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**FreedomNova.com**

Thesis Project:

The effect of a single website on the level of financial literacy of the Millennial  
Generation

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## **1. Introduction**

“How much is enough?” It is a question you hear often yet a question that most people do not have an answer to. Many people worry about money and this is because we often learn very little about what to do with the money we earn and how to plan for our future financially. To make matters worse spending money has never been easier with the advent of credit cards, mobile and Internet payment systems as well as credit facilities that make buying unnecessary items seamless.

This thesis is based on a project website called FreedomNova.com. A website I created to teach financial literacy and help individuals reach financial freedom. I define financial freedom as, “when passive income from a well diversified investment portfolio cover the total amount of expenses.”

The name “Freedom Nova” is based on my purpose to create the biggest impact possible to help individuals reach financial freedom. Freedom Nova has several parts. I created 3 “Nova’s” as the main sections of the website to teach how to increase income sources (both passive and active), teach financial planning, and investment management.

Financial literacy for the purposes of this thesis project is defined as, “the amount of personal finance and investment knowledge an individual has.” By having a higher financial literacy an individual would know what to do with monthly pay check, have a financial plan in place and know what that plan means. Individuals with higher financial literacy should also know what to do when things do not go as planned and can adjust accordingly or have funds saved up for emergencies. These individuals also know how much they need for retirement or to reach financial freedom.

The initial target market of this thesis project will focus on individuals between the ages of 18-35 in North America, mainly in the United States. I will be referring to this demographic cohort that is also known as “Generation Y” as Millennials in this paper. According to media research giant Nielsen Millennials make up roughly 24% of the US population.

Every generation faces new challenges but the Millennials are said to be in one of the worst situations as their education costs, among other costs, have risen significantly over the past few decades. This has resulted in new graduates,

graduating from university with high amounts of debt. This coupled with the fact that financial education is lacking among Millennials makes the future situation dire for this generation.

An article written by the Wall Street Journal stated that the average Class of 2014 had a student-loan debt of \$33,000, adjusted for inflation this number is nearly double of what borrowers paid twenty years ago.<sup>i</sup> High student loan debt coupled with more expensive housing prices, despite the drop after the most recent financial crises, has left many pinching pennies and having a dire financial future.

Financial literacy and education is lacking for this generation. A survey done by the Financial Industry Regulatory Authority (FINRA) in the US reveals that compared to other generations, Millennials had the highest percentage spending more than their income.<sup>ii</sup> This means that every month, individuals in the Millennial generation are increasing the amount of their debt. The same FINRA survey also found that Millennials had the least retirement accounts and the smallest percentage of rainy day funds, funds set aside when an emergency occurs. However, the survey found that Millennials were willing to take the most risk compared to other generations. The survey also revealed that Millennials had the lowest financial literacy of all generations. For the purposes of the FINRA survey 5 questions were created where all survey respondents answered the questions. Only 24% of Millennial respondents were able to answer 4 out of 5 questions correctly, a 14% drop from the next lowest generation, generation X and less than half of the highest generation, the Silent Generation who were born before 1945.<sup>iii</sup>

The fact that this generation is willing to take more risk yet has the worst financial literacy is a dangerous combination. However, the strength of this generation is that they are relatively tech savvy and utilize media vehicles such as social media on a regular basis. They are open to new ideas and when new ideas and share information through vehicles such as social media. As [translatemedia.com](http://translatemedia.com) states, “81% of Millennials are on Facebook.” This fact alone

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<sup>i</sup> <http://blogs.wsj.com/numbers/congratulations-to-class-of-2014-the-most-indebted-ever-1368/>

<sup>ii</sup> [https://www.finra.org/sites/default/files/14\\_0100%201\\_IEF\\_Research%20Report\\_CEA\\_3%206%2014%20%28FINAL%29\\_0\\_0.pdf](https://www.finra.org/sites/default/files/14_0100%201_IEF_Research%20Report_CEA_3%206%2014%20%28FINAL%29_0_0.pdf)

<sup>iii</sup> *Ibid.*

shows the potential of this generation to create new trends through the social media.

### **The difference between financial freedom and having enough for retirement**

While there can be different thoughts to what having enough for retirement can mean, for the purposes of this thesis project, having enough for retirement will be defined as an investment portfolio that will be sufficient to live off of through retirement with the high probability of this portfolio depleting itself near the end of their lives. When a financial planner or investment advisor plans for this type of portfolio, they plan for a portfolio pre and post retirement thinking about what goes into the portfolio before retirement and what comes out of the portfolio after retirement including the principal of the investment portfolio. The investment return can often be different before and after retirement. This is because after retirement, the individual cannot afford to take as much risk compared to their income earning years.

This is the biggest difference with financial freedom. With financial freedom, for the most part and unless defined otherwise, the principal of the investment portfolio does not decrease and thus has the potential to grow as well. The amount of risk taken for either portfolio generally does not differ but will depend entirely on the individual.

## **2. Purpose and Significance of this Research**

My personal background is in banking where I provided financial planning and investing advice to clients. I have a passion for both fields and have on a number of occasions been asked for advice not only from clients but from friends and family as well. As stated in the background information, financial literacy is lacking everywhere. From my personal work experience individuals that are perceived as well off in terms of income, often have little idea what to do with their money. This is especially true for the younger generation where high student loan debt is significant and the spending habits are different from older generations.

I have dealt with numerous clients that had a significant income yet did not know how to manage their personal finances leading to large amounts of debt. Many of these individuals that sometimes would earn in excess of \$100,000 per year were living pay cheque to pay cheque or not paying down their debt because of their overly excessive lifestyles.

Individuals with a lower income base of \$25,000-\$40,000 per year often had a better grasp of their financial situation because they were in a much tighter situation for cash flow. However, many of the clients I dealt with had large amounts of debt often in not taking into consideration the type of debt that they were taking on. For example, many of these clients had their credit cards maxed out often having several thousand dollars or more of credit card debt. Credit card payments are not processed automatically in Canada, unlike Japan where the full amount of the outstanding credit card balance is paid on a monthly basis. This meant that individuals could pay the minimum payment, which was often a very small amount that would hardly reduce the outstanding principal.

As part of their financial review, I would often have them tell me every single outstanding debt that they would have and walk them through how much they're paying for each debt in terms of interest rate. Their loans could range from 4% that was either a bank loan or line of credit with decent credit rating, to 20% or more on a credit card, some credit cards having a higher interest rate. A misconception that individuals often have that a smaller outstanding balance is more important than the interest rate. For example, if they owe only \$500 on a bank loan but have an interest rate 4%, they think that it's better to pay this loan off first over a credit card that has \$7,000 with an interest rate of 20%. What they fail to realize until I show them in writing is that they are paying \$20 a year in interest for the \$500 loan, while they are paying \$1,400 a year for the credit card debt. By putting the same \$500 on the credit card they could be reducing the amount of interest they pay by \$80. Comparing the amount paid for each respective loan derives the \$80.

The purpose of this project is to bring awareness and to raise financial literacy of all generations but mainly to Millennials. Knowledge is power, and by equipping Millennials with financial planning and investment knowledge they

will be able to better manage their finances and invest for their future. While money alone cannot bring happiness, it can reduce stress and can give individuals the freedom to do as they please.

### **3. Delineation**

The domain of my research initially focused on the Millennial generation in North America with the strongest focus in the United States. The age group will be the Millennial generation. The actual age of this generation is not defined with different sources using different years, but for the purpose of this thesis the age group will be roughly between 18 and 35 years old or born between 1980 and 1997.

I will be focusing on the generation as a whole and initially will not look to divide the generation by geographical segments within the US by age, sex, income levels, employment or other factors. Over the course of the project, I may look to test different areas but the goal of this project is to focus on creating an impact on the generation as a whole.

### **4. Hypothesis**

Hypothesis 1: The Millennial generation is the only generation that could fully appreciate the Freedom Nova service to reach financial freedom.

This is on a grand scale but is essentially what I am trying to accomplish with this website. With Freedom Nova, I have several projects planned with new potential projects being created on a regular basis. These projects will be treated as sub-hypothesis for the purpose of this thesis.

The Freedom Nova service includes the website and any other side projects that may take place to raise the level of financial literacy of individuals and to have these individuals reach financial freedom.

#### **4.1 Additional Hypotheses**

While the general direction of the Freedom Nova project was the same, as the project went through a transition from a solo project to a bigger project with 5 team members at the London Business School, I found that I could test more hypothesis with the Freedom Nova survey that we intended on having in our



project. As a result the following two hypotheses were added to the thesis project.

Hypothesis 2: Japanese respondents are less open to discussing financial affairs with anyone compared to UK and Spain.

Hypothesis 3: The Income level has a direct influence on the level of comfort and how individuals manage their financial situation worldwide

## **5. Methodology**

As mentioned in the hypothesis portion, the methodology for the purposes on this thesis project will be based mainly around the website Freedomnova.com.

In the initial stages of this thesis project, most of the methodology was focused on the FreedomNova.com website by working on creating content for the website itself from all of the articles and videos to promoting the website. A large part of the website promotion was done on social media sites.

During my exchange at the London Business School, the methodology went to a whole new level, as I was able to recruit a group of individuals for the Freedom Nova business plan in the New Venture Development course. With this group we not only created a business plan for a new Freedom Nova online platform and app but also conducted a survey in English and Japanese by utilizing each our school networks. The team consisted of students from either the MBA or EMBA classes of the London Business School, Columbia, MIT Sloan, IESE, HKUST and Keio Business School.

## **6. Results**

As stated in the methodology section, the results section will go through the steps that were taken in many aspects of the FreedomNova.com website, creation of the business plan at the London Business School, and finally the Freedom Nova survey that was conducted during my time at the London Business School.

## 6.1 Posting on Reddit for Social Media Exposure

Reddit.com is a well-known news, social networking, and entertainment website where visitors from around the Internet post their thoughts, articles, pictures among other things. Their slogan is, “the front page of the internet” and the website uses an upvote/downvote system whereby users upvote the content they like. Content that receives more upvotes get better positioning on the website leading to more potential exposure. Reddit.com has subreddits that focus on specific targets and uses a karma system where people that provide useful links or comments are given karma for their contribution. According to alexa.com, Reddit.com is ranked the 30<sup>th</sup> most popular website in the world.<sup>iv</sup>

On May 5<sup>th</sup>, Freedom Nova submitted the article, “Monster List of Money Saving Tips” with 155 ways to save money in our daily lives to the /financialplanning reddit. The initial version of this article had 12,432 words (has since been updated) and all saving tips were hand picked and written in a friendly and easy to understand style. The catch copy used for the submission was, “Forget those top 7 or 10 lists. Here are 155 ways to save money.” The submission was initially rejected as the Freedom Nova account zero karma and no activity on Reddit.com. However, a moderator of the subreddit graciously approved the link because they liked the link.

### Exhibit 6.1a – Message from reddit moderator

**Approved your post**

subreddit message via [/r/FinancialPlanning/](#) sent 2 months ago

I actually liked your post so I approved it, but if you don't contribute to reddit - outside of this one link - you'll keep getting stuck in the spam filter.

[permalink](#) [report](#) [block subreddit](#) [mark unread](#) [reply](#)

As a result, the post was upvoted over 20 times and as a result Freedomnova.com had the biggest day in terms of sessions in visitors on April 5<sup>th</sup>, 2015. This share is still alive on Reddit.com and has continued to provide some traffic sparingly.

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<sup>iv</sup> <http://www.alexa.com/siteinfo/reddit.com>

Exhibit 6.1b – Reddit.com website on April 6<sup>th</sup>, 2015

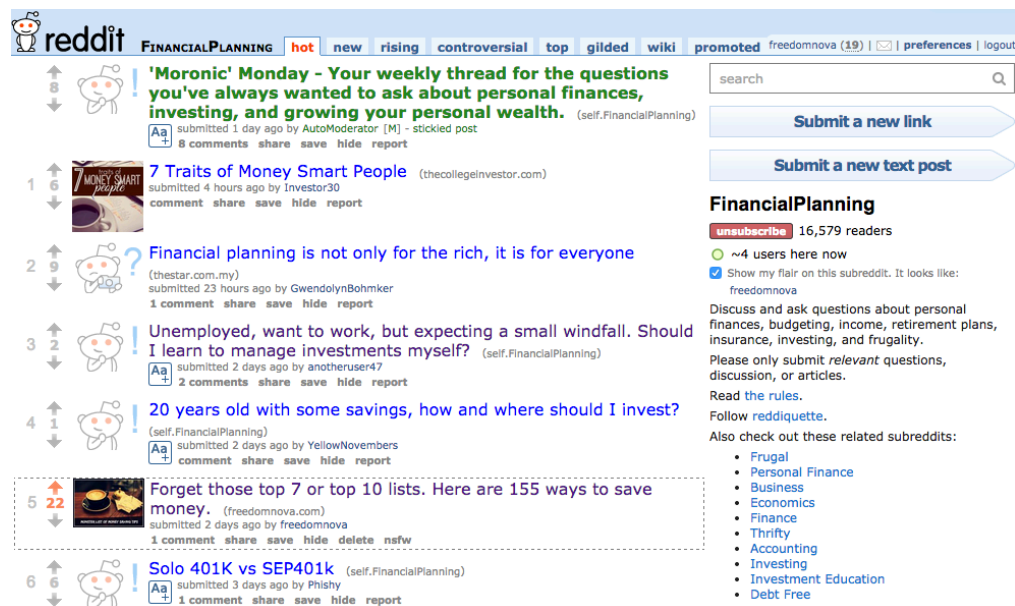
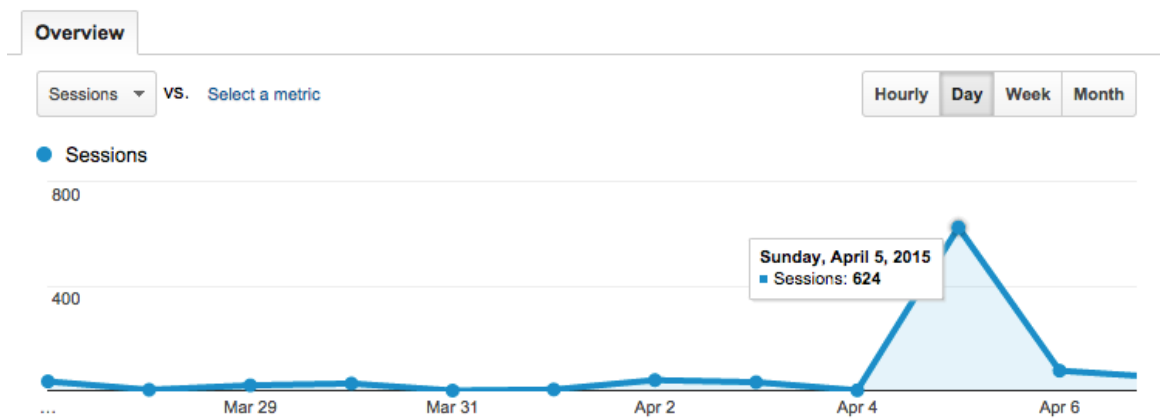


Exhibit 6.1c – Google Analytics for April 5<sup>th</sup>



6.2 Utilizing Facebook Advertisement to get more exposure

Between April 21<sup>st</sup> and 25<sup>th</sup>, Freedom Nova spent money on advertisement for the first time boosting the same post that was shared on reddit.com only this time the post was posted on Facebook. Facebook has multiple ways to advertise and for this ad campaign, the “Boost Post” feature was utilized. The advertisement budget was \$15.00 USD and the result was 6,248 reached Facebook users and 27 actions consisting of 23 link clicks, 2 page likes, and 1 post like.

Exhibit 6.2a – 1<sup>st</sup> Freedom Nova Facebook advertisement result

**Boost Post**

Your boost has exhausted its budget. Increase your budget to reach more people.

Desktop News Feed | Mobile News Feed

**Freedom Nova** Sponsored · Like Page

Sick of those top 7, 10, or even 25 posts?  
Here are 150+ ways to save money, the list will be updated as more ways are found!  
<http://freedomnova.com/monster-list-of-money-saving-tips/>

23 Link Clicks  
2 Page Likes  
1 Post Like  
See More Details

**Audience and Payment**

Add Budget    
Adding this budget will increase your reach to an estimated 4,300 – 11,000 people.

