

Consumers' Use of Mobile Financial Services 2013

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Motivation for Report

- How consumers access financial services is evolving:
 - Rapid increase in use of mobile banking and mobile payments in only a few years
- These changes have the potential to affect consumer finances and consumer behavior
- May also provide a means of promoting economic inclusion and expanding financial access to the unbanked or underbanked
- Report released March 2013
(<http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201303.pdf>)



Survey Background

- Board conducted two consecutive surveys (in 2011 and 2012) to monitor these developments in mobile finance and assess consumer perceptions/expectations. Presented are the results from the 2012 survey.
- Survey instrument developed by the Board with assistance of Federal Reserve System advisory group
- Deployed by GfK to their nationally representative probability-based online panel of respondents called KnowledgePanel. For the 2012 survey:
 - Median time to complete survey of 16 minutes
 - Data collection from November 16th, 2012 to November 27th, 2012.
 - Total of 2,600 respondents: 1,328 of whom had responded to the first survey and 1,272 were new respondents.



Presentation Outline

- Mobile banking:
 - Obtain financial account information and conduct transactions with financial institution(s)
- Mobile payments:
 - Make payments, transfer money, or pay for goods and services
- Shopping with mobile technology
- Perceived security of mobile banking and mobile payment technology to protect personal and financial information

