

Big Tech, personalization, and funding records: What we got right (and wrong) in our 2022 banking predictions

Article

Let's back up: One year ago, we made our predictions for what would happen to banking and fintech in 2022. Given the outbreak of war in Ukraine, historically high inflation, and widespread economic uncertainty this year, the situation looks a lot different now than it did last December.

With that in mind, we look back at what we correctly predicted, what we got half right, and what we were woefully wrong about.

Our Big Tech in banking prediction: The Big Four will expand in embedded finance with **Apple** to offer additional products like buy now, pay later (BNPL)—while **Meta** and **Google** create more integrations between their digital wallets and existing banking or financing solutions.

The Verdict: Spot on. Big Tech firms have faced tough challenges this year, with plunging valuations and a raft of layoffs. But they've still made progress with their push into financial services.

- We correctly called Apple exploring BNPL, after it teased Apple Pay Later.
- And Meta, Google, and **Amazon** have built out the financial services they offer, although have all taken very different approaches.

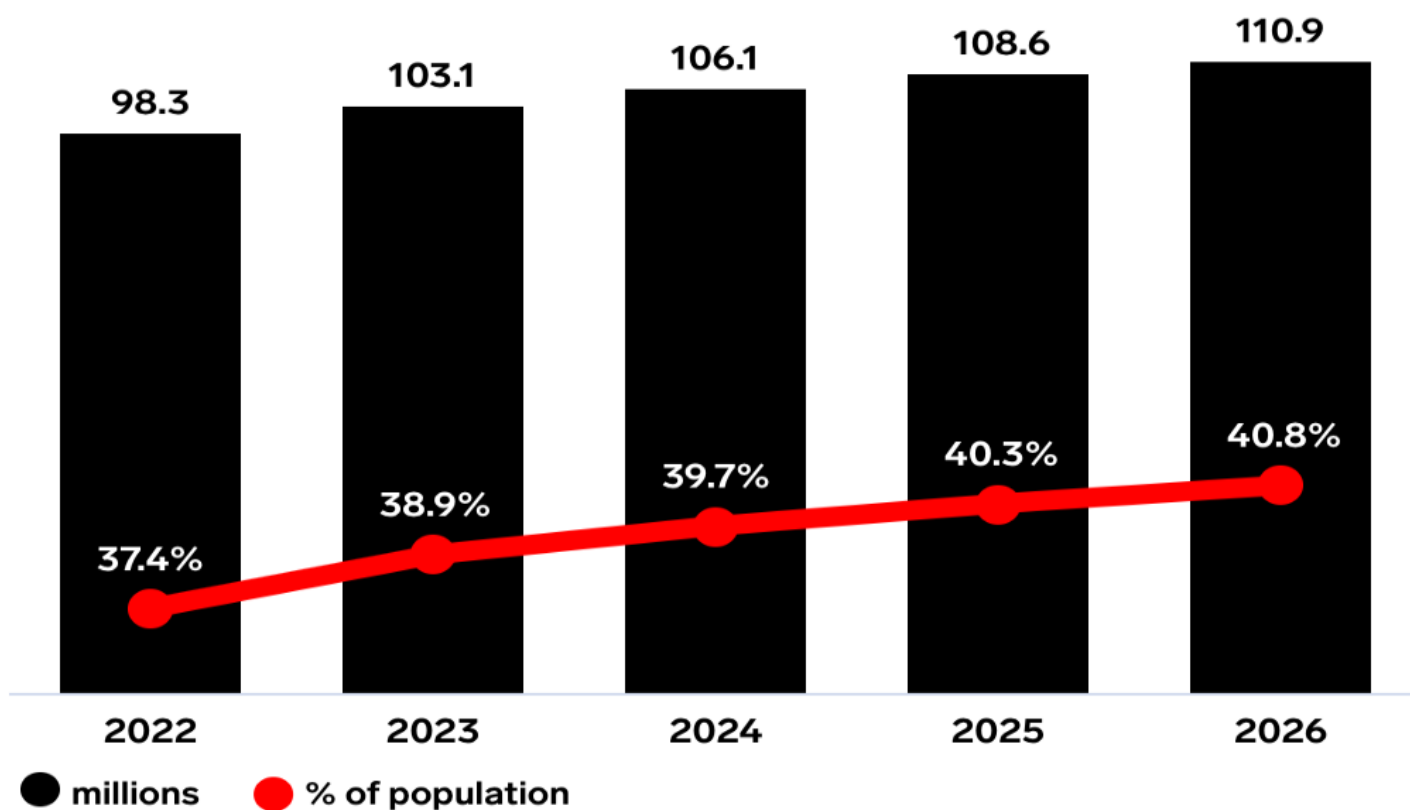
Our hyper-personalization prediction: We foresaw that new players would build hyper-personalized experiences to help consumers take control of their finances. And that in 2022, banks and fintechs would focus on building products and services that address financial and social equity.

