
2021 Consumer Survey: Data Privacy and Financial App Usage

DECEMBER 2021

Summary

The Clearing House (TCH) is pleased to present results from the 2021 Consumer Survey: Data Privacy and Financial App Usage. This research is updated from 2019 and focuses on the record number of consumers using non-bank fintech apps to manage their finances; the continued lack of understanding about how apps access and utilize consumer data; and consumers' desire for greater control over their data.

TCH conducted the first of these surveys to explore what consumers knew about how their data is accessed, collected, used, stored, and shared when using fintech apps. Similar to previous studies, the 2021 survey found there is a disconnect between what consumers think they know about fintech data collection practices and what they actually know.

A growing number of consumers are using digital banking and fintech apps on a regular basis to manage their finances, transfer payments, and engage in other financial activities. The COVID-19 pandemic highlighted the convenience of these apps, as more services moved online when consumers' time at home increased. Yet, during this time, risks to data security also increased. Data breaches were up 38% in the second quarter of 2021 and are expected to reach an all-time high by the end of the year.¹ Despite the increased threat, this year's research reaffirmed that consumer understanding of who has access to their financial data when they sign up for fintech apps is still alarmingly low. Moreover, many fintech apps still fall short in meeting key expectations of their customers — providing transparency, data privacy, and customer control. Consumers remain in the dark about these practices.


Fintech apps provide convenient services to consumers to make payments to friends, manage investments, apply for mortgages, and more. Once a small, niche industry some fintechs have become large, publicly traded companies with millions of customers and billions in revenue. For example, Venmo is owned by PayPal, a \$300+ billion market cap company, has over 60 million customers, and a larger footprint than most banks.

It's not just the fintechs that are growing. The data aggregators that enable the gathering and use of consumer data have become the cornerstone of the "embedded finance" ecosystem. They allow payments and banking services to integrate seamlessly into consumer apps from small startups to big tech companies such as Google. One key difference is that while fintech app names have become familiar, the TCH research shows that 80% of consumers remain largely unaware that fintechs frequently use third-party data aggregators to access, store, share, and sell a consumer's financial data. One data aggregator alone stores the banking data of 25% of U.S. bank accounts (more than the top two U.S. banks combined). Yet, consumers have no relationship with aggregators and relatively few are even aware of their existence. Considering the growth of the industry, consumer understanding of the apps' practices and the associated data privacy and security implications is more important than ever.

The updated survey confirmed the COVID-19 pandemic accelerated the use of digital tools in helping Americans manage their money. One in three have increased their usage of fintech apps in the past 18 months. Among respondents, the biggest gains in usage over the past two years have been among newer players including Cash App and Robinhood, as well as an increase in the use of investment services and robo-advisors.

¹ [Identity Theft Resource Center](#)





This year, slightly more fintech app users (73%) are confident that their information is both private and secure compared to 70% in 2019. However, that confidence does not appear to be based on actual awareness of what data is collected or how it is stored and shared.

- 80% are largely unaware that apps use third-party providers to gather users' financial data.
- Only 24% know that these data aggregators can sell personal data to other parties for marketing, research, and other purposes.
- 73% of app users are unaware that fintech apps have access to their bank account username and password even though app users have given that information as part of the sign-up process.
- 78% didn't know aggregators regularly access personal data even when the app is closed or deleted.

The lack of awareness may stem from the fact that, on average, 77% of consumers admit that they didn't read the apps' terms and conditions. Further, a majority of those who say they read the terms report that they don't understand them.

It is clear that consumers need and want greater transparency into fintech apps' data collection practices and more control over their data. Over half of consumers would like fintech apps to be required to provide clear disclosure of what data third parties will have access to and to provide a clear explanation of the risks associated with using the apps. Likewise, a majority want control over what kind of data third parties can access.

There is no doubt that Americans will continue to seek out the convenience provided by fintech apps. But with growth comes a responsibility for fintech apps to meet their customers' demand for more transparency about their data collection practices and greater care in protecting consumer financial data.

