

Season 8 – The future of labour is here

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Episode 5: Preparing the next generation

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DORETTA THOMPSON

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Hi. You're listening to Mastering Money, where we explore the many aspects of good financial decision making. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. We provide no cost programs and free online resources that help Canadians own their finances and learn the language of money.

This season, we're looking at the future of work. We'll be diving into hot button topics such as how interest rates and inflation will affect our everyday, how to prepare ourselves and our children for the accelerating speed of change in the workplace, to the AI technologies that might replace our jobs.

Our guest today is Hector Crespo, CEO of Mydoh, a money management app for teens that's backed by RBC. Hector's got over 20 years of experience leading marketing design and digital products and services at large financial institutions and Fortune 500 companies. Hector, thanks so much for being here today.

HECTOR CRESPO

00:01:13.46

It's my pleasure.

DORETTA THOMPSON

00:01:14.38

So before we begin, why don't you tell us a little bit about yourself and your career?

HECTOR CRESPO

00:01:18.91

Yeah. Well, you said some of it. I've been in financial institutions working with banks and insurance providers for years, a couple of decades now. Always doing innovation, sort of digital innovation within financial services. It's not the place that you would normally think of innovating. But for forever, these banks have looked to leverage digital technology to provide-- to meet the needs of consumers and our clients.

And so we've been building capabilities like online banking and bill pay and money movement capabilities for a while, and I've been on the forefront of that innovation for years.

DORETTA THOMPSON

00:01:58.31

Why don't you tell us a little bit about Mydoh itself, the app, how it works?

HECTOR CRESPO

00:02:03.11

Yeah. Mydoh. So Mydoh, we describe it as a money management app for families. Primarily for kids, preteens, and teens. It's backed by RBC. And so with that, we hope gives parents peace of mind that when you leverage our utility, that it has all the same rigor that anything that RBC would deliver.

We provide an opportunity not just to talk about basic financial concepts and helping kids build a nice solid foundation of financial literacy, but you learn by doing. We have what we call a smart card, which is in essence a prepaid card that enables parents to move money to kids and for kids to be able to spend that money and shop with oversight from that parent.

We really believe that they learn by doing, and it's powerful with those guardrails around the parents. But it's far more than just a utility, a smart card. The app itself is based around helping you save, giving you insights around your spend behaviors, and maybe ways to curb spending in areas that you don't want to, and save a little bit more for that goal that you've set up.

And so we're really proud of the product we have. We've been able to build a really strong foundation with families, where they rely on it and love it, and we hope to continue to grow Mydoh as the needs of these young Canadians grow. Kids needs evolve. And so that's essentially what we're looking to do next. Continue to evolve the product to support them as their financial journey continues on.

DORETTA THOMPSON

00:03:44.11

And for our listeners who'd like to learn a little bit more about Mydoh, you'll find a link in the description to this episode. How is your experience in life? You know, growing up yourself learning about money, and now as a parent trying to teach your own kids about money, how has that influenced your role at Mydoh and your approach? How you see it.

HECTOR CRESPO

00:04:04.37

It's almost a tale of two cities type of story. When I was growing up, parents of immigrants, laborers, money was about survival. It was around meeting those basic needs. Working was simply about keeping food on the table, right? The proverbial roof over your head. The conversations today have been money in a very different way. That it is part of something that you need to do but is not the only thing that's important for you in your life.

And so our conversations with my kids-- I have two kids, a daughter and a son, both of them older now-- has been about building a nice strong foundation in money management, and learning, and in finding careers, but trying to strike a balance between doing something I care about and love and doing something that can let me earn and be on my own and be able to support myself and near-term and long-term.

It's quite different, though. Growing up, I don't know if I thought of myself as being at or below the poverty line. But I'm sure looking back on it now, we were. And so you just think about money in a completely different way.

You're in survival mode. You are in dire straits at moments. And so it becomes a much more critical part of how you view the world and what you're trying to accumulate for survival. And luckily today, it's just a different landscape that I'm lucky to be in and my kids are privileged to be in, so.

DORETTA THOMPSON

00:05:47.69

Yeah. It's really interesting. I think there's research that shows that our attitudes towards money and our understanding essentially of the world and how it works are largely formed by the time we're in our early 20s.

That's kind of like how we see things, how we see things, and it will affect our decision making for the rest of our lives in a lot of ways unless we consciously maybe try to correct some things and are self-critical about our own attitudes towards money, right?

