

DOPE LABS

Transcript of Lab 040: Money Moves

Zakiya: Now, I know last week we told everybody about all the issues with the supply chain.

Titi: Yeah, we told yall ok yall are ordering too much stuff. Maybe don't order so much stuff. Maybe don't buy anything at all. Shop Local

Zakiya: But yall were showing me your Christmas wish list. And so I know you're still buying things.

Titi: Y'all are definitely still buying things because I saw some of yall standing in line for the Black Friday shopping. I'm not going to name any names, but we saw you on Instagram. We saw.

Zakiya: And we're not judging. But the landscape has really changed over the past couple of months. When we go back and think about it, there are some new players in the game when it comes to buying gifts now.

Titi: Yeah, a lot of these apps are popping up that make shopping very, very easy.

Zakiya: And we're ready to talk all about it.

Titi: I'm Titi.

Zakiya: and I'm Zakiya.

Titi: And from Spotify, this is Dope Labs.

Zakiya: Welcome to Dope Labs, a weekly podcast that mixes hardcore science, pop culture and a healthy dose of friendship.

Titi: This week we're talking all about moolah money. Specifically, we're interested in learning more about the financial technology or fintech that's available to help keep your finances in check. You know, one thing we don't really think about that much is how sometimes it costs money to spend money.

Zakiya: Mm-Hmm.

Titi: The most classic example of this is interest where you pay an extra fee in order to borrow money that you don't have yet.

Zakiya: The banks have been around a long time, and they have been scamming us between the subprime mortgage crisis. Big bank bailouts, yada yada yada.

Titi: Biggest scam artists of all time.

Zakiya: So we're really interested in how science and technology are shaking up the landscape in finance. How are we getting new online financial tools? which are commonly referred to as fintech or financial technology And how are those things making finance more accessible for people who want to get their money matters in shape?

Titi: So let's get into the recitation.

Zakiya: So what do we know and what do we want to know?

Titi: I know that there's a lot of fintech apps out there. So things like Zelle, Klarna, Afterpay, Robinhood, Venmo, Cash App and we use it, so much is now incorporated like into, you know, the zeitgeist in rap songs

Zakiya: and cash app me baby.

Titi: Exactly. People are using it in everyday conversation, and a lot of people have their cash up in their bios now so that random people could just cash out them. You know, why not? If you can get paid, hey, do what you got to do.

Zakiya: We talked a little bit about some of those types of apps in Lab 21. Our fintech episode called "New Bank Account, Who This?".

Titi: Right.

Zakiya: So if you haven't heard that episode? Press pause right now and go check it out because we really cover a lot.

Titi: Yeah. We'll wait.

Zakiya: What else do we know?

Titi: Well, I think we know that fintech apps use data science and algorithms to provide a lot of different services.

Zakiya: And we also know there's been a huge shift in this past decade towards using online financial services and products in general. Remember what you were afraid to put in your credit card info on the web?

Titi: My mom still is, but I think generally most people feel OK with putting their card information in on the internet so they can purchase whatever they want to purchase.

Zakiya: Yes, I think we also know that people need help and access to tools when it comes to managing their finances. There is a wage crisis. Wages have remained pretty much unchanged when you consider the rate of inflation. So people already are starting out with receiving a lot of coins. So you're at least going to want to be able to make the best decisions you can with the money you do have.

Titi: OK, so what do we want to know?

Zakiya: I think I want to know about the state of finance today. It feels like the market and everything I see about the economy is just going up, up, up, and at some point we're going to fall right. And it may not be like the great economic housing collapse that we saw in 2007 to 2008, but it does feel like we went through something pretty economically significant in 2020 and 2021.

Titi: Yeah, when I think back to some of the labs that we've done in the past where we're talking about housing and food and everything like that, I mean, money touches all of that feel like touches everything. Yes, I think something that I'm interested in knowing about is how they're using science and technology to create these fintech apps.

Zakiya: Yeah, I want to know who's using this new technology and in which the situations are fintech interventions most useful?