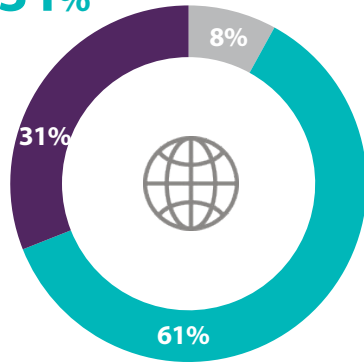


Use of fintech apps grew during the COVID-19 pandemic

COVID-19 has accelerated fintech app usage: **1 in 3** consumers have increased their fintech app usage since the start of the pandemic.

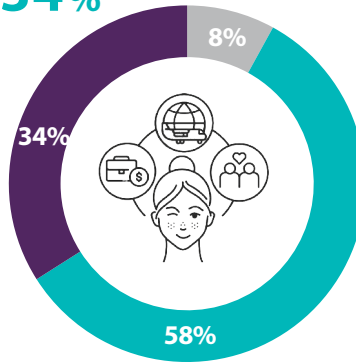
Total fintech app users

31%



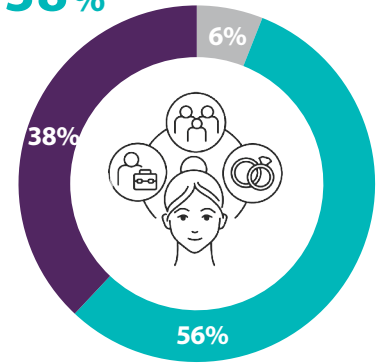
Millennials

34%



Gen Xers

38%



Increased Stayed the same Decreased

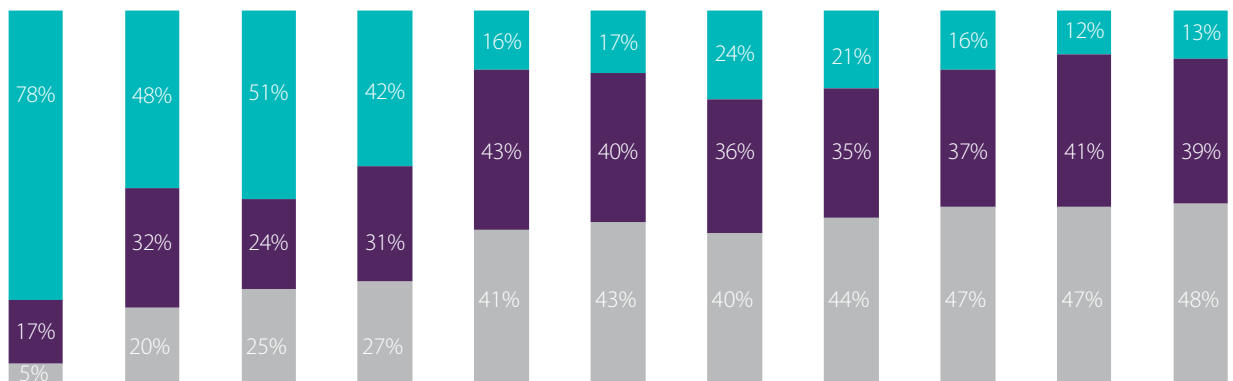
Usage increased among most apps

Looking at specific apps, gains in usage were seen for newer players — Cash App, Zelle, Robinhood, and Coinbase. While PayPal’s usage decreased in the past year, it remains the most used fintech app.

Apps Used

Which of these fintech apps have you ever used? And which of these have you used in the past year?

