



CONCEPT DOCUMENT

YORO

TEAM TURING MEMBERS

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PROBLEM DEFINITION

Let's all admit it - we are not the rational logic seeking beings that we believe ourselves to be. Irrationality runs rampant in many of the decisions that we make, and our minds often fool us into thinking that we are logical after we have made an obviously emotional decision. Our minds' understanding of risk, its lazy nature, and its subjectivity to peer pressure, open us all up to making decisions that a truly logical being would never make.

On the bright side, however, we are also malleable creatures that can be taught to behave in ways we would not otherwise. We CAN be nudged towards making better decisions for ourselves, and these "nudges" are proven techniques backed by a field of scientific research called Behavioral Economics. The question that nagged at us is... **how might we use these advances in behavioral economics, along with cutting edge technology, to help younger generations make better financial decisions for their future selves?**

This matters to us, because, we human beings are not getting better at making financial decisions. In fact, we are getting worse. By the time each of us realize this, it is often too late to make a difference.

Since we are all being honest here, we'll admit something too. Our solution is designed to trick you into being a better you, and we are going to use every technique in the book to get you to agree to do it.

INNOVATIVE SOLUTION

Our solution is called YORO, because if you do this right you should only have to retire once.

YORO is a mobile based technology that merges the Behavioral Economics elements of account aggregation, geolocation, data science, and gamification to make the spending decisions young adults make every day more relevant.

There are many elements imbedded within this idea; however, this solution's core is based on the following two:

Data Analytics

Data is becoming a commodity. Today, we have access to more information, from more sources, faster than ever before. So the question of our time isn't "how do we know?", but rather "what do we do now that we know?" Artificial intelligence gives us the ability to translate the data exhaust into a meaningful decision making tool that helps you know where you are, how to get where you want to go faster, and avoid the pitfalls of those similar to you.

YORO will harvest data from a number of sources, including: interview questions, financial account aggregation details, and geolocation reference points. By cross-referencing these data sources YORO will be able to understand each individual's strengths and weaknesses when it comes to spending and saving decisions. For example, it will be able to see where you are when you make bad spending decisions and guide you away from similar situations in the future.

Here's where the behavioral science comes in. The decision making system we all use to choose long term value over short term rewards is called discounting. Recent studies show that these decisions happen in two different parts of the brain, and depending on which part of the brain you use, you will either choose the now or the later. What triggers the part of the brain that is used to make certain choices is unique to each individual. The interview questions will ask specific questions designed to build your unique discounting profile. This will help tailor the "nudges" you receive to make them as impactful as scientifically possible.

The primary nudges YORO will use will be push notifications, sent directly to your mobile device. They will be designed, and purposefully timed, to interrupt bad spending behaviors and reward good savings decisions. Push notifications will also be used to remind users when they have exceeded budgets, or when they might have an opportunity to think ahead and save. For example, YORO might send a reminder to buy coffee beans while someone is in the grocery store or to drive past the Starbucks on their way to work. There are endless possibilities to how these datasets can be merged to create "nudges" customized to lead each user down the right path.

The profile questions are also designed to help you discover what your "future you" might want or value in retirement. Is "future you" a world traveler, or cooking Sunday dinner for the whole family every week? The better you know "future you", the more likely you are to help them out when they ask for money.

Gamification

Retirement has a clear objective - sacrifice spending today so that you can live more comfortably tomorrow. This objective is often disregarded or forgotten by young adults because: a) it is such a long-term payback with painful near-term sacrifices, and b) it is too difficult to understand and track the activities and decisions required today to reach that intended future. We believe "Gamification" can help solve these problems by making the objective of retirement more measurable and attainable. Gamification is built upon the idea that even the most basic activities are more fun and engaging if you make a game out of completing them. By making them more fun, and throwing a little friendly competition into the mix, you can improve how well the activities are completed and/or increase the probability that the activities occur in the first place.

Our idea is based upon science. Believe it or not, we still believe in science (unlike many in Washington D.C. these days). Behavioral science has proven that one of the greatest motivators for behavioral change is competition between peers (aka "gaming"). We aren't talking about "grandma playing solitaire at her kitchen table" type games. What we are talking about is an engaging, addictive, and socially interactive game that leverages technology to track progress and social media to share their achievements while encouraging others to do the same. It has long been considered taboo for people to share details about their personal finances, and this idea doesn't aim to break that tendency. Instead, the game itself is used to screen out the personal finance details and replace them with points and badges. Think Angry Birds, except the birds are your daily spending decisions and the pigs are your savings goals. Imagine how much better off young adults would be today if the only way they could have killed one of those pigs was by saving money!