Titi: That's a really good question. We know that there are barriers because of socioeconomic factors when it comes to finances. But what are some of the barriers to access with fintech?

Zakiya: I think we're ready to jump into the dissection.

Titi: I can't wait. Let's do it.

Zakiya: Our guest for today's lab is Natalia Brzezinski.

Natalia Brzezinski: My name is Natalia Brzezinski, I'm Head of Strategy for the US for Klarna.

Titi: Klarna is a Sweden based shopping app you can use to buy things upfront and then pay for them later in smaller increments over time. You might have heard of the term buy now, pay later. Well, that's essentially what Klarna is for. It comes in really handy for big ticket purchases like furniture, a peloton that you might not be able to afford all at once. And unlike a credit card, it doesn't charge you interest. Similar platforms are like Affirm and Afterpay.

Zakiya: This is really great because the Buy Now Pay Later feature lets you pay for something. Let's say I want to get a \$400 chair.

Titi: That is an expensive chair.

Zakiya: It is expensive. Just go with the example.

Titi: I'm sure it's very comfy

Zakiya: Klarna lets you divide the cost into four equal payments. So now you're making four \$100 payments over time. Maybe after you get another paycheck, you can afford to make that next payment instead of \$400 upfront. So it's really cool. It's like providing access. So if you couldn't have afforded that before, you maybe would have had to use a credit card, pay interest on it. Now you can not have a ding on your credit score while trying to move and do whatever else, which is probably already been digging up your credit score. And you can still get the things that you need.

Titi: That's perfect. Like set it and forget it.

Zakiya: Yes,.

Titi: It's great for folks who want to think less about everything else.

Zakiya: And that piece about access Natalia really helped us kind of zoom in on that. And she says a lot of what she does with Klarna is informed by growing up with immigrant parents on the south side of Chicago.

Natalia Brzezinski: I grew up with communities, including my own home, very much in debt, not speaking the language and also not speaking the financial language. And I saw that all around me. There's a payday loan and a loan institution every block where I grew up. I often to joke, you know, I could be a billionaire. I'm not, but I could be. And I would still have that fear of being broke the next day because it's just like what you grow up in

Titi: Natalia's worldview and a huge driver for her work is definitely her upbringing, not just where she grew up, but also the influence of women in her household, her mom, who had a full time job, and her grandmother, who also worked outside the home.

Natalia Brzezinski: I saw, you know, raised by a working mom, female breadwinners in my home, grandmother and mother, and they lifted themselves out by understanding money. My mom got her MBA CPA when I was 10, and I remember going to her graduation from night school and being entrepreneurs.

Zakiya: So thinking about what we already know about income inequality, access to credit. One of the things we wanted to know was who uses Klarna? What are the user demographics? Well, one thing we know is that Klarna is global. Yes, we use Klarna here in the US, but it was adopted by other European countries first.

Natalia Brzezinski: Before Klarna I started, you know, I spent 10 11 years, almost my entire adult life, focusing on Sweden and Scandinavia. And those values, because they really looked at tech in a very different way. It was all about transparency and access.

Titi: Natalia also pointed out another big difference between the U.S. and Europe when it comes to spending its credit cards.

Natalia Brzezinski: I was a student studying abroad in Copenhagen, Denmark, and like many of us Americans, we landed this city with a bunch of credit cards and I go in to buy something and they're just like. We don't take credit cards. We do debit. And I'm like what. And they said, yes, in Denmark, we only spend what we have.

Zakiya: And that definitely isn't the attitude in the U.S., you know, in the United States, more than 191 million people have credit cards, and the average cardholder has at least two cards. 2.7, to be exact. Interestingly, the average American household has over \$5000 of credit card debt. So we're definitely not a only spend what we have kind of country.

Titi: All of these numbers are so shocking to me. I didn't have any idea that that was the state of Americans until you literally just said it.

