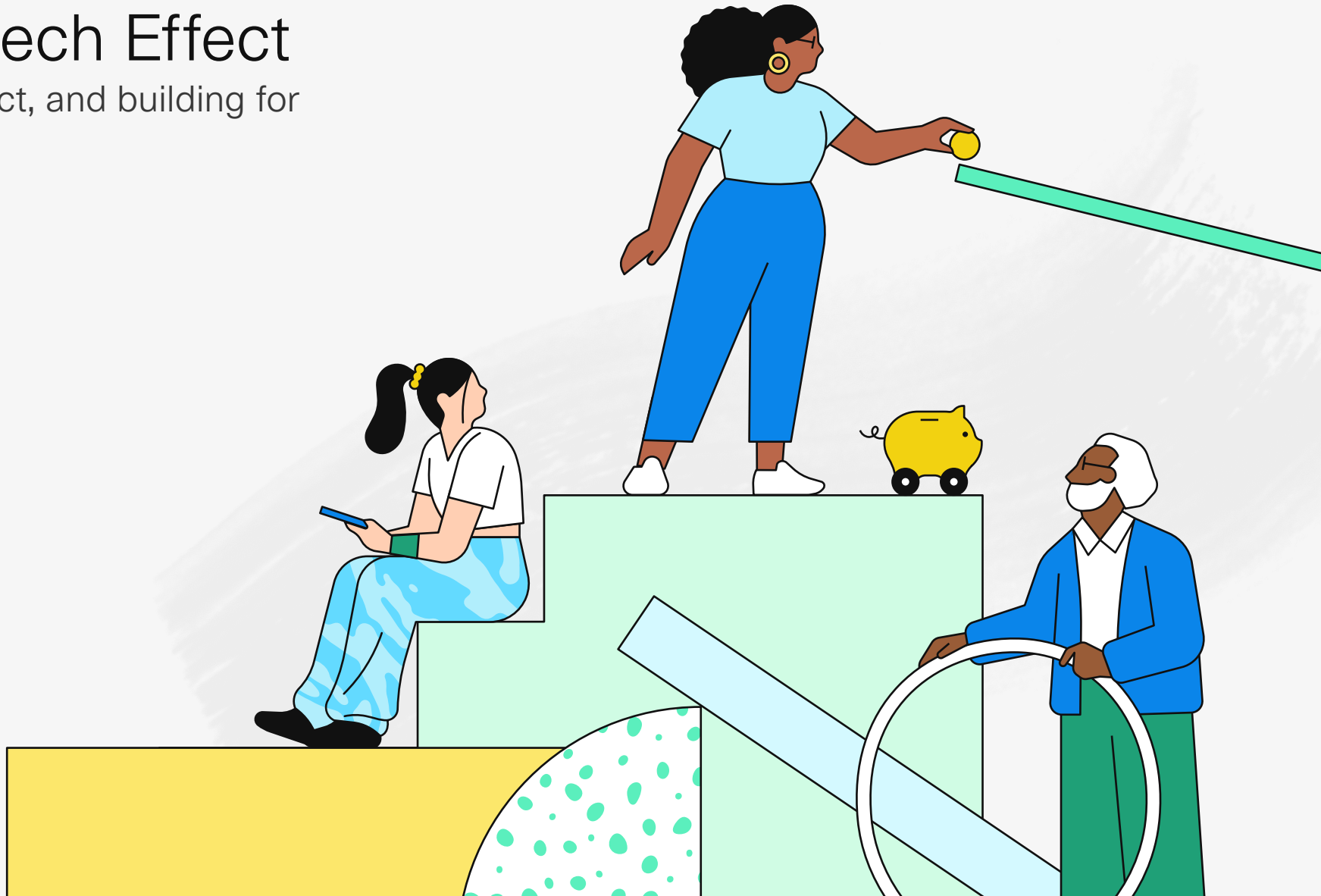


2022 FINTECH REPORT

# The Fintech Effect

Stability, impact, and building for the future




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**W**elcome to the third annual Fintech Effect, Plaid's research series designed to provide insights and analysis about fintech's consumer impact. This year's report focuses on year-over-year trends, new learnings for fintech, and includes both the United States (US) and United Kingdom (UK).

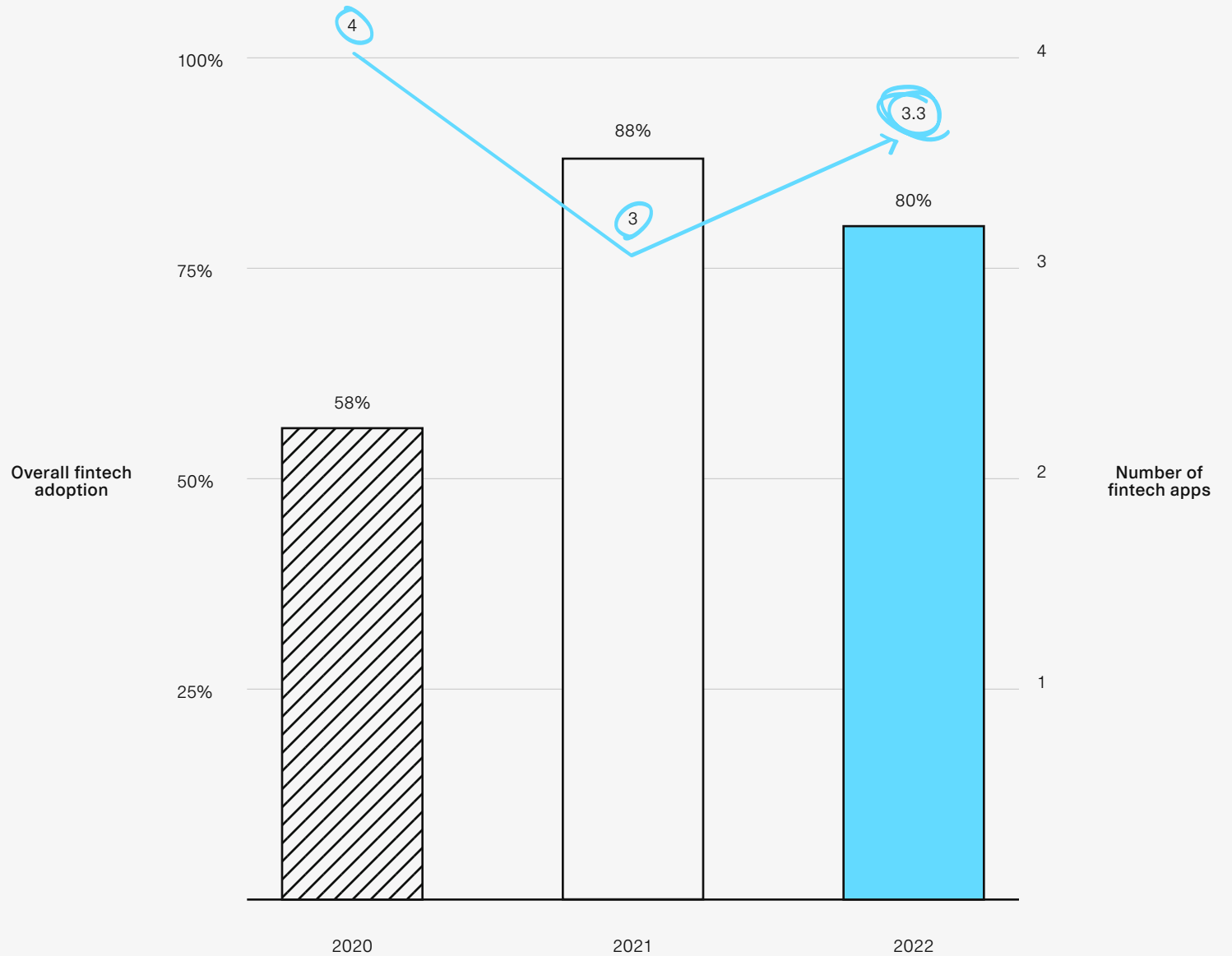
The Fintech Effect report seeks to understand how technology impacts consumer financial behaviors and outcomes. Over three years, we've surveyed consumers against a set of unpredictable backdrops—first the global pandemic, then economic uncertainty, then rising inflation. Three-year trends paint a picture of fintech's staying power amid rapidly changing contexts, and chart a path forward for technology at the heart of consumer finance.

After COVID shutdowns pushed fintech adoption to near-ubiquity in 2021, economic reopenings in the US and UK raised questions about the stickiness of digital acceleration—would people revert to their old ways, or have digital habits become the new normal?

This year's survey shows that in finance, consumers' digital habits have largely persisted. Trends over the past three years show that fintech's positive everyday impact has led to sustained consumer appetite for technology-driven financial innovation.

38%   
change in overall fintech adoption  
between 2020 and 2022

Number of fintech apps per consumer rose while overall adoption remained high



Running this survey in July 2022, inflation has dragged down financial confidence. But consumers say fintech is helping them weather the economic storm. Beyond access to their finances from anywhere, consumers seek stability from payments and liquidity management applications, and use savings tools to meet short- and long-term goals. As financial markets face volatility, consumers across the income spectrum turn to their investment applications to stay on top of their holdings and navigate inflationary times.

To dive even deeper into expectations, this year's report analyzes fintech's everyday impact, and consumer sentiments around trust, privacy, regulation, and what informs decisions to start or stop using fintech.

Fintech has supported consumers through three years of global challenges. As the system navigates its own future, consumers say that its path forward lies with providing stability, flexibility, and opportunity. As a provider of the connectivity that enables fintech, we're eager to share how consumers' use of fintech evolved in the past year.

# 1

## Impact: Fintech helps consumers weather economic challenges

Against an inflationary backdrop, consumers use technology to stay on top of their finances.

*Two-thirds of consumers say fintech helped them weather economic challenges (63%). Half of consumers say fintech helped them feel more in control of their finances (48%). Nine in ten users saw benefits from using fintech tools (93%), the highest number in three years.*

# 2

## Expectations for the future: Consumers want control, transparency, and great experiences

Consumer expectations for trustworthy, valuable, and great experiences are more pronounced, creating an opportunity for fintechs, financial institutions and trusted brands across industries to design experiences to meet their customers' evolving needs.

