



FinTech

Georgia's Thriving Fintech Ecosystem FUELING THE FIN IN FINTECH



“Fintech” is a mash-up of two key words. For the Technology Association of Georgia’s annual report on the status of Georgia’s thriving fintech ecosystem, this year we chose to shine a light on the sometimes underappreciated first half of the term, delving into the unique concerns facing financial institutions and how fintechs can help address them.

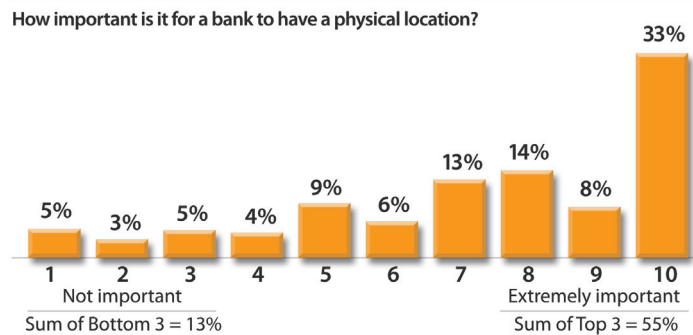
Our ecosystem map documents more than 260 fintech companies operating in the state. This number is constantly growing, thanks to an impressive pipeline of energetic entrepreneurs and the continued support of an engaged angel investor and venture capital community.

These typically technology-first companies span a wide array of sizes and product types; one common bond is their need for go-to-market strategies to deliver financial services to end customers- whether consumers or businesses.

Increasingly, fintechs are concluding that financial institutions are a highly effective channel to reach these customers- whether as partners or service providers. Banks and credit unions need support in modernizing their tech stacks and product offering. Financial institutions provide the majority of revenue for many fintech companies.

As a new feature of this year’s report, TAG’s Fintech Society collaborated with the Georgia Fintech Academy to conduct a survey of 1,600+

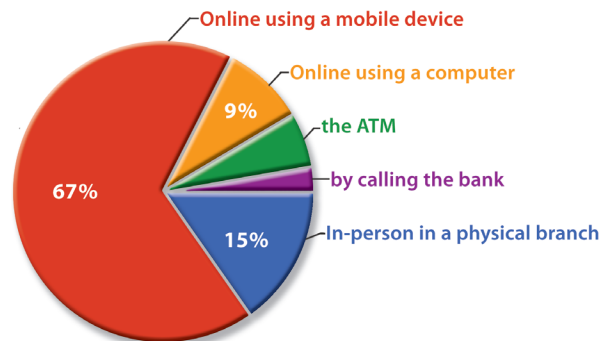
Contrary to popular belief, most US consumers still value physical branch locations



Source: TAG Fintech/Georgia Fintech Academy Consumer Banking Survey

consumers to better understand their banking attitudes. Our sample includes 900+ responses from Generation Z consumers, generating insights into a cohort of heightened interest to financial services firms.

Most US consumers, across all age groups, are "mobile-first" banking customers



Source: TAG Fintech/Georgia Fintech Academy Consumer Banking Survey

Our research reveals several key takeaways, challenging some commonly held perceptions while confirming others. For instance:

- More than two-thirds of consumers are “mobile-first,” reporting that they primarily engage with their FI through a mobile device.
- Contrary to the prevailing narrative, a solid majority of consumers continue to place importance on their FI having a physical location.
- Perhaps most surprisingly, *Generation Z’s attitudes are not materially different from the population as a whole.* Even if Gen Z customers seldom visit branches, they seem to value the availability of in-person support should the need arise.



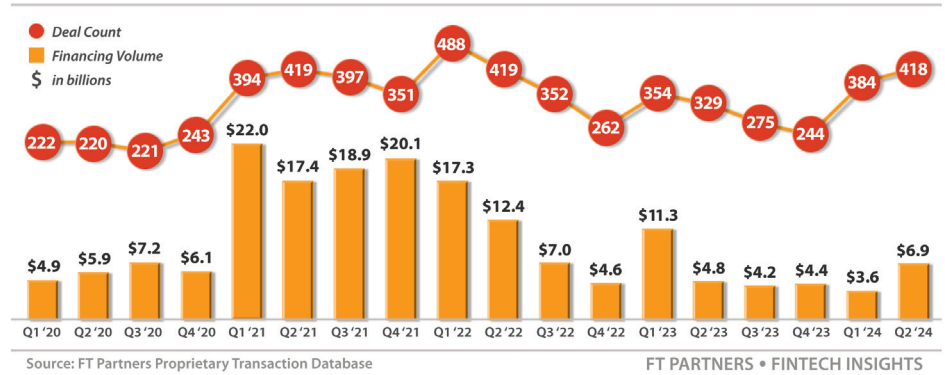
See TAG Fintech’s regularly updated Georgia Fintech Ecosystem Map, featuring more than 260 companies.

