
Consumer Survey: Financial Apps and Data Privacy

NOVEMBER 2019

Summary

The Clearing House (TCH) is pleased to release the 2019 consumer survey on financial apps and data privacy that focuses on how non-bank financial apps access personal financial data and what consumers understand when it comes to how these apps utilize the data.

Every day, digital banking is increasing in popularity as it meets banking customers' demand for convenience. Financial apps are a growing part of the overall financial ecosystem, making it more important than ever to assess consumers' understanding, attitudes and knowledge about these solutions and the associated data privacy and security implications.

In early 2018, TCH conducted a survey to explore what consumers knew about how their data is accessed, collected, used, stored, and shared when using financial apps. We learned that there is a disconnect between what consumers think they know about financial data collection practices and what they actually know.

With the awareness that too many financial apps still fall short in meeting a key expectation of their customers—data privacy and security—TCH updated the consumer survey in Q3 2019 to:

- Get a fresh take on what consumers are feeling and seeing in 2019;
- Dive deeper into their perceptions about how financial apps access, collect, use, store, and share their data;
- Understand the current landscape of financial apps and how it has evolved; and
- Uncover new insights into consumers' mindsets at the intersections of finance, convenience, security, and privacy.

Our 2019 survey confirmed that digital tools play an increasingly important role in helping Americans manage their money. 54% of U.S. banking consumers use financial apps to engage in personal financial management, investing, borrowing, and person-to-person payments.

54% of U.S. banking consumers use financial apps to engage in personal financial management, investing, borrowing, and person-to-person payments.

From budgeting and payments to investing and lending, these services have the potential to provide significant benefits to consumers. And the use cases will continue to expand as financial apps and banks identify new ways to use data to customize their offerings and meet customers' changing needs.

Most financial app users (70%) are confident that their information is both private and secure. However, according to our survey, there is limited knowledge on the part of consumers about what data is collected, and how data is stored and shared. This is likely due to the fact that this information is contained within the apps' terms and conditions, which a majority of financial app users (79%) did not read.



There is limited knowledge on the part of consumers about what data is collected, and how data is stored and shared. This is likely due to the fact that this information is contained within the apps' terms and conditions, which a majority of financial app users (79%) did not read.

Moreover, many of those who claim to have read them report that they don't understand what they have read.

Most financial app users are not aware of the personal and financial data the apps have access to. For instance, 80% of users are not fully aware that the apps or third parties may store their bank account username and password. Once they realize this, more than two-thirds of users (68%) are uncomfortable with the apps' level of access. Similarly, a majority of financial app users do not know how their data is being used and shared by the apps. Less than 20% of users are aware that the apps may use third parties to access consumers' personal and financial information. Nearly two-thirds of users (65%) express discomfort with these arrangements.

Once financial app users realize the full extent of what data the apps access and how they use and share the

information, two distinct groups emerge, with 53% of users saying they are less likely to use the apps, and 47% saying they will continue to use the apps anyway.

Nevertheless, consumers in our survey voiced strong support for more education about financial apps, more control over their information and other steps to enhance data privacy and security. For instance, 65% of respondents supported actions that would require clear disclosure of what data third parties can access, and 59% want easier ways to control how their data is accessed and used.

80% of users are not fully aware that the apps or third parties may store their bank account username and password. Once they realize this, more than two-thirds of users (68%) are uncomfortable with the apps' level of access.

Overall, the findings of our 2019 survey reinforce that there is a need for more transparency, education, and control for consumers as they use financial apps.

