

ANALYST REPORT

# The State of Consumer Banking & Payments

How consumers are managing their financial relationships  
during the COVID-19 pandemic

Q1 2022



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Even amid the current pandemic, consumers report satisfaction with their financial services providers, and few have changed these relationships. But beneath the calm surface are signals of struggling financial well-being and shifts in payment habits.

Morning Consult's quarterly report **The State of Consumer Banking and Payments** tracks evolving trends in the consumer banking and payments world, and evaluates what changing attitudes mean for the future of each industry.

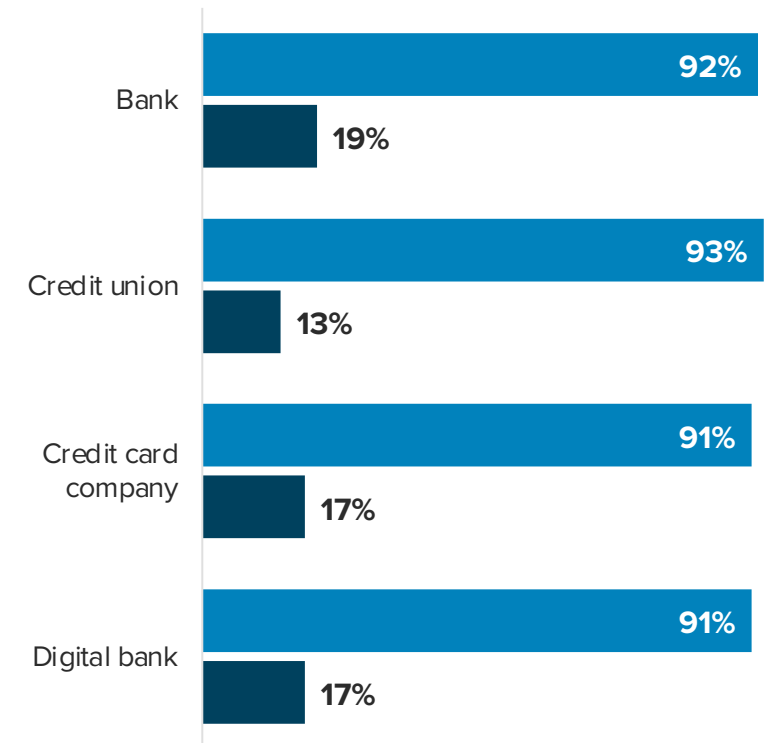
Based on survey interviews of more than **50,000 adults** across the Americas, Europe and the Asia-Pacific region, this report provides insights into consumers' relationships with their primary banking and payment providers, as well as the other financial services they're using to meet their needs.

The report also takes a close look at millennials' financial well-being and banking habits, cryptocurrency's ascension to mainstream status and consumers' adoption of embedded finance.

Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

Share of U.S. adults who...

- Are satisfied with their primary provider in this category
- Plan to add a new provider in this category in the next six months



## KEY TAKEAWAYS

### 1

#### Behind consumers' trust and satisfaction are unmet banking needs

Americans remain satisfied with and trusting of their financial services providers, but they continue to turn to alternatives such as payday loans and “buy now, pay later” (BNPL) services to alleviate pandemic-induced financial stress.

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### 3

#### Prepare for the 2022 crypto boom

Cryptocurrency ownership continues to rise, buoying crypto-related brands in the process. But cryptocurrency owners aren't abandoning their relationships with traditional providers. Instead, they're working with more.

[READ MORE](#)

### 2

#### Millennial financial well-being remains stubbornly low

With many of their prime wage-earning years marred by recessions and an ongoing pandemic, millennials are exhausted, and their outlook on both near- and long-term finances is less than optimistic.

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### 4

#### Embedded finance threatens brand strength of traditional service providers

As consumers find payments, lending and insurance seamlessly integrated into brand experiences, traditional providers will need to rethink how they participate in the financial services ecosystem to stay relevant.

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## SECTION 1

# BANKING BLIND SPOTS REVEAL STRUGGLING FINANCIAL HEALTH

Steady banking relationships and satisfaction numbers belie increased overdrafts, the rise of BNPL and alternative financial services, and intentions to find new providers.

# EVEN DURING TUMULTUOUS TIMES, SATISFACTION AND TRUST WITH PRIMARY PROVIDERS REMAINS CONSISTENT

Consumers remained satisfied with their primary financial services providers, regardless of provider type, throughout the second half of 2021, even as many Americans faced financial struggles.

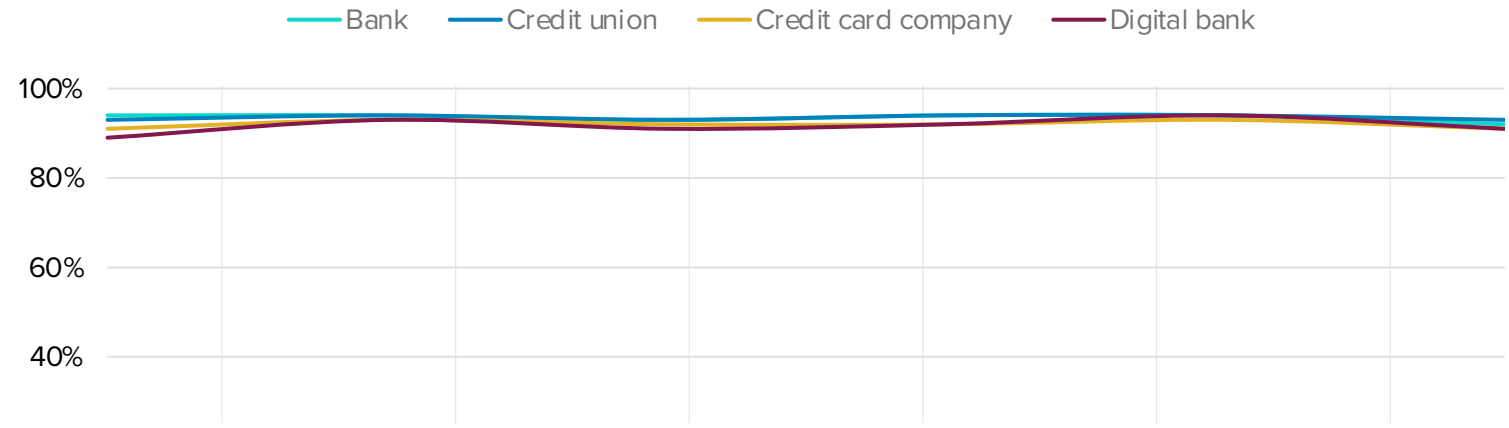
This is a reflection of the ease with which consumers can switch providers to find one that they are satisfied with.

Trust in providers among the general population has also remained stable.

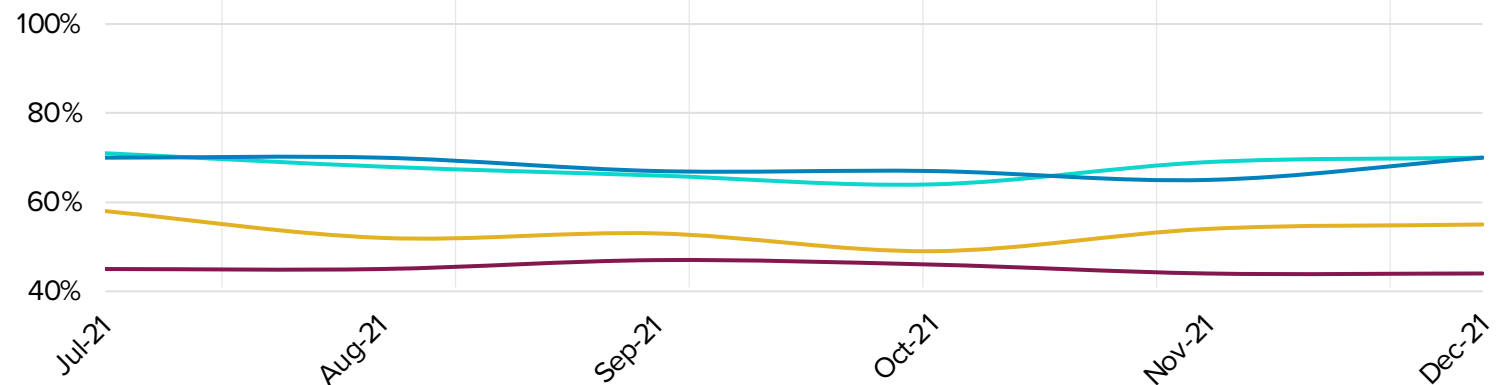
**Banks and credit unions still have a trust advantage over credit card companies and digital banks.**

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

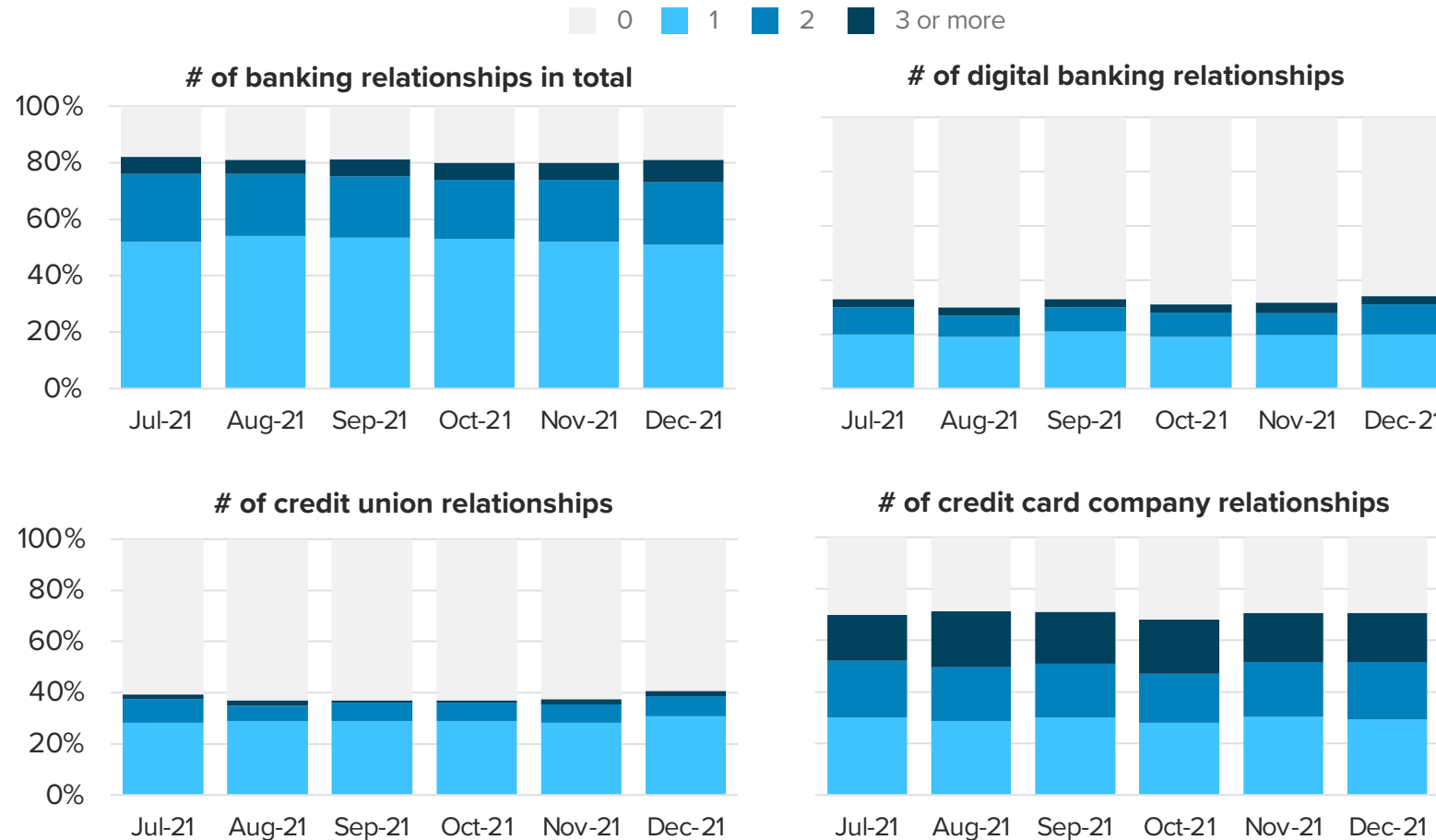
Share of U.S. adults who are satisfied with their primary provider in each category:



Share of U.S. adults who said they have “a lot” or “some” trust in the following to do what is right:



# NUMBER OF BANKING RELATIONSHIPS AMONG U.S. CONSUMERS REMAINS STEADY



As the country experienced the roller coaster of reopening and new COVID-19 waves, consumers stuck with their provider relationships, showing little overall change in the number of banks, credit unions and credit card companies they work with.

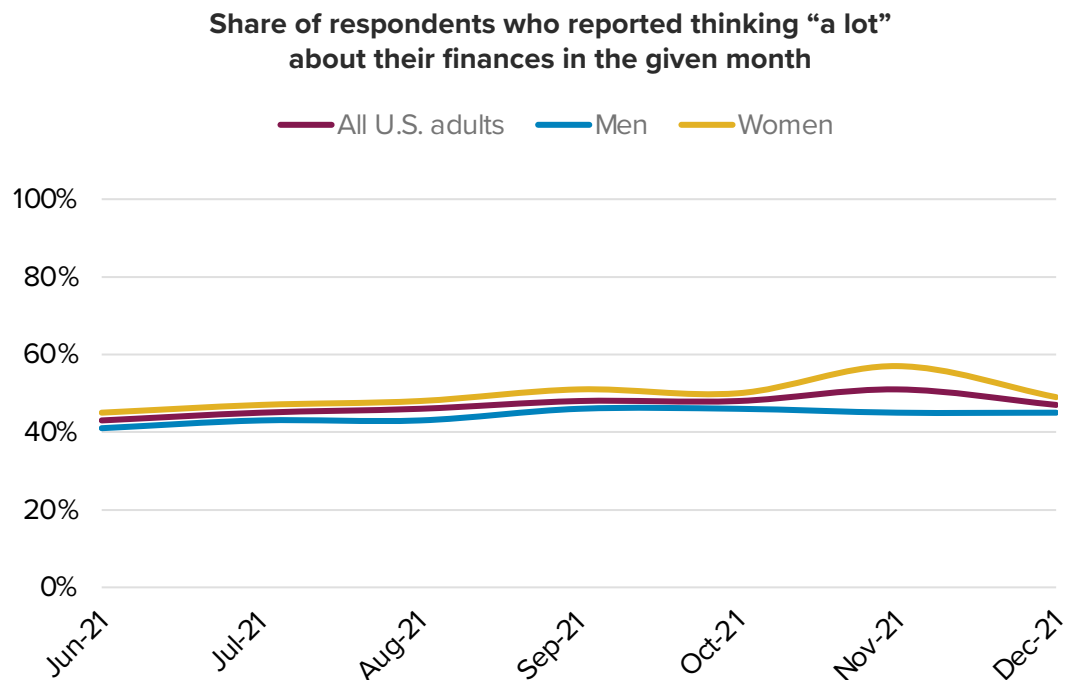
As of December, the average U.S. adult works with one bank, but nearly a third work with more than one. Millennials and adults with an annual income of \$100,000 or more are most likely to report using more than one of any financial services provider, with the exception of credit cards.