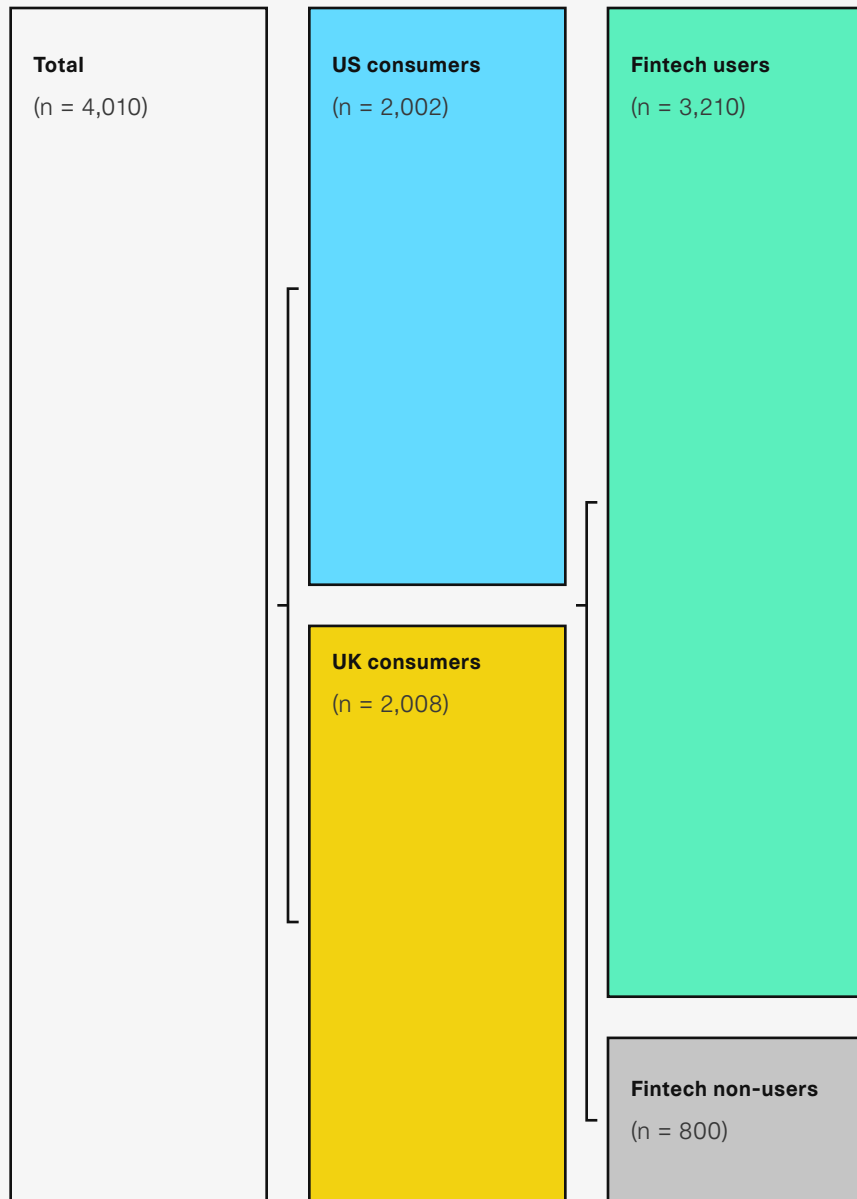
*Nine in ten consumers want greater control over their financial data, with 83% preferring to choose where it's shared. Three-quarters are more likely to use an app when they can sign up and access it instantly (76%). Eight in ten prefer applications that verify their users and their identities over apps that don't (80%).*

# 3

## Pathways to financial well-being: The opportunity ahead and filling financial gaps

Consumers use fintech to build bridges to the next phase of their financial lives.

*Consumers with short-term concerns use payment (63%) and payday advance (20%) apps to make ends meet. Those looking to stay on top of their money use budgeting apps to track their finances daily (63%). Fintech is making long-term planning more accessible, with more than half starting to invest for the first time with a digital app (53%).*



This survey was conducted online within the United States by The Harris Poll on behalf of Plaid from June 30-July 14, 2022, among 4,010 adults in the United States and United Kingdom ages 18 and older.

In addition to the key populations outlined on the left, results were analyzed by age, gender, region, urbanicity, ethnicity, income, assets, employment, marital, and parental status.

The data have been weighted to the population of the US and UK. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

In May 2022, we also held 5-day digital diaries with 30-minute follow up interviews among 16 American consumers. The participants represented a mix of genders, ages, ethnicities, incomes, and fintech literacy, among other factors.

1

# Impact

Fintech helps consumers weather economic challenges





**Section takeaways**

- Fintech use remains high as the world reopens
- Economic stress impacts financial priorities and fintech use
- Impact remains high as usage varies

## Fintech use remains high as the world reopens

### Digital acceleration shows staying power in finance

**F**intech's COVID-19 acceleration carried forward to 2022, with eight in ten consumers using some type of digital financial tool (80%).<sup>1</sup> This figure is down slightly from 88% in 2021, but a major increase from 2020 (58%). Half of Americans use fintech to manage their finances on a daily basis (48%)—a number steadily rising from 42% in 2020 to 44% in 2021—highlighting its central role in consumers' lives. And the number of applications used per person rose 10% year-over-year, from 3 in 2021 to 3.3 in 2022.

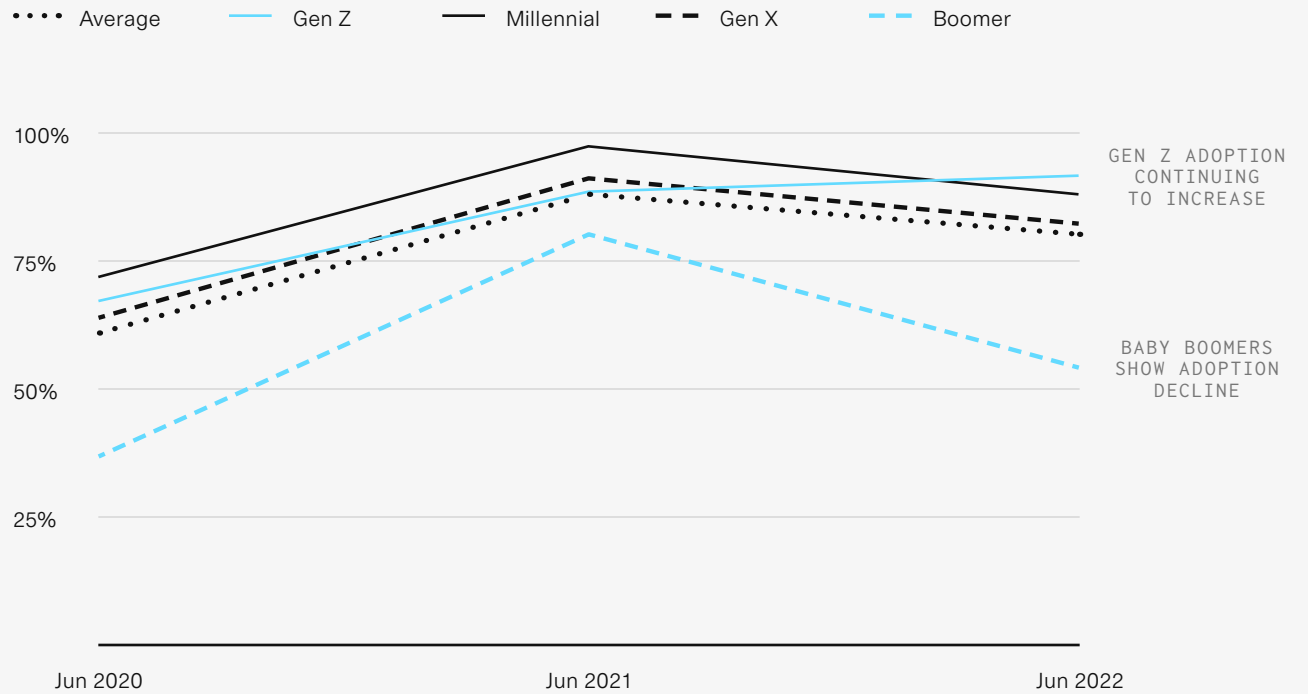
The decrease stems largely from a drop-off in Baby Boomers, among whom adoption fell from 79% in 2021 to 54% in 2022. Returning to in-person banking is a major factor, with a 40% year-over-year jump in the percentage of Baby Boomers who paid bills and managed accounts in-person as opposed to digitally (27% in 2021, 38% in 2022). Baby Boomers reported a corollary drop-off in the proportion of their overall finances they manage digitally, from 58% in 2021 to 51% in 2022.

Digital acceleration largely persisted among younger generations. The proportion of Millennials and Gen Xers who report using digital apps and tools to manage their finances dipped very slightly (Millennial: 91% in 2022 vs. 95% in 2021; Gen X: 82% in 2022 vs. 89% in 2021) and Gen Z continued to rise (93% in 2022 vs. 87% in 2021).

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<sup>1</sup> Survey question: "Do you use any apps and other digital services to manage any aspect of your money?"

**Boomers saw the largest adoption drop-off**

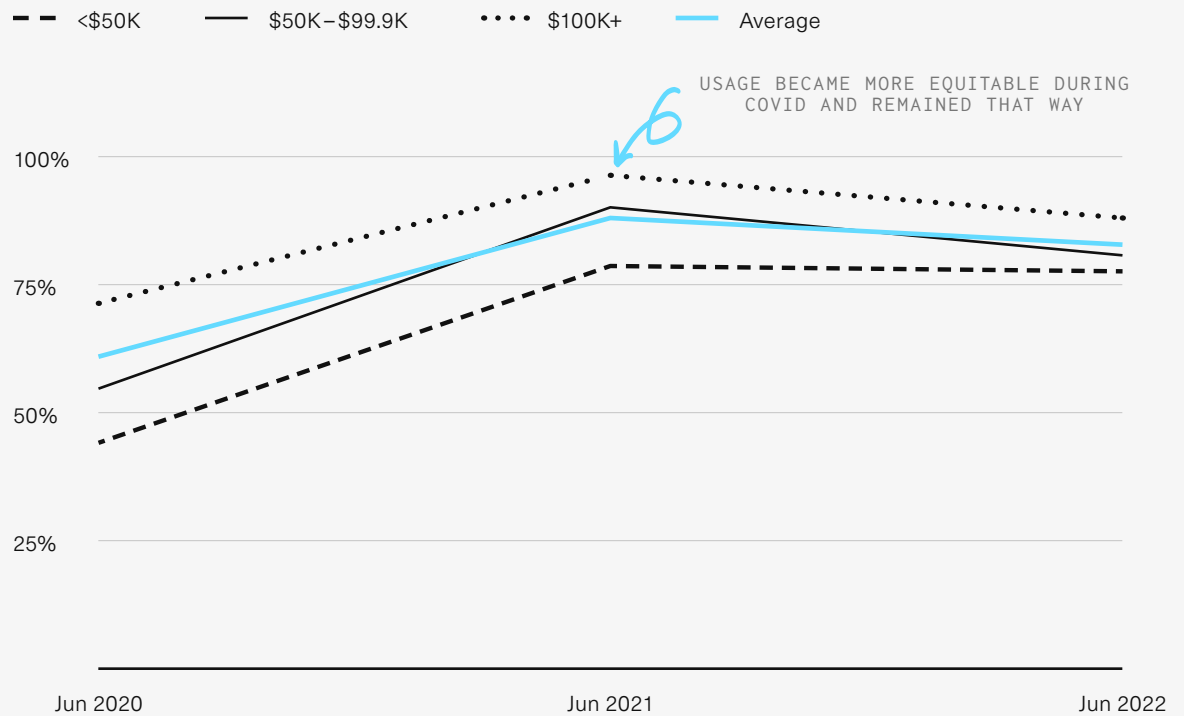


**Adoption converges to be equitable across demographics**

Where some technologies face digital divides, fintech adoption is remarkably consistent across income and demographic groups. Initially fintech adoption skewed towards higher earners, but in three years adoption rates by income converged at around 80%, showing that these technologies meet consumer demands across the income spectrum (<\$50K: 77%, \$50-\$100K: 79%, \$100K+: 82%). Similar convergence occurred across gender groups — while men reported higher fintech usage than women in 2020 (65% vs. 52%), the past two years saw those figures align (89% vs. 88% in 2021, 82% vs. 78% in 2022). Among racial groups, Black people (88%) and Hispanic people (92%) continue to use fintech at

the highest rates, compared to White people (74%) and Asian people (79%). As fintech companies expand their services to new demographics in the coming years, they should remain confident in overall appetite for digital finance across demographic groups.