Past Year Usage vs. 2019



Year Introduced

PayPal 1998 Venmo 2009 Cash App 2013 Zelle 2017 Mint 2006 Acorns 2012 Robinhood 2013 Coinbase 2012 Stash 2015 Digit 2015 Money Lion 2013

Used in past year Used, but not in past year Never used



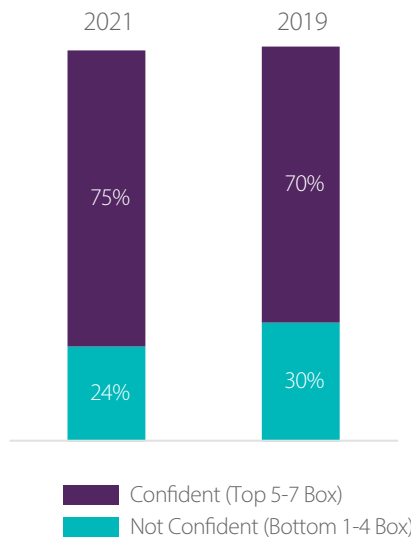
Consumers express confidence that their information is private and secure, but admit they have not read the fine print

In 2021, fintech app users remain confident their information is private and secure at the beginning of the survey.

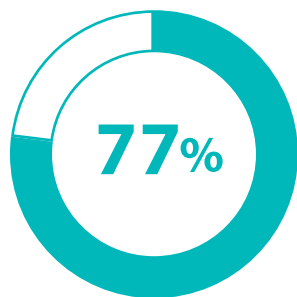
Confidence in Data Privacy
(On a scale from 1-7 where 1 is "Not at all confident" and 7 is "Extremely confident")



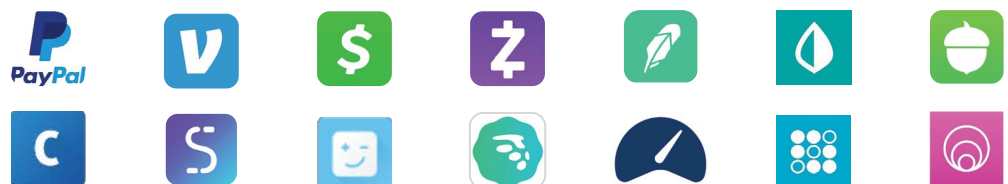
Confidence in Data Security
(On a scale from 1-7 where 1 is "Not at all confident" and 7 is "Extremely confident")



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' often lengthy terms and conditions, which a majority of fintech app users (77%) did not read. Moreover, many of those who report reading them admit that they don't understand what they have read.



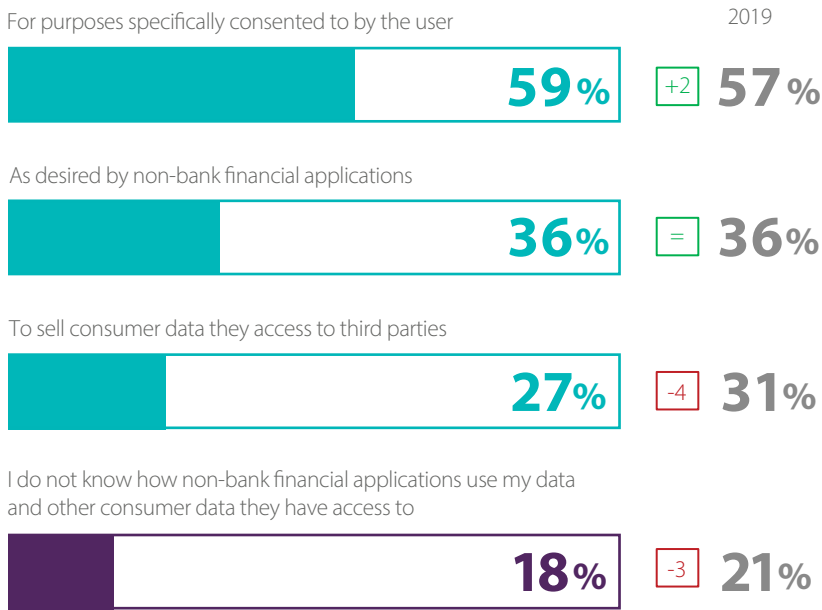
On average **77%** of the fintech app users for the apps we asked about did not read all the terms and conditions



Consumers are still in the dark about what data is collected, who accesses it, how the apps use it and how long they retain access to it

