

Tina Hay - Napkin Finance - Transcript

Tim: Welcome back to Living with Money. This is Tim Mullooly. On today's episode I'm joined by Tina Hay. Tina is the founder and CEO of Napkin Finance and the author of the book "Napkin Finance: Build Your Wealth in 30 Seconds or Less" which is available December 30th of 2019.

Tina, thanks for coming on the podcast.

Tina: Thank you for having me.

Tim: Before we dive into the book and Napkin Finance, I always like to start off by asking the guest to kind of think back in the memory bank. What's one of the earlier memories that you have of learning about money or becoming interested in money, and what was your relationship like with money growing up?

Tina: Yes. I was very lucky I had parents who actually taught me a lot about the basics of money and finance early on. My family works in real estate. I think my first exposure to anything related to money and finance was through that lens of real estate and assets, and what that meant for building wealth and equity in the longer term. I think that was my first actual exposure to how money works and investing works, but my first personal experience with money was opening my first account. It was at a little bank, I don't even know if it's still around, called Glendale Federal.

Tim: Okay.

Tina: I just remember being so excited about having somewhere where ... that I could potential grow my money, and had actually a debit card that came along with it and the excitement about that as a young child. I really treasured that account and the card for many years. It's a very vivid memory and very, very impactful in how money impacted my youth.

Tim: Right, yeah. Would you say that it had enough of an impact to make you eventually want to choose the career path in teaching people about personal finance, or when did you know that helping people with their money was something that you wanted to do?

Tina: Actually, I'm accidentally ended up in the world of money and education and finance. My background is film and tech, and so the inspiration behind Napkin Finance and how I ended up working in this venture is that my ... I went to business school as a Liberal Arts major and came in with very little experience working in finance, and was sitting in class with bankers and consultants, and used graphics and visuals to help learn about different topics in finance. I'm a visual learner, as most people are.

Tim: Right.

Tina: Visual learning is a very classic concept. Mozart, Da Vinci, Freud all solved major problems using visual images.

Tim: Right.

Tina: After following graduation, I started a company that was basically a platform for money and Millennials, and Napkin Finance was a piece of it, and this aspect of learning about money and content and education around different financial topics really resonated with our readers. It grew into something that has now a platform with thousands of pieces of content that have impacted many people, and it's been exciting to see the growth and the evolution of the brand.

Tim: Yeah, that's a really clever idea and I liked it when I stumbled upon it because I, too, am a visual learner. I see things and it just sits better in my brain than any other type of learning.

For the listeners out there who might not be familiar with the platform of Napkin Finance, can you just talk about what the main goals of Napkin Finance are?

Tina: Yes, of course. We're a social enterprise. We're a company that teaches money and finance, both to consumers but also to banks and the clients of banks and financial institutions, and so we're in 80 million households right now. And we also have a philanthropic arm that works with non-profits, schools, and other organizations. What we do is we take complex topics, especially in money and finance, and simplify them through infographics, videos, napkins, and other kind of assets to help tell a story and make it more digestible and palatable for people who, traditionally, haven't had the education and basic understanding of basic financial concepts.

Tim: Right, yeah. I love the idea. It distills everything down into, like you said, digestible little pieces of information that are really useful for people who never had a traditional type education in finance or in managing their own money.

This new book, it's also titled "Napkin Finance: Build Your Wealth in 30 Seconds or Less." What can readers expect to find in this new book? And if you could have people take just one thing away from this book, that's loaded with information, if they could take one thing away, what would you want that to be and why?

Tina: Yeah. I think what we try to do is show that finance is accessible to everyone, and it can be fun and entertaining and engaging in a way that, traditionally, hasn't been. So what we have done is we've made ... the book is very visual but it's also has different articles and concepts, and also has a little bit of humor and more a voice and messaging that's relatable. And so we hope that everyone can get something out of the book.

We cover a lot of different topics and chapters, and so it has something for everyone. Even the more sophisticated investor can engage with the book, as can someone who's brand new to money and finance.