Zakiya: That doesn't even include folks who are underbanked or not banked at all who are using alternative loan sources that can't get credit cards and are using like payday centers like Natalia was talking about more right? Getting other types of loans or pawnshops, even, you know, to liquidate

Titi: right cash for gold and things like that. Mm hmm.

Zakiya: So if we start considering all of that, I think you can understand why the United States is a good market for the buy now, pay later system.

Titi: But do you remember when we were kids? Like now we're saying things like, Oh, it's just buy now, pay later. But when we were young, it was called layaway.

Zakiya: Layaway, baby.

Titi: And you did not want to be putting your stuff on layaway if anybody found out everybody was going to be talking about you and not in a good way.

Zakiya: I remember layaway, but I think it's in now and it's got another perk. We can lay it away and wear it right away.

Titi: That's right.

Zakiya: And that's one of the great things about technology, right? Is not will you ever come back and finish making these payments because we can track you digitally so we can understand

why it's becoming so popular in the United States and in 2020, when more than 45 million people will use buy now, pay later services. That's an increase of 80.2 Percent over the usage in 2020.

Titi: And unsurprisingly, it's been young people that have been driving this shift to buy now, pay later. Almost 75 percent of buy now, pay later users in the U.S. are Gen Z or millennials.

Zakiya: And it makes sense. You know, this type of financial model gains a lot of traction because it offers flexibility and autonomy to purchasers. It's also good for small businesses that won't have to deal with credit card fees, which will significantly drop, you know, what they get to take home, and it opens up the market for people who they may want to sell to, but can't afford it up front too.

Titi: We asked Natalia what the greatest misconceptions are right now about people who use Klarna.

Natalia Brzezinski: I think the greatest misconception is like we are getting young people in debt. It comes from both sides of political spectrum. You know, some people say their services to buy more fast fashion from China and like, put 12 year olds in debt. I mean, it's just a lack of education, actually, because we see that our users are actually college educated or more, they're looking for interesting budget tools. They're actually really innovative, often like professional women just entering the workforce who are not satisfied with the with the tools out there right now.

Titi: So the folks you think are using Klarna are not the folks that are using Klarna the most

Zakiya: And low key sounds pretty smart to use something that gives me greater flexibility and autonomy

Titi: With no interest? It sounds like a genius option, but I'm really interested.

Zakiya: You know, like we said, there were some yes, negative connotations around buy now, pay later or the old school version of it, which was layaway. But what's causing the shift? Is it that everybody's just spreading word of mouth? Hey, affirm, Klarna and all these other apps work for me. You should use them to?

Titi: Natalia says that while the pandemic has definitely played a role in changing spending habits, it's also about generational change catching up.

Natalia Brzezinski: Our generation we came to the workforce in our financial crisis and a banking crisis basically been chaos since. The last ten years, like our adulthood has been so chaotic, so people want to take control of that and money is the number one way.

Zakiya: I think she's right for us to get the money. Then you get the power, that's what they said.

Titi: Then you get the power, then you get the respect.

Zakiya: That's right. Lil Titi. Let's take a break. And when we come back, we're going to talk about what it means to be financially healthy and how wider access to fintech can actually help.

Titi: Before we dive back into the dissection, Z, let's talk about what we've got coming out in next week's lab.

Zakiya: We're talking all about birth control. Now this is something that affects all of us, not just half the population we're covering how birth control basically hasn't been changed since the 60s and some of the new potential with personalized medicine.

Titi: OK, let's get back to fintech. We're talking to Natalia Brzezinski, the Head of Strategy in the U.S. for Klarna.

Zakiya: I think I read a stat that said only 30 percent of the U.S. population was considered financially healthy.

Titi: That's crazy. So three out of 10 people are financially healthy.

Zakiya: Yeah. And so when we consider that, Titi, we got to figure out, how do we bridge some of these gaps? You take that 30 percent of people being financially healthy. You combine that with what we already know about income inequality. You combine that with what we know about the things that are systemically disenfranchizing folks from access to credit and access to housing. We need solutions and that's where fintech could maybe play a role

Titi: That is crazy. But what does it really mean to be financially healthy?