Terms & Conditions | Close | Add Budget

### 6.3 Posting Controversial content on Reddit will lead to increased publicity

Freedom Nova posted another article on Reddit.com. The article on Freedom Nova was titled, “You won’t need pension income if you read this...” On Reddit.com the post was shared as, “If everyone invested 8% of their gross income and had a balanced portfolio with an average 5% annual return for 35 years, company and government pension would be unnecessary. Can you imagine the impact that this would have?”


Unlike the first attempt on Reddit, which received no comments, this share led had a large number of comments with many people expressing their agreement or doubts of the concept that government and/or company pension could be replaced if an individual invested their funds as stated in the title. This article was submitted to the /finance subreddit.

A moderator deleted the article within 8 hours of the post going online. The reason was because the subreddit did not allow “self-promotion blogs.” This article received over 40 upvotes before being deleted and had 46 comments. This article

Exhibit 6.3a – The article after it was deleted on Reddit.com

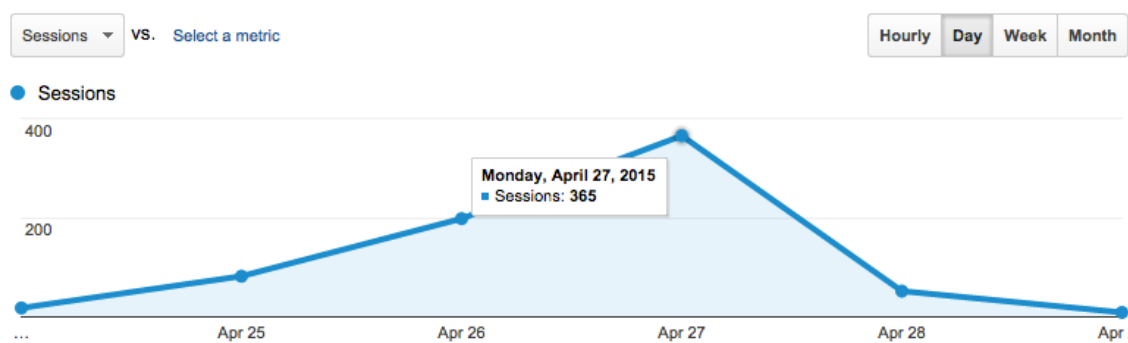
that link has already been submitted, but you can try to [submit it again](#).

↑ 41  
↓

 ? If everyone invested 8% of their gross income and had a balanced portfolio with an average 5% annual return for 35 years, company and government pension would be unnecessary. Can you imagine the impact that this would have? (freedomnova.com)  
submitted 2 days ago by freedomnova  
46 comments share save hide delete nsfw

all 46 comments

Exhibit 6.3b – Google Analytics. Roughly 520 sessions for the 8 hours overlapping April 26-27<sup>th</sup>



#### 6.4 Releasing a book on Amazon Kindle will lead to more exposure for Freedom Nova

On May 5<sup>th</sup>, 2015, Freedom Nova released its first book titled, “200 Money Saving tips to reach Financial Freedom.” The book was a recreation of the “Monster List of Money Savings Tips” that initially had 155 tips. The book had 45 more tips and ways to put the money saved to better use to help reach financial freedom. The final product had 19,210 words with around 90 pages of content. The book was initially for the Amazon Kindle only but a hardcopy of the book will eventually be released.

Amazon Kindle allows for a 5 free day promotional campaign, whereby the publisher can have the book downloaded for free for 5 days every 90 days. This book was available for download for free for the full 5 days and a total of 809 units were downloaded.

As a promotional strategy, the release of the book was submitted to 27 ebook sites. The book was also submitted to BookLemur.com for a paid promotion of \$20 USD for extra exposure. However, this paid promotion to

BookLemur.com took place on May 8<sup>th</sup>, 2015 and seeing that it had the lowest download count at 85 downloads, the paid promotion was not very successful. The book was also submitted to Story Cartel a review site where readers are given the book for free to read and provide a review for the book.

Exhibit 6.4a – Book cover and total download history

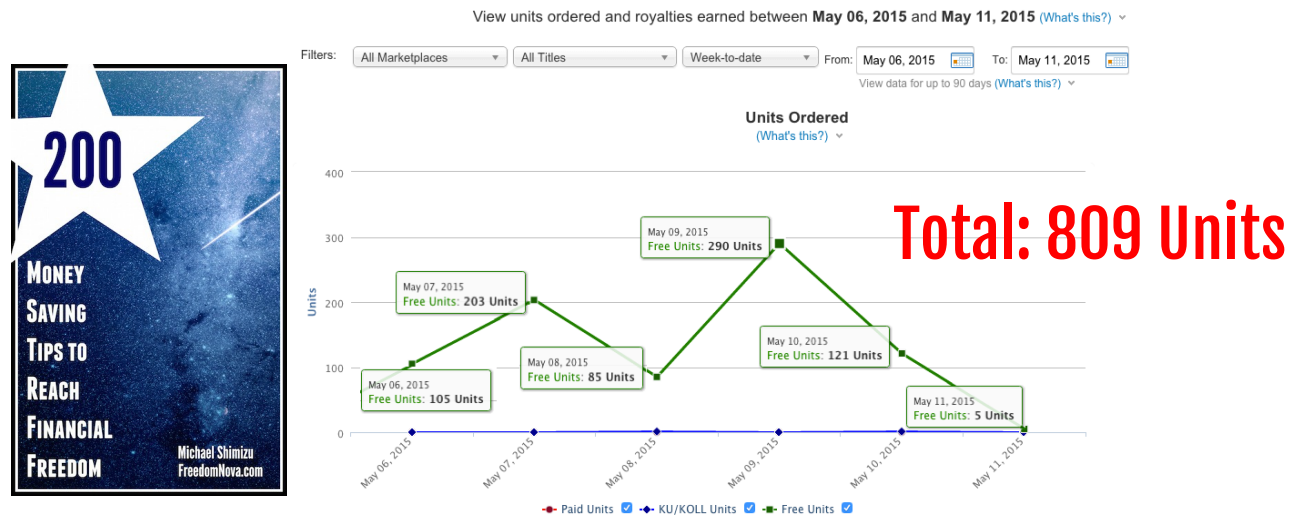


Exhibit 6.4b – On Amazon.co.jp. Ranked 1<sup>st</sup> in the Free Finance book category

The screenshot shows the Amazon.co.jp homepage with the book '200 Money Saving Tips to Reach Financial Freedom' by Michael Shimizu ranked 1st in the 'Finance' category. The book is listed as '無料' (Free) and is available for download. The 'Finance' category is highlighted as the 'Best Seller' (ベストセラー).

Exhibit 6.4c – Amazon Rankings for US and Japan. Reached top 755 free books in the US Kindle Store

Lending: Enabled **AMAZON US RANKINGS**  
**Amazon Best Sellers Rank:** #755 Free in Kindle Store (See Top 100 Free in Kindle Store)  
#6 in [Kindle Store](#) > [Kindle Short Reads](#) > [Two hours or more \(65-100 pages\)](#) > [Business & Money](#)  
#6 in [Kindle Store](#) > [Kindle eBooks](#) > [Business & Money](#) > [Personal Finance](#)

Amazon ベストセラー商品ランキング:  
1位 – [Kindleストア](#) > [Kindle洋書](#) > [Business & Investing](#) > [Personal Finance](#)  
1位 – [Kindleストア](#) > [Kindle洋書](#) > [Business & Investing](#) > [Finance](#) **AMAZON JAPAN RANKINGS**

Exhibit 6.4d – The book on Reddit.com



13 ↑ 28 ↓ 200  
[Kindle eBook] [Free Amazon eBook] 200+ Money Saving Tips to help you reach Financial Freedom. Free until May 10th, 2015 on Amazon worldwide! (amazon.com)  
submitted 2 days ago by freedomnova  
comment share save hide delete nsfw flair

## 6.5 One website can make a difference, one visitor at a time

After the 5-day promotion ended I received an e-mail from a visitor. He not only spent time to download and read the book but also spent time going through Freedom Nova and found the information useful. One of the articles on Freedom Nova shows the calculation to answer out the “how much is enough?” question. On Freedom Nova, this is called the “magic number to financial freedom” which I have simplified to make the entire concept easier to understand. This was the first time that I felt making this entire website and project was worthwhile.

Exhibit 6.5a – E-mail from visitor

**HOWARD HARKNESS**

May 11, 2015 at 9:49 PM

HH

To: michael@freedomnova.com

Re: where are you from?

---

I'm just going through your web site after reading 200 ways to save. I was thinking if you were American then I wouldn't follow up as our financial laws and rules are different. Great to hear you are Canadian.

I went on line and reviewed the calculation of "your number" and really liked your approach. In fact its the first time this has been explained to me mathematically! My financial adviser has just off hand said when I asked the question, how much do I need to retire?...he responds flippantly.... depends what you need to live on and has NEVER sat me down to explain it. So I'm left in the dark, until now!

I will go through your web site and will follow up. Great information Michael.

Geographically, do you reside in the GTA?

## **6.6 The beginning of the 3 projects: SNS, Forum, and the Freedom Nova Simulator**

Teaching financial literacy in simple terms isn't easy. Initially my hopes was to simply write content and create Youtube videos and hope that visitors will magically understand and apply everything I created for Freedom Nova. However, reality isn't so simply and decided that engagement was the answer. At the beginning of June 2015 I decided to take on 3 projects all hopefully leading to more engagement.

Exhibit 6.6a – The 3 Projects for a more hands on interaction with personal finance





The first project was to create a Social Networking Service (SNS). This was to make Freedom Nova into a site that would allow the creation of user profiles. Not only would the user profiles allow me to track and accumulate data for the purposes of this thesis, it would act as an important tool for users to track and hopefully reach financial freedom. The ideal Freedom Nova SNS feature would allow users to know how much they would need to reach financial freedom, share ideas to shorten the time to reach it, and motivate each other among other benefits.

The Freedom Nova forum is a forum that allows for sharing of ideas and to act as a compliment to the Freedom Nova SNS. The main sections of the Freedom Nova forum are based on the 3 Novas of Freedom Nova: Income generation, financial planning, and investment management with a suggestion section also added.

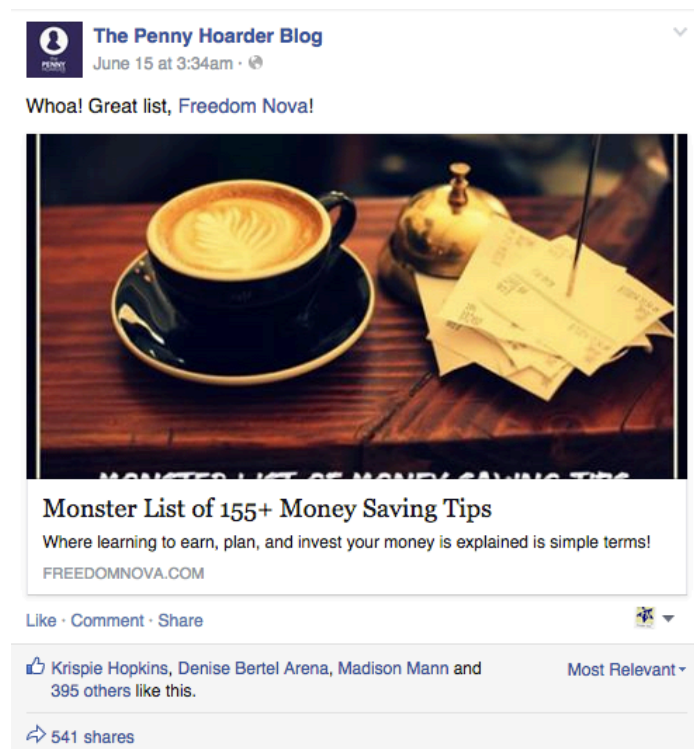
The third and likely most important project is the creation of the Freedom Nova simulator. This simulator would allow visitors to punch in their personal financial numbers to answer the “how much is enough?” answer right on the Freedom Nova website. Ideally, this simulator will go further in helping individuals develop budgets, be customizable accordingly to life stages and life events and take into consideration taxes and inflation among many other factors that makes financial planning complex.

As of writing the proposal of this thesis, all three projects are a work in progress. While the SNS and forum have been setup and is useable on Freedom Nova, there is much work to be done.

### 6.7 The importance of a famous website share – thepennyhoarder.com

June 15<sup>th</sup>, 2015 marks the biggest day for Freedom Nova when a major personal finance blog shared one of Freedom Nova’s links. Two weeks before the share Thepennyhoarder.com is a site ranked 672 in the US and 3,565 in the world, according to Alexa.com, approached Freedom Nova for a link exchange.<sup>v</sup> I replied to the e-mail within an hour of receiving the request and obliged by adding their link to a specific post on the Freedom Nova’s “Monster list of Income Sources” article.

#### Exhibit 6.7a – Thepennyhoarder.com Facebook Share

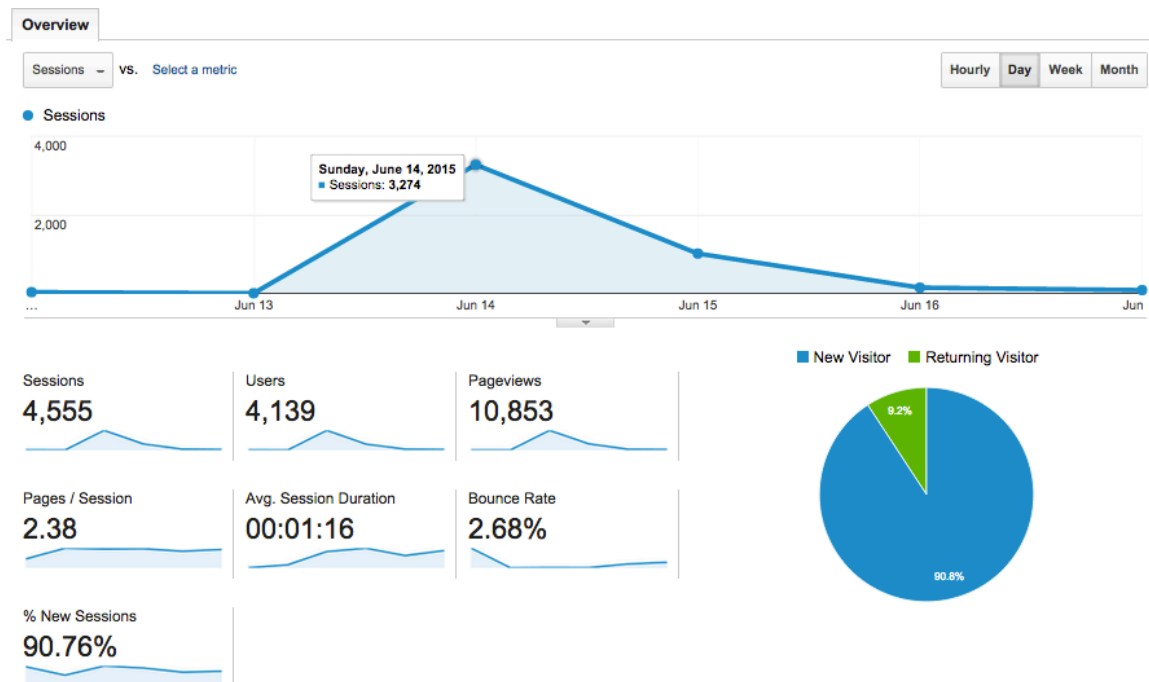


Thepennyhoarder.com has over 876,000 Facebook likes and their share led to the Freedom Nova link to be shared by their Facebook fans over 540 times as seen in exhibit 4.7a. The post was also liked nearly 400 times which led the Facebook like count of Freedom Nova to increase by 20 likes. As seen in exhibit

<sup>v</sup> <http://www.alexacom/siteinfo/thepennyhoarder.com>

4.7b, the share led to 4,139 unique visitors visiting Freedom Nova’s website with a surprisingly low 2.68% bounce rate. The goal of the overall project of Freedom Nova is to keep the bounce rate below the 40%. The average amount of time these visitors spent on the time was 1 minute and 16 seconds and they visited on average 2.39 pages per visit. The 4,139 unique visitors was more visitors than the combined total of 2,826 between March 27<sup>th</sup>, 2015, the launch date of the website and the day before the Facebook share by thepennyhoarder.com.