Tim: Right, yeah. And for those people who are brand new to finance and money, I feel like we're financial planners here at my firm, and we see people that are sometimes intimidated by personal finance, and budgeting, and getting their cash-flows in order, and they think that it's extremely confusing and really hard to understand. What would you say to those people? Where do you think that sort of sense of intimidation with money comes from?

Tina: Yeah. I think the biggest issue is that most people never learn in school or from their parents, and so the way we learn about money and finance is we're confronted with these important decisions like taking on debt, student loans, credit cards, and so it's a little bit too late. It's a vicious cycle. The way we think about it is if people can understand, really, just the basics, basic concepts, and really the foundation of money and how it works early on, it can be much less intimidating and be a virtuous cycle instead.

Tim: So a lot of the topics in Napkin Finance are illustrated out on a napkin, so to speak, and they can make it easy for anyone to learn. Like you said, a lot of people, we don't get taught this kind of thing in school; you learn math, and you learn history and science, but you don't actually learn how to manage your own money. Is this something that you would hope to see adopted throughout curriculums for kids, and at what age do you think would be appropriate to introduce these topics to people? Like high school or intermediate school?

Tina: I think it's never too early. Even if parents aren't teaching kids, they're learning because they're absorbing it through what they experience and they're exposed to, so really, honestly, we do actually work with K through 12. Our thought is it's never too early to understand the basics of money, even if it's just saving and budgeting and giving money away.

Going back to your question, I think there is no age window for learning about money and finance. Learning early on, and knowledge is power, it's more true of money and finance than anything else because, again, it touches upon every aspect of your life, so even just health. We see even now in politics, how the campaigns progress, everything is related to your wealth and your finances, and so the earlier that people can learn, and learn with tools and resources that are approachable and accessible, the more powerful it is. Again, it goes back to that virtuous cycle versus a vicious cycle of going into debt and trying to find ways to pay off loans and so on.

Tim: Yeah. It would certainly be easier to know this stuff ahead of time as opposed to just getting thrown to the wolves and say, "Hey, go figure it out," which is what a lot of us had done growing up.

The book starts off with a chapter called "Money 101" and it seems like you touch on a lot of what seem to be building-blocks of personal finance and the concepts to understand, and the book dives right in the concept of compound interest. Why did you choose to start there and what's so important about compound interest that that's the very first thing that you wanted to address in the book?

Tina: Yeah. It's interesting. We feel ... First of all, two points. Compound interest was our first napkin, and second of all, it's our most popular.

Tim: Right.

Tina: But I would add to that that compound interest is probably at the root of every kind of financial decision you're ever going to make, and so it's one of the most simple, but most critical and important concepts to understand because it's the root of so many other factors that will influence whether you're investing or borrowing or saving money.

Tim: Right.

Tina: So that's the ... Napkin Finance is, as the saying goes, one of the wonders of the world for that reason.

Tim: Obviously, in finance, compound interest and compounding in general is huge, but it also, I think, can apply to a lot of different areas of your life, as well, too, whether it's dieting or trying to eat healthier or get in better shape, or just make better decisions in general. I feel like learning the power of compounding and how things can grow for you over time is super important.

Tina: Exactly. It's so critical and, again, as you mentioned earlier, it should be taught in school and isn't, which is mind-blowing, but hopefully most people can kind of understand and empower themselves at some point.

Tim: Yeah, absolutely.

There were a couple other things that you knocked off in the chapter called "Money 101" that seem to be building-blocks. Were there any others that you felt definitely these, no doubt, needed to be in the very beginning of the book before you get to anything else like investing and stuff like that?

Tina: Definitely it was, we mentioned, compound interest, but saving and budgeting are critical. But also understanding debt, and I feel like this "Money 101" is called "Money 101" because all of these topics are also related to each other.

Tim: Right.

