

II Estudio sobre Conocimiento, Hábitos y Uso de Fintech en España_Inglés

ASUFIN | 15/12/2020

Proyecto: Servicios Financieros y Tecno Finanzas tras el COVID-19



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Introduction

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Introduction

The Fintech phenomenon is a business reality in Spain and is currently on the rise, employing around 7,500 workers in total. According to Abanca Innova as part of a recent analysis, there are currently 403 companies encompassed under this umbrella, 3% up on 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, with big winners such as Google, Amazon, Facebook or Apple (GAFA), in addition to others, increasing their involvement in the finance sector.

As part of this II STUDY ON 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 the level of knowledge of them, their use, the most commonly used services and the perceived use of personal data, without forgetting how this increased use of technology affects decision-making.

With the help of 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 with a view to achieving representative results for the entire sample.



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1. Internet use for banking transactions is on the up, in particular the arrangement of financing transactions (loans, credit cards), up from 15.3% to 21%.
2. In contrast, the importance of the finance sector, one of the leaders in the initial stage of Fintech companies, is now marginal, especially in the consumer loan segment, as only 2% of the population uses it.
3. Young people aged between 18 and 25 are those who use Fintech companies the most, accounting for 38.5%. Amongst those aged over 46, the decline is gradual, and the increase compared to last year has slowed down, with the differences to younger generations growing further still.
4. Consumers have more confidence in the processing of personal data and information by European courts (55.1%) than when the same work is undertaken by the national courts (39.2%).
5. We are increasingly willing to hand over our personal data to a Fintech company, up from 15.3% in 2019 to 23.4% at present



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Approach

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Approach

- What do you use the Internet for?
- But do you really know what Fintech means?
- Who uses Fintech?
- Do young people use Fintech the most?
- What services are offered by Fintech?
- Fintech uses a high level of data and information, do we trust how this is managed?
- And how much do you trust other stakeholders on market?
- Are you aware of what data we are handing over?
- Would you hand over more?

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What do you use the Internet for?

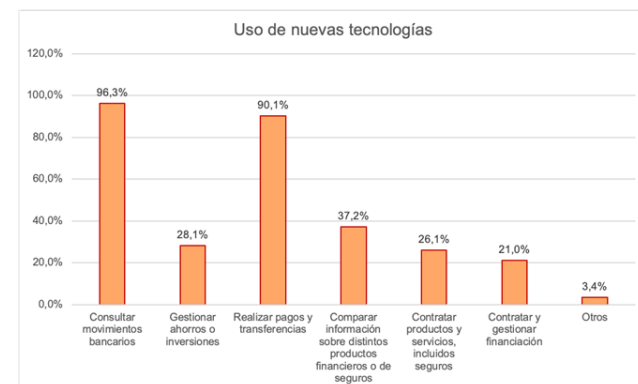
Technology is taking over when it comes to Spanish citizens managing their financial affairs, slightly up in 2019, although this once again tends to be focused on the simplest tasks. As a result, 96.3% (0.6% more than last year) of people use the Internet to consult bank transactions, and 90.1% (1.6% more) to undertake payments and transfers.

The other functions that can be performed remotely still remain well below these figures, although they have all improved:

- ✓ 37.2% of the population compares information on different financial or insurance products (34% in 2019);
- ✓ 26.1% of people arrange such products remotely (compared to 24.4% in 2019),

The most significant increases can be seen in the management of savings and investments (28.1% in 2020 compared to 23% in 2019), and in particular in terms of the arrangement and management of financial transactions, standing at 21% this year and 15.3% last year.

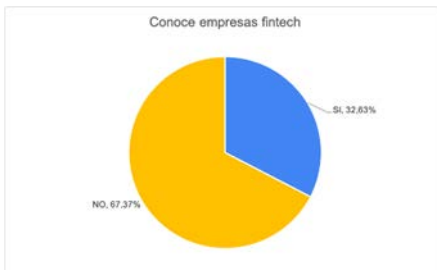
It has been shown that the extraordinary circumstances in 2020 have increased the use of online tools for the purposes of banking, although insufficient information is available to ascertain whether this increase will remain once we return to the situation prior to the health crisis.