Exhibit 6.7b – The results from the Thepennyhoarder.com Facebook Share



## 6.8 Gamification

At one point Gamification was introduced into the Freedom Nova website. Gamification is the process of creating a “game-like” environment to keep the users entertained by allowing them to accumulate points and exchange those

points for potential rewards. It also allows users to compete against peers on a leaderboard and obtain achievements to show off badges of their hard work.

The idea behind using gamification with Freedom Nova was to have them read articles, watch videos, leave comments to further educate and elevate the knowledge base of the users.

While gamification was dropped from the website, as discussed later in this paper is planned to be re-introduced in the case that the Freedom Nova platform is released according to the business plan that was created in the New Venture Development course at the London Business School.

### 6.9 Financial Freedom Simulator

The main goal of the Freedom Nova website is to make a difference to the Millennial generation by helping them understand financial planning and investment management in simple terms. However, the actual execution of this idea is extremely difficult. Up until this point, the FreedomNova.com website focused on posting blog articles to inform visitors of a variety of topics and there has been no way to achieve successful user achievement.

Exhibit 6.9a The Financial Freedom Simulator from the FreedomNova.com website

### Freedom Nova's Financial Freedom Calculator

Your Financial Freedom Magic Number:	\$840,000
Current Investment Portfolio Balance:	\$10,000
Current Monthly Contribution Amount:	\$500
Current Projected Annual Investment Portfolio Return: (enter 0.01 for 1%)	5.00%
It will take you:	<u>40 Years and 1 Months</u>

While there may not have been any success, this is not without an attempt. In early June, the popular wordpress social platform plugin Buddypress

was installed to allow user profiles on the website. A forum was also created however the latter has been removed.

### **6.10 New Venture Development Group Business Plan Project at the London Business School**

My exchange program to the London Business School (LBS) began in September 2015 and in the first class of the New Venture Development course, I pitched to the class a business idea based on the content of Freedom Nova to not only help individuals learn more about personal finance and investing but to help them reach financial freedom. The business idea was an online platform that would help individuals track, improve and shorten the time it takes to reach financial freedom by guiding them every step of the way. A large part of this section is based on the final business plan that was submitted to Professor Rupert Merson for the course however has been modified for the purposes of this thesis.

The New Venture development class not only looked at creating a business plan but also looked deeply into real life business examples and had a number of guest speakers, many LBS graduates that shared their experiences.

Our teams were allowed to be between 4-6 members and as a result of the “elevator pitch” on the first day of class, I was able to recruit 5 members to my team bringing our team member count to the maximum 6 members. The course ran 10 weeks and our team met usually at least on a weekly basis to come up with ideas for the platform and business. We had a total of 10 meetings that on average were for around 1 hour. Our group work required an interim presentation to the class of roughly 70 students, a business plan and final presentation to the class plus 3 angel investors that were invited by professor Rupert Merson. I have the consent from my fellow team members to use the entirety of our group project for the purposes of this thesis as this was one of the conditions to have them join my group when I recruited team members.

The team was a group of MBA and EMBA students that came from a very diverse yet complimentary background for Freedom Nova. The team members were as follows:

**Jie Marco Jia:** An HKUST MBA student and a CFA charter holder with over 5 years experience in private wealth management for ultra high net worth clients at a leading global investment bank.

**Makiko Tada:** A Sloan Fellow with over 15+ years experience in Investment Education with various experience building businesses in both B2C and B2B segments.

**Kuldeep Kumar:** A LBS EMBA student with over 12 years experience in consultancy, pharmaceuticals and is currently a business owner in the pharmaceuticals industry with experience in price optimization, business development, corporate strategy and more.

**Mmakuhomo Mabusela:** An EMBA student from Columbia University also a Chartered Accountant with over 8 years experience in auditing, accounting and finance, private equity, and financial advisory areas.

**Noel Quiaoit:** An IESE MBA student with an undergraduate degree in Computer Engineering at the University of Toronto with experience as a software developer and in financial services.

With this team, we were able to create a business plan for an online platform and app and discuss various options. By having a team of individuals with various education, countries and work experience the team was able to relook at the foundation of the service at hand and look to create something that doesn't exist in today's market.

The team as stated above brought a very diverse background but also because we were all from different MBA schools (LBS, Columbia, IESE, Sloan, HKUST, and Keio) we had the capability to reach out to different networks. These networks were utilized for the purpose of the survey that was conducted in English and Japanese later discussed in this thesis.

### **Change in Target**

The core of the online platform service was focused on the existing Freedom Nova website. Initially, this thesis was focused on the millennial generation but our target changed after thorough discussion and was extended to the 35 to 44 age range as well. There are two reasons for this change.

First, our service is to help individuals reach financial freedom and the 35 to 44 age range is in the accumulation phase of their financial planning lives. The accumulation phases means that individuals in this age range are earning a growing income and are starting to stabilize their both personal and financial lives. They will start a family, buy their first homes, pay down their mortgages, and invest in their investment portfolios.

Second, our survey, to be discussed later in this paper that we conducted found that there was a real need for our service for the 35 to 44 age range as well. We did find that regardless of the income or age range that many individuals did not have a strong grasp of their personal finance and investment situations.

### **The Problem**

One of the first steps to coming up with a business plan and an idea is to identify the problem that our product or service would address. Our group identified that the individuals between the ages of 18 and 44 need guidance and motivation on how to manage their finances and invest, as well as reaching financial freedom, regardless of income level. This is something that was identified in the original Freedom Nova website. The debt levels of the younger generation are at record highs and with income levels that aren't rising the same, this age group that has the Millennial and generation X overlap needs help.

### **The Solution**

The business plan we created was based on the Freedom Nova platform that would help individuals track and improve their current spending and help plan for their future by understanding what financial freedom means for their personal situation. Equipped with this knowledge, the users of the platform have the ability to consult with financial professionals via the platform to get more in depth advice around financial planning, investment planning, tax, wills and estates and more through the network of financial professionals.

A large part of the Freedom Nova solution will include educating the users through a variety of content including articles through Freedom Nova and

the content provided by the financial professionals on the platform, as well as videos and modules that will help increase the knowledge base of the users to help them make better and more informed decisions with their money and investments. The solution will also look to motivate users to stay on track and improve through gamification, to make the entire process competitive and fun.

Gamification as already mentioned in this thesis makes the entire process fun by giving points, awards and achievements to the users for every action that they perform. For example, by reading an article, watching a video, inputting personal data into the platform users would be given points and achievements based on the number of points they receive either on a monthly basis or overall. Awards can also be awarded on a seasonal or one time basis giving more motivation to users to use the Freedom Nova platform on a regular basis. For example, if it is Christmas season the users might be asked to enter their Christmas budget and see if they can keep that budget with their Christmas shopping, if they are successful they may be awarded a one-time achievement.

A big part of gamification is the component of being able to compete with peers. With the points that users accumulate they will be able to compete with their peers to see if they are on track, what awards they achieve. By having this component it motivates users to continue using the platform.

### **6.11 The Freedom Nova Service**

The purpose of the Freedom Nova service is to define and help individuals reach financial freedom based on each individual's person situation. In addition, the service will cover a variety of topics on personal financial in a step-by-step format.

Some of the unique features of Freedom Nova will be:

- 1) A simulator that allows users to project how much and how long it will take to reach financial freedom and a guiding and improvement tool that will give advice based on the individual's personal situation



- 2) The option to ask financial professional such as financial planners, tax experts, lawyers, and more about any questions they might have pertaining to reaching financial freedom.
- 3) Regularly updated educational material in regards to personal finance and investing

## **The Revenue Model**

The Freedom Nova service will offer both free and paid services, and assume three main revenue streams.

### **1) Free Content**

Limited portions of the content will be provided for free. Some of the paid services may be offered free on a limited-time-only basis.

### **2) Annual Membership Fee**

Membership fee includes the use of the simulator, as well as subscription to all of the Freedom Nova articles. For B2C services, price will be kept very low (USD 5 per month) in order to allow users to continue using our services for a long time, For B2B services, companies, who pay for the Freedom Nova services as benefits for their employees, are charged higher, but acceptable, fees.

### **3) Consulting Service (monthly fee and introduction fee)**

Freedom Nova will provide a search function to connect users and professionals. Registered professionals will answer questions online at first, and if necessary, users can contact them off-line. Only high-quality firms are able to register; Freedom Nova will guarantee the quality of services to users. Professionals will pay monthly fee and also introduction fee (5% of the consultation fee) when they get customers through our platform.

### **4) Advertisement**

After reaching a targeted number of users, Freedom Nova can expect advertisement fee in certain spaces of the Freedom Nova platform.

## **The Target Market**

The Freedom Nova service will target individuals between the ages of 18-44. With the variety of costs rising, especially education costs, Millennials (ages 18-35) are said to be in the worst situations among all generations. As previously mentioned within this thesis, according to a study done by the Financial Industry Regulatory Authority (FINRA), the Millennials have the highest percentage spending more than income. FINRA also discovered that the millennial generation had the lowest financial literacy among all generations.<sup>vi</sup>

There are two benefits to targeting the millennial generation. The first benefit is that time is on their side. If we can educate these individuals about the importance of managing their finances they will have the power of compounding help them achieve financial goals much easier. The second benefit is that the millennial generation is more tech savvy and will be able to maximize the capability of our platform and also increases the possibility that these individuals will share their information with friends, family and peers.

For individuals between the ages of 36-44, while they aren't in as bad of a situation as the Millennial generation but there are many that are not prepared for the retirement or haven't thought about financial freedom as we have discovered through our survey. As a result, this age range has also been included because of the potential they have to play catch up and invest enough funds to reach financial freedom if they put enough effort into it.

## **Marketing Strategy**

The "4P" model best describes our marketing strategy of Freedom Nova.

### **Product**

Freedom Nova will have two major product offerings, the free and fee based products. The main purpose of the free products is to acquire new customers and make them have more interest in the Freedom Nova. With respect

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<sup>vi</sup>[https://www.finra.org/sites/default/files/14\\_0100%201\\_IEF\\_Research%20Report\\_CEA\\_3%206%2014%20%28FINAL%29\\_0\\_0.pdf](https://www.finra.org/sites/default/files/14_0100%201_IEF_Research%20Report_CEA_3%206%2014%20%28FINAL%29_0_0.pdf)

to the fee paying product, users will have full access to the wide range of services that the Freedom Nova platform from the performance tracking tool to the marketplace that connects the users with financial professionals in their local area.

### **Price**

The Freedom Nova products prices will be a competitive flat-fee for our members, to demonstrate our objectiveness as an independent wealth management platform. Members get access to everything we offer by paying a \$5 USD monthly or \$50 USD annually. Limited access is also available for free subscribers who have minimum needs.

Conversely, we will charge financial professionals for every business referred to them at 5% on a transaction basis. We charge these referral fees only on the “sell side”, in order to encourage our members to seek more investment advices through our platform.

### **Place**

We advertise our platform on a variety of places in both online and traditional channels. To do so, we have made our products available on both our website and smartphone applications. Our different marketing channels, their utilization and costs are listed in below table.

In addition, our major targeted marketing locations are London, New York, Toronto, Shanghai and Tokyo – cities where our group members were originally from and have school/professional networks to expand the new business quickly.

### **Promotion**

In addition to the traditional price discount promotion, the Freedom Nova platform will offer promotion strategies applying consumer psychology and behavioral economics.

A free trial will be available whereby free members will be able to test out the fee based subscription service. From our study on the “behavioral economics and decision making” course at LBS, we discovered that a free trial period of two

months is most effective in converting the non-fee-paying customer to fee paying for our services.

We will have a referral system in place where users will be able to get free months of paid memberships by referring new users to the Freedom Nova platform. We will also provide free months of memberships for referrals made of qualified financial professionals for our marketplace.

## **Competition**

Based on our research, there are many money managing applications and websites on the market. Many of them are easy to use and some have useful features such as directly connecting to your bank account, allowing the application to track changes in your accounts. We have identified three main groups of money managing applications in this field: cash-flow management apps, advance financial planning tools, and bank tools. Despite their features, none of the competitors provides a comprehensive tool that allows individuals to: determine their financial freedom, assist in keeping track of their financial goals, manage behavioral challenges when it comes to living within one's means and saving, and connecting to financial planning professionals.

## **How Freedom Nova will differentiate itself**

Freedom Nova will differentiate itself in three different fronts: determine and manage one's financial freedom in an easy way; keep users on track to reach their goals in a fun way; and connecting the users with a community of financial professionals. By excelling in these three different areas, we hope to provide a platform that help millennial attain financial freedom in the future.

First, the Freedom Nova platform will help determine and manage your Financial Freedom. Many financial planning tools are complicated and cumbersome. The Freedom Nova platform will aim to create a platform that is easy-to-use when determining and managing individuals' financial freedom.

Second, the Freedom Nova platform will help users stay on track with your finances in a fun way. Based on our experiences as financial advisors, the

main challenges for individuals when it comes to achieving financial freedom is not about earning enough money but about being disciplined enough to stick to a plan to reach goals. This behavior isn't something that can be learned overnight and the Freedom Nova platform will help individuals cultivate this behavior not only via the tracking tool but also educating them about the ins and outs of personal finance allowing users to learn why it really is important to stick to the plan that is created for their personal situation. By implementing gamification, we hope to connect individuals to their peers and encourage and motivate them to not only stick to the plan but also improve their financial habits accelerating the pace that they reach financial freedom.

Third, the platform will connect users with Financial Planning Professionals. When it comes to building a comprehensive financial plan, the standalone Freedom Nova platform will not be enough to ensure a comprehensive financial planning service as topics such as estate planning, insurance planning, and tax planning will be needed, and therefore a professional financial planner is still needed. The Freedom Nova platform will allow users to connect with our community of financial planning professionals and schedule face-to-face appointments.

## **Risks**

Specifically to the nature of our wealth management business, we have identified some of the risk involved with the Freedom Nova platform.

### **Regulation risk**

Regulations on financial service companies are becoming more and more stringent globally. Especially for investment advisory conducts, different countries have different rules and qualification requirements.

We have thought about the difficulty of providing investment advisories by ourselves in different countries, therefore, we are only acting as the marketplace of financial advisors who have qualifications in conducting business in their own jurisdictions. However, we are still responsible for careful screening

of the advisors. Stringent background check and due diligence procedures are in place before our listing of any advisor on our platform.

### **Client disputes**

Client service is a big part of our business, and where disputes are mostly common. We can foresee client disputes over the accuracy of our simulations and planning tools, as well as those resulted from negative investment returns.

While our financial simulator and planning tools have been tested by the prior work experiences of our founders, there might be differences and even errors when it is applied to each individual. Furthermore, the investment advisory and returns will be provided by 3<sup>rd</sup> party advisors, which are beyond our control.

Given above, while we target at continuously improving our tools and services, we have disclaimers in place before delivering our services and referring customers to any 3<sup>rd</sup> party service provider. After all, we will spend a lot of resources on client services to provide our customers with a good experience and resolve disputes involving different parties.

### **Privacy and information handling**

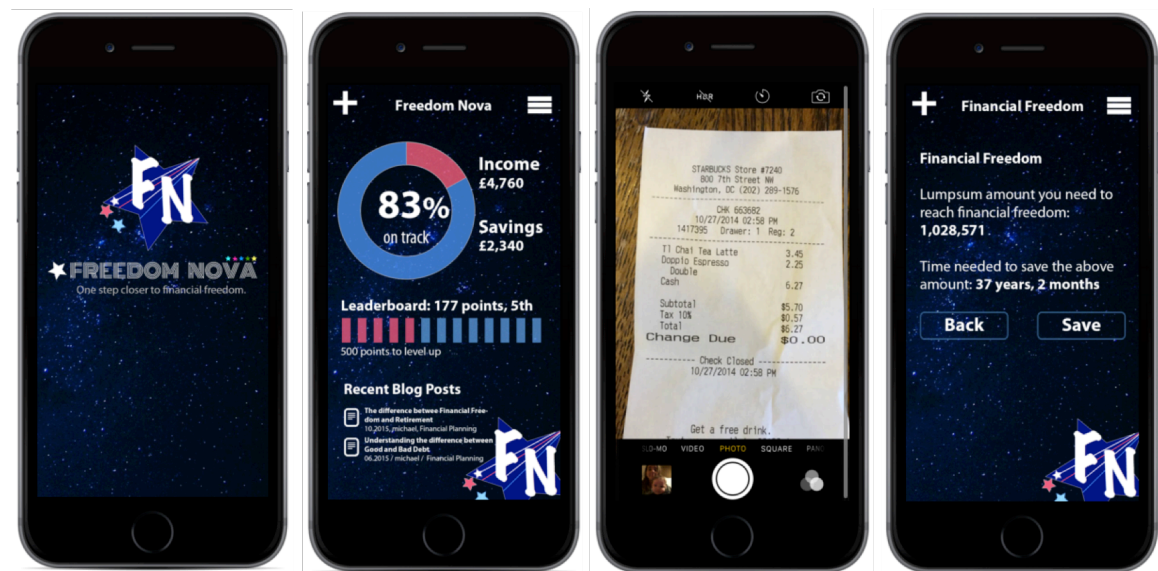
We respect all customers' privacy and will not use their personal information (such as income, saving and investments) on anything beyond providing our services. This will be made clear with our customers upfront, and their consent of our information handling procedure are also required before they subscribe to our services.