Fintech adoption by income groups



Some correlation appeared over three years between people's confidence with their money and their confidence using technology to manage money. In 2020, 74% of consumers were confident about their money situations, and 67% were confident in using technology to manage money. Both rose together in 2021 to 77%, but as macroeconomic

challenges impacted consumers across the board, they together declined this past year — money confidence to 70%, confidence in using technology to manage finances to 69%. As with overall adoption rates, the drop-off is skewed by older generations — Baby Boomers' confidence in using technology to manage money dipped from 69% in 2021 to 47% in 2022. Three in ten consumers say they feel more confident financially since beginning to use fintech, implying the correlation trends from adoption to outcomes, and not the other way around.

The average number of apps per fintech user increased in the past year. So while some consumers dropped off, many who joined as a result of COVID's limitations saw enough value to become heavy fintech users. Consumers say they manage more than 60% of their finances digitally, the same amount as in 2021 and slightly less than in 2020, showing that digital tools have become the primary way consumers manage the majority of their finances, even as the world reopens from the early days of the pandemic.

61%

*of consumers say financial technology apps like savings tools are helping them weather economic challenges*

48%

*of consumers say fintech helped them feel in control of their finances in 2022*

93%

*of fintech users saw benefits from using fintech in 2022*

## Economic stress impacts financial priorities and fintech use

### Weathering economic storms

Facing record inflation, rising interest rates, and uncertain markets, half of Americans say their financial stress increased over the past year (53%).<sup>2</sup> As of July, their primary concerns included cost of living (69%) and fuel prices (53%), followed by recession fears (34%), healthcare costs (17%) and job market worries (16%). As a result, four out of five consumers said the past year made them more focused on their finances (81%), up from three-quarters in 2021 (74%).


More than half of all consumers said digital financial tools helped them weather economic challenges (61%), a figure correlated with income (67% >\$100K vs. 54% <\$50K) and investable assets (70% of those with >\$1M in assets). Lower-earning individuals say they're experimenting more with fintech due to economic challenges (53%), and, a similar number of that group say they saved money on fees by using fintech over the past year (44%). Beyond experimentation, lower-income individuals see financial results—27% say they've increased their savings from using fintech tools in the past year, and 51% say fintech tools have helped them feel more confident. It's clear that fintech has guided a significant proportion of consumers through several years of macro difficulties.

<sup>2</sup> PBS News, "[US Inflation at 9.1 percent, a record high](#)" 13 July 2022.

### Finding control

Half of consumers said fintech helped them feel in control of their finances in 2022 (48%), the highest result in three years (47% in 2020, 44% in 2021). A third said it reduced their financial fear and stress in the past year (34%). Younger generations were more likely than older to say they relied on digital finance to navigate economic stress—73% of Gen Z and 71% of Millennials said economic challenges made them more reliant on digital finance, compared with 64% of Gen X and 49% of Baby Boomers.

Financial concerns led to diminished financial confidence across all income groups. While overall financial confidence remained stratified by income—only 55% of people earning less than \$50K are financially confident, versus 67% of \$50-\$100K earners, and 81% of \$100K—rising financial stress was pervasive. Near-identical proportions across income groups said their stress rose year-over year (54% of <\$50K; 54% of \$50K-\$100K; 53% of >\$100K). More financial stress could've led to a retreat from digital innovation, but in fact the opposite happened, with many consumers turning to fintech even more.

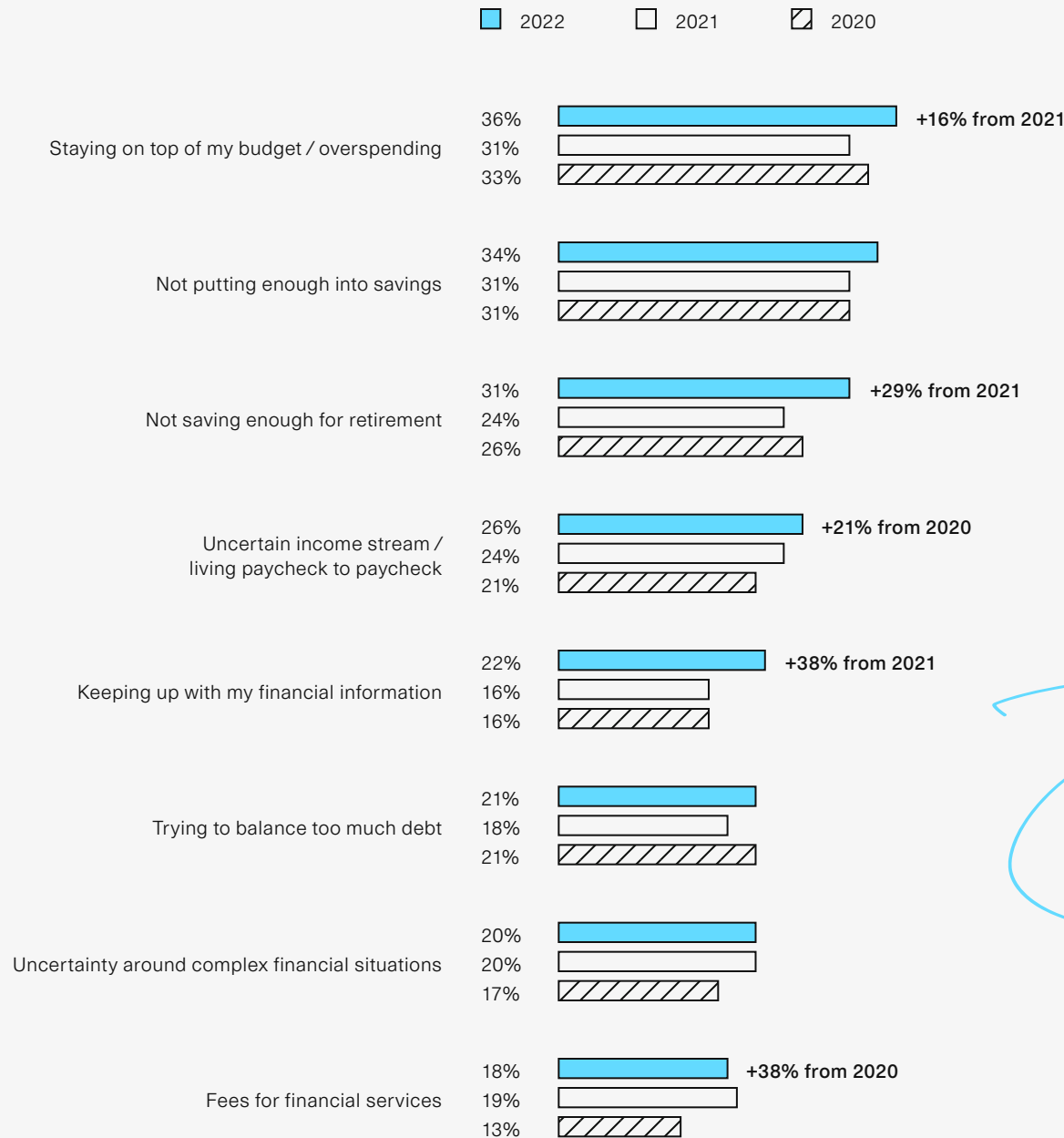
95% 

*of Americans say they feel some degree of financial stress*

53%

*of Americans say their financial stress increased over the past year*

### Top 3 financial challenges for American consumers



**Budgeting and savings are main goals for American consumers.**

And though they cite the same leading frustrations year over year—the level of frustration continues to climb.

### Turning to fintech for short-term needs

Economic challenges impacted not only people's financial goals, but also their use of digital financial tools. While investing remained a top financial goal for nearly half of Americans (45%), more individuals focused on near-term financial security: the proportion striving to build an emergency fund rose from 31% in 2021 to 37% in 2022, including 41% of those earning >\$100K, a 36% relative year-over-year increase. Discretionary goals like saving for big ticket purchases saw a 10% relative decrease (22% in 2022 vs. 26% in 2021). Focus on immediate needs rose sharply among Gen X, who saw a 20% relative decrease in investing as a priority, and a 33% relative increase in emphasis on short-term savings. In three years we've seen fintech go from new to familiar, and now as the world moves through macro challenges, consumers across demographics are comfortable turning to fintech as a reliable resource.



*more than nine in ten fintech  
users saw real benefits from  
their apps in 2022*

**93% BY**

## Impact remains high as usage varies

### Impact at an all-time high

**M**ore than nine in ten fintech users saw real benefits from their apps in 2022 (93%), an increase from 90% in 2021 and 84% in 2020, indicating that where fintech may have at first been a novel experiment for some, it provides real value to the vast majority of its users. Whether saving people time, money, stress, or helping them recover from a financial mistake, fintech's impact has become ubiquitous.

In line with trends, six in ten consumers saved time by using technology (58% in 2022, 60% in 2021, 55% in 2020), and around half saved money (46% in 2022, 46% in 2021, 45% in 2020). Three-quarters of consumers say using technology helps them build better financial habits (77%), similar to 2021 (76%). Financial literacy remains a top benefit: four in ten say they understand their finances better as a result of using fintech (39% in 2022 and 2020, 38% in 2021), including 58% of budgeting app users.

### Simplifying complex tasks is the first step

Managing finances is a major challenge for consumers, and empowerment often begins by finding tools to get a handle on finances — four in ten consumers say they started using fintech to better understand their financial situation (39%). A third of consumers say that using financial technology helped them make progress towards their financial goals (33%), a finding similar to 2021 (34%) and 2020 (36%). For consumers who use fintech every day

the findings are higher: around half of daily fintech users say they've progressed towards financial goals in 2022 (46%), and four in ten feel less financial stress (43%) and more financial confidence (42%). While not every fintech tool is directly related to a discrete financial goal — peer-to-peer payments is a counter-example — a substantial portion of the population sees traction towards financial outcomes as a result of fintech use.

Among people earning less than \$50K annually, around six in ten say fintech provides a tool to simplify money management (58%), build better financial habits (68%), and build financial confidence (66%), all of which saw at least 5% relative increase year over year. A quarter say it helped them recover from a financial mistake like missing a bill payment (24%), similar to 2021 (21%) and 2020 (24%). And while lower-earners use on average the fewest applications per person (2.8 today), they're inclined to increase fintech usage (on average they expect to use 3.7 apps in 6 months), perhaps a result of positive impacts seen through challenging economic circumstances.

Fintech has set a high bar for itself among consumers, buffering them against economic challenges, providing steady impact, and meeting their most pressing demands. But groundwork remains for firms seeking to remain top-of-mind. Consumer expectations continue to evolve, both for the institutions they trust with their finances, and for the types of services they seek in their journeys to financial well-being.



## Fintech proves its worth post-pandemic, setting the stage for open finance

Last year, the Fintech Effect surveyed respondents in the UK for the first time, finding that 86% of consumers in the UK used fintech to manage their money in 2021. Could fintech weather the return to in-person interactions after the COVID-19 pandemic? The answer is a resounding yes: 84% of UK respondents use fintech to manage their money in 2022, in line with the 86% reported last year.

