education or to fulfil a particular dream, use the InvestRight calculator to determine your options.
- **Budgeting Tool** – The Old Mutual household budget template is an excellent start when it comes to effectively budgeting.
- **Income Protection Calculator** – To ensure your income is protected adequately.
- **Income Tax Calculator** – To determine your monthly and annual tax. Information on the latest tax tables, rebates and thresholds is available. For further information, visit: www.oldmutual.co.za

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📁 **Accounts** – a listing with balances of all accounts linked.

📈 **My Trends** – a graph with the capacity to view daily, weekly and monthly balances.

📊 **Track My Spend** – a pie chart or grid showing transactions across individual accounts or all accounts, categorised according to transaction type.

📉 **Net Worth Change** – the percentage and rand figures by which your net worth has changed over a week, month or year.

🎯 **Save for a Goal** – where you set a goal (eg. making a down payment on a house) and when you want to achieve it. The app then gives you a breakdown of exactly how much you need to save every month.

Having only unveiled My Financial Life in mid-2012, Nedbank's success at drawing people to the platform remains to be seen. **DM**