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Research

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With Mint.com, Intuit Aims to Offer Range of Financial Brands

David Schehr, Stessa B Cohen

In buying the online personal financial management site, Intuit will exploit the Mint.com brand — a small but growing brand in the new direct-to-consumer financial services arena — and leverage its technology assets.

NEWS ANALYSIS

Event

On 14 September 2009, Intuit announced it plans to acquire Mint.com, a provider of online personal finance services, in a cash deal for approximately $170 million. The transaction is expected to close in 4Q09.

Analysis

With the planned acquisition of consumer finance site Mint.com, Intuit will be active in supporting a broad range of consumer financial services. These include conventional online banking and electronic account services (via its Digital Insight division) and consumer personal financial management (PFM) either in conjunction with online banking (FinanceWorks), as traditional packaged software (Quicken) and via Web-based free services (both Quicken Online and Mint.com).

This approach provides access to a range of consumer segments, but requires Intuit to balance conflicting influences from consumer and financial enterprise target markets as if it were walking a tightrope. Gartner sees potential perils if Intuit leans too far to either side:

- If it becomes too consumer-focused in promoting consumer financial services sales via the Web, this could lead client banks to perceive Intuit as supporting competitors through this direct-to-consumer (DTC) marketing.
- If it becomes too bank-centric, it will risk losing Mint.com's credibility among consumers as a nonbank that offers objective, or at least competitive, sourcing of financial services.

Nonetheless, in buying Mint.com, Intuit will benefit by being able to:

- Employ a packaged-goods branding model, much like Procter & Gamble, by offering a broad range of branded and segmented PFM services to consumers. Such a branding model has yet to succeed in the financial services marketplace.
- Exploit components and technologies from each firm, which could streamline product development while enhancing functions and features. This is a two-way street. Not only could FinanceWorks (Intuit's online financial management offering for banks to serve consumers and small businesses) and Quicken incorporate Mint.com’s aggregation and categorization functions, but Mint.com could leverage electronic account opening and funding services from Digital Insight to streamline account switching.
- Take advantage of Mint.com's popular user interface in its DTC offerings.
- Exploit the Mint.com brand, a small but respected and growing brand in the new DTC financial services environment.

Intuit also will be able to use Mint.com to create new bank-focused applications or widgets that a bank can add to its online banking or social networking sites.

RECOMMENDATIONS

Bank CIOs and business development leaders:

- Keep monitoring personal finance sites and financial social networks (FSNs). Mint.com and FSNs that offer similar functions will continue to pose threats to your business. Look to increase the functions of your online banking service to meet evolving consumer needs.
- If you're planning on upgrading or replacing your online banking with Digital Insight, don't worry. Intuit plans to maintain four brands — Mint.com, Quicken Online, Quicken desktop and FinanceWorks.
- Stop thinking like a financial services firm. Instead, adopt the approach of a packaged-goods manufacturer and seek out the best online tools and widgets, regardless of whether they come from a supplier or competitor.

RECOMMENDED READING

- "Gartner Consumer Survey Can Help Banks Decide If FSNs Are Friends or Foes" — Banks should view FSNs as indicators of the online banking features that appeal to younger, Internet-savvy consumers. **By David Schehr and Stessa Cohen**
- "Social Banking: It's All About the Money and Customer Focus" — Social banking has the potential to displace banks from the center of customers' financial services relationships. **By Stessa Cohen and Alistair Newton**

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REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters
Gartner do Brazil
Av. das Nações Unidas, 12551
9° andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509