U.S. consumers fall very much in the middle of the pack in terms of provider usage. Latin American and Asia-Pacific consumers are more likely to have more provider relationships, while Canadian and European consumers tend to have fewer.

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

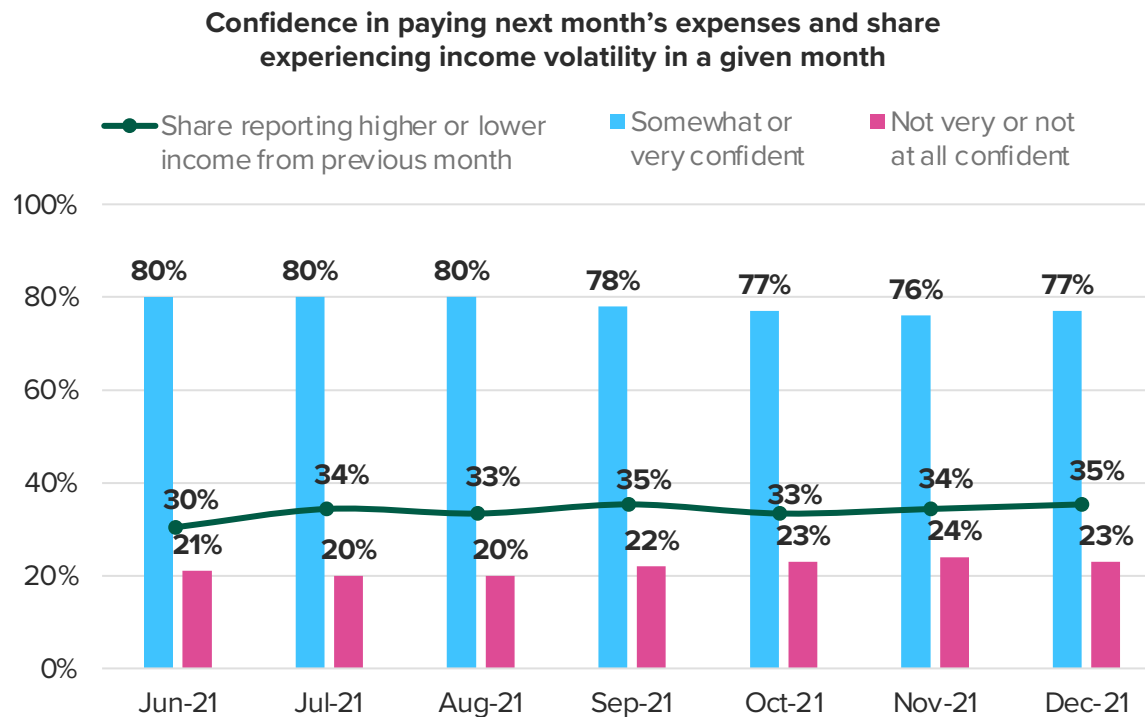
# YET CONSUMERS ARE MORE PREOCCUPIED WITH FINANCES SINCE JUNE

Amid rising financial vulnerability, the share of adults who reported thinking about their finances grew steadily, reached its peak in November and dropped only slightly during the year-end holidays. The November spike was largely driven by women.



Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

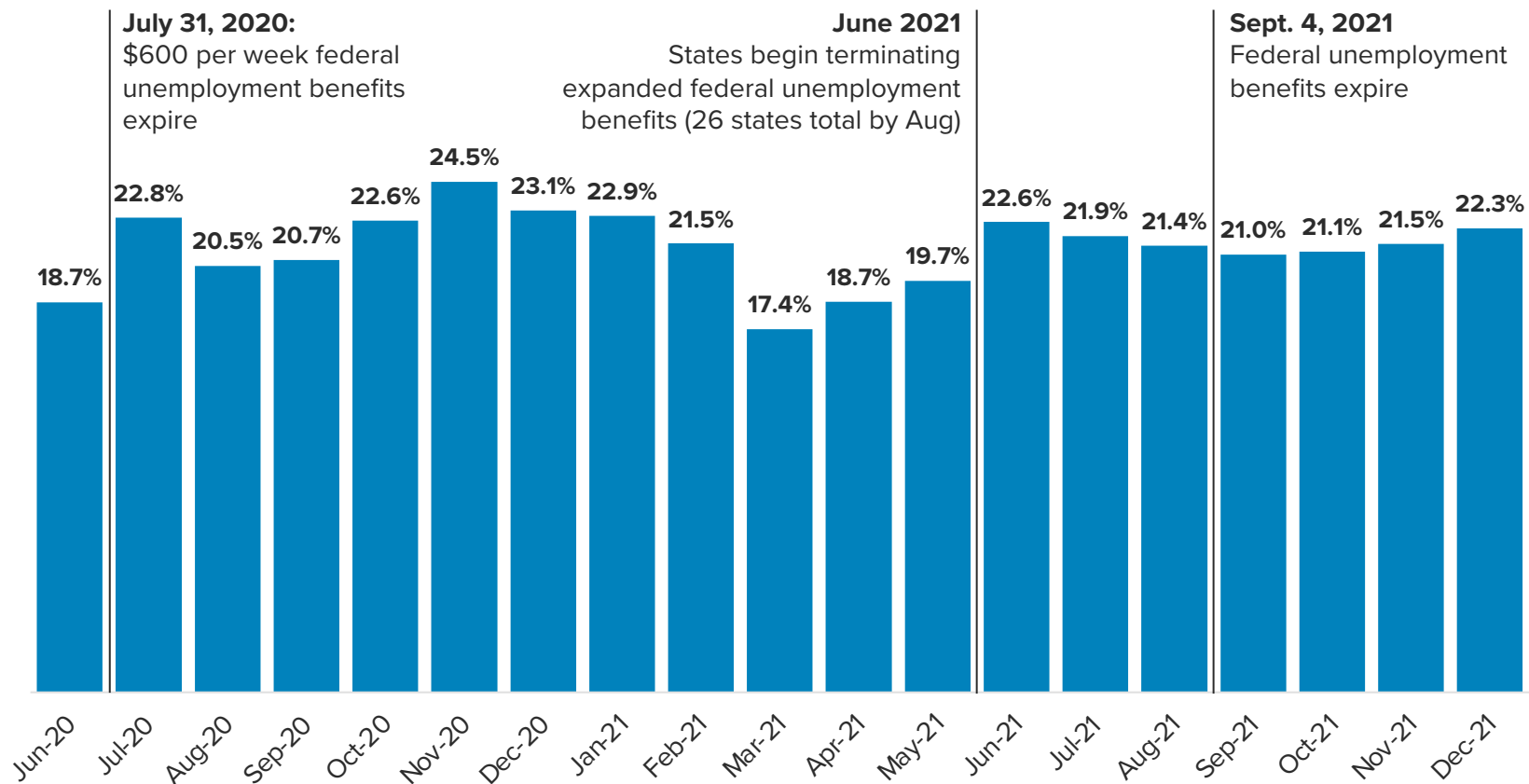
Persistent income volatility has eroded consumers’ confidence in being able to pay their future expenses. The share of adults reporting higher or lower income from the previous month increased from June to December (30% to 35%), leading to a decrease in the share of adults reporting confidence in paying their future expenses.





# FINANCIAL VULNERABILITY INCREASED IN DECEMBER

Share of adults lacking savings to pay basic expenses for a full month

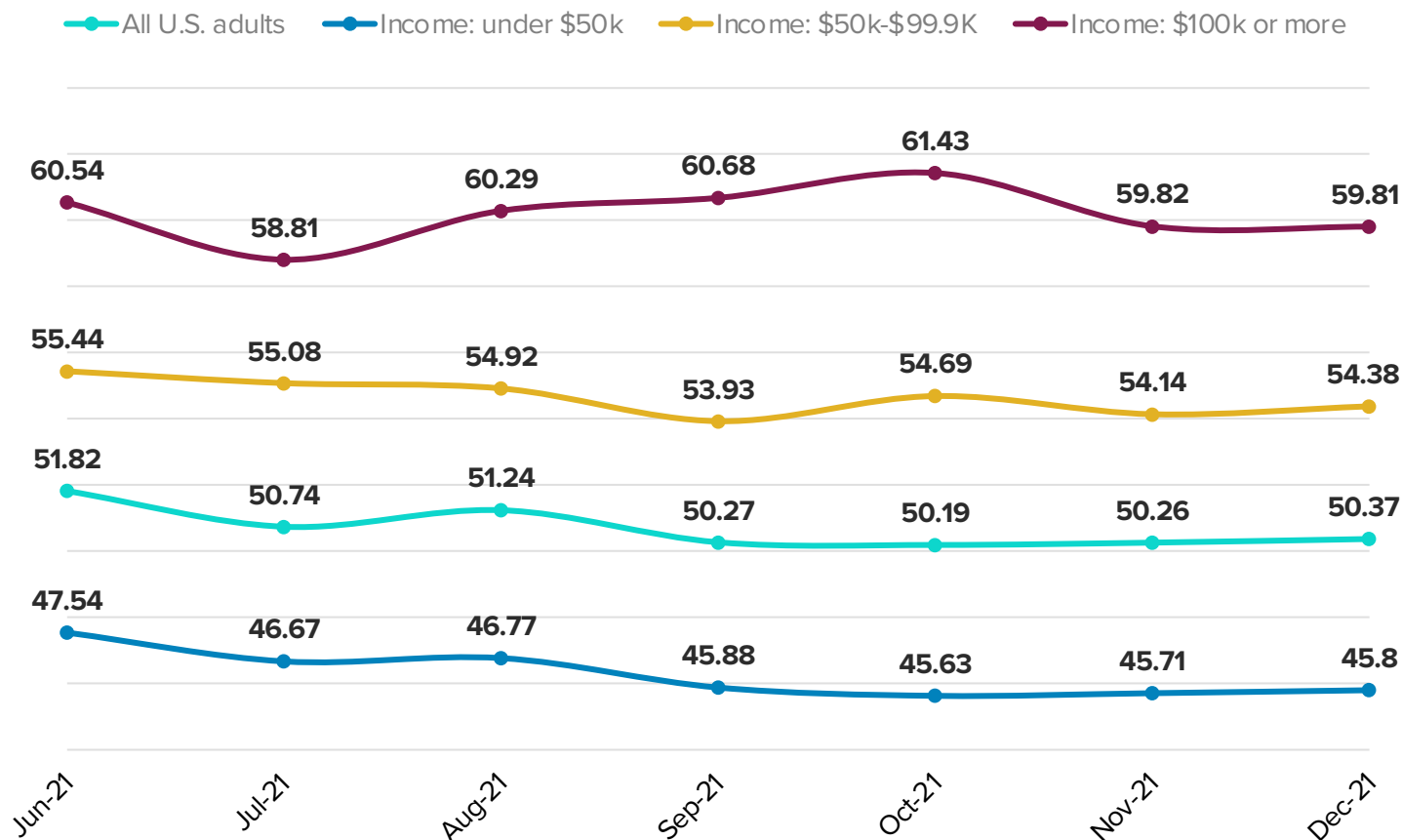


- As discussed in Morning Consult's [January Economic Outlook report](#), the share of Americans who lack savings to cover their basic expenses for a full month rose to 22.3% in December as inflation continued to drive up costs for food, gas and other staple goods.
- Financial vulnerability declined gradually from June through September, despite concerns over the delta variant and persistently low workforce participation that limited the share of adults earning paychecks.
- Read more of Morning Consult's economic analysis [here](#).

Source: Morning Consult Economic Intelligence, monthly surveys conducted among a representative sample of 2,200 U.S. adults

# WITH UNEVEN FINANCIAL WELL-BEING DEEPENING IN JUNE

Financial well-being by group



Consumers have demonstrated resilience in the face of continued pandemic uncertainty, but financial well-being scores — a reflection of consumers’ financial security and freedom of choice — tell a story of two different experiences: those living in households earning less than \$100,000 annually and those from households making more.

**The delta variant caused a dip in financial well-being among all household income brackets**, but high-income households quickly rebounded starting in the summer, with well-being scores peaking in October. Meanwhile, low- and middle-income households have yet to regain the financial well-being they felt in June.

Read more about Morning Consult’s [Financial Well-Being Scale](#).

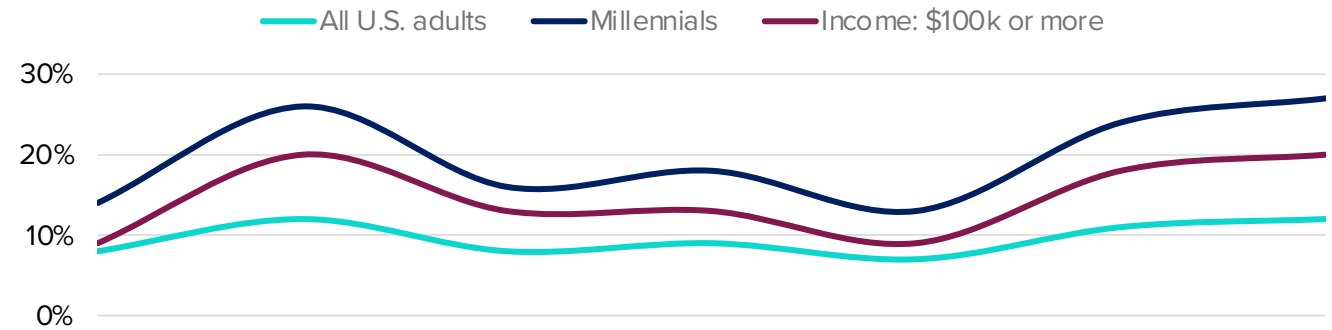
Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points. Financial Well-Being score calculated using the Consumer Financial Protection Bureau’s scale and scoring process.

