



# Where is the consumer opportunity?

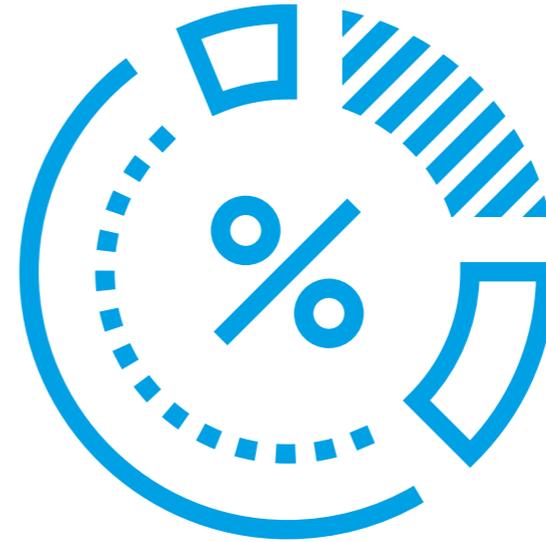


By Mark Gentry  
Associate Director

# UK Fintech & Open Banking

# Introduction

- The emergence of a thriving 'Fintech' sector is a success story for the UK economy.
- Fintech is seen as having the potential to unlock tremendous economic benefits.
- UK Government actively pushing 'open banking' as the key to generating the innovation, competition and investment to revive the financial services sector.
- As with any new technology, the acid test for success is consumer response.



**Gusto** have conducted research throughout 2017 among UK consumers to assess the emerging response – two waves of online research with 1,000 UK consumers with bank accounts (SSI panel).

# How open are consumers to new services?

- How do consumers feel about existing vs. new providers?
- What are the critical areas driving current and future consumer responses to 'Fintech' innovation?
- What are the key barriers to adoption?

Consumers not currently looking for full-scale disruption of existing relationships, but...

...tremendous potential to drive adoption of beneficial new services and accelerate the evolution of digital financial services.

**“The question is no longer  
“bank or Fintech?” but  
programming interfaces  
and calculating costs...**

While Fintechs started off being quite feisty towards the established institutions, we are now seeing a diverse coexistence based on competition, cooperation and expanding the service offering.”

---

Ernst & Young, “Landscaping UK Fintech”,  
Commissioned by UK Trade & Investment, 2014

