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# Consumer attitudes towards financial data sharing and privacy



In our last whitepaper, 'The Next Generation of Consent Management in The Age of Privacy', we explored our belief that consumers should be provided with more, not less, control over their data; and the ways in which businesses can directly benefit and generate revenue by becoming more trustworthy.

Recently, the FCA published CP21/3 detailing amendments to the Strong Customer Authentication (SCA) RTS which "will help remove barriers to continued growth, innovation and competition in the payments and e-money sector, in particular for Open Banking." The overall aim of which is to increase consumer uptake. It is estimated that only 7% of the UK population with bank accounts, have consented to share their financial data through Open Banking. We fully support the new FCA proposal which will require TPPs to request their customers re-consent every 90 days directly, instead of having to re-authenticate their identity with their bank every 90 days – a process where they are re-routed away from the TPP and back to their bank. This process was adversely impacting customer journeys, with attritions rates reportedly between 20-40% at the 90-day mark. In addition, the FCA have confirmed that 'Explicit Consent' must be collected in order to ensure consumers are protected and have an understanding of the terms they are consenting to. Whilst this is a positive step, the current Open Banking consent framework means that people will still have to manage their consents bilaterally, with each TPP, which is far from a great user experience. The lack of transparency and user control will continue to exist at a time when consent is becoming more integral to every Open Banking customer journey.

We wanted to delve a little deeper into consumer sentiment regarding data sharing, data privacy and the role of consent within financial services. To do this, in summer 2021 we conducted our own survey that recorded the views of 250 people who all classified themselves as 'consumers who actively use their online banking app'. The results provide a fascinating set of insights that really strengthen our belief regarding the importance of privacy enhancing technology that provides the customer with improved transparency and the ability to control access to their data depending on the context.

This is the first of a four-part series where we will share our survey findings and explore topics including Privacy Enhancing Tech, Building Trustworthiness and Data Monetisation.



## Recent attitudes to data sharing

To get an idea of the baseline attitude towards sharing data, we asked if anyone had shared any financial data with their bank or third party providers in the past 12 months. Only 29% reported having shared any financial data during this time and this included the sharing of physical copies of documents in branch as part of a product application process as well as via Open Banking APIs.

We found that those over the age of 65 were least likely to share their financial data with 88% of consumers within this age bracket having not shared any financial data over the last 12-months.

Our research shows the more digitally native 18–24-year-olds, who are most familiar with performing digital customer journeys, are also very protective over their data as they are more aware of potential risks involved. 74% of this audience have not shared any financial data with a bank or third-party provider in the last 12-months.

This result was a little surprising since it has been widely acknowledged that the pandemic and periods of lockdown have forced people into conducting more digital customer journeys. These results demonstrate that a large proportion of the population are still not comfortable sharing data online even in quite unique circumstances, but why?

There are several reasons behind this reluctance to share data including:

- **Lack of trust**
- **Lack of control**
- **Limited awareness of the benefits**
- **Lack of transparency**

Perhaps unsurprisingly, our survey results confirm that people do still trust traditional banks more when compared with TPPs, however, the surprise comes when we discovered that only 57% of respondents trust their banks more than TPPs.

However, there is an increasing number of consumers (20%) who trust TPPs just as much as traditional banks, suggesting banks must work harder to maintain relevance with their tech-savvy customer base who have grown up with a plethora of alternatives to traditional banking products and services. Conversely, there is another more sceptical group, where 17% don't really trust either party with their data.

It is well researched that people feel comfortable sharing more data with brands they trust. For organisations to be viewed as trustworthy, they will have to consistently demonstrate competence and that a mutual benefit is an achievable outcome for customer who share more of their data. We feel that being transparent and accountable when processing customer data, as a 'data steward', are simple steps to begin this journey towards a more equitable data sharing arrangement.

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# 74%

Of the audience have not shared any financial data with a bank or third-party provider in the last 12 months.

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# 50%

Believe the main reason banks and third parties want to access their financial data is more for their own commercial gain than to enhance their consumer experiences.



## Having control over your data

Despite the fact that it is not attainable today, our survey respondents stated that they want to take more direct control over their data, reflected in 75% of our responses, rising to 85% for the respondents aged over 50. Taking control over your financial data means having the ability to explicitly manage access to personal data across the value chain, the duration and purpose, barring a few limited exceptions.

Currently, the available tools (either within Open Banking or more broadly within financial services) aren't fit for this purpose and place the consumer at a distinct disadvantage, prone to increased harm and risk of their data being mis-managed. Headlines of data misuse from some of the world's leading brands are further widening the gap of 'us and them' and further eroding customer trust, which is already in a fragile state.

Despite the fact that Open Banking data is shared through highly secure, standardised APIs on the basis of customer consent, so this data cannot be shared onwards with other TPPs or data brokers, Open Banking can still fall victim to the very same underlying data privacy concerns that customers feel about sharing data more broadly. The vast majority of customers are not going to distinguish between a Bank or a TPP's Open Banking services versus their other products – it is all the same brand. Indeed, this was a feeling that was corroborated by 52% of our survey respondents, who stated a 'lack of visibility' as a primary reason that discourages them from sharing their data with financial organisations. This figure rose dramatically to 69% for those aged 50-64.

This lack of control and transparency does not create a feeling of trust and as a result, just over half of our respondents felt like financial services companies put their own interests ahead of their customers when requesting customer data. For those aged over 50, this number jumps to 62%. If there is limited value realised after sharing your data, then this is hardly a surprising figure.

32% of respondents stated that a key factor that discourages them from sharing any data with financial services providers is the feeling of a lack of value from doing so. Banks and TPPs are not doing enough to raise awareness regarding the value of sharing data, and the reciprocity that can be gained. But as well as an awareness campaign, Banks and TPPs should also look at the opportunity to be derived from tools which enable a safer, more transparent data sharing framework to exist.

Unless robust, 'Trust-by-Design' tools are implemented, that gap will continue, starving banks and TPPs of the very data they need in order to develop new value propositions within Open Banking and Open Finance.

Pulse® is a unique consent management platform that puts trust at the heart of your business. For more information, or to request a demo, get in touch with the team.

**In our next article we will share further customer insights and explore the delicate balancing act between maintaining data privacy whilst enhancing Customer Experience.**

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# 52%

State that lack of visibility is the primary factor that discourages them from sharing their data with financial organisations.

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# 75%

Believe that control over how their financial data is used and processed is nonnegotiable.



## About us

Smarter Contracts is a UK-based FinTech company that has designed and built its own patent-pending privacy and consent management platform, Pulse®.

Pulse® has been designed to solve many of the consent-based friction points that have been identified by Open Banking participants in the UK and Europe and further outlined in this whitepaper.

By building Pulse® we have created a platform that allows an individual to manage their data in the same way they manage their money. Indeed, our own research clearly demonstrates that consumers want to be able to manage their data in this way and they would be willing to share more of their data if they had access to the type of functionality that Pulse® has been designed to provide.

Pulse® allows for the management of Open Banking consents and authorisations, whilst it has also been built to cover GDPR and ePrivacy consents.

**To find out more about Pulse® or to request more information on our research, please contact:**

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