

II STUDY ABOUT KNOWLEDGE, HABITS AND USE OF FINTECH IN SPAIN

ASUFINTECH | DECEMBER 2020

Proyct Fintech and finacial services after COVID-19



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Introduction

The **Fintech** phenomenon is a business reality on the rise in Spain, employing around 7,500 workers. According to Abanca Innova as part of a recent analysis, there are currently 403 companies encompassed under this umbrella, which means a 3% more than last year.

Despite potentially slower growth of Fintech companies in 2020 when compared to previous years, it cannot be overlooked the use of these companies has expanded considerably. The pandemic, lockdown and change in habits has resulted in technology being used more frequently. However, in 2021, more drastic changes are expected with the launch of the Sandbox, or bank´s tests, approved in the Law 7/2020, November 13th for the digital transformation of the financial system.

As part of this II Study about knowledge, habits and use of Fintech in Spain our aim is to understand the impact of Fintech on consumers and respond to certain key points, such as their level of knowledge, use, the most commonly used services and the perception use of personal data, without forgetting how the technological use affects on the financial decision-making.

For the elaboration, helped by Antonio Luis Gallardo, between 17 November and 3 December 2020, 1,610 people were consulted as part of an online and telephone survey, involving people aged 18 or over, residing throughout Spain, weighting both the population of each autonomous region of Spain and age group, to achieve representative results in the entire sample analyzed.



This project has been subsidized by the Ministry of Consumer Affairs. Its content is only responsibility of the beneficiary association.

Main conclusion

In this study you will find:

- 1.** *Online* financial management continues to focus on the simplest tasks: more than 90% of the population is familiar with **checking balances or making payments**. This percentage gets lower if we take into consideration the saving management, that is checked online just by the 28% or hiring services , which only 26% do.
- 2.** The year marked by the pandemic and in which the use of technology has increase to work or shop, the business located on the Fintech sector should have taken advantages of an **increment of notoriety** by consumers. However, it has not been very remarkable, just two percentage points (32.6% versus 30.2%) from 2019 to 2020.
- 3.** If we just focus on the fintech services. the ones that facilitate payments and transfers, like those offered by PayPal or Transferwise (with multy-currency) are the most used, with a percentage that scalates to 89%. ThThere is quite a distance with the rest such aggregators, which allow manage diverse financial products with a single tool, or financial comparators.
- 4.** One more year, **we keep trusting more the conventional banking than the GAFA** (big technology companies Google, Apple, Facebook and Amazon) when managing the personal data that we share: just over half of the population (51.6%) express their confidence in the firsts compared to 37.2% of the second. Even more striking: We express greater confidence in government agencies, such as the Tax Agency or Social Security, 55.9% and 58.1%, respectively, than in large technology companies.
- 5.** **We are concerned about the amount of information about us that GAFA already holds**, to the point that 76.5% would not yield more data. However, we would be willing to do it if we could obtain better services.

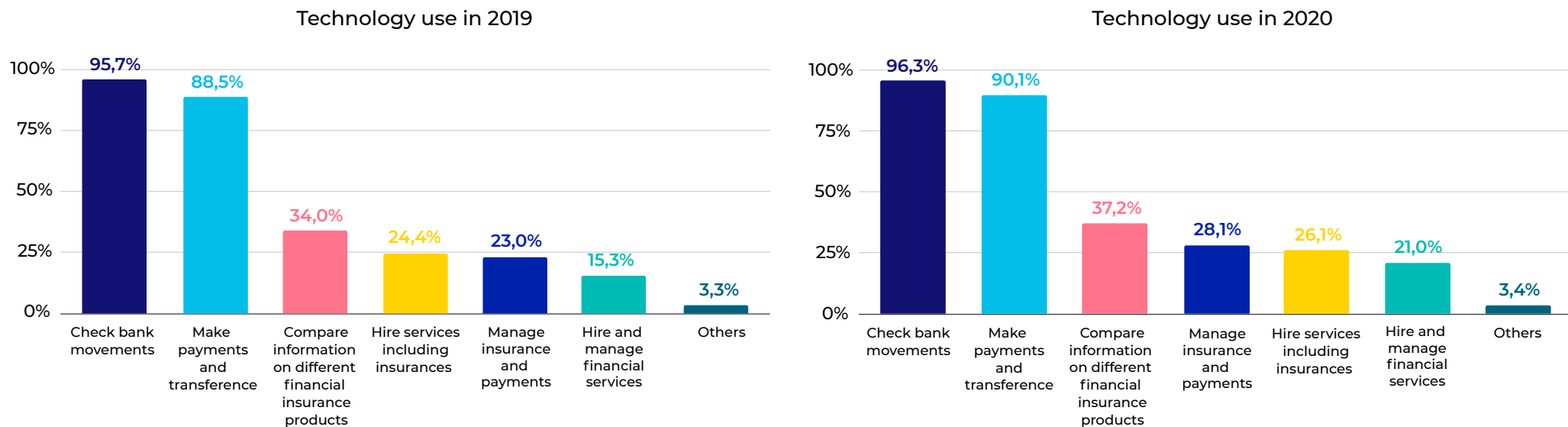
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1. *Online* financial management and Fintech knowledge

The *online* management of financial services is something that **is increasingly promoted by the entities**, banks and other conventional market operators, which join forces with the activity of companies born in the digital environment, what we know as Fintech.

NEW TECHNOLOGY USE



1. *Online* financial management and Fintech knowledge

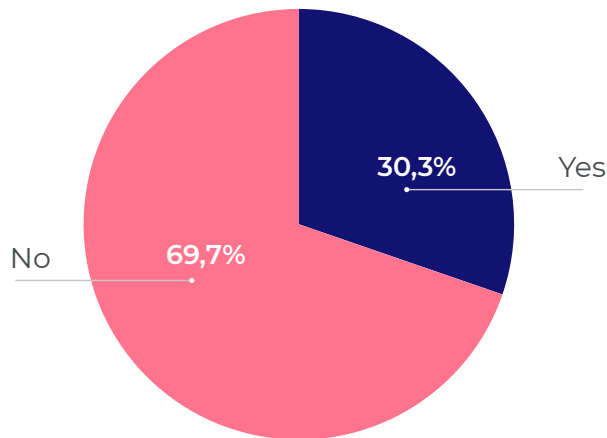
It is observed that nearly all of the respondents, both for this 2020 edition and for the previous wave, 2019, are familiar with **online financial management's simplest tasks**: consult movements (**96,3%**, just 0.6% more than in 2019) and making payments and transferences (**90,1%**, only 1.6% more than in 2019).

However, and despite the change in habits caused by the pandemic, **percentages are still registered at the time to carry out more sophisticated online procedures**: **37,2%** of the population compares information about different financial products or insurance, a percentage almost identical to **34%** in 2019; **26,1%** hire remotely, compared to **24,4%** of 2019, and **28,1%** manage their savings and investments exclusively remotely, compared to **23%**, in 2019. The financing operations's management is the only one that experience a slightly notable rise, that goes from **15,3%** in 2019 to **21%**, in 2020.