# Broadly positive sentiment

**56%**  
feel positive  
about using new  
online financial  
services

**12%**

12% feel  
very positive

**83%**

of those  
aged 25-34  
feel positive



**VS**

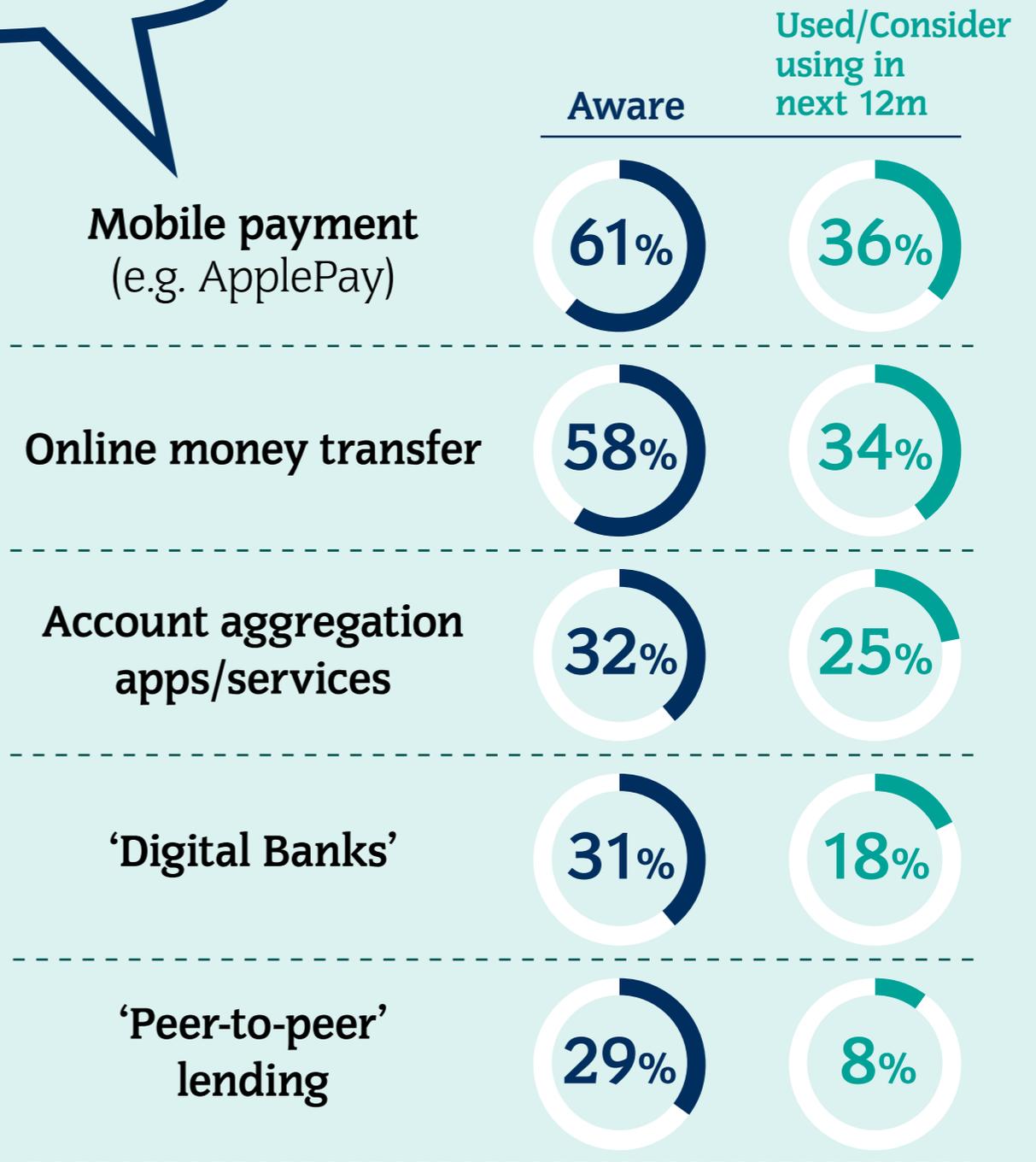
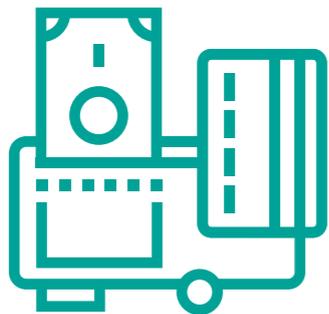
**28%**

of those  
aged 65+  
feel positive



# Payment services driving Fintech adoption

- Just under 1 in 3 consumers aware of account aggregation, 'Digital Banks' and 'Peer-to-peer' lending.
- Consideration of account aggregation and 'Digital Banks' less positive but notable.

