



Building an investment platform customers love

With Plaid, Betterment grows the lifetime value of users, enabling 91% to maintain a higher median account balance



58%

Users who link with Plaid fund their accounts at a rate 58% higher than those who link manually.

“Enabling customers to instantly connect their checking and savings accounts allows us to provide a nearly seamless experience when customers want to deposit funds to Betterment.”

ASHLEY CURRAN,
Director of Product,
Betterment

PLAID PRODUCTS

[Auth](#)
[Balance](#)
[Identity](#)
[Transactions](#)

Challenge

Betterment needed a way to seamlessly onboard more users and drive engagement through a more personalized user experience.

Solution

With Plaid, Betterment got access to the diverse financial datasets and insights they needed to create sticky experiences for their users.

Results with Plaid

Betterment reports the following results with Plaid:

58%	58% more investment account openers fund their account when using Plaid compared to those who don't use Plaid
1.8 days	Betterment users fund an account an average of 1.8 days faster when connecting via Plaid versus those who connect manually
35%	Betterment users are 35% more likely to fund an IRA account if they link with Plaid than those who link manually
91%	91% of Betterment users maintain a higher median balance if they link their account with Plaid

Betterment is the largest independent online financial advisor in the U.S. with more than \$33 billion of assets under management. Founded in 2008 during the global financial crisis, Betterment was among the first to pioneer the use of automated technology to make investing easier, better, and more accessible.

Today, fintech is the new normal, with more than 5.9 billion downloads of digital finance apps in 2021. But this mass adoption of fintech doesn't always translate to engaged users. According to Andrew Chen at Andreessen Horowitz, “The average app loses 77% of users after three days. Within 30 days, 90% leave. Within three months, 95% are gone.”

How does an investment app like Betterment beat the odds and go from zero users to more than 730,000 engaged users in such a short amount of time? For Ashley Curran, Director of Product, it starts with obsessing over the user experience.

35%

Betterment users are 35% more likely to fund an IRA account if they link with Plaid than those who link manually.

“As with everything in fintech, the more we know about our customers, the better we’re able to help them make decisions that support their goals, be it as simple as growing their wealth or as specific as retiring sooner.”

ASHLEY CURRAN,
Director of Product,
Betterment

“Keeping the customer at the forefront of our minds continues to set us apart from a user experience perspective but also in terms of the decisions we make—from the features we support to our product roadmap.”

To help Betterment keep the user experience front and center, they turned to Plaid.

Speeding up funding through faster aggregation

Most digital finance apps struggle to source robust held-away account information due to low-fidelity data and poor conversion rates. And because account funding workflows are slow and prone to errors, it makes it even more challenging to grow assets under management.

With Plaid Link, Betterment users can connect their financial accounts in less than 7 seconds. Link also instantly authenticates accounts at more than 12,000 banks, including community banks and credit unions, creating a more seamless and secure bank-to-bank payment experience.

“The backbone of our funding flows is built on our integration with Plaid Link. Enabling customers to instantly connect their checking and savings accounts allows us to provide a nearly seamless experience when customers want to deposit funds to Betterment,” says Curran.

Once a user connects a financial account, Betterment uses Plaid’s Account Verification Suite, Auth and Identity, to verify bank account information when users fund their accounts. They complement this with Plaid Balance to cut down ACH returns and protect themselves from fraudulent users.

Once the user verifies their Account, Betterment leverages Plaid Transactions to instantly begin offering holistic financial insights, like what a user’s net worth is—not just their Betterment balance.

This safer, more streamlined approach to ACH funding makes growing assets under management more predictable. Betterment reports that users who link with Plaid fund their accounts at a rate 58% higher than those who link manually—and an average of 1.8 days faster.

Increasing lifetime value of users through streamlined ACH funding

Speeding up the aggregation process also helps drive user engagement. Betterment users with a Plaid linked account are 35% more likely to have a funded IRA account. In the world of personal finance, this number is a leading indicator of user commitment to your platform.

“IRAs aren’t transactional money that you depend on on a day-to-day basis. It’s meant to be set aside for the long-term and grow over time. That’s why we love seeing funded IRAs because it shows us that this customer is planning on sticking around for a while.”

Betterment reports that 91% of customers with a Plaid linked account have a higher median balance than those who don’t use Plaid. Faster aggregation, as it turns out, is a leading driver and prediction of the lifetime value of a customer.

“Our goals with Plaid are simple: to make funding a Betterment account as easy as possible...”

ASHLEY CURRAN,
Director of Product,
Betterment

91%

91% of Betterment users maintain a higher median balance if they link their account with Plaid.

Driving engagement through personalized insights

Betterment uses Plaid to leverage user permissioned data to offer more personalized financial recommendations and insights. Unlike other financial management platforms that deliver one-size-fits-all investment strategies to their entire customer base, Plaid allows Betterment to get access to better data, allowing them to meet the unique needs of each user.

“As with everything in fintech, the more we know about our customers, the better we’re able to help them make decisions that support their goals, be it as simple as growing their wealth or as specific as retiring sooner. This is partly why we encourage our customers to aggregate all of their financial assets to their Betterment account. Having this information available directly correlates to our recommendations. The more we know, the better we can help.”

By making it easier for Betterment’s users to connect their accounts, customers who use Plaid set 36% more goals on average than those who don’t. This allows Betterment to offer even more pathways for them to achieve their goals.

Making financial management easier for everyone

Despite tumultuous markets, Betterment continues to help their clients stay on track to meet their long-term financial goals. In April, 2021 they announced a record-breaking close to the quarter, adding 56,000 new users to the platform, up 116% year-over-year. Since then, they’ve secured \$160 million in growth capital and acquired Makara, an innovative manager of crypto portfolios, which will allow Betterment users and financial advisors to invest in crypto alongside their existing investments, in an all-in-one platform.

For Curran, this growth and accelerated roadmap all goes back to their shared commitment with Plaid: to create a better user experience.

“Our goals with Plaid are simple: to make funding a Betterment account as easy as possible so that when a user chooses to share their financial information with us, we can play back that data accurately and responsibly so that we establish trust.”

plaid.com

Plaid powers the digital finance solutions that enable millions of people to live healthier financial lives. Trusted by 6,000+ of the world’s leading companies and connected to 12,000+ financial institutions across the US, Canada, UK, and Europe, Plaid’s mission is to unlock financial freedom for everyone.

Ready to build the future of digital finance? Reach out to our sales team at info@plaid.com.