### **Technology security**

Up to this point, our website and applications are all developed in house to minimize the launching cost. However, as we project high growth and more complications of our business, we will consider outsourcing IT to professional vendors, such as Infosys and Tata Consulting Services. These vendors have

detailed procedures regarding technology security, which will also become terms in our contract with them.

Exhibit 6.11a – Freedom Nova App Prototype from the Freedom Nova Business Plan submitted at the London Business School, New Venture Development Course



As part of the final presentation in the New Venture Development course Noel Quiaoit, a team member from IESE, created a Freedom Nova app prototype pictured in exhibit 6.11g. The app has not gone past the prototype stage at the time of this thesis. The screen on the very left is the open/welcome screen of the app. The second to left screen shows the tracking screen giving the user an idea as to how they are doing in terms of their budgeting showing their income and spending habits. The gamification feature is also available on this screen showing the position of the user on Freedom Nova gamification leaderboard and how many points they have. This screen also shows the most recent blog posts on the Freedom Nova website.

The third screen from the left shows one of the capabilities of the app where it has the capability to scan receipts of the user into the app which the app can decipher the type of spending. In this case it was a Starbucks purchase and therefore the purchase would be classified as a leisure spending and would update this portion of the tracking within the online platform and app.

The final screen shows the “magic number” that the Freedom Nova simulator which tells them how much they need to reach financial freedom and how long it will take them to reach financial freedom with their current situation. This is one of the key features of the Freedom Nova platform. As individuals improve their financial situation, such as reduce their spending, put more into their investment portfolio, or increase their investment portfolio return, the length of time it takes to reach their magic number will automatically adjust acting as motivation for the users.

### **6.12 The Freedom Nova Survey**

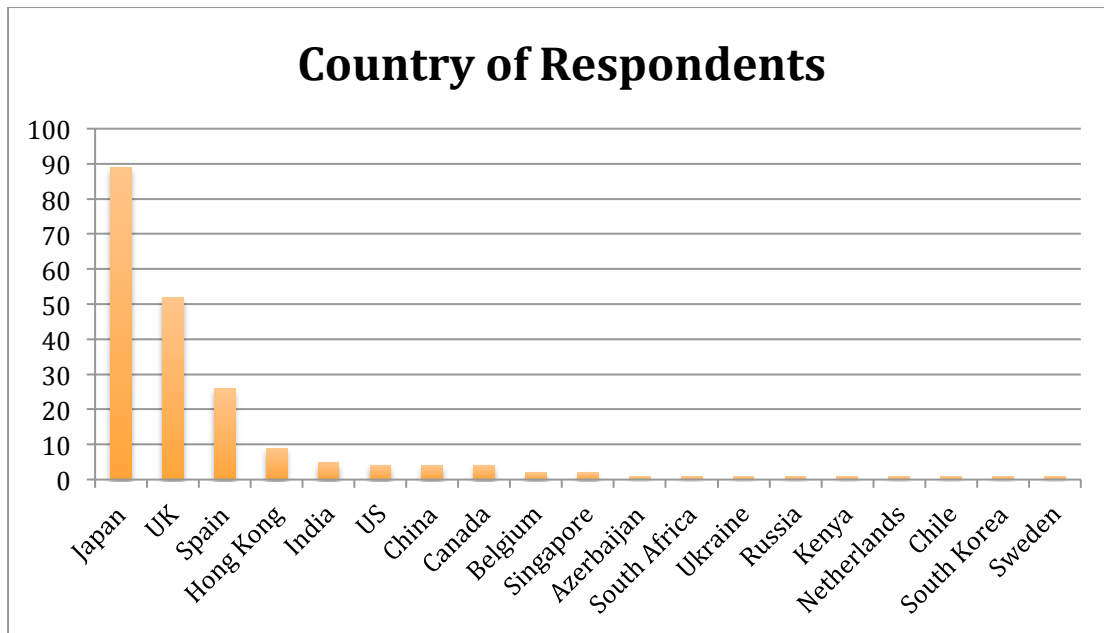
For the Freedom Nova survey we received 120 English responses and 86 responses. Both surveys were setup on typeform.com an easy to use survey platform that was free of charge at the time of writing this thesis and allowed for multiple language surveys that included both the English and Japanese languages. The Typeform.com platform also allowed for survey completion via smartphones. Both surveys were identical with the Japanese survey being a direct translation of the English survey. The Japanese survey translation was carried out by the writer of this paper and double-checked by fellow group member Makiko Tada.

The survey consisted of 21 questions and on average took the English respondents 3 minutes and 51 seconds to complete while the Japanese survey took an average of 3 minutes and 45 seconds to complete. For the English survey 53% of the survey was completed with a PC or laptop, 41% with smartphones and the remaining 6% with a tablet. With the Japanese survey 58% completed the survey with a smartphone, 41% with a PC or laptop and the remaining 2% completed the survey with a tablet.

#### **Question 1: What City do you live in?**

Exhibit 6.12a - Diagram showing respondent countries – Both Survey Total





From a total of 206 respondents there were responses from 19 different countries. There were a total of 89 respondents from Japan, which made up the largest sample size at 43.2%. The second largest sample size was from the UK, mostly from London with 52 respondents or 25.24% of the entire survey. The third largest sample size was from Spain, mostly from Barcelona with 26 respondents or 12.62% of the entire survey. The fourth largest sample size was from Hong Kong with 9 respondents or 4.37% of the entire survey. The remaining survey respondents were from India, US, China, Canada, Belgium, Singapore, Azerbaijan, South Africa, Ukraine, Russia, Kenya, Netherlands, Chile, South Korea, and Sweden.

The four largest sample sizes were a result of the location of the schools that the students of the group attended. The author's home school of Keio Business School provided the largest sample size not only through the Keio Business School network but the survey was shared several times of Facebook as well. The second largest sample size was largely based in London as the survey was shared with the New Venture Development class as well as the London Business School community as well.

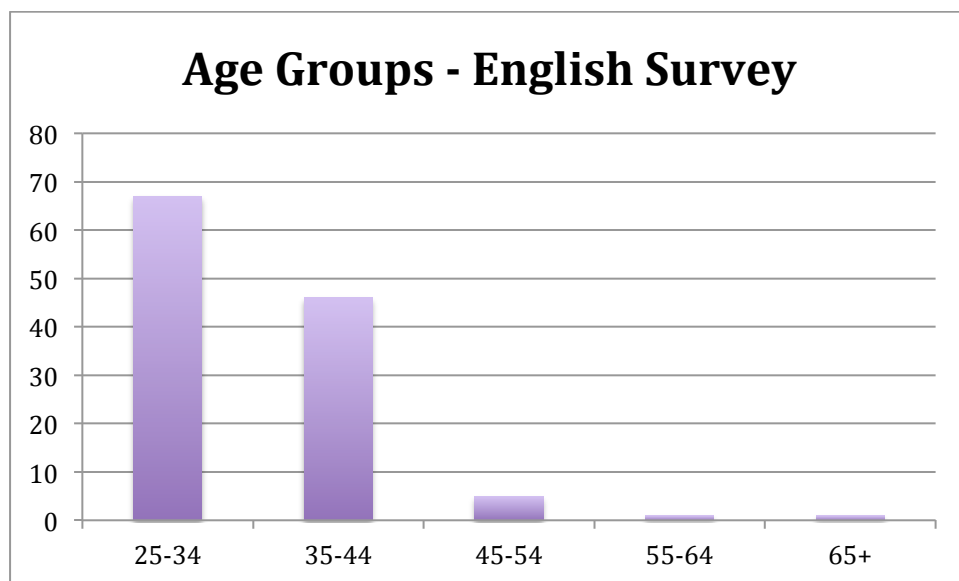
With Spain, all responses were from Barcelona where IESE is located, where fellow group member Noel Quaiot was on exchange to the London Business School from. Finally, the responses from Hong Kong were also as a result of a fellow group member Marco Jia being from HKUST.

The purpose of this question was to get a feel for geography. As the survey was carried out in London with students from 6 different MBA schools it was important to understand where our respondents were from. There was the obvious risk that with so many different geographic locations that some of the cities/countries would have a very small sample size that turned out to be the case. 11 of the 19 countries had 2 or less respondents. However, our group came to the conclusion that this data should not be ignored. While the sample sizes of these countries is very small, the respondents were very likely attending one of the 6 schools of LBS, Columbia, Sloan, HKUST, IESE, or Keio and as a result could be a valuable source of information.

From this point forward the survey results will be divided into English and Japanese surveys for a more detailed observation.

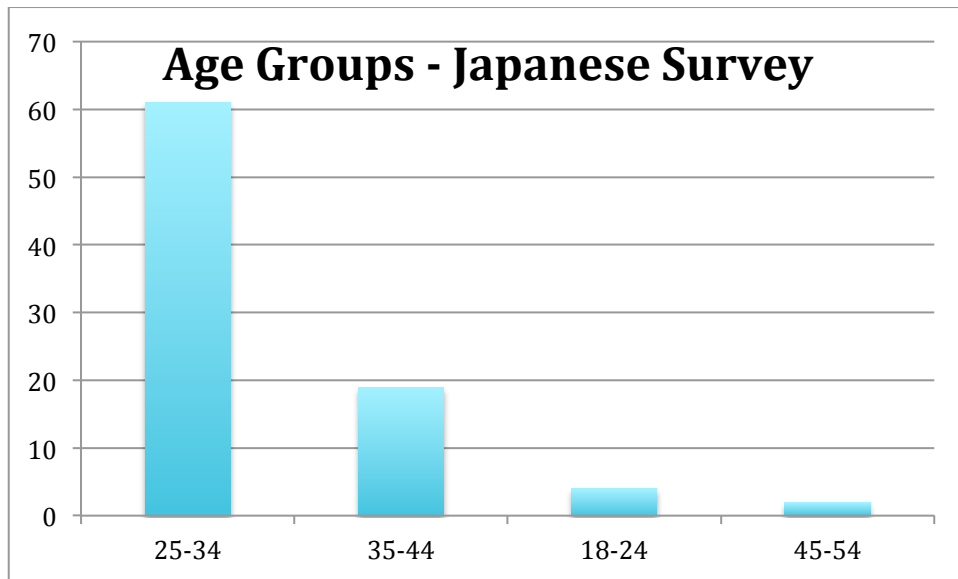
### **Question 2: What is your approximate age?**

Exhibit 6.12b – Age Group Breakdown for the English Survey



The English survey had 67 respondents or 55.83% that were between the age of 25-34, 46 respondents or 38.33% between the age of 35-44, 5 respondents or 4.17% between the age of 45-54, 1 respondent or 0.83% between the age of 55-64 and 1 respondent or 0.83% over the age of 65.

Exhibit 6.12c – Age Group Breakdown for the Japanese Survey



The Japanese survey had 61 respondents or 70.93% that were between 25-34, 19 respondents or 22.09% that were between the age of 35-44, 4 respondents or 4.65% that were between the age of 18-24, and 2 respondents or 2.33% between the age of 45-54.

For both surveys the highest respond rate was between the age of 25-34, which is generally around the average age of MBA schools around the world. The average in the London Business School MBA program is 29.<sup>vii</sup> However, there was a significant difference in the percentage of this age group between the two surveys. In the English survey only 55.83% of the survey respondents were between the ages of 25-34 while in the Japanese survey 70.93% of the survey respondents were in the same age group.

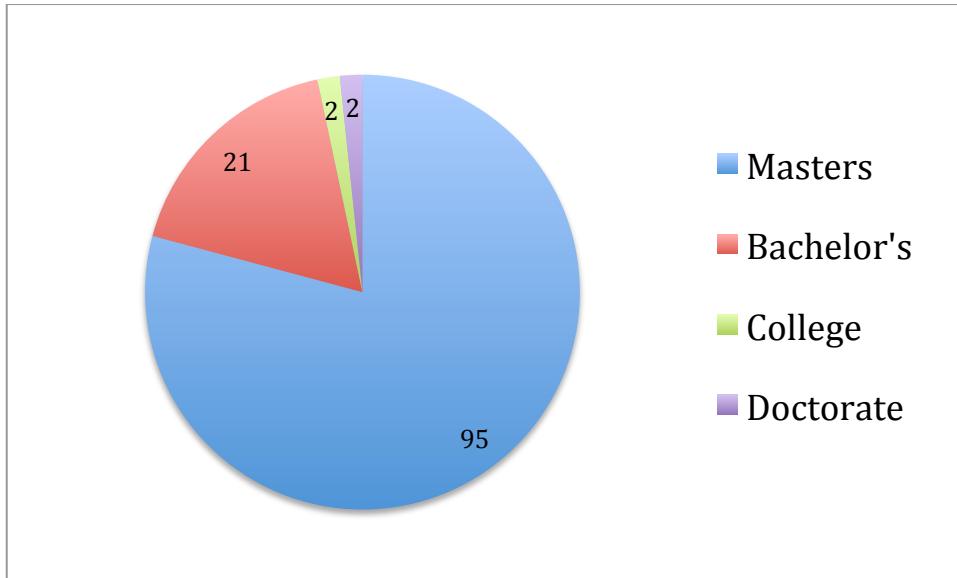
One explanation for this disparity is that among the 6 group members, 3 members were in the EMBA and by utilizing their networks; it brought up the average age of the English survey respondents.

The purpose of this question was to get an idea of the demographics of the survey respondents.

### **Question 3: Please indicate your education level**

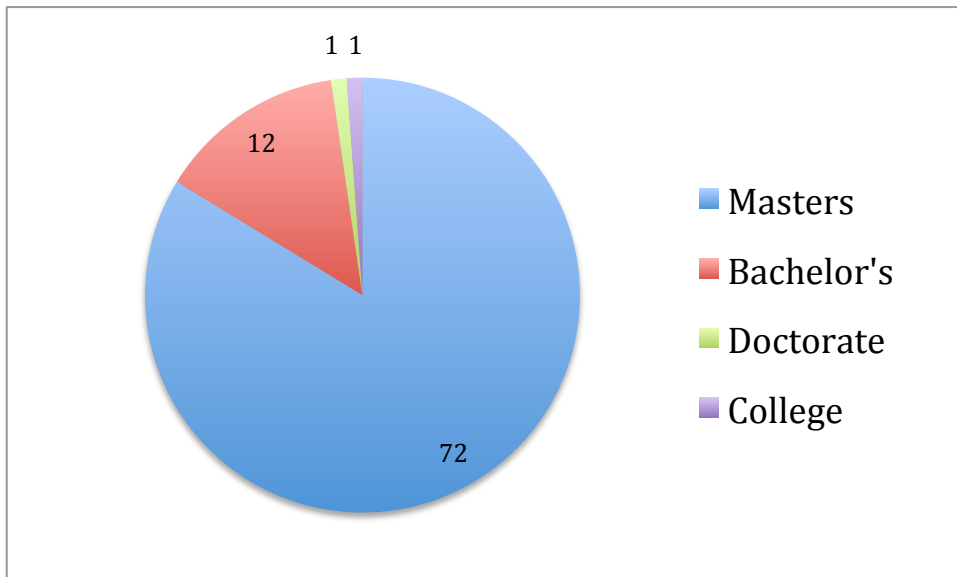
Exhibit 6.12d – Education level of English Survey Respondents

<sup>vii</sup> <https://www.london.edu/education-and-development/masters-courses/mba/class-profiles#.VnMTsZMrKR>



Out of the 120 English survey respondents, 95 or 79.17% had or were working towards a Masters degree. 21 respondents or 17.5% either had or were working towards a Bachelors degree while there were 2 respondents or 1.67% that either had or were working towards a College and Doctorate degree.