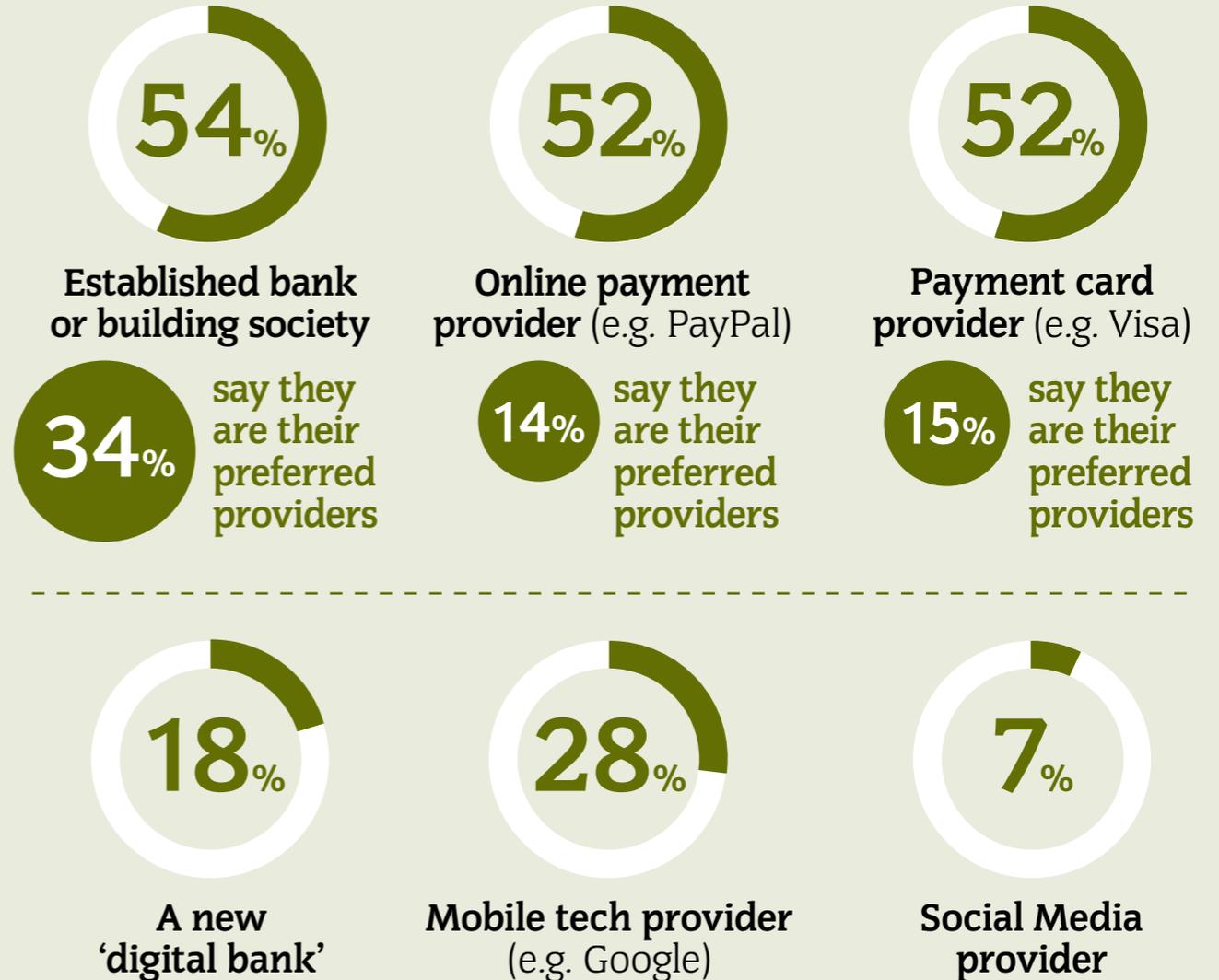


# Established banks are preferred providers

- Preference for banks and card providers driven by older consumers
- Young more open to mobile tech and social media providers.



Who would you consider using to access new types of digital financial services?



## Potential interest in 'open banking' but limited benefit without management capability

- Key benefit being able to check multiple balances in one place.
- The ability to manage payments is critical to drive greater benefit.
- Other services (e.g. analysis, automated saving) product recommendations seen as less beneficial.



**9%** are aware of HSBC's recent account aggregation Beta app trial



say that this kind of service could change the way they manage their money in future