Overall, customers are seeking a blend of modern digital tools and personalized, responsive service to enhance their banking experience. Such information is highly valuable to fintechs, whether in tailoring consumer direct strategies or better understanding bank/credit union pain points in order to address their needs as customers.

Our full report also draws from credible outside research to illuminate other important factors. For instance:

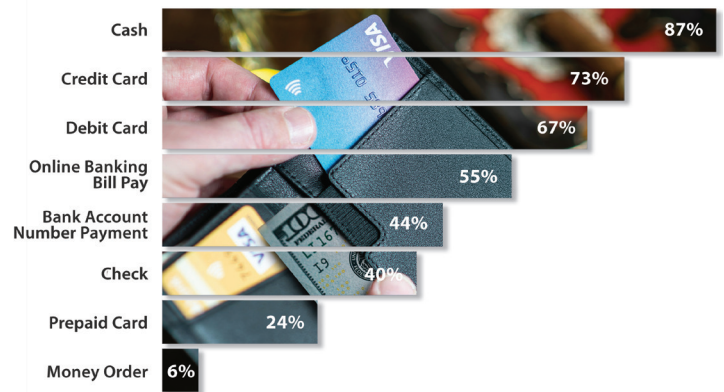
- The Atlanta Fed confirms that the solid majority of US consumer payments are made by debit/credit card- a channel in which Georgia fintechs play a dominant role. Nonetheless, cash remains the most widely used payment vehicle. According to Atlanta Fed research, 87% of consumers make a cash payment in a typical 30-day period, compared to 73% and 67% for credit and debit cards, respectively.
- Data from FT Partners documents the decline in investment dollars flowing into fintechs compared to an overheated 2021-22 period marked by ultra-low interest rates and a “grow at all costs” playbook. Rather than collapsing, however, the market has largely stabilized at levels in line with 2019- 20. Moreover, the number of financing deals has remained relatively steady throughout- implying that the perception of a “fintech funding winter” was driven by the absence of super-sized funding rounds for late-stage startups as well as lower valuations.

Investment in US fintechs returned to historical levels after heavy 2021-22 inflows. The number of deals, meanwhile, has remained fairly steady.



Although most consumer transactions are made by credit/debit card, cash is still used by the greatest share of Americans.

% of consumers having used a payment type in the past 30 days



Source: Federal Reserve Bank of Atlanta, 2023 Survey and Diary of Consumer Payment Choice.

The full report will include further insights from our proprietary research, an update to our popular Ecosystem Map and transaction listing, and contributions from industry leaders on key financial services topics such as blockchain, compliance, and the startup environment.

About the Survey

TAG’s Fintech Society, with input from the Independent Community Bankers Association, designed a survey to explore US consumers’ banking behaviors and attitudes. Students from the Georgia Fintech Academy recruited 1,633 individuals to complete the survey across June and July 2024. Students analyzed the results as part of a classroom project; industry leaders from TAG Fintech performed additional analysis.

By design, our population oversampled Generation Z consumers (born 1995-2012) in order to emphasize insights from this key demographic. We also obtained meaningful samples of 110-330 responses from each of the following groups: Baby Boomers (born 1946-64), Generation X (1965-79) and Millennials (1980-94).

Significant additional detail will be shared in October as part of TAG’s annual Georgia Fintech Ecosystem Report. Plans are underway for future surveys; we welcome industry input. Please contact Jessica Harris Jessica@tagonline.org



Follow TAG Fintech Society’s LinkedIn Page for updates on upcoming events and for an alert when the full Ecosystem Report is released in late October.



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