# DESPITE BEING SATISFIED, CONSUMERS ARE CONSISTENTLY ON THE LOOKOUT FOR NEW PROVIDERS

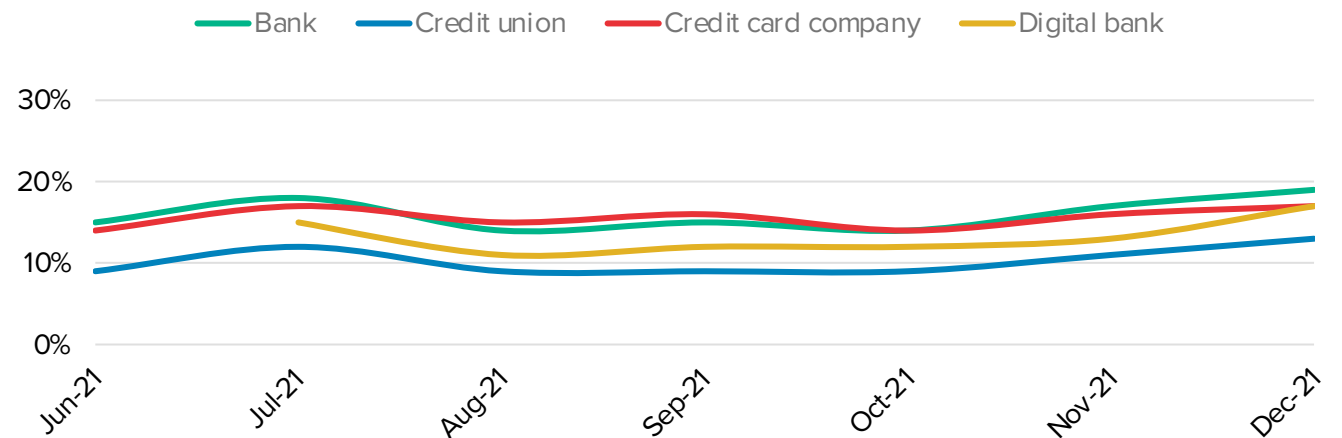
- Consumers have not significantly changed the number of bank or credit union providers they use, but they have reported opening accounts with new providers, suggesting that for every new bank or credit union they work with, they end a relationship with another.
- Millennials and adults with an annual household income of \$100,000 or more are more likely to report starting a relationship with a new provider, but for different reasons: While high-income adults generally have high financial well-being, millennials say theirs is among the lowest. **High-income adults work with more providers because they can; millennials switch providers because they feel they have to.**
- **Satisfaction is not a sure sign of loyalty:** 87% of consumers thinking about starting a relationship with a new bank in the next six months are satisfied with their current provider, compared with 92% of the general population.

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

Share who say they opened a bank or credit union account with a new provider



Share planning to start a relationship with a new provider in the next six months



# BNPL GROWS AS CREDIT CARD ENTHUSIASM WANES

Credit cards and BNPL services are trending in opposite directions.

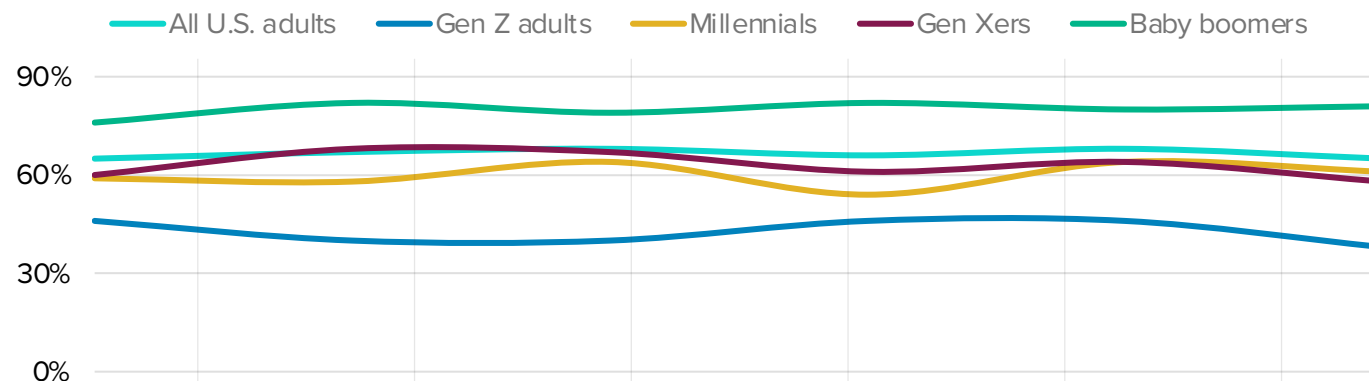
Credit card ownership among Gen Z adults is down 17% from July, while BNPL use has increased 9%. Gen Z adults and millennials continue to be the most prominent users of BNPL services, but there's steady interest among Gen X, too. Reported BNPL usage surged during the [holidays due to gift-related expenses](#).

**21%** of credit card owners report using a BNPL service in December

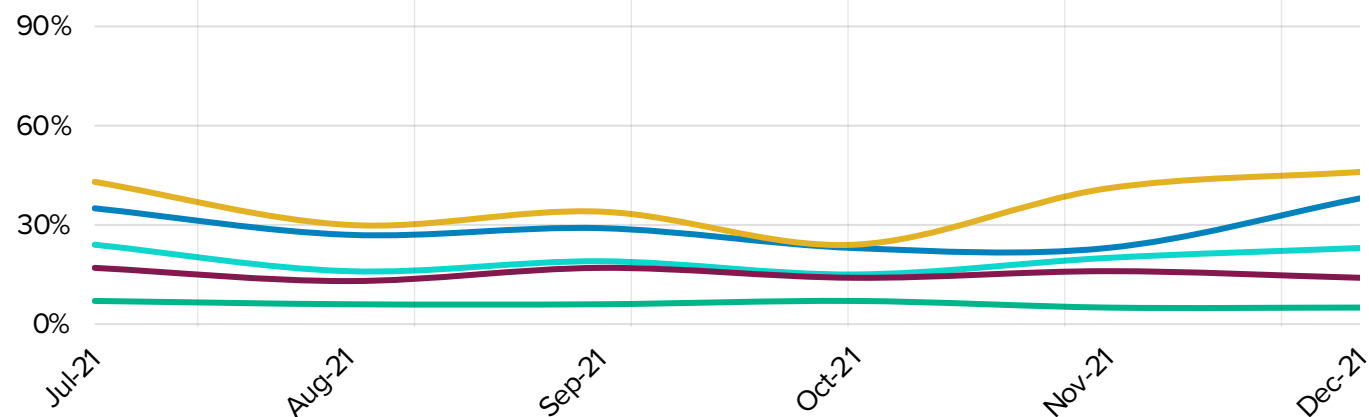
**62%** of BNPL users report owning a credit card

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

Share of adults who said they own a personal credit card



Share of each group who said they used a BNPL service to make at least one purchase that month

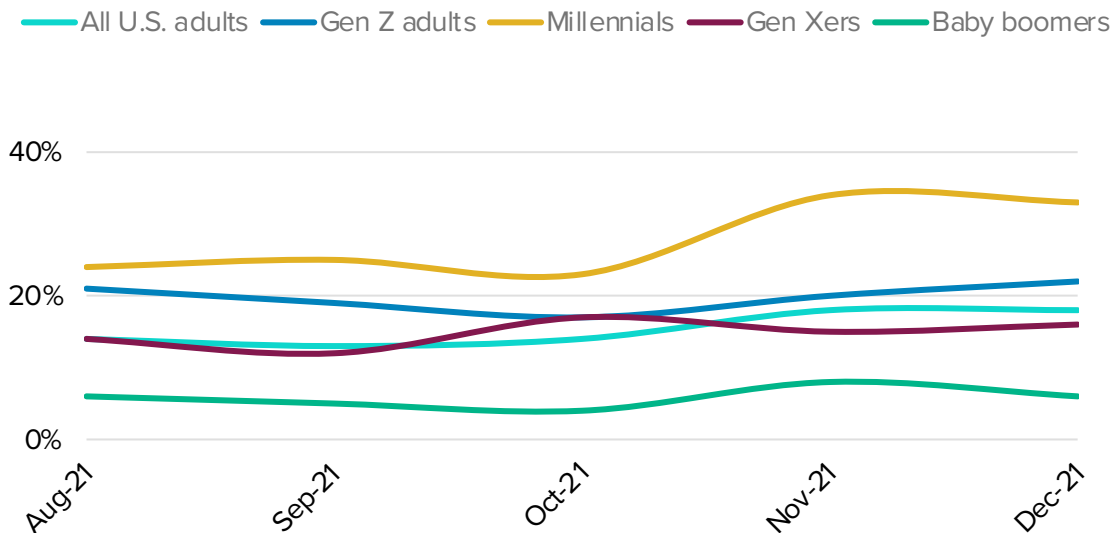


# OVERDRAFTS, ALT SERVICES REMAIN NECESSARY FINANCIAL TOOLS FOR MANY

Even as more banks embrace overdraft protections or eliminate the practice altogether, more consumers say they're overdrafting their bank or credit union accounts, with millennials accounting for a majority of overdrafters.

In addition, consumers are relying on options other than banks to make ends meet. Americans continue to use "alternative" financial services — check cashers, money orders, and payday loans — to make ends meet.

**Share of U.S. adults who report overdrafting a bank or credit union account in a given month, among bank or credit union account holders**



## Share who report using the following alternative financial services in December 2021:

- 11%** Purchased a money order from somewhere other than a bank or credit union
- 8%** Paid bills through a service such as Western Union or MoneyGram
- 10%** Cashed a check through a provider other than a bank or credit union
- 11%** Sent money to family or friends living in a different country through a provider other than a bank or credit union
- 7%** Took out a payday loan or payday advance from somewhere other than a bank or credit union
- 30%** Did one of the above in the month of December

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

# WHAT IT MEANS: TRUST, SATISFACTION DON'T TELL THE WHOLE STORY

From a provider perspective, little has changed over the past six months. But consumers aren't relying solely on their banks to weather the pandemic.

From a 30,000-foot view, things look rosy for consumer banking relationships: Consumers are satisfied with and trusting of their provider relationships, and are disinclined to change them. But consumers have focused less on who's in their wallet and more on how to meet their financial responsibilities and goals.

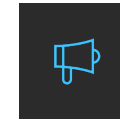
As the pandemic enters its third year, the public has yet to achieve the same financial well-being they reported in June. To make ends meet, they are overdrafting more, using alternative financial services and financing purchases with BNPL offers.

The disconnect between how consumers feel about their banking relationships and how they manage their struggling financial well-being highlights blind spots for banks: They can't see what consumers are doing with other financial providers, and this translates to missed opportunities for providers to help consumers achieve their goals and secure better financial health.

## WHAT FINANCIAL SERVICE BRANDS SHOULD DO



**Don't assume a satisfied customer is financially secure or loyal.** Most consumers say they're satisfied with their current providers — even those who plan to switch providers, or who report low financial well-being. Monitor customers' financial health and ask how well you are helping to meet their needs.



**Provide professional advice through digital channels.** Consumers are more likely to say they primarily interact with providers digitally than in person or by phone. Meet them where they are with personalized, professional advice to strengthen relationships and provide value where it's needed.



SECTION 2

# MILLENNIAL FINANCIAL WELL-BEING REMAINS STUBBORNLY LOW

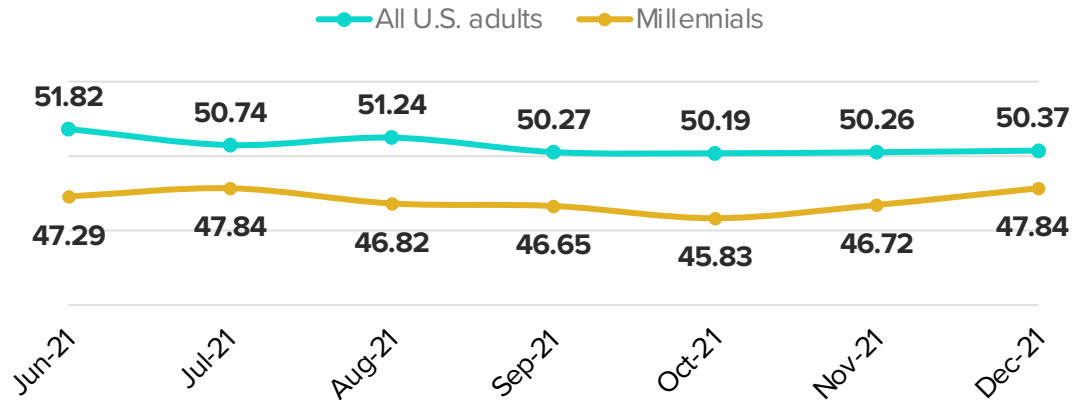
The generation's overall financial health continues to be below average. And some millennials are struggling more than others.

# MILLENNIAL FINANCIAL WELL-BEING IS PERSISTENTLY LOWER THAN THE NATIONAL AVERAGE

Millennial financial well-being remains lower than the national average, despite a slight increase at the end of the year from October's nadir. The Financial Well-Being score — a reflection of consumers' impressions of their financial security and freedom of choice — shows that millennials struggle to find both.