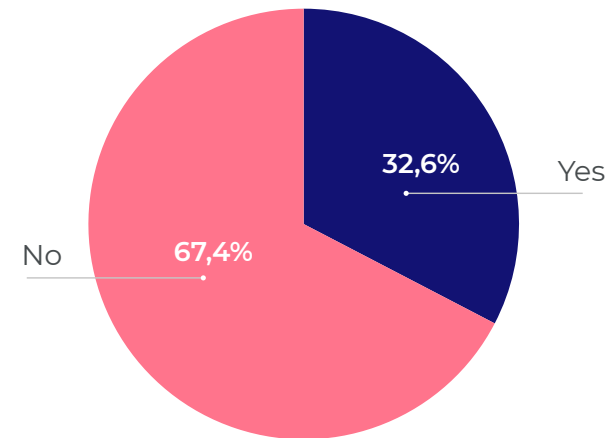
1. *Online* financial management and Fintech knowledge

In the year in which access to *online* financial services has multiplied, companies located in the Fintech sector **should have taken advantages from a considerable increase in knowledge** and use by consumers, however, the data show us that it has been very moderate.

Knowledge of fintech companies 2019



Knowledge of fintech companies 2020

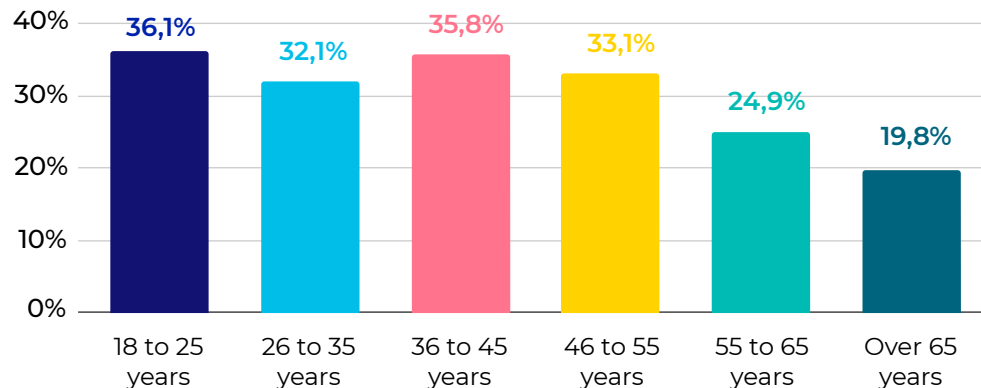


Although the knowledge of fintech companies has risen some positions, only **2,3%** more of the respondents compared to the previous year (**32,6%** in 2020, compared to **30,2%** in 2019) unequivocally recognize them.

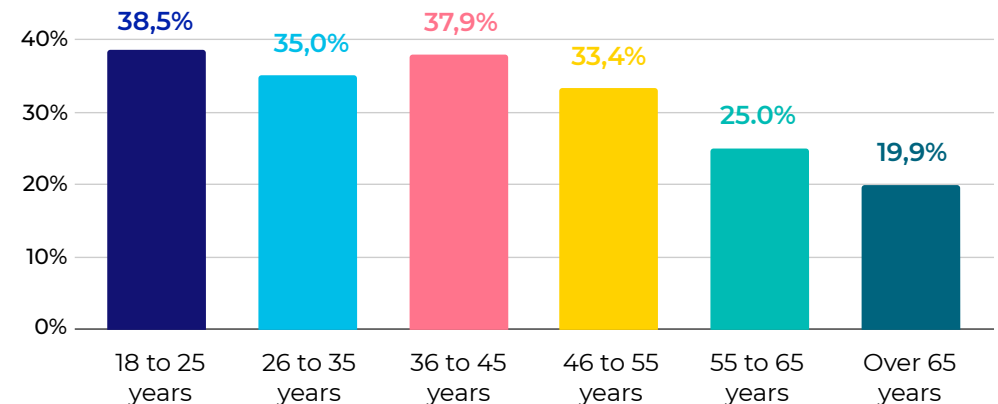
1. *Online* financial management and Fintech knowledge

As we already said in the 2019 study, the the knowledge level and the use of the tools that are provided by the Fintech **is mainly concentrated in the younger age groups**, which increases the number of differences and the digital gap.

Knowledge of fintech companies by age groups 2019



Knowledge of fintech companies by age groups 2020

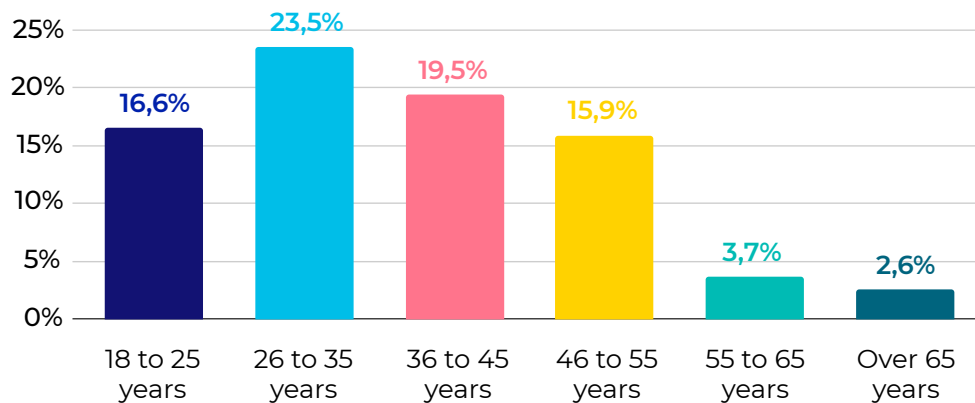


Once again ages from 18 to 25 and 36 to 45 the most aware of the existence of companies Fintech and the services they provide. The youngest group (18 to 25 years) experiencing growth compared to 2019 from **36,1%** to **38,5%** and that of 36 to 45 years old group grows to **37,9%** (**35,8%** in 2019). From the age of 46, percentages of the population familiar with the Fintech companies are progressively decreasing with changes compared to 2019 testimonials.