Methodology

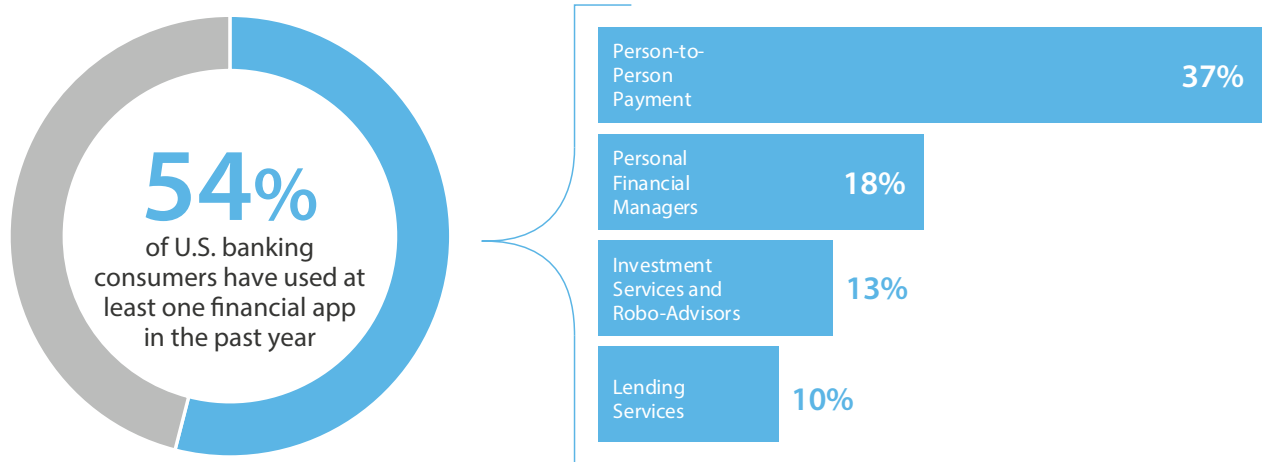
Hall & Partners conducted the 2019 consumer survey on behalf of The Clearing House between July 31 and August 14, 2019. The survey was conducted online and optimized for desktop and mobile devices. The sample consisted of a total of 3,967 U.S. banking consumers: 1,999 financial app users and 1,968 non-financial app

users. The survey was written in a way that educated respondents by sharing information about financial apps. This allowed Hall & Partners to examine the differences in consumer attitudes toward financial apps before and after exposure to information about these apps.

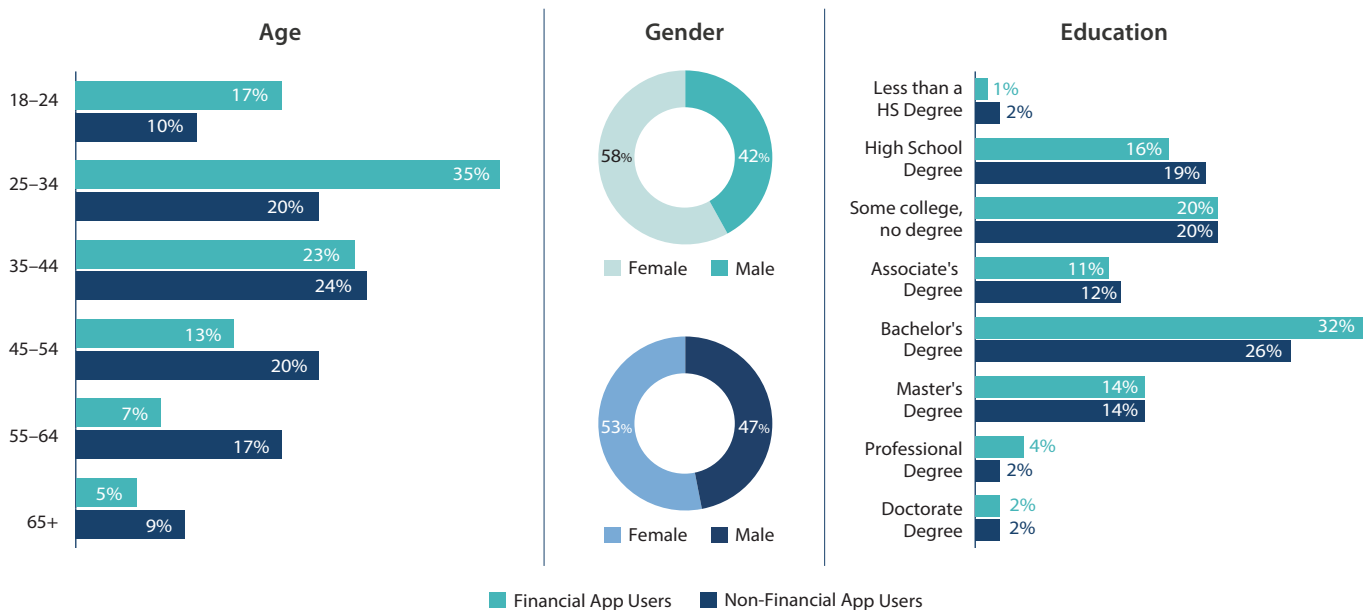


Financial apps are mainstream, driven by younger, educated users

More than half of U.S. banking consumers claim they have used at least one financial app in the past year. The most popular apps are for person-to-person payments, and more than a third of U.S. banking consumers have used one in the past year.