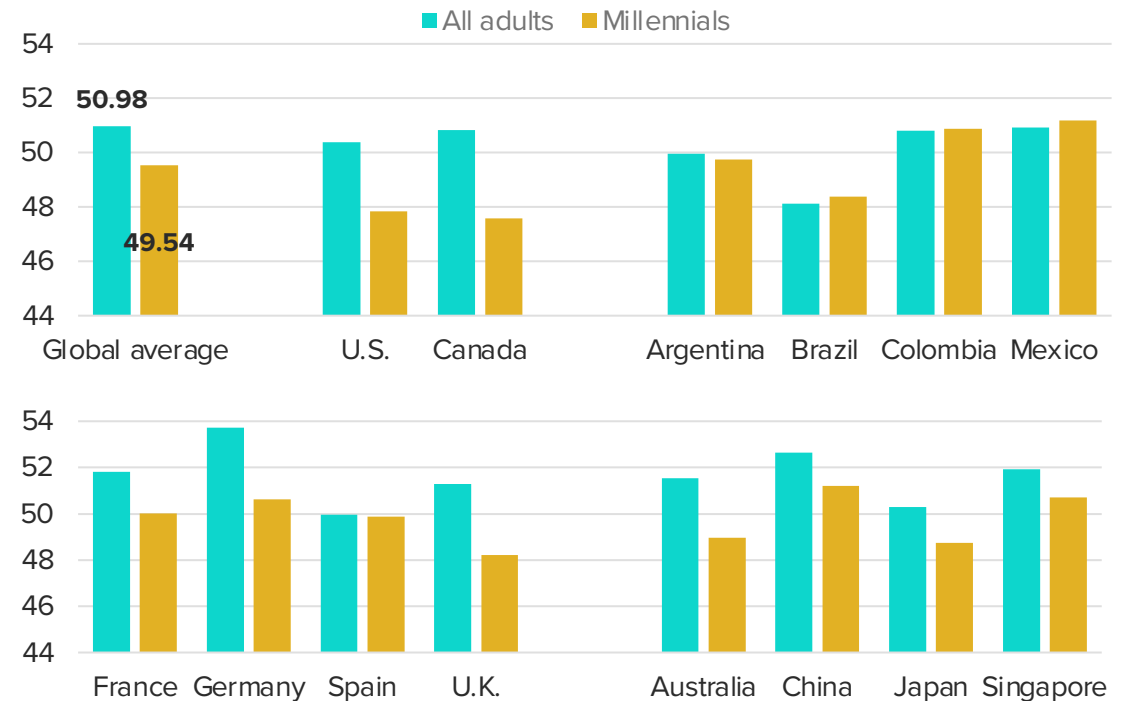
This finding isn't uniquely American. Globally, millennials report lower financial well-being. Among the countries and regions polled, only Spain and Latin America buck this trend.

**Financial Well-Being scores in the United States**



Polls conducted monthly among 2,200 or 4,400 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

**Millennial Financial Well-Being scores, December 2021**



Polls conducted Dec. 23, 2021, to Jan. 3, 2022, among representative samples of 2,200 U.S. adults and 1,000 respondents from Argentina, Australia, Brazil, Canada, China, Colombia, France, Germany, Japan, Mexico, Singapore, Spain and the United Kingdom, with an unweighted margin of error of +/-1 percentage point.

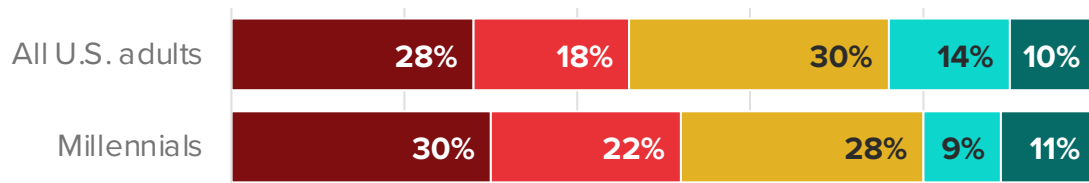


# MILLENNIAL FINANCIAL WELL-BEING REFLECTS SHORT- AND LONG-TERM FINANCIAL INSECURITIES

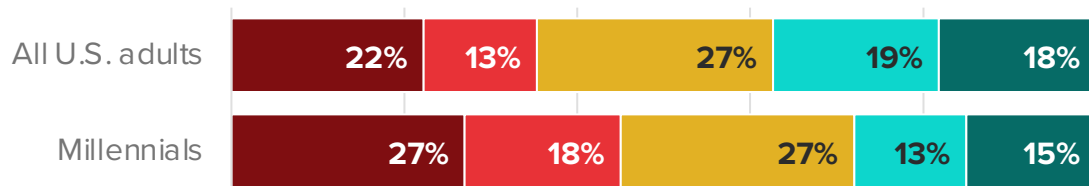
Americans were asked how well the following statements describe them:

*“I am concerned that the money I have or will save won't last”*

■ Completely ■ Very well ■ Somewhat ■ Very little ■ Not at all



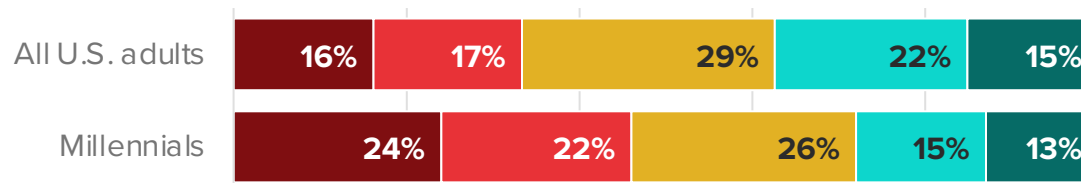
*“Because of my money situation, I feel like I will never have the things I want in life”*



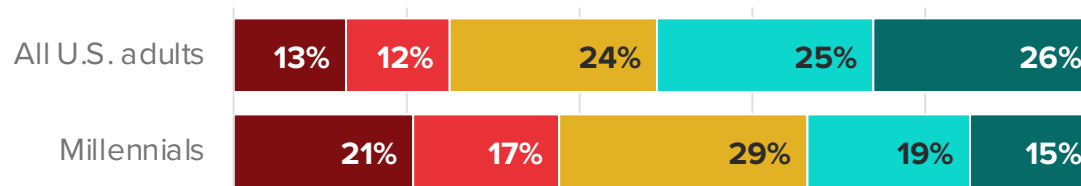
Americans were asked how often the following statements describe them:

*“My finances control my life”*

■ Always ■ Often ■ Sometimes ■ Rarely ■ Never



*“I am behind on my finances”*



Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

# LOW-INCOME, MILLENNIAL WOMEN IN RURAL AREAS STRUGGLE THE MOST

Millennials have experienced both an unprecedented recession and a once-in-a-lifetime pandemic during some of their formative career years, but not all have fared the same.

With Financial Well-Being scores below 45, millennials in rural areas or with low incomes are distinctly worse-off than millennial men, millennials in urban areas and millennials with higher incomes, whose scores are all several points higher. Millennial women are only slightly above this threshold, with an average score of 45.19.

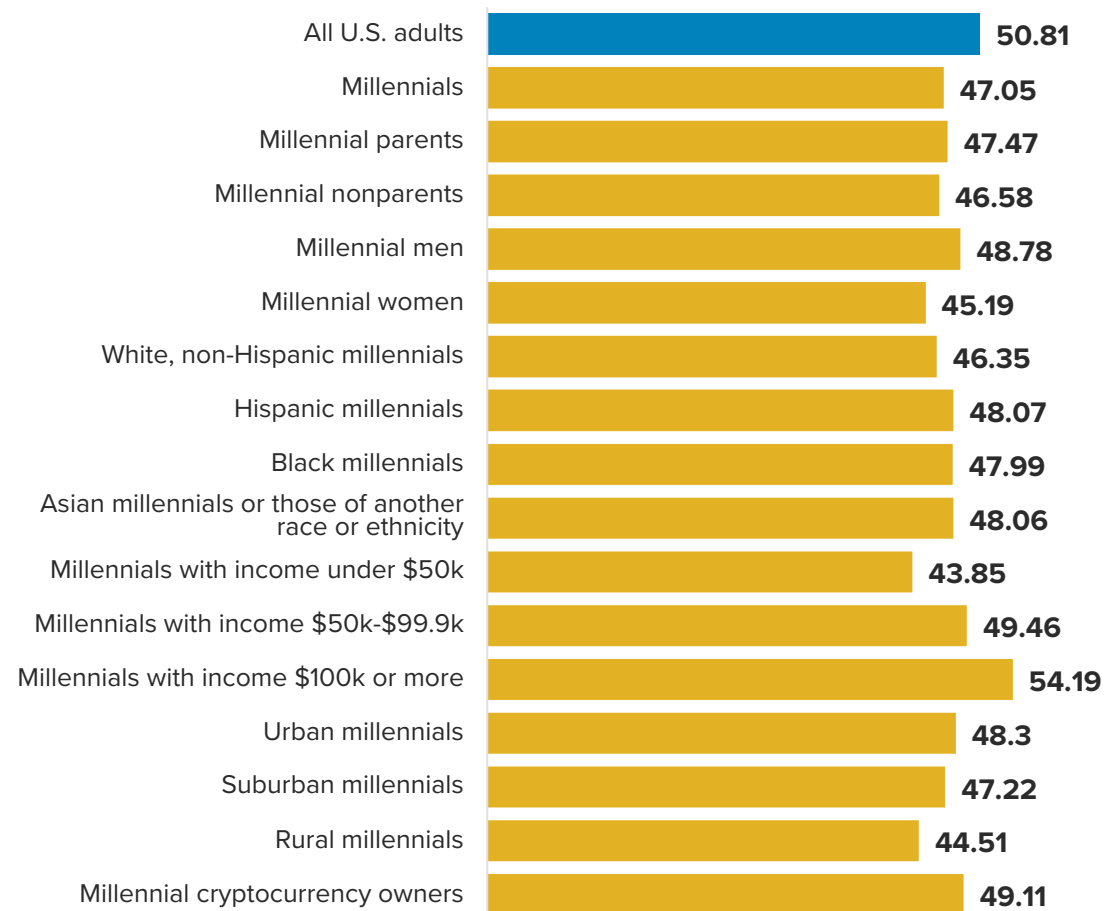
Considering this, according to the Consumer Financial Protection Bureau, an individual's 1-point gain in financial well-being is equivalent to a \$15,000 increase in household income, a five-year age increase or a 20-point credit score boost. These benefits speak to the vastly different experiences of each group.

High-income millennials, on the other end, are doing exceptionally well. Their average Financial Well-Being score of 54.19 is closer to that of baby boomers, who have the highest financial well-being of all, than it is to other generations.

Read more about Morning Consult's [Financial Well-Being Scale](#).

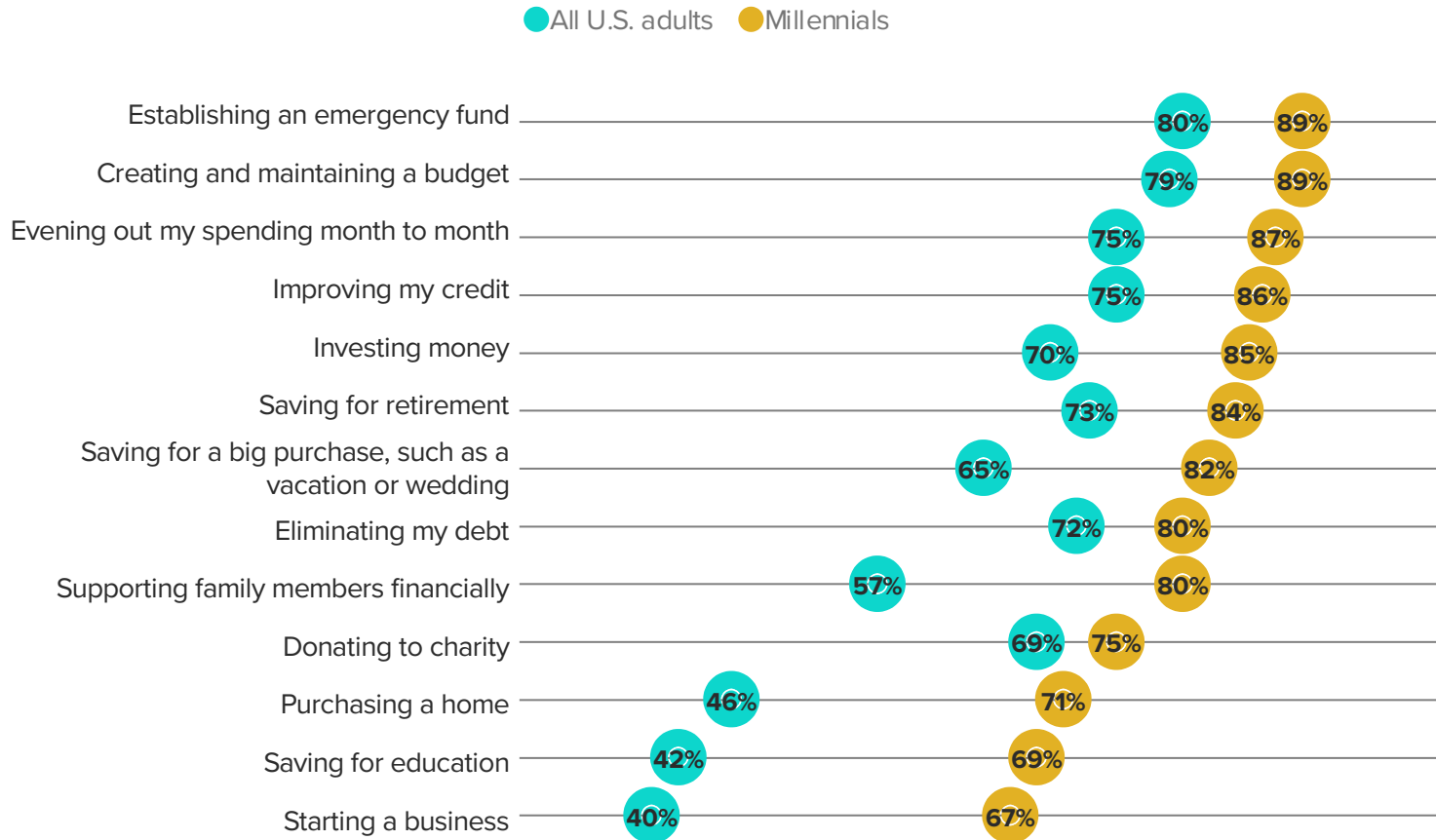
Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

Financial Well-Being score, average from June to December 2021



# MILLENNIALS JUGGLE MORE FINANCIAL GOALS THAN THE AVERAGE ADULT

Respondents were asked if the following financial goals apply to them, December 2021



Millennials are more likely to report working toward any financial goal than the general population, likely due to their stage in life: They're old enough to have financial goals but young enough that they've yet to achieve them.

But millennials' top goals aren't long-term. Instead, they're those that would help improve their immediate financial well-being: establishing an emergency fund, creating and maintaining a budget and evening out their spending month to month.

However, millennials also lead by the largest margins on long-term goals, such as purchasing a home, saving for education and starting a business.

Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

# MILLENNIALS USE MORE BANKS, FEWER CREDIT CARD PROVIDERS THAN THE GENERAL POPULATION

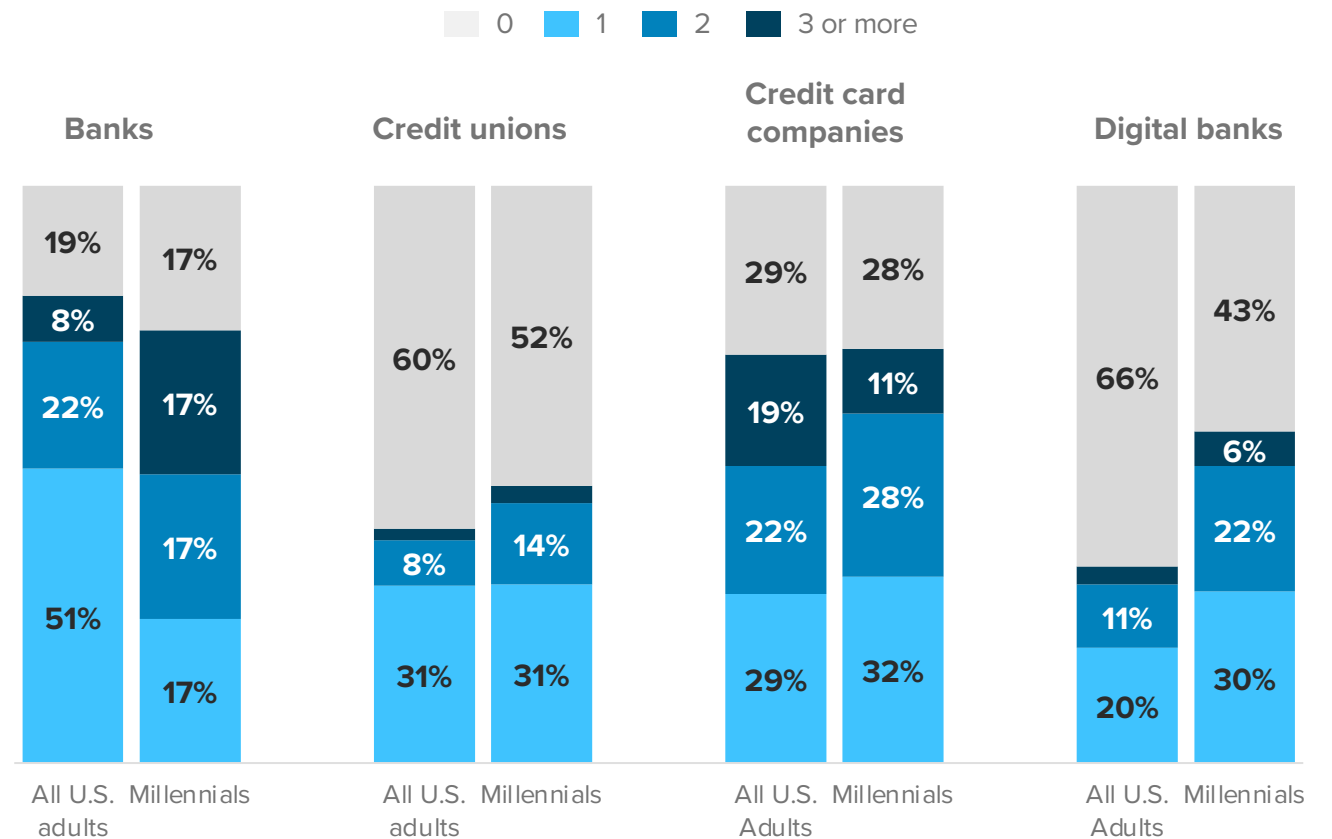
Millennials are turning to more providers to help meet their wide array of financial goals and needs. More than a third of millennials report having a relationship with more than one bank, and over a quarter report working with more than one digital bank.

Although they cannot be considered "digital natives," millennials are the first generation to have grown up with the internet for the majority of their lives, and are the first generation to form relationships with brands primarily through digital channels. Their level of comfort with interacting online means it's easier to find new providers and manage multiple financial services relationships.

Providers should assume multiple providers is the norm for millennials as well as Gen Zers, who also show signs of favoring multiple providers, although they are still in the early stages of establishing financial relationships.

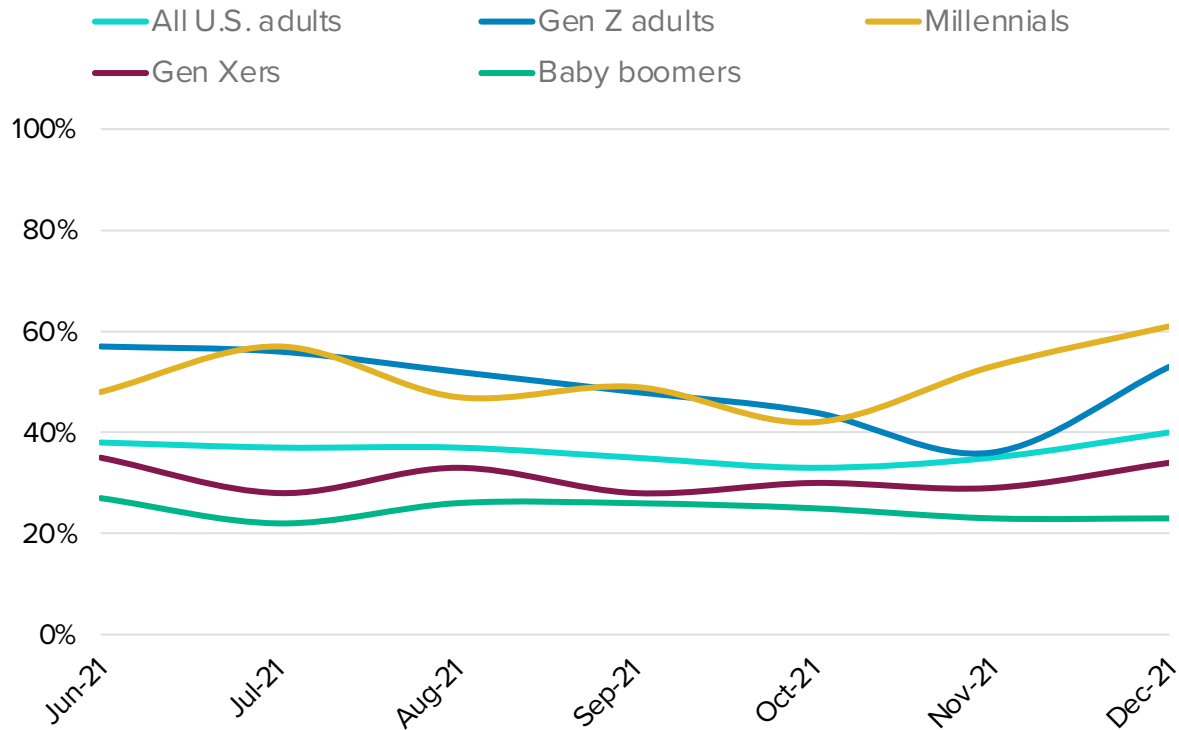
Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

Number of providers each group said they have, December 2021



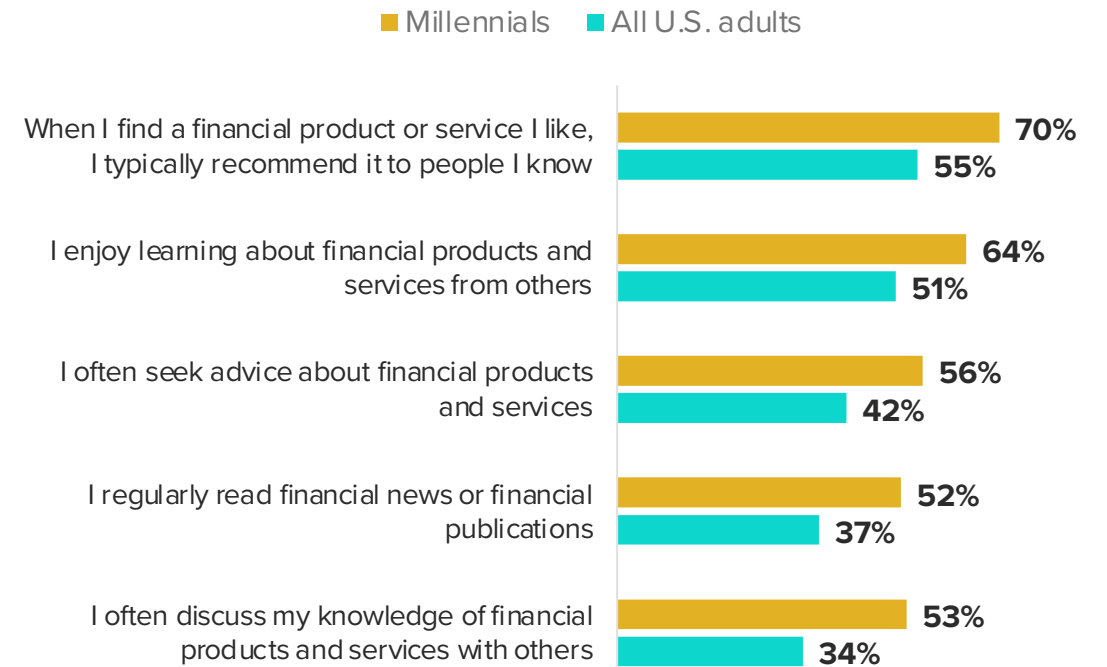
# MILLENNIALS ARE MORE SOCIAL ABOUT THEIR FINANCES AND MORE LIKELY TO SEEK ADVICE

Share of each who say they consumed financial advice in a given month



Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

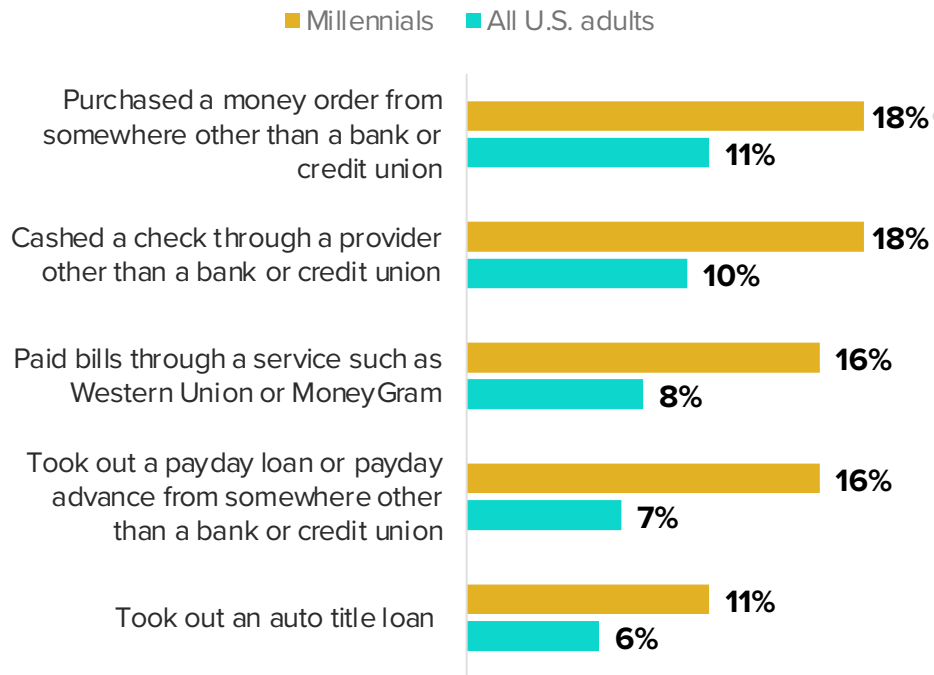
Share of respondents who agree with the following statements:



Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points

# MILLENNIALS DRIVE ALTERNATIVE FINANCIAL SERVICES USAGE, CRYPTOCURRENCY OWNERSHIP

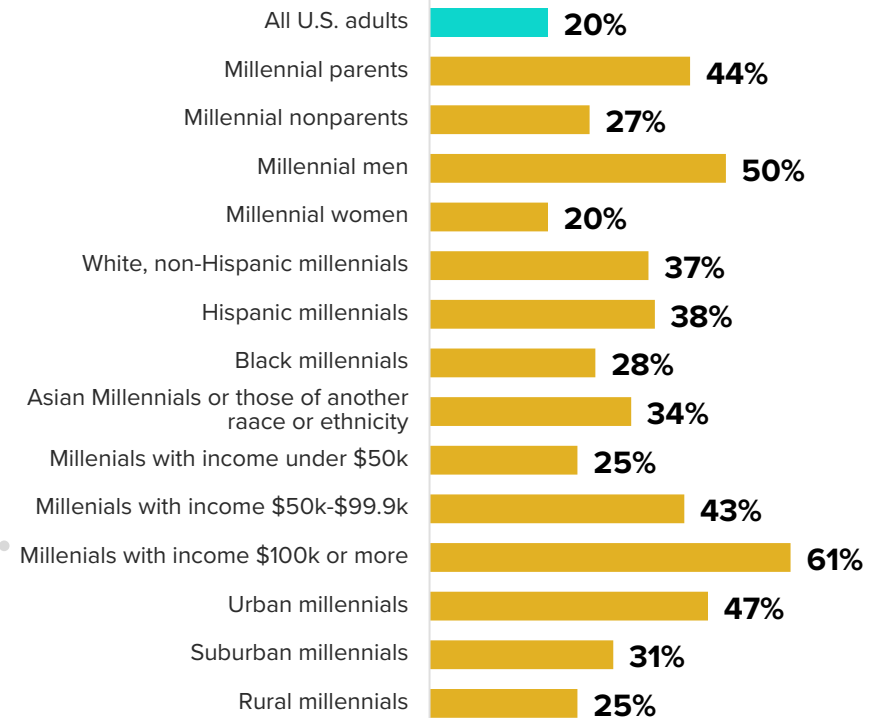
Respondents were asked if they used any of the following alternative financial services in December:



Millennials in the month of December were about 2x as likely as the average American to report using alternative financial services such as auto title loans, check cashing and money orders.

High-income millennials are roughly 3x more likely than the average American to own cryptocurrency.

Share who report owning cryptocurrency, June-December 2021



Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points

Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

# WHAT IT MEANS: MILLENNIALS AREN'T LIKE THEIR PARENTS, BUT THEY AREN'T A MONOLITH EITHER

In the prime of their wage-earning years, millennials are struggling to balance the many financial responsibilities they've shouldered and goals they've set.

Millennial financial well-being reflects the numerous struggles the generation faces: Both near- and long-term financial burdens weigh on them, but to varying degrees. Millennial women, rural millennials and nonparent millennials report the lowest financial well-being, while higher-income millennials are doing better than the general population — and by a lot.

Regardless of financial well-being, most millennials are using more traditional banks, more digital banks and more credit unions than other generations. But they also drive usage of alternative financial services, cryptocurrency and BNPL services to help make ends meet, or simply because they can. Millennials' digital savvy means managing their finances online, with multiple providers, isn't as overwhelming as it might be to older generations.

