Fintech Takes

THE SCIENCE (AND FICTION) OF FRICTION

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Who You'll Hear From

Two perspectives on the science (and fiction) of friction in financial services.





Tomás Campos

is co-founder and CEO of Spinwheel, a consumer credit data and payments company, and a fintech veteran of more than 20 years. He brings the perspective of an operator who has worked on these problems from paper enrollment forms to today's digital infrastructure.

Alex Johnson

is the founder of Fintech Takes, a publication about the intersection of finance, technology, and public policy. He's spent a large portion of his career thinking about how companies in financial services design the experiences customers have. He asked the questions.

How Did Friction Become the Enemy?

How the pursuit of eliminating friction became an industry obsession.

For the past two decades, we've been on a single-minded mission to strip out as much friction as possible from financial services experiences so customers can seamlessly open accounts and transact without clunky processes getting in their way. In turn, financial institutions deliver better experiences for their customers and do *more* business with them.

Sometimes we've approached this mission thoughtfully. Other times, less so. Somewhere along the way, eliminating friction became more of an instinct than a strategic consideration. And this instinct assumed a human on the other side of the process, someone with very little tolerance for friction and even less interest in navigating complicated workflows.

But two things have changed.

First, our obsessive quest to scrub out every trace of friction has left us with very little low-hanging fruit. Worse, it has led us to focus on areas where friction shouldn't be removed (stripping out steps that protect customers) — while missing other opportunities to redirect friction to the right place.

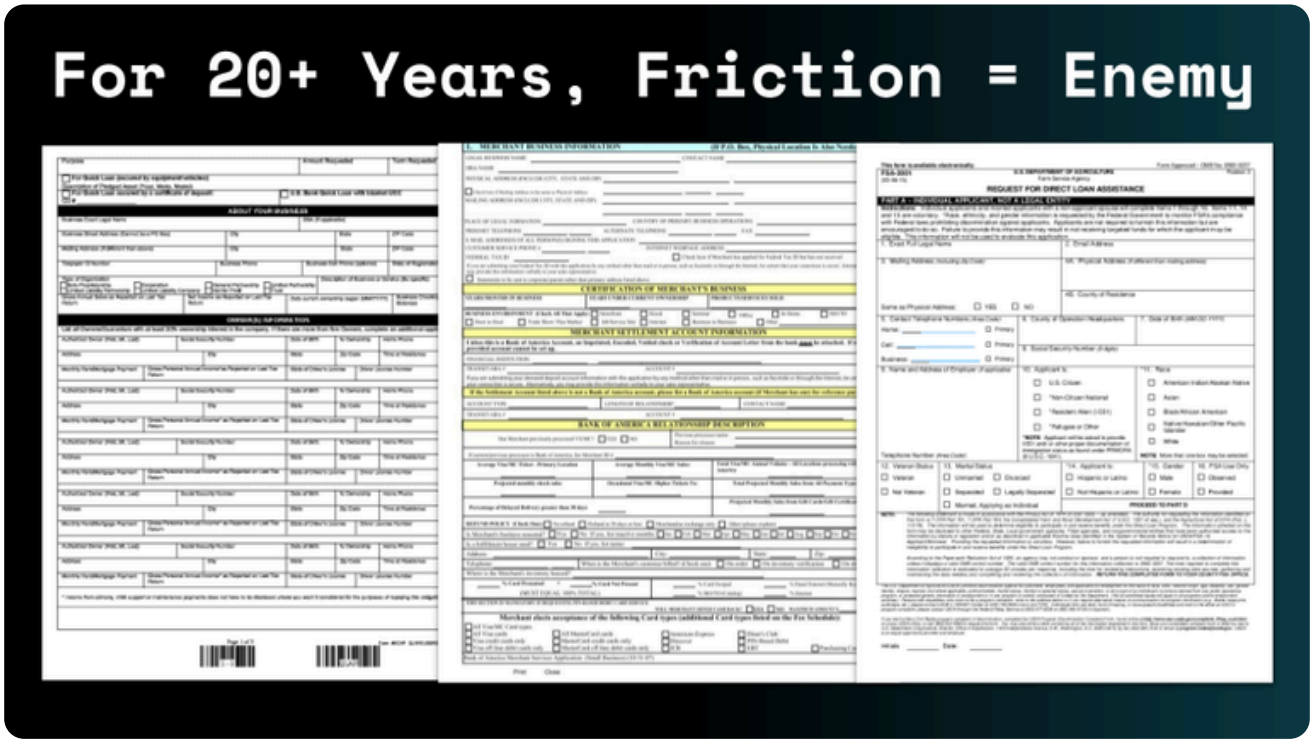
The problem is treating all friction as an equal enemy.