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But do you really know what Fintech means?

During a year in which access to online financial services has multiplied, Fintech companies should have benefited from a considerable increase in consumer awareness and use; however, the statistics suggest that this increase has been much more moderate than expected. Along these lines, although awareness of Fintech companies has increased, only 2.35% more people are aware of Fintech companies than last year (32.63% in 2020 compared to 30.28% in 2019).



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And who uses Fintech?

As was the case last year, this awareness does not mean they are being used. In fact, only half of those who are aware of what Fintech companies are claimed to use them. In total, only 16.7% of those surveyed replied that they use Fintech companies regularly (1.5% up in 2019).



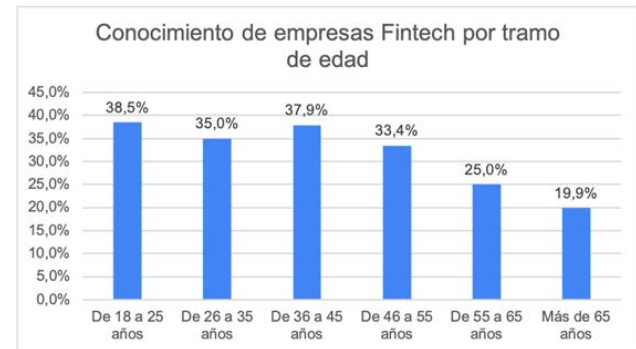
This figure is 3.4 percent higher than the population reporting that they use technology companies for services other than traditional financial transactions, such as the independent aggregators of financial institutions, a trend that increased most in 2019 but has stagnated in 2020, or cryptocurrencies.

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Are Fintech companies only used by young people?

The increase in awareness and use of these companies is mainly concentrated in younger age groups, who were already the most active users last year, thus increasing the difference with older age groups and widening the digital divide, in particular when it comes to use, but also in terms of awareness of these alternatives.

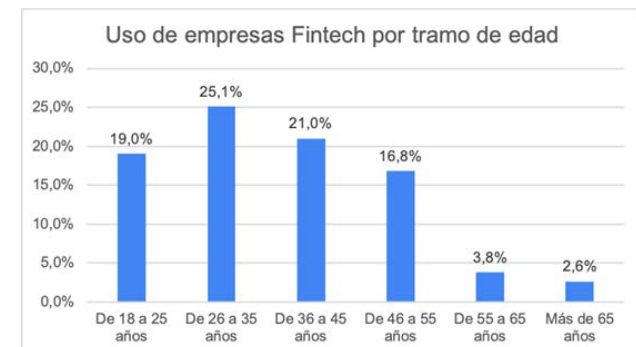
Therefore, once again the 18-26 and 36-45 age groups are most aware of the existence of Fintech companies, with growth strongest in the younger age groups, up from 36.1% to 38.5%. Meanwhile, use by the 36-45 age group has grown to 37.9% (35.8% in 2019). Amongst those aged over 46, the timid growth of Fintech use when compared to 2019 has resulted in the generation gap increasing further still.



These differences are much more evident in the use of Fintech services. The age group that uses them the most are those aged between 26 and 35, accounting for 25.1% (23.6% in 2019), followed by those aged between 36 and 45, accounting for 21% (19.5% in 2019) and in third, the age range that has grown the most, those aged between 18 and 25 accounting for 19.0% (16.6% in 2019).

It must be noted that the age range that is most aware of Fintech services is not necessarily the age range that most uses this technology. The answer to this may be attributable to general problems, regardless of the means used, experienced by young people when accessing certain financial services, such as financing, investment products or insurance

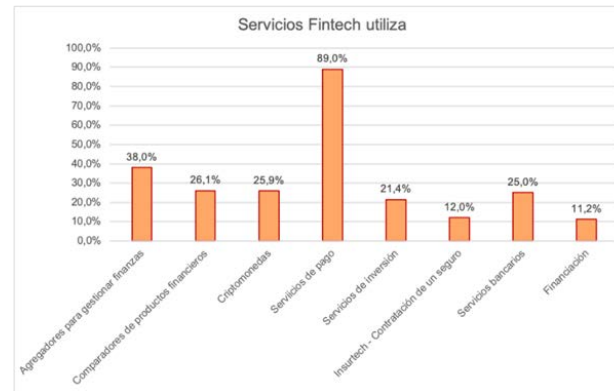
Those aged 55 and up do not use Fintech services often, with the results very similar to those seen last year; therefore, there has been no notable increase.