## WHAT FINANCIAL SERVICE BRANDS SHOULD DO



**Focus on being the best provider for millennials, not their only provider.**

Millennials work with many providers because they can. Trying to be the only bank a millennial works with is an exercise in futility. Instead, focus on being the provider that meets a specific need for them, better than any competitor.



**Help millennials prioritize.** Far from being shy, millennials are more likely than other generations to report discussing their finances and seeking out financial advice. Ensure that advice geared toward millennials is tailored to their unique life stage — marked by many competing goals and responsibilities — and help them prioritize.



SECTION 3

# CRYPTO GOES MAINSTREAM

Cryptocurrency ownership grew steadily in 2021, and it's poised for even faster adoption going forward, propelled by crypto-related offerings from popular brands.

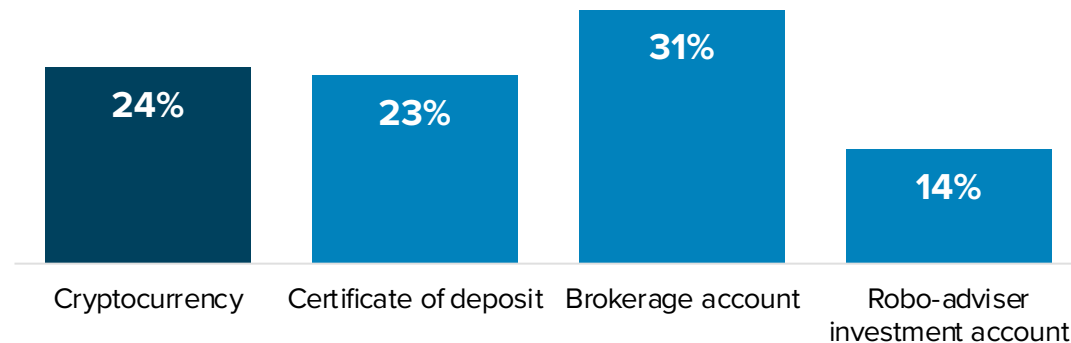


# CRYPTO OWNERSHIP IS ROUGHLY EQUAL TO CERTIFICATE OF DEPOSIT OWNERSHIP

**Cryptocurrency is now mainstream.** The share of U.S. adults who report owning cryptocurrency is roughly equal to the share who report owning a certificate of deposit, and not a far cry from the share who report having a brokerage account.

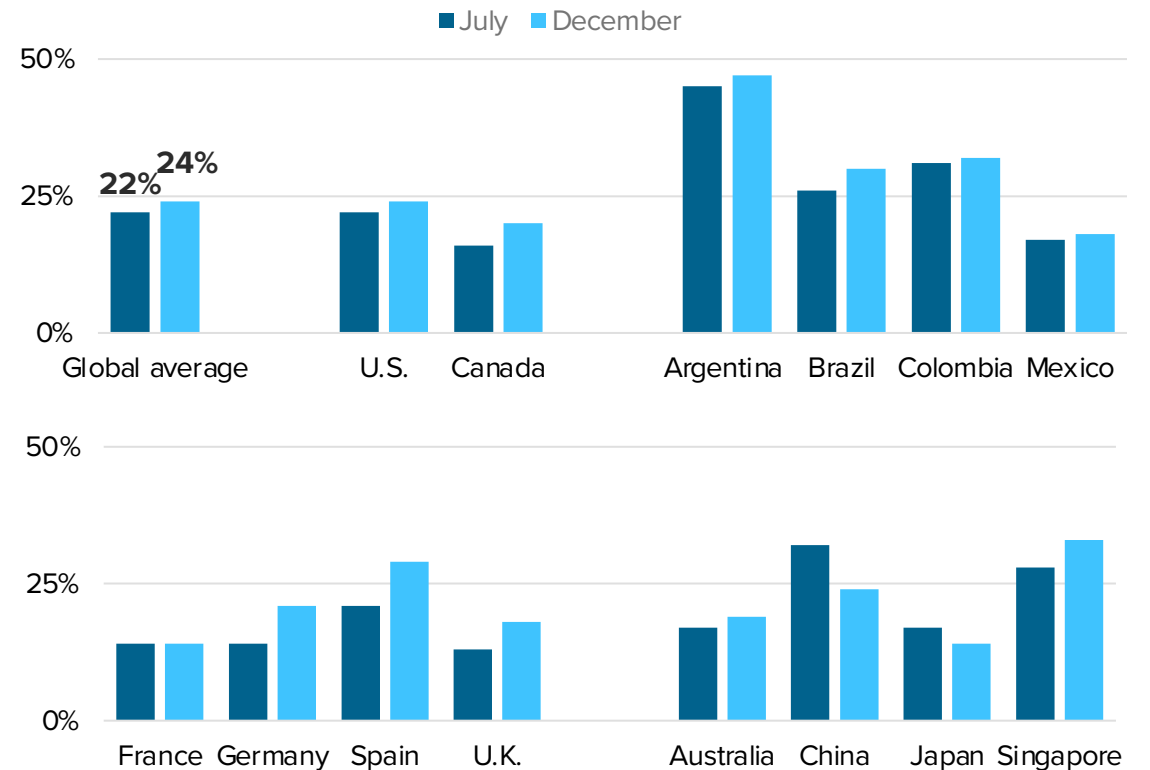
Nearly 1 in 4 consumers (24%) in our recent global survey reported household ownership of cryptocurrency, up 2 percentage points from July. Latin American countries still have among the highest rates of cryptocurrency ownership, but European nations Germany, Spain and the U.K. have grown significantly in the past six months.

**Respondents were asked if they or anyone in their household owned the following, December 2021**



Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

**Cryptocurrency ownership, August to December 2021**



Polls conducted Aug. 2-9, 2021, and Dec. 23, 2021, to Jan. 3, 2022, among representative samples of 2,200 or 4,400 U.S. adults and 1,000 respondents from Argentina, Australia, Brazil, Canada, China, Colombia, France, Germany, Japan, Mexico, Singapore, Spain and the United Kingdom, with an unweighted margin of error of +/-1 percentage point.

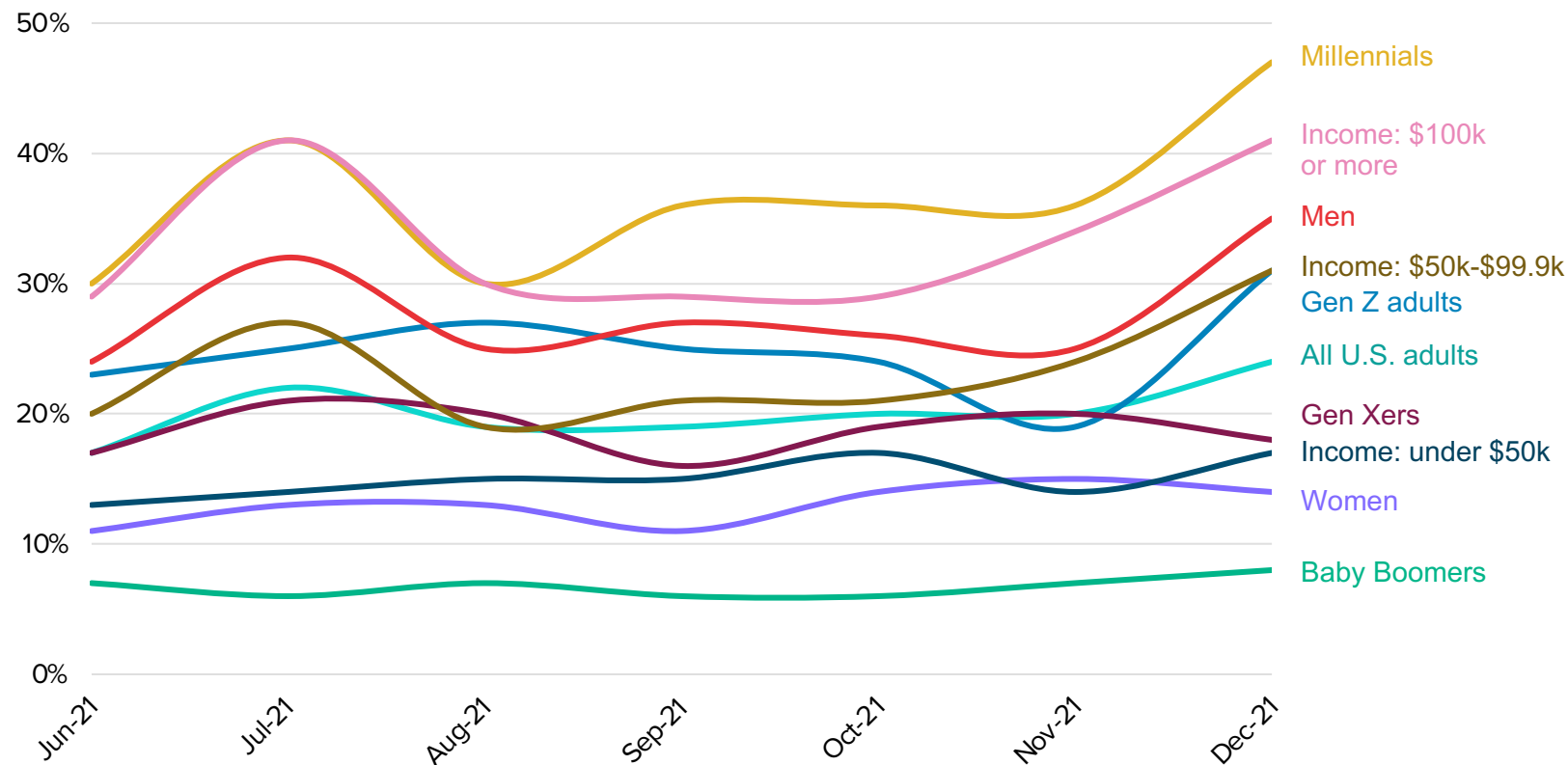
# MEN, MILLENNIALS, HIGH EARNERS DRIVE CRYPTOCURRENCY GROWTH, WITH GEN Z ADULTS CLOSE BEHIND

Cryptocurrency ownership surged in July, most likely due to a drop in the price of Bitcoin and surrounding media coverage. But demographically, the new crypto-owners looked very similar to those who already owned crypto: They were mostly high-earning, millennial men.

Gen Z adults have also shown strong growth in cryptocurrency ownership and will continue to be instrumental to the success of cryptocurrency more broadly.

Baby boomers remain largely disinterested in cryptocurrency. Their reported cryptocurrency ownership has stayed relatively stable throughout the year, ranging from 6% to 8%.

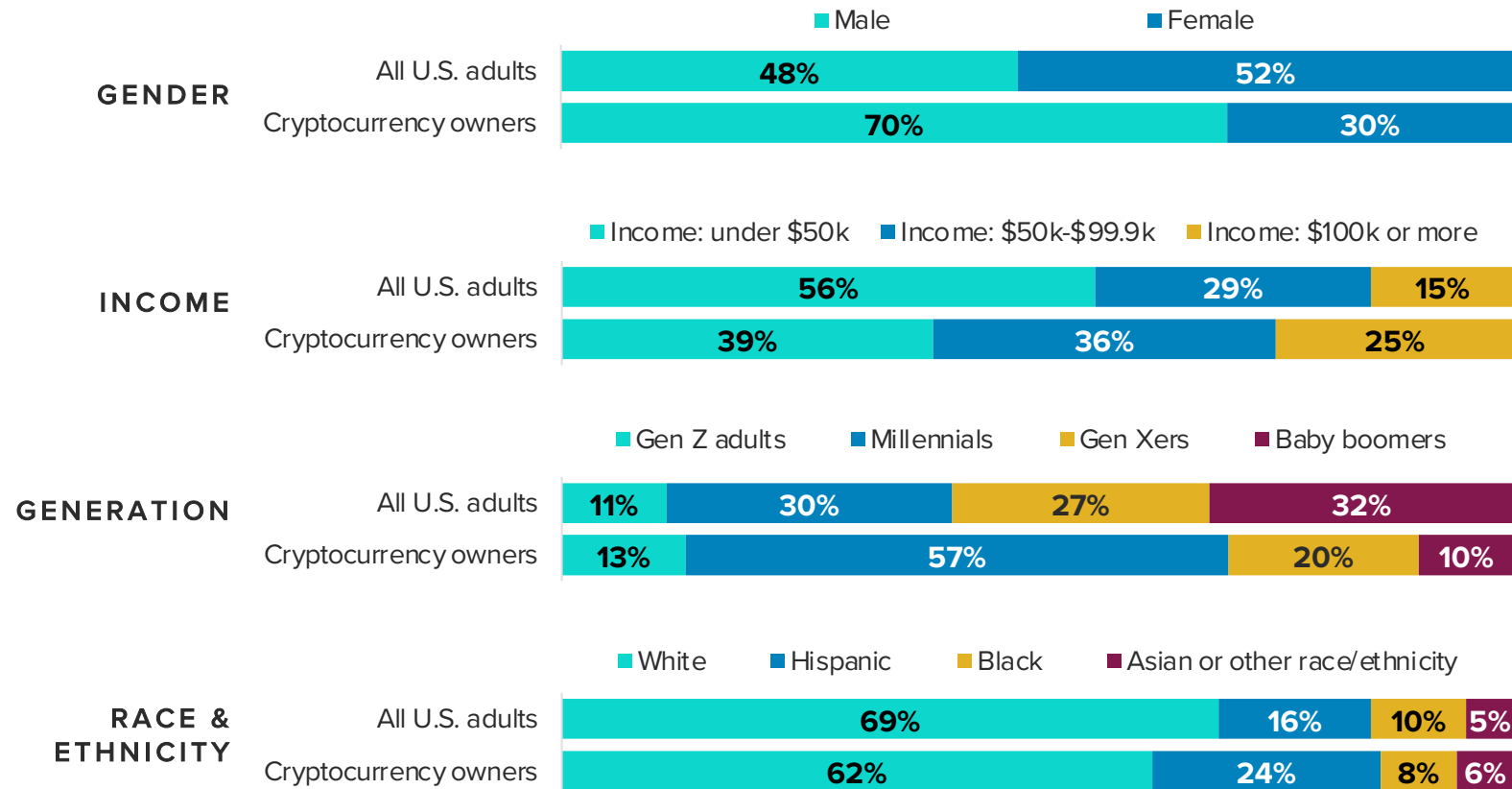
Household cryptocurrency ownership



Polls conducted monthly among representative samples of 2,200 or 4,400 U.S. adults, with unweighted margins of error of +/-1 or +/-2 percentage points.

