

EPISODE 903

“LA: I wouldn’t have a dollar to my name if it weren’t for my father. My father grew up in a very humble environment always was a saver, never really bought things that he didn’t have the money in his pocket to pay for.”

[INTRODUCTION]

[0:00:52.1]

FT: How do you send money to friends, family and everybody else? The odds are, you’re no longer putting a check in the mail, right? When was the last time you even used a check? Welcome to So Money everybody, I’m your host Farnoosh Torabi.

A lot of us are venturing over to person to person payment services or peer to peer payment services and our guest today is at the forefront of this technology. Lou Anne Alexander is the Group President of Payment Solutions for Early Warning which led the launch of Zelle, a lot of us use Zelle, right? It’s the financial service’s industry’s first real time payments network. Zelle was also the presenting partner at Stacks House in Los Angeles, which is the financial empowerment pop up museum that I co-launched with two other female entrepreneurs.

Lou Anne has spent the last few years on the road promoting Zelle to banking executives who weren’t always so eager to embrace change but she’s done it successfully with 39 billion dollars sent through Zelle in just the first quarter of this year. Lou Anne is a banking veteran and as you just heard, has a touching story about how she learned about money growing up, looking forward to this conversation.

Here is Lou Anne Alexander.

[INTERVIEW]

[0:02:05.3]

FT: Lou Anne Alexander, welcome to So Money.

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LA: Thank you so much for having me.

[0:02:09.9]

FT: I'm really grateful to have you on the show, I think this is going to be really insightful for all of us listening, to learn a little bit more about how the payment's industry works, often, our financial transactions are down on our phones, these days, our websites, everything is tech driven and I think you know, given your experience, your position at Early Warning, heading up Zelle, it's really helpful to kind of hear more about the behind the scenes and the evolution of payment services.

Also, I think it's important to just also say thank you first and foremost for your partnership. I know that my listeners have been following me, talking all about Stacks House and as our presenting partner, it meant so much to us to have you as our partner, for many reasons.

We'll learn as we speak, it's just how female-friendly Early Warning is and how important female financial literacy is to you. I've talked to many of your colleagues at Early Warning and we feel a real kindred spirit in working with you and we couldn't have done our first activation in LA without you. Thank you.

[0:03:19.4]

LA: No, thank you guys, It's been a wonderful opportunity for us not only to get the Zelle name out but hopefully to help in women learning more about money and taking more control of their financial lives, which is very important to us at Early Morning.

[0:03:36.1]

FT: In a very short period of time, we have now arrived at a marketplace where there are just a number of solutions for paying bills and exchanging money online and particularly now, via our phone, our mobile apps, you are Group President of Payment Solutions at Early Warning and Zelle is your peer to peer payment app.

I want to know how does Zelle try to differentiate in the marketplace?

[0:04:02.0]

LA: Yeah, I think there's a couple of different ways that Zelle has been successful and frankly when we launched the product, we knew for a lot of generations, we needed, not only to launch a Zelle but to also teach individuals what a person to person payment product was and how it could make a difference in their lives. Much about Zelle was bringing P2P, person to person services from the millennial generation who are very accustomed to using the products into the mainstream where now we have a lot of baby boomers that are using it.

In order to reach those upper row generations which by the way, I'm part of — but in order to make them more comfortable and secure with mobile payments. First and foremost is, we hear from our customers that the number one reason that they have tried P2P in the recent past, is because it was offered through their financial institution, it's already in the financial app that they use.

They know who to call if there is a problem and money moves right from checking account to checking account. There's no additional steps that they have to go through to cash out. Certainly I would say that's been Zelle's competitive advantage in the marketplace.

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FT: Right, it's sort of this inherent system of trust that you've built where I think probably the biggest barrier often for people especially talked about baby boomers, the older generation that maybe isn't so native with technology is this fear of security and data breach and all of that but maybe working within the systems you're already comfortable with, the financial institutions you are already using, that is your way of sort of differentiating and really growing fast.

[0:05:53.3]

LA: Absolutely. We do know, you know, over 70% of those who have tried said that it being offered through their financial institution was a good reason for them to try it. Yes, getting over that hump of that, is it safe, is it secure, you know, what's going to happen if I have an issue. All of those things with your financial institution offering the service is certainly, you know, one of the things that has propelled Zelle forward.

[0:06:23.8]

FT: When peer to peer services, payment services, first arrived on the market, even to some extent, even when we got the first opportunity to, say, do mobile banking, it was considered a convenience, a nice to have feature but now I've read that in articles where for example, Forbes where you were recently interviewed, you're talking about not just this being something that is convenient but lifesaving actually. These days, having the ability to access your money in an efficient, easy, on the go way can save lives.