HECTOR CRESPO

00:06:14.86

Well, I think you're spot on. And I think that also complicates the conversation with kids because I project a view of money that I learned to your point, when I was much younger, and that is not the world in which they live in or how they view it, and how do you strike that balance, right? Over the kitchen table conversations that lean into that tension. It's probably something that we all from different generations have to deal with for sure.

DORETTA THOMPSON

00:06:41.98

Yeah. Generational differences, economic differences. You look at young people today who millennials, for example, that seems like almost every year or two are in a once in a century occurrence. They've come from money collapses to pandemics, to climate change, to all of these things that are speeding up and speeding up.

So tell me a little bit more about Mydoh and how it fits into that? I mean, think about when we were growing up, you could teach kids about money as a physical thing when learning about literal dollars and cents. And you talk about digital experiences, et cetera. How does Mydoh fit into that?

HECTOR CRESPO

00:07:21.64

Yeah. Well, there's a couple of ways. Well, for sure money is almost solely digital these days with many generations, myself included, but certainly with Gen Z and Gen Alpha populations for sure.

The other thing that we think about at Mydoh is that there is value in learning and doing. And so we've approached that with our product. And so rather than talk endlessly about savings, let's actually put that in action, and let's think about nudging individuals to revisit those decisions that they're making around spending.

If I have a goal, well, then maybe it's one less latte per week that I need or consider that purchase carefully and where would you want that to go. I think that's the value of Mydoh is that as parents, you do have the ability to enable your kid. You give them some sense of independence.

They have access to a smart card, either on their phone and wallet so they can tap and pay for online transactions, or a physical card that they can use at checking out at an in-store. But it is the idea of giving them that freedom to test and learn. While you're constantly having the conversation around financial literacy and around the value of every dollar spent and on the best use of that dollar, we're enabling.

Now within guardrails, there's only so much money that we allow to be stored on these cards, and all of it is governed by the parent. They also have the ability to like and view transaction spend from their kids and regulate how much they move over to kids and so forth, and set up chores and tasks, that if I complete that, I get my payday.

We have a term called payday in Mydoh every Friday that again it's based upon you doing your chores and so forth. So there's the freedom, some independence, but the foundation of learning is part of every step of the way. Either guided through support from the parent, or through nudges and insights that we share within Mydoh directly with the kid and parent.

DORETTA THOMPSON

00:09:38.39

So that's really, really interesting. I mean, nudge theory, in general, just fascinates me. What kind of nudges are you building into Mydoh to help children and their families understand about the decisions that they make and help them fall into those good habits?

HECTOR CRESPO

00:09:55.76

Yeah. Well, a lot of them are around spending behaviors, where are you spending your money? A lot of them are around saving behaviors, again, hoping that we're not just giving you access to cash, or at least enabling parents to give their kids access to cash for the purpose of just spending, consuming more, but it's around building those foundational behaviors of saving and putting some aside for a long-term value.

That value may be those AirPods, or may be those sneakers, or may be towards education, your future, may be towards giving back to some communal desire that you have to give back locally or with some organization you care about.

Those are generally where we start, right? Where do you consume today? And what behaviors can we lean into to hopefully align with those goals that you're telling us about? Short-term savings goals or longer term goals.

DORETTA THOMPSON

00:10:55.79

So a digitized version of the old three jars of spend, save, gift.

HECTOR CRESPO

00:11:02.27

Yeah, for sure. And we do the same thing in at RBC with the multitude of generations that we support at the bank, right? We're constantly wanting to make sure that it's not just a mechanism to move money, or save it, or spend, but it's an understanding of those behaviors and the implications of those behaviors. It's something that we think is super critical.

DORETTA THOMPSON

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So at what age would it be appropriate for a family to engage with their child with Mydoh? What typically do you see?

HECTOR CRESPO

00:11:33.89

We see certainly folks at the preteen level. Kids, 9, 10, 11 engaging with the product. And we certainly see those teens, those middle schoolers, those going into high school, that money actually becomes part of their daily lives.

When I'm younger, it may be more around savings or money that I may get from a birthday from my parents, or aunts, uncles, and so forth. As I get older, there's definitely much more independence. And they're spending with friends when we go to some of the movies together or buying lunch on my own during lunch time.

That's one of the funny things about Mydoh is that our peak usage time for a number of these kids is that lunch hour. Five days a week during lunch hour, we want to make sure that we're up and ready because of we see that type of transaction. But so it starts early, and we believe that the conversation around financial literacy can start quite young and early. And Mydoh is there for those kids during those early formative years.