PROTOTYPE

Mock-ups were developed for each of the displays required to make YORO work on a mobile device. This ranged from the survey interview screens, to certain push notifications, progress tracking screens, and social media posts. A sampling of these screens is demonstrated below.

Sample interview question



Sample progress tracking screen



Creating your Avatar



Social Media posts



TESTING AND RESULTS

After we designed the basic prototype, we each presented the slides to 5 – 10 people under the age of 30. First, we asked for their feedback and what they liked and didn't like. Other questions that were asked were:

1. Was it easy to understand how this app helps solve the problem in the problem statement?
2. Were there any "pinch points"?
3. How likely would you download this app?
4. What should be kept?
5. What should be changed?
6. Would you pay for this app?

The feedback and results that we received reiterated for us that there was a noticeable need for this type of product.

Feedback from the questions included:

- The credit union should pay for it; however, it could be white labeled too.
 - If someone is concerned about retirement they would maybe pay \$5, but a lot of younger people aren't concerned.
- The retirement profile screen is important because a lot of young people think that they have time and can't visualize what \$10 a week would do.
- A pinch point may be account aggregation and data elements.
- It seems to be geared for young adults, but college kids, who are into gamification the most, would be too young.
- It is hard to picture the target market. It would potentially be young singles that are new to the work force.
- It doesn't feel addictive enough to be a game. It needs more of a hook that keeps users coming back more often.
- YORO Points need to be kept. This is closer to real gamification because it creates a new, albeit pretend, currency. It also separates the user from the actual dollars, but creates behaviors that benefit their actual financial position.

Innovative ideas included:

- Make the app stand out by tying it to an Apple Watch, Fitbit, etc.
- Life cycles and milestones need to be included in the app. Some examples are buying a house, having a child, and getting married. This makes it more digestible.
- This could be monetized by having it sponsored by the Wealth Management department or other referral based companies
- Monetize heavy users who require additional advice/coaching from Wealth Management.
- Since the default is to be opted in, they should have to phone the branch or overcome an obstacle to opt out.
- Offering a joint YORO account for a married couple or a family would make the app more realistic.

Questions from testers included:

- Would the retirement amount factor in social security?
- Who sets up the budget? Can the future-self avatar have a say?
- What if they are discouraged? How can we make them come back?

- Would there be enough of a network effect for this to catch on in popularity? The competition and social media aspects of this idea require mass adoption.
- Would it really require full account aggregation? Or could it work with only checking account and credit card data?
- People burn out on games fast. How would you keep someone engaged for year after year?

After we reviewed all of the feedback we determined what was important to the current version of the app and what could be an enhancement in the future.

BUSINESS MODEL

YORO's business model would likely require credit unions partnering to capitalize the development of the application, and then sell it to other credit unions. Considering the advance mobile, account aggregation, and geolocation technology required, the development phase would require an extended period of time. Therefore, a three-year pro forma would essentially be rendered useless. An assumption that we are making is that total cost to develop will be close to \$1,000,000. This cost will be depreciated over the life of the asset.

In order to raise capital to fund the cost of developing this application we would look for credit unions interested in forming and capitalizing a CUSO. Once the app is developed, there are two ways that the CUSO could monetize the application:

1. The CUSO can white label the application for other credit unions to use. The credit unions that are white labeling this application would either pay a licensing fee per user with an annual maintenance fee or a monthly subscription fee. From our research and testing, we found that most users would not pay for the app; however, credit unions would be allowed to pass the cost on to their members at their discretion.
2. There would be a generalized version that is available to everyone in which outside companies could pay for advertising. The advertising would include product recommendations and referral channels for products and services.

COMMENTS, NEXT STEPS, AND CALL TO ACTION

YORO is a groundbreaking new approach to financial education and literacy, aimed at the legions of younger generations just now entering adulthood. This concept was developed to help these young adults visualize the consequences of today's decisions on their tomorrow, and do so in the moment. It will help them make the right daily choices because it knows how each individual makes decisions. With this valuable knowledge the program will be able to prompt the user to make the right choices because it's not YORO, or anybody else, telling them what to do: it's their 'future-self' giving them the advice. All of this wrapped in an engaging game style environment where users can easily see their own progress and encourage their peers to do better.

Let's be honest. Credit Unions aren't known for their leading edge technology, nor their ability to attract young adults. Today, with this concept and our willingness to partner with each other, credit unions can simultaneously reverse these connotations and the adverse trend of financial preparedness in the communities we serve. If you have read this far through the document our concept must have resonated with you. Help us take the next step by reaching out to Filene in support of YORO, and consider providing financial support in the form of start-up capital. Doing so would make your 'future self' very proud!

ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

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