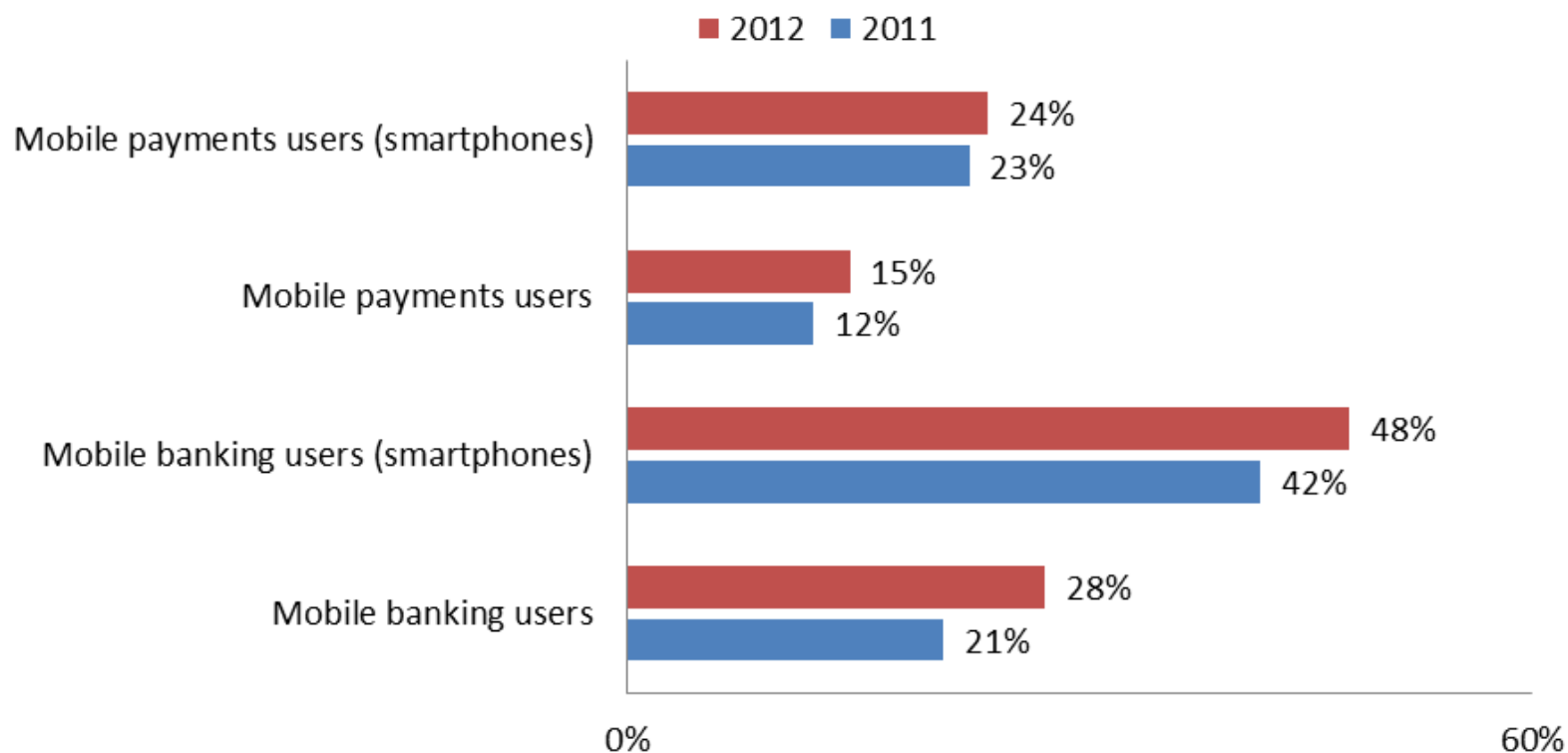


Key Numbers

- Among *all* mobile phone users:
 - 28% used mobile banking in past 12 months
 - 15% used mobile payments in past 12 months
- Among *smartphone* users (52% of mobile phone users)
 - 48% used mobile banking in past 12 months