Zakiya: Let's take a definition from a 2020 study from the Urban Institute. They consider someone to be financially healthy when their daily financial systems enable them to be resilient and pursue opportunities. So this is like having the ability to spend, save, borrow and plan effectively. What they found in that study was that in general, financially healthy people spend less than their income. They pay their bills on time, they plan ahead financially for, you know, big purchases and things like that. And they have sufficient liquid and long term savings and manageable debt, a good credit score and appropriate insurance like what are the boomers think everybody else should have seen if they hit, you know, 21?

Titi: Right? So you gotta make sure that your finances are eating their vegetables and drinking enough water and all this.

Zakiya: And working out.

Titi: Doing push ups and sit ups and making sure it can handle everything that's coming at is like, Oh, you want to purchase a car? I'm ready.

Zakiya: That's a lot, though.

Titi: It's a lot. I mean, when I think about my own personal health, it is exhausting and having to think about all these little things that contribute to financial health, I'm just like, That's a lot to consider.

Zakiya: And knowing the current state of the economy that requires a lot of cards to line up in your favor?

Titi: Absolutely.

Zakiya: And so when we think about that leverage in fintech is a crucial part of helping some people become really financially healthy.

Natalia Brzezinski: We're not going to beat people over the head with, you know, we know how to do things and this is how you should act responsibly. But I think if you give people the tools and the awareness and the education, then you make your own decisions.

Zakiya: And because of COVID.

Titi: Well, really because of the recession,

Zakiya: it really kind of feels like maybe because a society

Titi: isn't really because of just life

Zakiya: in general, the

Titi: universe, existing breathing,

Zakiya: when you take all of that

Titi: when you take all of that. Younger generations are especially vulnerable when it comes to access and education.

Natalia Brzezinski: I think we're going to have a Gen Z, you know, unfortunately, that is less equal, less access unless we make up that lost time of, like now, you know, two years of physical school, but like four to five years, really. And we really need these tech platforms like everybody's got to be doing as much as they can to drive education and awareness and change and access because it's going to be tough.

Zakiya: You know, I hadn't really thought about the idea of there being less equity among Gen Z or, you know, or them having less access, either

Titi: really less anything. It feels like the world is conforming to what Gen Z wants, but Natalia brought up a good point.

Zakiya: So if we're considering less access, even though we think of Gen Z as this like connected generation because they're always finding new ways to exchange ideas and information, think tiktok.

Titi: They come up with all the crazy dances.

Zakiya: We had AOL Instant Messenger and we weren't sharing anything of significance. OK.

Titi: No, we were just talking about age, sex, location.

Zakiya: And I think the thing to remember is that there are these disparities as far as who's connected to the web, who's not who has high speed internet access, who doesn't. And even if you do have a connection, that alone doesn't set you up for success,

Titi: right when it comes to financial health, it's really important to give everyone the tools and access to set goals and take control of their own money.

Zakiya: And even when we think younger generations, older generations too. Even if you have all of those things, do you have the skills to navigate and know how to use the App Store and what to download and how you download in the right apps? Is it safe or are you making yourself susceptible to ransomware or whatever.

Titi: What it comes down to is meeting people where they are, and money is only one of the messy, complicated factors in human relationships, especially driven by the chaos of the past couple of years.

Zakiya: We see this in disaster relief.

Titi: Oh yes.

Zakiya: You know, when you think about when something happens, do you know how many people are financially healthy enough to stop what they're doing? Pack up their whole life and have a place that they can go to.

Titi: I was literally just talking about this last night. Like every time a hurricane comes and hits a part of the United States, people are like, Why did you stay like, just get out of there? I'm like, first of all, some of these people, this is the only home they've ever known, and they need to try and protect it because if they have to rebuild or purchase a new home, it's not happening. They don't have the funds to be able to do that. A lot of people, they have generations of family who have all lived in the same place, so they don't even have the option of going to family that's elsewhere. All of their family is right there, so they don't have a place. They can go and then go to a hotel. Not everyone can afford that. Not everyone has a car to be able to say, Oh, I'm just going to hop in my car and drive somewhere else like, there's a lot of barriers in place. Money in a capitalistic society is the ruler of all things.