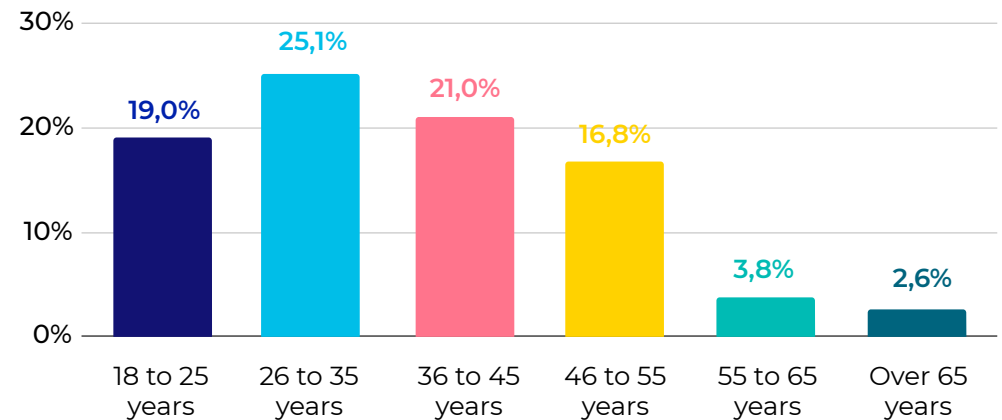
1. Online financial management and Fintech knowledge

USE OF FINTECH BY AGE

Use of Fintech by age 2019



Use of Fintech by age 2020



These differences are much more evident when using Fintech services. **The age group that uses the most the Fintech services is that from 26 to 35 years old**, with **25,1%** (23,6% in 2019), followed by 36 to 45 years old, with **21%** (19,5% in 2019) and the third, and the one that has increased the most, is the group from 18 to 25 years old with **19,0%** (16,6% in 2019).

1. *Online* financial management and Fintech knowledge

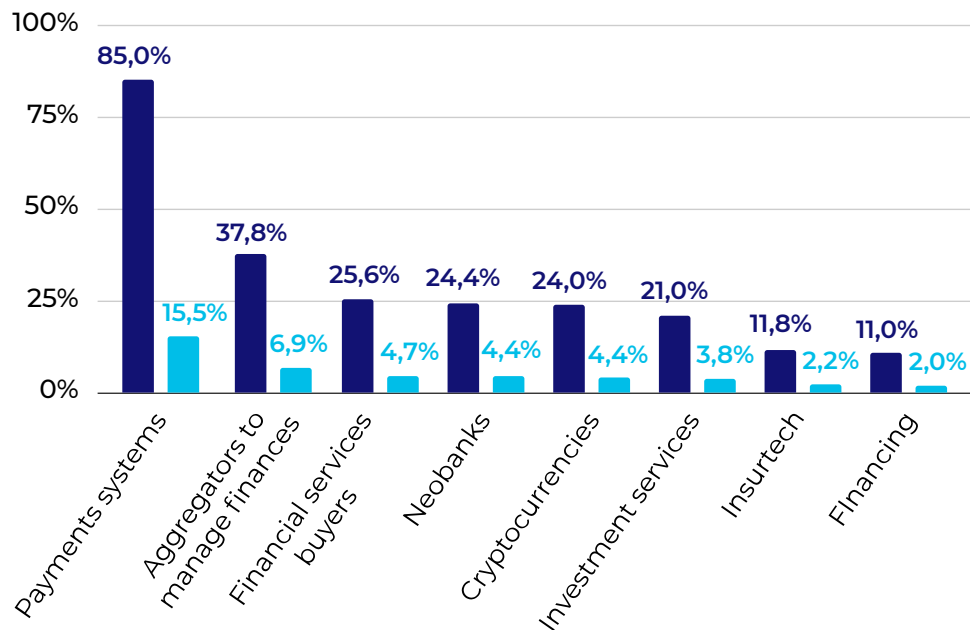
At this point, it is striking to note that it is not the section of the youngest, from 18 to 25 years old, that use the most the services offered by Fintech, despite leading the results by knowledge, but the one that follows, the 26 to 35 years old. It is evident that the control of technology, and therefore of knowledge, by the youngest **precedes the need to use certain services**, such as financing or investment.

The age groups from 55 years old continue to use **Fintech** little, maintaining the results very similar to last year. **The digital division**, at this point, is highly evident: No more than **3%** of the population over 65 uses the services provided by **Fintech** companies.

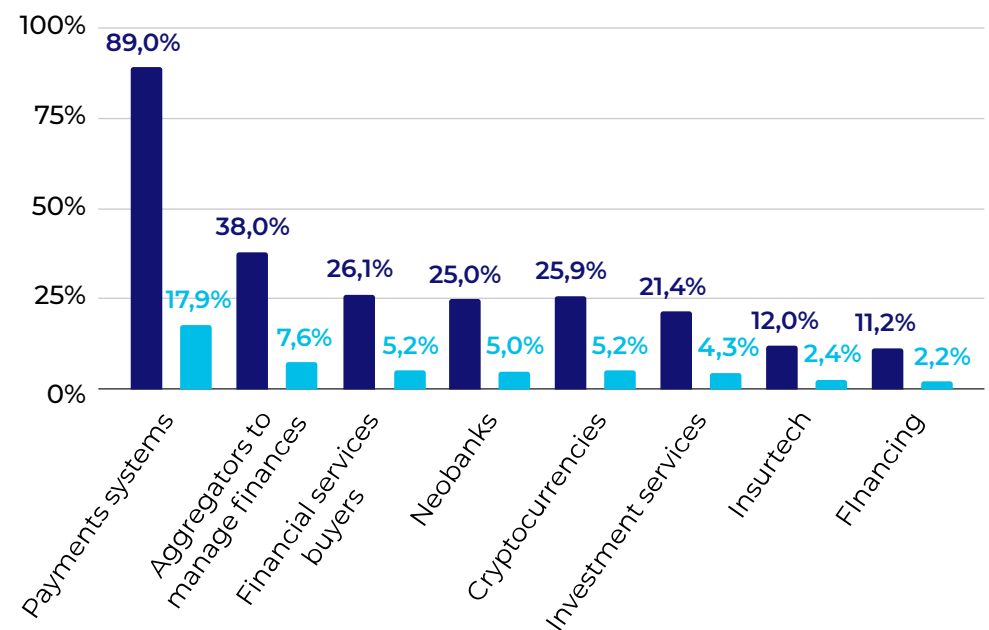
2. Use of Fintech services

Sticking exclusively to the services offered by Fintech operators, the most widespread is once again **payment services, such as PayPal or Transferwise**, which are mostly used by **Fintech** management familiar population, in **89%** of the cases, and which occupies the first position with respect to the set of services, in the case of the rest of the population, with **17,9%**.

Population that uses fintech services in 2019



Population that uses fintech services in 2020



■ Fintech population ■ Total population

2. Use of Fintech services

The other services considered in the survey are located at a greater distance. For example, financial product aggregators, which allow to operate through a single tool the finances managed by different entities and operators , are commonly used by **38%** of the population accustomed to the Fintech environment, and only by **7,6%** of the rest of the population. If we compare this with the 2019 data, we see that the results are quite similar and again reveal **how poorly established certain Fintech services are, such as those in the insurance sector**, which are around **11%**.



3. Knowledge of Fintech companies, yet to take off

It is clear that **the *online* environment is increasingly natural for finances and economies of any size**. The speed, safety and traceability of operations facilitate handling and provide many advantages to the operators and users. However, **the majority use that the population makes of new technologies to manage finances it continues to focus on the basic operations like consulting movements, managing payments and transfers**.

