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MORE MANAGE BANKING, BILLS USING INTERNET

Russ Wiles, The Arizona Republic

How times change. Barely a decade ago, hardly anyone was trading stocks online, checking bank-account balances via the Internet or logging on for loans or CD rates. Now it's hard to contemplate life without an electronic connection.

The Internet is little more than 10 years old as a retail financial-services medium, but it has become an integral way to buy and sell investments, monitor transactions, research money issues and organize one's financial affairs.

The Internet hasn't made financial advisers obsolete, but it has given consumers an opportunity to take more control over their money.

Rochelle Balch likes to keep tabs on her credit-card transactions and monitor her investment portfolio.

"It's helpful to pull it up online while I'm talking to my broker," said the Glendale woman, who owns a troubleshooting firm called Computer Consultants.

She really raves about her Wells Fargo online bill-paying service, which she employs for both personal and business expenditures.

"I use it all the time," Balch said. "I haven't written a check in, like, forever."

Routine banking functions are among the most widely used Web financial practices. For example, 64 percent of Internet users primarily check their bank-account balances online, according to a survey last month by Yahoo! Inc. and OgilvyOne Worldwide.

Also, 56 percent of respondents say they rely on the Internet as the primary way to check investment portfolios, while 50 percent say they mainly trade investments online and 43 percent pay bills in this manner.

"The Internet has become the leading medium for most financial activity," said Richard Kosinski, category-development officer for business and finance at Yahoo! in New York. "It lets people stay in closer contact with their money and helps them make better financial decisions."

Online users spend the most time monitoring and managing their accounts, and less time researching and actually purchasing, he said, for the simple reason most people don't conduct that many transactions.

Even during the stock market boom of the late 1990s, reports of people giving up their jobs to become day traders were exaggerated.

A survey conducted for Ameritrade Inc. in late 1999 indicated that the discount brokerage's online investors -- a relatively active group -- placed buy or sell trades just once a month on average.

A more recent survey by the Investment Company Institute and Securities Industry Association said the vast majority of online investors placed five or fewer stock or mutual-fund trades yearly.

Participants in 401(k) retirement plans have wide access to Internet trading, but only one in six workers made any transfers last year, said Lori Lucas, director of research at Hewitt Associates in Chicago.

"I'd definitely characterize most participants as buy-and-hold investors," she said.

People who tend to overreact to the news in their investing behavior may want to spend less time online since overtrading can drive up trading costs and hurt performance.

"The hardest things for people to do is follow a disciplined strategy and emotionally handle the market's ups and downs," said David Fernandez, a certified financial planner at Wealth Engineering LLC in Scottsdale. With the Internet, he notes, "You can get overwhelmed with information."

According to Yahoo! OgilvyOne survey, users don't look to the Web to handle all aspects of their financial lives. For example, relatively few people apply for mortgages or buy insurance online, even though they may check the Web when doing research in those areas.

"Those are more complex products, and people have more questions about them," Kosinski said.

Speaking of complexity, financial firms plan to unveil more Web services to simplify things for consumers even further. For example, Wells Fargo's new My Spending Report automatically tracks customer credit-card, debit-card and bill-paying activity and categorizes each transaction by type of spending -- whether for utilities, food, lodging and so on.

"Lots of people say they know they should budget but don't do it," said Stephanie Smith, senior vice president of consumer online banking.

The new service, she said, converts banking transactions "into useful information so people can better manage their financial lives."

Meanwhile, younger adults are more likely to rely on the Internet for financial matters than their older siblings, parents and grandparents. For example, 72 percent of people younger than age 40 go online to check balances, vs. 37 percent of those 40 and older.

Younger people also appear more trusting of the Internet, according to the survey. While security breaches remain a concern for all age groups, it's not a big enough risk to preclude most people, especially young adults, from conducting business online, Kosinski said.

Free and easy

Helpful financial Internet sites loaded with mostly free information have proliferated during the past decade. Examples:

bankrate.com: Good place to check rates and fees of CDs, credit cards, mortgages and other bank products, with explanatory material in these areas.

bigcharts.com: Good for tracking trading patterns for stocks, mutual funds, market barometers like Dow Jones Industrial Average and more.

investinginbonds.com: Everything from bond basics to prices and issuer information about municipal, corporate and government debt.

helpforinvestors.org: Site geared to preventing and reporting foul play, with links to the Federal Trade Commission's identity-theft area and BrokerCheck service from the National Association of Securities Dealers, for example.

irs.gov: Still the place to go for forms and other federal tax information.

mfea.com: Site run by the Mutual Fund Education Alliance that focuses on no-load mutual funds, with a list of low-minimum funds.

morningstar.com: Substantial details about specific stocks and mutual funds, plus insights about many other investment topics.

savingforcollege.com: Specialty site for tax-sheltered Section 529 college plans; the site's College Savings 201 area lists program details for Arizona and other state programs.

yahoo.com: The site's finance area includes business news and details about mutual funds, loans, insurance, taxes and more.

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