Zakiya: Yes.

Titi: And so as much as we want to tell ourselves, like, Oh, money doesn't rule my life, I do things that make me happy. blah blah blah no like this capitalistic society is definitely driving this bus.

Zakiya: And there's so much emotional connection to money to write or shame around money that can then further exclude people or keep them from even looking into the state of their finances.

Natalia Brzezinski: Emotion drives everything. I mean, how many women do you know that have stayed in abusive relationships because of money or have been forced to do things for money? I mean, unfortunately, you can't feel free unless you control that

Zakiya: Money gives you wings from crawling to flying, right?

Titi: Money is the Red Bull. Trying to become financially healthy if you consider yourself not financially healthy can be embarrassing. Like, imagine you have a credit score that's low and trying to rebuild can be a daunting task. It's really difficult.

Zakiya: We've seen credit scores get weaponized against different groups, right? When we think back to predatory loans and things like that.

Titi: Yes.

Zakiya: And that leads people not to trust institutions. I think I saw a Pew Research study recently that showed us increasingly the public does not trust large institutions as much as they used to. And I think that's because some people don't feel safe and they don't feel safe with their money in the bank. We've seen a lot of volatility in a short amount of time, and you don't know what that means. People want to have cash in hand or they're not sure about what to do with their money, and that's a place where fintech could possibly help. I'm interested to see what happens over the next couple of years. So when it comes to the future of fintech, what's in store? We asked Natalia about Klarna priorities moving forward.

Natalia Brzezinski: I want to feel safe. You know, I want to feel safe personally. I want to feel safe and relationships. I want to feel safe, especially with how I spend my hard earned money that I've sacrificed a lot for. We don't have that safety or trust, not in America's. I think consumer protection is going to be a major focus of Congress and rightfully so. There should be more regulation in some sense, and I think we're also in a moment where we recognize that we're a 50 billion dollar company. We're 17 years old. We need to do something with our platform. We need to use it for change. We need to use it to drive impact. So you're going to see a lot of that coming out of us, especially in the US as well. Like, we just launched a lot of sustainability work. So, you know, overnight on Earth Day, all of our users over 90 million, you see your CO2 footprint at check out, do you really want to buy those pants from SheIn? We've seen it's actually causing users to reflect down like, Hey, do I really need that lipstick?

Titi: But honestly, money can also make you very happy.

Zakiya: I mean.

Natalia Brzezinski: There were times I was so low and lonely during this period that like that new lipstick and putting it on even to myself, like really, really frickin made me feel good. But if that makes me feel beautiful, if I'm having a tough time like I'm going to do it, and if something can help me do that in a responsible way, why not? Like, we all need a little damn joy.

Titi: Yeah, you know what I mean by times you having a bad day and you want to stop by and get a scoop of ice cream from your favorite ice cream shop.

Zakiya: Shop a sprite from McDonald's with all the fizz.

Titi: Let me tell you, Sprite, the McDonald's is just built different. It's not like any other Sprite from any other place. Sometimes you need that nice fizzy treat.

Zakiya: You need that level of effervescence to keep you going. When I think about fintech, the options feel limitless, the potential to do good feels limitless to me, right, when I think about the flexibility that it gives folks.

Titi: Yeah.

Zakiya: You know, there are things when I look back on it now and I'm like, fintech, microloans, gofundme, apps like Klarna that allow you to pay in installments. Imagine if you could do that at the grocery store.

Titi: I remember when Square came out that was felt revolutionary to me. And so imagine something like Klarna at the grocery store where it's like you can guarantee food for somebody, and they don't necessarily have to have all the money upfront but pay in installments rather than going to the grocery store and not being able to feed your whole family because you don't have them all of the money, right then.