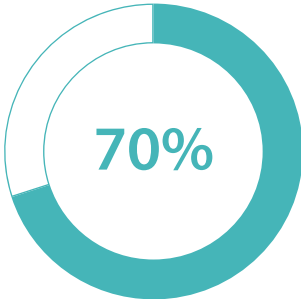
Financial app users are more likely to be younger and female compared to non-financial app users. They are also likely to have achieved a higher level of education.



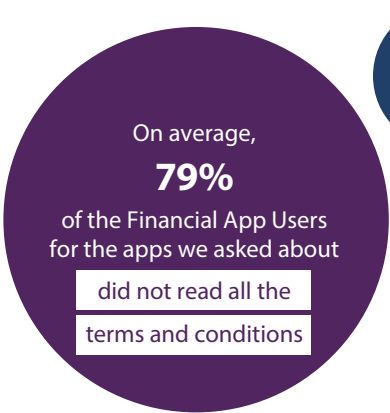
Consumers lack clarity about what they are signing up for when using financial apps

Most financial app users are confident that their information is both private and secure.

However, according to our survey, there is limited knowledge on the part of consumers about what data is collected, and how data is stored and shared. This is likely due to the fact that this information is contained within the apps' terms and conditions, which a majority of financial app users (79%) did not read. Moreover, many of those who claim to have read them report that they don't understand what they have read. Overall, only 11% of users claim to have read all of the terms and conditions and understand what they read.



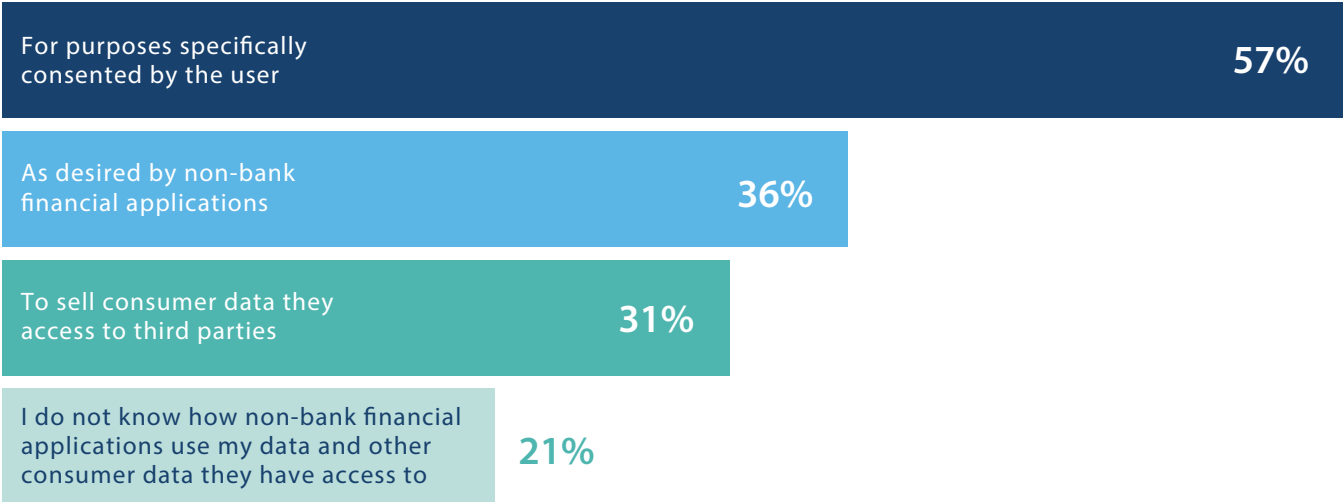
of financial app users are confident their data is both private and secure



