

Why aren't fintechs solving the cost-of-living crisis?

Last month, the Together Through This Crisis initiative published a worrying piece of research that revealed nearly 40% of people in the UK end the month with no money left. That same report found that most months, nearly a quarter of Britons now also run out of money for everyday essentials. The harrowing information compounds further research from the Office for National Statistics, which recently found that more than half of renters would be unable to afford an unexpected £850 bill.

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The figures underline the continued challenge that the cost of living crisis is posing throughout Britain. Despite the introduction of new government support packages, individuals across the country are still being stretched thin trying to make ends meet. Sadly, with ongoing uncertainty affecting the global economy, it's becoming increasingly difficult to see an end in sight for this problem. As such, the onus is now on individuals to mitigate the worst effects by taking decisive action for themselves.

Lack of response

Against this backdrop, I have been surprised by the lack of response from fintech businesses in helping individuals to gain more control over their finances. On the face of it, this crisis has seemingly presented fintech with an opportunity to develop solutions, which meet the needs of individuals in the here and now. Unfortunately, it seems like companies across the sector are currently missing this chance, either unwilling or unable to

seize a golden opportunity to grow in a highly positive manner.

However, that might be about to change. The fintech sector is dealing with its own crisis, companies are announcing lay-offs, venture capital investment is down, and the fall of Silicon Valley Bank threatens to effect rates of cashflow. Amidst this uncertainty, there's a distinct need for companies to build stronger relationships with their customers. One way of doing this is to offer services tailored to the challenges people face right now. Therefore, it's possible fintech for good is about to see a new wave of innovation.

How can fintechs help?

Fintechs have the potential to make a massive impact when it comes to combatting the cost-of-living crisis. Most obviously, fintech businesses could develop solutions that help to improve rates of financial literacy across the UK. It's not difficult to imagine the potential applications of fintech in this regard, and while developments in this area are afoot, we're still waiting for a platform to arrive that becomes truly ubiquitous.

This potential is even more exciting when you consider the demographics, which most rely on fintechs. Unlike more traditional financial institutions, fintech often caters to a younger audience, people who are far more likely to lack the financial literacy needed to navigate this challenging moment. Thankfully, fintechs could help to bridge this gap, offering younger individuals the insights they need when it comes to managing their money. In doing so, the sector can help to make a difference at this important time.

Going further than before

Clearly, education is an important tool in the fight to curb the cost-of-living crisis, but it shouldn't be the only weapon the sector has at its

disposal. Moving forward, there's a clear incentive for companies in the field to promote solutions that actively enable individuals to get a better grip on their finances. Whether it's helping to make saving easier, or offering guidance on how customers can save money on household bills, there's never been a better time for the sector to prioritize solutions of this nature.

This can't be ignored, especially given the fact traditional financial institutions, such as banks are already advancing solutions like this. In the past few months, major banks like NatWest, HSBC and Lloyds Banking Group have all revealed services that are solely focused on helping people to deal with the ongoing squeeze. While that's a very positive development, it should be fintech businesses leading the charge. The sector can ill afford to allow banks to steal another march on it.

Time to make a difference

Ultimately, the need for fintech for good is greater than ever and is clearly going to be a big trend in 2023 and beyond. The opportunity for fintechs is there, but it's essential for companies to respond to this need before it's too late. Hopefully, companies are ready to act and to offer services that allow individuals to get a better grip on their finances. The next 12 months have the potential to be incredibly tough for people across the UK, but fintech has the ability to alleviate many of these issues.

That's what we're doing at Frost, providing solutions that help individuals to stop paying over the odds on greener energy and efficient broadband, while getting better oversight and insights into their finances. Our powerful system removes the hard work of going through comparison sites and helps individuals to save money at the press of a button. The success of our model should serve as inspiration to others, highlighting the immense demand for solutions that make it easier to track spending and save money. Now it's time for others to follow suit.

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