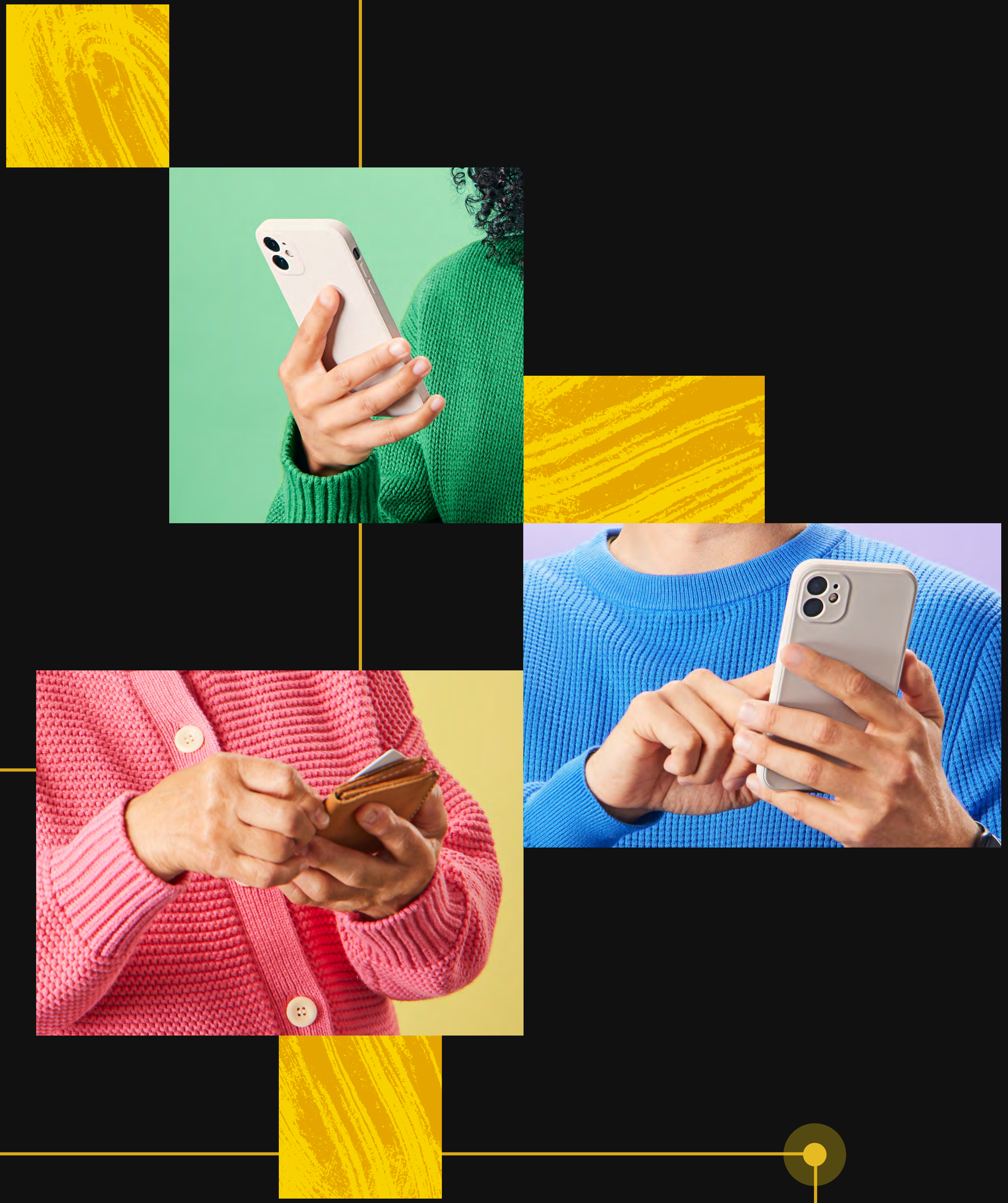
The Fintech Effect



Navigate the latest consumer trends, create lifetime customers, and grow your business

PLAID × The Harris Poll

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INTRODUCTION

In today's fast-moving economy, one thing is certain: change. In the past year, we saw pandemic concerns ease slightly for consumers, signaling a sigh of relief. But over time, financial concerns piled on—from rising inflation to recent bank failures to fears of a looming recession and broader economic uncertainty. Through it all, consumers have looked to fintech apps and services to help them rise above it.

As fintech companies continue to face their own challenges in a constrained funding environment, having the latest insights on how consumers view and manage their finances is more important than ever.

In this year's Fintech Effect, we surveyed thousands of consumers to better understand their financial lives, the challenges they're up against, and what they need from fintech in order to achieve greater stability and opportunity in 2023 and beyond.

Whether you're creating your product roadmap, looking for ways to build trust with today's consumers, or want to understand the most important usage trends—this report is for you.

Let's get started.

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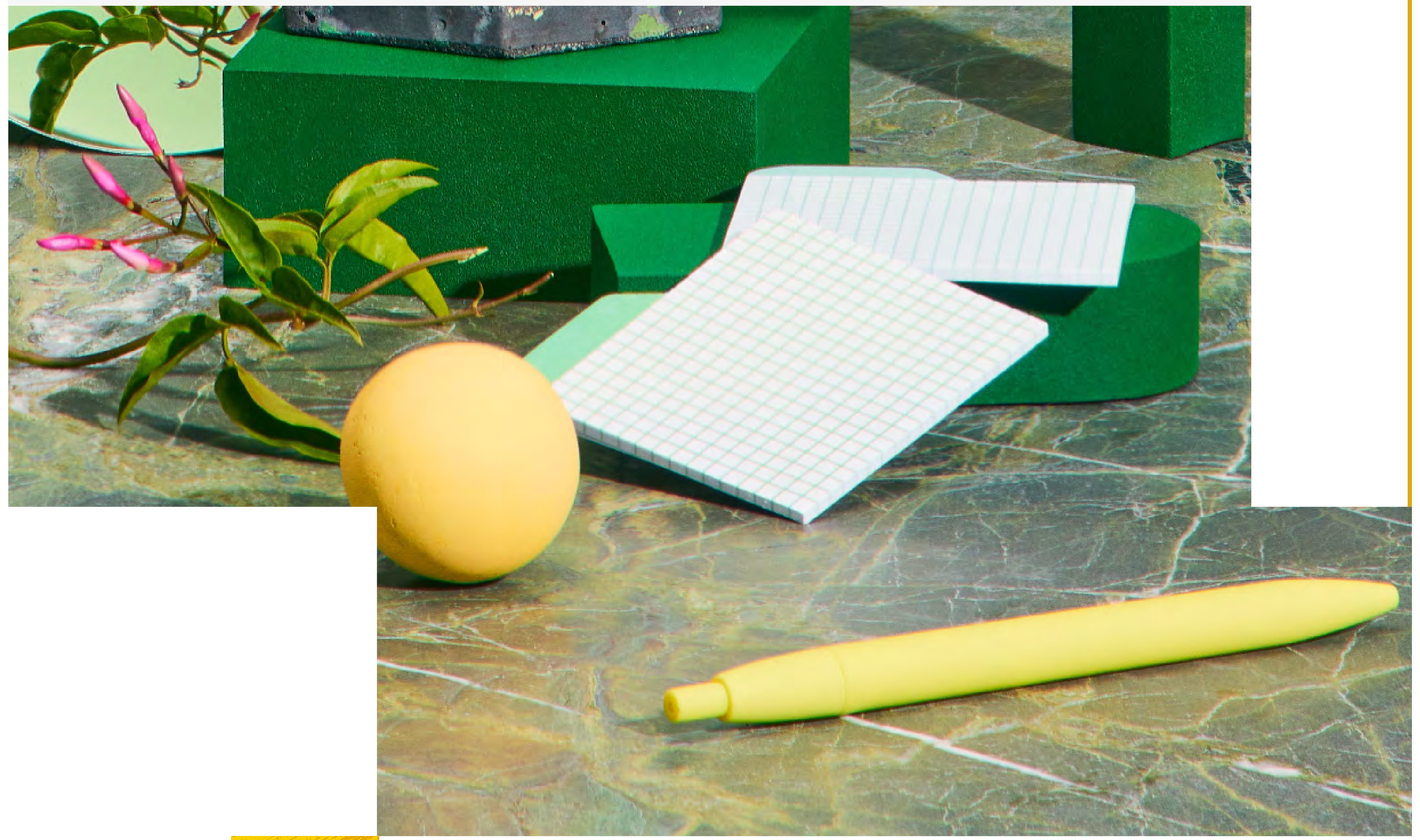