[0:07:00.1]

LA: I think, in the beginning, I think what really rallied our company around Zelle were some of the stories about how money is – when monies are delayed, what happens and we like to say, when money moves, life happens. Oftentimes, I'll read in social media, "Hey, had a flat tire today, thank you Zelle, you saved my life." We have red cross using Zelle to disperse emergency funds to individuals who are victims of all of these recent storms.

You might imagine having to look at the place that your house used to be or leaving your home with no food or wet clothes on your back. Having that ability to get just a few hundred dollars of emergency funds is absolutely critical. We have other corporations like insurance companies, who are dispersing money for home claimed, or car claims.

Again, think about the individual who if they don't work, they don't get paid, they've lost use of their car through an accident or a wreck and having those funds dispersed immediately into their checking account, being that life saver.

And just every day, day to day friends and family coming to our rescue, helping us out when there's an emergency cash that's needed due to an illness, due to loss of job. Yeah, certainly, these are the kinds of things that rallied our company behind it. It's not just the convenience, in many cases that it is a life saver.

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FT: Just to put things in perspective for listeners who are wondering, just how popular this service is, in just the first quarter of this year. Zelle experienced 39 billion dollars in money sent, in 147 million transactions. That's massive.

[0:08:59.5]

LA: That's right and in fact, we have over 94 million, what we call social aliases, emails and cellphones registered in our directory today. So we're certainly growing not in the number, not just in dollars and transactions, also, the number of individuals who are choosing to use Zelle.

[0:09:19.5]

FT: I wonder, what is the challenge, the biggest challenge of getting all the financial institutions that you work with on the same page and agreeing to this one tool that they're all going to share in. What have been some of the challenges or hurdles with that. I'm sure, because every bank has its own look and feel and the way that it likes to communicate and so, that's been – I would imagine, something to really go back and forth with and work a lot on.

[0:09:48.3]

LA: Yeah, what I would say is, person to person payment transactions through your financial institutions, really aren't new, right? We've seen these since the early 2000s embedded into

banking products and we've even had the capability for those transactions to flow, financial institution to financial institution.

But the reason that consumer adoption truly wasn't there, was because exactly what you said, they were all called something different, it wasn't apparent to consumers that they could send money to somebody else that didn't bank at their same bank, the user experiences were all different so it was difficult for an individual who liked the product to send money to a friend and then help that friend through the enrollment process at their own financial institutions.

Given the launch of Zelle which by the way, we're coming up on our two-year anniversary in just another week. But with the launch of Zelle, that common branding, the common messaging, that common user experience across financial institutions, we've seen transaction numbers go up in some financial institutions by a factor of 10. Even though they had a product prior, the barriers to adoption were surrounding customer's perception of the product and what it could do.

[0:11:15.4]

FT: Lou Ann, where do you think we're going to be in 10 years, as far as a new, unforeseen frontier that is going to be second nature? We didn't actually probably foresee payments, mobile payments and P2P, becoming such a ubiquitous way of managing your money in 2019, maybe 10 years ago or even just even five years ago.

As you are behind the scenes and also at the forefront of financial services, where do you think — inspire us, where do you think we could go? What's the potential, given all the technological advances with AI and so on.

[0:11:53.9]

LA: Yeah, I think one, it's a world that we're creating and we're one of the factors in the marketplace today but they're certainly is all of the things that you have mentioned around technology advances, consumer willingness to use technology for additional, more critical transaction levels.

I would say, from our perspective, P2P was just the start, we've extended Zelle as we were discussing earlier into corporate disbursements and large dollar transactions, being moved over Zelle. Again, think about that home claim car claim, those are significant amounts of money. We're extending into small business, think about who you still have to write a check to and sometimes that your maid service, your pool service, your painting contractor but giving them the ability, many of those businesses who run, you know, in the red from a cash flow perspective and getting their money as quickly is vitally important to even them making payroll.

Then, beyond small business, thinking about extending real time payments into a bill pay perspective, the products that we use in the marketplace today and I can attest because I was part of some of the earlier launches, they're 30 years old and they're not being widely adopted by some of the younger generations.

Being able to morph that online bill pay product into something that's more similar to what you experience with Zelle P2P, it's just a corporate reaching out for a request for payment and you're being able to respond to that immediately and be having it off of your list or having it scheduled for a later pay date.

To me, I think the sky is the limit, I think that this real time payment world will evolve into all use cases that we experienced today.

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FT: Wow. Well, lots of work ahead but taking a really big step back and maybe exploring some of your steps to where you are today, how did you arrive to the financial services industry, did you always have a curiosity and interest in this world? What's your background?

[0:14:21.5]

LA: Wow, no, I guess I fell into this world. By education, I'm a computer scientist and I did spend the first 10 years off my career as a technologist but within a financial institution, believe it or not, it wasn't that I planned that at all, I just happened to get my first job at a financial

institution and every time I look for advancement, it was like 200 companies under one roof and had a great career.