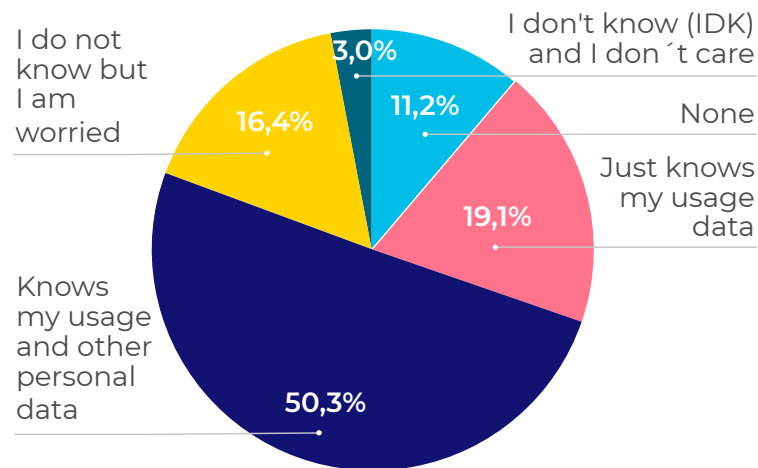
The results of the survey highlight the digital division that we have to stay on vigilant not to generate financial exclusions, especially among the elderly population.

And there is some time left for broad layers of the population to easily identify the operators technological native financial institutions, Fintech companies. **Around 70% of the population does not know yet of framed companies in the sector**. The most demanded services are those of payment, followed at a greater distance by manage finances aggregators and financial product comparators. As already mentioned, the Insurtech (insurance sector) has still a long way to go.

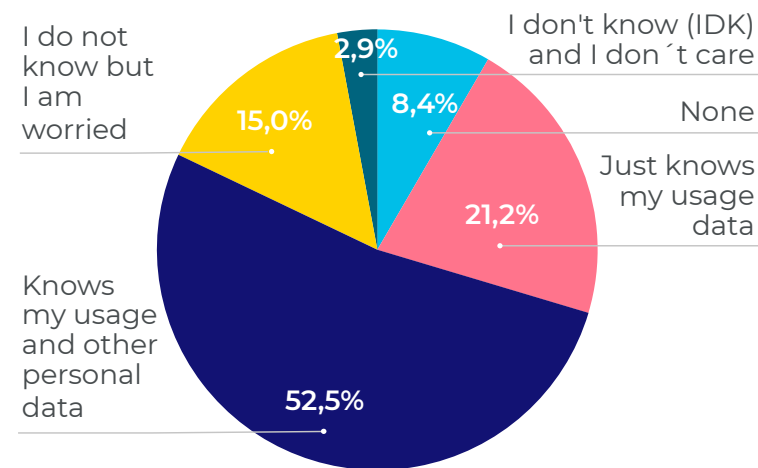
4. Data trasference and processing knowledge: GAFA

A good part of **Fintech** services are based on **the availability and use of personal data in order to offer a more personalized service**. This use will be greater when large technological companies actively enter to the financial market. such as Google, Apple, Facebook, and Amazon (known by the acronym GAFA).

GAFA knowledge 2019



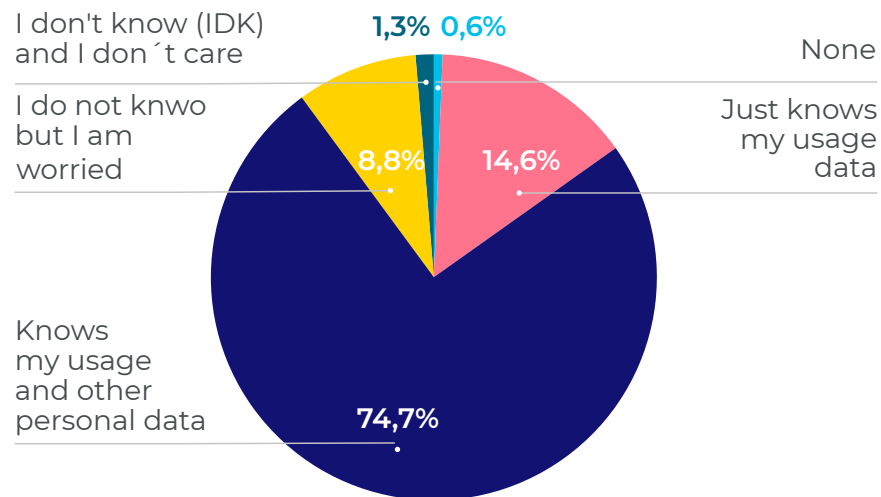
GAFA knowledge 2020



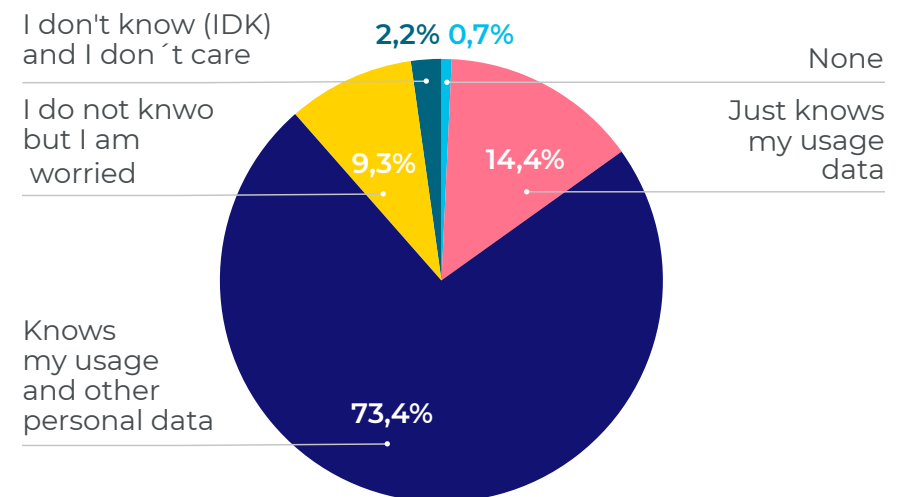
The majority of the population is aware of this reality: slightly more than half (**52,4%**) sabe que usando la tecnología de know that using the BigTech's technology is providing usage and personal data and **21,2%** think that it only gives usage data. With results quite similar to those registered in 2019, we have a significant part of the population that ignores this reality.