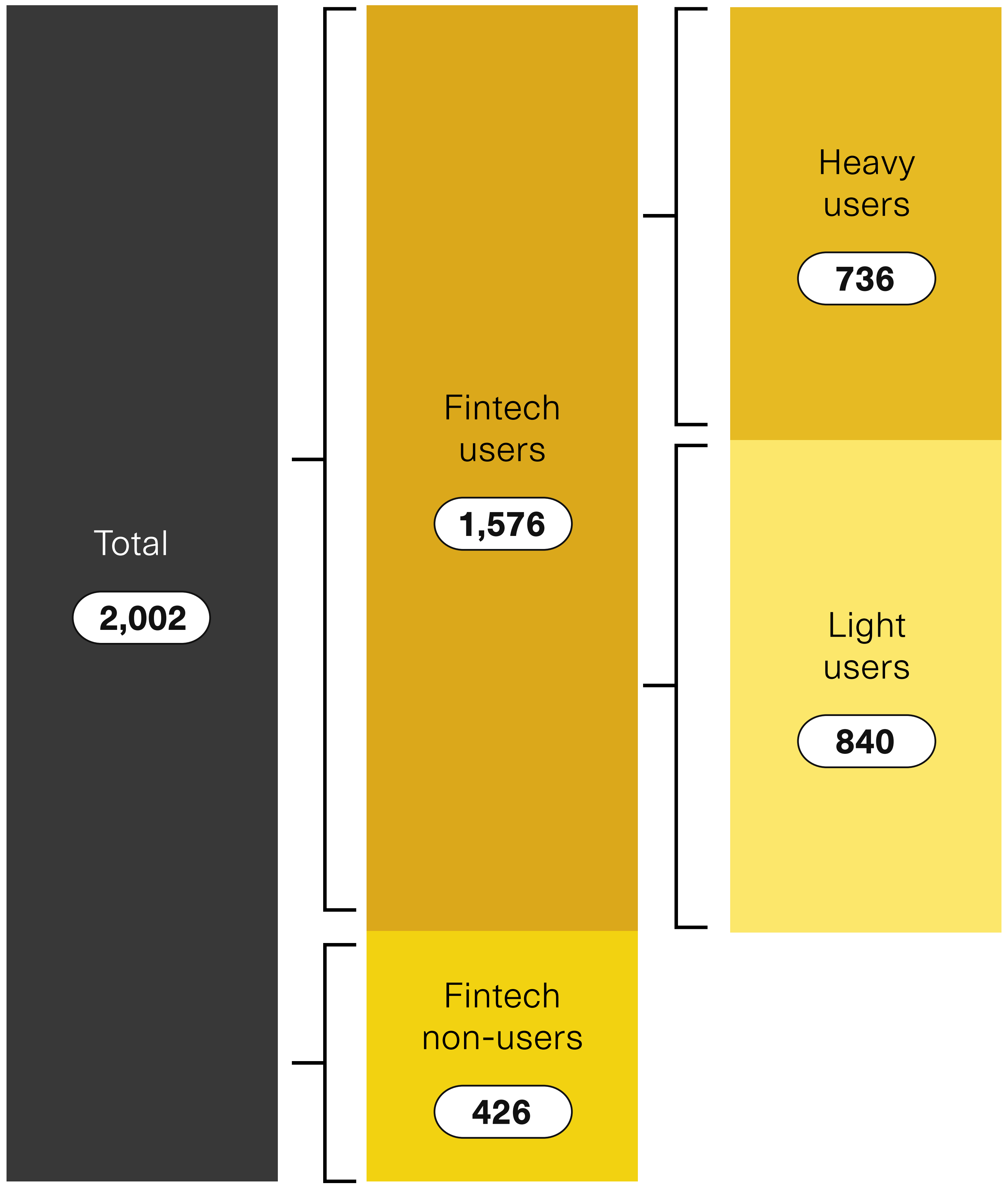
METHODOLOGY

This online survey was conducted by The Harris Poll on behalf of Plaid from August 21-September 6, 2023, among 2,002 adults in the United States ages 18 and older.

In addition to the key populations displayed here, we analyzed results by age, gender, region, urbanicity, ethnicity, income, assets, employment, marital, and parental status.

The data is weighted to the population of the U.S. This online survey is not based on a probability sample. Therefore no estimate of theoretical sampling error can be calculated.

In June 2023, we also held 5-day digital diaries with 30-minute follow-up interviews among 16 American consumers. The participants represented a mix of genders, ages, ethnicities, incomes, and fintech literacy, among other factors.



MEET THE NEXT WAVE OF FINTECH CONSUMERS

In 2021, fintech reached mass adoption when nearly 9 in 10 consumers in the U.S. and U.K. used digital apps and services to manage their finances. In 2022, as the pandemic eased and the world opened up, we saw consumer adoption of fintech remain high as more people began to experience what fintech had to offer: more control, better insights, and greater convenience. Since then, we've seen the very definition of fintech evolve to include banks, insurance companies, retailers, and more.

In this year's survey, nearly 6 out of 10 (56%) consumers say economic factors are making them reliant on digital financial tools. For Gen Z and Millennials—that number jumps to 65% and 71%.

55%

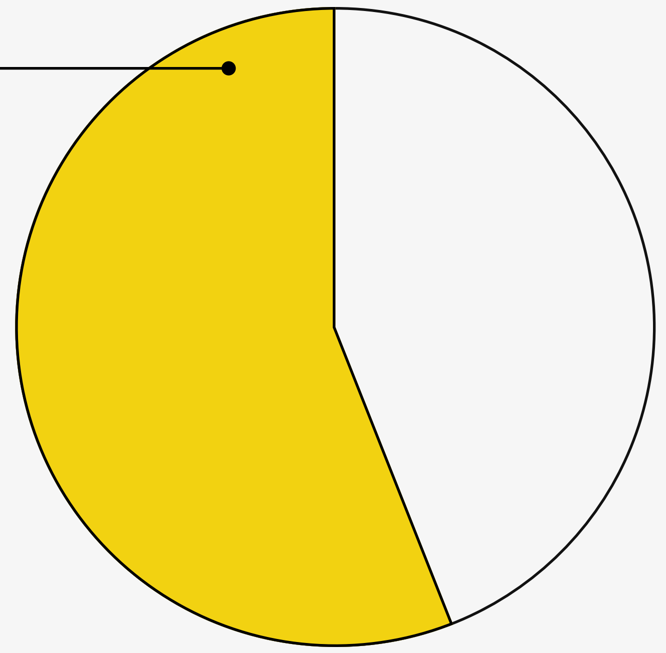
of consumers say fintech apps like budgeting tools are **helping them weather economic challenges**

In total, 13% of consumers—a 4% increase since 2021—now use six or more apps to manage their finances. This growing momentum for fintech has carried over into 2023 as consumers use more apps than ever before. The analytics company Adjust reported a 6% year-over-year increase in fintech app installations globally at the beginning of 2023, along with a 13% increase compared to the 2022 average.

Today's consumers aren't just looking to fintechs to help them complete one-off financial tasks. They're also using them to educate themselves, with 48% saying fintech apps have taught them about cryptocurrency, certificates of deposit, and other new investment types.

56%

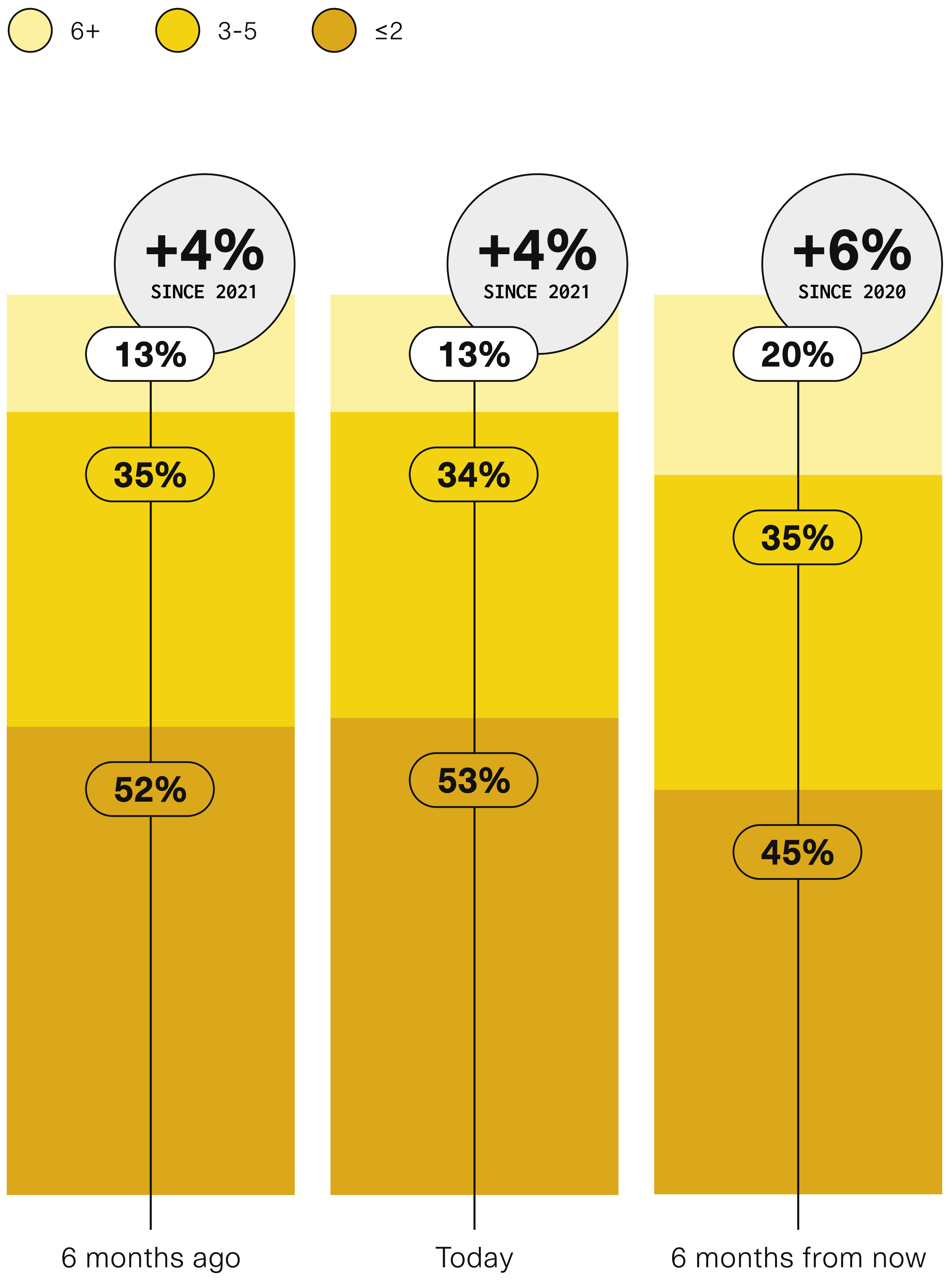
say **economic factors make them reliant** on digital financial tools. This is even more true for Millennials and Gen Z.



71% Millennial **65%** Gen Z

Users are leveraging more digital apps than years past to manage money

Number of digital apps consumers use–and project to use–to manage money



The value fintechs deliver to consumers doesn't end there. According to our survey, fintech has helped 90% of consumers in some way—saving them time or money, giving them more control, reducing fear, or helping them recover from a financial misstep.

In essence, fintech solutions aren't just digital alternatives to traditional finance tools—they're transforming everything about how today's consumers manage their money.

Below, we'll offer a closer look at the biggest takeaways from this year's survey and what they mean for financial services at large.

Benefits of using technology to manage money

Saved time	**56%**
Feel more in control	**48%**
Saved me money	**42%**

90%

of fintech users say fintech has helped them in some way

FINDING 1

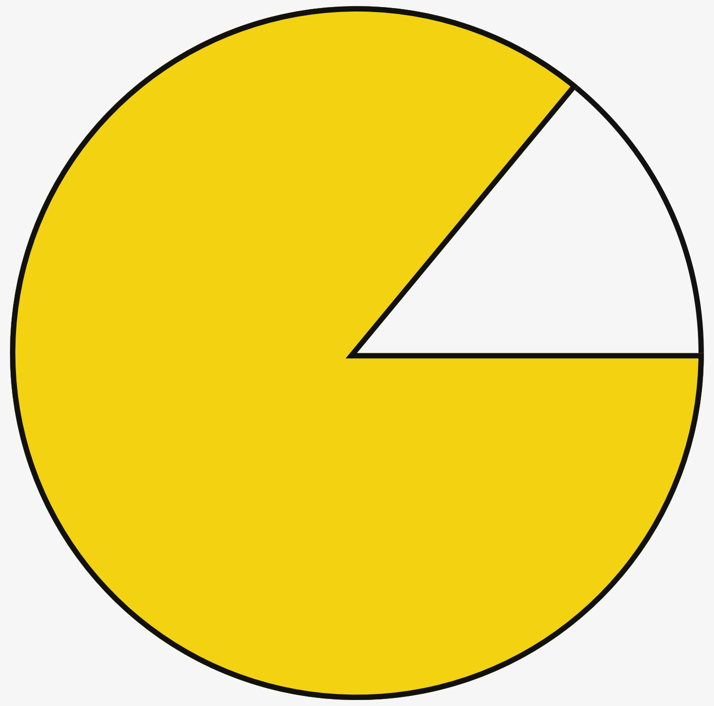
Cards on the table?