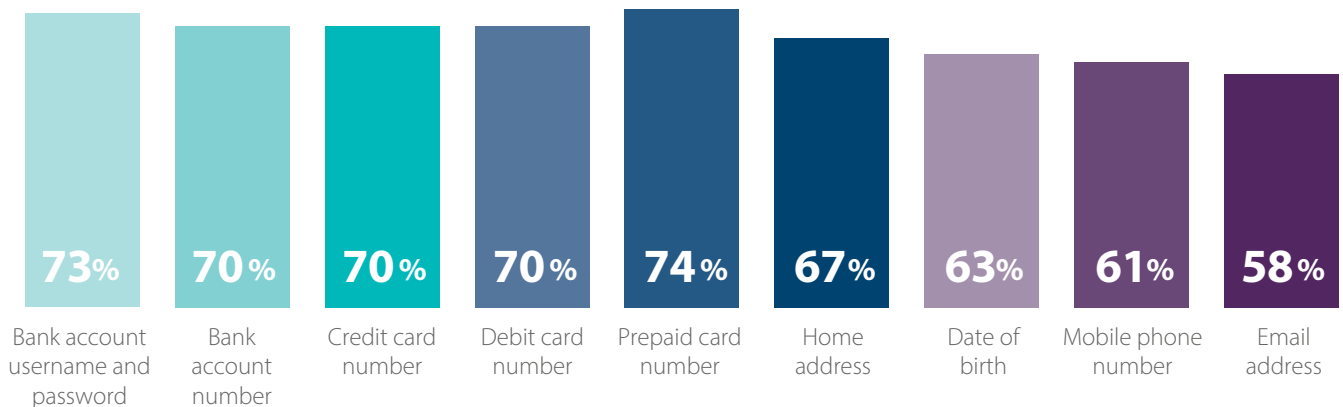
A greater number of respondents (59%) believe these apps are only using the data the consumer specifically approved for use. But since most have not read the terms and conditions, they are unaware of what they have consented to.

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



Most fintech app users are not aware that apps have access to personal and financial information. This calls into question the practices that apps use during log-in, especially the use of bank logos and color schemes, which leads consumers to believe they are providing information to their bank, not to the app.

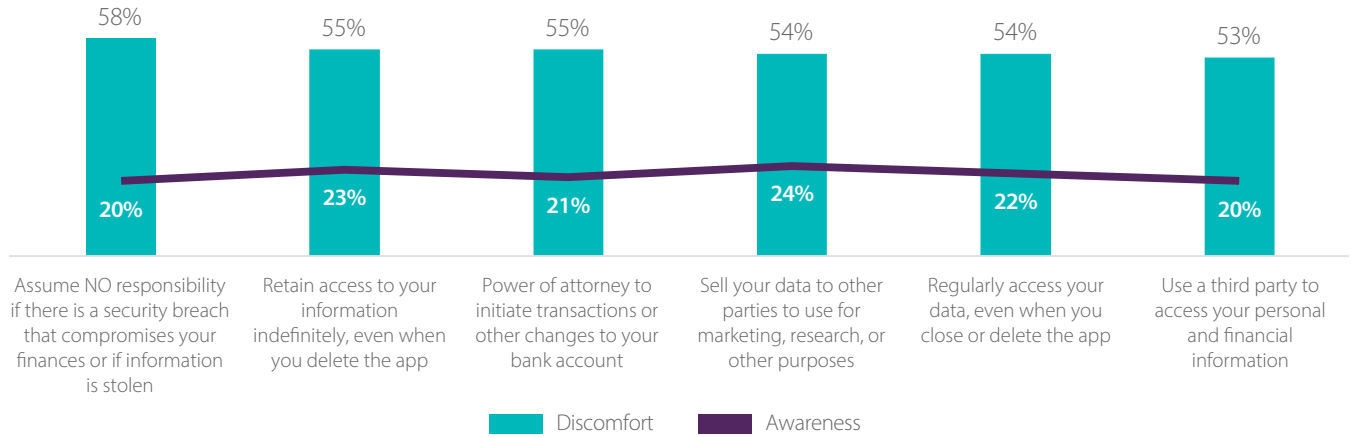
% Not Aware of Shared Personal Information