Tina: You can't ... If you understand compound interest, it'll help you understand debt and how banking works, for example. Saving's the same; budgeting, all of these are related in a lot of ways. And also, in an emergency fund, we feel like whenever anyone is saving money, of course the first thing that they should be and are saving for is an emergency fund quite often, and so these are really the basics. It's kind of the foundation before digging into the rest of the book.

Tim: Yeah, I agree. I was looking through the things that were said in the beginning of the book, and I was like, "These are really important topics that need to be understood before you moved on," so I liked how it was structured like that and I feel like readers will appreciate that, as well.

Obviously, the napkins that we've been talking about, for the listeners, these are illustrations in the book that are literally drawn on napkins and they help drive home some of the points made about compound interest and about investing in savings. Apart from just the visual aspect for people, can you talk about why these illustrations are so vital and useful, especially when it comes to money and personal finance, which people tend to think is, like we were talking about, a confusing topic?

Tina: Yeah. The power of the illustrations, it goes back to visual learning, and not only is it more memorable but it's also processed in a different way that is actually faster. I think the visual

assets, even for the most sophisticated investor, are extremely powerful. It's also the way that we're consuming content these days on our phones and on mobile.

Tim: Right.

Tina: Having it more and more visual format and videos is also more engaging than traditional text or other content.

Tim: Right. And do you feel like, like you're saying the way we consume content today, I feel like people's attention spans, mine included, are shorter than they used to be, so having everything distilled down onto one napkin, it's like, "Okay, I read this napkin. Got it. I can move on," as opposed to sitting there and reading page after page about a topic, right?

Tina: Exactly. It's "a picture tells a thousand words," or that concept. But, again, it's not only about just absorbing the material, but it's remembering it and also telling a story. Actually, they've done studies about the way that we actually read or look at a screen, and it's in an L format, so it's perfect for the napkin form factor, actually. So it all works out really well for understanding a concept. And then, digging deeper through video and text, and charts, tables, infographics that we do in addition to just the digital napkin.

Tim: Right. Yeah. And I think, on top of that, too, it's nice to have, if you want to come back and quickly visit something, as well, as opposed to digging through pages of text. You can just quickly identify the napkin and read everything on there quickly, and move on.

Tina: Exactly.

Tim: We were talking about when is a good time to start teaching kids and teaching people about these personal finance topics, but for this book specifically, who would you say is the target demographic? Is it for younger people? Are there things in there that people who might be near retirement can still learn? Is there ... Does it not necessarily matter what age the reader is?

Tina: Yeah. We actually have readers of all ages. The book itself is made for ... as a gift for friends, for kids, graduation, but also just a lot of people have been using it as a resource. It's really a lot of younger professionals, Millennials, and also people who are just graduating from college and getting their first job and really understanding the decisions that they're about to face, and how they can better empower themselves to make those decisions.

Tim: Right. Yeah. I feel like this is an extremely useful tool for people right in that beginning stages of adulthood.

Kind of flipping what you were saying, how it's never too early to start teaching these kids, would you agree that it's never too late for people to learn good personal finance habits, as well?

Tina: It's never too late, and it's also critical, actually, even, sometimes later in life because there are other decisions that you'll be making and heading into retirement. Our thought is, if you can start early, that's amazing but, again, there are always opportunities to save, invest, and plan

ahead, and also do so for family members. So there is no age window. Younger and older audiences can engage with the content without any issues, and so we've had great response even from older women who've never balanced their own ... their budgets or haven't really engaged in content and are now doing it for the first time.

When we think about it, we don't think necessarily as there is a certain demographic, but it's a certain profile of people who are curious, who want to empower themselves and really be prepared to make better decisions.

Tim: Right, yeah. I agree with that. That's great because it can reach such a large variety of people. It kind of all stems back to what we were talking about, how we don't learn it in school, so we all kind of need this information at whatever point we are at in life.