# CRYPTOCURRENCY OWNERS ARE DISPROPORTIONATELY HIGH-EARNING, MILLENNIAL MEN

Demographic profiles, December 2021

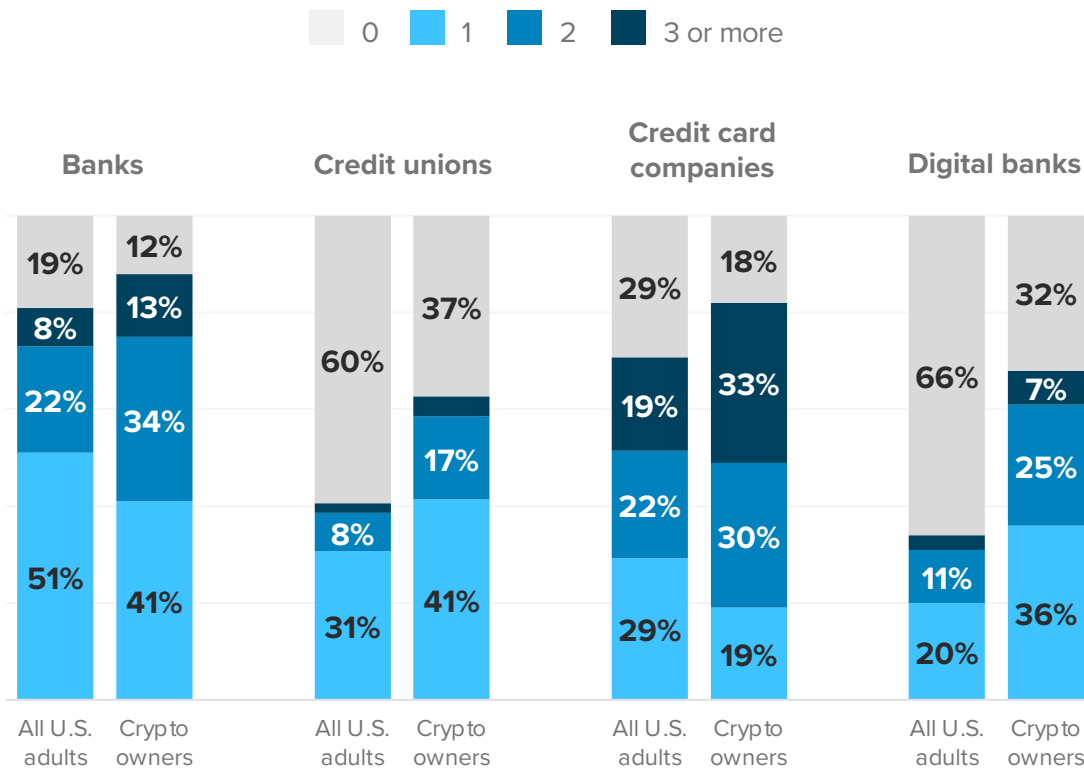


- Men make up 70% of cryptocurrency owners but only 48% of the general population.
- High-income individuals represent a disproportionately high share of cryptocurrency owners, a quarter of whom report annual household incomes of \$100,000 or more, compared with 15% of the general population.
- Cryptocurrency owners are more likely than the general population to be Hispanic. While 15% of the population identifies as nonwhite Hispanic, 24% of cryptocurrency owners say the same.

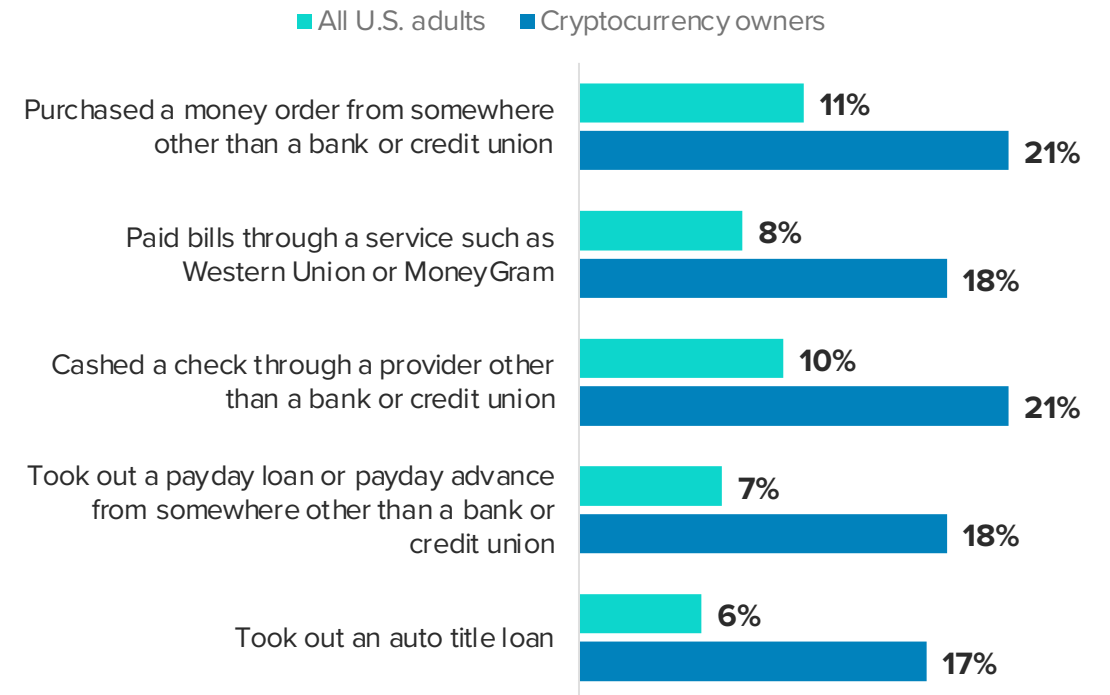
Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

# CRYPTOCURRENCY OWNERS USE MORE FINANCIAL SERVICES PROVIDERS AND ARE ESPECIALLY FOND OF DIGITAL BANKS

Number of providers of each, December 2021



Respondents were asked if they used any of the following alternative financial services in December



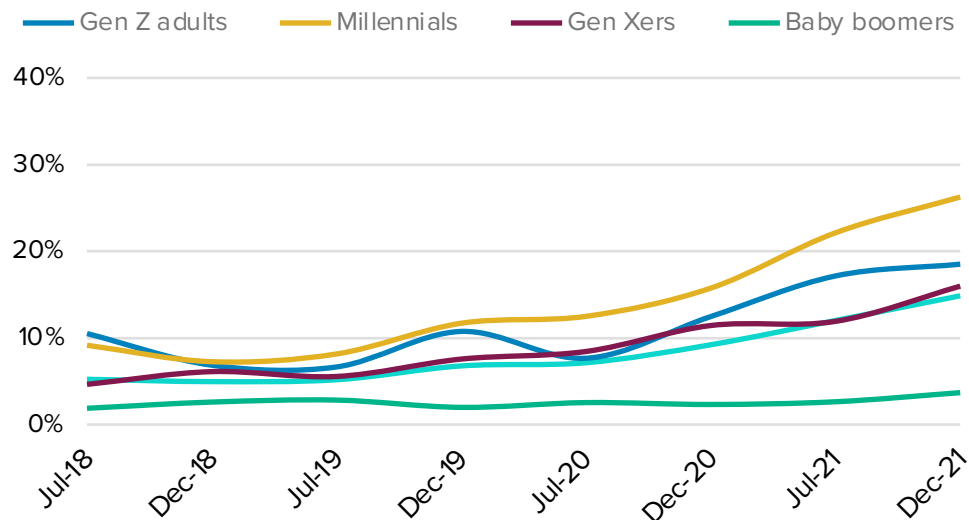
Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

# CRYPTO ACCEPTANCE HAS BOOSTED RELATED BRANDS

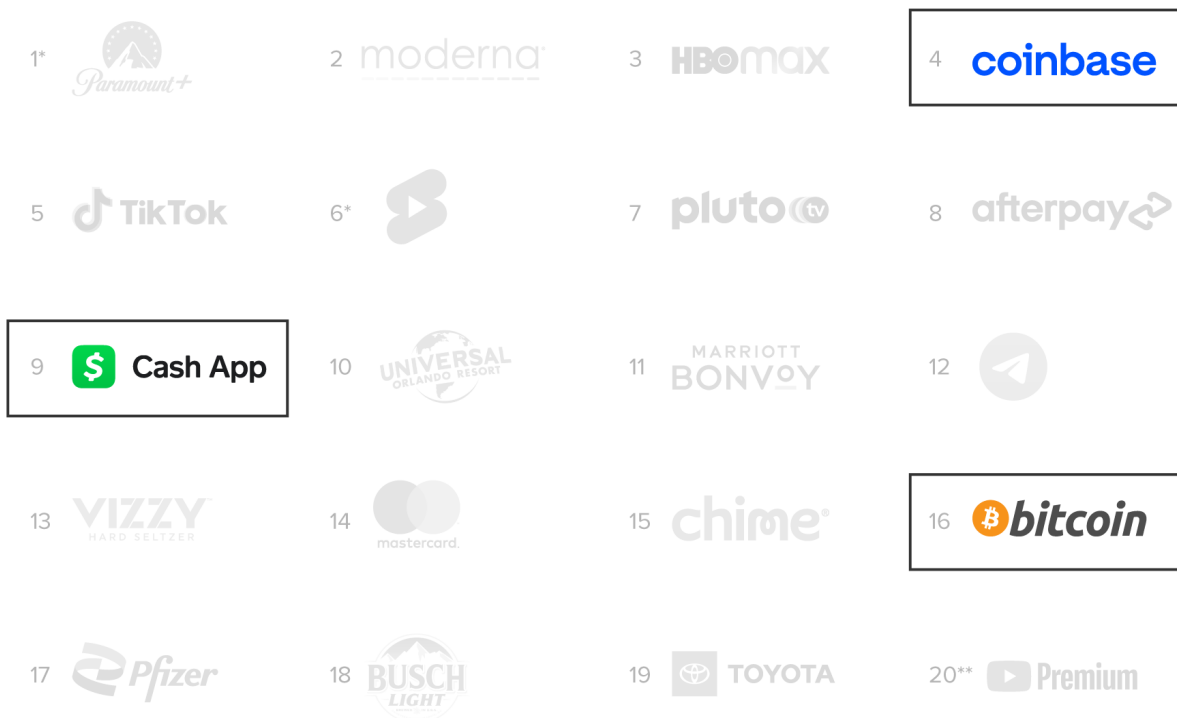
Cryptocurrency brands were among [Morning Consult's Fastest Growing Brands of 2021](#), showing that last year was a watershed for cryptocurrencies and the crypto economy.

2022 will bring continued adoption of both by the general population, as well as growth for brands offering consumers the opportunity to buy, use or store cryptocurrency.

Share of respondents who said they would consider purchasing from Coinbase



## Morning Consult 2021 Fastest Growing Brands



Source: Morning Consult Brand Intelligence

## WHAT IT MEANS: CRYPTOCURRENCY WILL BOOM IN 2022

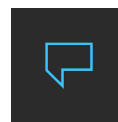
Look for continued adoption of cryptocurrency and related brands in the next year as younger generations lead the charge.

Cryptocurrency has proved to be more than a passing fad. It will continue to gain consumers' attention and share of wallet in 2022.

But cryptocurrency owners, although concentrated among certain demographics, are not a homogenous group. They represent consumers across different income levels, generations, and races and ethnicities.

They are also not abandoning traditional financial services as a result of their interest in cryptocurrency. On the contrary, they are more likely than the general population to use multiple financial services providers. As leaders at traditional financial institutions seek to understand the future of cryptocurrency and their role in it, they should focus closely on the habits and attitudes of current cryptocurrency owners and look for ways to meet their needs.

### WHAT FINANCIAL SERVICE BRANDS SHOULD DO



#### **Prepare employees to talk about cryptocurrency.**

Financial services professionals need to be equipped with information on cryptocurrency to keep up with consumers' curiosity and desire for advice on the topic.



#### **Devote internal resources to exploring cryptocurrency opportunities.**

As more traditional financial institutions find ways to participate in the crypto economy, those that continue to watch from the sidelines will fall further behind.



SECTION 4

# EMBEDDED FINANCE WILL DISRUPT FINANCIAL SERVICES BRANDS

As consumers experience the ease of payments embedded in their brand experiences, they'll wonder why their banks make transactions so hard

# EMBEDDED FINANCE THREATENS TRADITIONAL FINANCIAL INSTITUTIONS, AS WELL AS FINTECH BRAND POWER AND SALIENCE

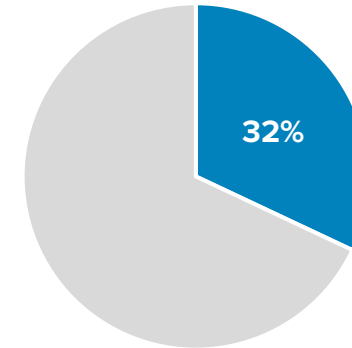
As embedded finance use cases proliferate and become more widely adopted, both traditional financial institutions and fintechs will face existential brand identity decisions.

Embedded finance refers to exchanging a form of value with a nonfinancial company (e.g. paying or receiving a loan) seamlessly within that company's ecosystem, such that it's virtually indistinguishable from the rest of the interaction.

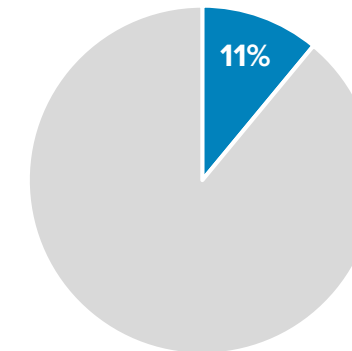
In essence, embedded finance is the type of transaction a consumer conducts without realizing it, or without disrupting their customer experience — for example, paying automatically while exiting an uber, or purchasing something from a “just walk out” store.

It's the effective invisibility of embedded financial services that poses the biggest threat to traditional financial institutions and fintechs.

Embedded finance examples abound, but few Americans have heard of the term. Nearly a third of U.S. adults have experienced embedded finance through Uber alone, but only around 1 in 10 has heard of the term.



**Share of U.S. adults who use Uber**



**Share of U.S. adults who are familiar with embedded finance**

Poll conducted Dec. 23-25, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.



# CONSUMERS ENCOUNTER EMBEDDED PAYMENTS REGULARLY

Consumers are accustomed to using nonfinancial apps to make payments. Over 40% of consumers report using Apple Pay, Google Pay or Shop Pay to make a payment. Nearly a quarter report sending a payment directly through a social media app or using a BNPL service — both of which are examples of embedded payments.

