Online Personal Financial Management Tools as Data Sources for Economic Research

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Online Financial Management Tools

Competing services with differentiated products

• Product specific data

• Service specific customer base
Data Sources

1. Automatically collected financial data
2. User information self-collected by website
3. User behavior
1. Automatically collected financial data

- Collected from financial institution directly for user linked accounts
- Transaction level data
- Certain account information (balances, limits, ...)

**Data Sources**
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   - Transaction level data
   - Certain account information (balances, limits, ...)

→ Same (or very similar) information provided to all online services
Data Sources

2. Self collected user information
   • Additional information required for service usage
     – Sign-up
     – Continuous use of provided service
     – e.g. Planned paydown at ReadyForZero, monthly budget at Mint
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→ Data specific to each online service
Service Specific Data

Advantages

• Specific information not otherwise available
• Can be matched to automatically collected data
• Tailored to answer specific questions
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Disadvantages

• Information collected changes over time
• Often only available for subset of users
• Selection of users into providing information
Service Specific User Selection

Competing services with differentiated products

• Different consumers prefer different services
Competing services with differentiated products

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- Changes over time in target audience
  - Early adopters often younger, more tech oriented
  - New users change as service expands
Service Specific User Selection

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  – Targeting specific audience versus aiming at broader appeal?


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- Example: Users wanting to reduce debt at ReadyForZero
  - Not representative of average citizen
  - Well suited to study issues in debt reduction
Usage of Data for Economic Research

• Understand service of data provider
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• Match research question and particulars of data provider
  – Which service provides data most suited to answer question?
  – Which question can best be addressed with specific data available?