Second, AI agents are changing our concept of friction in the first place. If customers have AI agents filling out loan applications and lenders have agents reviewing them, well, then what is friction? Are any humans exposed to it? Maybe not. And if not, we should probably rethink our longstanding assumptions.

To understand where we are today, we need to venture back to the mid-2000s, when there was plenty of friction to find and snip out of financial services. Consider digital account opening. The first wave simply moved the paper application from the branch to a screen: same fields, same steps, new format. Once the form lived online, its flaws got harder to ignore, and a deeper question surfaced:

Why did we ask customers for all the information we did, including things the bank already knew?

Answering it, Alex Johnson recalls, was neither consistent nor quick. Some banks were still debating whether online applicants should come into a branch to sign their paperwork in person. Payments had its own version of the same debate.



Tomás Campos remembers what the old version cost. He helped build one of the first large-scale decoupled debit networks, back when people thought decoupled debit could become a fifth card network. To enroll, a customer stopped at a little table by the store's exit, filled out the forms by hand, wrote VOID across one of the checks, then showed a driver's license to prove it was really them.

Cut to a few years later, and customers could deposit a check by snapping a photo, split dinner on Venmo and open a bank account from the couch.

Competition pulled the industry here as much as technology did. Once one player proved a process could take minutes instead of days, everyone else had to match it or explain why they couldn't. Friction turned from a cost of doing business into a competitive liability, and cutting it became reflex.

Today, friction has been sliced out of account opening, payments, servicing and customer service alike.

Still, progress has been lopsided. Tomás grades the industry a **"solid B+"** for using technology to cut unnecessary friction, and **"C+, or so"** for friction tied to fraud, risk and regulatory controls.

Mortgages show that C+ in action. Lenders have digitized most of the front end, but closing still runs on notaries and paper.



> **"You have to go get stuff actually notarized. You have to get another human involved to go and sign something and take a fingerprint. That reminds me of what I was doing 25 years ago,"**
> — Tomás Campos, co-founder and CEO of Spinwheel

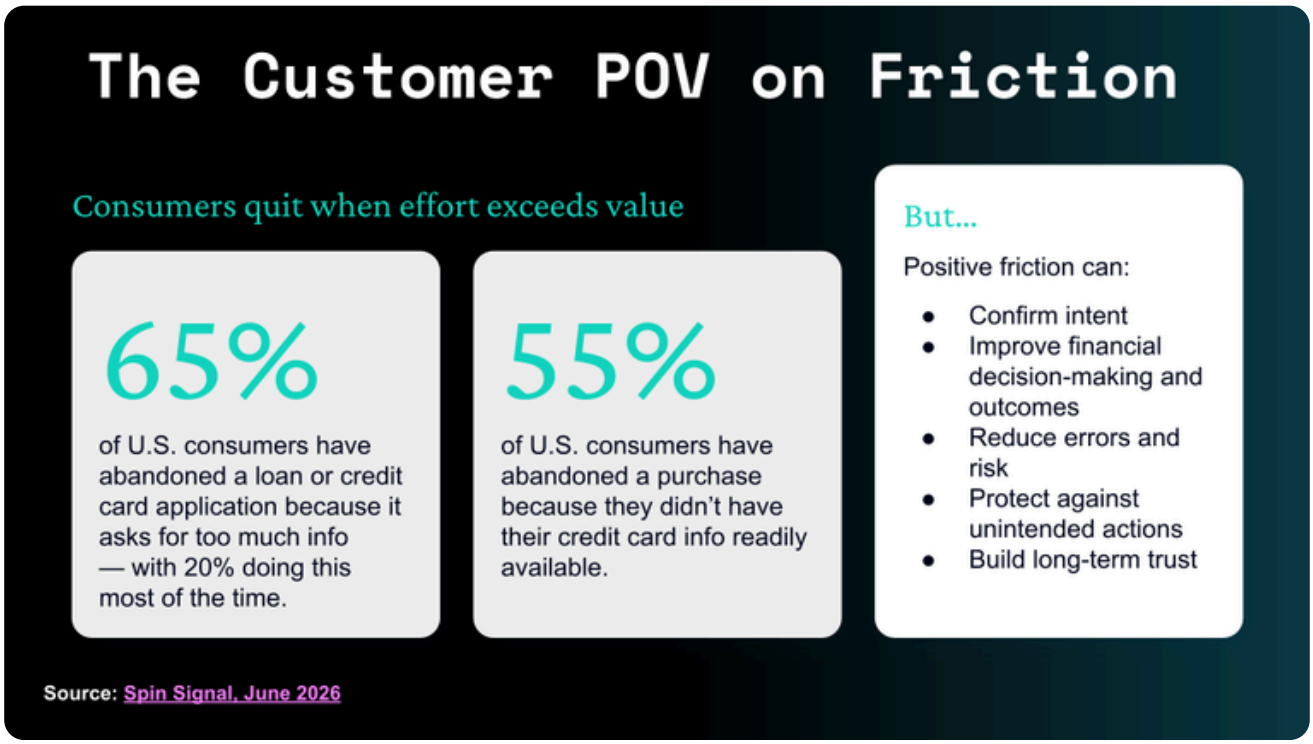
The lenders pulling ahead started from a blank page. Rocket Mortgage became one of the largest mortgage originators in the country by rethinking the entire experience of getting a mortgage, rather than digitizing it one step at a time.