claim to have read all the terms and conditions and understand what they read

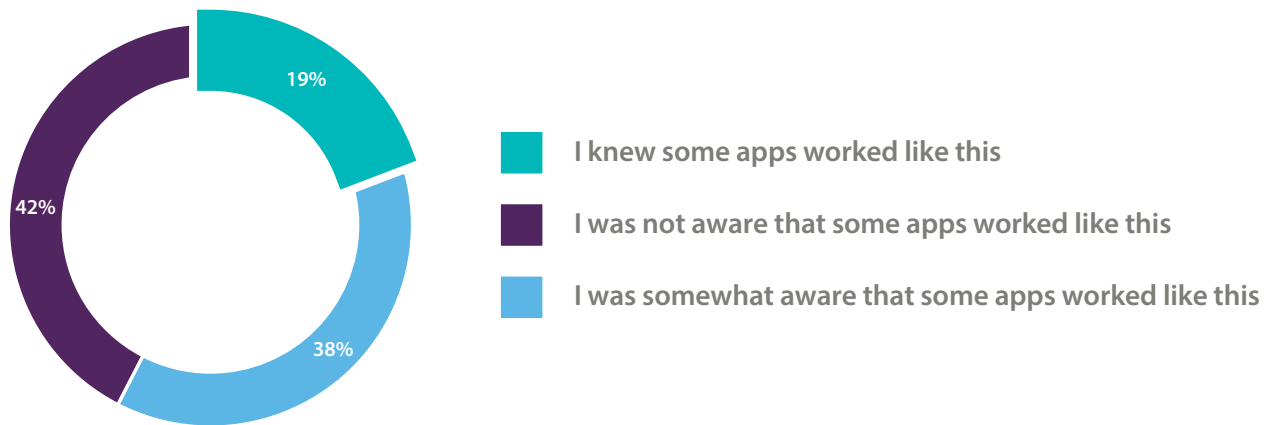
While financial apps have complete discretion of the data that is mentioned in the terms and conditions, consumers are either unclear about this or believe that the apps are using data only to get the information required to perform their service.

How do you think financial apps use your data and other consumer data they have access to?



Additionally, less than one fifth of users know that some apps use third parties to access their bank account information.

Are you aware that apps may use third parties to access your bank account information?



Less than a quarter of financial app users know that financial apps have access to their data until they revoke their bank account credentials.



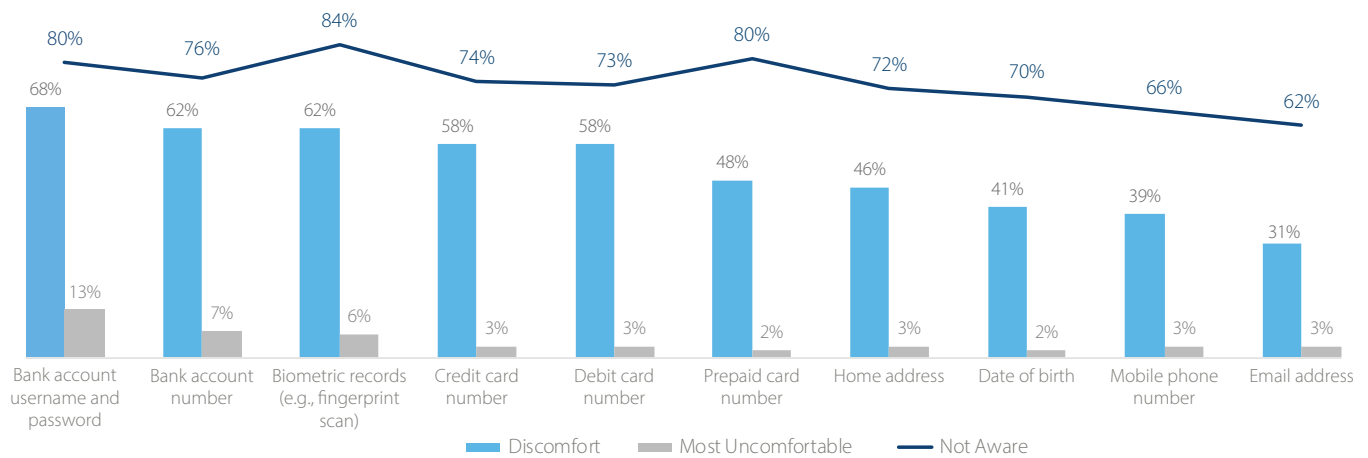
21% Aware data is accessible until user revokes credentials