Exhibit 6.12e – Education level of Japanese Survey Respondents

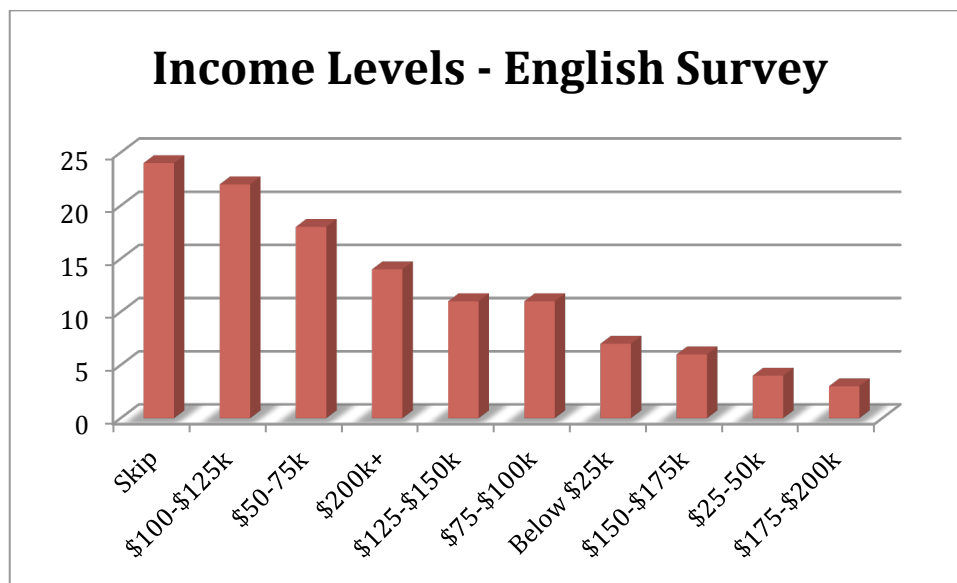


For the Japanese survey, out of the 86 respondents, 72 or 83.72% respondents either had or were working towards a Masters degree. 12 or 13.95% of the respondents either had or were working towards a Bachelors degree while there was 1 respondent or 1.16% that either had or were working towards a College and Doctorate degree.

The purpose of this question was to see if education level made any difference in the knowledge or behavior behind personal finance. Because the survey respondents were highly educated with the vast majority either having working towards a Masters degree, the sample size was skewed to a higher education level than the general public.

**Question 4: What is your approximate annual income level**

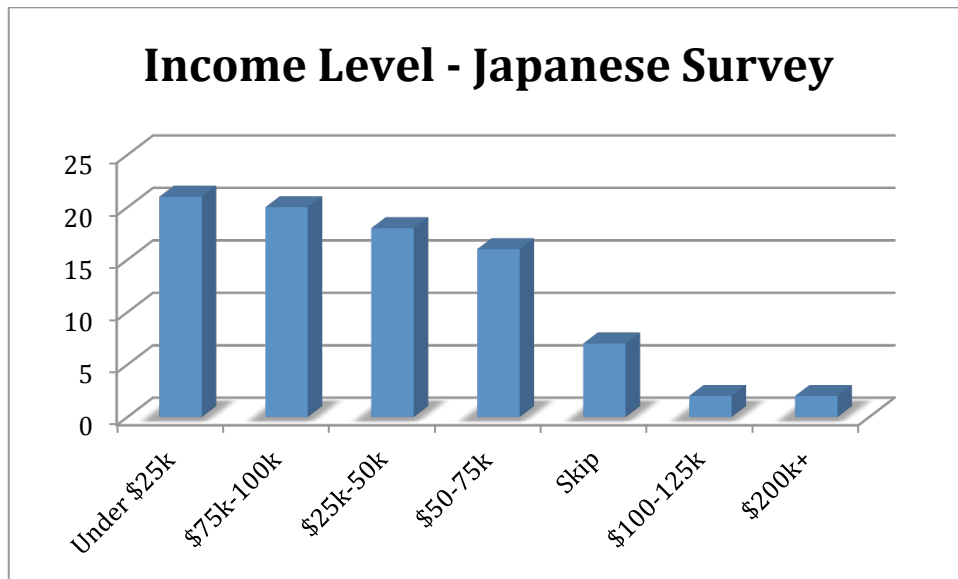
Exhibit 6.12f – Income Levels of the English Survey Respondents



The income level was defined as income prior to attending the MBA School if they were a full time student or their current income if they were part time students or EMBA students that maintained their job and were attending the MBA program.

For the English survey, 24 or 20% of respondents decided to skip this question, 22 or 18.33% said their income was between \$100,000-\$125,000. 18 or 15% of respondents said their income was between \$50,000-\$75,000, 14 or 11.67% of respondents said their income was over \$200,000, 11 or 9.17% said their income was between \$125,000-\$150,000, 11 or 9.17% said their income was between \$75,000-\$100,000, 7 or 5.83% said their income was below \$25,000, 6 or 5% said their income was between \$150,000-\$175,000, 4 or 3.33% said their income was between \$25,000-\$50,000 and the final 3 or 2.50% of respondents said their income was between \$175,000-\$200,000.

Exhibit 6.12g – Income Levels of the Japanese Survey Respondents



For the Japanese survey, 21 or 24.42% of the 86 respondents said they had an income under \$25,000, 20 or 23.26% said they had an income between \$75,000-\$100,000, 18 or 20.93% said they had an income between \$25,000-\$50,000, 16 or 18.6% said they had an income between \$50,000-75,000, 7 or 8.14% decided to skip this question, 2 or 2.33% said they had an income between \$100,000-\$125,000 and the final 2 or 2.33% said they had an income of over \$200,000.

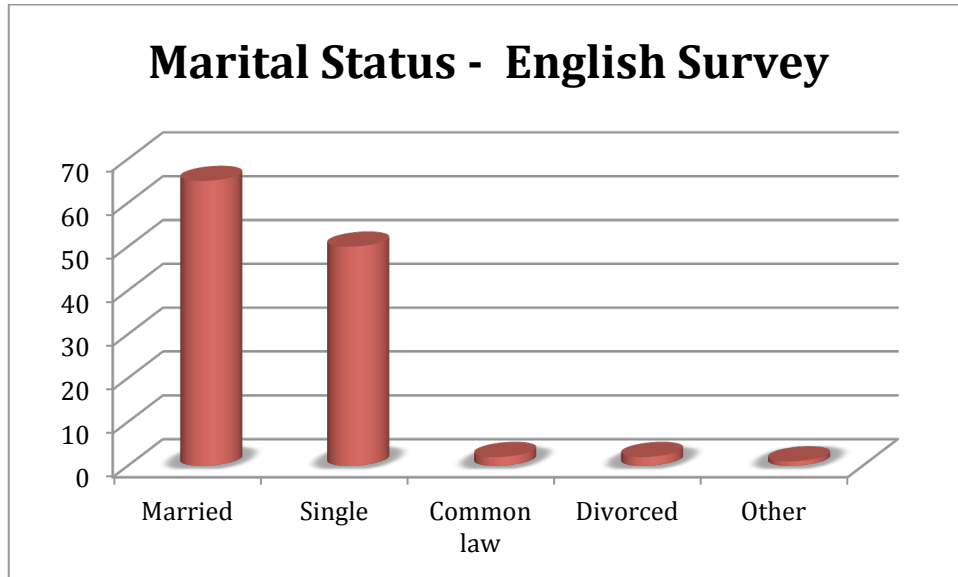
Income level is a sensitive topic and while this survey was conducted anonymously, we decided to provide the option to skip this question because we did not want this question to deter individuals from answering the rest of the survey. However, we found that this question was a very important and intriguing question that showed the disparity of income levels from English and Japanese survey respondents.

We found that a higher percentage of English survey respondents skipped this question over Japanese respondents with 20% and 8.14% respectively. The income level of the English respondents was generally much higher than the Japanese respondents and actually very high in general. This is again likely due to the fact that many of the respondents were attending some of the highest ranked MBA schools in the world. In addition, with regards to the networks of group members from Sloan, Columbia and LBS a large the EMBA community was

included in the focused on likely raising the average income levels for the entire survey.

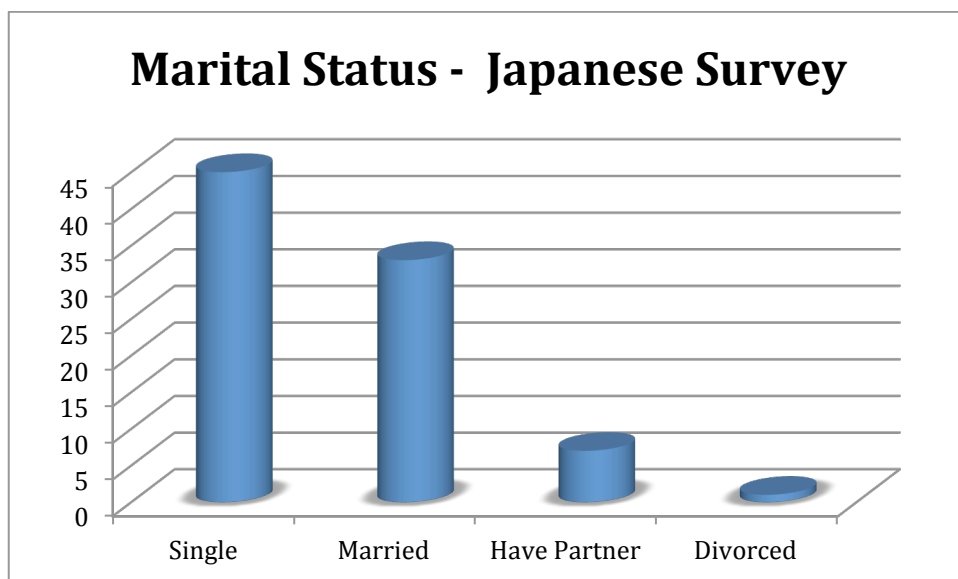
**Question 5: Please indicate your marital status**

Exhibit 6.12h – Marital Status Breakdown English Survey



Out of the 120 English survey respondents, 65 or 54.17% said they were married, 50 or 41.67% said they were single, 2 or 1.67% said they were in a common law relationship, 2 or 1.67% said they were divorced, and 1 or 0.83% said they were in an other type of relationship.

Exhibit 6.12i – Marital Status Breakdown Japanese Survey



Out of the 86 Japanese survey respondents, 45 or 52.33% said they were single, 33 or 38.37% said they were married, 7 or 8.14% said they had a partner, and 1 or 1.16% said they were divorced.

The purpose of this question was to see if marital status had any effect the personal finance decisions made by individuals. We found that there were married individuals in the English survey, while there were more singles in the Japanese survey.

Question 6: On a scale of 1 (lowest) to 5 (highest), I openly discuss my financial affairs to my significant other(s)/family members/friends?

These following three questions were asked to gauge the comfort level of the respondents with 5 being the most comfortable and 1 being the least comfortable in regards to sharing their personal financial information

120 English survey respondents, 28 or 23.33% answered 5 or having the highest level of comfort talking to their significant other, family members or friends. 25 or 20.83% of respondents answered with a 2, 24 or 20% of respondents answered with a 3, 24 or 20% of respondents answered with a 4 and finally 19 or 15.83% of respondents answered with a 1.

For the 86 Japanese survey respondents, 29 or 33.72% of the respondents answered with a 5, 29 or 33.72% respondents answered with a 4, 15 or 17.44% of respondents answered with 3, 12 or 13.95% respondents answered with a 2, and finally 1 or 1.16% answered with a 1.

The answers to this question revealed that Japanese survey respondents were a lot more open to sharing their personal financial information with their significant other, family members or friends compared to English survey respondents.

Question 7: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online to apply for financing (ex. Loans, credit cards)?

This survey question looked to explore how comfortable individuals were in sharing their financial information online to apply for any type of financing



that included but was not limited to loans or credit cards. The 1 to 5 scale was used again with 5 being the most comfortable and 1 being the least comfortable.

For the 120 English survey respondents, 38 or 31.67% responded with a 2, 25 or 20.83% responded with 4, 24 or 20% responded with 1, 22 or 18.33% responded with a 3, and finally 11 or 9.17% responded with a 5.

For the 86 Japanese survey respondents, 22 or 25.58% responded with at 5, 22 or 25.58% responded with a 2, 16 or 16.8% responded with a 4, 13 or 15.12% responded with a 3, and finally 13 or 15.12% responded with a 1.

There was a mixed response with this question although generally it seemed that the Japanese survey respondents were more willing to share financial information online to apply for some type of financing.

Question 8: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online with the aim of receiving financial advice/support?

This survey question looked to explore how comfortable individuals were to get financial advice online. This area is directly in line with what the Freedom Nova online platform or service would offer and therefore was an integral part of the survey. The 1 to 5 scale was used again with 5 being the most comfortable and 1 being the least comfortable.

For the 120 English survey respondents, 39 or 32.50% responded with a 2, 27 or 22.5% responded with a 3, 23 or 19.17% responded with a 1, 20 or 16.67% responded with a 4, and finally 11 or 9.17% responded with a 5.

For the 86 Japanese survey respondents, 22 or 25.58% responded with a 5, 22 or 25.58% responded with at 2, 20 or 23.26% responded with a 4, 18 or 20.93% responded with a 3, and finally 4 or 4.65% responded with a 1.

With this question, we found that the Japanese survey respondents were more open to receiving financial advice online, while the English survey respondents were more resistant to receiving financial advice online.

Question 9: Do you set a monthly budget?

With the Freedom Nova platform one of the key components is setting up a budget and improving this budget to make it easier for individuals reach

financial freedom. Therefore, this was an integral question that would act as a foundation to see how many individuals currently had a monthly budget.

Of the 120 English survey respondents, 61 or 50.83% answered that they did not have a budget while 59 or 49.17% answered that they did have a budget.

For the Japanese survey respondents, 47 or 54.65% answered they did not have a budget, while 39 or 45.35% answered that they did have a budget.

We found that the majority for both surveys did not have a monthly budget, which we found to be very interesting because of the higher level of education and higher income levels of the survey sample.

Question 10: If yes, is this budget strictly adhered to and followed?

This question explored the previous question further to see how many of those that did have a budget actually kept their budget. There were some respondents that gave a yes or no answer for this question despite answering that they did not have a budget in the previous question, however we do not believe that this affected the strength survey results overall.

For the English survey, 55 or 45.83% answered that this question was not applicable to them, 40 or 33.33% answered no, and finally 25 or 20.83% answered that they did stick to their monthly budget.

For the Japanese survey, 44 or 51.16% answered that this question was not applicable, 25 or 29.07% answered no, and the final 17 or 19.77% answered that they did stick to their monthly budget.

With this question we were able to discover that despite individuals having a monthly budget, we found that 67.8% of the English respondents had a budget but did not stick to it. For the Japanese survey we found that 64.1% that had a budget did not stick to it.

Question 11: Do you employ the services of a financial adviser?

With this question, the goal was to see how large of a population hired a financial adviser that gave them advice around their personal finances.

For the English survey 103 or 85.83% of 120 respondents said they did not hire a financial advisor while 17 or 14.17% said they did hire a financial advisor.

For the Japanese survey 77 or 89.53% of 86 respondents said they did not hire a financial advisor while 9 or 10.47% of respondents answered that they did hire a financial advisor.

Overall 190 out of 206 respondents from both surveys or 92.23% responded that they do not have a financial advisor, which is an astounding number. While this is in line with the fact that just because someone makes a higher salary doesn't mean they take care of their finances, from my experience as a banker I had first hand experience that wealthier individuals had more financial advice from a proper advisor.

Question 12: Do you know how much you need to reach financial freedom? Financial Freedom is when the passive income from your investments cover all of your expenses. Basically when you don't need to work anymore!

As the question suggests and a core part of this thesis project and the Freedom Nova service is to help individuals understand what financial freedom means for their personal situation. Financial freedom is when an investment portfolio with various investments covers all expenses with the passive income it yields.

For the English survey, 81 or 67.5% said they did not know how much they needed to reach financial freedom while 39 or 32.5% said they knew how much they needed to reach financial freedom.