5. Data transference and processing knowledge: Conventional banking

Banks data transference 2019



Banks data transference 2020

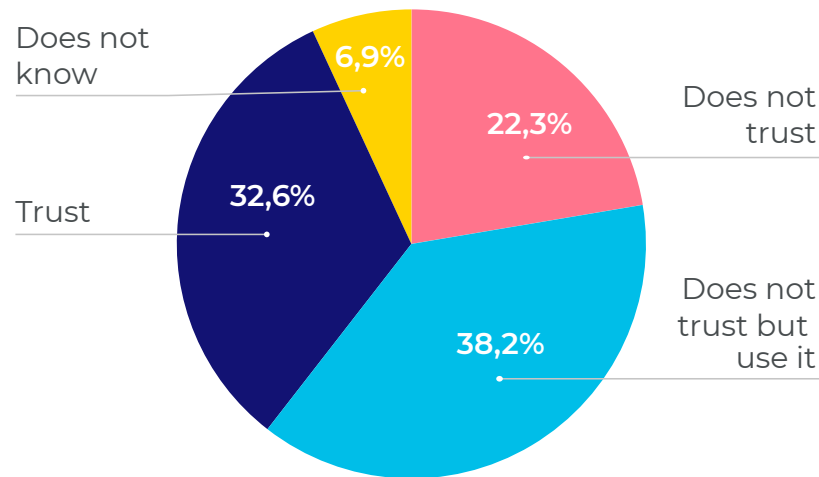


If the previous data, referring to GAFA, is contrasted with the one from conventional banking, **it is very striking to note** that **73,4%** of the population declares that they know that their entity handles personal and usage data from the online app that they have available for the customer, compared to **52,5%** in the case of large technology corporations. It is a difference of 20 percentage points of the population who think that banks handle a greater number of data, even of a personal nature, than GAFA.

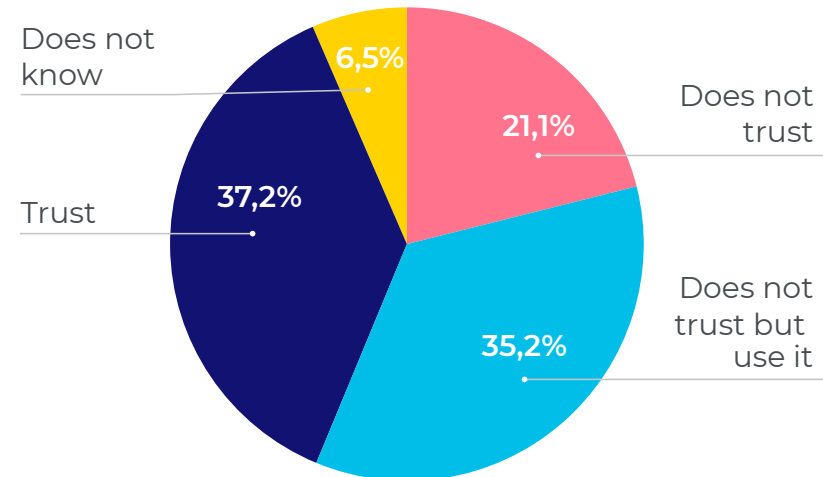
6. Confidence in the data transference and processing: GAFA vs. conventional institution

GAFA TRUST

GAFA trust 2019



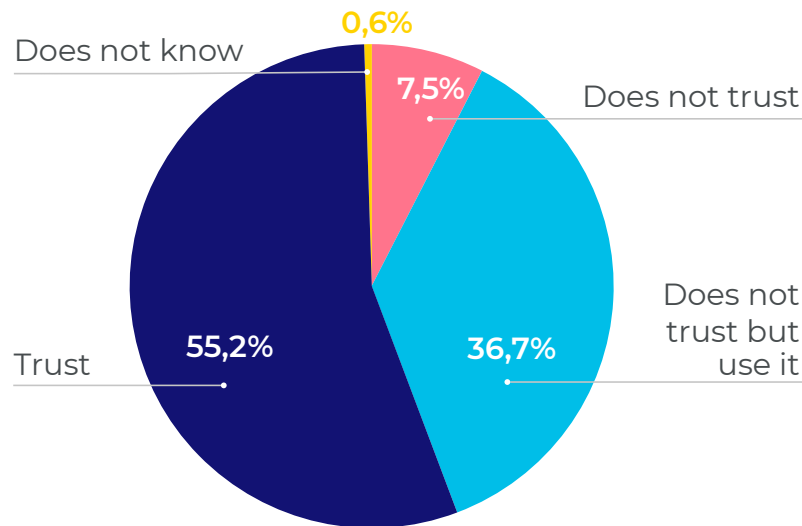
GAFA trust 2020



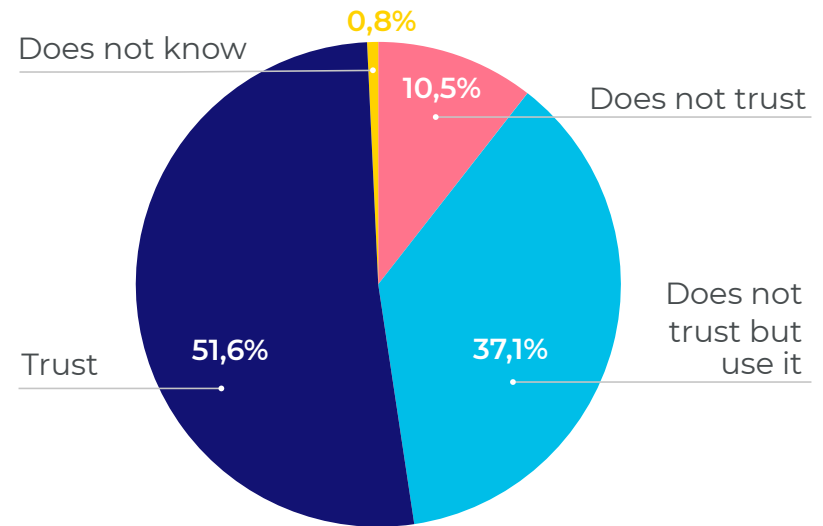
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CONVENTIONAL BANKING TRUST

