



How Using Budgeting Apps Can Help with Managing Your Personal Finances

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Introduction

Managing money can include many tasks, such as depositing checks, paying bills, moving money from one account to another, buying investments, and more. In the past, most of these tasks needed to be done in person at a bank or credit union branch. As you explore personal finance apps, the following are some things you should think about.



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Considerations

Security

The apps you use should protect your personal information and account details. If you no longer use the app, delete your account and remove the app from your device.

Passwords and Passphrases

These are the foundations of online security and help protect sensitive personal and financial information. Passwords and passphrases should be strong and unique, with each one tied to only a single financial app, institution, or product. Using longer passphrases made up of several words can provide stronger protection while also being easier to remember. According to the Consumer Financial Protection Bureau (June 2021), longer passphrases are generally more secure than short, complex passwords because they are more difficult for attackers to guess or crack.

Device Compatibility

Not all apps work on every mobile device. Make sure the app works with your device's operating system (iOS, Android, etc.).

Trustworthiness

Before downloading or connecting to a financial app, check that the app is legitimate by reading user reviews and using scam search tools such as the Better Business Bureau Scam Tracker, which allows users to look up and report suspected scams (BBB Institute for Marketplace Trust 2024).

Bank Integration

Your bank may have a financial app you can use for free. However, if you'd like to manage your accounts with a third-party app, make sure it works with your bank's technology.

One of the most common reasons people use a personal finance app is to create and stick to a budget. A budget is a financial tool that helps you track and manage your income and expenses. By understanding where your money goes, you take an important step toward improving your financial health. According to the Federal Deposit Insurance Corporation, a budget helps individuals keep track of how much money they earn, spend, and save (Federal Deposit Insurance Corporation 2023).

Some benefits of budgeting are that it helps with:

Benefits

Financial Clarity

You learn about your spending habits.

Goal Setting

Budgeting can help you set and achieve goals like saving for a vacation or paying off debt.

Reducing Stress

With a greater understanding of your spending habits, you may feel more in control of your finances.

Decision-making

A budget can give you the information you need to make informed decisions about spending and saving.

When considering budgeting apps, use these factors to decide which app (s) may be best for you.

Cost	Apps can cost from free to \$20 per month. How much can you afford to spend on a personal finance app? Are you comfortable with how the app uses your information to make money? For example, an app may sell your consumer data, such as transaction history.
Budgeting Style	Apps may be set up to budget in different ways. For example, one app may use a “zero-based budgeting” system while another uses a “pay-yourself-first budgeting” system. Knowing your preferred budgeting system can help you pick the best app for you.
Interface	Is it easy for you to set budgets, track your spending, categorize your expenses, and link your accounts (if you want)? Does the app send reminders when payments are due or alerts when spending exceeds the budgeted amount?

If you choose wisely, using apps to manage your finances can make it easier than ever to achieve your financial goals.

To talk about other important family and financial topics, contact an Extension educator in your county. Visit the [Virginia Cooperative Extension website](http://ext.vt.edu) (ext.vt.edu) for more information.

References

Consumer Financial Protection Bureau. 2021. Cyberise Tips: How to Stay Safe Online. Washington, DC: Consumer Financial Protection Bureau.

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