First 10 years in technology, then I moved to retail banking where I was in the beginning of online banking, build pay and online brokerage. Then spent a lot of time thinking about payment strategy and how payments were going to change in the future and then ended my financial institution career in the corporate side of financial institutions, helping corporate with payments.

I've always had a passion for that, with early warning, my focus has been more around fraud and risk management and I would say that absolutely, what enables us to do real time payment today is that real time fraud introduction. I always like to say, moving money fast is easy, it's moving money for the right person that's hard. Making sure that you know who is on the other end of that transaction.

That's kind of my background technology, retail whole sale, banking and fraud and risk management which has all culminated in my ability to hopefully make a little bit of a difference with the launch of Zelle.

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FT: Yeah and just going back also to the team that you work on so female driven, I think that is unfortunately unique. In 2019, I think we are making more moves towards that inclusiveness and diversity but this is also your first experience on such a largely female led team. How has that been and how do you think it's been different?

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LA: Yeah, you know seven of the 11 executives that are responsible for the launch of Zelle were women and actually continued to be a women on our team. You know I think from a consumer product perspective, I believe that the female insight into how things might be perceived in the marketplace, the care that we need to have for our consumers absolutely is unmatched. Now we have women in some really difficult operational jobs.

Our general council is female as well, our head of marketing is a female, the governance process and dealing with all of those financial institutions and what are their complying with the rules is also led by a woman. So we certainly have women in very, very strong positions and command control that we need in order to protect the Zelle brand but also human experience factor I think has been one of the most significant benefits by having such a significant female leadership team.

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FT: All right, let's talk a little bit more about your personal financial experiences and so starting maybe back to childhood, we all like to share a money memory from growing up and do you have an experience or something you witnessed or a piece of advice you got when you were younger that has stayed with you that has actually impacted your financial moves.

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LA: I would tell you, I have to credit my father. I would say I wouldn't have a dollar to my name if it weren't for my father. My father grew up in a very humble environment, always was a saver, never really bought things that he didn't have the money in his pockets to pay for and I get tested every time. I think about one of those big buys I want to do because my father's voice is sitting on my shoulder. "Can I really afford this?"

But certainly, I think my financial savings have been really influenced by growing up in my father's household.

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FT: Is there a specific piece of advice that he gave you or an experience maybe that goes along with that?

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LA: Well I would say save all you can. From my very earliest stages in my career one that I was very fortunate to have worked in a company that provided a 401(k) and matching and have contributed my entire career to the maximum that I could particularly to get those additional matched funds but definitely savings being that kind of one mantra that I would say has guided me in my financial life.

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FT: And so when you were first in the real world on your own, what was the first big money mistake that you made and then what is a money win that you are really proud of? We call it the So Money moment on this show.

[0:19:40.3]

LA: All right, so my So Money moment was just shortly after college at the age of 24. I was able as a female professional, single, to purchase my first home. So that was my So Money win was I have been a home owner since I was 24 years old and again, that comes a lot from the influence that my father had and I did that totally on my own as an independent professional woman with nobody else's help.

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FT: And what were your peers doing at that time? Because even today that is pretty unique to be in that age group as a female too buying a home. Although I will say that what young women are buying homes at a faster clip than young men but at that stage at your age and I am not sure how old you are today but you know, you said you were a baby boomer. So going back in time was that pretty exceptional?

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LA: Yeah, it sure was particularly for a single female at that point in time to be a first time home buyer at that age, it absolutely was. You know my friends were generally renting at that point in time in their careers.

[0:20:58.4]

FT: And how about your failure, what was the biggest mistake or regret that you have?

[0:21:02.9]

LA: I think I have a couple of those. You know one was that my father's voice wasn't loud enough when I bought that extremely high priced pair Louis Vuittons out of a Las Vegas shoe store.

[0:21:21.7]

FT: Oh my gosh, I did the same thing once. I think I know what store you are talking about. It's in the Venetian.

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LA: I will never tell my father what I paid for those shoes but it will end his life, I believe.

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FT: It's all the air conditioning, it's all the music and the blast of cold, you got to shop. There's nothing left to do.

[0:21:46.5]

LA: But no, I think my biggest failure and the advice that I would give to others who are saving in a number of different ways and some of those may be in your own company stock but I certainly at one point in my career had way too much of my portfolio invested in my company stock and you know, I am a loyalist, I am a believer and it cost me very, very, very dearly. So what I would say is when you do amass enough wealth to have an investment portfolio,

definitely get good advice in diversifying that portfolio because I certainly took a big, big step backwards at that point in my career.