- Believe their data is always accessible
- Aware data is accessible until user revokes credentials
- Don't know how long financial apps have access to their data
- Believe their data is only being accessed until they close the application
- Believe data is only being accessed until they delete the application

Once consumers realize what personal and financial information financial apps can access, they are not comfortable with it

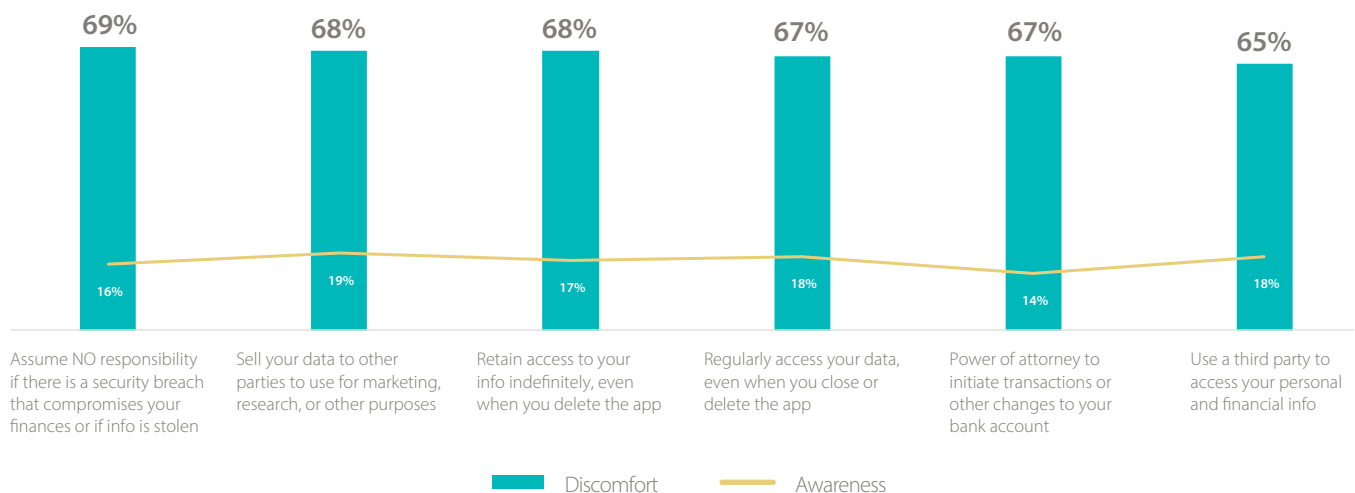
Most financial app users are not aware of the personal and financial data that the apps have access to. Once they realize they may have agreed to granting access to this information, the users are not comfortable with it. Financial app users are especially uncomfortable with sharing their bank account login credentials.

Discomfort and Awareness of Sharing Personal Information



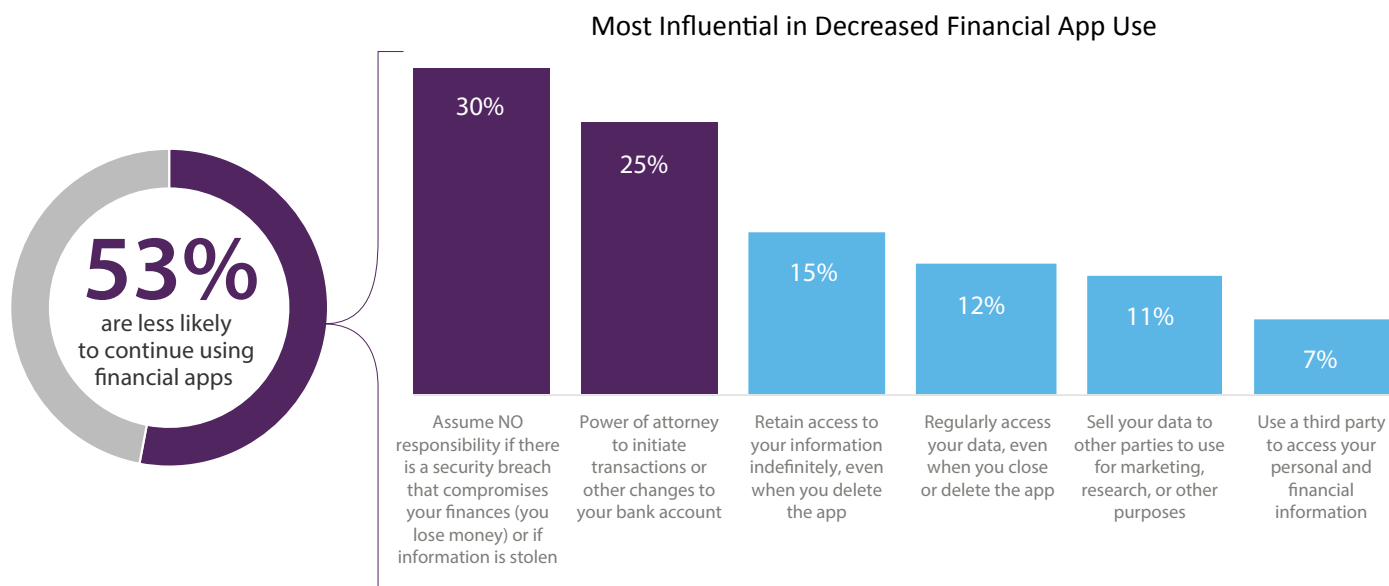
Beyond being unaware of how financial apps work, most users are also not aware of what the apps are able to do once they are being used. Most financial app users are uncomfortable with these permissions in place.