DORETTA THOMPSON

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So I'm curious about as you build in financial literacy education, do you find that the families are learning together and that there's actually parents are learning as well in this kind of situation?

HECTOR CRESPO

00:12:53.15

Absolutely. One of the things that I think many of us maybe don't say out loud is the lack of confidence we have in our own understanding of finances, even some of the basic financial concepts.

And I do think that that is a big part of the value that we deliver is that these foundational principles are equally applicable to that maybe millennial parent with their young Gen Z or Alpha kid as it is to the kids themselves. Having that conversation. And we see that in data, that parents are willing and wanting to have that conversation earlier starting with the basics. Absolutely serves both, that kid and that parent.

DORETTA THOMPSON

00:13:38.60

Interesting. So what are you hearing that Canadian families are thinking? How are they thinking about money now? What are the kind of themes that you see emerging?

HECTOR CRESPO

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Well, no surprise that we see young folks concerned about their future. I mean, you mentioned it at the start. You've been through recessions. You've been through a pandemic. You're in the middle of inflation and dealing with a ton of issues that equal instability or at least the concerns for that. And so we believe that-- or at least we know that these younger folks have a bit of a dire outlook on that future.

We're also seeing interesting dynamics with the young folks is that they don't have the same level of trust and loyalty that older generations have. You typically think that those kids bank where their parents banked, but that's not the case. There's this environment. This instability has equaled lack of trust. And oftentimes that lack of trust is with traditional institutions, including financial institutions.

You combine that with the litany of fintechs out there, the ease of use, the low barrier of entry, you're seeing a bit of an erosion in that trust in traditional institutions and a willingness to move my relationship to other players as well. And which fundamentally more choice and options is a good thing. There is the concern however around who are you making those choices with? And who are you banking with? The potential risk that's associated with your money when it is digital.

When I only see it, and I can't touch it and feel it, there may be a bit of a disconnect between it. And I think we just are conscious of wanting to make sure that young people are well informed in making these decisions with regards to who they bank with. Anywhere that they bank, that you're being prudent and thoughtful with that. But those are some of the things that we're seeing.

DORETTA THOMPSON

00:15:42.94

Yeah. I think that as money becomes really almost exclusively digital for teens as you were saying and through social media, they're exposed to so many things-- the fintechs, all of that kind of stuff that makes it seem at some levels that they're really sophisticated. But at other levels, do they really have the critical thinking skills to be doing the assessment they need to build trust? It's a really interesting dilemma.

HECTOR CRESPO

00:16:13.21

I think every generation can maybe think about and improve those critical thinking skills. But I think the amount of data that these younger generations consume in these shorter sort of increments that they consume it, right?

I'm getting a surface level view of a particular topic in a million different channels, that can be difficult, right? You're listening and hearing things that may only be surface level deep, and you may not know the source of that data.

And so it becomes something where you've got to be cautious of the implications of that, right? I may listen to a finfluencer as we discussed and/or listening to someone on TikTok and other channels, that they may very well be a legitimate resource with great insights, or they may not. And that's the part that we rely on the individual to be conscious of and to be aware of and think critically about who am I listening to and the choices that I'm making, so.

DORETTA THOMPSON

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I'm wondering-- and this is maybe a little bit of an out there kind of question. But do you think that what we're seeing now, that kind of lack of trust and in sort of traditional institutions, et cetera, is that likely do you think to follow young people into the workforce, their attitudes towards employers and employment in the future?

HECTOR CRESPO

00:17:41.22

It might be again this combination of a lack of trust, but many new opportunities that weren't anything that I ever considered before. The idea of side hustles, right? The emergence of these side hustles and entrepreneurship. My ability to invest fractionally in all types of different businesses. My ability to start a TikTok or YouTube channel that shows myself thrifting, and get some followers and ad revenue from that.

I mean, there's just a proliferation of options that are low barriers to entry that equals many new options that were never considered, right? Again in my purview, money was so critical. I needed to go to the most stable organization ever and maybe the most common job type ever, because that equals stability and that equals a sure paycheck at the end of the day. And it's just not the case any longer. That I have many new options.

And that erosion, that's not just in the institution. I think it's just in the environment that I'm in. We talked about this unstable environment that you've grown up in equals not necessarily having a tremendous amount of trust or loyal to any single institution.

So the combination of that plus all these new options, I think is equal to many new choices for young folks. I will say the one thing that we do find is that when it comes to more complicated financial needs where advice is critical as part of the discussion, there isn't quite as severe an erosion.

