



A path to money happiness

Qapital uses learnings from behavioral psychology to help members reach their goals

by Irene Zhou

Once upon a time, saving toward specific goals like a vacation, home renovations, or a down payment meant opening an individual savings account for each goal.



George Friedman and Katherine Salisbury knew there was a better way. That's why they founded Qapital—a personal finance app that makes it easy for members to find their path to money happiness.

Qapital offers FDIC-insured checking and savings accounts, as well as savings tools rooted in behavioral psychology. The goal is that members spend confidently on things they love while still achieving their financial goals.

\$2.7M

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It seems to be working. When members take advantage of Qapital's full suite of tools (savings, checking, and investing), they save, on average, \$5,000 per year. All together, Qapital has helped its 1.7 million members save more than \$1 billion.

Accomplishing that required an API that consistently connects to members' bank accounts while protecting them from unwanted NSF/overdraft fees. From the beginning, Qapital has entrusted those functions to Plaid.

Don't worry, spend happy

Friedman and technical co-founder Erik Akterin met Plaid's co-founders when they were assigned adjacent booths at a tech conference in Ireland.

Back then, both companies were still early-stage. Akterin took a break from the conference and quickly built an integration with Plaid's API. In short order, he had used Plaid to transfer his personal banking data to the Qapital app. Qapital's founders were so impressed that they became Plaid's very first customers—a decision that has grown into a years-long partnership.

"We worked closely with Plaid's engineers to test and suggest patches early on," said Nimrod Barnea, Vice President of Customer Experience at Qapital. "It allowed us to recognize the potential of Plaid as a tool and a partner."

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NIMROD BARNEA,
Vice President of Customer Experience, Qapital

To get started with Qapital, members enter basic identity information, connect a bank account, and choose the financial goals toward which they want to save. Then they create savings rules to fund those goals. For instance, they might choose to invest \$200 in a retirement account every time the Giants win a baseball game. (More traditional options like direct deposit of wages are also available.)

plaid.com

info@plaid.com

Plaid is a technology platform and data network that enables applications to connect with users' financial accounts. We focus on lowering the barriers to entry in financial services by making it easier and safer to use financial data. Today, we support developers across North America and Europe.

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Looking out for customers

Today, Qapital uses Plaid to do several things:

- Verify members’ identities
- Instantly link members’ bank accounts
- Analyze transaction data to enable savings triggers
- Facilitate ACH transfers between accounts
- Check members’ account balances before initiating transfers

The need for that last item may not be obvious. Why spend money to check members’ account balances before initiating an ACH transfer?

The answer is that when a member initiates a transfer without sufficient funds in the transferring account, it can result in one or more unappetizing fees. Qapital might be charged a non-sufficient funds (NSF) fee, while the member might be charged an overdraft fee. Beyond the monetary loss, an overdraft is a bad member experience, one that makes Qapital’s customers less likely to return.

By instantly checking the balance in a members’ external account, Plaid helps Qapital bypass that problem. To date, Plaid has helped Qapital members avoid more than \$2.7 million in overdraft fees.

According to a leading research firm, more than a quarter of US consumers paid an overdraft fee in 2017, for a total of \$34.3 billion. The average amount paid was \$225. Those fees are damaging to members’ financial health, and helping to avoid them is an important part of Qapital’s mission.

“Every person, regardless of their financial situation, can benefit from tools that reduce the mental effort of setting funds aside,” said Barnea. “One of our main goals is to remove the behavioral obstacles that make it difficult or painful to save.”

The road ahead

Barnea says Qapital has been pleased with the Plaid relationship, emphasizing that Plaid has been responsive, collaborative, and open to product suggestions.

“We are always looking for more ways to get creative and help members reach their financial goals,” he said. “As we grow our product offering, Plaid will continue to have a very important supporting role in our innovation.”

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