 - 24% used mobile payments in past 12 months



Change in mobile banking and mobile payments





Mobile Banking

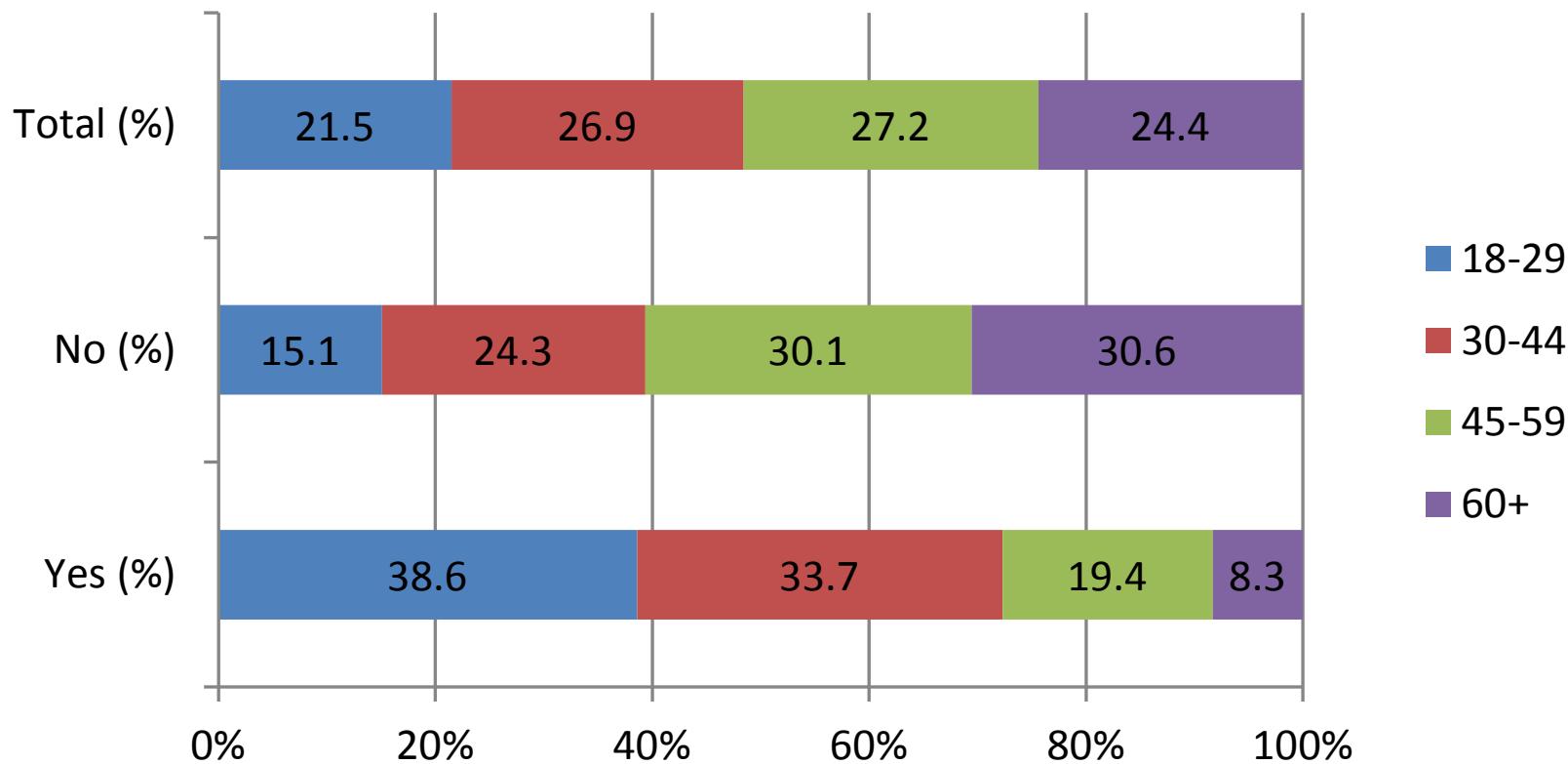
Mobile Banking uses a mobile phone to access your bank account, credit card account, or other financial account