With the Japanese survey, 64 or 74.42% responded that they did not know much they needed to reach financial freedom while 22 or 25.58% responded that they knew how much they needed to reach financial freedom.

At the time of sending out the survey, access to the Freedom Nova simulator, which allows individuals to calculate how much they need and how long it takes to reach financial freedom was made available. We are not sure if the availability of the simulator made a difference in the survey results. The number of individuals that knew how much they needed to reach financial freedom surprised us. When the Freedom Nova idea was pitched to the New Venture Development class in the very first class, the author asked this exact question and only one individual out of a class of nearly 70 students raised their hand.

Question 13: Do you know how much you need to contribute to your investments monthly in order to achieve financial freedom?

As a follow up question to the previous question we asked this question to see if individuals knew how much they needed to contribute or add funds to their investment portfolio to reach financial freedom. This is another integral part of the Freedom Nova service as the service would provide advice around how much and remind users to contribute funds to their investments regularly.

In the English survey 96 or 80% answered that they did not know how much they needed to contribute, while 24 or 20% answered that they did.

In the Japanese survey 76 or 88.37% answered that they did not know how much they need to contribute, while 10 or 11.63% answered that they did.

Question 14: If yes, are you currently following this plan to achieve financial freedom?

An important part of the Freedom Nova service is to have a behavioral impact on the users by making many financial habits a routine. Having a plan is one thing but to actually put that plan into motion is another and this question was asked to see how many actually followed their plan if they had one. There were some that answered no instead of not applicable but overall we feel that this did not affect the results of the survey.

In the English survey 75 or 62.5% said that this was not applicable to them, 27 or 22.5% said no and the remaining 18 or 15% said that they were following a plan to achieve financial freedom.

In the Japanese survey 72 or 83.72% said that this was not applicable to them, 9 or 10.47% said no and the remaining 5 or 5.81% said that they were following a plan to achieve financial freedom.

Question 15: If yes, how often do you review this plan?

Reviewing a plan that is in place is extremely important as our life needs change over time. This question was asked to see if individuals that had a plan did review and if so, how often.

In the English survey 67 or 55.83% skipped this question, 15 or 12.5% said they reviewed their plans annually, 13 or 10.83% said they never reviewed their plans, 9 or 7.5% said quarterly, 7 or 5.83% said monthly, 4 or 3.33% said other, 4 or 3.33% said semi-annually, and 1 or 0.83% said weekly.

In the Japanese survey 57 or 66.28% said they had no plan, 6 or 6.98% said they reviewed their plan semi-annually, 6 or 6.98% said annually, another 6 or 6.98% said monthly, 5 or 5.81% said quarterly, 3 or 3.49% said weekly, 2 or 2.33% said never, and 1 or 1.16% said other.

Questions 16: Do you want someone to remind you to stay on track with your plan?

This is a question to see if there is a need for one of the features of the Freedom Nova service where users are guided with a tracking tool that helps them stay on track and improves their personal finances.

In the English survey, 63 or 52.5% said they did not want to have someone remind them, while 57 or 47.5% said they did want someone to remind them.

For the Japanese survey 48 or 55.81% said they did not want to have someone remind them, while 38 or 44.19% said they did want someone to remind them.

There were more respondents that did not want to be reminded to follow their plan, which was surprising as following a plan is one of the essential steps to reaching financial freedom. This could be due to a couple of reasons. First, being reminded about our personal finances and to stay on track for a plan could be seen as cumbersome. Second, the respondents, and the public in general, may not have been aware of the importance of sticking to a plan to reach financial freedom.

Question 17: If you do have a financial plan, do you want to get a second opinion?

The purpose of this question is to see how open individuals were with getting a second opinion with their financial plan.

In the English survey 71 or 59.17% said that they did want to get a second opinion if they have a financial plan, while 49 or 40.83% said they did not want a second opinion.

For the Japanese survey, 66 or 76.74% said they did want to get a second opinion if they have a financial plan, while 20 or 23.26% said they did not want to get a second opinion.

Question 18: Do you use any financial products available in the market today for your financial planning?

The purpose of this question is to see how open the respondents were to using any financial products on the market.

In the English survey 84 or 70% said that they did not use any financial product for financial planning while 36 or 30% said they did.

For the Japanese survey, 76 or 88.37% said they did not use any financial product for financial planning while 10 or 11.63% said that they did.

Question 19: If yes, please could you list the products you currently use? (If no, type none)

With this question we wanted to know what products the respondents were using to give us an idea not only about competition we may have missed but also looking at potential features that we may be able to add to the Freedom Nova service.

With the English survey, those that did provide an answer often talked about stocks, bonds, mutual funds, savings accounts, pensions and other traditional investment vehicles. There was one respondent that used Mint.com's services, money management service available in North America. Another respondent cited Morningstar an online rating service as a service that they used.

For the Japanese survey, 5 users cited Money Forward as a service they used. The Money Forward service is very similar to what Freedom Nova provides focusing on the money management side with budgeting tools. One respondent cited Quicken as a product they used.

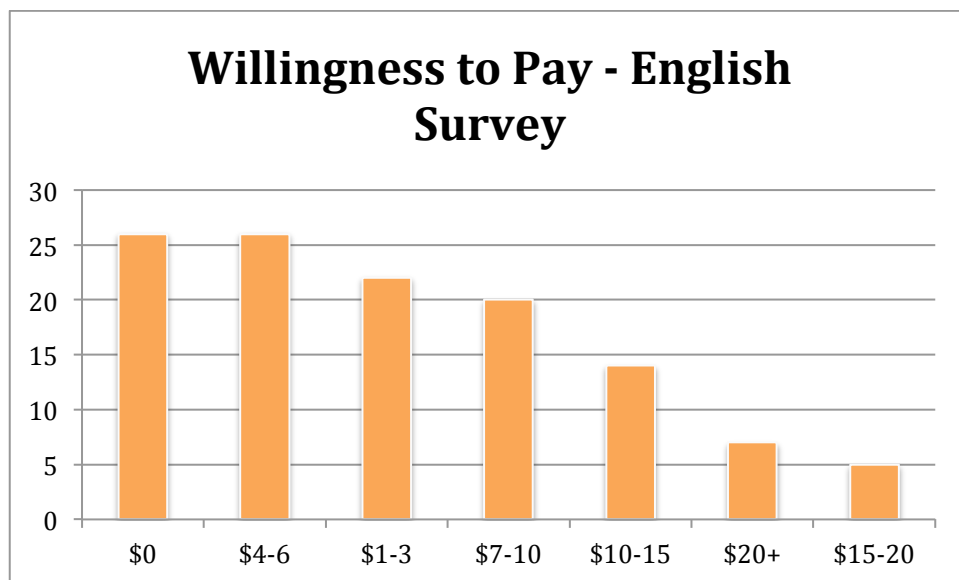
Question 20: If an online service could help you:

- Determine how much and how long it will take to reach financial freedom
- Help you setup a plan to reach this goal
- Help you accelerate the time it takes to reach financial freedom (often by years!)
- Guide and motivate you to stick to your goal
- Provide tips customized to your demographics and personal needs

How much would you pay every month?

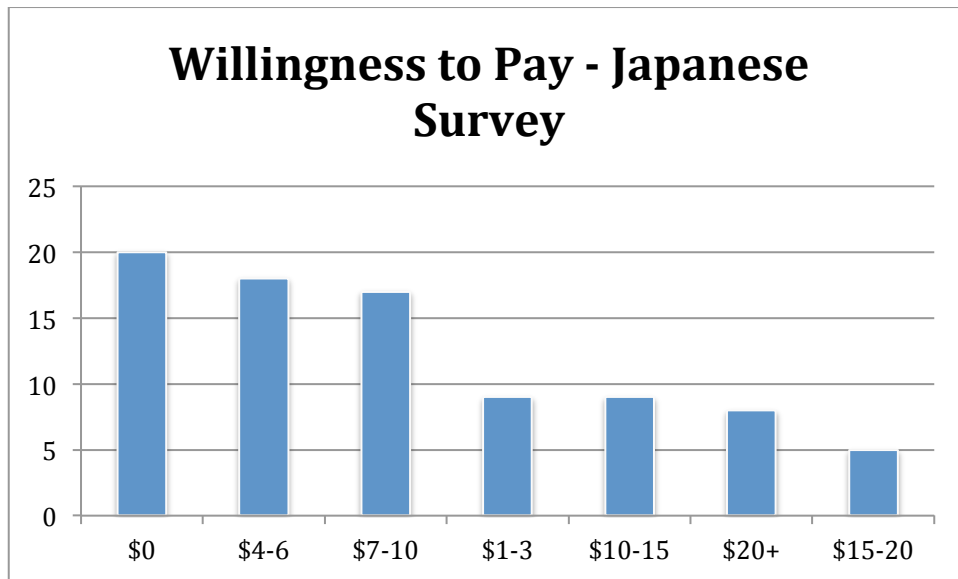
The purpose of this question is quite simple, to figure out the willingness to pay of the respondents by outlining some of the features that the Freedom Nova service would provide.

Exhibit 6.12j – Willingness to Pay for the English Survey



With the English survey 26 or 21.67% said they would not pay for this service, 26 or 21.67% said they would pay \$4-6, 22 or 18.33% said they would pay \$1-3, 20 or 16.67% said they would pay \$7-10, 14 or 11.67% said they would pay \$10-15, 7 or 5.83% said they would pay over \$20, and finally 5 or 4.17% said they would pay between \$15-20 for the services listed.

Exhibit 6.12k – Willingness to Pay for the Japanese Survey



For the Japanese survey 20 or 23.26% said they would not pay for this service, 18 or 20.93% said they would pay \$4-6, 17 or 19.77% said they would pay \$7-10, 9 or 10.47% said they would pay between \$1-3, 9 or 10.47% said they would pay between \$10-15, 8 or 9.3% said they would pay over \$20, and finally 5 or 5.81% said they would pay between \$10-15.

We found this portion of this survey to be extremely encouraging. We did expect a share of respondents that would not be willing to pay for the service. With anything in this world, it is unrealistic to have everyone wanting to buy something.

For the purposes of the New Venture Development we decided to take a weighted average of the entire survey to come up with the willingness to pay for the Freedom Nova service. For the \$20+ segment, we used \$20 and for all other dollar ranges we used the averages, for example for \$7-10, we used \$8.50 ( $\$7 + \$10 / 2 = \$8.50$ ). For the 206 respondents we found that the willingness to pay was \$6.60 on a monthly basis.

For the English survey we found that the willingness to pay was \$6.22 for the 120 respondents while for the Japanese survey, the willingness to pay was \$7.12 for the 86 respondents. Based on this information, we decided to price the Freedom Nova monthly paid service at \$5 per month.

Question 21: Last question! Which of the following personal finance topics do you want to know about the most?



A big part of the Freedom Nova service is the content that will be released on a regular basis. Freedom Nova plans to release regular content on a variety of topics but will also have content released by the financial professional in the marketplace that will not only add to the content available on the Freedom Nova service but also act as a promotional tool for the financial professionals. This question, allowed us to get an idea as to what the respondents were interesting in learning more about.

For the English survey 48 or 40% answered that they were interested about creating a financial plan, 16 or 13.33% were interested in tax planning, 14 or 11.67% were not interested in any of the topics listed, 11 or 9.17% were interested in insurance planning, 7 or 5.83% were interested in money saving tips, 5 or 4.17% were interested in mortgage tidbits, 4 or 3.33% were interested in best bank accounts, 4 or 3.33% were interested in budgeting tips, 4 or 3.33% were interested in debt management, 4 or 3.33% were interested in other topics, and finally 3 or 2.5% were interested in the best credit card.

Or the Japanese survey 28 or 32.56% were interested in learning about how to create a financial plan, 23 or 26.74% were interested in tax planning, 11 or 12.79% were interested in budgeting tips, 8 or 9.3% were interested in none of the above, 6 or 6.98% were interested in insurance planning, 5 or 5.81% were interested in mortgage tidbits, 2 or 2.33% were interested in other topics, 2 or 2.33% were interested in debt management, and finally 1 or 1.16% were interested in the best bank accounts.

### **6.13 Hypothesis Results**

Hypothesis 1: The Millennial generation is the only generation that could fully appreciate the Freedom Nova service to reach financial freedom.

This hypothesis was rejected.

To once again define financial freedom, it is the state in which a passive and diversified investment portfolio covers all expenses on an individual. The Freedom Nova service, while having multiple features, helps individuals understand what financial freedom means in each user's personal situation and helps, guides, and improves their situation to reach financial freedom as quickly

as possible. The Freedom Nova service is definitely numbers driven but also has a strong behavioral component to it by modifying the behavioral of the users in a positive way, motivating them to save money and contribute and invest more funds.

With the survey results, 93.7% of the respondents were between the ages of 25-44. The Millennial generation that was the original target of this thesis project was roughly between the ages of 18-34. Through thorough discussion as a group, we came to the conclusion that those around 18-24 had limited use for the Freedom Nova service. While individuals in this age group could definitely benefit from the service because the earlier you start with investing the better it is long term, individuals in this age group have limited income and higher amounts of debt especially if they are graduating from a post-secondary educational institution with rising education costs. Therefore for the Freedom Nova business plan, we dropped this age group. In terms of the survey, this age group was only 1.94% of the entire sample size including both English and Japanese surveys and therefore a decision could not be made based on the survey results.

For the 35 to 44 age group, again through thorough discussion our group decided that this was an important age group to add to the target group. Individuals in this age group, while not in the millennial generation, and therefore have less student debt, are in the accumulation phase of their financial planning lives as their income starts growing and also many life events such as marriage and child birth. It is safe to say that during this life stage, the financial decisions that these individuals make could make a big difference on the future of their financial well-being. Therefore, our group came to the conclusion that this age group should be included as a target group for the Freedom Nova service.

Exhibit 6.13a – Income levels of age group 35-44 for the English Survey

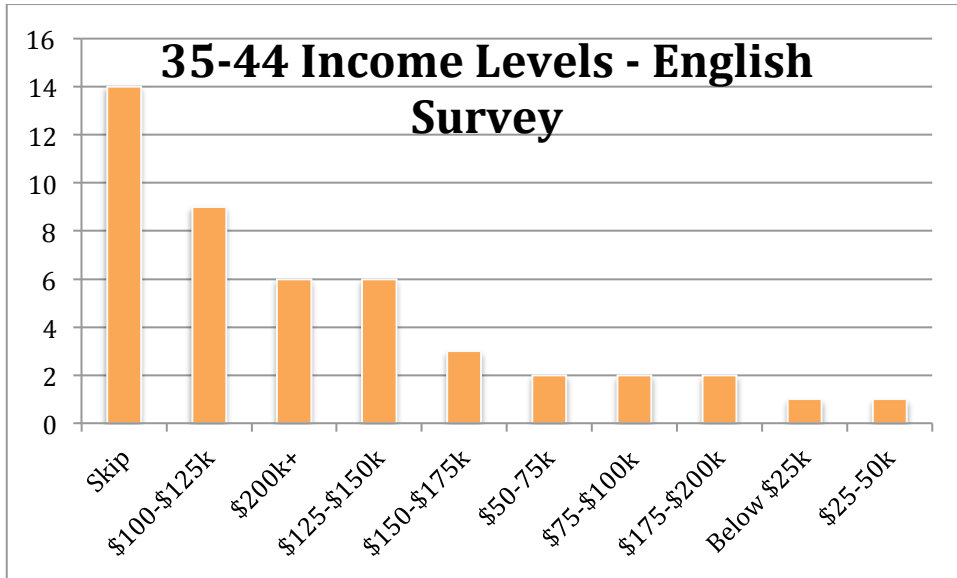
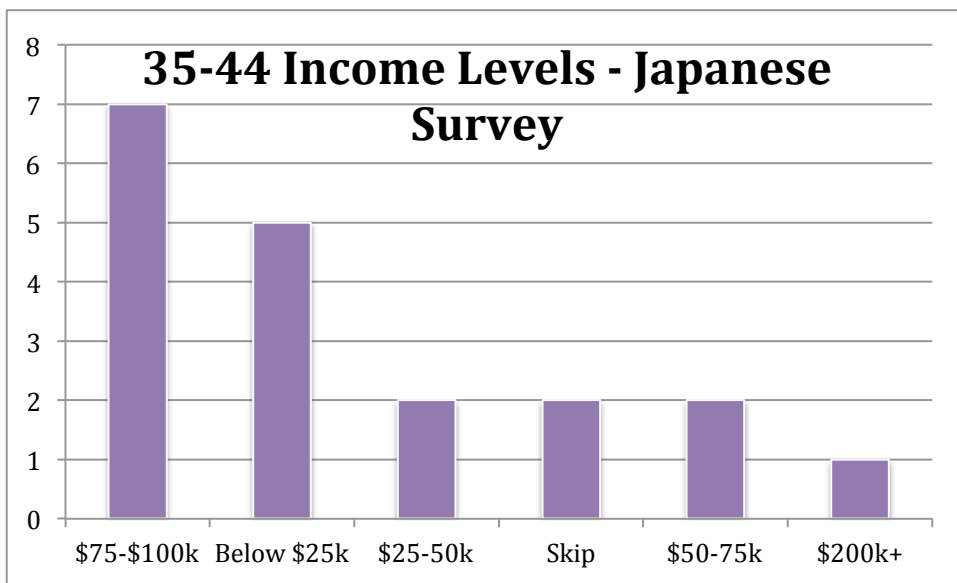


Exhibit 6.13b – Income levels of age group 35-44 for the Japanese Survey



While the income levels are generally lower in Japan, if we put the numbers of exhibit 6.1a and 6.2b together and look at the percentage of those that earn above \$75,000 or more, we have 55.4% of the respondents. This is significantly higher than the 44.17% for the overall survey. This of course excludes those that skipped answering the income question. Even though the sample used for the survey was definitely well more educated and likely have a higher income than the general public, because this is true for all age groups in

the survey, we feel that this does not weaken the fact that those in the 35-44 age group generally earn more than the 25-34 age group.