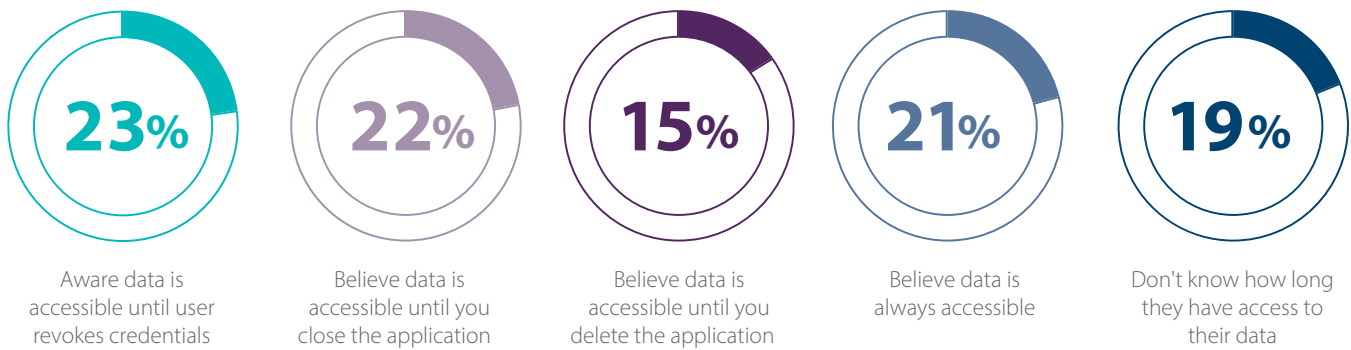
Beyond being unaware of the access these apps have, most are not aware of what the app is able to do once it is being used and furthermore, most are uncomfortable with these practices.

Discomfort and Awareness of Apps' Abilities

(Not at all comfortable, uncomfortable, % extremely aware)

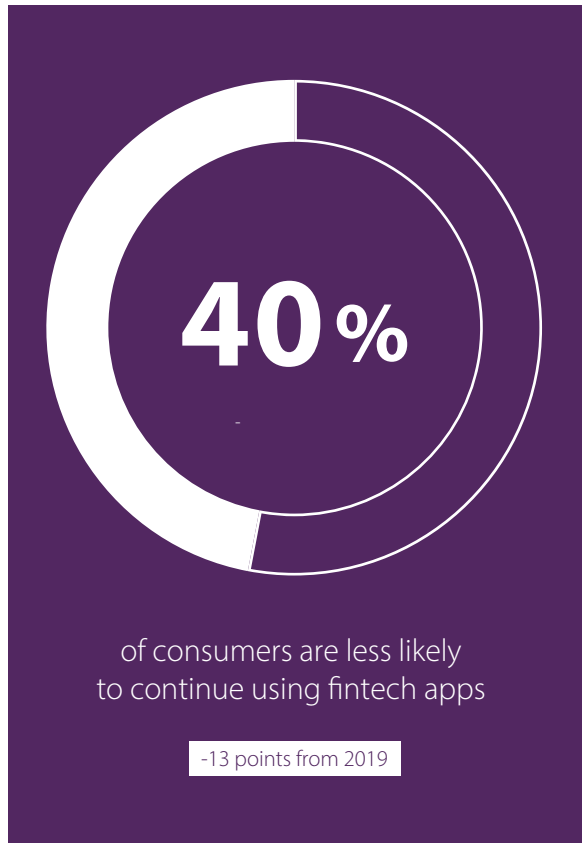


Despite the increase in app usage, less than a quarter of users know that fintech apps have access to their data until they specifically revoke their consent or change their bank customer login credentials.