- Nearly 70% of consumers are open to pay-by-bank, even when credit and debit cards are an option

The primacy of debit and credit cards as payment methods in the U.S. is subtly shifting,

as 86% of fintech users now acknowledge the benefits of pay-by-bank options and express openness to using pay-by-bank to make purchases. Nearly 7 in 10 say they would consider paying for something with their bank account even when credit and debit cards are an option.

Consumers have different preferred payment methods across different use cases. They tend to prefer credit cards for e-commerce, but prefer pay-by-bank for recurring household bills. Overall, those we surveyed reported using bank account transfers for an average of 9% of payments, as opposed to 28% with debit cards and 26% with credit cards.



86%

See benefits of **using pay-by-bank**

Convenience	32%
Security	30%
Avoid extra fees	24%
Ease of tracking expenses	23%

> I usually do bank-to-bank, because there are less, if any fees, and sometimes the transaction is faster.

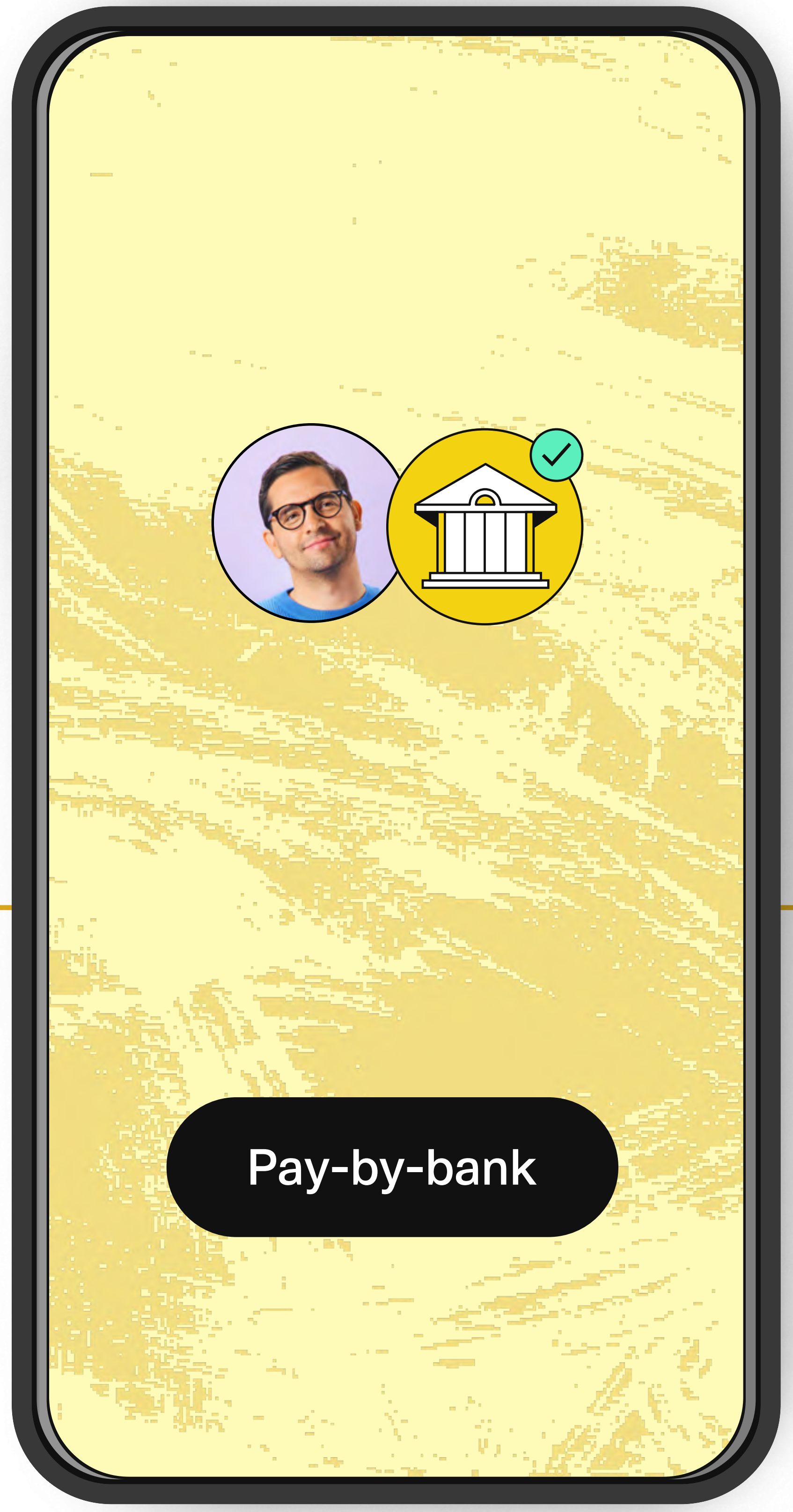
This shift signals an impending transformation in the payments landscape—one that moves towards more direct, streamlined, and secure payment methods. Increased awareness of pay-by-bank tools also highlights the value consumers place on having more control of their finances, fewer middlemen, faster transaction processing, lower fees, and better visibility into their cash flow.

> Everything pops up, and I can see everything I owe in one place, alongside the amount of money I have at this time.

The openness to pay-by-bank also suggests a growing emphasis on security and trust, with consumers looking for more direct links between their bank accounts and payment recipients, minimizing points of failure or fraud. Looking ahead, we can expect this trend to continue to fuel the broader adoption of digital banking solutions, bringing us closer to a fully integrated digital finance ecosystem.

Top 5 scenarios for consumer pay-by-bank

1. Paying for recurring household bills
2. Sending money to someone
3. Investing
4. Purchasing a big-ticket item
5. Paying for recurring subscriptions



WHY IT MATTERS

Consumers are increasingly open to using pay-by-bank in new ways. Depending on the circumstances, bank payments can feel more convenient, safer, and more transparent.

For fintechs, implementing bank payments enhances flexibility, reach, cost efficiency, and security in payment processing. As the global financial ecosystem grows more interconnected and diverse, multi-rail bank payment systems (ACH, RTP, FedNow) ensure fintechs remain agile, customer-centric, and ahead of the curve.

WHAT FINTECHS CAN DO

1. **Offer instant payments**
   Instant payments will help you meet consumer needs for speed and efficiency while differentiating your business.

2. **Lead with the benefits**
   Make it easier for consumers to use pay-by-bank by clearly communicating the financial benefits or offering rewards.

3. **Focus on the right use cases**
   Start with the most relevant use cases for your business, which could include Peer-to-Peer (P2P) transfers, bill payments, and subscriptions.

FINDING 2

Credit score, schmedit score!

- 63% of consumers say the three digit score isn’t enough to understand their full financial picture

BEHIND THE NUMBERS

Credit scores have been the gold standard for lenders since the 1950s. But we're beginning to see more consumers question this approach because of its inability to consider factors like income or spending habits. In this year's survey, 63% of consumers said that their credit score doesn't give lenders the full financial picture of their ability to repay a loan.

As leading lenders look to incorporate alternative credit data, such as on-time rental and utility payments, the question remains: will consumers be willing to share more financial information? Our data shows that 6 in 10 Americans think that by sharing their banking data, they'd be able to give a more accurate picture of their ability to pay back a loan, with 67% of those who use credit cards to make payments agreeing. Those figures tick up slightly for Millennials at 71%.

Meanwhile, the great majority of consumers are comfortable supplementing credit scores as part of a loan application process. Over 8 in 10 (83%) are comfortable sharing proof of primary income, and 73% are comfortable sharing bank statements and utility payment history.[1]

63%

I feel like my **credit score does not provide the full picture** on my ability to pay back a loan.

60%

I feel that **sharing my banking data helps give a more accurate picture** of my ability to pay back a loan.

1. Plaid-commissioned survey through Opinium conducted on April 17 – 23, 2023 for purpose of understanding trends in anti-fraud work.

WHY IT MATTERS

From mortgage applications to student loans, lending decisions can profoundly impact a consumer's wealth-building prospects. Getting credit and lending decisions right can have a ripple effect on a consumer's ability to build the life they want and the economy at large. Diversifying beyond the credit score isn't just a win for consumers—it's also a win for lenders. By going beyond basic credit scores, lenders can get a better picture of an applicant's finances, helping them boost creditworthiness and reduce reliance on systems that no longer serve them.

WHAT FINTECHS CAN DO

1 Move past credit scores

When determining creditworthiness, look at factors like income information, payment histories, or investments.

2 Unlock financial access

Grow your customer base by using alternative data sources to reach historically underserved communities.

3 Make it easy to share data

Diversify credit decisioning by making it easier for consumers to verify account balances, payroll information, or assets.

> We offer a co-living marketplace for low-income earners. By looking at things like recent income, we're able to be more intentional about how we underwrite folks.

HAMETO BENKREIRA, HEAD OF GROWTH PRODUCT

Watch video →

PadSplit

FINDING 3

The new pioneers of fintech

- Fintech's vision for financial inclusion comes into focus

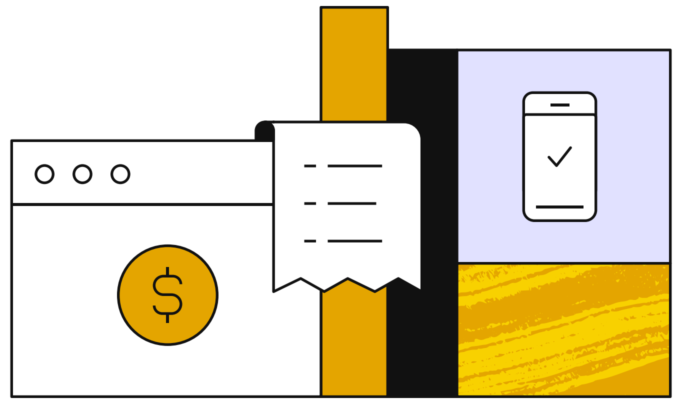
BEHIND THE NUMBERS

Many Americans still lack access to basic financial services such as bank accounts and debit cards simply because of where they live, their access to transportation, or their financial background. According to the Federal Reserve, 6% of adults were "unbanked" in 2022, meaning they have no bank account at all. Another 14.1% of American families were "underbanked" in 2021, meaning they still rely on nonbank services like money orders or payday loans despite having a bank or credit union account.

