

# Do fintechs have a transparency problem, or do consumers have an apathy problem?

Article

**The data:** An “alarmingly low” share of consumers who use fintech apps are aware of what personal data gets shared with third parties and how their data is used, per a Clearing House

## study.

The survey suggested that many fintech users are operating with an unfounded confidence:

- Nearly **three-quarters of users say they feel their data is private and secure**, up from 70% last year.
- But **only 24% were aware** that fintechs can sell their data to third-party marketers.
- The same share of users who said their data was secure (73%) didn't realize fintechs could access their bank usernames and passwords, and **70% didn't know fintechs could access their bank account number**.
- Roughly **18% admitted they didn't know** how fintechs use their personal data.

There were also sizable discrepancies between what users knew fintechs could do and what they'd be uncomfortable with fintechs doing: **Only 23% of consumers were aware that fintechs could keep your personal information** even after you delete the app, but 55% would be uncomfortable if an app did keep it.

**The big takeaway:** Even though as many as 77% of respondents said they didn't read the terms and conditions before using a fintech app (and even fewer actually understood them), many said that fintechs can be doing more to increase transparency into their operations.

- Nearly 60% of consumers said that fintechs should be required to **clearly disclose what data is given to third parties** and what data can be accessed in-app.
- And 56% said that fintechs need to **clearly outline the potential risks of using their services**.
- Half of respondents also said that fintechs should **make it easier to control how their data is accessed and used**.

Part of the problem is that consumers simply may not care as much about data privacy anymore: After learning what powers fintechs had over their data, **only 40% of survey respondents said they would use fintech apps less frequently**. That's down 13 percentage points from last year.

That shouldn't stop fintechs from making their operations more transparent and implementing greater security measures to protect the troves of data they're collecting. Consumer confidence may have grown this year, but so did data breaches—soaring 38% from last year.

The Clearing House highlighted using APIs, which are “a more secure and flexible alternative mechanism” for sharing data with third parties.