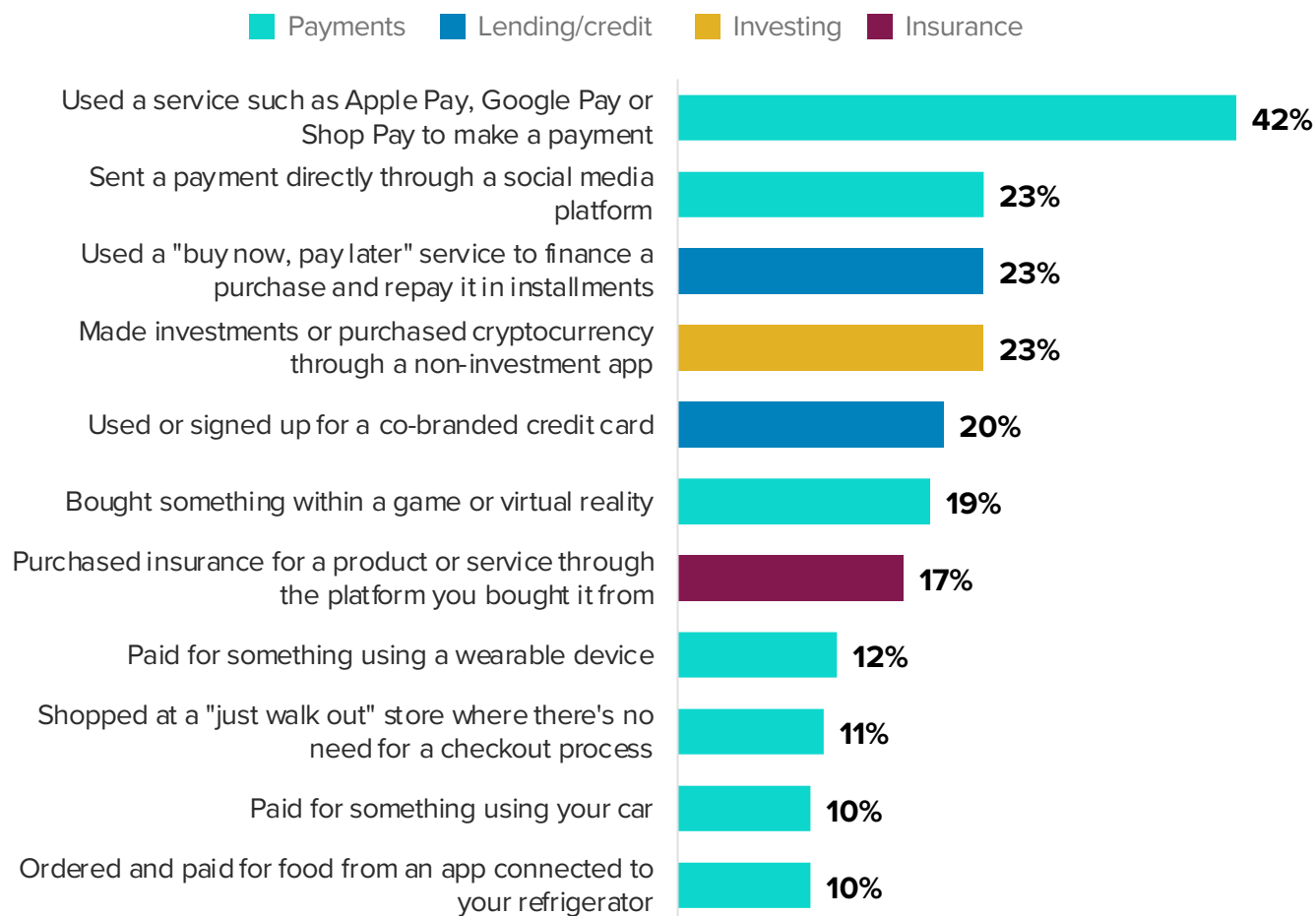
But the applications of embedded finance extend beyond payments to permeate every aspect of the financial services industry.

Consumers can expect greater opportunities for embedded credit and lending, as well as insurance and investment, as nonfinancial services companies across industries build or buy the capability to offer these services.

The increased ease of accessing these services will spell trouble for traditional financial services providers.

Poll conducted Dec. 18-20, 2021, among a representative sample of 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

## Share of adults who say they have done the following in the past six months:



# BIG TECH IS INTRODUCING CONSUMERS TO EMBEDDED FINANCE

The more consumers interact with companies without thinking about how their money travels from one place to the next, or without having to go through onerous processes to finance a purchase, the more their interactions with their traditional financial services providers will feel outdated — or worse, they’ll stop interacting with them altogether. This doesn’t just apply to traditional banks and insurance providers, either.

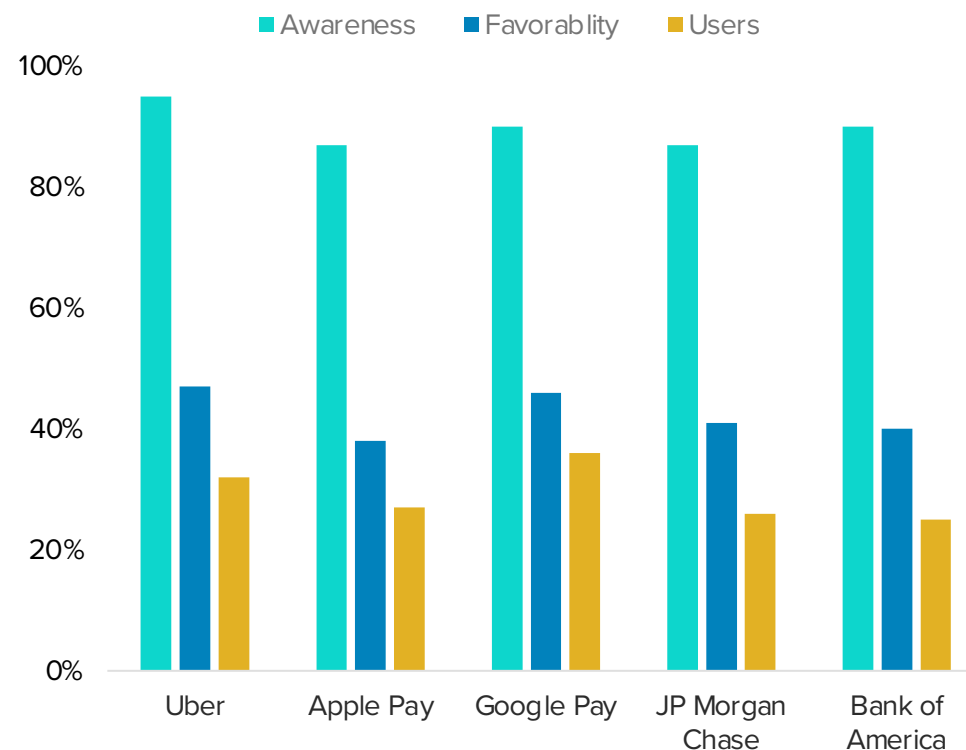
“Fintech” will become a meaningless term because of its ubiquity, and also because of its role as a utility. For businesses, fintech is becoming part of their technology stack, while for consumers, it’s becoming part of their experience with brands. Matt Harris of Bain Capital Ventures has described fintech as the

“fourth platform,” predicting that it “will join internet, cloud, and mobile in the modern technology stack.”

In the same way that we don’t think of companies with websites as “internet companies” or those with apps as “mobile companies,” companies with financial services capabilities won’t be labeled “fintechs.” Every company will be a fintech company as a result of the embedded financial services they offer.

Companies with embedded financial services are already showing their scale and brand power. Uber and Google Pay each have higher awareness, favorability and users than the largest bank by consumer deposits, JPMorgan.

Share of adults who are aware of, favorable toward and users of the following:



Source: Morning Consult Brand Intelligence

## WHAT IT MEANS: A FUNDAMENTAL RECKONING FOR BANKS

Financial services providers will have two choices to make. Will they fade into the background as “banking as a service” providers by creating technology that can be seamlessly integrated into the tech stack of non-financial services companies? Or will they double down on providing financial advice through traditional services?

The former means essentially abandoning the B2C component of their branding and focusing more on the B2B vendor relationships they have with companies embedding their services.

The latter will require a reimagining of the role they play in consumers’ lives — beyond providing the utility of accounts to serving the ends to which those accounts are a means.

Consumers naturally want to think about their finances, and **financial services providers should be prepared to offer them actionable insights when they do, based on a hyper-detailed understanding of their financial goals and well-being,** and to provide tools to help them

achieve their aims. In a world where it's easier than ever to spend, financial services providers can play the role of holistic adviser, giving consumers a complete picture of their finances in relation to their goals.

**Fintechs face a third option** that’s much less achievable to a traditional bank or financial services provider because of their legacy systems and regulatory hurdles: becoming a super app. This option is of course also open to nonfinancial apps. Super apps by definition must provide more than just financial services. Instead, they allow consumers to conduct nearly any transaction seamlessly from one

place. The quintessential example of a super app is Grab, which, like Uber, started as a ride-hailing app but now offers food delivery, courier service and grocery orders, as well as payment, insurance and investing capabilities. Meanwhile, Klarna falls into the “aspiring super app” category, evolving from its primary focus on BNPL to offer shopping, payment and delivery services.

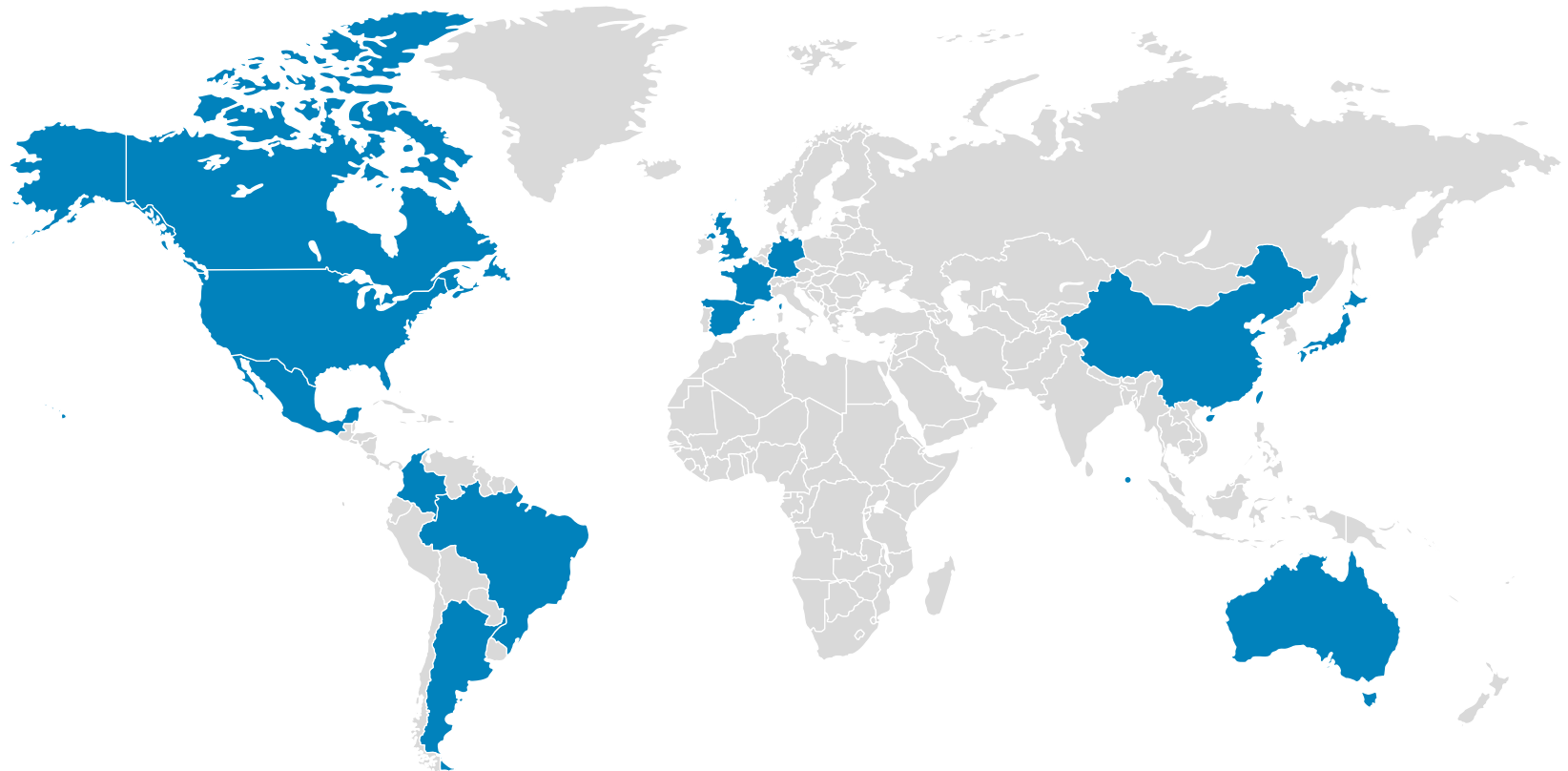
SECTION 5

# THE DATA BEHIND THE REPORT

Methodology and about the author

## METHODOLOGY

This report cites monthly surveys of up to 4,400 U.S. adults, as well as two surveys conducted in August and December among 1,000 respondents in Argentina, Australia, Brazil, Canada, China, Colombia, France, Germany, Japan, Mexico, Singapore, Spain and the United Kingdom. The interviews were conducted online, and the data was weighted to approximate the respective populations of adults based on gender, educational attainment, race and region. Poll results have a margin of error of plus or minus 1 percentage point.



## ABOUT THE AUTHOR



**CHARLOTTE PRINCIPATO**  
Financial Services Analyst

Charlotte Principato is the financial services analyst at global intelligence company Morning Consult. She heads Morning Consult's efforts to deliver real-time insights for leaders in the financial services sector.

Prior to her current role, Charlotte partnered with industry executives as a director of client services at Morning Consult, where she led a team focused on tailoring customized research intelligence to inform decisions for Fortune 500 companies.

Before joining Morning Consult, Charlotte spent more than five years at Gartner, delivering research insights on global financial services. She served as senior principal adviser in Gartner's global financial services industry research and advisory group, where she offered guidance and insights to line of business, strategy and talent executives at financial institutions on go-to-market strategy, customer experience and digital transformation. In that role, Charlotte partnered directly with consumer, small business and commercial banking leaders across the globe to develop research-based strategies for growth.

Charlotte graduated from the University of Virginia with a bachelor's degree in anthropology.



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