Fintech is proving its value by helping consumers manage wider economic turbulence, which has changed respondents' financial priorities from saving to budgeting. However, there are further opportunities to enhance consumers' financial well-being through open finance.

### **Fintech is here to stay, demonstrating strong utility in an uncertain economic environment**

Fintech demonstrated its value during the pandemic: in 2021, 88% of UK respondents reported that fintech has helped them in some way, with over half (56%) saying it saved them time, and

49% saying they feel more in control of their finances. This year's responses highlight that even more people feel that fintech has helped them (91%), with more people appreciating the time-saving benefits (58%).

Forward-looking trends suggest that fintech use is here to stay: over the next six months, respondents expect to manage 72% of their finances digitally on average, up from 67% today. Fintech is bucking the trend seen in other sectors, such as retail, which have reverted back to in-person interactions: e-commerce sales as a share of total retail sales declined from 38% in January 2021 to 25% in July 2022.<sup>3</sup>

There is a common perception that fintech use is concentrated among the wealthy or the tech-savvy. This is not the case. Fintech has been adopted across demographic groups: around 80 percent of men and women use fintech. While Gen Z are the most prolific users (91%), use is also high among Baby Boomers (72%). Nor is it a predominantly London-centric phenomenon: there is no

<sup>3</sup> Office for National Statistics, *Internet sales as a % of total retail sales (%)*, August 2022.



difference in adoption rates across rural and urban areas.

The high adoption of fintech should be put in the wider economic context. UK respondents are highly concerned about the state of the economy: 41% of respondents have little to no confidence in the economy and 83% cite the cost-of-living crisis as their main economic concern. Unsurprisingly, 62% of respondents report that their financial stress has increased since last year. Although 61% say they feel confident in their relationship with money, this is a marked decline from last year, when 77% said they felt confident in their relationship with money.

### **There is clear value in building an open finance ecosystem**

In response to the cost-of-living crisis, respondents are actively using fintech to manage their financial stress: 41% of respondents say fintech enables them to understand their spending so that they can better manage their money. This represents a 5 percentage point increase on last year (36%). These findings contrast with recent research from the Post Office, which suggests that consumers are

shifting back to cash to manage their finances.<sup>4</sup> Fewer respondents say fintech apps have helped them to increase their savings this year though: 28% in 2022 compared to 35% in 2021.

The UK fintech market is highly shaped by open banking regulations whereby third party providers (TPPs) only have access to consumers' payment accounts data. As a result, the use cases are fairly concentrated: 76% of UK respondents use fintech for payments, while 68% use it to pay bills online. Responses from the US highlight a more diverse set of use cases beyond payments and online bill paying including: filing taxes, investment, and online-only banking services.

The UK Government laid the *Data Protection and Digital Information Bill* before Parliament in July 2022, which introduces "Smart Data," an initiative allowing the "secure sharing of customer data with authorized TPPs, upon the consumer's request" in order to extend the benefits of open banking to other sectors such as wider financial services, opening up the possibility of open finance in the UK.<sup>5</sup> By extending TPPs' access to financial data such as

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<sup>4</sup> Rupert Jones, "Cash makes comeback as cost of living crisis bites, says Post Office", *The Guardian*, August 2022.

<sup>5</sup> Department for Business, Energy, and Industrial Strategy, *Smart Data Working Group: Spring 2021 report*, June 2021; UK Parliament, *Data Protection and Digital*



payroll, taxes, utilities, pensions, savings, and investments, open finance could enable UK consumers to fully understand their financial situation, identify products and services that meet their needs, as well as benefit from increased competition between providers. For example, fintech segments such as personal financial management (PFM) and WealthTech could offer more holistic tools that incorporate spending behavior, savings, investments, and pension planning as well. The benefits of doing so, given the current economic climate, could further improve consumers' current financial wellbeing and help them meet their financial goals over the long-run. In 2022, 39% of respondents stated they are prioritizing setting and sticking to a budget. Nearly as many (38%) are prioritizing saving and investing, while 37% are eager to achieve financial security.

Open finance could also further stimulate innovation in financial services, which would be welcomed by many consumers: 74% of respondents say their bank needs to be able to connect to the apps and services they want to use, while 48% would like to see their bank partnering with more fintech companies. Over half (52%)

view banks who partner with fintechs as more innovative. The introduction of the *Data Protection and Digital Innovation Bill* could not be more timely.

### **There are further opportunities to enhance trust and boost adoption of fintech**

The high adoption rate of fintech in the UK raises questions around what more the industry can do to encourage non-users to try it, while also retaining existing customers. Banks and fintechs are already highly trusted by UK consumers: 60% of respondents believe banks or traditional financial institutions are very trustworthy, while 43% believe fintech companies are very trustworthy, similar to responses for established tech companies such as Amazon, Apple, and Google (42%) and for retailers (44%). In contrast, only 15% of respondents believed social media companies are very trustworthy.

Enhancing identity verification (IDV) measures could further boost adoption of fintech tools and services: 65% of respondents said that security measures were the most important factor for banks and traditional financial services companies, while 52% said the



same for fintech. Most notably, the responses suggested that consumers support IDV measures, particularly if it reduces the risk of fraud: 64% of respondents said they were willing to provide personally identifying information if it reduces the risk of fraud, while 82% of respondents say they prefer using apps that verify users' identities over those that do not. However, IDV measures should be seamless: 79% of users are more likely to use an app if they can sign up and access it instantly.

In 2021, unauthorized financial losses cost the UK around \$840 million (£730 million).<sup>6</sup> Strong Customer Authentication (SCA), which sends one-time passcodes or verifies a user's identity through their banking app, is required for online and mobile banking and for higher value card payments made online. Account servicing payment service providers (ASPSPs), such as banks, are required to perform these SCA measures, which disrupts the user journey and contributes to consumer drop-off in online transactions. Enabling fintechs to adopt security measures such as IDV could further boost fintech adoption and enhance trust in the industry, while also tackling financial fraud.

84% BOOMERS  
82%

*of UK respondents say they prefer prefer using apps that verify users' identities*

79%

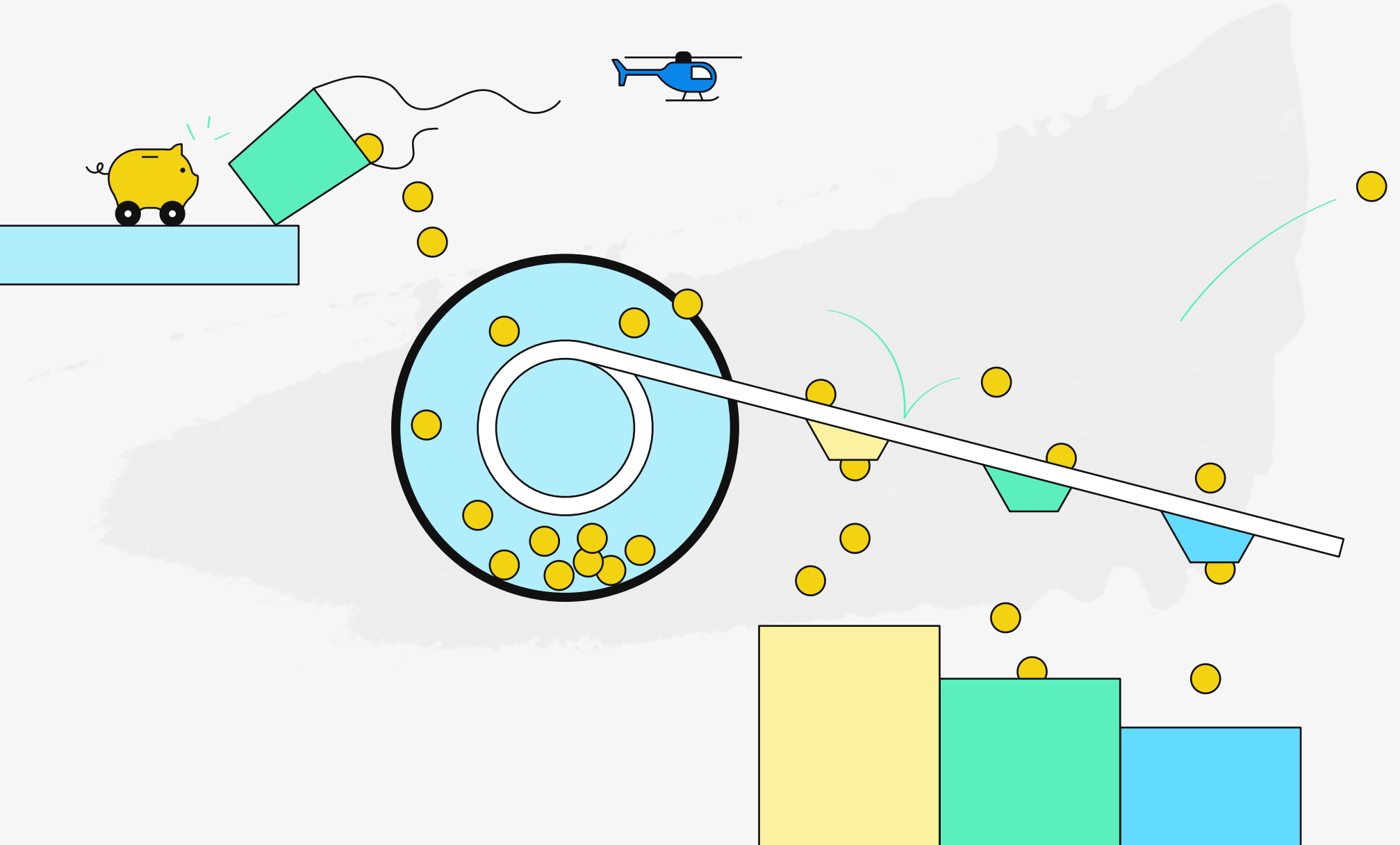
*of UK respondents say they're more likely to use an app if they can sign up and access it instantly*

<sup>6</sup> UK Finance, *Annual fraud report: The definitive overview of payment industry fraud in 2021, 2022.*

# 2

## Expectations for the future

Consumers want control, transparency, and great experiences





**Section takeaways**

- Building consumer trust begins with privacy
- Time and money savings are core to providing real value
- Consumers want great digital experiences that are both convenient and secure

## Generations have different expectations for building trust

**Y**ear after year, survey respondents made it clear that trust, particularly as it relates to how their financial data is used, is a top priority when evaluating fintech apps. To break down the elements of that trust, we asked consumers how they feel about privacy, security, and transparency, especially as it pertains to their financial data.

### Consumers want control

In an interconnected economy, digital privacy isn't just about protecting your information from others, it's about making decisions about what you want to happen with your information. Consumers in financial services are clear: they want to choose where their financial data is shared, with 83% preferring to direct where their data goes, rather than having companies make those selections for them.

This desire for control is consistent among all generations. Millennials (81%), Gen X (85%), and Baby Boomers (84%) rate directing where their data is shared as important. Gen Z's response was 77%; lower than other generations but notable for its change compared to 2021. Gen Z's desire for this kind of control increased significantly compared to 70% last year. Millennials, Gen X, and Baby Boomers have largely kept their responses consistent; in 2021 rating this as important at 84%, 87% and 82% respectively.

