

FinTech for Good – How Fintech Can Support Workplace Financial Wellbeing

The war in Ukraine has been the primary catalyst for an international cost-of-living crisis that had been brewing for some time. Other factors include COVID-19, environmental concerns, and commodity prices, with the net result being escalating costs of goods and services to record highs. Inflation has surged, with the Bank of England raising interest rates by 25 basis points to combat it, having reached its highest level in 40 years, and showing no signs of stopping.

Financial wellbeing is, put simply, about having a good relationship with your money and feeling in control of and secure in your financial future. It's fair to say that we are living in unprecedented times, and this is taking its toll on financial wellbeing.

Many traditional banks make promises of financial wellbeing, but are they really delivering? Nonetheless, FinTech companies are scrambling to find new ways to support users and governments are issuing short-term measures to try and help with the current crisis. But the worrying reality is these higher prices are likely here to stay and the world may need to adjust accordingly.

So, in an increasingly challenging financial world, what are the areas that FinTech needs to address to truly deliver financial wellbeing for current and future generations?

The role of banks in financial wellbeing

Therefore, technology plays a crucial role in promoting financial wellbeing. FinTech can support consumers in making better financial decisions, which can lead to better outcomes, by providing them with user-friendly apps that can aid in increasing financial awareness and knowledge.

Since the FinTech industry is expanding quickly, it is simple to believe that its success is because of its technology, which is why so many traditional banks are raising their technology investments or partnering with FinTechs to stay competitive.

However, rather than only focusing on new ways to deliver digital banking services like customer support chatbots or account updates delivered to users' smartphones, most of the time, their development is actually due to discovering new ways to meet customer needs.

Instead, the desire for financial security is what drives many banking clients' expectations. The most successful FinTechs have successfully addressed the demand for faster access to better information through digital technologies, which goes beyond simply desiring better products and services. The aim is to create and uphold a sense of financial wellbeing, instead.

How FinTech can support people in the current financial world

- **Feeding the people**

Prices in supermarkets and other places we buy food are rising. One of the key causes of this is changing weather patterns around the world, impacting critical foods over the last few years. Add in supply chain disruption from the likes of COVID-19, Brexit, and a drive towards more sustainable production, and it's no surprise the costs keep going up.

These are long-term factors people must learn to live with. FinTech may help by offering people tools to manage their household budgeting better and find opportunities to save. Modern banking customers are increasingly tech-savvy and familiar with personal finance apps, so there is plenty of scope to support people this way.

- **Energy**

Rising energy prices are a significant problem for households everywhere. The Ukraine war has escalated this problem, but it was well underway with the push towards more green energy production.

While the situation may stabilise over the next few years, it is unlikely to return to previous levels. Deprived of Russian oil and gas, the new normal is here for the foreseeable future. FinTech may play a key role in the shift towards a green economy, reducing our dependence on fossil fuels and finding ways to make renewable energy more affordable to address this problem in the long term.

- **Rising interest rates**

When inflation hits, interest rates go up to try and stem the rise in inflation. This can be beneficial for people with savings, but not so much for those who need to borrow.

Over the next few years, the interest rates may return to more acceptable levels. In the meantime, digital tools from FinTech can help people access banking services that help when inflation is high. This empowers customers to take control of their finances and mitigate the impact of rising inflation.

Final thoughts

FinTechs had a responsibility to revolutionise the financial services industry and to take on the established financial institutions and legacy banks that have long had a dominant position.

The role of FinTechs must alter as more people experience financial challenges regularly. Companies must start modifying their offers and putting more emphasis on enhancing the financial well-being of their valued customers.

It's time to turn financial wellbeing into a banking business model. Neobanks and general banking FinTechs alike need to truly understand what this means in order to follow through with it being a key offering.

Banks must digitise to achieve their objectives of adapting to economic changes and providing people with the tools they need to deal with some of the worst effects of the current crisis. With FinTech offering customers greater opportunity to manage their financial health, traditional banks need to follow suit.