Doing the same across financial services means asking what each step is actually for and how it fits into the whole. With most of the obvious (and unnecessary!) friction gone, whatever remains needs a reason to exist.

What Are the Costs and Benefits of Friction?

Why consumers abandon cumbersome experiences but sometimes welcome an interruption.

The cost of friction shows up in the customers who abandon the process altogether. Spinwheel's consumer research has the numbers to prove it.



65% of U.S. consumers have abandoned a loan or credit card application because it asked for too much information.

Another **55%** have abandoned a purchase because they didn't have their credit card info on hand.



"You get used to any amount of savings or convenience in your day, and it's really hard to step back from that."
– Alex Johnson, founder of Fintech Takes

With most digital experiences, convenience carries little risk. Nothing bad happens if a show streams too quickly. But in financial services, a transaction can go through without a hitch, and still leave the customer worse off.

Tomás uses the example of his parents, now that they're older and the prime target for scammers. He worries that frictionless banking is partly to blame. They no longer have to visit a branch; when a scam appears on their phone, they can act on it immediately.

As Alex points out, sending someone money using nothing more than their email address was a revolutionary idea when PayPal came along. Today, a Zelle can arrive instantaneously, even when a scammer has successfully convinced the customer to send it.

Sometimes an interruption gives someone just enough time to reconsider.

But deciding when to impose this interruption on the customer raises a thornier question.

As Tomás acknowledged, **"Who makes that decision? And, you know, you don't want to be on the other side of that, where you're keeping the consumer from their money."**

Alex sorts friction into two kinds.

Transactional friction is mechanical. The system doesn't work the way the customer expects, and the extra steps serve no purpose they can see. Unless a step has a very specific job, it should go.

Relationship friction signals whose side the institution is on. It asks whether the provider is **"either demonstrating to me that your interests are aligned with mine, or that your interests are counter to my own."**

A nudge to slow down on day trading, or to pay down revolving credit card debt, can show alignment. An irrelevant cross-sell shoved in your face mid-task signals the opposite (which turns out to be pretty common).