76%

of Americans say they have more trust in financial companies when they clearly convey their privacy practices

BOTH BANKS AND FINTECHS



But whatever the cause, the signal is clear that providing some level of control of financial data will be necessary for companies to build trust with their customers.

It's important to note that consumers do understand the value of data connectivity, with 75% agreeing it is important to be able to connect their bank account to the digital finance apps and services they choose. They just don't want to lose control over where that data is shared.

### **Consumers want transparency**

This leads to the second factor towards building trust with consumers: transparency.

76% of respondents stated they have more trust in financial companies when they clearly provide their privacy practices.

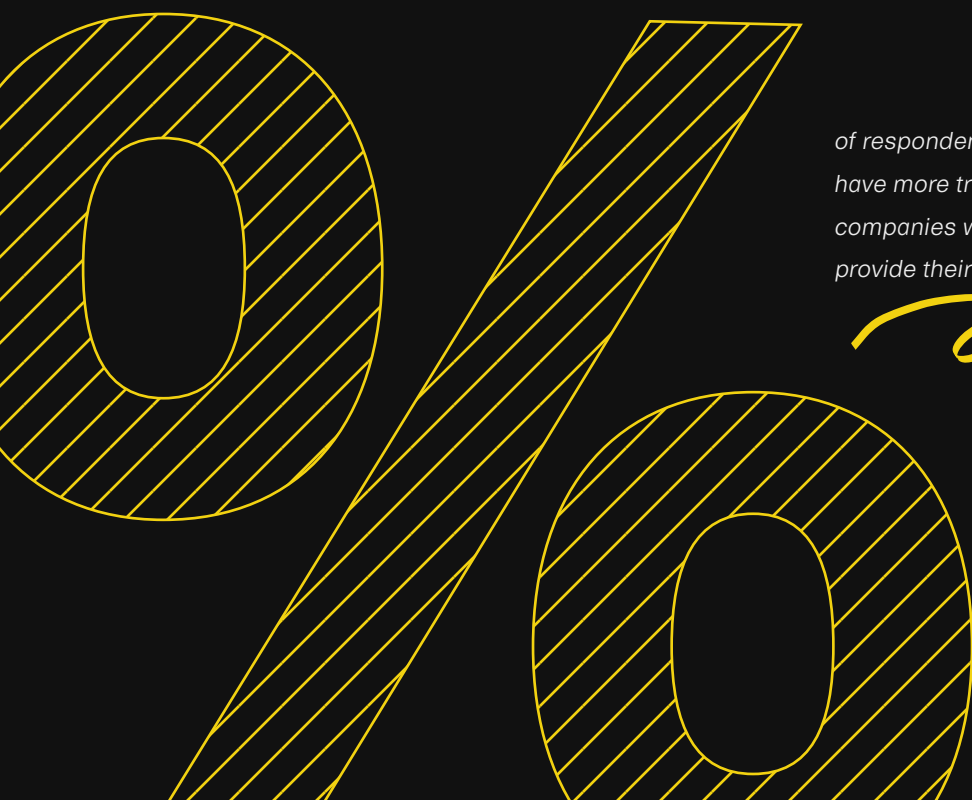
For Gen Z, which rates the need for financial companies to clearly provide privacy practices much lower at 68%, there is one component of transparency that matters very much: knowing who is responsible for managing their data, with 82% thinking that is very important.

### Engagement leads to trust

Regular engagement is another important factor in building trust. Three-quarters say that the more they use digital tools to manage their money, the more they trust them (76%).

Similar to transparency, engagement varies along generational lines: while Gen Z (74%), Millennial (81%), and Gen X (78%) all agree that regular engagement breeds trust, only 65% of Baby Boomers agree. It's worth noting that having spent most of their lives engaging with analog banking, Baby Boomers see fintech as less central to their financial lives, with only 35% agreeing they could not live without financial apps and tools to manage their money compared to 59% across all generations.

Consumers prioritize trust, transparency, and control, when choosing and using financial services. And while fintech has given consumers greater access to their own financial data, there continues to be demand for greater transparency around financial data management and privacy practices as consumers engage more with digital finance.



*of respondents stated they  
have more trust in financial  
companies when they clearly  
provide their privacy practices*

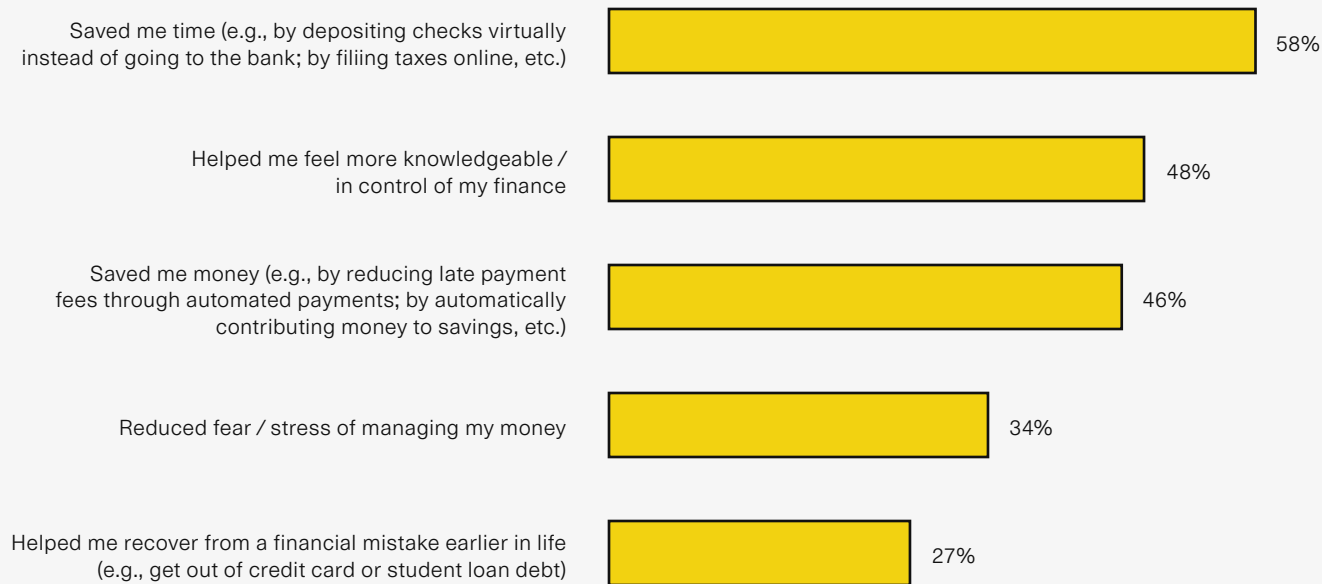


## Fintechs must solve real-world problems for their customers

### Tangible value persists with time and money savings

One of the driving factors behind fintech adoption among consumers is the benefits they are reporting. Those tangible benefits are sustaining high usage trends but perceived knowledge gaps create opportunities to more deeply engage fintech users.

### Current users of fintech are already seeing value



While the majority of people use fintech, many who don't are interested in learning more about its benefits.

39%

of non-fintech users want to be able to access their financial information in real-time from anywhere

38%

of non-fintech users want to make financial management easier

37%

of non-fintech users want greater control over their finances

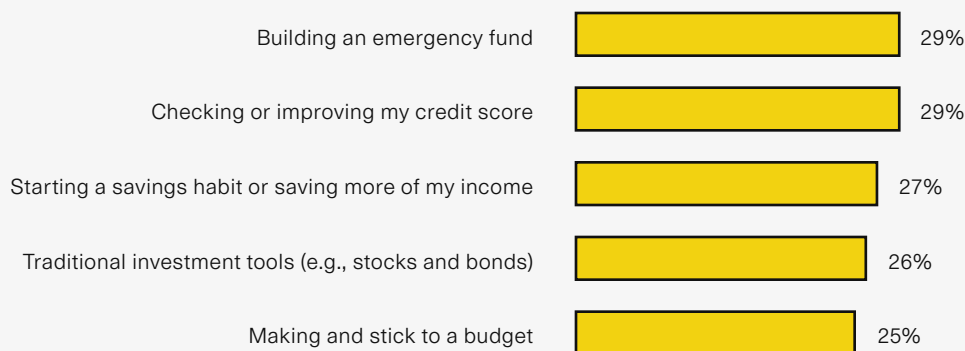
30% ←

of non-fintech users want to reduce their financial stress

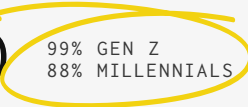
**Gaps in financial understanding presents opportunities to drive more value**

But beyond the specific benefits provided by fintech, there are the more tangible financial goals consumers are interested in learning about: 79% crave more financial knowledge. The specific topics they want to learn more about are varied but well within the purview of many fintech and financial institutions, putting those providers in the unique position to not only enable their customers achieve their goals but help educate them about a variety of topics, which include:

**Top financial topics**



79%



99% GEN Z  
88% MILLENNIALS

*of Americans are interested  
in learning more about  
financial topics*

Interestingly, the desire to learn more about these various financial topics seems to be prevalent among people regardless of their income. On average, 29% want to learn more about building an emergency fund, but we see very little deviation when breaking that down by income:

- <\$50K: 30%
- \$50K - \$99.9K: 29%
- \$100K +: 28%

Soft skills related to financial learning can play a major role in boosting financial confidence, particularly in empowering consumers to take greater control of their financial lives. Companies should embrace this learning mindset by not only building products that enable this empowerment but providing a deeper breadth of services and the educational resources needed to best use them.

## Fintech experiences must be quick, simple, and secure

76%

of Americans say they're much more likely to use an app when they can sign up and access it instantly

73% 79% MILLENNIALS

of Americans say easy sign-up impacts whether or not they use an app

58%

of Americans say they've given up on signing up for an app because the sign-up process was too complicated

Services like ridesharing, video streaming, and delivery apps, have led many consumers to increasingly expect immediate, personalized, and frictionless experiences in all facets of their lives. It's no surprise that they expect the same of fintech.

### Consumers want both security and instant access

Prefer using an application that verifies their users	80%
Expect to complete paperwork / show ID card to signup for fintech app	79%
Want instant access to fintech apps	76%
Ability to connect my bank account to apps and services	72%



Consumers want fast, low-friction experiences while also demanding greater security.

Achieving this can be challenging. One option available to fintechs is to compress all of the necessary steps into a unified onboarding flow, which will introduce more security without detracting from the overall experience.

### **Ease of use means instant access and financial connectivity**

Fintech companies face the customer acquisition challenge of needing to collect and validate information at onboarding while also providing instant gratification. Three-quarters of consumers are more likely to use a fintech app when they can sign up and access it instantly (76%), while six in ten have given up on signing up for an app because the sign-up process was too complicated (58%).

Expectations around ease of use don't end there. Compatibility between apps is becoming increasingly important. When asked "Which of the following have the greatest impact on your decision to use a new financial technology app or tool?" 35% answered compatibility with the other tools they're already using, including their bank account. This aligns with the industry's current evolution from open banking to open finance and the concept of universal data access—giving consumers greater control over all their financial data and the flexibility to use it, at their direction, across all of the apps and services they use.