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What services are offered by Fintech?

One of the most striking aspects of this STUDY is that, although use has grown in all the categories of services offered by Fintech companies, particular mention must be made of two categories: cryptocurrencies and payment services.



As regards payment services, 89% of those who use Fintech services use these services, up by 4% on last year (85%). In terms of crypto-currencies, although this is the fourth most used category (25.9%), it has increased by a considerable 1.9% over the last year. All other categories have grown by less than 1%:

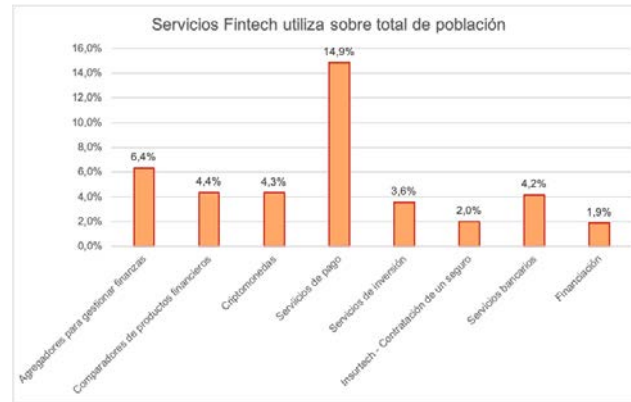
- ✓ The use of aggregators has stagnated, and they are used by 38% of Fintech users (37.8% in 2019);
- ✓ They are followed by comparison tools, up by 0.5% to 26.1%;
- ✓ Banking services (neobanks), are up by 0.6% to 25%.

Growth is very timid in terms of investment services, Insurtech (taking out insurance), and finance applications.

When transposing these data to the entire population, the results are even more evident.

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¿Qué servicio nos ofrecen las Fintech?



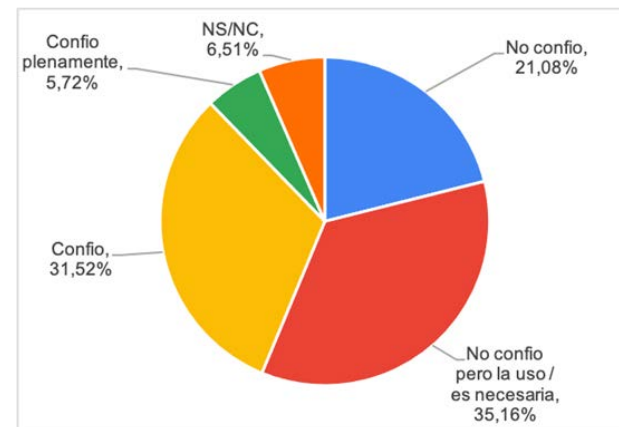
We have been able to conclude that 14.9% of Spaniards use payment services provided by Fintech companies (essentially PayPal, which remains the industry leader), followed, despite its stagnation, by aggregators, at just 6.4%. At the bottom of the most commonly used products through Fintech technology are Insurtech services (taking out insurance), used by just 2% of the total, and especially finance applications, used by just 1.9%. These figures support our conclusions in our last Fintech study, with the finance sector boasting a leadership position in the early stages of Fintech companies, before becoming marginally important, especially in the consumer lending segment.

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Fintech uses a high level of data and information, do we trust how this is managed?

Most Fintech's services require the availability and use of personal data to provide more personalised services. The use of data will be even greater when large technology companies (GAFA) such as Google, Apple, Facebook and Amazon actively enter the market. During a year in which their use has multiplied, both for personal relations and for shopping, important changes have taken place and the fact is that, generally speaking, consumer confidence in this technology has grown, while confidence in public administrations has decreased.