Discomfort and Awareness of Apps' Abilities

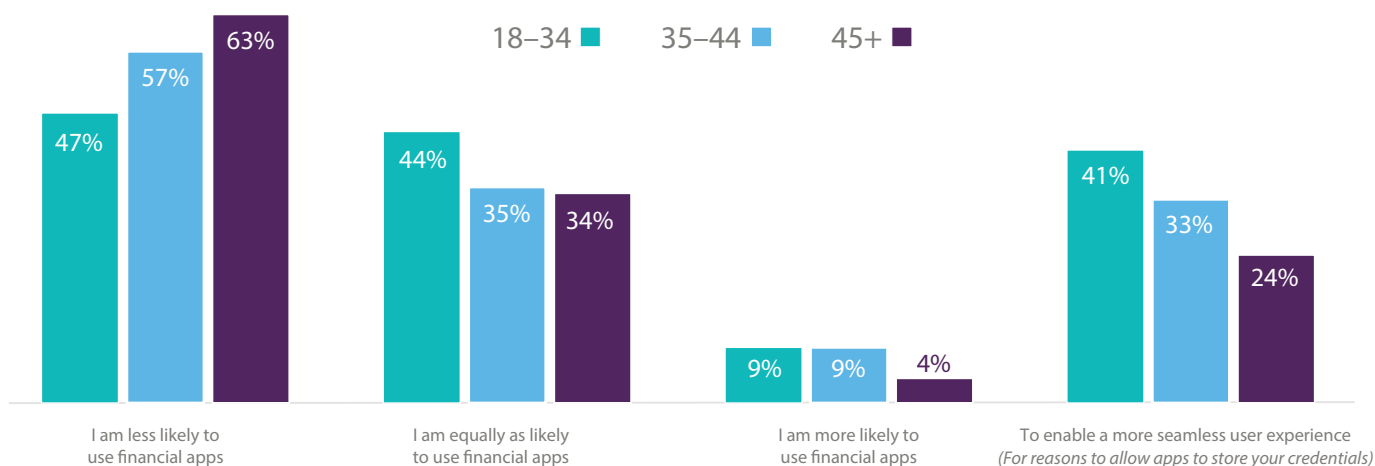


Data privacy and security concerns are important for many consumers, while others value the convenience of using financial apps

Once financial app users realize the full extent of what data the apps access and how they use and share the information, two distinct groups emerge, with 53% of users saying they are less likely to use the apps, and 47% saying they will continue to use the apps anyway. Younger users are more likely to continue to use the apps, as they place a higher value on a seamless experience. The most compelling reason for stopping usage of financial apps is the apps' lack of responsibility for data breaches.