Conventional banking trust 2019



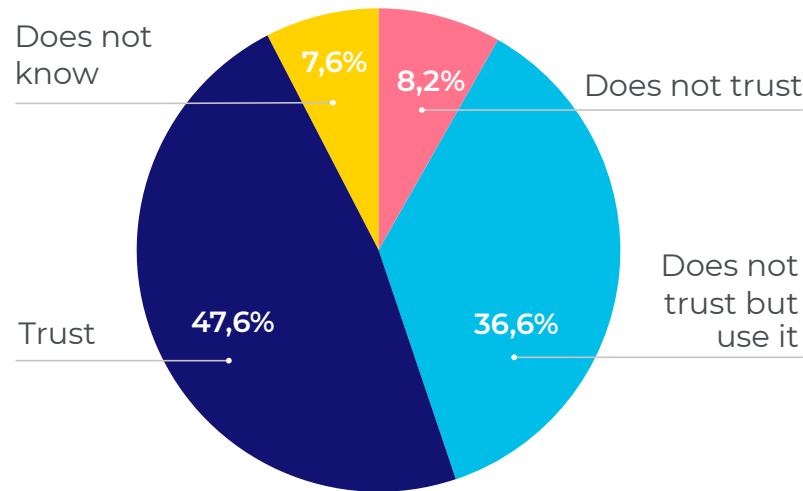
Conventional banking trust 2020



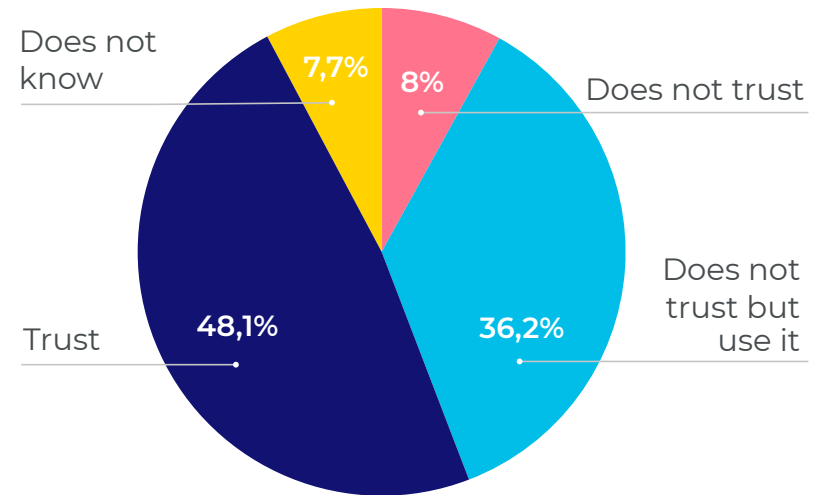
6. Confidence in the data transference and processing: GAFA vs. conventional institution

INSURANCE COMPANIES TRUST

Insurance companies trust 2019



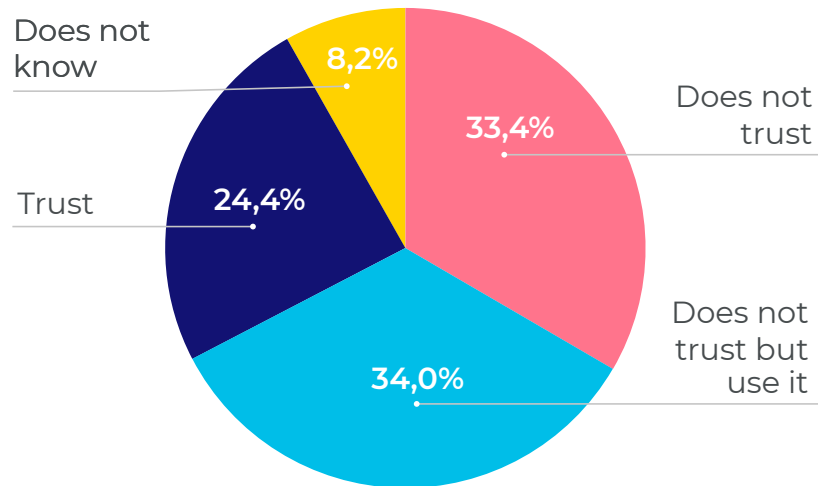
Insurance companies trust 2020



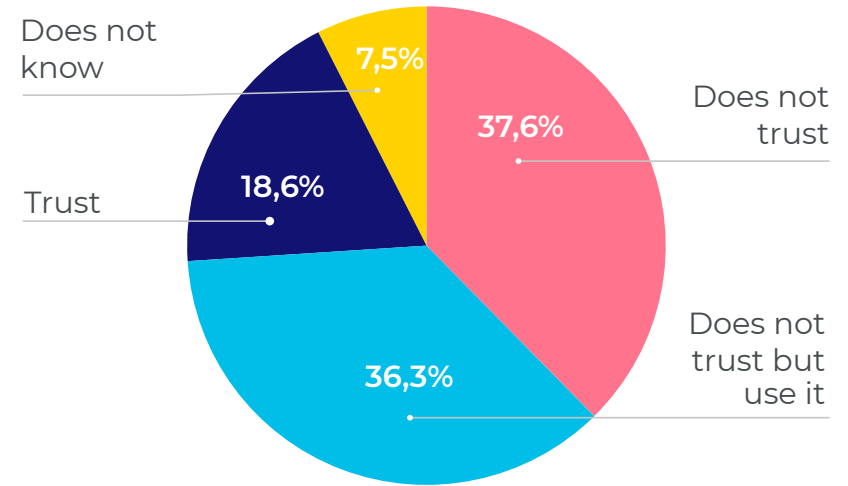
6. Confidence in the data transference and processing: GAFA vs. conventional institution

GOVERNMENT DATA MANAGEMENT TRUST

Government data management trust 2019



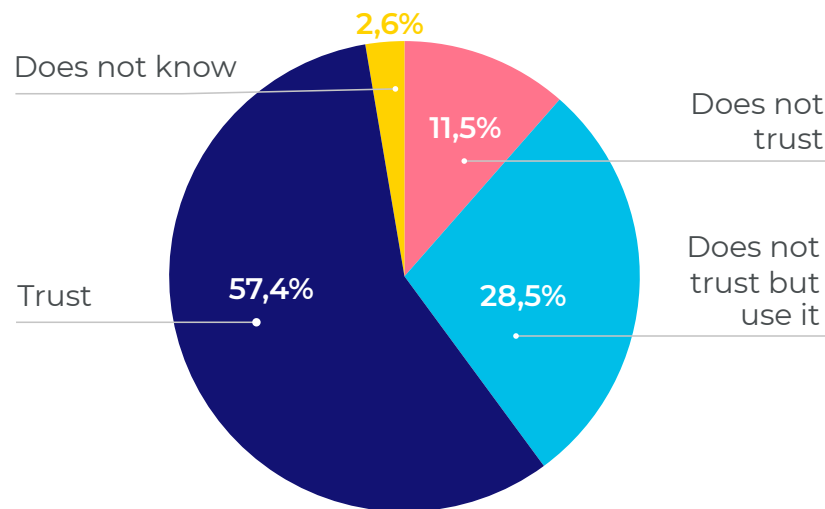
Government data management trust 2020



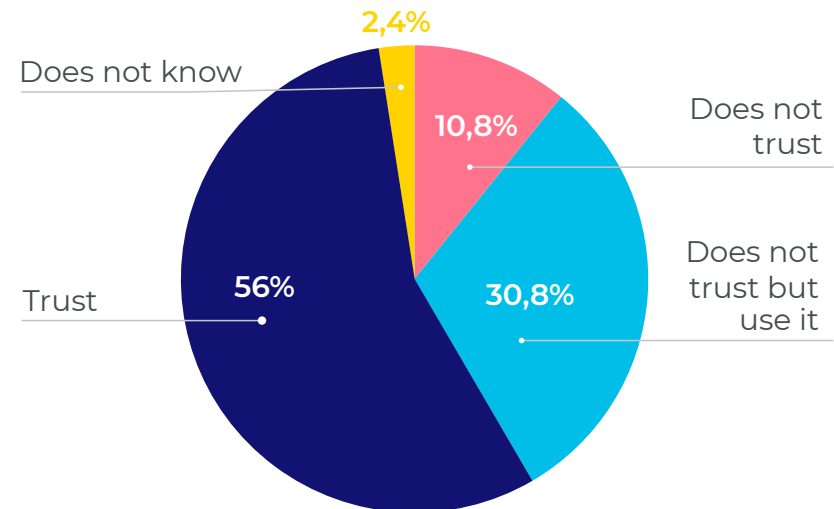
6. Confidence in the data transference and processing: GAFA vs. conventional institution