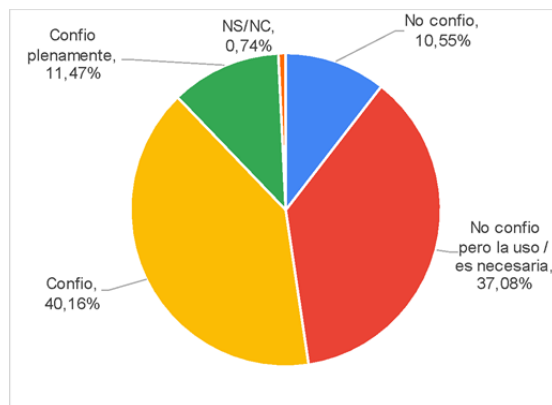
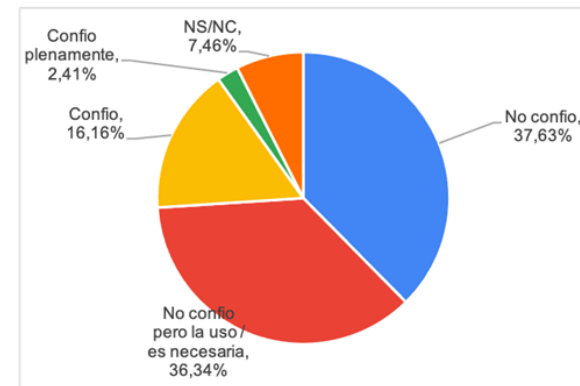
Therefore, although most people surveyed remain suspicious as to the use of their data by technology firms, an increasing number of respondents do trust them, 37.2% in total, up by 4.6% compared to 2019. At the opposite end of the scale, 21.1% do not trust technology firms (22.3% in 2019). Meanwhile, the segment that does not trust them, but considers the use of personal data necessary, has fallen sharply, now standing at 35.1%, compared to 38.2% in 2019.



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And how much do you trust other stakeholders on market?

This year, trust in administrations and financial institutions as regards the management of information has fallen, very much as a result of the circumstances we have seen in 2020. Therefore, for example, 74% of people said they do not trust the government (37.6% do not trust it and 37.4% do not trust it, but consider it necessary), compared to just 18.6% who trust or fully trust the government.

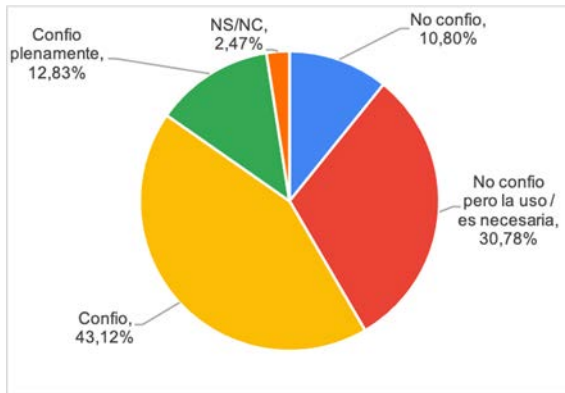


This trend of greater "mistrust" is reflected amongst traditional operators (banks and insurance companies), although at a lower rate. Therefore, the mistrust of banks has grown from 44% to 47.5% (10.5% do not trust them and 37.1% do not trust them, but use them or consider them necessary).

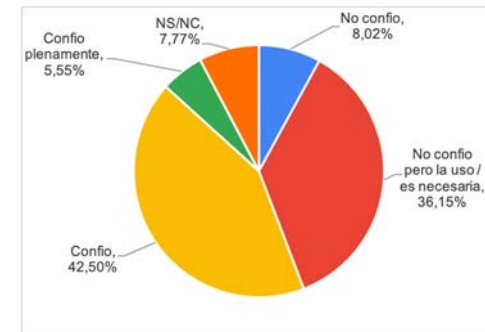
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And how much do you trust other stakeholders on market?