For these communities, the financial challenges can pile up as a result of a lack of access to credit, the inability to build savings, and the risk of losing money to predatory financial service providers. Data shows that income, education, and ethnicity strongly correlate with who's banked and unbanked. Despite only making up 32% of the population, Black and Hispanic communities comprise 64% of unbanked households and 47% of underbanked households in the US.

But fintech is helping shift the narrative by expanding access to historically underserved communities. According to our survey, Asian (75%), Black (76%), and Hispanic Americans (86%) have all embraced digital finance tools at higher rates than white consumers (72%).

And across the board, Hispanic Americans are adopting fintech at some of the highest rates. For example, 40% of Hispanic consumers use investing apps compared to 32% of the overall population. At the same time, Hispanic Americans are more willing to try nontraditional financial tools, with nearly 30% saying they use crypto apps and plan to continue using them, compared to only 19% of the overall population.



WHY IT MATTERS

Fintech usage trends in historically underserved and low- and middle-income markets is showing signs that it's truly reaching—and valued by—many of the consumers traditional financial services have underserved. In the past year, we've seen this trend continue to fuel greater consumer adoption, specifically when it comes to saving, sending money to relatives, or investing in stocks or cryptocurrencies. As more governments, industries, and organizations prioritize financial inclusion, fintechs have the opportunity to continue to play a major role in addressing this problem by making financial services more accessible and affordable for those who need them most.

WHAT FINTECHS CAN DO

1 Know your market

Start by understanding the consumers in your target market, their financial needs and habits, and any existing barriers to financial access.

2 Empower diverse groups

Build features that support specific, underserved population segments such as families, gig workers, or students.

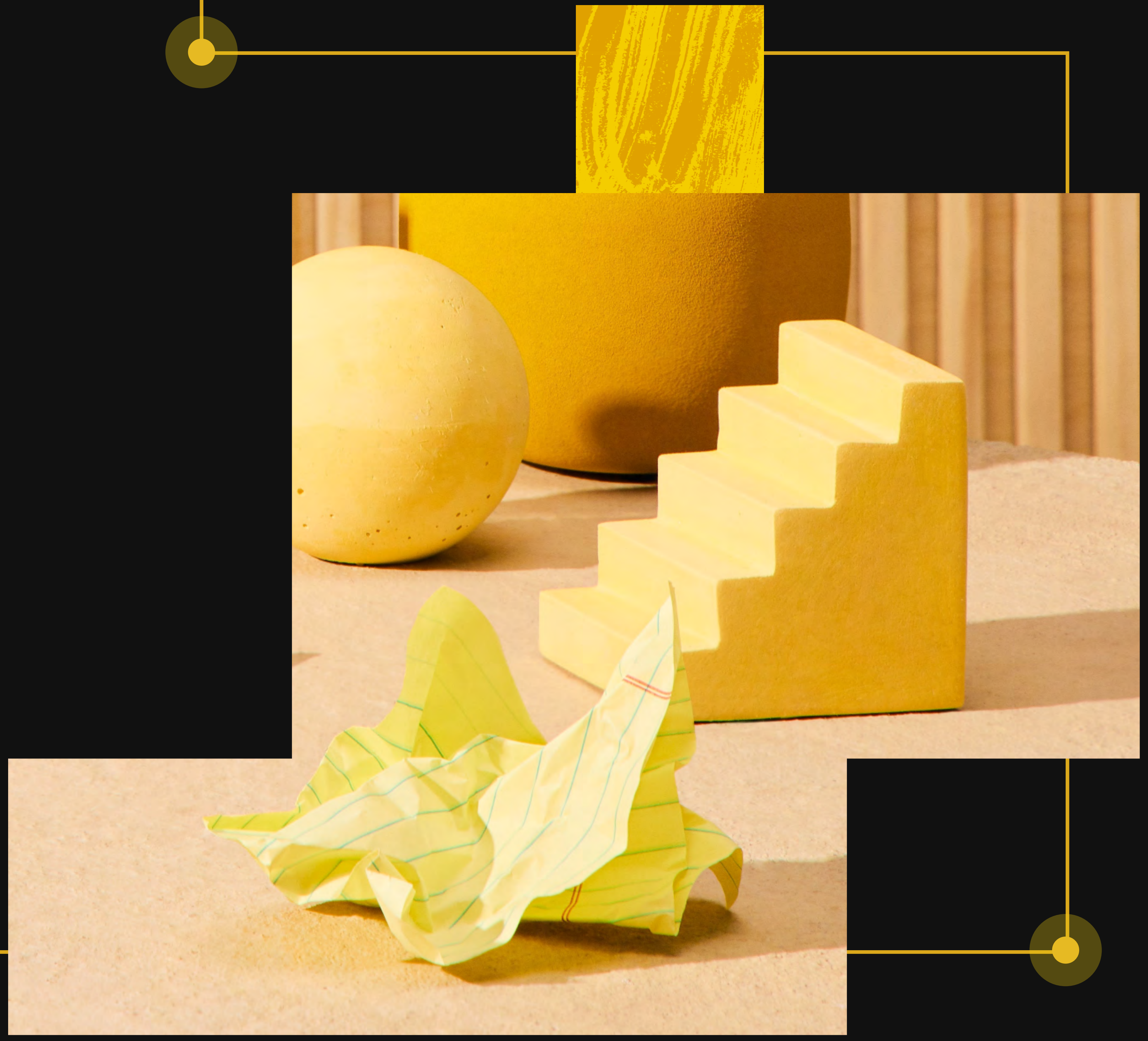
3 Collaborate more

Learn about the needs of your target population and greatly increase their chances of success by partnering with local banks and community organizations.

FINDING 4

Class is in session

- Nearly 7 in 10 consumers want fintechs to do more to teach them how to navigate high inflation



BEHIND THE NUMBERS

Nearly 9 in 10 (89%) of consumers are feeling some degree of financial stress today. Perhaps unsurprisingly, cost of living and inflation are the biggest concerns as basic household expenses such as rent, groceries, and utilities are significantly higher than this time last year.

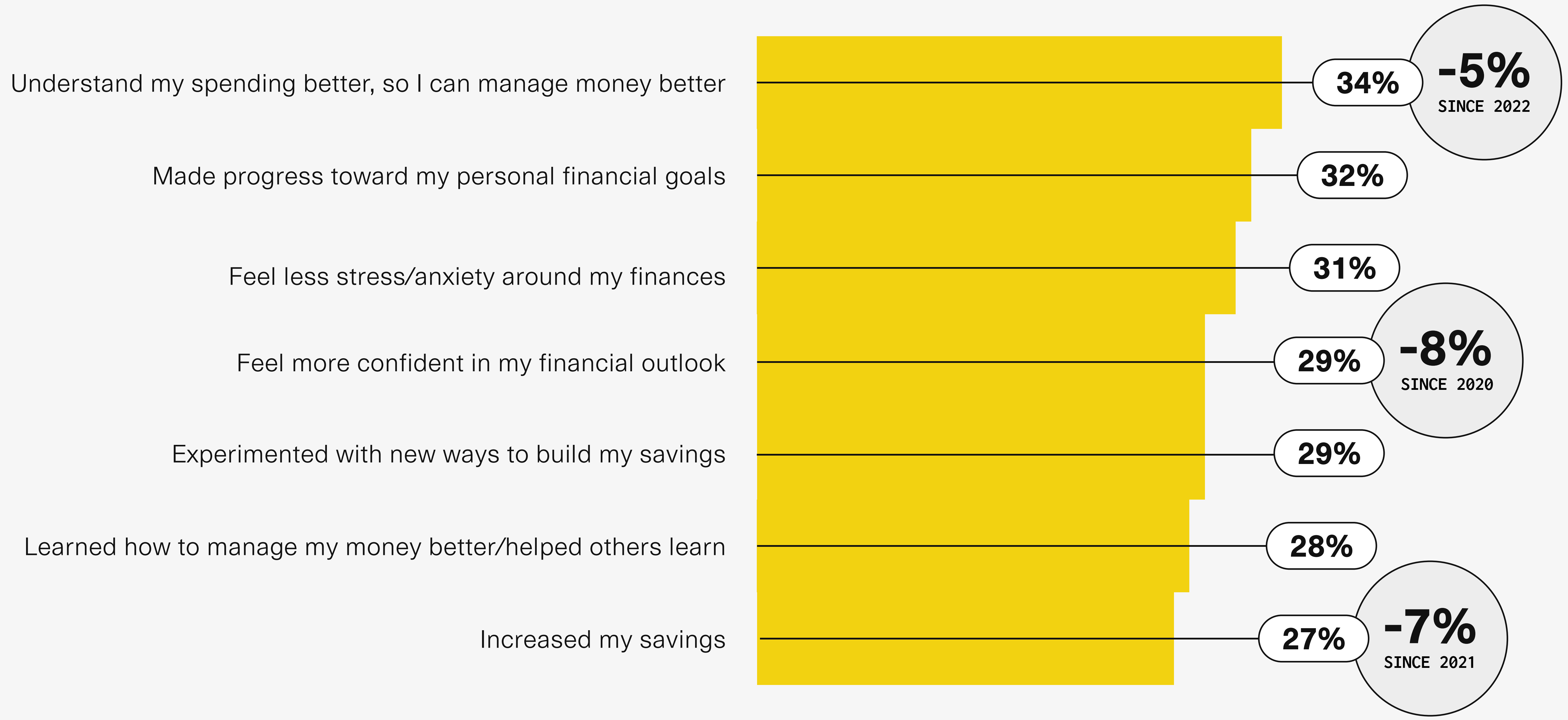
> I am very concerned. It seems like everything is getting more expensive and I feel like everyone is struggling to keep up.

73%

feel financially burdened by the rising cost of living

While feeling the financial stress caused by inflation, the majority of consumers (55%) say that fintech tools are actively helping them weather today's economic challenges. Of those surveyed, 84% say they're better off as a result of using those tools. When it comes to the real benefits of using fintech, 97% of fintech users say it's helping them gain a better understanding of their spending, make progress toward their personal financial goals, or feel less stress or anxiety about their finances.