The Verdict: On the money. Banks and fintechs recognise that a one-size-fits-all approach to financial services excludes too many customers. Technology like artificial intelligence (AI) and real-time data is helping them to tailor experiences to ever narrower slices of their user base to boost customer satisfaction, growth, and loyalty.

- **Bank of America's** hugely successful AI-powered virtual assistant Erica is one example, merging a chatbot with human assistants to give customers a more personalized service.
- And segment-specific banks like Daylight, an LGBT+ focused affinity bank; Greenwood, geared toward Black and Latino consumers; and Majority, focused on banking for US migrants, are growing and raising funds, particularly in the US.

Bank Chatbot Users

US, 2022-2026



Note: individuals ages 18+ who interact with a bank with which they have an account through an AI-enabled chatbot on the bank's site (desktop or mobile) or branded mobile app, or via messaging app, SMS, or voice assistant to obtain information or receive customer service at least once during the calendar year

Source: eMarketer, July 2022

InsiderIntelligence.com

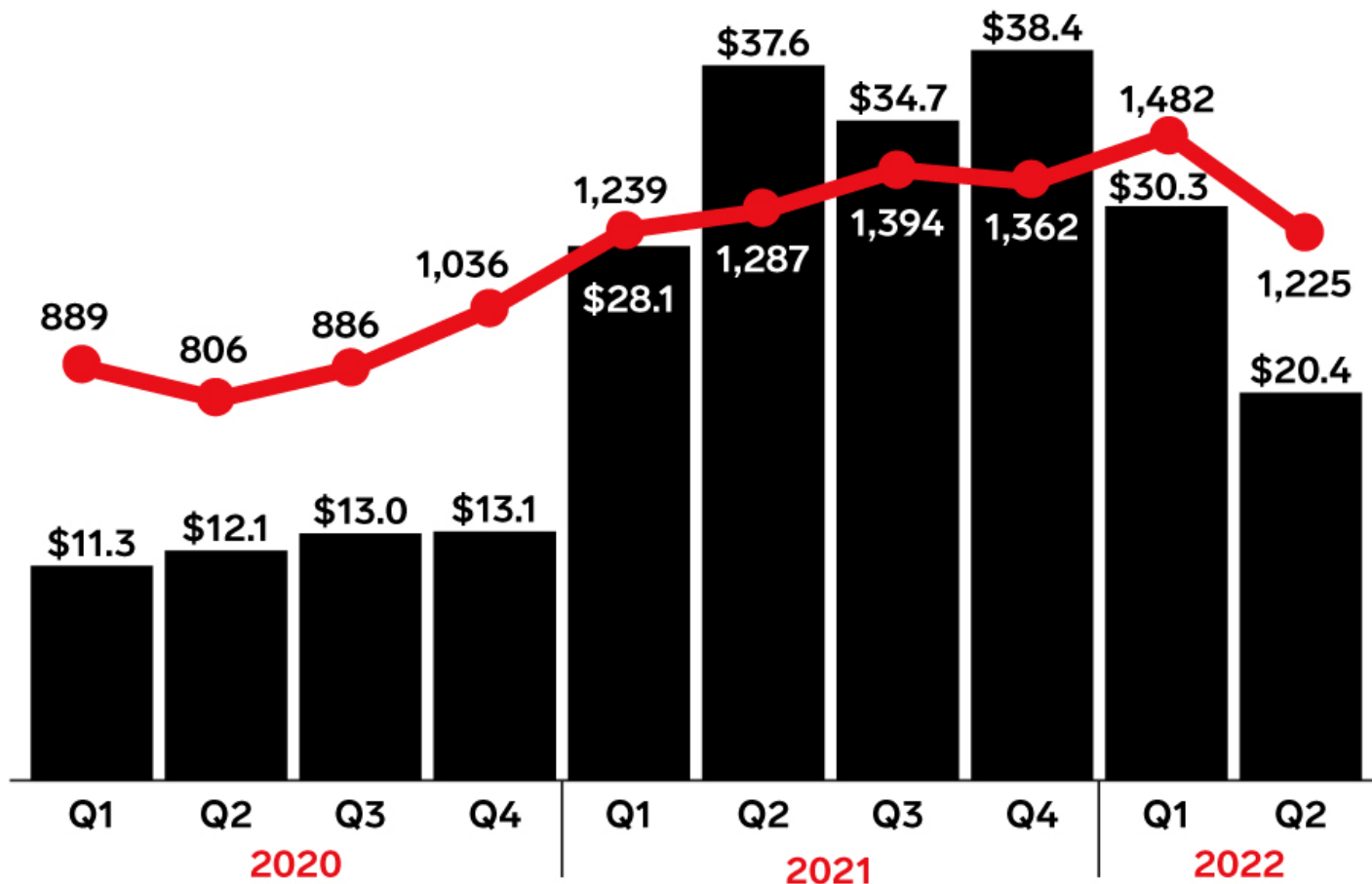
Our fintech funding predictions: We said global fintech funding would reach a new peak in 2022 to pass \$150 billion. We also predicted that fintech funding in Latin America would hit record levels, surpassing the \$13 billion mark.

The Verdict: Way off. Black swan events like the Ukraine war have impacted funding and we failed to foresee economies on the verge of dipping or already falling into recession. Although full-year figures aren't available yet, fintech funding both globally and for Latin America will be comfortably below 2021.