As regards insurance companies, mistrust has also grown, accounting for 44% of the total (1.5% up on last year) and almost equal to the 48% of respondents who claimed they trust insurance companies.

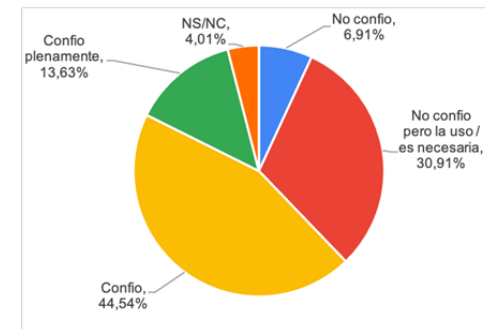


The most important fall in trust has been in the Social Security system, plummeting from 66.1% in 2019 to 58.1% in 2020, down by 8 percent.



As for the degree of trust in the Tax Agency and Social Security, this has also fallen considerably.

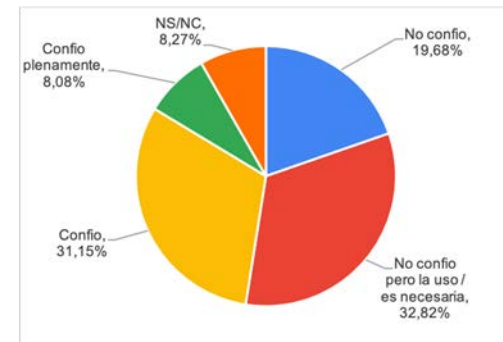
In the case of the Tax Agency, trust has dropped from 56.7% in 2019 to 55.9% in 2020.



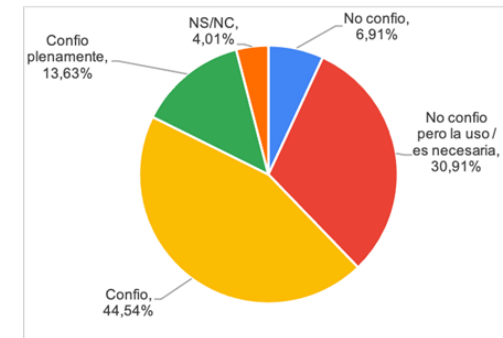
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And how much do you trust other stakeholders on market?

When it comes to the Courts, 51.5% replied that they do not to trust the Spanish Courts (19.7% do not trust and 32.8% do not trust, but consider them necessary), up by 0.8% compared to last year and only 39.2% trust them (1% down in 2019).



This data once again contrasts with the trust placed by consumers in the European Courts, which is much higher generally speaking and does not tend to vary from one year to the next (55.1% in 2020, compared to 55.4% in 2019).



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Are you aware of what data we are handing over? Would you hand over more?

The increase in trust in major technologies comes despite the fact that we are even more aware that we are transferring data, often of a personal nature.

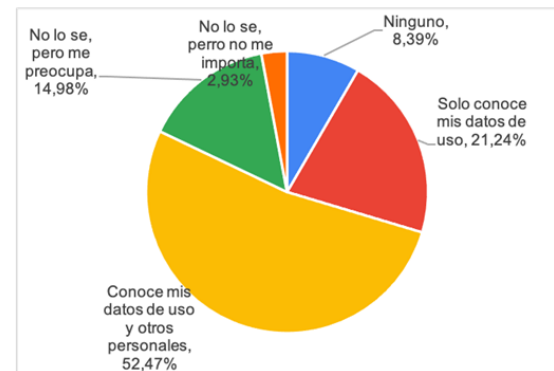
As regards awareness of use and transfer of personal data, 67.5% replied that the main technology companies (GAFA) have their use and other personal data (62.9% in 2019) and another 21.2% only their use data (15% in 2019). In contrast, only 3% say they are unaware of use data and are not concerned and only 8.4% believe they are not aware of data.

When it comes to insurance companies and banks, the trend changes. In both cases, consumers know that they use both their use and other personal data, even to a greater extent than technology companies. The major difference is that they are more trusting of major technology companies, although the gap is narrowing.