There's a chapter in this book dedicated to the future of money and you talk about the blockchain and cryptocurrency and Bitcoin. Can you talk about the decision to include topics like Bitcoin and cryptocurrency into the book and how you guys were able to distill down such super complex topics into pieces of digestible information that fit on these napkins?

Tina: Yes, definitely. The thought behind this, and the chapter is called "Wow Your Friends," is that ... I'm sorry, "The Future of Money" but we also have more elevated, sophisticated topics like game theory and the invisible hand and hedge funds, where we also delve deeper into these topics that are not necessarily the fundamentals. But the thought behind them is a few things. Number one, crypto and Bitcoin and blockchain are now all much more mainstream than they have been. I think many people are understanding or just curious about what these topics are, and these have been a lot of fun for us to illustrate and break down into these graphics because, again, even with more complex topics, there is a way to understand them, that there is some simplicity within all of these topics, whether it's a more complex one or the simple ones like ...

People get turned off or intimidated by the lingo or the numbers, but when you get them to their core, they're all very much intuitive and understandable once you see them laid out in images and connected together. We had a lot of fun creating the crypto, Bitcoin, ICO, blockchain chapter.

Tim: Yeah. And I bet it was probably fun, too, because all of these things are so new. They've only been out for ... or become more mainstream and more popular in the last handful of years, so there aren't too many huge books written about Bitcoin or books written about cryptocurrency, so it must've been cool to kind of blaze the trail, in a sense, of how to teach these topics to the everyday person.

Tina: Right, right. Again, these days, everyone watches CNBC and we have all of these tech platforms that help you invest and save money, and so on, and so I feel like everyone has at their fingertips the opportunities to take advantage of these resources, so it's better to be educated about them, even things like Bitcoin that are so volatile and unpredictable, that ... it's not restricted to just now financial experts.

Tim: Right.

Tina: Which is exciting in a lot of ways, as well.

Tim: Yeah. Absolutely. It's definitely useful for everyday people to know about this stuff before they dive in and start buying, selling, using it, as well. Definitely good to have that understanding under your belt before you dive in.

This book is coming out ... We're recording this slightly before the book comes out, but by the time you're all listening to it, the book's going to be out. We're just going to be getting past the holiday season, which is big, obviously, for credit cards and people racking up debt.

Tina: Exactly.

Tim: Can you talk about dedicating ... There's a whole chapter in the book dedicated to understanding credit, credit cards, improving your credit score. Why was credit such a big portion of this book for you guys, and why did you feel that it was important to stress that people understand how to control their credit?

Tina: Yeah. Credit, we think ... Actually, we're doing quite a bit of work on credit right now, and I think credit is really important, again, because it does impact your overall financial well-being, whether you're getting a credit card or buying a home. It has very short term and long term repercussions for everybody, and so understanding credit is really key to that, and understanding how to improve your credit, and also what does credit really mean. How does your score get impacted, whether you make decisions to use your credit or check your credit report? What is FICO? Most people don't really understand what even makes up your score, what impacts it.

Tim: Right.

Tina: And so we kind of tackle that, the area of credit, and kind of break it down into very understandable pieces and themes and napkins. Credit is our second chapter and I think one of the most critical ones in the book.

Tim: Right, yeah. And going back to the structure of the topics in the book, I feel like credit, right after those "Money 101" topics, is a perfect segue into the next topic to understand before you get to all the investing and other stuff like that, as well. Again, I think the way the book is laid out will definitely benefit the readers to go step one, step two, step three, and move on from there.

Was there any strategy involved in releasing the book right around the new year, when people are making their New Year's resolutions, or was that just a coincidence?

Tina: Sure. It's actually a really interesting time because it's kind of the "new year, new you" time where people are kind of assessing where they are. As you mentioned, everyone's just done their holiday shopping and is receiving their credit card bills, and it's a great time to reassess and start off the new year fresh with a new perspective, and start planning ahead for the year. And so the timing worked out really well with this kind of New Year's resolutions and empowering yourself.