As with other industries, fintech will have to continue to monitor customer expectations around things like convenience and improve experiences to meet future demand:

Prioritizing instant access	Given up on signing up for an app because the application process was too complicated
90% of budgeting tool users	70% of budgeting app users
87% of investment apps users	66% of investment app users

### Security

While people place a premium on convenience, many are willing to temper that need in order to feel more secure. Eight in ten prefer to use an application that verifies their identity (80%) over apps that don't and seven in ten feel safer using a digital financial product when they need to provide a driver's license or some identifying information about themselves (70%).

Two-thirds are willing to take a selfie and a picture of their driver's license to protect themselves from fraud (65%), and eight in ten prefer to verify their identity so the app can know they are a real person (80%).

### What non-fintech users want

Exploring the needs of non-fintech users is an important step when considering fintech's future. Many current non-users have expressed an interest in learning about fintech, non-users demands are not only fairly straightforward but addressable with fintech:

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I want to be able to access my financial information in real-time from anywhere	<b>39%</b>
I want to make financial management easier	<b>38%</b>
I want to have greater control over my finances	<b>37%</b>
I wan to reduce my financial stress	<b>30%</b>
I want a digital record / paper trail	<b>30%</b>
I want to improve my overall financial health	<b>26%</b>
I am having a hard time managing my finances	<b>20%</b>
I want to have a more holistic view of my finances	<b>17%</b>

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For non-fintech users, the fact that they haven't adopted technologies that can help them achieve the above goals could be attributed to their heightened demand for both security and convenience:

	Non-fintech user	Fintech users
When I create an account with a new mobile app, I prefer to verify my identity so that the app can know I am a real person	80%	70%
I prefer using an application that verifies their users and my identity over apps that don't	80%	72%
I have the same expectations for signing up for a financial technology application that I do opening a bank account in-person (e.g., showing an ID card, completing paperwork)	79%	71%
I am much more likely to use an app when I can sign up and access it instantly	76%	59%
Easy sign-up impacts whether or not I use an app	73%	64%
I feel safer using a digital financial product when I need to provide identifying information about myself (e.g., driver's license, etc.)	70%	55%

Security and convenience are vitally important for fintechs to meet customer expectations, especially when it comes to bringing in new users.



## Crypto curiosity on both sides of the pond

Despite challenging market cycles including a crypto “winter,” cryptocurrency remains prominent in consumers’ minds on both sides of the Atlantic. One-fifth of US consumers say they hold some balance in a cryptocurrency account (19%), the same amount as in 2021 (19%), while slightly fewer say they do in the UK (12%), up slightly year-over-year (11% in ‘21).

Consumers holding cryptocurrency skew towards those better suited to taking financial risks — correlations arise in the US across income (14% of those making <\$50K hold crypto balances, vs. 16% of \$50K-\$100K and 25% \$100K+), and investable assets (18% of people with <\$50K to invest vs. 22% <\$50K-\$250K, 24% \$250K-\$999.9K, and 35% \$1M+), and in both the US and UK across employment (27% of US employed held some crypto balance, vs. 8% of unemployed, 17% of UK employed held crypto, vs. 3% unemployed).

Comprehensibility remains a challenge for crypto. Just three in ten consumers in both countries say they understand how cryptocurrencies work (29% in US, 31% in UK), and six in ten say

crypto is more complicated than traditional investing (63% in US, 69% in UK). Those findings skew toward older generations, with fewer than two in ten Baby Boomers understanding how crypto works (18% US, 14% UK), compared to around half of millennials (54% US, 39% UK) and Gen Z and (45% US, 49% UK).

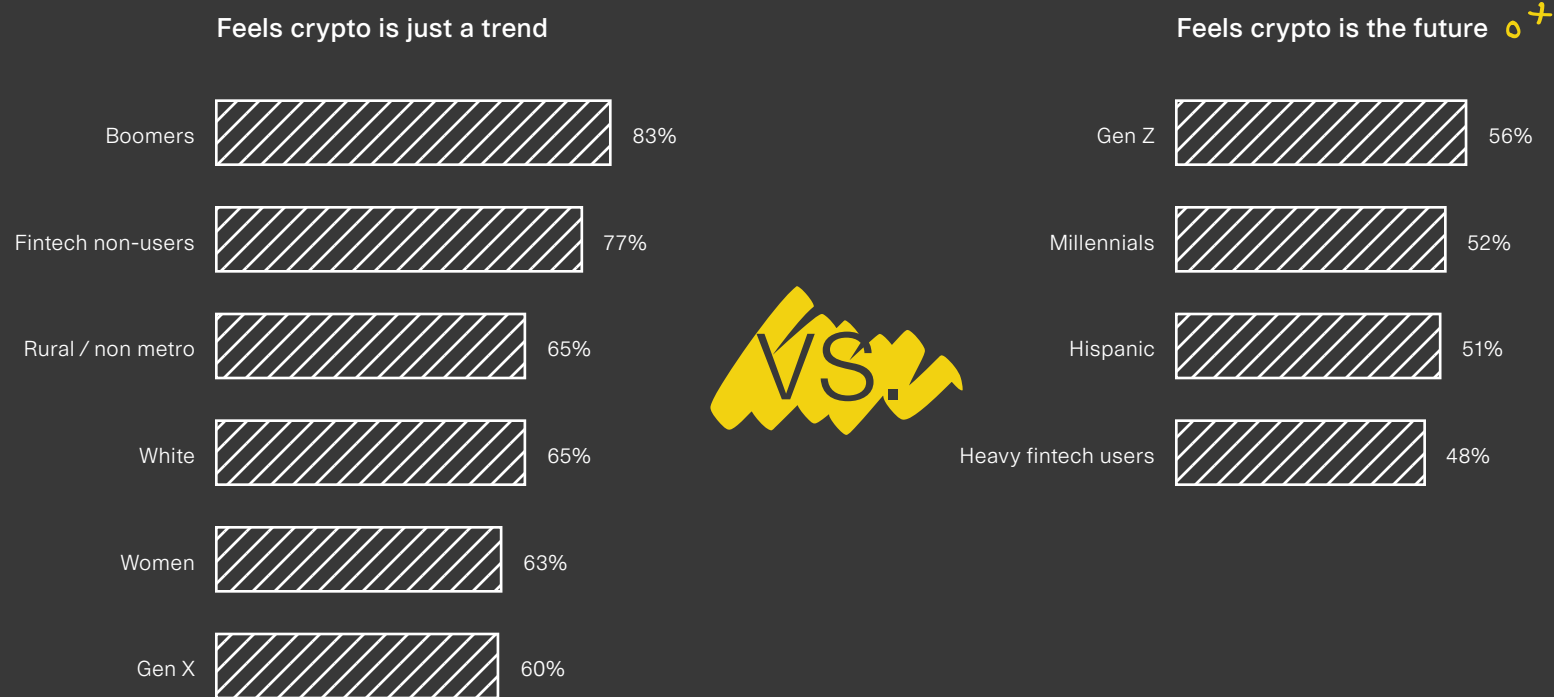
Sentiments about crypto’s staying power also correlate generationally — while eight in ten Baby Boomers feel crypto might be a trend (83% US, 78% UK), half of Gen Z believe it will impact how they transact in the future (56% US, 51% UK). Use of fintech in general appears to correlate with knowledge about crypto: 55% of US and 34% of UK fintech users say they understand how crypto works, compared to just 21% of US and 13% of UK non-users.

Regulation and proximity to traditional finance also impact crypto’s comprehensibility, since they provide relative guideposts to inform consumer understanding. Most consumers say they want crypto to remain separate from traditional finance (69% in US, 74% in UK), and see crypto as its own corner of the financial system, outside even of fintech: — 64% of US and 59% of UK consumers



think crypto and fintech are distinctly different. But even as they see crypto as distinct, six in ten fintech users want to be able to connect their crypto accounts to other traditional accounts so that they can track their overall finances (58%), including eight in ten budgeting app users (78%) and three-quarters of investment app users (72%).

Two-thirds in the US think crypto would benefit from better regulation (67%), and 79% in the UK agree, particularly older generations: a greater proportion of Baby Boomers want crypto to be more regulated (83% US, 89% UK), than do Gen Z (59% US, 68% UK). As crypto evolves, more regulation tied with clearer lines drawing where crypto and traditional finance begin, end, and converge could bring more consumers into the fold.





Crypto's role in financial inclusion is being reflected in minority groups' perceptions, particularly in the US. When asked which is more accessible between crypto and traditional finances, nearly half of Black people (46%) and Hispanic people (44%) in the US say crypto, compared to three in ten White people (29%). A similar discrepancy exists in the impact people think crypto will have on their finances in the future—just one-third of White people think crypto will play some role in their future financial decision making (33%), compared to more than four in ten Black people (43%) and more than half of Hispanic people (54%). Whether marketing-driven or not, crypto's financial inclusion narrative has made an impact on consumer expectations and beliefs.

People are curious to see how crypto will fit into their financial lives. The number of people interested in learning more about crypto is relatively high among the unfamiliar—one in five Americans who don't use crypto say they're planning to continue learning about crypto (21%), including three in ten millennials

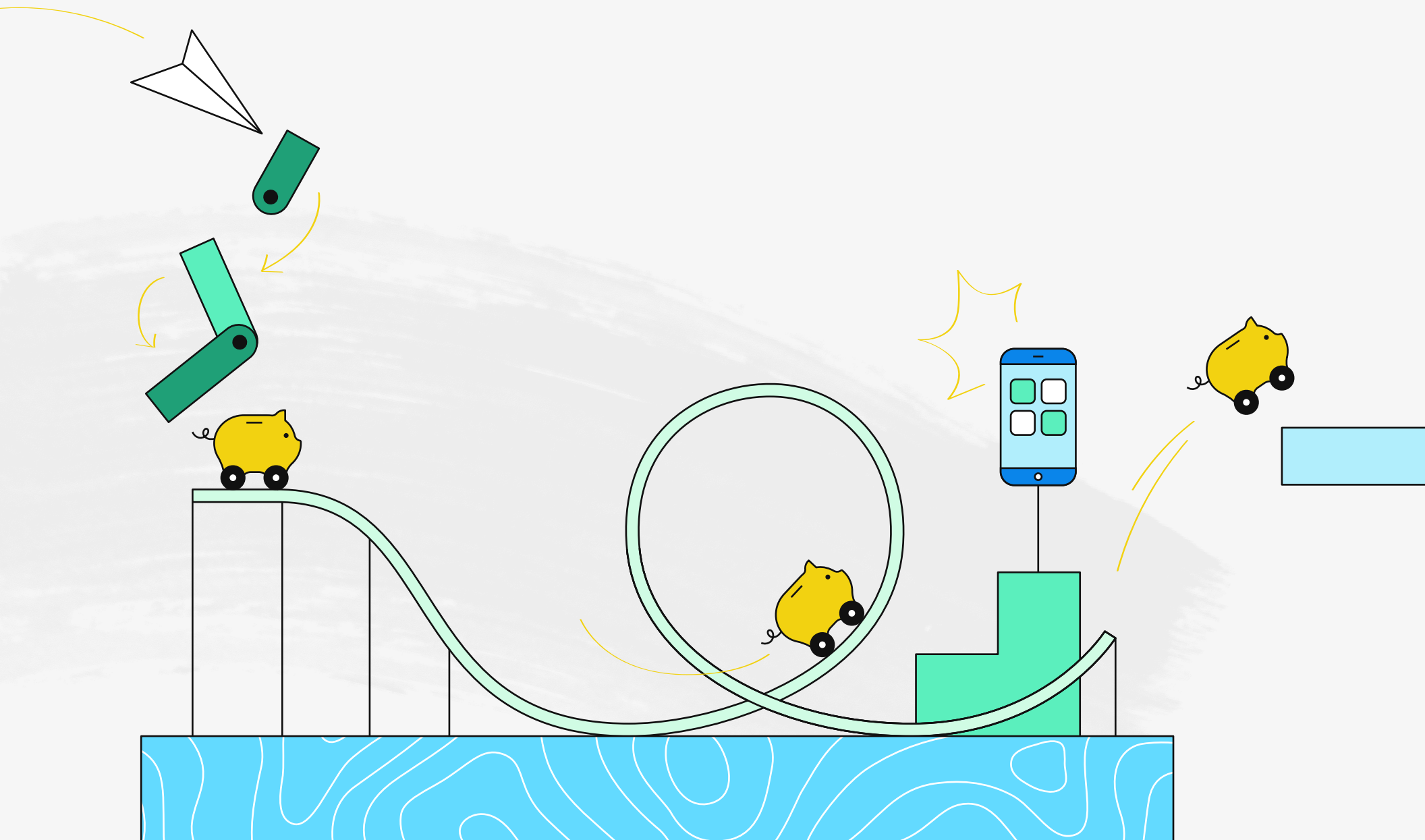
(30%) and one in five Gen X (21%). In the UK, skepticism appears somewhat higher, perhaps due to stronger regulatory actions already taken—but still interest is rising, with 15% of people who don't use any fintech saying they believe crypto will have some impact on their future.