With a higher income, those in the 35-44 age group have more choices with respect to spending their money and therefore they will have more leeway in contributing to investments and with a higher probability of having a family, they are more likely to think about their financial future.

As a result, we came to the conclusion that the age group of 35-44 can benefit from the Freedom Nova service just as much, if not more than, the millennial generation.

Hypothesis 2: Japanese respondents are less open to discussing financial affairs with anyone compared to UK and Spain.

This hypothesis was rejected.

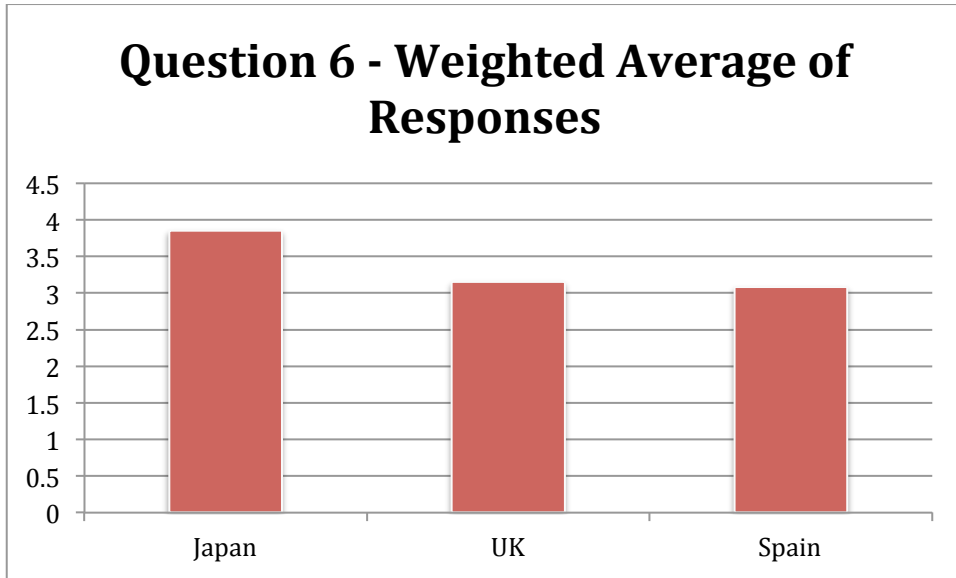
Every country and culture has a different take when it comes to personal financial affairs. It was my perception that the Japanese respondents would be less open about their personal financial information when it came to sharing this information not only with significant others, friends and family, but also with others such as when applying for loans or to get financial advice online.

The three biggest sample sizes with the English and Japanese survey were from the countries Japan with 89 or 43.2% of respondents, UK with 52 or 25.24% of respondents, and finally Spain with 26 or 12.62% of respondents.

To illustrate the responses from the three countries, the responses have been plotted into diagrams to better illustrate the differences between the countries.

Question 6: On a scale of 1 (lowest) to 5 (highest), I openly discuss my financial affairs to my significant other(s)/family members/friends?

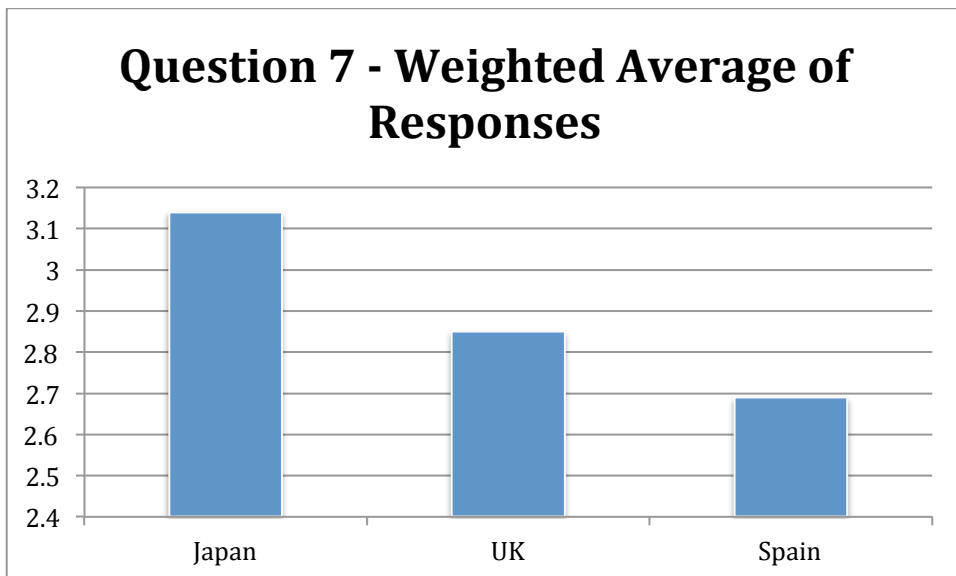
Exhibit 6.13c - Weighted Average of Responses for Question 6 in Japan, UK, and Spain



For question 6, the respondents in Japan had a weighted average of 3.85 while the UK respondents had a weighted average of 3.15 and Spain had a weighted average of 3.08.

Question 7: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online to apply for financing (ex. loans, credit cards)?

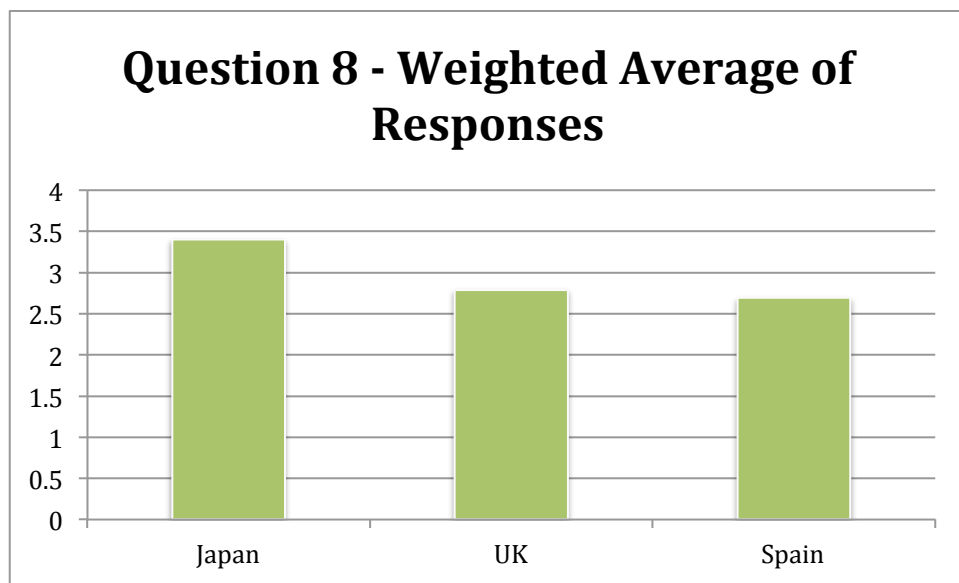
Exhibit 6.13d - Weighted Average of Responses for Question 7 in Japan, UK, and Spain



For question 7, the respondents in Japan had a weighted average of 3.14 while the UK respondents had a weighted average of 2.85 and Spain had a weighted average of 2.69.

Question 8: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online with the aim of receiving financial advice/support?

Exhibit 6.13e - Weighted Average of Responses for Question 8 in Japan, UK, and Spain



For question 8, the respondents in Japan had a weighted average of 3.40 while the UK respondents had a weighted average of 2.79 and Spain had a weighted average of 2.69.

To clarify the responses, a response of 5 reveals that the respondent had the highest comfort level in sharing information with the different parties in each question while an answer of 1 meant that the respondent had the lowest comfort level in sharing this information with the parties in each question.

As we can see from all three diagrams, the respondents in Japan had the highest comfort level with 3.85, 3.14 and 3.40 for each question while UK came in second with 3.15, 2.85, and 2.79, and Spain came in last with 3.08, 2.69, and 2.69 for the respective questions.

Also, if we look at the number of respondents that skipped the income level question we can also indirectly see how open respondents were about their financial affairs, despite the survey being anonymous. With the English survey 24 out of 120 or 20% skipped the income question while with the Japanese survey only 7 out of 86 or 8.14% skipped the income question.

This shows that based on the survey sample, Japan had the highest comfort level in regards to sharing their financial information in the three different scenarios that was provided in the survey and as a result rejects the hypothesis of Japanese respondents are less open to discussing financial affairs with anyone compared to UK and Spain.

Hypothesis 3: Income level has a direct influence on the level of comfort of individuals discussing their financial situation regardless of geographical location.

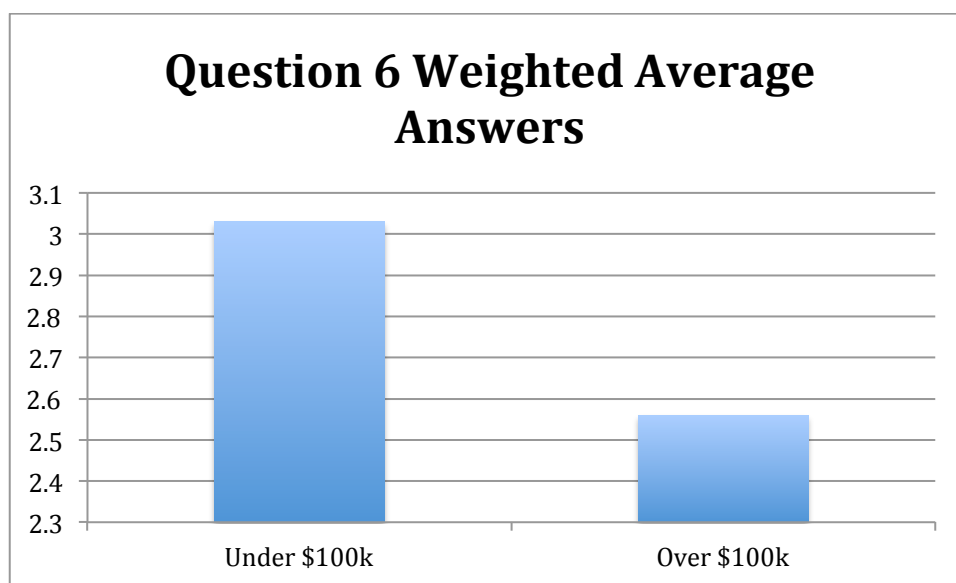
This hypothesis was rejected.

For this hypothesis instead of dividing the Japanese and the English survey results, respondents with over \$100,000 and under \$100,000 were compared. For the purposes of this hypothesis, the respondents that answered “skip” for the income question were excluded. That left 60 respondents that answered with over a \$100,000 income. Of the 60 respondents, 56 were from the English survey and only 4 were from the Japanese survey. For under \$100,000 there were are a total of 115 respondents. 40 respondents were from the English survey while 75 were from the Japanese survey.

To measure the comfort level, much like hypothesis 2, I focused on question 6 through 8 that asked the respondents their comfort level in terms sharing their personal financial information with others. A score of 5 represents the highest comfort level of sharing their personal information with the other party while a score of 1 represents the lowest comfort level of sharing their personal information with the other party.

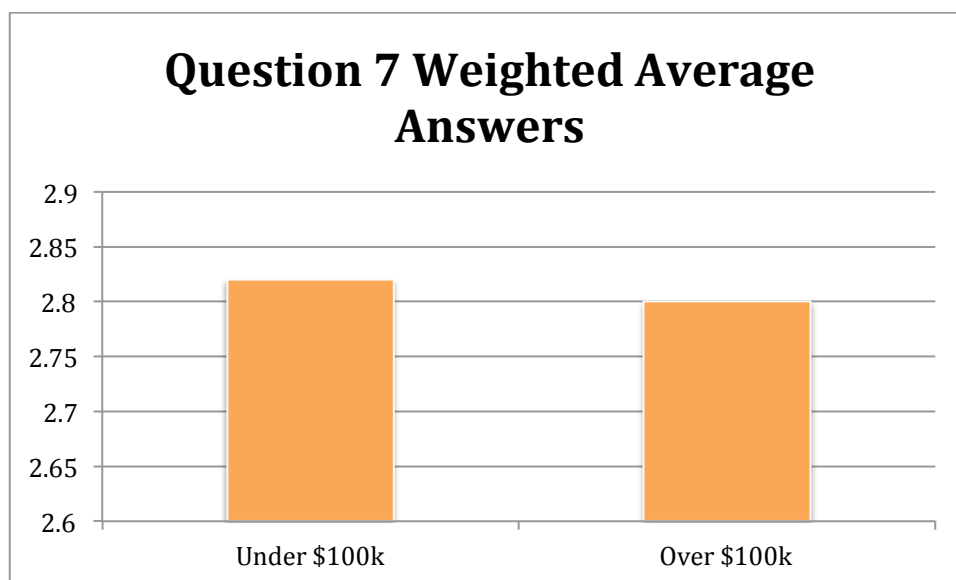
Question 6: On a scale of 1 (lowest) to 5 (highest), I openly discuss my financial affairs to my significant other(s)/family members/friends?

Exhibit 6.13h – Weighted Average answered for Question 6



Question 7: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online to apply for financing (ex. loans, credit cards)?

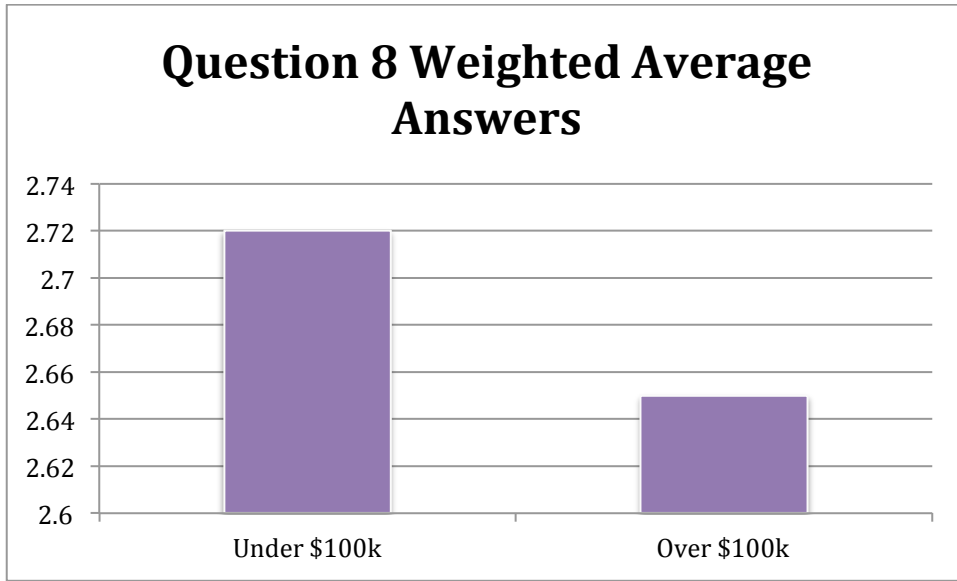
Exhibit 6.13i – Weighted Average answered for Question 7



Question 8: On a scale of 1 (lowest) to 5 (highest), indicate your level of comfort in sharing your financial information online with the aim of receiving financial advice/support?



