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Fintechs have ground to make up in the court of public opinion

Article

The data: Mastercard's "Rise of Open Banking" report painted an optimistic picture of the fintech landscape, but consumers still appear wary of relying on their services too much.

- **Nearly 60% of US respondents said they felt "very confident"** using tech generally to manage their money, compared with 55% of respondents in Canada. Convenience was the top driver for using fintech solutions—consumers were looking for products that save time and require less work.

- But when it comes to trusting a company with financial information, **only 26% of respondents** across North America said they “strongly trust” fintechs. Nearly the same share, 24%, strongly distrusted. **Fifty-six percent of consumers strongly trusted banks**, and 5% strongly distrusted them.
- Fintechs were less trusted than established tech companies (35%), but **more than twice as many consumers** strongly distrusted social media companies compared with fintechs.
- Fintechs scored even lower on open banking protocols—**only 14% of US consumers trusted fintechs to securely link with their bank accounts**, compared with 52% for payments networks and credit card companies.

The big takeaway: The US trails regions like the UK and the EU in regulating open banking—leaving the private sector to fill the void.

- Centralized rulemaking from agencies like the Consumer Financial Protection Bureau (CFPB) could help consumers warm up to the idea of sharing their banking data with fintechs—which fintechs will need to compete with incumbents for a larger share of consumers.
- But regulations alone won’t solve public distrust of fintech companies. Fintechs can improve their image by partnering with incumbents, which the crypto industry has demonstrated can lend credibility to nascent sectors and firms.