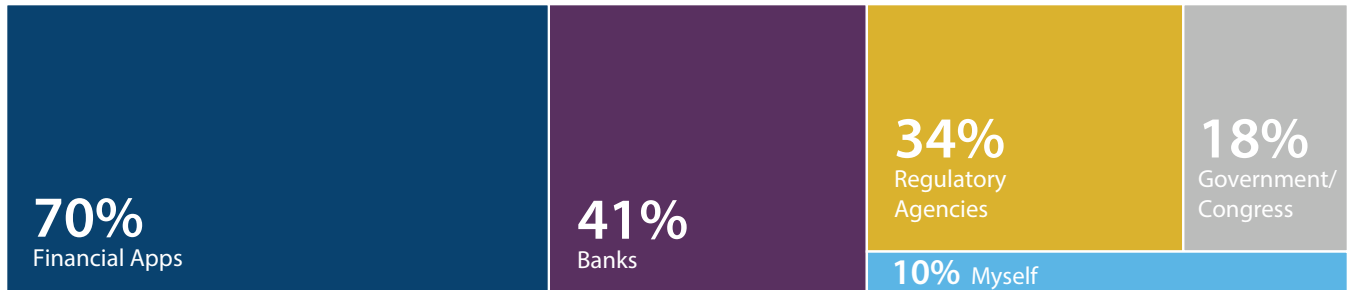


Younger users are more likely to use financial apps, and also place higher value on a seamless experience—valuing convenience over data security.



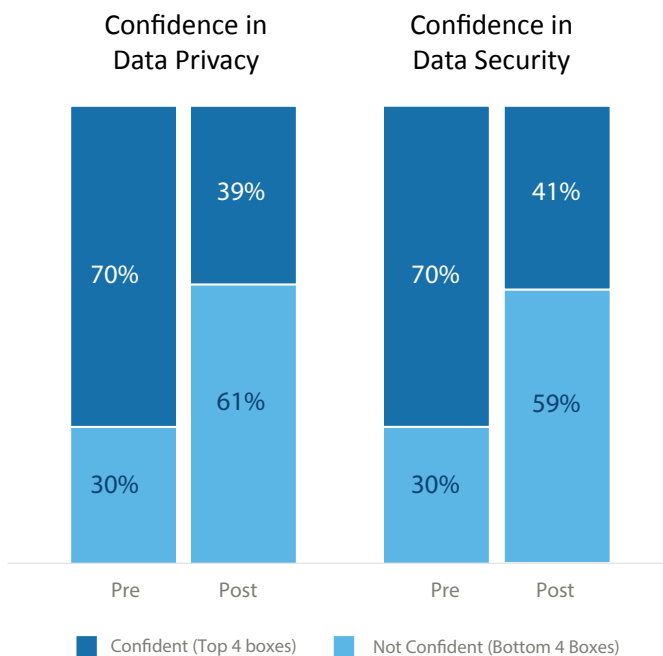
Most survey respondents believe that if there is a breach, the app should be responsible and hold most of the responsibility.

Perceived Responsibility if Financial Loss from Financial App



Education has a clear impact on data privacy and security perceptions

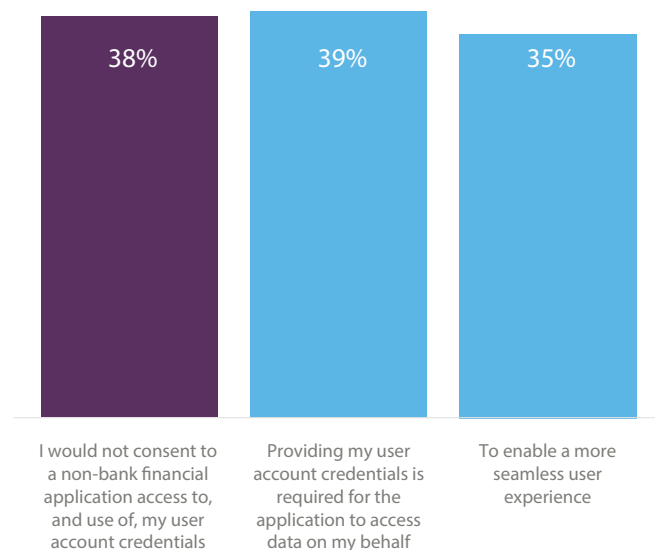
While most financial app users were confident at the start of the study that their information is private and secure, only about 2 in 5 are confident once they have been exposed to information through the survey.