Results of starting to use technology to manage finances



84%

say they have **benefited from using tech to** manage their finances

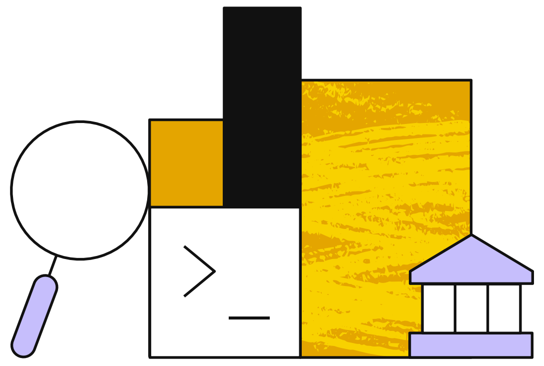
66%

It would be helpful if fintech companies could **educate or provide more services** on how to manage finances during times of high inflation.

51%

I want fintech apps to help me be **more accountable and disciplined** (e.g., create restrictions on withdrawing money prematurely, etc.)

Still, many consumers want more from fintech, particularly when it comes to helping them make better financial decisions. Nearly 7 out of 10 say it'd be helpful if fintechs did more to educate them or provide them with services specifically meant for times of high inflation. Half (51%) of consumers are asking fintechs to do more to help them stay disciplined and reach their financial goals faster.



WHY IT MATTERS

For fintechs, building stronger relationships with tomorrow's consumers starts with solving their problems today. Up until now, helping consumers manage their finances has largely meant giving them a better perspective of their financial situation, projecting cash flow, and helping them reach their financial goals. Based on this year's survey, we're seeing a growing appetite for more financial education and support for things like navigating high inflation and sticking to a budget.

WHAT FINTECHS CAN DO

1. **Give the full picture**
   Help consumers know they're making the right financial moves by giving them a holistic view of their finances.

2. **Offer the right tools**
   Look for ways to give consumers context-appropriate insights and tips on managing their finances, especially in today's economy.

3. **Help them stay on track**
   Look for ways to help consumers keep up good habits and avoid financial mistakes that may set them back in the long run.

SoFi helps members get their money right. In order to do that our members need to have a full understanding of their existing financial habits.

CONNIE CROSSLEY, PRINCIPAL PRODUCT MANAGER

Watch video →

SoFi

FINDING 5

High inflation, higher hopes

- 91% of consumers have financial goals for 2024, with saving and investing at the top of the list

BEHIND THE NUMBERS

Even in challenging times, consumers are keeping an eye on their financial future, as 9 in 10 (91%) have set financial goals for 2024. For Millennials and Gen Z, that percentage increases to 95%, underscoring the urgency younger generations feel when it comes to their financial stability.

So, what goals are today's consumers most focused on? Their top five goals are saving or investing more of their money, paying off personal debt, improving credit scores, building an emergency fund, and sticking to a budget. While saving or investing comes in at number one at 42%, the fact that most of these percentages are spread out across all five goals reflects just how multifaceted today's consumers' financial needs are.

91%

have financial goals for the next year

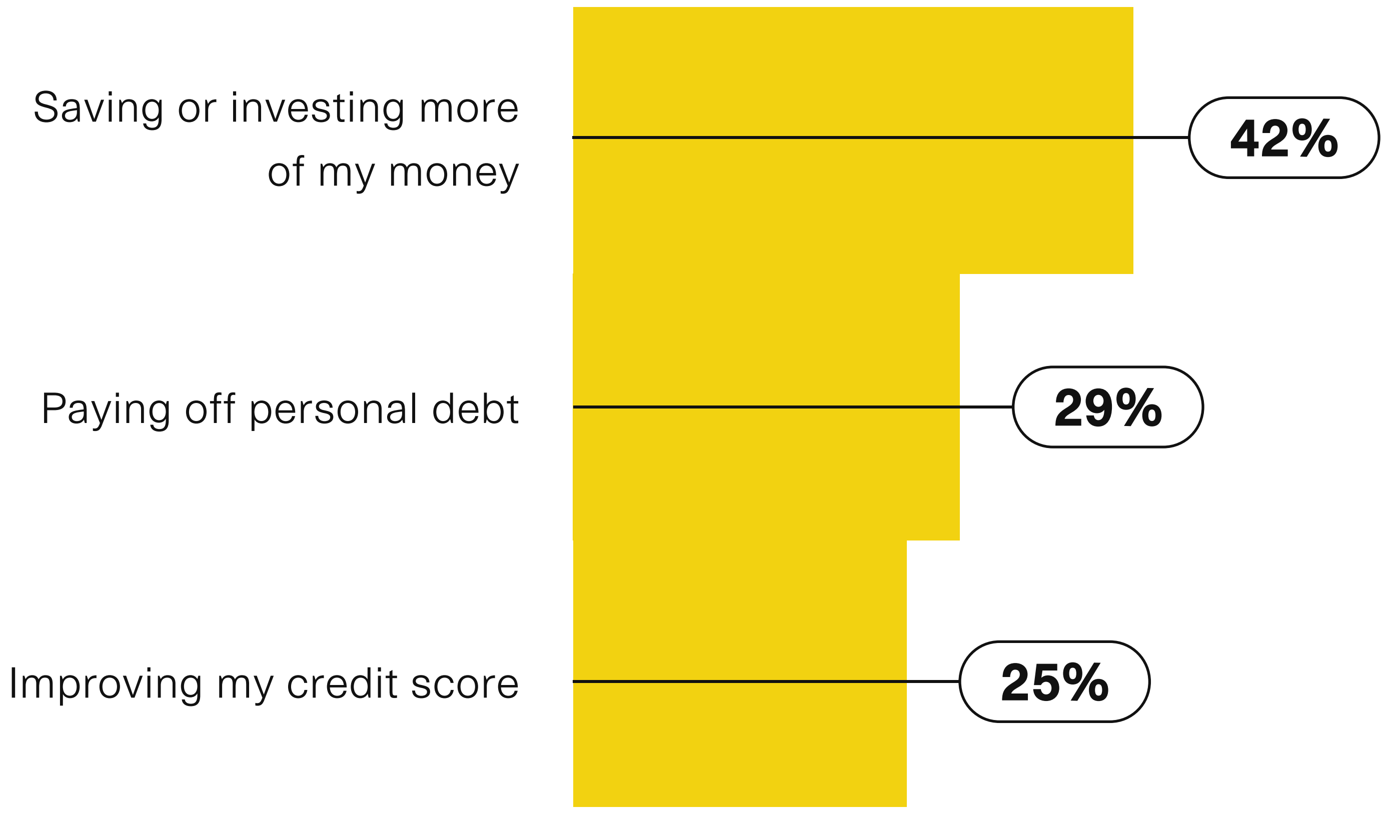
Credit is a foundational pillar for financial health—and most young people realize that. Millennials and Gen Z both show heightened interest in improving their credit score. The reasons behind this could include the mix of economic challenges they're up against, easier access to online tools and resources, or their own financial aspirations.

So what's keeping consumers from reaching their goals? Our survey shows that the rising cost of living, insufficient income, spending habits, debt, lack of knowledge, poor credit, and not having a budget all pose the greatest challenges for consumers in 2024.

- Cost of living/inflation - 54%
- Insufficient income - 29%
- Spending habits - 26%
- Debt - 25%
- Lack of knowledge - 19%
- Poor credit/lack of credit history - 19%
- Not having a budget - 17%

> Inflation is the highest it's been in years...I feel like the writing was on the wall even before the pandemic hit. The pandemic just exacerbated the inevitable.

Top financial goals for 2024



25% aim to improve their credit score. This is even more true for Millennials and Gen Z.

32% Millennial

31% Gen Z

WHY IT MATTERS

The majority of consumers—especially younger generations—are actively setting financial goals. For fintechs, this signals a shift towards a more proactive approach to money management and future planning. The multifaceted goals of consumers also signal that their financial aspirations are anything but one-dimensional. Fintechs can rise to the challenge by offering a combination of saving, investing, debt management, budgeting, and emergency planning tools. The emphasis on credit for younger generations also opens up the opportunity to help users build credit or explore using alternative types of data to give a fuller picture of finances.

WHAT FINTECHS CAN DO

1 Build all-in-one platforms

With so many consumers having multifaceted goals, you can turn your app into a financial hub by addressing multiple needs.

2 Provide credit management

Offer tools that monitor credit scores, provide alerts on changes, and offer actionable advice on improving or maintaining good credit.

3 Improve financial literacy

Build consumers' skills and earn their trust by offering webinars, resource articles, and AI-powered personalization to boost their knowledge.

“

The core of what we do is help people understand their finances by aggregating a sea of financial information into a well-crafted, insightful app.

ANDRÉS UGARTE, FOUNDER & CEO

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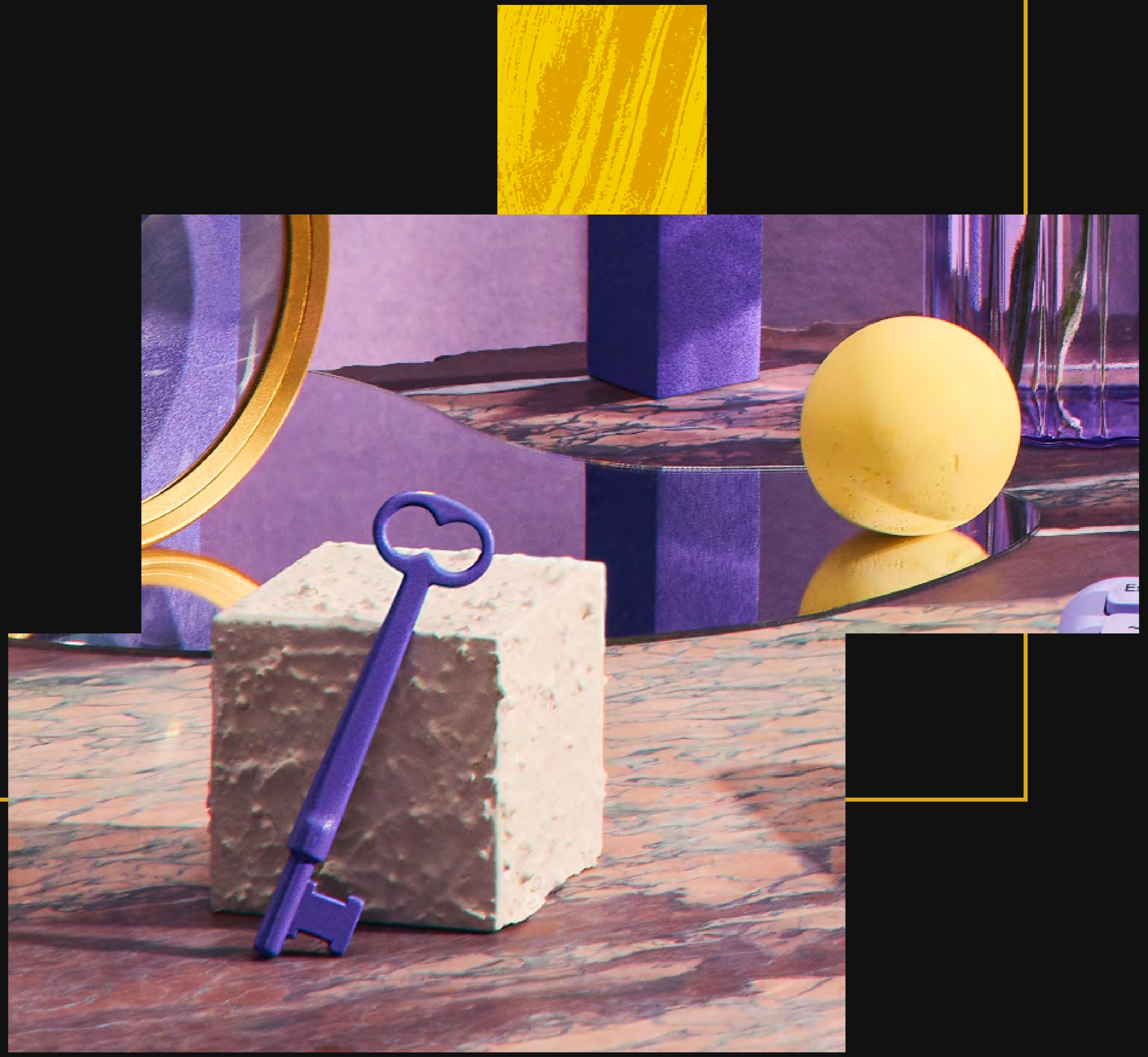
Copilot

