

Analysis with Big Data

What do the media and social networks tell us about the fintech phenomenon?

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Digital transformation and technological advances have drastically changed the way in which consumers and businesses interact. The transactions we do on the Internet when we make a purchase, watch a series or chose a restaurant, have become part of our everyday life and have allowed us to collect huge amounts of data in real time. This technological revolution has transformed the society, the economy and business, both in terms of supply and demand.

Let's start with the supply side. Nowadays, we live in an increasingly dynamic and competitive environment where the digitization and automation of production processes are becoming more and more important. This, in turn, is generating new business models and a new competitive framework.

In terms of demand, the outlook has also changed dramatically. Consumers are increasingly demanding and seeking customized and higher quality goods and services. This explains why customer experience has become the cornerstone of any company.

The financial sector, which plays an important role in economic growth, is no stranger to these changes.

It is in this context that fintechs have emerged; coined by joining the terms finance (FIN) and technology (TECH). These are startups within the financial system that use technology to offer innovative services, significantly transforming the financial industry.

As evidence of this change, referring to supply, the number of bank branches and banks in Europe decreased by 20% and 25% respectively between 2008 and 2018, according to data from the European Banking Federation. In the same period, between 5000 and 12,000 new fintechs joined the European financial system. When it comes to demand, change has been equally significant. The use of digital banking in Europe almost doubled during this period, increasing from 29% in 2008 to 54% in 2018, according to data from Eurostat.

Understanding this new framework is essential to analyze the financial sector's role in the economy and assess its contribution to economic growth and social welfare. Its variable dynamics require the availability of rapid and timely information from this new ecosystem and the actors involved in it. The use of information from social networks and the media thanks to big data techniques has become a highly valuable asset to do it.

These sources of information are precisely [those used by BBVA Research](#) to analyze the scope and social perception of the fintech phenomenon, as well as the main themes, places and actors associated with it.

The study carried out reveals the rise of fintechs, which are gaining ground in the social debate. Furthermore, there is a clearly more positive social perception of these startups than of the traditional financial system. This could be explained by the topics associated with fintech, such as innovation and technology, while traditional finance relates to central elements of the financial system, such as central banks and the market.

As we delve further into the discussions around fintechs, we find that the magnitude of this phenomenon goes beyond the financial system and extends to other areas of society and economic sectors. Topics such as artificial intelligence, the Internet of things or big data, and sectors such as insurtech (technology applied to insurance) or regtech (regulation and technology) are especially relevant.

Moreover, if we focus on the actors which operate in this ecosystem, we find that companies established in other sectors, such as Big Techs like Google, Apple or Facebook, are playing an increasingly important role in offering innovative financial services, especially in relation to payment solutions.

All of this highlights a new scenario in which the real-time analysis of information published on the Internet and on the media has become an advantageous and competitive resource for the industry, researchers and regulators in order to understand this overwhelming global phenomenon that is transforming the financial system and leaving a significant mark on the society.

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