[0:22:36.2]

FT: Yeah, we have heard this on this show before and many people had that same unfortunate experience as you did. A lot of them during the recent recession and I remember that was a big news story back then because you know, whether you worked at Lehman Brothers or Bear Stearns and you had 30, 40% of your portfolio in your company stock that was tough and so the rule of thumb I think just for anyone listening if you do have stock options or company stock by I think it's worth it but no more than 10% of your overall diversified portfolio.

It's just too much. Even Sallie Krawcheck was on this podcast recently and said that that was one of her biggest mistakes was being too tethered to the company from a stock perspective, yeah. All right now, habits, your number one money habit and you can't say using Zelle because we know that is obviously your top habit is making your payments super simple and easy using Zelle.

But what are some other things that you might do that you would recommend others participate in because it does help you either make it better money decisions or just makes your financial life more convenient?

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LA: You know I think for my husband and I, we've always had a financial plan and goal set. You know obviously as an individual, my first goal was save enough money to buy my first house but you know as a married couple, my husband and I certainly still set those financial goals. We understand what it takes to get there. We sit down very regularly with a financial advisor, get that advice and ensure that we are on track for those goals and we are active in the management of our portfolio.

At least the decisions made around that portfolio and how those funds are invested. So I know a large percentage of women will say that they want to be more actively involved. There is no

reason that you can't be. You know I am not an expert in portfolio management. Obviously I look to some professionals for that help but I do want to sit down and get actively engaged in how those money is invested, what each of those investments are returning for us and whether they are helping us meet our next financial goal.

And for me, my next financial goal is retirement but my husband and I certainly take the time to sit down with the financial adviser on a very regular basis.

[0:25:13.1]

FT: And so I am curious, as far as retirement planning goes how often do you visit this goal, right? So I am sure over the years you're ideas and ideals around retirement may have evolved. They're shifted or maybe stayed the same but for those of us listening, how important is it to touch base on this and how regularly?

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LA: Yeah, we do it no less than quarterly. We have meetings with our financial adviser and go through the last quarter's performance, what worked well, what didn't, do we want to move our investments into additional or different types of funds. We also reassess what our spending expectations are. So are there new things that are causing financial stresses in our lives? Are there new things that we want to put into our financial plan?

So think of things like my daughter's wedding for instance is part of my financial plan, vacations that we want to take our part of our financial plan, you know the home that we are living in is part of our financial plan but some of those things change over time. So it's very important to take stock in that always to look at other things such as the use of trust, your will and expectations around your departure as well as just to make sure your family is well taken care of.

So again, we do those checkups, at my age we do that on a quarterly basis but certainly based on where you are in your life and planning cycle. We would probably suggest how frequently you want to do that.

[0:26:58.0]

FT: All right Lou Anne, are you ready for some So Money fill-in-the-blanks before we wrap?

[0:27:03.4]

LA: Sure, I'll try.

[0:27:05.0]

FT: You've been so great, I really am enjoying this conversation. This is just an opportunity to not take it too seriously just first thing that comes to mind. Okay, if I won the lottery tomorrow, the first thing I would do is _____.

[0:27:21.7]

LA: Retire and spend time with my grandkids.

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FT: Oh, retire early?

[0:27:27.5]

LA: Oh absolutely.

[0:27:29.4]

FT: Yeah, when I use my money to make my life easier or better, I like to buy _____.

[0:27:38.4]

LA: Oh, usually the services of other people that make my life easier like you know cleaning my house and my windows.

[0:27:47.9]

FT: Outsourcing, yes. This is the number one answer I get is housekeeping especially for women because let's be honest. I mean we value that more than any other gender because it is often been our territory and we don't want to do it and I am sitting here talking to you in a home that was just cleaned professionally and it is everything.

It just makes me calm and I feel like I can be more productive when I know where things are and things look clean.

[0:28:16.7]

LA: Me too.

[0:28:17.8]

FT: It's worth every penny. Okay, when I donate I like to give to ____ because ____.

[0:28:22.8]

LA: The Red Cross is one of our top areas of donation. We also give to the ALS Fund and have had unfortunately friends and family who have been impacted by that and then finally more on the fun side is theater. We absolutely love theater or have multiple season tickets to theater in the Phoenix area.

[0:28:48.6]

FT: That's awesome. I love going to theater. I love being in the theater. I did that one a lot when I was in high school and college and then last but not the least, I am Lou Anne Alexander, I am So Money because ____.

[0:29:01.5]

LA: Boy, I am an independent professional woman that could retire if I wanted to right now but I am having so much fun with Zelle that there's no way I am retiring anytime soon.

[0:29:14.1]

FT: Well, we thank you and we really appreciate the mentorship that we had on just this 30 minutes. I mean you are incredibly inspirational. We are so happy to have you in the financial services industry as a strong independent women and again, thank you for the partnership with Stacks House and wishing you and your family a wonderful summer.

[0:29:34.5]

LA: Thank you so much, I appreciate it.

[END]