FINDING 6

From ledgers to log-ins

- Consumers are getting more comfortable opening accounts with non-traditional service providers



BEHIND THE NUMBERS

> Our survey shows that over the last 12 months, consumers' comfort level has grown or remained the same when opening accounts with various providers.

And even if consumers are more comfortable opening financial accounts with banks, there's still plenty of room to grow.

Following the banking crisis in 2023, many wondered how the fallout would impact consumer trust in banks. Despite one in five consumers withdrawing cash in response, our survey shows that banks of all sizes continue to win the hearts, minds, and wallets of consumers.

While consumers' comfort with opening financial accounts with technology companies remains relatively high, we did see it come in lower at 79%. To help close that gap, it may be helpful to take a closer look at what consumers look for when it comes to deciding whether or not to trust a fintech app or service.

Percent of Americans who feel the same or better about each category

76%

When I create an account with a new mobile app, **I prefer to verify my identity so that the app can know I am a real person.**

65%

I would be **willing to take a selfie and a picture** of my driver's license **to protect myself from fraud** when using a financial application.

64%

I feel safer using a digital financial product **when I need to provide identifying information about myself** (e.g., driver's license, etc.)

It turns out that identity verification not only helps protect consumers against fraud, it also makes them feel protected. When asked about what fintechs can do to make them feel safer, 76% of consumers said that they'd prefer to verify their identity to prove that they are who they say they are.

In addition, 64% say they feel safer using a digital financial product when they're required to provide identifying information, like a photo of their driver's license. For Millennials, that percentage jumps to 76%, signaling that identity verification will continue to play an important role in reaching younger audiences.

WHY IT MATTERS

Consumer trust can never be taken for granted. While the data shows that consumer comfort level with fintechs remains relatively high, it's still slightly lower than in traditional banks. That differential could impact acquisition and retention for fintechs in 2024. Fintechs can close that gap by being even more proactive about the things that are top of mind with consumers. With nearly 8 in 10 in favor of fintechs using identity verification and roughly the same number of younger consumers feeling safer when providing identification, taking those extra steps to verify customer identities goes a long way in showing consumers why they can trust a new service.

WHAT FINTECHS CAN DO

1. ### Verify customer identities
   Boost anti-fraud measures while helping consumers feel safer using identity verification solutions that don't compromise the user experience.

2. ### Be upfront and transparent
   Make it easy for consumers to understand any related costs and fees, including how their data is being used—or not used.

3. ### Partner with banks
   Tap into consumer trust in banks by building stronger relationships with financial institutions and the networks that make those connections possible.

FINDING 7

What's on your home screen?

- Today's average consumer uses 3-4 financial apps, with payments leading the way

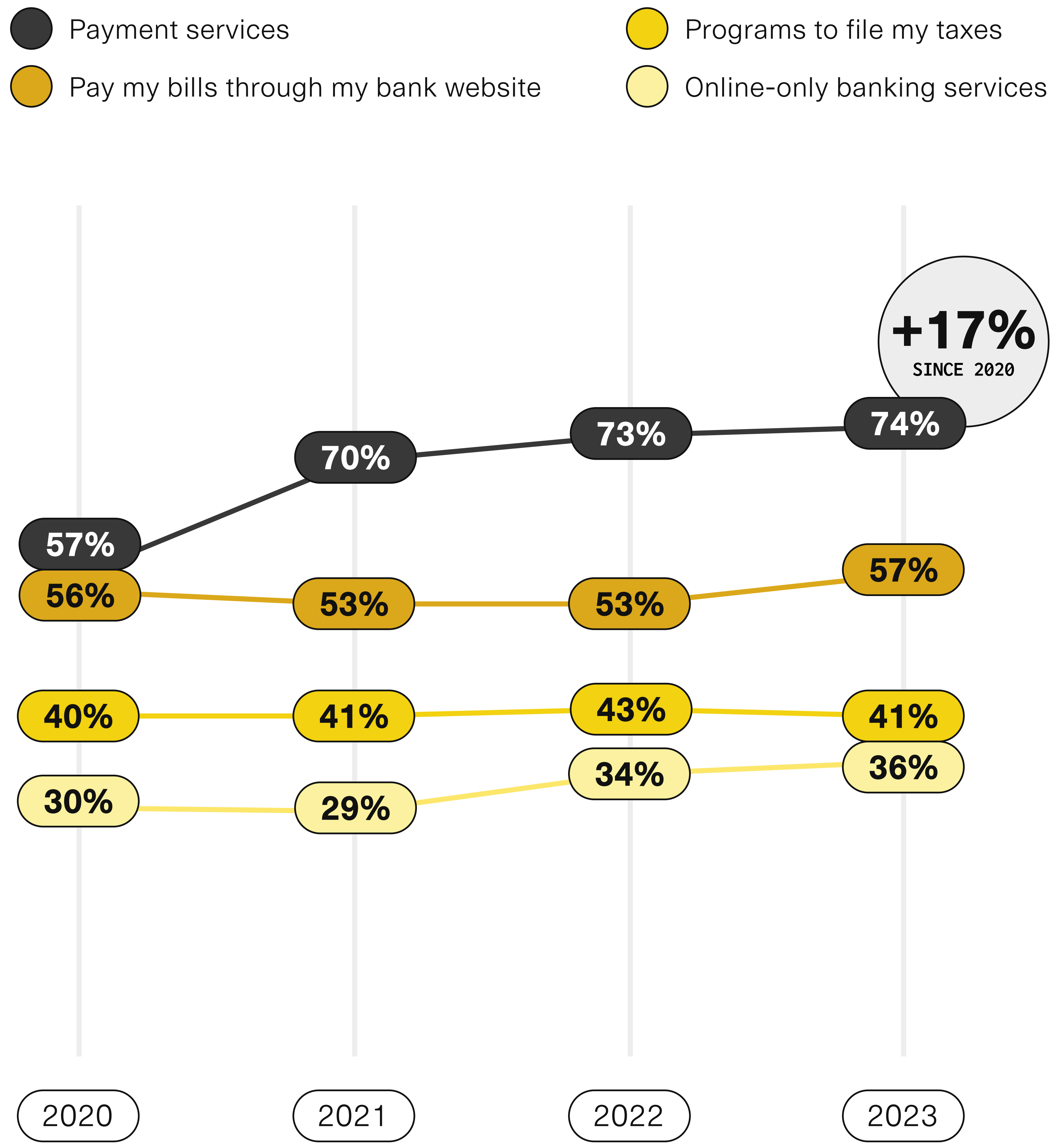
BEHIND THE NUMBERS

> It's hard to separate fintech from finance these days with fintech embedded in nearly every app and experience where money or financial data is involved.

In our survey, the average consumer reported that they use between three to four fintech apps. And 20% projected that they will be using six or more digital apps in the next six months—an increase from 14% in 2020.

And while Americans are using fintech to do everything from pay bills online to file taxes, the most widely used digital tools for money management revolve around payment services. Overall usage has climbed 17% since 2020. Other digital financial services that have gained meaningful momentum since 2020 include lending services (+10%), investment tools (+7%), online-only banking services (+6%), and payroll advance services (+6%).

Top digital tools used to manage money



The dominance of payment services across the fintech landscape highlights the broader trends of consumer behavior, needs, and technology. As we move into an increasingly digital world, we can expect payments to continue to play a central role as consumers look for more convenience, flexibility, and security.

Why it matters

The growing dedication and adoption rates we see across various fintech services signal a broader appetite among today's consumers. From payroll advances to online banking, consumers are moving towards more accessible, flexible, and digital-first solutions. Fintechs can meet that growing demand by emphasizing user education, transparency, and personalized offerings.

WHAT FINTECHS CAN DO

1. **Diversify payment solutions**
   Make your offering stand out with a payment solution that enhances the user experience, speeds up transactions, and boosts security.

2. **Focus on emerging service areas**
   Offer multiple financial services so consumers won't need to switch platforms for different financial needs.

3. **Develop strategic partnerships**
   Fast-track your roadmap while improving the consumer experience by partnering with other networks and fintech companies.

> A Branch account can connect to tons of other fintech apps. If a user needs to move money, they can do that seamlessly.