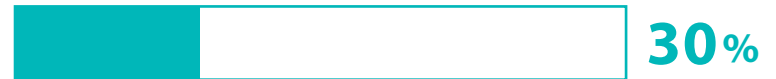
Although data privacy and security concerns are important for many consumers most are unlikely to stop using fintech apps

Despite learning about how fintech apps work and the data they use, only **40%** of those surveyed are less likely to continue using them. This marks a significant shift in consumers attitudes from 2019 and illustrates the strong foothold that fintech apps have in the market.



Most Influential in Decreased Fintech App Use

Assume NO responsibility if there is a security breach that compromises your finances (you lose money) or if information is stolen



Power of attorney to initiate transactions or other changes to your bank account



Retain access to your information indefinitely, even when you delete the app



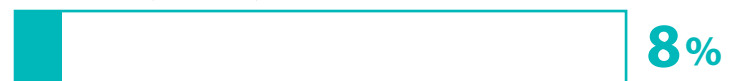
Regularly access your data, even when you close or delete the app



Sell your data to other parties to use for marketing, research, or other purposes

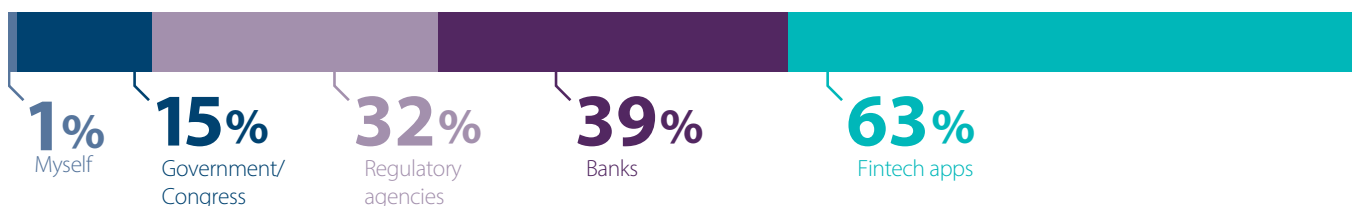


Use a third party to access your personal and financial information



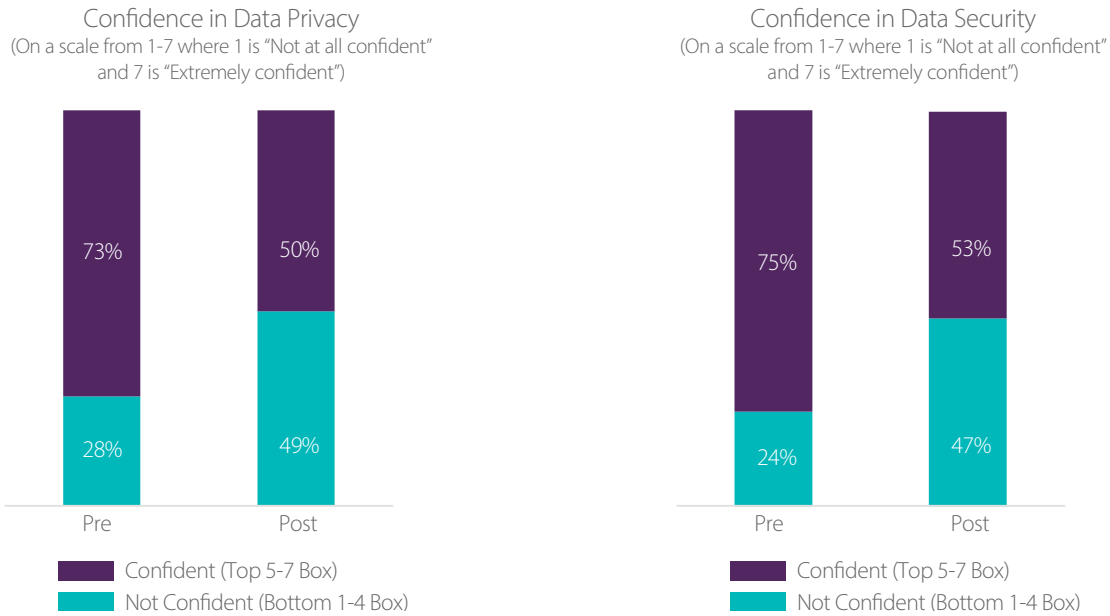
Aligned with 2019, most fintech app users believe that if there is a breach, the app should be responsible and hold most of the liability. A TCH analysis of terms and conditions of major apps show that consumers agree to cap the liability of the financial app at a relatively small dollar amount.