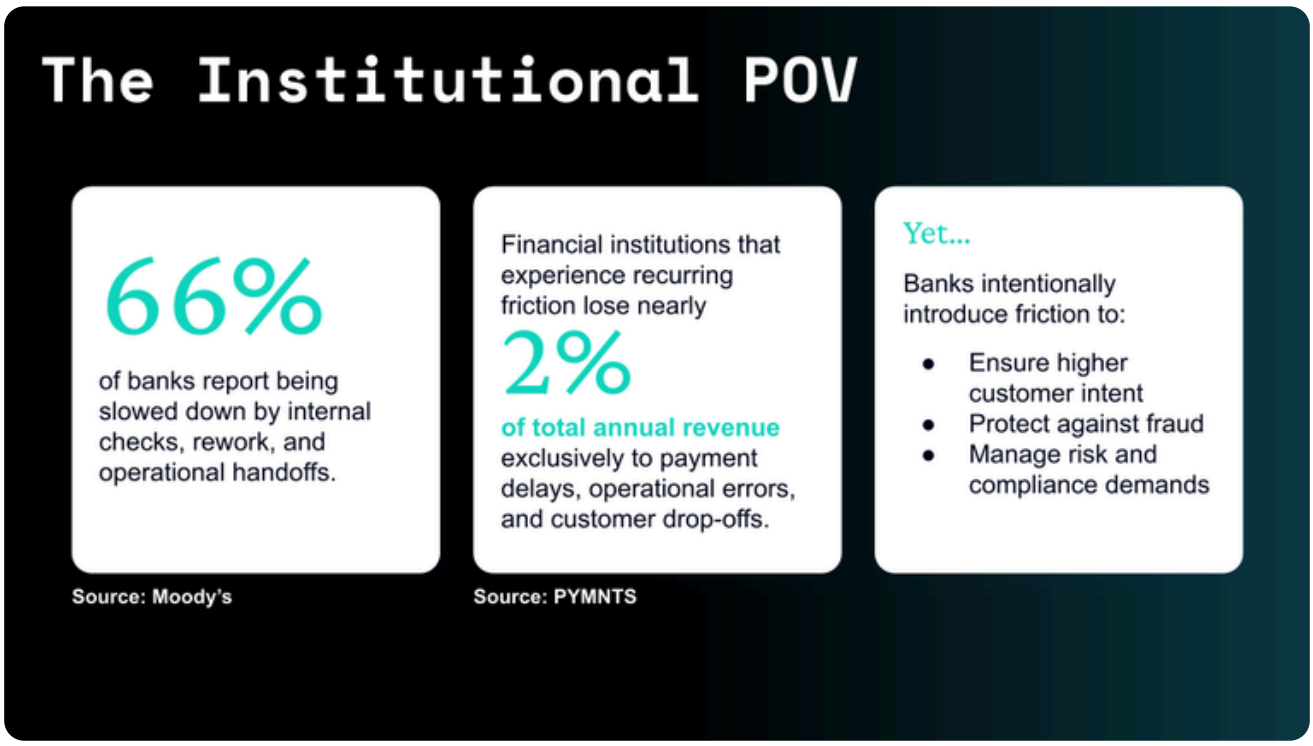
"43% of consumers say they see offers for credit cards they already have about half the time or more." – June 2026 Spin Signal Report

Whose Interests Does Friction Serve?

From lending to payments, examining the incentives behind the obstacles institutions introduce.

Institutions pay for friction, too.

66% of banks are slowed down by internal checks, rework, and operational handoffs. Plus, institutions with recurring friction lose **~2%** of total annual revenue.



And yet, banks introduce friction intentionally. Tomás groups the motivations into four buckets:

1. **Customer or lead quality:** learning more about someone helps an institution judge whether they fit the loan or product on offer.
2. **Understanding intent:** matching whatever a customer does to what they actually mean to do.
3. **Fraud/risk/compliance and audit:** the controls a regulated institution has to maintain and be able to show it maintained.
4. **Customer or margin retention:** obstacles meant to keep a customer, and the revenue attached to them, from leaving.

Lending provides an especially persuasive case study.

Some fintech lenders make acquisition so seamless they've seen their portfolios suffer. By opening their front door too wide, they maybe hadn't thought critically around positive and negative selection, or the kind of portfolio those customers would create. Some subsequently reintroduced small points of friction during acquisition, onboarding, or even servicing.

Tomás agrees as far as the front door goes.



"There's two aspects. It's the front door of who's coming in, and then it's, where's the money going? Lenders that control where the money goes are seeing the portfolios increase substantially."
— Tomás Campos, co-founder and CEO of Spinwheel

Even asking in an application, *Why do you want this loan?* can yield useful information for underwriting and servicing. One less field might improve conversion, but what does the lender lose by removing it?

Of course, institutional incentives aren't always so neatly aligned with the customer's.

Alex pointed to banks that enable FedNow to receive but not send. Fraud risk is a legitimate concern, but how much of that reluctance also comes down to deposit retention? Funny how friction can serve as both a safeguard against fraud and a customer retention strategy.