AHMED SIDDIQUI, VP OF PRODUCT

Watch video →

branch

FINDING 8

AI take the wheel

- Consumers are ready for AI to revolutionize the way they manage money, on two conditions

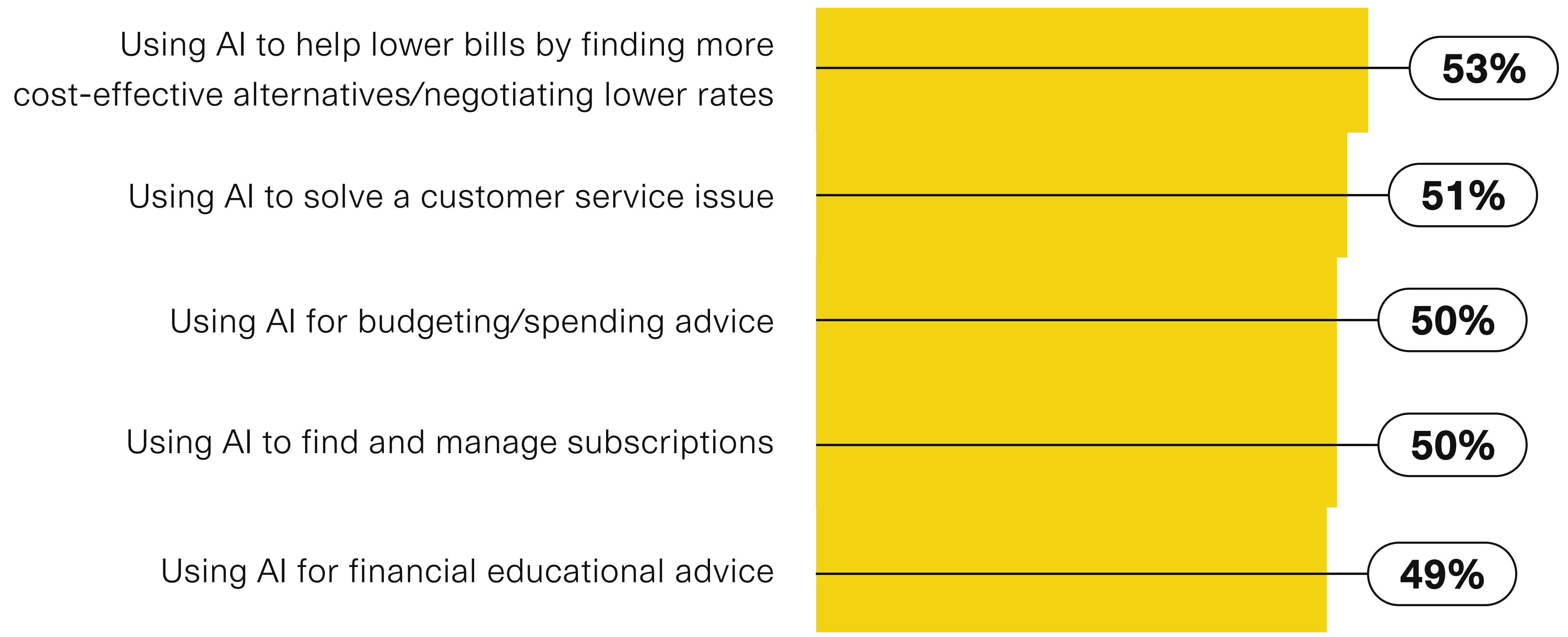
Artificial intelligence (AI) use cases are on everyone's minds, and fintech consumers are no exception. Around 7 in 10 (71%) consumers we surveyed have heard of generative AI, and 20% of those surveyed say they've experimented with it in the past 12 months. While usage remains lower among those we surveyed, expectations are high—six in 10 Americans (60%) think AI will revolutionize the fintech industry in the next five years.

> I tried using AI a couple times to ask questions about places I was visiting. I also used it to help write a cover letter for a job I was applying to. I plan on using it more in the future when I become more familiar with things I can do with AI.

When asked about the biggest money challenges they hope AI can help them tackle, 53% of consumers said cutting bill spending and negotiating lower rates was at the top of the list. Around half (51%) of consumers want to see AI help them with customer service issues, budgeting advice (50%), and managing subscriptions (50%). Younger audiences buy into the potential of AI even more, with around 60-65% of Millennials and Gen Z sharing the sentiment.

Even though AI is still considered the new kid on the block, our survey shows younger generations look forward to the impact it will make. Among Millennials, 64% say they're excited by the prospect of fintech apps using AI technology. Meanwhile, the majority of Millennials (60%) and Gen Z (51%) say they're even more likely to try a new fintech app when it says it's using AI technology.

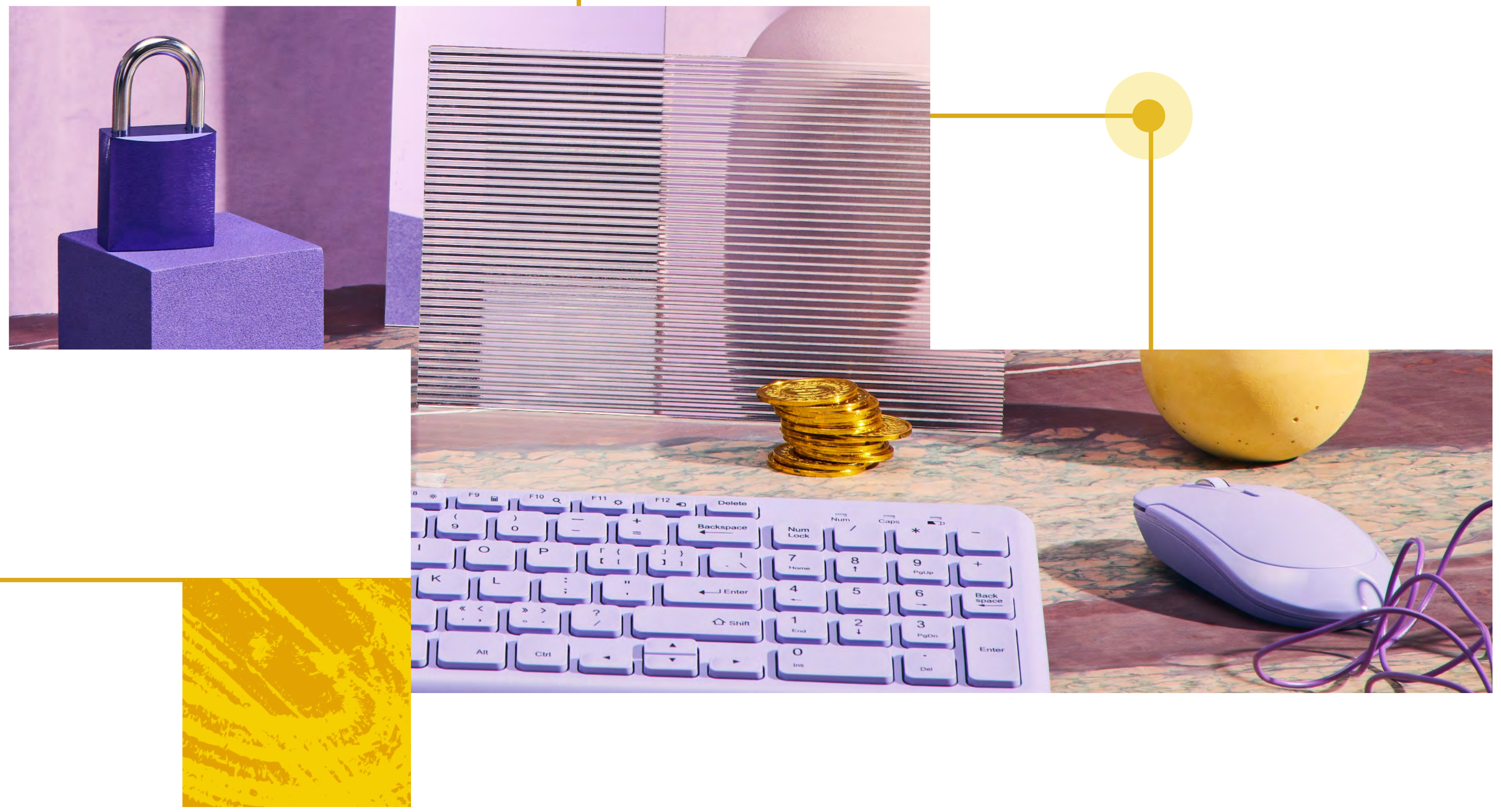
Top use cases for Artificial Intelligence (AI)



Nearly two-thirds (62%) of Americans also expect AI to help shape fraud detection and prevention. Anti-fraud leaders agree: over half of them are already incorporating AI into their strategies. And two out of three (65%) believe AI will be necessary to implement in fraud prevention over time.[2]

But consumers aren't ready to get out of the driver's seat just yet. Three-fourths (78%) of heavy users and Gen X (75%) say they want to be able to review any AI decisions around their finances. And 7 out of 10 Americans (70%) want to see regulation around AI in general.

> "I would be okay with using AI in fintech, as long as I knew exactly how it was helping me manage my spending and how it was obtaining the information.



2. *Plaid-commissioned survey through Opinium conducted on April 17 – 23, 2023 for purpose of understanding trends in anti-fraud work.*

WHY IT MATTERS

Half of consumers (50%) expect AI to make them smarter and more in tune with their finances. And that could very well be true—as AI can help scale personalization across fintech apps and bring tremendous information to bear. But fintechs need to implement it with care. Using AI to make financial decisions without consulting consumers would, at the very least, hurt relationships and trust.
As AI becomes increasingly ubiquitous, fintechs have the chance to use it to improve consumers' daily lives in ways we're just beginning to understand.

WHAT FINTECHS CAN DO

1 Start with the right use case

Start using easy-to-adopt tools or experimenting in sandbox environments to identify which new features will have the biggest impact.

2 Use AI for personalization

Leverage AI to analyze consumer finances, make smarter and more personal recommendations, and ultimately build more impactful financial tools.

3 Implement safeguards

Use simple language to explain AI features while allowing consumers to opt into and out of them easily. To ensure AI models operate without bias—start incorporating diverse and inclusive data.