Crypto remains in consumers' experimentation phase, but can follow the path fintech in general forged to mass adoption by delivering value, trust, and real-world use cases. With awareness at its highest point ever, the crypto industry has a large audience on both sides of the Atlantic ready to explore use cases that fit uniquely into their individual financial lives.

# 3

## Pathways toward financial well-being

The opportunity ahead and filling the gaps





**Section takeaways**



- Consumers with immediate needs turn to payments and payroll advance tools
- Savings and budgeting help consumers find security in the medium-term
- Investing and digital wallets can unlock long-term benefits

## Laddering up fintech in search of financial well-being

**F**intech has proven core to consumers' finances during challenging times, but its staying power rests on its ability to support consumers' financial well-being: the top three reasons people want to start using new fintech tools are to manage finances anywhere (39%), make financial management easier (37%), and improve financial well-being (30%). According to the Consumer Financial Protection Bureau, financial well-being comes down to three criteria<sup>7</sup>:

1. Fully meeting current and ongoing financial obligations
2. Feeling secure in one's financial future
3. Ability to make choices that allow one to enjoy their life

As financial services reorient around the consumer, these criteria provide useful categorization to analyze where fintech can go from here. The following categories show where consumers seek specific products to meet their needs, and how they bridge those products together to find financial well-being.

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**Meeting current and ongoing financial obligations**

- Bill pay and payment tools
- Payday advances

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**Feeling secure in one's financial future**

- Saving tools
- Budgeting

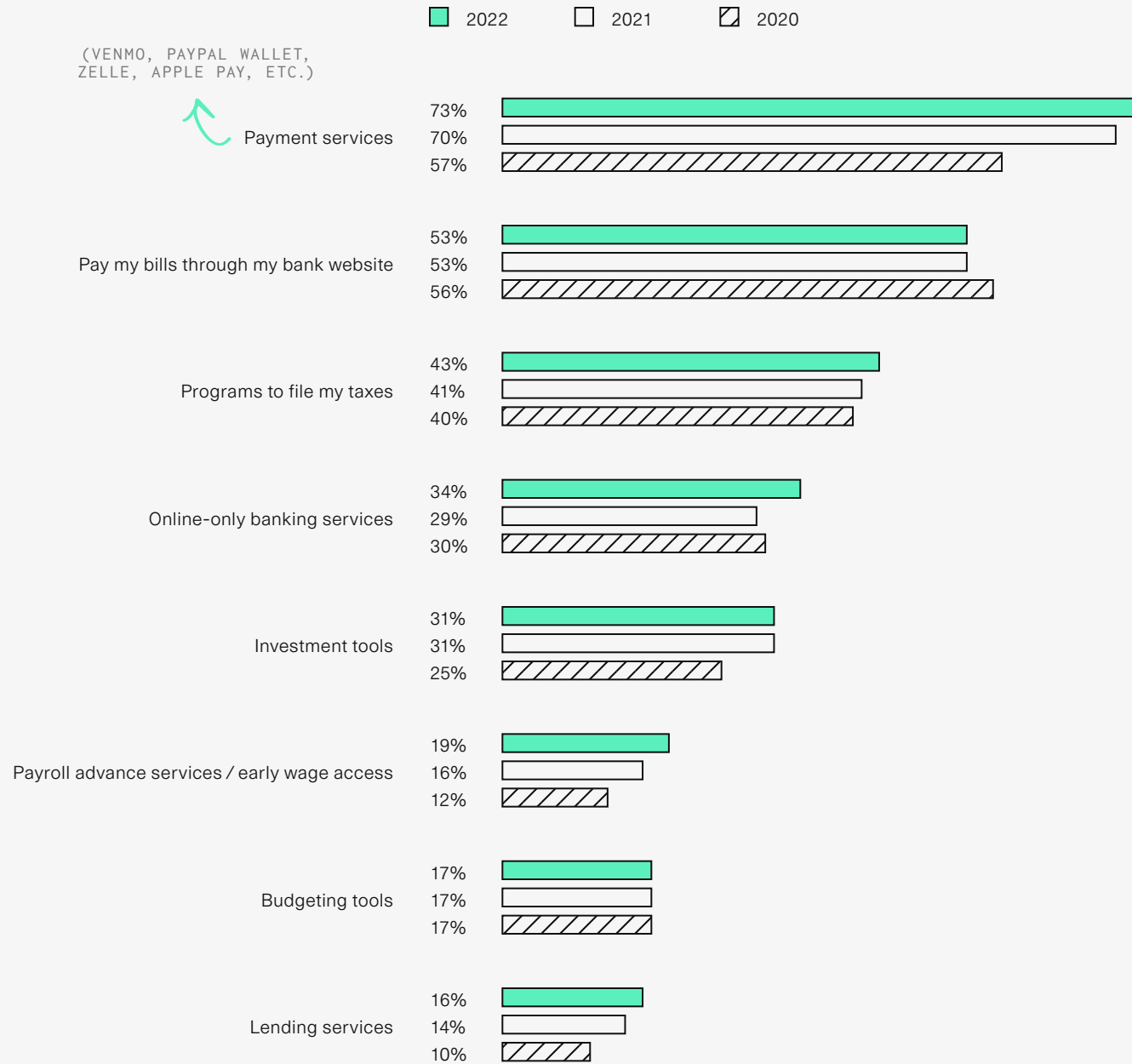
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**Ability to make choices that allow one to enjoy their life**

- Investment apps
  - Digital wallets
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<sup>7</sup> CFPB: [Financial Well-Being Resources](#).

Fintech use cases on the rise for American consumers



### Meeting ongoing obligations requires tools to pay the bills

Staying on top of immediate needs depends not just on income, but also on the tools people can use to manage liquidity and make payments.<sup>8</sup> While similar proportions of Gen Z, Millennials, and Gen X reported living paycheck-to-paycheck (30%), generation gaps reveal divergent approaches to paying everyday bills. Overall payments app usage stands consistently around 73% among every generation, but generations approach bill pay differently: two-thirds of Baby Boomers pay bills from their online bank portals (66%), compared to 56% of Gen X, 48% of Millennials, and 44% of Gen Z.

Control versus automation drive differences across both demographics and incomes—younger and less wealthy groups seem less inclined to favor auto-pay, as it could reduce their control. Only one in five Gen Z say they used payment apps more to automate financial processes (33%), while more than half of Baby Boomers claim automated bill pay is a reason they pay from their bank website (56%). A similar difference in desire for automation exists across incomes, with one in four of those making less than \$50K annually claiming to enjoy auto-pay (26%), versus more than a third of those making over \$100K citing automation as a reason to use bank-based bill pay (35%).

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<sup>8</sup> [“The fastest way to address income inequality? Implement a real time payment system”](#) Brookings Institution.

Payment apps can be a starting point for further adoption of tools that build out financial well-being. Among users of payment apps, 54% expressed saving and investing as primary financial goals, ahead of building an emergency fund (41%) and paying off personal debt (39%). Payments appear to be an entry into digital banking with seven in ten consumers who use payment tools saying they used to do most of their banking manually but recently switched to digital (69%).

#### **Payroll advances help manage liquidity mismatches**

One in five consumers say they used a digital tool for a payroll advance last year (20%), up from 16% in '21 and 12% in '20. Reported usage skews towards higher earners: higher proportions of people making between \$50K and \$100K (21%) and more than \$100K (20%) reported using a digital payday advance than those making less than \$50K (12%).

Payroll advance users reported uncertain income streams (30%) and staying on top of a budget (43%) as their biggest financial challenges. Payday advance users reported the highest levels of confidence using technology to manage their finances (93% vs. 69% of the overall population). Not only are these users engaged with the fintech apps they use to manage their near-term liquidity, they're open to adopting even more tools, expecting to add at least one new fintech tool over the next 6 months, more than any other use case.

Searching for near-term financial stability, payroll advance users prioritize emergency savings (40%) and repaying debt (35%), and express interest in digital tools that can help meet those needs: nearly half payroll advance users say they're interested in using a digital app to start a savings habit (45%), and three in ten say they're interested in using digital tools to pay off student loans or personal debt (30%).

Most who use payday advances benefited from using those tools — more than half saved both time (61%) and money (59%), and a similar proportion say it helped them recover from a financial mistake (50%). But when their attention surfaces beyond immediate needs, payroll advance users say technology has helped them progress towards personal financial goals (43%) and build confidence in financial outlook (39%). All told, these findings indicate that even when consumers borrow to meet immediate needs or budget gaps, their focus remains on overall financial security, and look to technology as a factor in achieving long-term goals.

## Budgeting and savings help build security for the future

### Budgeting is a fintech on-ramp with room to grow

**B**y helping consumers understand their finances, budgeting apps can be the on-ramp to broader fintech usage. Budgeting applications tend to be the most engaging for consumers: more than six in ten consumers who use budgeting apps report using digital financial apps every day (64%), tied with investing (64%), and ahead of payments (46%), and online banking (55%). Budgeting tool users also report having an average of 5.65 digital finance apps on their phone, more than users of any other use case.

Staying on top of a budget remained a primary financial concern for more than a third of consumers, rising year-over-year from 31% to 36%. But overall adoption of budgeting tools remained at one-fifth of consumers (17%), showing significant room for growth. Among those earning less than \$50K a gap appears between appetite for sticking to a budget (33%), and use of budgeting apps (8%), which budgeting fintech apps can help to fill.

Sticking to a budget can be foundational to meeting near-term goals: half of budgeting app users cite saving and investing as a top financial goal (47%), and four in ten say they want to save for a big ticket item (37%), highlighting room for budgeting and savings to pair together. Once consumers find an application that helps them make and stick to a budget, they appear to gain confidence and appetite to add more fintech tools to bolster their financial well-being.