- Venture-backed fintech funding in Q3 fell to a nine-quarter low while the average deal size was down \$20 million for the year at that point, per CB Insights' [State of Venture](#) report.
- Despite the bleak market picture, fintech funding is still healthy and remains above 2020 levels. We're now likely entering a period of market consolidation as funding reverts back to pre-2021 levels.

Quarterly Fintech Funding Worldwide, Q1 2020-Q2 2022

billions and number of deals



■ Quarterly fintech funding ■ Number of deals

Note: fintech covers subcategories of banking, lending, payments, wealth management, insurance, and capital markets; equity financings into private companies only; includes the investment made in the quarter for tranch investments

Source: CB Insights, "State of Fintech Q2 2022," July 19, 2022

276815

InsiderIntelligence.com

Our trading app prediction: We predicted eToro's user numbers would exceed Robinhood's by around 10 million by the end of 2022.

The Verdict: Probably right. [eToro had 30.3 million users](#) in total for Q3. And although there's no data available for Robinhood's total user base, its [monthly active users](#) have fallen steadily for five consecutive quarters to hit 12.2 million in Q3.

- That highlights the tough year Robinhood's had, in which it's suffered from falling trading volumes, disappointing earnings, and been forced to make [mass layoffs](#).
- eToro has fared better and continued to grow users, boosted by its acquisition of options and stock trading app [Gatsby](#), in a bid to diversify.

*This article originally appeared in Insider Intelligence's **Banking Innovation Briefing**—a daily recap of top stories reshaping the banking industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)