Tomás offered another example from his corner of the market. Some institutions require third-party loan payoffs to arrive by manual check, which costs them in the form of a lockbox, scans, errors, checks that don't clear in time.

They absorb the cost, Tomás says, **"because they believe that that friction is going to prevent the consumer from actually refinancing their loan."**

The prize is the interest income. The bet fails, because a borrower set on a payoff pays off the loan anyway. In his view, that friction works for neither the institution nor the consumer.

By contrast, Tomás appreciates the separate text messages his bank sends to verify wire instructions, since a wire can't be reversed once it moves. That's a pause with a discernible benefit to the customer.

As Alex put it, **"There's the intent behind the friction and the execution of the friction."**

How Do AI Agents Change the Way We Design Friction?

When software acts on consumers' behalf, which obstacles lose their purpose, and which become more valuable?

The industry push to strip out friction assumed a human was on the other side of the transaction, one with little patience for complex processes. AI agents break that assumption. What wears a person down barely registers for an agent.



"It has never been easier for consumers to use software that will automate the task that they want to do,"
— Tomás Campos, co-founder and CEO of Spinwheel

Two years ago, that kind of software wasn't broadly available to consumers. Now it runs on a phone, and new tools will keep arriving every month. So what happens to friction designed around the limits of human patience?

For starters, steps intended to discourage customers from leaving, or doing something less profitable for their bank, lose their leverage when an agent does the clicking. Alex doubts institutions can keep relying on inertia to retain customers. They'll have to compete on trust instead.

Other friction will simply move. Lenders still need to understand why someone wants a loan, but Tomás questions whether the application is the right place to ask. He expects that answer to emerge **"way further up funnel,"** as a consumer works out what they want with an agent on their phone, before the application even begins.

And some friction becomes more valuable. If software is managing Tomás's finances in the background and proposes moving $500, he'd welcome a text from his bank asking permission.

"If a lot of my financial tasks are going to be automated for me, I'm actually okay, and I want the additional friction." — Tomás Campos, co-founder and CEO of Spinwheel

The alternative is discovering an unwanted transfer after the fact, then arguing over who's responsible for it.

Alex imagines banks becoming a kind of command center for the agentic activity in customers' lives, with an occasional check-in serving as what he calls an "emotional regulator."



"I don't have to catch any mistakes for that little bit of friction to still be additive to the trust I have with an institution." – Alex Johnson, founder of Fintech Takes

Even if an agent gets something right 100 times out of 100, that interruption can make a customer feel safer.

Inside the institution, the same logic applies to audits. Tomás notes that compliance depends on a paper trail and a chain of custody, and friction that's executed well produces both. With the data in hand, AI can help assemble the case. In the future, audits will likely move away from periodic testing and sampling to more continuous monitoring.

Where Does That Leave Us?

A framework for deciding what friction belongs in a financial services experience.

It's tempting to assume that a financial experience with zero friction would be the best possible one. That's a fiction worth poking at. So before we pull out the next bit of friction, we should ask what it's doing there in the first place.

Here's a framework: five questions you can test against any step, in any product.

1. **Intention.** What is this step meant to accomplish, and whose interests does it serve?
2. **Necessity.** Does the institution need to interrupt the customer, or can information it already holds achieve the same objective?
3. **Execution.** If the safeguard is necessary, is there a less cumbersome way to deliver it?
4. **Effectiveness.** Does the friction produce the intended outcome?
5. **The AI test.** Could an agent handle this step on the customer's behalf, or does the decision warrant explicit human authorization?

Friction will never entirely disappear from our financial lives, and some of it shouldn't.

The challenge now for financial institutions is to get deliberate about when they ask customers to slow down, and to recognize when technology can reach the same objective without asking customers to do anything at all.

About Spinwheel

Spinwheel is a real-time consumer credit data and payments company. Spinwheel serves as the infrastructure layer for consumer liabilities, using robust APIs and agentic interfaces that simplify consumer credit for both consumers and the organizations that serve them. The company partners with lenders, marketplaces, and personal financial management platforms to provide real-time consumer credit data and embedded payments for better financial and lending experiences, with just a phone number and date of birth.

Want to see the data behind this conversation?

*Explore Spinwheel's latest **Spin Signal** insights **here**.*