Perceived Responsibility If Financial Loss from Fintech App



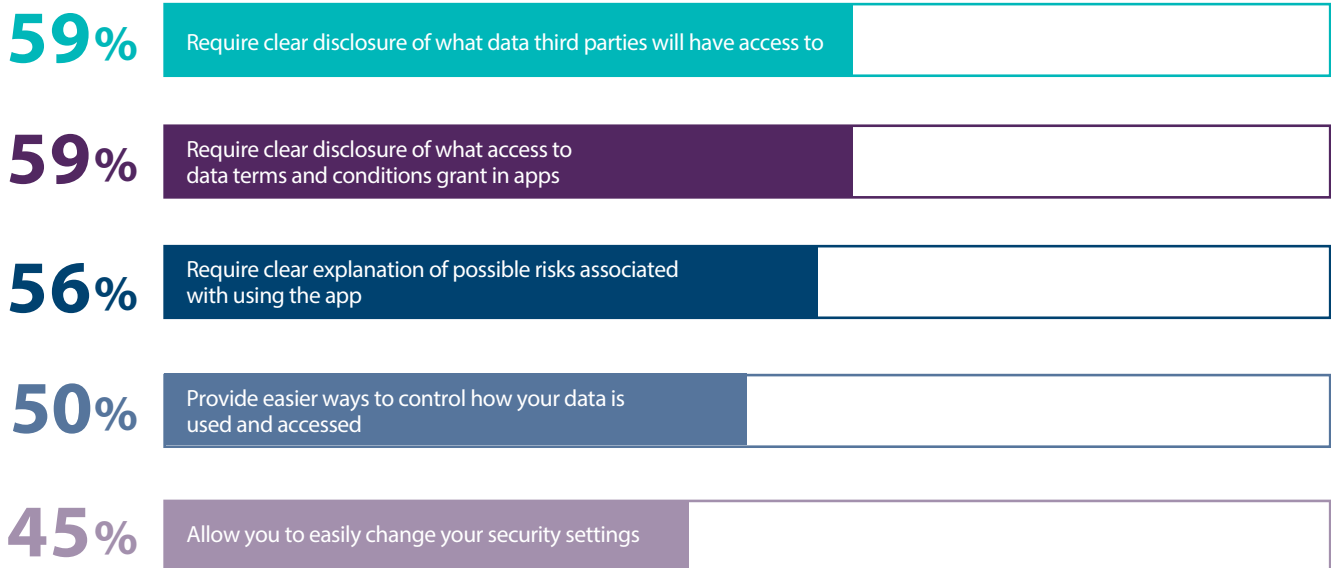
Once informed, consumers are less confident about data privacy and security and want more transparency and control

While most fintech app users were confident their information is private and secure at the start of the study, only half remained so after being exposed to information during the survey.