We're seeing that, OK, they do believe in those institutions that are much more secure and stable and wanting to go to someone that is an absolute authority for that advice and that counsel. You can think of that when I start thinking about needing a business loan, right? Or when I need a mortgage. I'm not as willing to, or at least the sentiment hasn't gone so far into those more complicated needs. That trust is there.

DORETTA THOMPSON

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That's interesting. You talked about influencers. And I wonder, in general, how critical young people are in assessing them and assessing the source of the information that they're getting. How do we help young people ask those questions to independently validate, et cetera?

I mean, when you think about things like meme stocks and stuff, that we've seen some really scary things happen, not to mention the bank collapses in the US recently, et cetera. How do we challenge or encourage young people to really challenge to be sure that the information they're getting is good information?

HECTOR CRESPO

00:20:37.94

I mean, it's really hard. It's extremely hard. But my hope is that that open dialogue with your kids or giving them that independence, but talking, I think is a big part of it. I don't know if there's any silver bullet to that issue.

And to be honest, again, it is not younger demographics that fall into those same traps. We all have our rabbit holes that we fall in. We're consuming some of the same channels and platforms and snippets of information that's surface level.

But it's having that conversation, being open about it. And being open to learning together, I think is a great starting point anyway. And that's one of the reasons why we wanted to make sure that Mydoh wasn't just about just enabling, you know, giving a card to a kid, and that's it. That it would be one that equaled enabling that conversation and dialogue around financial literacy. That's sort of the thought.

DORETTA THOMPSON

00:21:39.16

Yeah. I think money conversations are so important. It's something that we've been really trying to focus on in our financial literacy program is to get people to feel safe in having money conversations, but also feel that they can assess their own attitudes towards money and where they came from and really question them. It's like, I assume this, is it really true? Which is a really interesting thing.

So I've heard Gen Z described as woke, broke, and really complicated, something that I think is going to continue to flow over to the next generation as well. And I'm really curious about how you see this in the work that you're doing, and also that relationship between passion and creating value, because young people seem to really see what's happened to prior generations in terms of what they give up for their job. So how is this do you think going to play out?

HECTOR CRESPO

00:22:37.37

I know this firsthand. I have a son who just turned 18, getting ready to go into university. I have a daughter who graduated from university. She's 24 now and working. And whether it's my kids or whether it's from the research we've done on Gen Z, this younger demo, they are very much wanting to strike that balance between finding a career and doing something that they value.

They value work-life balance. And so even-- and when they find that job that is aligned with their value sets, that they can turn it off and do things that are beyond work. And I can tell you like at our kitchen table, that can be a point of contention. That can be a point of friction because my purview and how I started was much more around that is not a priority.

It is only about what you can earn and job stability and working as many hours as possible for that roof over your head and the food on the table, if you will. And what I really admire about this generation is that they're that much more aware of the realities and trade-offs that come with that type of lifestyle. And they're not willing to make those trade-offs.

The personal example I would give is a moment that I regret to this day. Before I was in financial-- the working at banks and financial institutions, I was in consulting. And consulting as you would imagine it, flying in and out of cities working on projects.

You leave on a Monday, back on a Friday or a Thursday. And during that week, you would have worked 60 hours. Staying at some hotel. You're seeing a new city, but only that hotel, the airport and the conference room of wherever you're working. And I recall being in my hotel room at the end of a day. It was a long day, and my wife was at a softball game with my daughter.

This was that championship game that I miss. I knew I was going to miss it. And it was that moment-- the bottom of the seventh, I think it was, and my daughter is up to bat. And yep, she gets to hit. They win. They're celebrating and laughing and hugging, and this was even pre-iPhone, I believe. And so I'm pretty sure I was probably on a flip phone or something similar where I couldn't even FaceTime to see faces.

I just heard the celebration, and I broke down because I wasn't there. I don't remember the city I was in. I don't remember the hotel. I don't remember the project I was working on. All I remember was missing that critical moment. And I think what's special about this young generation is that they're not willing to make that sacrifice. They're much more aware that that is a sacrifice that is not something that they want to regret. And it's with admiration that I talk to them about this stuff.

And while my purview may be, oh, the job is most important. I get it. And you want to enable them to be independent to make those choices to strike that balance between something that they value, that they care about, a job that can earn, but a job that they can turn off to go experience life. And so, yeah. It can be a point of tension at times in our conversations, but it's one that I'm more on their side for sure.