TAX AGENCY TRUST

Tax agency trust 2019



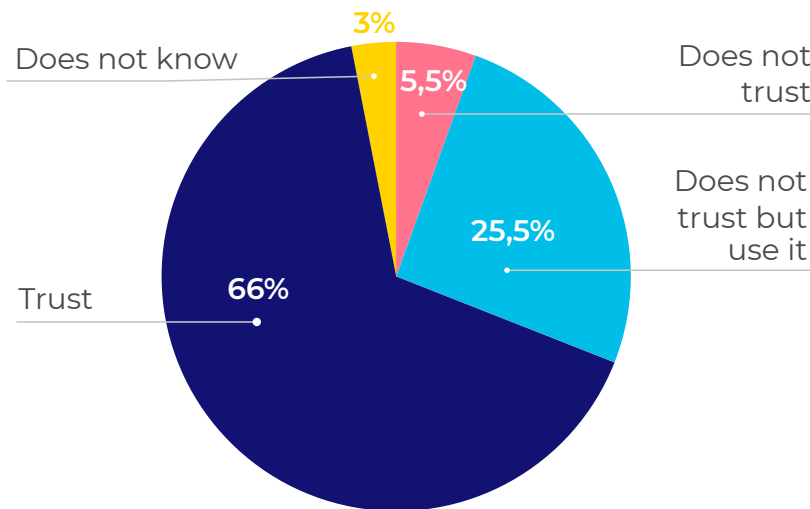
Tax agency trust 2020



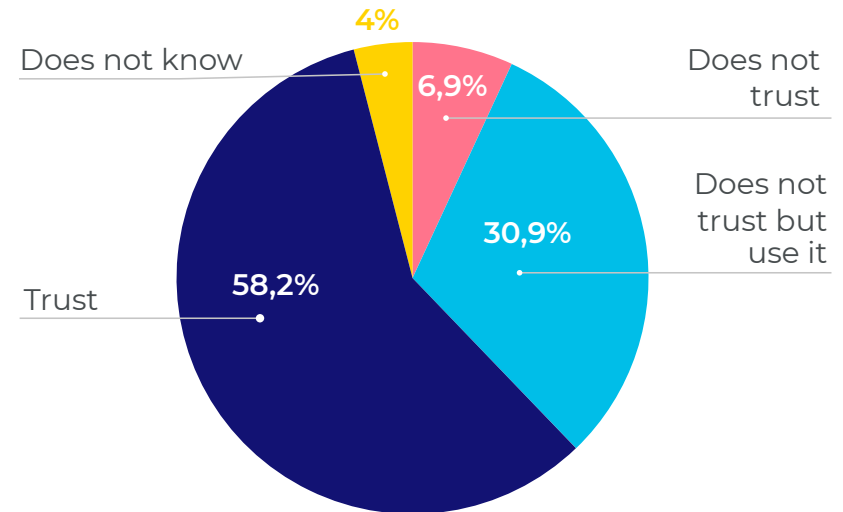
6. Confidence in the data transference and processing: GAFA vs. conventional institution

SOCIAL SECURITY TRUST

Social Security trust 2019



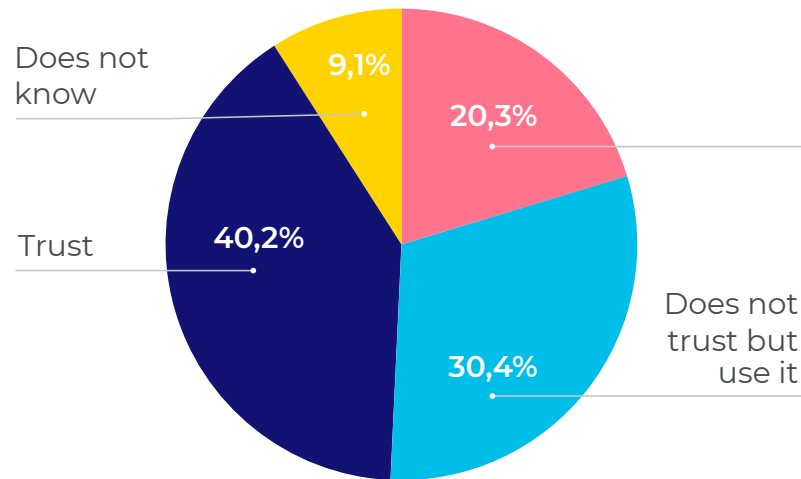
Social Security trust 2020



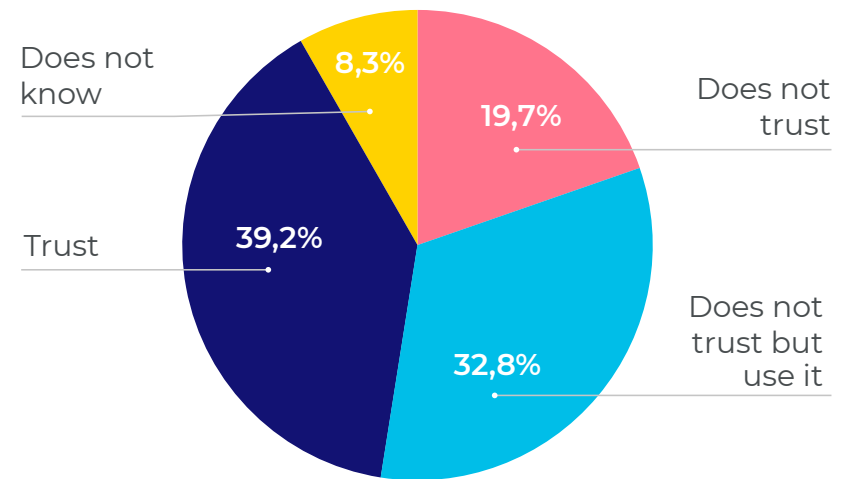
6. Confidence in the data transference and processing: GAFA vs. conventional institution