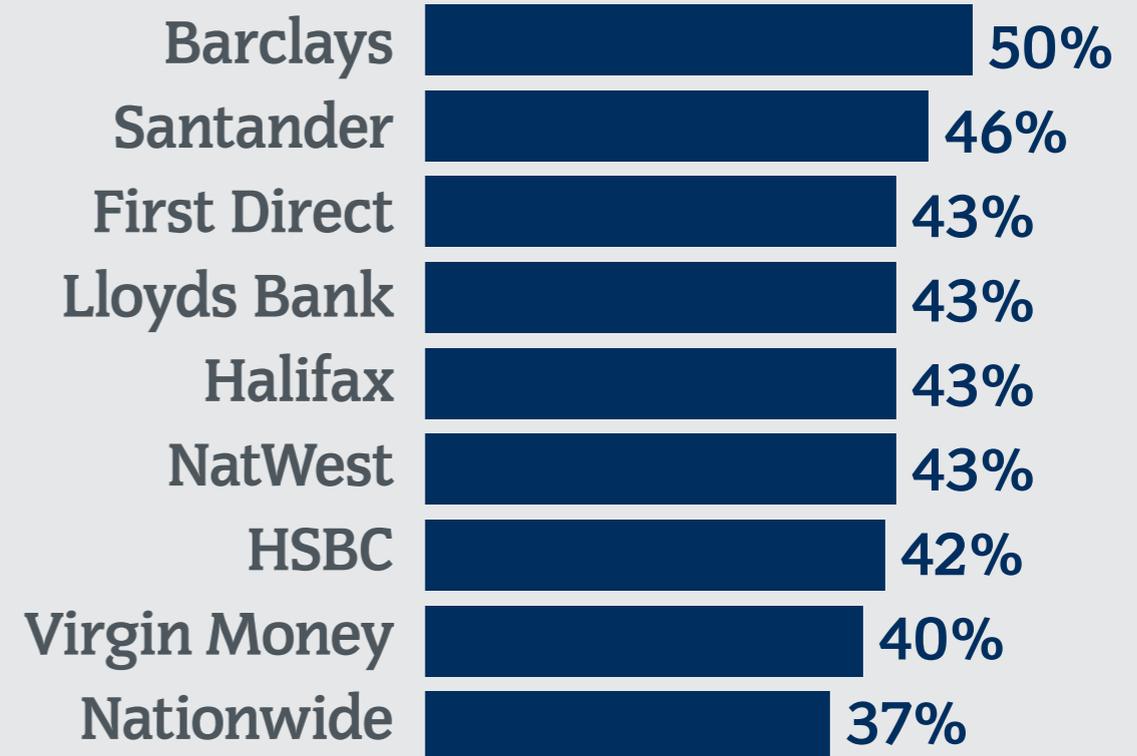


say it makes the idea of using account aggregation more attractive

# 'Digital Banks' are emerging, but established banks have a strong presence in the 'Digital' space

- Consumers are likely to regard established banks as “digital” with Barclays maintaining a strong position.
- Atom Bank is most widely known new 'Digital Bank', with 13% aware of this brand.
- 67% of non-rejectors of open banking said their main bank would be their first choice provider.

Do you consider the following banks to be 'digital'?\*



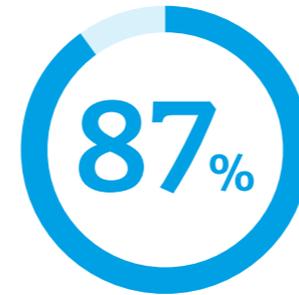
\*Banks that allow you to fully manage your money online using on-line banking portals or apps

# Security perceived as key risk, but potential trade-off against benefits and ease of use drives usage

- Current service usage/consideration driven by ease of fit and simple benefits of payment applications, but stronger financial benefits are lacking.
- Insurance services may offer the most positive balance of limited risk, clear benefits and ease-of-fit with existing behaviour in the short-term.



say that concerns that their money **might not be secure** would **discourage** them from using services



say that **improved security** of their money would **encourage** them to use services



say saving money on insurance premiums would encourage them to use services



say being able to manage money more efficiently in general would encourage them



**Get in touch:**

Tel 0113 268 9020

Email [mark.gentry@gustoresearch.com](mailto:mark.gentry@gustoresearch.com)

Gusto Research, Charside House,  
58 Street Lane, Leeds LS8 2DQ

**Follow us:**

 [@gustoresearch](https://twitter.com/gustoresearch)

**Straightforward approach • Clear commercial thinking**



[gustoresearch.com](https://gustoresearch.com)