FINDING 9

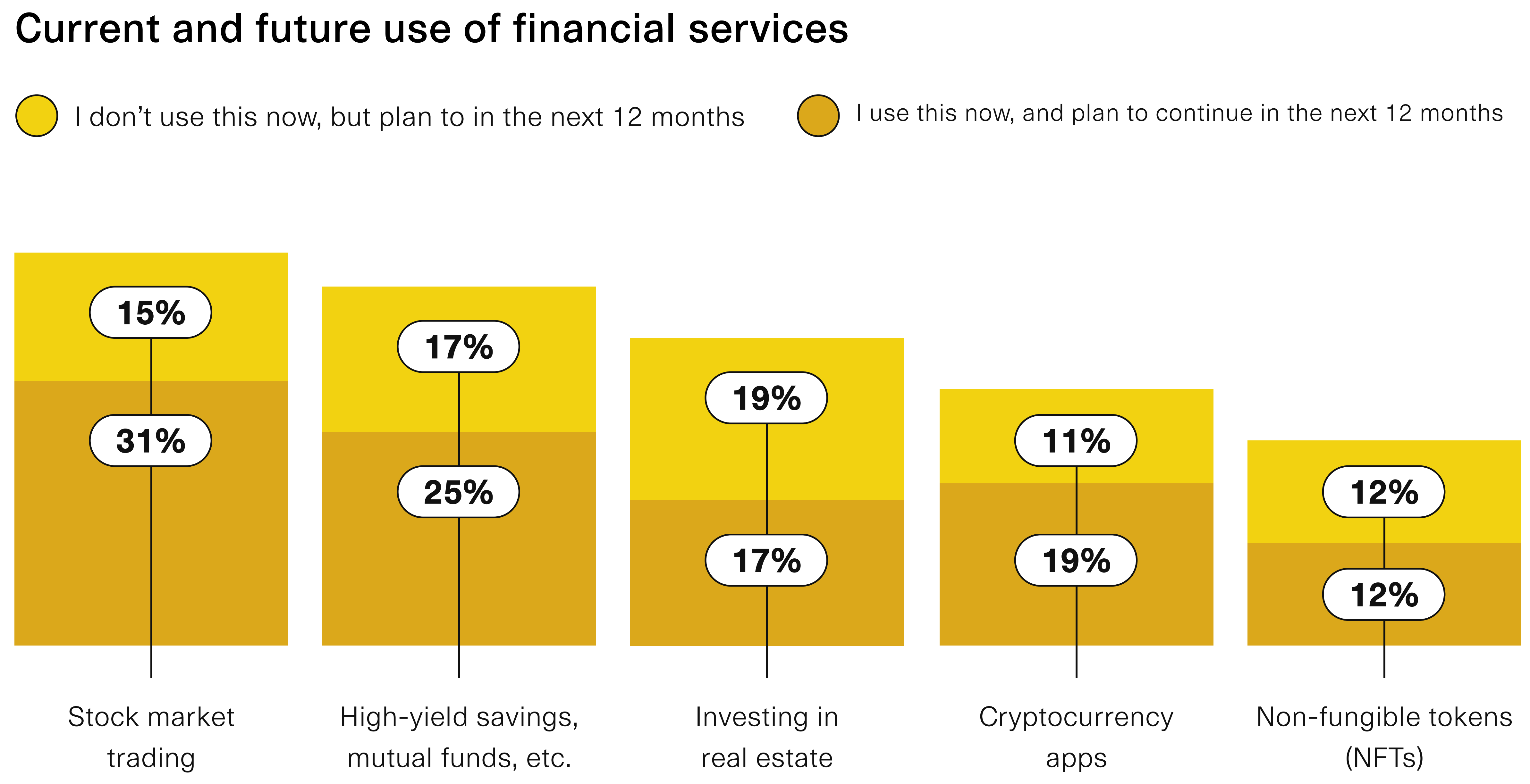
Wall Street wins the race

Consumers go all in on traditional investing while crypto takes a breather

BEHIND THE NUMBERS

Consumers are looking to invest. In our survey, nearly half (46%) said they are actively engaged in or planning to start stock trading in the next 12 months. Both Millennials and Gen X are equally engaged, with 50% showing similar interest. At the same time, Boomers say they're slightly less inclined (40%) towards the stock market than Millennials and Gen X.

Another 42% of Americans are turning to tools like high-yield savings accounts and mutual funds. Adoption rates across generations are mostly similar for these investments compared to traditional stocks. Millennials (46%) and Gen X (49%) lead the charge compared to Gen Z (29%), but these investments are slightly less popular with Boomers (35%).



When it comes to non-traditional investments, 6 in 10 consumers say they're skeptical about cryptocurrency and don't see it as a sound investment in today's economy. In contrast, we see consumers looking to real estate as a more tangible and reliable investment, with 71% favoring it over cryptocurrency. But while 7 in 10 consumers would prefer real estate over cryptocurrency, 59% feel that real estate is out of reach for them. This data underscores a prominent trend: consumers want to make their money work for them, but volatile markets and high upfront costs remain their biggest obstacles.

While consumers have cooled on crypto, it's anything but dead. Compared to many other traditional vehicles, cryptocurrencies' low entry points and fractional buying options are a massive competitive advantage in today's economy.

59%

feel like investing in real estate is out of reach given the current housing market

WHY IT MATTERS

Fintechs have the potential to continue to revolutionize the investment landscape, even for traditional investment avenues like high-yield savings accounts. By allowing consumers to start investing with very small amounts of money, fintechs can make it easier for the next wave of investors to participate in investment activities traditionally reserved for those with more capital.

For industries like proptech, offering tools and resources to help Americans improve their credit scores will be critical to helping consumers unlock better mortgage rates and terms—putting real estate back within arm's reach. Cryptocurrency platforms can also make the most of the latest trends by focusing their marketing on how crypto unlocks more investment avenues. This is especially true for younger generations that might be priced out of traditional asset classes like real estate but are tech-savvy and open to newer forms of investments.

WHAT FINTECHS CAN DO

1 Offer comparison tools

Give consumers the ability to compare different high-yield savings accounts based on interest rates, fees, withdrawal limits, and reviews.

2 Integrate financial tools

Give consumers the full picture of their finances and make it easier to allocate funds for investing by integrating with budgeting apps or bank accounts.

3 Make it easy to diversify

Allow consumers to diversify their investments, balancing traditional options like real estate and high-yield savings with newer ones like crypto.

“

Public is an investing platform where members can build a portfolio of stocks, Treasuries, ETFs, crypto, and alternative assets—with any amount of money, all in one place.

MARYALEXA DIVVER, HEAD OF PRODUCT

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BUILDING A BETTER FINANCIAL FUTURE, TOGETHER

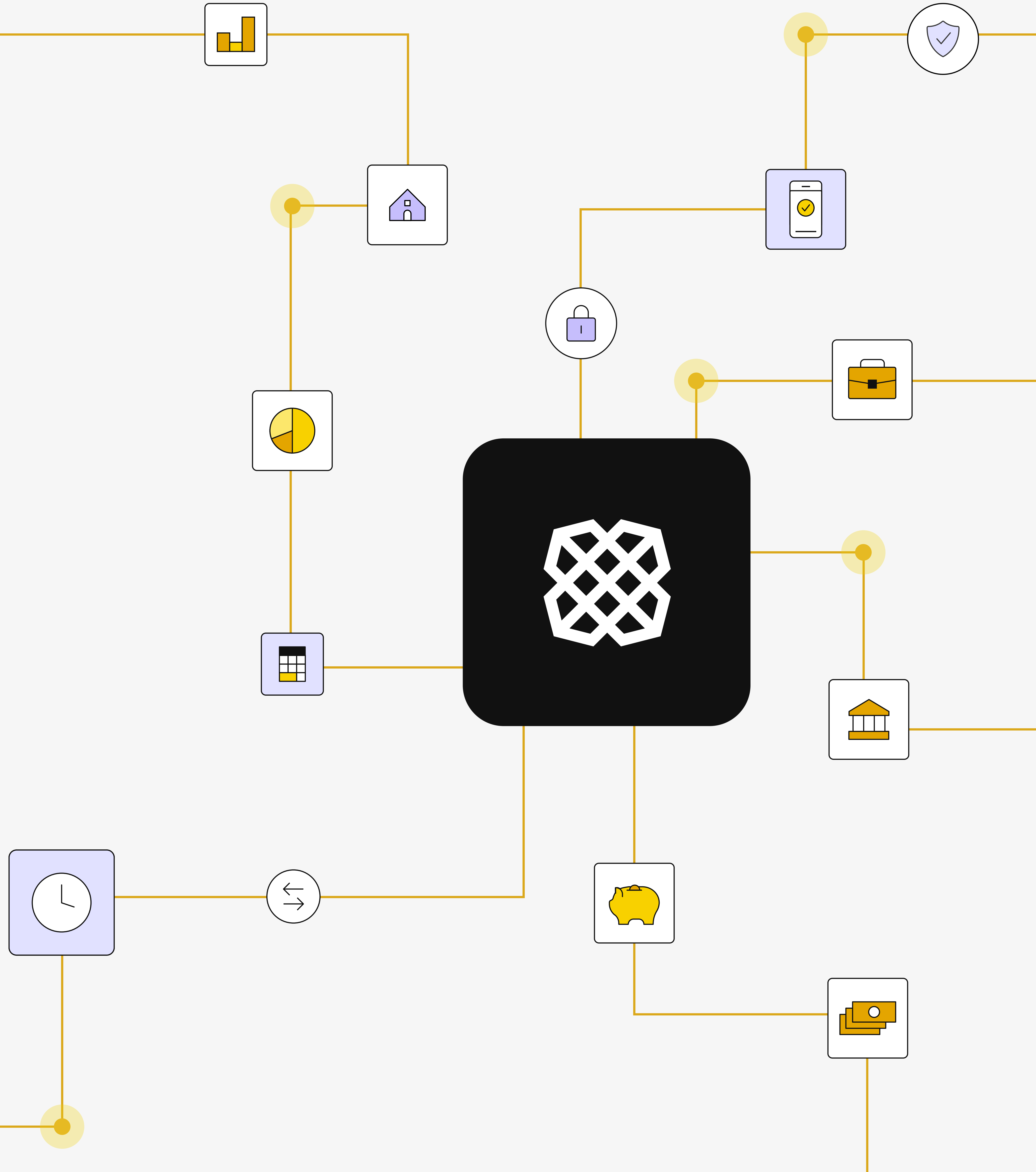
At Plaid, we continue to sit at the intersection of consumers and the financial services they use. In this year's edition of The Fintech Effect, we see more consumers using more financial apps to manage their financial lives—showing remarkable resilience and a clear eye towards the future.

In order to reach the next wave of fintech consumers, we need to continue to work together and collaborate across the digital finance ecosystem. By doing so, we won't just make it possible for consumers to complete nearly all of their financial tasks using fintech—we will help deliver a more open and equitable financial system that works for everyone. Helping today's consumers navigate an unpredictable economy while leveraging the new frontier of real-time payments, AI, identity verification, and credit is the next step on that journey towards unlocking better outcomes for all.

HOW PLAID CAN HELP

Plaid powers the digital finance ecosystem by connecting the world's leading companies with hundreds of millions of consumers for easier, faster, and more secure user experiences. From fast-growing startups to innovative neobanks to global enterprises, thousands of companies rely on Plaid to onboard more customers, fight fraud in real time, and move money safely and securely across the rails of their choice. Today's consumers expect financial services to be quick, simple, and secure. Plaid solves this by helping them safely connect their financial accounts to apps, verify their identity in 10 seconds or less, send and receive payments, and seamlessly navigate the world of financial services so that they can focus on reaching their financial goals.

Get started at plaid.com



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