Zakiya: And then think about what it means you don't have to do. So that means you don't have to use like payday loan services that eat up so much of your pay in fees. It means that you are also, in some cases able to build some type of financial credibility that could be then converted into boosting your credit score if you aren't able to do that under traditional methods or means.

Titi: Yeah. Giving people access to every part of society, regardless of their income, I think is really important in having a better, happier, healthier society. People can afford better food, fruits and vegetables. Fast food in the United States of America is very inexpensive, but an apple or grapes or a watermelon or lettuce is very expensive, and we need to be giving people the ability to have options. I want to have something healthy. I can have something healthy, not I don't have the right income level to eat healthy.

Zakiya: And I think it also just can help us open the door, both at the level of decisions I'm making day to day about groceries, about gas, about my basics and decisions I'm making about my long term financial health.

Titi: Let me know what I'm getting myself into.

Zakiya: Well, I, for one, can't wait to see what's next. It feels like this area keeps growing and like more and more, please, let's see it.

Titi: Yes, technology is taking us to the next level. Onward and upward.

Zakiya: All right, it's time for this week's one thing Titi. My one thing is really one person I am enjoying the art of Ashley Johnson. You can follow Ashley on Instagram @hiAJ or you can go to our website hiAJ.co. I am loving Ashley's art and just her whole curation of life on her Instagram page, there is food, art, things about communication. It is beautiful and I am into it. And the other cool thing is that Ashley's work is going to be on display at the Nasher Museum on Duke's campus in January and we will be there in January so we can get to see it.

Titi: I love that. So my one thing is this app that I was told about by a friend. It's called italki. And on italki you can learn pretty much any language. It's not like other language apps where, you know, you kind of just type things in and you're listening. It actually pairs you with someone who is fluent in the language that you are interested in learning. So for me, I wanted to learn Yoruba. My father is from Nigeria, so I went on there looking for a Yoruba teacher, and I came across my Yoruba teacher, Mojisola, and she lives in Nigeria. And so for the last four months, two to three times a week, I meet with her to learn the language, and it has been revolutionary. I've tried a lot of different ways to learn languages over the years, and especially at the age that I'm at now. This big age it's really difficult, but italki because they're pairing you with an actual person who can cater lessons to you and go at the speed that you need. It's perfect. I feel like I am learning the language at a pace that works for me, and it's sticking because she's such an amazing teacher. If you're thinking about learning a language and you want to learn from a person, italki is the way to go and it's spelled i t a l k i. So that's what you're looking for in the App Store.

Titi: Dope Labs is a Spotify original production from MegaOhm Media Group.

Zakiya: Our Producers are Jenny Radelet Mast and Lydia Smith of Wave Runner Studios

Titi: Editing and sound designed by Rob Smierciak.

Zakiya: Mixing by Hannis Brown.

Titi: Original music composed and produced by Taka Yasuzawa and Alex Sugiura

Zakiya: From Spotify our executive producer is Gina Delvac and creative producers are Barron Farmer and Candace Manriquez Wrenn

Titi: Special thanks to Shirley Ramos, Yasmeen Afifi, Kimu Elolia, Teal Kratky and Brian Marquis.

Zakiya: Executive producers from MegaOhm media group, are us

Titi: Titi Shodiya

Zakiya: and Zakiya Whatley.

Titi: Do you like baja blast from Taco Bell?

Zakiya: No, I'm saying no, but I've never had it.

Titi: It's probably one of the best sodas I've ever had in my life. I've been drinking baja blast for very many years, and I swear by it like I even prefer it over McDonald's Sprite, which

Zakiya: really my top drink is actually McDonald's dr. Pepper.

Titi: Oh for real mine is Baja Blast from Taco Bell. A Coke from McDonald's, then Sprite from McDonald's.

Zakiya: Yes, I do remember Coke from McDonald's in grad school. I do remember that

Titi: if you cut me, I was bleeding coke from McDonald's it kept me going. It did.