COURTS TRUST

Courts trust 2019



Courts trust 2020



6. Confidence in the data transference and processing: GAFA vs. conventional institution

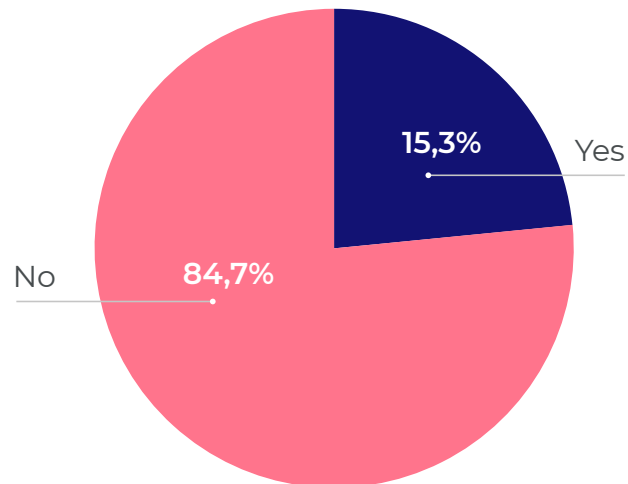
For another year, we are witnessing a reality marked by **greater confidence in the management of our data by the conventional market operators**, such as banks or insurers, than large technology companies. The percentage of those who trust in an adequate treatment of the information that we give to the GAFA is **37,2%** and it rises to **51,6%**, in the case of conventional banking and 48.0%, in the case of insurance companies.

The trust we place in government agencies such as the Tax Agency or Security Social is higher than the GAFA; the percentage of the first one rises to **55,9%** and **58,1%** respectively. It is paradoxical, however, that **the traditional mistrust of government work, in general terms**, it is also manifested when considering the treatment of personal data: only **18,5%** trust the Government, a significantly lower result, than the one obtained by the big technology companies.

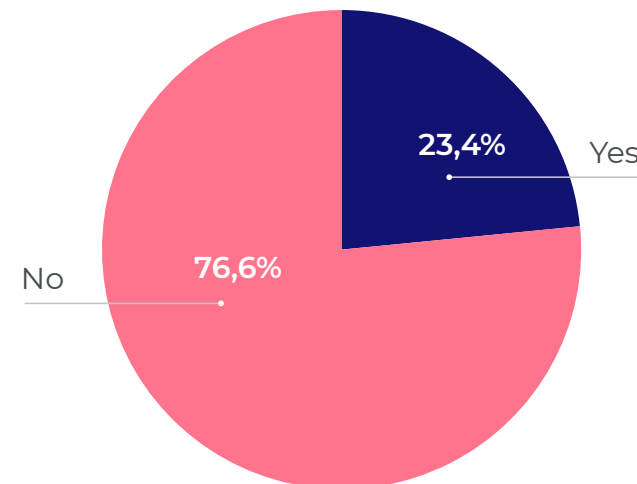
7. Reasons for a greater data transference to GAFA

The data transfer that we make to large technology companies **is badly thought of by the population**, in general terms: up to **76,5%** would prefer not to continue doing it. A percentage, however, which has decreased with respect to the last edition, from 2019, which reached **84,7%**.

Will you transfer more data to *online* companies 2019



Will you transfer more data to *online* companies 2020

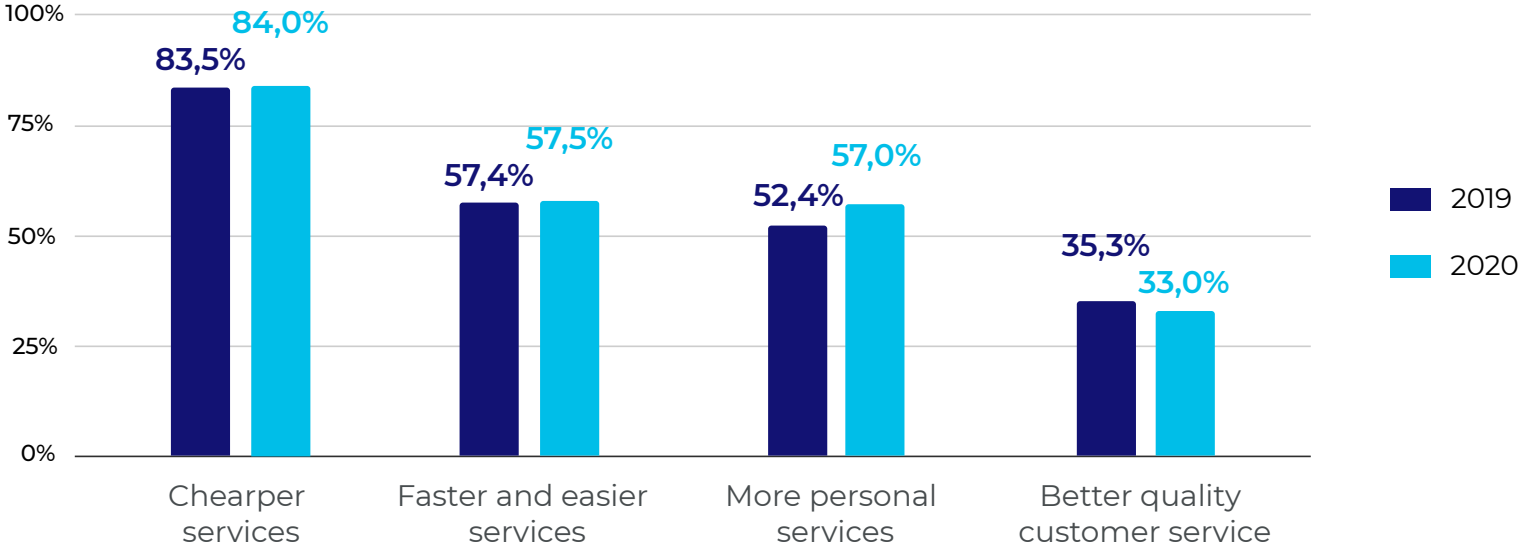


However, when considering the reasons why we would transfer more personal data, the main one is again, a once again, obtaining services at a better price: 84% say so.

7. Reasons for a greater data transference to GAFA

WHY WOULD YOU TRANSFER MORE DATA?

Why would you transfer more data? (2019/2020)



8. Conclusion: Data transference, the price we pay

Fintech companies are here to stay. Their aim is to make our lives easier, avoiding having to go personally to a bank or to the insurance agency in person, which offers great value, not only in the modern world we live in, but in light of the specific situation we currently find ourselves in, **where minimising personal contact is a matter of health**. It is therefore no surprise that the vast majority of the population consults bank transactions and undertakes payments or transfers online. However, this popularity in the use of online tools contrasts with the perception that the population has of Fintech companies, as only 1 in 3 are aware of this technology, with this percentage dropping drastically when talking about their use, as from the 33% of the population who are aware of them, only half use them.

But what does using a **Fintech** company mean? Saving time on travel and having to wait, perhaps in exchange for more competitive prices. But everything comes at a cost, and **in this case, this involves the transfer of data, both in the form of use and personal data**. Therefore, although almost 70% of the population is aware that technology companies use data, we cannot compromise on the protection that is needed in this area, and **we must demand maximum transparency and clarity from Fintech companies** as part of the services offered and in terms of the consequences that their use may have on consumers.

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