Consumer Survey: Financial Apps and Data Privacy

November 2019

The Clearing House
Summary

The Clearing House (TCH) is pleased to release the 2019 consumer survey on financial apps and data privacy that focuses on how non-bank financial apps access personal financial data and what consumers understand when it comes to how these apps utilize the data.

Every day, digital banking is increasing in popularity as it meets banking customers’ demand for convenience. Financial apps are a growing part of the overall financial ecosystem, making it more important than ever to assess consumers’ understanding, attitudes and knowledge about these solutions and the associated data privacy and security implications.

In early 2018, TCH conducted a survey to explore what consumers knew about how their data is accessed, collected, used, stored, and shared when using financial apps. We learned that there is a disconnect between what consumers think they know about financial data collection practices and what they actually know.

With the awareness that too many financial apps still fall short in meeting a key expectation of their customers—data privacy and security—TCH updated the consumer survey in Q3 2019 to:

- Get a fresh take on what consumers are feeling and seeing in 2019;
- Dive deeper into their perceptions about how financial apps access, collect, use, store, and share their data;
- Understand the current landscape of financial apps and how it has evolved; and
- Uncover new insights into consumers’ mindsets at the intersections of finance, convenience, security, and privacy.

Our 2019 survey confirmed that digital tools play an increasingly important role in helping Americans manage their money. 54% of U.S. banking consumers use financial apps to engage in personal financial management, investing, borrowing, and person-to-person payments.

54% of U.S. banking consumers use financial apps to engage in personal financial management, investing, borrowing, and person-to-person payments.

From budgeting and payments to investing and lending, these services have the potential to provide significant benefits to consumers. And the use cases will continue to expand as financial apps and banks identify new ways to use data to customize their offerings and meet customers’ changing needs.

Most financial app users (70%) are confident that their information is both private and secure. However, according to our survey, there is limited knowledge on the part of consumers about what data is collected, and how data is stored and shared. This is likely due to the fact that this information is contained within the apps’ terms and conditions, which a majority of financial app users (79%) did not read.
Moreover, many of those who claim to have read them report that they don’t understand what they have read.

Most financial app users are not aware of the personal and financial data the apps have access to. For instance, 80% of users are not fully aware that the apps or third parties may store their bank account username and password. Once they realize this, more than two-thirds of users (68%) are uncomfortable with the apps’ level of access. Similarly, a majority of financial app users do not know how their data is being used and shared by the apps. Less than 20% of users are aware that the apps may use third parties to access consumers’ personal and financial information. Nearly two-thirds of users (65%) express discomfort with these arrangements.

Once financial app users realize the full extent of what data the apps access and how they use and share the information, two distinct groups emerge, with 53% of users saying they are less likely to use the apps, and 47% saying they will continue to use the apps anyway.

Nevertheless, consumers in our survey voiced strong support for more education about financial apps, more control over their information and other steps to enhance data privacy and security. For instance, 65% of respondents supported actions that would require clear disclosure of what data third parties can access, and 59% want easier ways to control how their data is accessed and used.

Overall, the findings of our 2019 survey reinforce that there is a need for more transparency, education, and control for consumers as they use financial apps.

Methodology

Hall & Partners conducted the 2019 consumer survey on behalf of The Clearing House between July 31 and August 14, 2019. The survey was conducted online and optimized for desktop and mobile devices. The sample consisted of a total of 3,967 U.S. banking consumers: 1,999 financial app users and 1,968 non-financial app users. The survey was written in a way that educated respondents by sharing information about financial apps. This allowed Hall & Partners to examine the differences in consumer attitudes toward financial apps before and after exposure to information about these apps.
Financial apps are mainstream, driven by younger, educated users

More than half of U.S. banking consumers claim they have used at least one financial app in the past year. The most popular apps are for person-to-person payments, and more than a third of U.S. banking consumers have used one in the past year.

Financial app users are more likely to be younger and female compared to non-financial app users. They are also likely to have achieved a higher level of education.
Consumers lack clarity about what they are signing up for when using financial apps

Most financial app users are confident that their information is both private and secure.

However, according to our survey, there is limited knowledge on the part of consumers about what data is collected, how data is stored and shared. This is likely due to the fact that this information is contained within the apps’ terms and conditions, which a majority of financial app users (79%) did not read. Moreover, many of those who claim to have read them report that they don’t understand what they have read. Overall, only 11% of users claim to have read all of the terms and conditions and understand what they read.

While financial apps have complete discretion of the data that is mentioned in the terms and conditions, consumers are either unclear about this or believe that the apps are using data only to get the information required to perform their service.

How do you think financial apps use your data and other consumer data they have access to?

<table>
<thead>
<tr>
<th>Purpose of Data Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>For purposes specifically consented by the user</td>
<td>57%</td>
</tr>
<tr>
<td>As desired by non-bank financial applications</td>
<td>36%</td>
</tr>
<tr>
<td>To sell consumer data they access to third parties</td>
<td>31%</td>
</tr>
<tr>
<td>I do not know how non-bank financial applications use my data and other consumer data they have access to</td>
<td>21%</td>
</tr>
</tbody>
</table>

On average, 79% of the Financial App Users for the apps we asked about did not read all the terms and conditions.