### Savings tools help build medium-term buffers

Savings can be a buffer against volatility and a resource for larger expenses, and is a priority across demographic groups: 38% of White people, 39% of Hispanic people, 42% of Asian people, and 29% of Black people called emergency savings a priority. But concern doesn't always translate into real ability to set aside funds, which is essential to the use of these tools. Despite a third of respondents across income groups concerned about savings (33% of <\$50K, 31% of \$50-\$100K, 37% of \$100K+), higher-income people were more likely to call savings a priority: just 30% of those making <\$50K, compared to, 39% of \$50-100K and 41% of \$100K+. Similarly, just 40% of people making <\$50K a year use technology (either a fintech app or not) to build a savings habit, compared to 50% of the remaining population.

Among those concerned about putting enough money into savings, 38% report using a digital investment app, and one in three say they use a budgeting application (33%)—conversely two-thirds of people who use an investment app also report using a digital app to start a savings habit (68%), indicating that those individuals may see their investments as savings, serving the same purpose of stashing away funds to build a buffer and pay for larger items in the future.

## Investment apps and digital wallets unlock opportunities to enjoy life

### Investment apps reach all corners of consumers

After seeing a jump from 25% to 31% between 2020 and 2021, investment apps adoption remained at around a third of consumers (31%). Millennials represented the highest usage at four in ten (40%), followed by Gen Z and Gen X at 28%, and Baby Boomers at 19% — with just over half of Gen Z investing at all today, that shows a significant opportunity for fintech to step in to a growing population of earners.<sup>9</sup> And usage stratifies somewhat by income, largely as a result of who has or lacks liquidity to take on risks: 20% <\$50K, 27% \$50-\$100K, 41% \$100K+. Still, 46% of consumers say they conduct their investing online, indicating a perception gap between traditional investing and new investing applications.

Investment app usage shows slight skews along income lines: 20% of those making less than \$50K report using a fintech investment app, compared to 34% of \$50-\$100K and 41% of \$100K+. But along demographic lines it appears more equitable: 33% of White people use investment apps, compared to 24% of Black people, 31% of Asian people, and 34% of Hispanic people.

Investing users display a behavioral path that starts with onboarding, then deeper engagement, then real desire to advance their investing habits. More than half of people

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<sup>9</sup> GoBankingRate: [“More Than Half of Gen Z Invests: Here's What They Sink Their Money Into”](#).





6 in 10

*make digital payments using Venmo, PayPal, CashApp, Zelle, etc.*



5 in 10

*Americans use Apple Pay, Google Pay, etc.*

who use investing apps say they didn't invest at all before they started using digital apps, products, or services (53%), showing the power of fintech to expand access to new populations. Once investing, people grow more attentive to their holdings: six in ten check their fintech apps every day (61%), and another three in ten check weekly (31%). Investing then becomes a financial goal unto itself, with the majority of investment app users citing setting aside more for investments as their number one financial goal for this year (58%). With a solid foundation, investment apps present future-looking opportunities to new populations.

**Digital wallets present new ways to enjoy experiences**

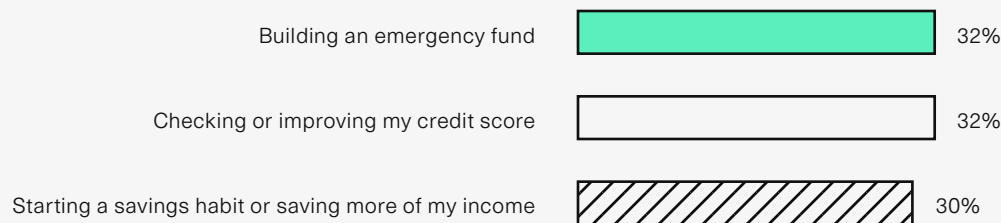
Two-thirds of Americans keep a balance in any fintech application (67%) and half keep balances in payments wallets (46%), which are now evolving to meet new use cases beyond splitting lunch with friends. A third of consumers say that at some point in the past year they've paid for everyday goods using a digital wallet, including food and grocery (32%), services (32%), and personal care (30%). These responses include paying a counterpart at a food truck, a small business, a salon, or for personal services like a massage. When making these payments, six in ten consumers say they've used services such as Venmo, PayPal wallet, Cash App, or Zelle (59%), while around half have used mobile payment tools like Apple Pay and Google Pay (49%).

When paying from a digital wallet, consumers face the option of where to draw those funds into the wallet from: more than half plug in their debit card (53%), and one in six connect their bank account (14%). This seemingly comes down to a feeling of control, where three-

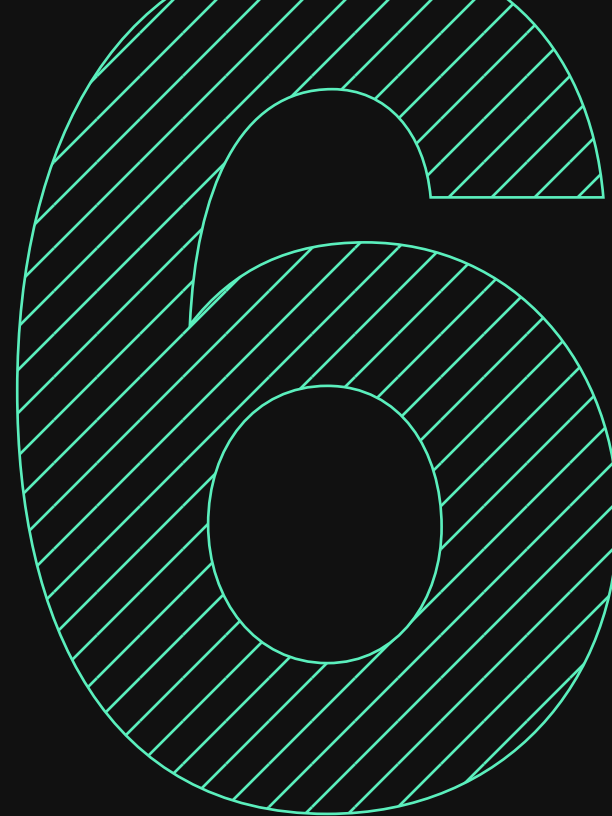
quarters say they feel a greater level of control over my budget when paying directly from my bank account (debit, void check, pay by bank), versus using a credit card (73%). Half of Baby Boomers who use digital wallets fund those wallets with a credit card (50%), compared to only 16% of Gen Z, who tend more often to fund accounts using debit cards (73%).

As payment tools evolve beyond peer-to-peer, consumers are increasingly pulling out their smartphones to pay for more than just their share of lunch. Companies are incorporating wallets into new experiences as part of embedded finance, expanding consumer payment options.<sup>10</sup> Finance plays a key role in people's lives at every stage and age, presenting significant opportunities to engage and retain customers. Whether in the short, medium, or long-term, consumers will continue to build their own ladders to financial well-being comprised of specific tools that meet their needs.

**Consumers say they've paid at these places using digital wallets at some point over the past year**



<sup>10</sup> FIS "5 factors driving the growth of digital wallets".

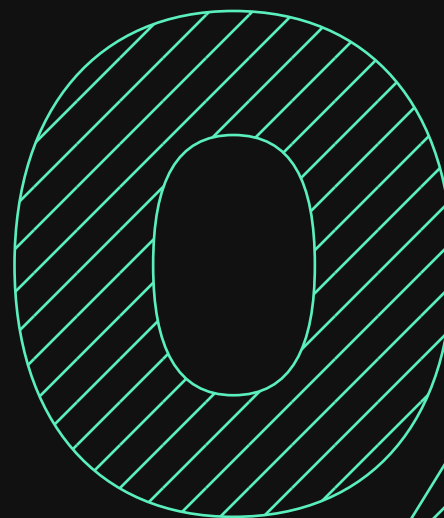


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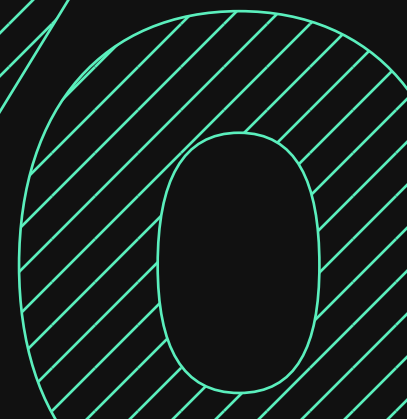
*make digital payments  
using Venmo, PayPal,  
CashApp, Zelle, etc.*



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## Persistent value will determine fintech's future

In the third year of this research series, we continued the quest to better understand how people use financial technology and the impact it is having on their lives. Questions remained about how use and perception would be impacted as the world reopened, and as people faced new economic challenges due to rising inflation, market volatility and overall economic uncertainty.

This year's report showed clear signs that mainstream adoption is being sustained and that fintech is becoming a primary way people complete many tasks, even as traditional, in-person options return. From the survey we know:

- \* **Fintech is being embraced universally and increasing access** – Adoption numbers and, more importantly, the perceived value of fintech remain high across demographic segments, including age, income, gender, and race. This includes providing more options and flexibility for traditionally underserved segments and bringing more of the population into banking, budgeting, planning and investing services that can help improve financial wellness.
- \* **Fintech's financial inclusion focus is playing out** – Younger generations continue to embrace new financial experiences, while groups across incomes and demographics use technology equitably to meet their biggest financial needs.

- \* **Consumers are leaning on fintech during economic challenges** – Consumers faced serious financial pressures in the past three years. Similar to how people viewed fintech as a lifeline during COVID, people are now leaning on fintech to help navigate new economic challenges, providing flexibility, tools to address specific challenges, and overall greater choice to reduce stress and help them make better decisions.
- \* **Value, trust, and control are top priorities** – As fintech became more familiar and everyday, consumers have come to prioritize value, trust, and control. When consumers want to tackle their biggest financial challenges, they seek a combination of security and trust provided by traditional finance, with the innovative experiences of fintech.
- \* **Financial wellness remains central** – Financial well-being remains at the heart of consumers' financial decisions, whether in the immediate term in just making ends meet, or for longer-term planning, investing, and savings. As the global economy continues introducing micro issues to individuals and households, fintech will need to lean into its speed-to-market innovation to build and deliver products that continue to guide consumers through volatility.
- \* **Gaps in specific use cases signal green space for growth** – As in years past, a gap persists between overall fintech adoption and specific use cases, signaling green space into which growth is possible. Consumers continue to show appetite for cross-selection of several applications that meet their short, medium, and long-term needs.

What continues to be consistent with previous reports is that the lines between “fintech” and “finance” continue to blur. Fintech is no longer separate, but at the center of the new, digital and connected financial ecosystem — in the foreground and in the background. Fintech-powered services are showing up everywhere in our daily lives — from digital wallets in your favorite coffee app, QR codes to pay your restaurant bill with your phone, and instant verification of income and employment when buying a car or renting an apartment.

To reach the next wave of fintech — where it becomes the primary way people complete nearly all of their financial tasks — requires cooperation across the ecosystem to deliver an open and equitable financial system that works for everyone. Helping consumers navigate financial challenges to deliver better outcomes is just the latest test fintech has passed. Adapting to meet fast-changing expectations can lead to continued success in the future.

