

## Digital Trends

# Online financial products and Literary Realism

Expansión (Spain)

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In talking about the current scenario of online sign-ups for financial products in Spain, we could refer to the lines of the poet Ramón de Campoamor, one of the exponents of Literary Realism: “it all depends on the colour / of the glass through which we look” .

On the one hand, the digitisation of financial services and the consequent online sign-ups for products currently constitutes one of the main thrusts in the commercial banks’ strategies. In the first quarter of 2018, more than half of BBVA’ s customers in Spain were digital, that is to say they used the digital and remote channels offered by the bank.

On the other hand, data obtained by the National Statistics Institute (INE) from the Survey on Equipment and Use of Information and Communication Technologies (ICT) in the Home indicate that around 10% of internet users carried out some financial activity online in 2017, compared with 8% in 2016.

Let’ s put some flesh on the bones of this digital user. People who sign up for these financial products are typically employed, middle aged (35-54), with a degree, with middle-high to high income, living in four-member households, with access to ICT at home and using it daily or weekly.

And what do these people sign up for? The most frequent is insurance, which seven of every ten users buy, compared with loans (two out of ten) and financial investment products such as shares and investment funds (three in every ten).

With this wicker, what sort of basket can financial institutions weave to promote their online marketing? Three great challenges loom on the horizon.

One of the consequences of the recent economic crisis was the loss of faith in traditional financial institutions. This has been a powerful reason why the new digital players, and especially the Big Tech companies, have had greater traction with consumers such as digital natives who use the Internet most and rely most on its services. Consequently, the first challenge consists in improving customer trust, especially with an educational approach, in both the digital and financial spheres.

This approach covers consumers’ significant weaknesses. Spanish adults’ average knowledge of financial matters is below the European average. According to World Bank data, adult financial literacy in Spain is less than 50%, whereas in Denmark, Germany and the Netherlands it is more than 65%.

This gap is more apparent in young people. According to the results of the PISA Financial Education report in 2017, one in four fifteen-year-old students in Spain has no basic financial competence, being incapable of interpreting an invoice or assessing the financial information needed to decide to make a purchase.

The scandals relating to the violation of privacy, such as the one affecting Facebook a few months ago, constitute a clear warning to Internet users. Financial institutions’ previous experience with confidential data of their customers may prove very useful in this context, and is also reinforced by the changes brought in by the new General Data Protection Regulation. Therefore the second challenge centres on raising customers’ awareness

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about the use of their data and getting them to see that financial institutions are their natural allies in protecting their data.

Thirdly, strengthening relations with customers by giving transparent information is much to be recommended. This is especially important in the process of hyper-personalisation where it seems the signing up of financial products is headed.

It is worth ending by once again quoting Ramón de Campoamor, who said: “and in the treacherous world / where nothing is true or false” , and never more so than in this digital context, financial institutions need to offer the new opportunities that are arising - and not just the financial ones - honestly and clearly to the whole of society.

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