Only 11% claim to have read all the terms and conditions and understand what they read.
Additionally, less than one fifth of users know that some apps use third parties to access their bank account information.

Are you aware that apps may use third parties to access your bank account information?

Less than a quarter of financial app users know that financial apps have access to their data until they revoke their bank account credentials.
Once consumers realize what personal and financial information financial apps can access, they are not comfortable with it.

Most financial app users are not aware of the personal and financial data that the apps have access to. Once they realize they may have agreed to granting access to this information, the users are not comfortable with it. Financial app users are especially uncomfortable with sharing their bank account login credentials.

Discomfort and Awareness of Sharing Personal Information

Beyond being unaware of how financial apps work, most users are also not aware of what the apps are able to do once they are being used. Most financial app users are uncomfortable with these permissions in place.

Discomfort and Awareness of Apps’ Abilities
Data privacy and security concerns are important for many consumers, while others value the convenience of using financial apps. Once financial app users realize the full extent of what data the apps access and how they use and share the information, two distinct groups emerge, with 53% of users saying they are less likely to use the apps, and 47% saying they will continue to use the apps anyway. Younger users are more likely to continue to use the apps, as they place a higher value on a seamless experience. The most compelling reason for stopping usage of financial apps is the apps’ lack of responsibility for data breaches.

Most Influential in Decreased Financial App Use

- Assume NO responsibility if there is a security breach that compromises your finances (you lose money) or if information is stolen: 30%
- Power of attorney to initiate transactions or other changes to your bank account: 25%
- Retain access to your information indefinitely, even when you delete the app: 15%
- Regularly access your data, even when you close or delete the app: 12%
- Sell your data to other parties to use for marketing, research, or other purposes: 11%
- Use a third party to access your personal and financial information: 7%

Younger users are more likely to use financial apps, and also place higher value on a seamless experience—valuing convenience over data security.
Most survey respondents believe that if there is a breach, the app should be responsible and hold most of the responsibility.

Perceived Responsibility if Financial Loss from Financial App

- 70% Financial Apps
- 41% Banks
- 34% Regulatory Agencies
- 18% Government/Congress
- 10% Myself

Education has a clear impact on data privacy and security perceptions

While most financial app users were confident at the start of the study that their information is private and secure, only about 2 in 5 are confident once they have been exposed to information through the survey.

Upon learning about how financial apps store users’ bank account credentials, many users are unlikely to give complete access with their credentials in the future.

Confidence in Data Privacy
- Pre: 70%
- Post: 39%

Confidence in Data Security
- Pre: 70%
- Post: 41%

(On a scale from 1–7 where 1 is “Not at all confident” and 7 is “Extremely confident”)

Reasons to Allow Apps to Store Credentials

- 38% I would not consent to a non-bank financial application access to, and use of, my user account credentials
- 39% Providing my user account credentials is required for the application to access data on my behalf
- 35% To enable a more seamless user experience
Consumers are supportive of more education, transparency and control around data sharing

Financial app users want more education. They see its value and find it important for their privacy and security with their continued use of financial apps. They expect education to come from their banks and from the financial apps themselves.

How important is it for you to learn about the following concerning financial apps?

- How long financial apps can **access** personal and financial data: 75%
- How the information gathered by financial apps is **used**: 78%
- How long financial apps can **store** personal and financial data: 77%
- How financial apps can **share** your data with third parties: 80%

Who should be responsible for education and awareness about financial apps’ data use and access?

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>59%</td>
</tr>
<tr>
<td>Non-bank financial applications</td>
<td>54%</td>
</tr>
<tr>
<td>Industry/consumer advocacy group</td>
<td>44%</td>
</tr>
<tr>
<td>Government institutions</td>
<td>42%</td>
</tr>
</tbody>
</table>
Beyond education, movements toward other changes are highly supported as well because overall people believe they should have more control over their data.

**Actions Supported**

- 65% Require clear disclosure of what data third parties will have access to
- 63% Require clear disclosure of what access to data terms and conditions grant in apps
- 62% Require clear explanation of possible risks associated with using the app
- 59% Provide easier ways to control how your data is used and accessed
- 53% Allow you to easily change your security settings

Users want more control over how third parties access their data. More than half would prefer to use a settings page within the financial app to exercise that control.

**Desired Access Controls**

- 58% I would like to control which of my financial accounts and what kind of data can be accessed by any third party
- 52% I would like to provide explicit consent to every third party that seeks to access my data
- 23% I would like my primary financial institution to control which third parties have access to my data
- 4% I am indifferent to the access and usage of my data

**Desired Mechanism of Access Controls**

- 56% Permissions settings page within financial apps I use
- 46% Permissions settings within my primary bank
- 26% Customer service representative within my primary bank
- 11% I don’t know