Tim: Yeah.

Tina: Or helping friends do the same.

Tim: Yeah, exactly. Listeners out there, if you racked up some credit card debt over the holiday seasons, or you're looking to get things on track in the new year, this might be the place to get you started on that.

We were talking before about how you're partnered with some K through 12 schools with Napkin Finance. You guys also partner with some other great companies and organizations, as well. Can you talk about those partnerships that you have and what Napkin Finance and those organizations and companies are doing together?

Tina: Yes, of course. We work with several large investment banks and financial institutions, and advisors, and what we do is we help educate their clients and readers. And so we're very transparent that we're an education company. We educate readers, whether it's on our site or with our partners, about different topics; everything from investing 101 to stock options and equity awards. So we work with everyone from JPMorgan Chase to UBS, AARP, USBank. We have a wide range of partners, and we also work internationally. We work with the largest bank in Mexico, so our content is also all in Spanish, as well.

Tim: That's awesome and, again, just reaches a really wide range of people to get this really useful information, so that's great.

Outside of this book, what's some of the other content like that people, if they go to the Napkin Finance website, there's a ton of content on there. What can people expect outside of the book, as well, and what other kinds of pieces of content do you guys put out?

Tina: Yes, of course. We have a site called napkinfinance.com that's free for anyone to come and search for content. We have a great newsletter we send out every couple weeks, that also you can sign up for on the site. And our social channels, we're constantly posting napkins and educational topics around money and finance on our social channels, which is @napkinfinance. And so we're going to continue to do that through the new year. We're expanding from more interesting current topics. For example, the election's coming up, we just did a napkin on campaign finance, so we have a lot of really exciting things that we're building, and resources available for anyone who wants to come visit the site.

Tim: Yeah, that's awesome. And for the listeners, I will link, as always, in the show notes to napkinfinance.com and their different social media platforms so you can follow them and check out all that stuff, as well.

Throughout your career and starting Napkin Finance, and writing this book, and educating people about personal finance, for you personally, what would you say has been the most impactful financial lesson that you've ever learned?

Tina: I think the most impactful lesson is the time value of money, which I think everyone should understand. But, again, I would go back to compound interest as even more important.

Tim: Right.

Tina: Is that your money can grow exponentially in your favor or against you very quickly, and understanding how you can use that to your benefit, I think learning about compound interest, honestly, shifts the way you think about all of your decisions, especially as they relate to finance and spending.

Tim: Right, yeah. It's definitely, again, one of the foundational building-blocks that everyone should have under their belt when they're starting out learning about personal finance, so I definitely agree. That's a huge lesson for people.

The last question that I have for you here, I like to wrap up by asking all of the guests, whether it's a personal thing, something you learned or you heard growing up, or professional things, something that you've learned or heard throughout your career, what would you say is, overall, the best piece of advice that someone has ever given to you?

Tina: That's an interesting one. I've had great advice and great mentors and advisors, but I would think the one most interesting piece of advice is that ... is from a mentor of mine who is brilliant and has had an amazing career, is that you have to have fun along the way, and so regardless of what you're doing, if you're enjoying yourself it's more impactful, you can help more people. I think that's one of the things that we incorporate into our brand, and I try to incorporate into my day-to-day is to just enjoy the process and make everything much more fun and enjoyable because it just creates a better experience overall.

Tim: Right, yeah. You only get one life, so you might as well enjoy it while we're here, so I'd have to agree with that, as well.

Tina, that was all the questions that I had for you. Thanks for taking time to come on the podcast, talk about Napkin Finance and the book.

Tina: My pleasure. Thank you so much for your time.

Tim: For the listeners out there, again, I will link in the show notes to Napkin Finance's website and to a link where you can find a copy of the book. Again, that's called "Napkin Finance: Build Your Wealth in 30 Seconds or Less."

That's going to wrap up this episode of Living with Money. Thanks for tuning in and we will catch you on the next one.