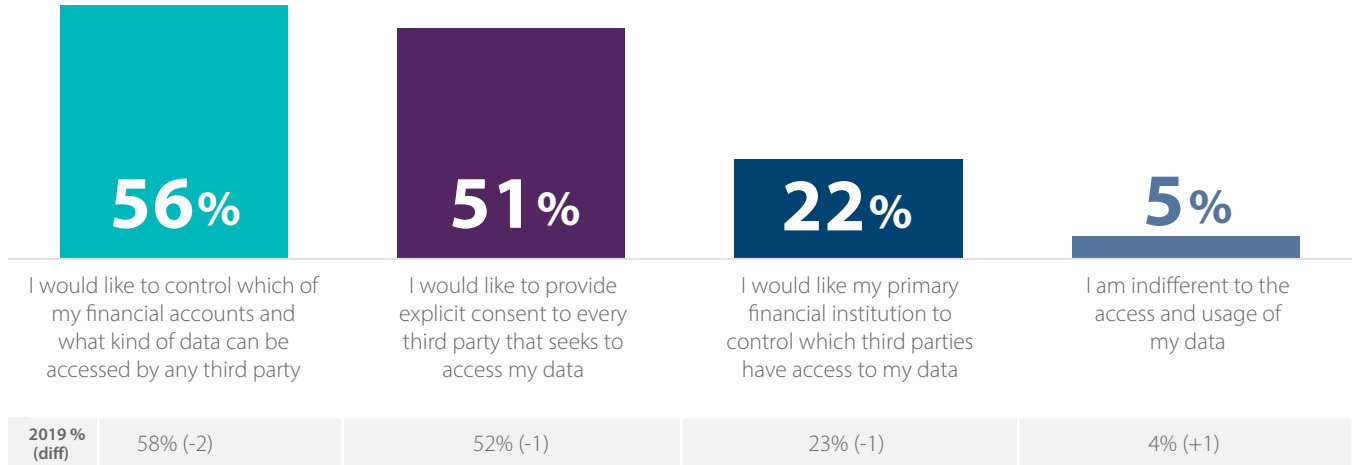
Majorities of respondents want fintech apps to provide better disclosures and consumer control over consumer data.

Actions Supported

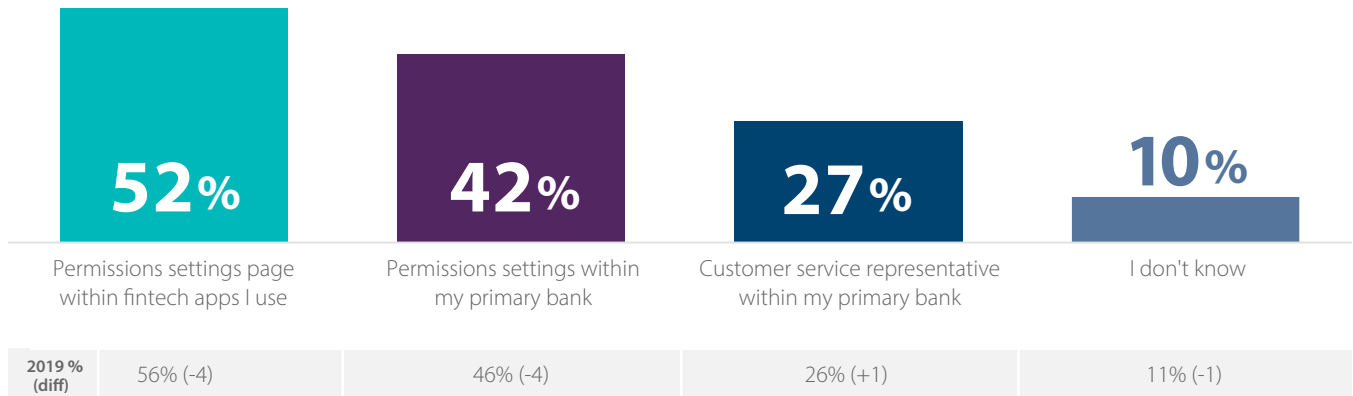


Users continue to want more control over how third parties access their data, and over half would prefer to use a settings page within the fintech app.

Desired Access Controls



Desired Mechanism of Access Controls



Methodology

Hall & Partners conducted the 2021 consumer survey on behalf of The Clearing House from September 9 through September 27, 2021. The survey was conducted online and optimized for desktop and mobile devices. The sample consisted of a total of 4019 U.S. banking consumers: 2013 fintech app users and 2006 non-fintech app users. The survey was written in a way that educated respondents by sharing information about fintech apps. This allowed Hall & Partners to examine the differences in consumer attitudes toward fintech apps before and after exposure to information about these apps.