Along these lines, only 8.1% of respondents replied that they do not know how much insurance firms knows about use data or personal information and are concerned about this (9.7% in 2019) while 2.4% do not know and are not concerned (2.9% in 2019).

Meanwhile, mistrust of banks has grown slightly. 2.2% do not know and are not concerned (1.3% in 2019) whereas 9.2% replied that they do not know but they are concerned about this (8.8% in 2019)

Spaniards still have better assumptions when it comes to banks, insurance companies and major organisations knowing and using their data than technology companies, although the latter are gaining ground more quickly, especially out of necessity, on the basis that this is a trade-off for the services they provide.



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Would you hand over more information?



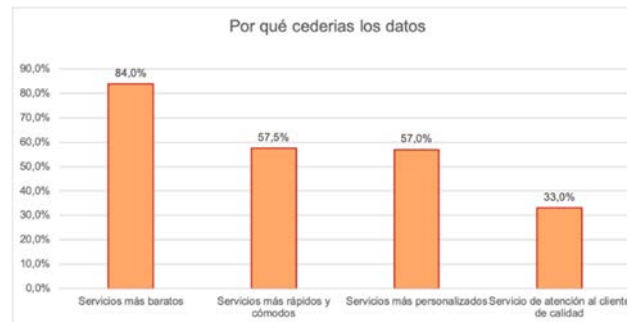
This mistrust has fallen moderately in 2020, with only 15.3% responding positively in 2019, whereas this figure has now grown to 23.4%. Almost 1 in 4 respondents would be willing to hand over their data.

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Why would they hand it over?

Among the main reasons that a consumer would agree to hand over his or her privacy data, one stands out in particular:

- ✓ to obtain cheaper services, up from 83.5% in 2019 to 84% in 2020,
- ✓ to achieve faster and more convenient services, up from 52.4% to 57.5%;
- ✓ customised services, on the other hand, fell from 57.4% to 57%.
- ✓ to achieve quality customer service, down from 35.3% in 2019 to 33% in 2020.



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Does the use of Fintech vary between regions in Spain?

Generally speaking, the answer is no. The differences are minimal; and it could be said that in the Basque Country, Navarre, Andalusia and La Rioja there is a greater focus on investment or innovative products, such as Neobanks.

	Agregadores para gestionar finanzas	Comparadores de productos financieros	Criptomonedas	Servicios de pago	Servicios de inversión	Insurtech - Contratación de un seguro	Servicios bancarios	Financiación
Andalucía	37%	25%	31%	86%	18%	13%	31%	9%
Aragón	38%	25%	24%	90%	21%	10%	23%	7%
Principado de Asturias	38%	27%	29%	90%	18%	8%	27%	8%
Illes Balears	36%	28%	27%	85%	17%	10%	28%	15%
Canarias	37%	28%	25%	88%	20%	8%	23%	13%
Cantabria	41%	28%	29%	91%	21%	8%	21%	11%
Castilla y León	36%	24%	31%	84%	19%	16%	23%	8%
Castilla-La Mancha	41%	28%	25%	83%	21%	8%	24%	15%
Cataluña	38%	25%	36%	84%	17%	12%	22%	14%
Comunitat Valenciana	39%	24%	31%	84%	19%	13%	28%	16%
Extremadura	39%	24%	24%	82%	17%	14%	22%	8%
Galicia	38%	27%	30%	88%	20%	12%	28%	14%
Comunidad de Madrid	36%	24%	25%	89%	19%	11%	20%	12%
Región de Murcia	40%	27%	34%	85%	18%	11%	21%	15%
Comunidad Foral de Navarra	39%	27%	26%	86%	17%	14%	32%	12%
País Vasco	39%	26%	30%	83%	25%	8%	29%	8%
La Rioja	35%	24%	23%	85%	24%	8%	28%	8%
Ciudad Autónoma de Ceuta	38%	24%	28%	92%	21%	14%	23%	8%
Ciudad Autónoma de Melilla	38%	23%	27%	85%	21%	11%	22%	11%



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Conclusions

Fintech companies are here to stay. They aim to make our lives easier, meaning we do not have to go to a bank or an 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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