DORETTA THOMPSON

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I relate to that so much. I have a consulting background too. And you wear those kind of 16-hour days as a badge of honor or something and without thinking about or trying really hard not to think about what you've given up, the price that you've personally paid for that position, whatever it is.

So what advice would you give to parents who want to help their teens become more financially literate and realistic about that balance between career goals, purpose, and financial independence? Because of course what you don't want is a kid that's leaning on the bank of mom and dad for the rest of their lives, either.

HECTOR CRESPO

00:26:44.06

For sure. For sure. I think we-- well, we definitely know that parents value the importance of talking about money with their kids. They want to have that open conversation. I would encourage them to be open and honest with those conversations.

We've done surveys, and we know that parents don't feel that they learned those core financial competencies when they were young, and that we all still have a bit of anxiety that we don't know enough about it. I think having that as an open conversation and saying, I don't have all the answers, but maybe let's learn together, and let's talk about this, I think is super critical.

My hope is that open conversation that I hope to have with my kids for their entire lives equals us learning and growing together. And you're right. They are more woke. And can that help me become more aware and more woke as well. This is much for me to learn of them and their view of life as it is that I can instill on them, and I think having that open dialogue is critical.

DORETTA THOMPSON

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I think they really are challenging us, aren't they? They're challenging us in a really fundamental way at the same time that they're meeting their own challenges.

HECTOR CRESPO

00:27:57.57

I agree. And I think we need to be open to it. The exposure that they have to the world is eye opening and critical. We cannot underestimate their potential and what we can learn from these younger demos for sure. At the same time, they run the same risk as we do when it comes to bite size consumptions of data. What sources are we getting this data from? And it does come back to that critical thinking.

How are we collectively saying, hey, is that a valid source? Is that data that I can rely on and choose to continue to consume versus maybe the noise that's out there that I may hopefully do a better job of turning off and avoiding altogether.

DORETTA THOMPSON

00:28:46.21

So really focusing on those critical thinking skills as they, you know, balancing risk in a really intentional way.

HECTOR CRESPO

00:28:54.28

Absolutely. I think it's also-- I mean, we know the issue with crypto and NFTs. We've seen ups and downs there. There's a whole host of options for investing that we don't often talk about. I can invest in-- fractional invest in sneakers and collectibles. I can invest in carbon offsets and credits.

There's a whole host of options out there that these younger folks are getting exposed to that Gen Z is more likely to invest in than even the millennial generation, certainly more so than Gen X. But in doing so and exploring those new options, or you got to go in with eyes wide open and recognize that there are real implications and downsides to this investing strategy that I may only know a surface level about.

It goes back to that open dialogue. If those kids are exposing you to all these new opportunities, can you have a conversation about, OK, well, what is the risk related to some of these new options? And that's for sure. That's a big part of thinking about your future. But be critical in what you invest in and how much you invest and how you think about it.

DORETTA THOMPSON

00:30:09.54

Interesting. And what an opportunity to learn together. I mean, if you do it properly. I was reading something about how young people in general have what they call fluid intelligence, whereas as you get older, you develop a kind of crystalline intelligence, which brings a whole bunch of risk management strategies. But just think of the power of doing that together, right? Of learning about these things together.

HECTOR CRESPO

00:30:33.12

Oh, I 100% agree. And I think, yeah, you are serving each other. There's learning to be had both ways. There's a conversation that can help to enable that and just continuing that relationship, which I definitely value with my kids, and I hope to keep going for years.

DORETTA THOMPSON

00:30:53.59

So Hector, as we wrap up, final takeaways. What are the top three things that you would say to parents in regard to kids learning about money and preparing for the workplace of the future?

HECTOR CRESPO

00:31:08.02

Well, one, have an open dialogue about money. I think it can start quite young. There was a study by the University of Cambridge that suggests kids age of seven understand basic financial concepts.

And so I would definitely talk about it with your kids. Sooner, the better. Allow for real world experiences. The idea of when you're at the grocery store, about the idea of how much does this cost or that? Or like what we've done with Mydoh where kids can have access to cash based upon chores they've completed and so forth, and decisions on what they save for and all that. Give them the chance to learn by doing.

And I would say definitely be open and realize that there's a lot for that generation to teach you and learn, and have that open dialogue be two ways.

DORETTA THOMPSON

00:31:58.85

So Hector, thanks so much for this. I think our listeners will really learn a lot, and I think for parents relating to their kids and thinking about how we can learn together. Thank you so much for doing this.

HECTOR CRESPO

00:32:09.55

Thank you so much. This was fun. Appreciate it.

DORETTA THOMPSON

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