Exhibit 6.13j – Weighted Average answered for Question 8



For question 6 those under \$100,000 respondents the comfort level weighted average was 3.03 while for over \$100,000 respondents were 2.56. With question 7 those under \$100,000 respondents the comfort level weighted average was 2.82 while for over \$100,000 respondents were 2.80. With question 8 those under \$100,000 respondents the comfort level weighted average was 2.72 while for over \$100,000 respondents were 2.65.

With question 7 and 8, the difference between the two is too small to say that there is a real difference in the openness between the two large income segments. While with question 6 the difference between under \$100,000 income respondents and over \$100,000 income respondents is .47, this difference shows that under \$100,000 income earners are a little more open about their financial affairs than over \$100,000 income earners with their significant other, family and/or friends.

## 7. Discussion

FreedomNova.com was launched on March 27<sup>th</sup>, 2015 but there were months of preparation that went into the launch of the website. The initial idea of creating such a website began back on November 15<sup>th</sup>, 2014 as the author was looking for a way to make a difference through online while trying to accomplish something meaningful during his MBA program. In the end over 300 hours was

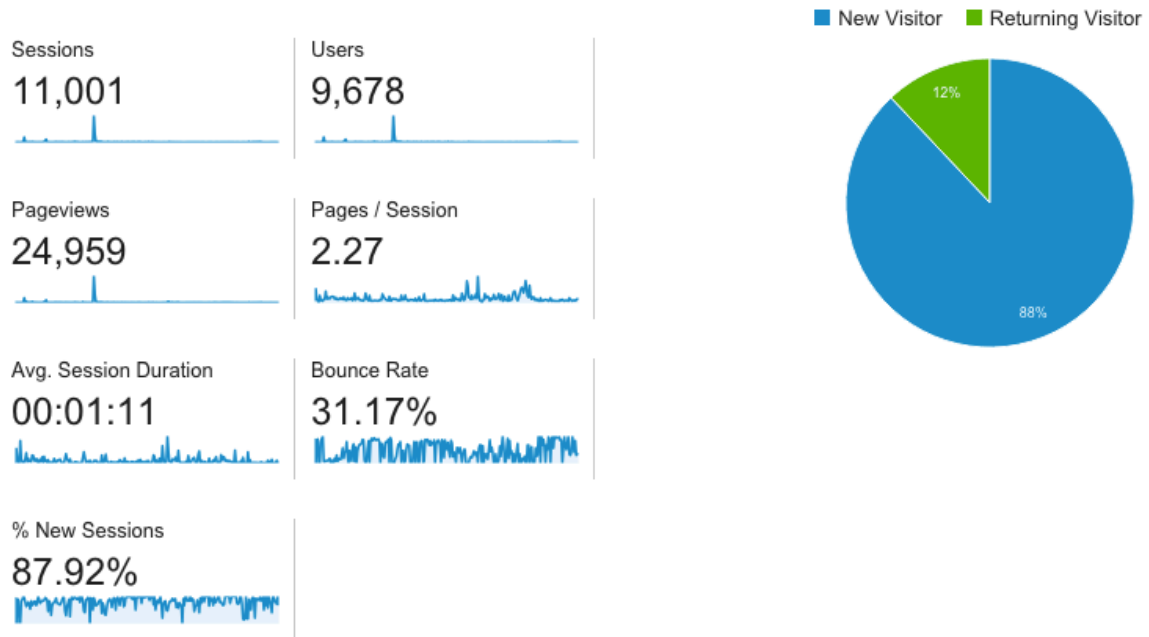
spent on brainstorming, creating the website, content, graphics, book publishing and much more. In addition to this, during the New Venture Development course our group held a total of 10 meetings with an average of two hours each adding an additional 20 hours. Each group member also contributed their own time to create the written business plan as well as the interim and final presentation slides to the investors.

In terms of content for the FreedomNova.com website, over 40 posts and pages were published. 4 Youtube videos were created through Powerpoint and screencasted with my commentary. As mentioned earlier in this thesis, *200 Money Saving Tips to Reaching Financial Freedom* was released on Amazon Kindle for a total of approximately 53,700 words or approximately 153 pages worth of content assuming each page has 350 words.

In the very first class on the New Venture Development course at the London Business School, I pitched the Freedom Nova business idea as mentioned earlier. Not every business idea was able to form a team. One of the reasons why my team members chose my idea was because of the FreedomNova.com website and they expressed how it was actually helping people in a way they hadn't found elsewhere and really believed that Freedom Nova could make a difference.

While this is a thesis project, my true goal is to make a difference in people's lives by helping each and every individual that visits the Freedom Nova website leaving with a little more knowledge hopefully in a way that has made them a little more confident with their personal financial situation. Something I was able to experience first hand when a visitor e-mailed me about his experience with the Freedom Nova website as seen in exhibit 5.5a.

Exhibit 7a – Final Google Analytics statistics as of December 17<sup>th</sup>, 2015



As seen in exhibit 7a, this shows the statistics of the FreedomNova.com website between March 27<sup>th</sup>, 2015 and December 17<sup>th</sup>, 2015 or 266 days. Looking back this is significantly less than what I was expecting, however the move to London and other factors resulted in less time spent on the website and promotion, which brought about these results.

One of the goals that I had was to have quality visitors and two KPIs of many had for the website was a high average session duration and a bounce rate below 40%. An average session duration of over a minute means that every session that a visitor had on the FreedomNova.com website was on average 1 minute and 11 seconds, meaning that they didn't look at the site and leave quickly and often took the time to read the content of the website, this is something that I find to be extremely satisfying showing that many visitors found value in the content that was provided on the website.

The bounce rate is a measurement of when a visitor visits a website and leaves the website by only looking at one page. Therefore, if a visitor clicks on an internal link and looks at a second page the bounce rate is 0 while if they leave for an external website without looking at a second page, the bounce rate would 100%. According to Kissmetrics.com, the average bounce rate for a content website is around 40-60%.<sup>viii</sup> During the measured period, the bounce rate for

<sup>viii</sup> <https://blog.kissmetrics.com/bounce-rate/>

FreedomNova.com was 31.17%. Having said that the same KissMetrics page says that the average pageview is 4.6 pages and FreedomNova.com only had 2.27 pages therefore there is plenty of work that can be done on the website to have a longer session duration and to have more pages viewed per session.

Exhibit 7b – Acquisition numbers for FreedomNova.com from Google Analytics

	<b>11,001</b> % of Total: 100.00% (11,001)
1. <b>Social</b>	<b>4,980</b> (45.27%)
2. <b>Direct</b>	<b>3,657</b> (33.24%)
3. <b>Referral</b>	<b>2,295</b> (20.86%)
4. <b>Organic Search</b>	<b>69</b> (0.63%)

Promotion was a key issue with FreedomNova.com as we can see in exhibit 7b very little funds were spent on promotion and most of the traffic was either through social media or shares/referrals from other websites. Looking at the organic search numbers, there was a clear lack of search engine optimization (SEO). Very little was done in terms of keyword research, which definitely was one of the limitations of the growth in traffic.

The share by thepennyhoarder.com was the biggest even for FreedomNova.com as that one share led to nearly 4,500 users and the website failed to capture those users and turn most of them into recurring visitors.

Looking back after having a very cooperative group at the London Business School, it was extremely difficult to try and take on this entire project on my own and I should have looked for partners or outsources some of the work so that the project could have propelled to new heights, unfortunately being in Japan and having minimal connections to English speakers with similar backgrounds I was limited to the resources at hand. Being a student also played a role in the minimal monetary investment I could make into the project.

## **Discussion in regards to the hypothesis**

Hypothesis 1: The Millennial generation is the only generation that could fully appreciate the Freedom Nova service to reach financial freedom.

The Freedom Nova service as we outline in the methodology section, namely the business plan portion, is a service whereby users are able to have a platform that guides them to financial freedom. This is done not only by identifying what financial freedom is for that specific user, but also by acting as guide and improving upon what the user already knows about their financial situation. Through this service, they are able to become financially free years earlier.

In the initial stages of the thesis project, the FreedomNova.com website was created with the Millennial generation, or individuals between the age of 18 and 35 as the target. The design, layout and social friendly nature of the website was created with this in mind. The perception was also that this generation was having the biggest challenges with their finances due to higher living costs, more expensive tuition costs as well as other factors. While this proved to be true, the reality was not as black and white.

As our group went through thorough discussions and from our survey we discovered that individuals between the ages 18-23 likely didn't need this service as much as we had anticipated. While the general rule of thumb to financial planning and investing is to start as early as possible, this age group usually isn't ready to think about financial freedom as many of these individuals are coming out post secondary schools with large amounts of student debt, just starting their careers. As a result, they are more worried about paying down their student debt and taking care of their day-to-day expenses more than about how they will become financially free.

We added the age group between 36-44 as a direct result of the Freedom Nova survey completed during the New Venture Development class the London Business School. There are three reasons for the addition of this age group.

First, we found through the survey that this age group actually needs help too. While this age group generally has a higher income than the millennial generation directly due to the fact that they are older and therefore have more

experience, they also have more financial burdens by having a family, a mortgage, and more. By being able to improve upon their financial situation this age group can immensely benefit from the Freedom Nova service.

Second, one of the biggest reasons that the millennial generation was chosen was because they had time on their side and could therefore put enough money away to make financial freedom realistic. Reaching financial freedom is much harder than having enough for retirement. As defined in the introduction of this paper, because the financial freedom investment portfolio is a non-depleting portfolio, meaning that the funds in the portfolio do not decrease, this requires a larger investment portfolio and is therefore harder to achieve. This means that in order to reach this harder to reach goal one of three factors needs to be increased. Those three factors are time, investment return, and contribution amount.

With the age group of 35 and 44, time isn't on their side compared to the Millennials who are between age 25-34 however they are able to mitigate this through a higher contribution. The return should not be considered, as this is completely dependent on the individual's risk tolerance level. While the level of risk tolerance can be increased through an investor's education and experience this is not considered for the purposes of this paper.

Third, we found through the Freedom Nova survey that individuals between the ages of 35 and 44 were just as willing to pay for the Freedom Nova service as the millennial generation. This also indirectly reveals that this age group acknowledges that they need this type of service to stay on track and reach financial freedom.

Hypothesis 2: Japanese respondents are less open to discussing financial affairs with anyone compared to UK and Spain.

With responses from 19 different countries, the main focus of this hypothesis was to compare how respondents in Japan differed from those from outside of Japan. UK and Spain were chosen as a result of the fact that the two countries had the highest number of responses outside of Japan.

My expectation from this hypothesis was that the Japanese respondents would be more closed with their personal information, especially financial information, than those outside of Japan obviously depending on the countries in question. While this is a subjective view this was based on how Western countries seemed to be more open in general and the *tatemae* and *honne* or official stance and honest feelings that is often evident in the Japanese society.

This expectation also came from my personal background as a third-generation Japanese Canadian and having a deep relationship with both my Japanese and Canadian background. I was however, pleasantly surprised that this hypothesis was rejected. By being more open about discussing their financial affairs in Japan, it gives a better chance to have individuals in Japan be in better control of their financial futures.

Having said that, from personal experience individuals in Japan do not invest their funds sufficiently and as a result have a very low rate of return in their overall portfolios. Many individuals continue to put their funds in savings accounts that pay little to no interest and invest in mutual funds with very minimal understanding of how their investments work. This is a thesis in itself, but a very important matter that needs to be addressed for the future financial health of Japan itself.

From my personal subjective view, the return expectation of people in Japan compared to individuals in North America is extremely different. While I cannot comment on the exact return expectations of the respective parties, I do feel that people in Japan are risk averse and have large amounts of funds in savings accounts that pay next to no interest. While in North America, in general there is a higher tendency to relatively take more risk.

Not taking sufficient risk is a risk in itself. This is one of the biggest reasons why I started the Freedom Nova project because I wanted individuals to not only worry about the risks inherent with investing in riskier assets but the risks of not thinking about inflation and the reduction of purchasing power.

Hypothesis 3: Income level has a direct influence on the level of comfort of individuals discussing their financial situation regardless of geographical location

This hypothesis was also rejected and in hindsight makes a lot of sense. The more people make, the less they are to being open about their financial situation. This my subjective view but this is likely due to behavioral or for psychological reasons more than anything. To be specific, the more money you make the harder it becomes to talk about it as those that aren't making as much will not appreciate you talking about your financial situation, especially if you tell them that you are having a hard time managing your finances despite making the higher income.

## **8. Conclusion and Limitations**

### **The Limitations: The Freedom Nova Website**

First and foremost, I must discuss some of the limitations of the thesis project and methods used to test the hypothesis.

The FreedomNova.com website was created by myself and definitely could have used more help. A lot of the work could have been outsourced including content creation, designing the website, branding, social media shares, etc. I could also have looked to form stronger partnerships with outside sources and to also look for other individuals to work with and actually have taken the project to another level by potentially turning it into a business. All of these were possibilities that were not put into action and as a result has limited the reach and effect of this thesis project.

### **Limitations: The Freedom Nova Survey**

The survey that was conducted also has many limitations. The biggest issue with the survey is that, for the most part, the network of the MBA and EMBA students in the New Venture Development class was used. This means that the sample respondents were extremely well educated and had higher income levels than the general public. To put things into perspective, 4 of the 6 students in the group were from the top 9 MBA schools in the world according to the rankings of the Financial Times. <sup>ix</sup>

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<sup>ix</sup> <http://rankings.ft.com/businessschoolrankings/global-mba-ranking-2015>



These 4 schools, LBS, MIT Sloan, Columbia, and IESE have a weighted average alumnus income of \$156,829.25 three years after graduation.<sup>x</sup> We should also note that the LBS and Columbia students were EMBA students and the Sloan student was a Sloan Fellow who has an average of 18 years work experience that can argue that is one step above the EMBA program.

The survey had 206 respondents which I feel isn't exactly a small sample size but isn't a large sample size either. This is especially true when there were respondents from 19 different countries. For the English survey it can be argued that the respondents may not all have identified their most representative area. For example, many students in London were there because they were studying at the London Business School. However a year or two before their time in London they could have been in a different country and could therefore have viewpoints that may or may not be representative to those that have lived in London their entire lives.

The wording and questions of the survey possibly could have used more work. While I did have my fellow group members check the survey and we went through discussions about what questions to ask and what our reasoning behind asking those questions were, there may have been better questions that could have been asked. For example, we could have asked the respondents about any life changing experiences that altered the way they dealt with their finances.

One question in the survey that should have been clearer was the question in regards to the income levels. The question initially did not state what income to take into consideration and after some respondents had responded the question was altered to include income when they were working in case the respondent was retired or in the case of the majority of the respondents, in an MBA program. In the English survey this wasn't a big issue because most respondents figured this out without the clarification and the fact that there were many EMBA students that still had an income during their EMBA programs.

## **Final Thoughts**

The purpose of this thesis project was to see how big of a difference one idea to help individuals take better control of their personal financial situations

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<sup>x</sup> Ibid.

could make. But in reality, measuring the effect of this idea was extremely difficult. While I received positive feedback in many instances in regards to the website, the content that was provided, the Freedom Nova business idea, and other aspects of the thesis project, there is much work left. I truly believe that if each individual were to have a better financial education and take a stronger control over their financial situation, not only will it help the financial situation of individuals worldwide, it will also help governments reduce spending in many ways such as pension and potentially health costs.

While it may be difficult to make an impact on large amounts of people overnight, I still strongly believe that websites and information providers such as the Freedom Nova website are necessary to make the world a better place. Money does not buy happiness, but can provide for a healthy lifestyle. It never is about how much you have or make, but what you do with what you have. By not having to worry about money and being able to live life freely will allow individuals to focus on more important aspects of life such as family, friends and giving back to society. Of course, money is only a means to an end. We need to look deep inside ourselves to really understand who we are and what is important in life and for the world. That is a thesis in itself and I leave that for another brave soul.