(On a scale from 1–7 where 1 is “Not at all confident” and 7 is “Extremely confident”)

Upon learning about how financial apps store users’ bank account credentials, many users are unlikely to give complete access with their credentials in the future.

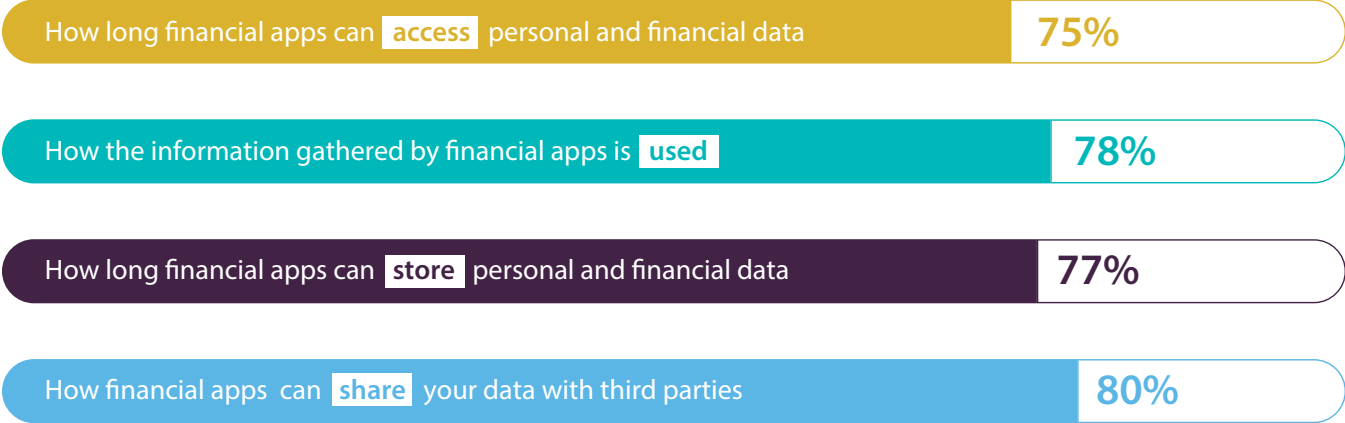
Reasons to Allow Apps to Store Credentials



Consumers are supportive of more education, transparency and control around data sharing

Financial app users want more education. They see its value and find it important for their privacy and security with their continued use of financial apps. They expect education to come from their banks and from the financial apps themselves.

How important is it for you to learn about the following concerning financial apps?

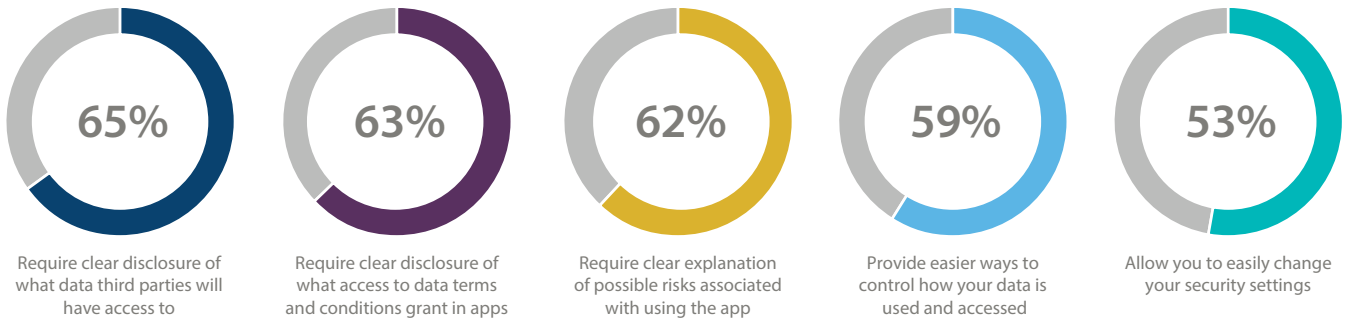


Who should be responsible for education and awareness about financial apps' data use and access?



Beyond education, movements toward other changes are highly supported as well because overall people believe they should have more control over their data.

Actions Supported



Users want more control over how third parties access their data. More than half would prefer to use a settings page within the financial app to exercise that control.

Desired Access Controls

Desired Mechanism of Access Controls