You can use mobile banking by:

- Accessing your bank's web page through the web browser
- Via text messaging
- Using a downloaded application

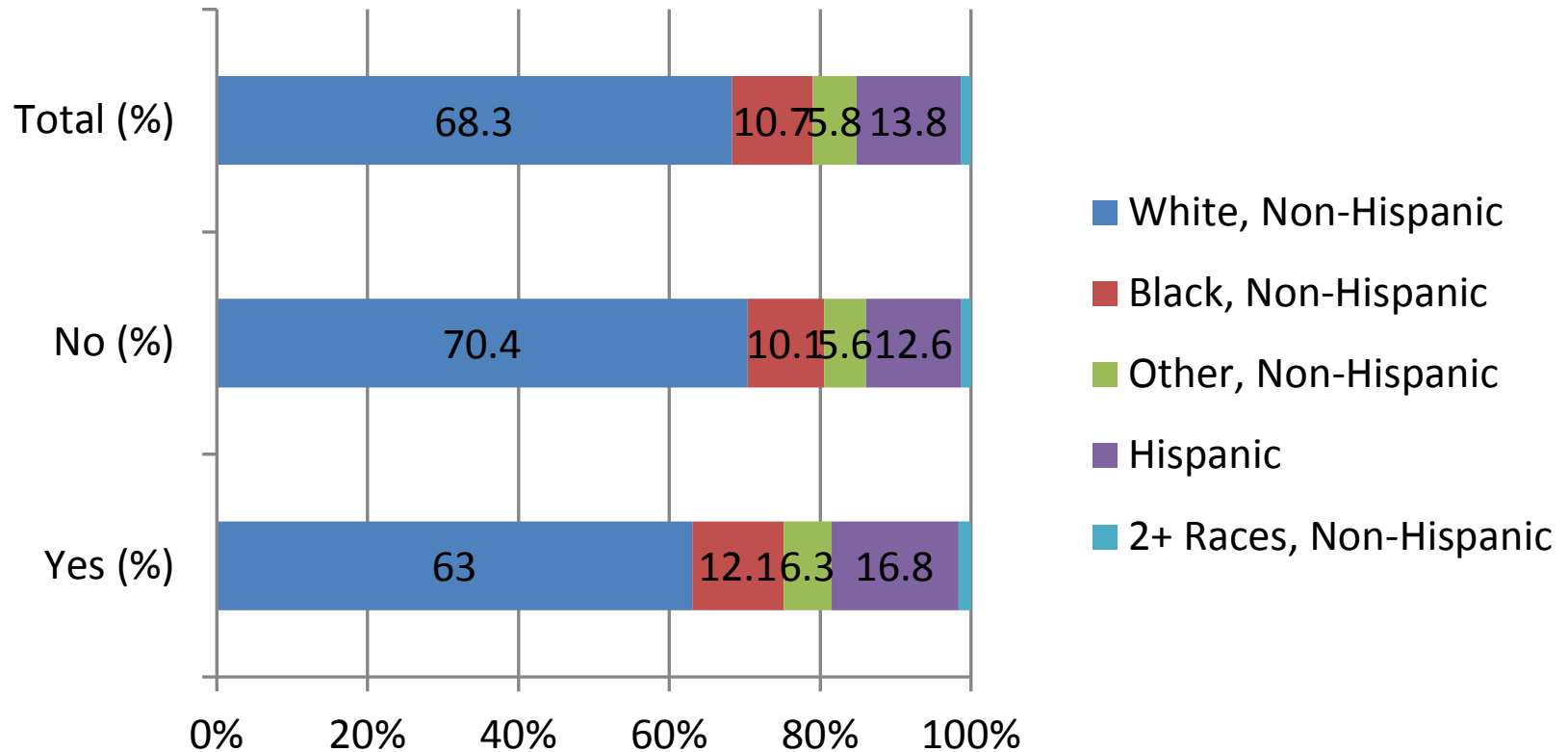


Mobile Banking by Age



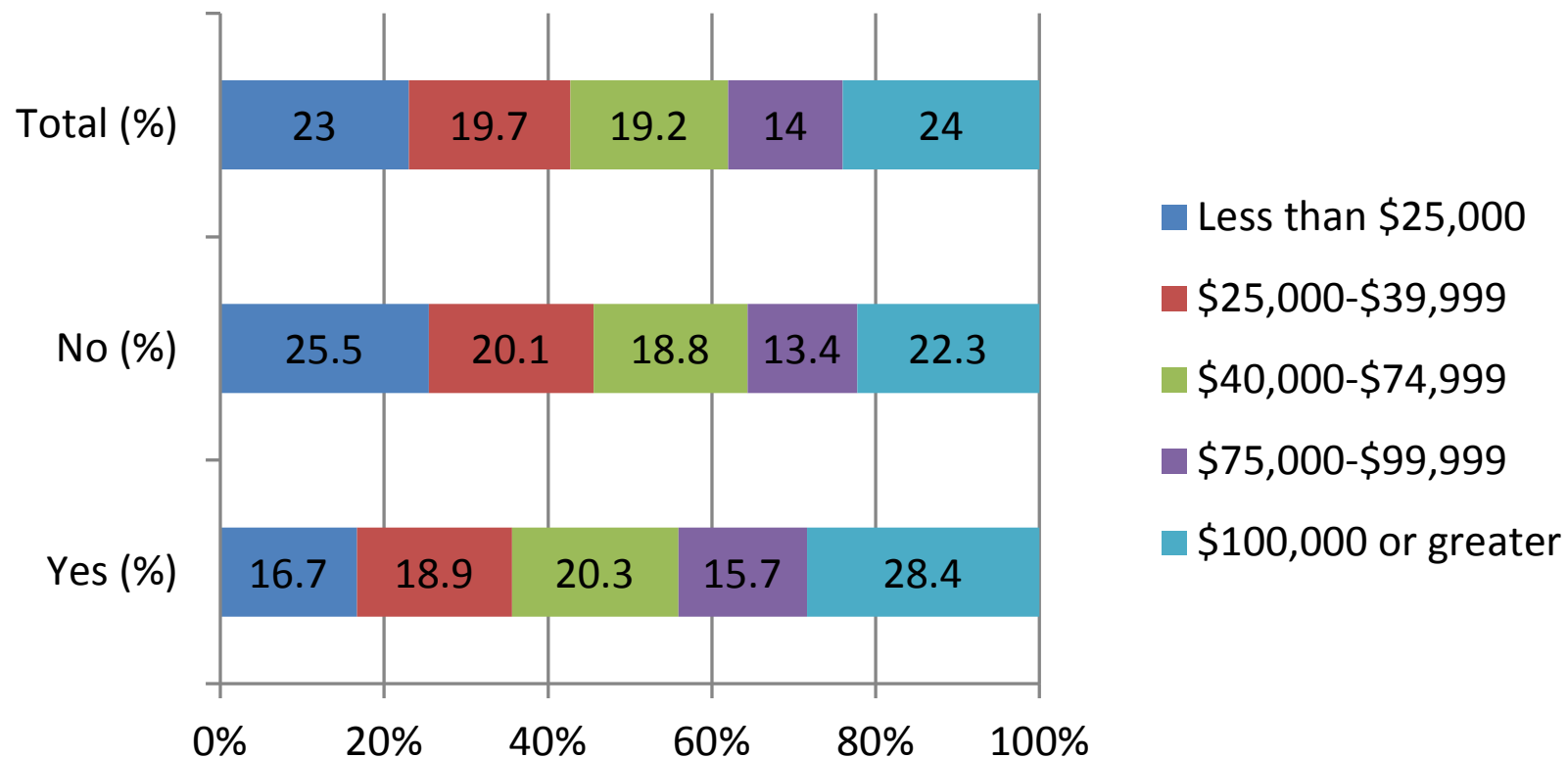


Mobile Banking by Race



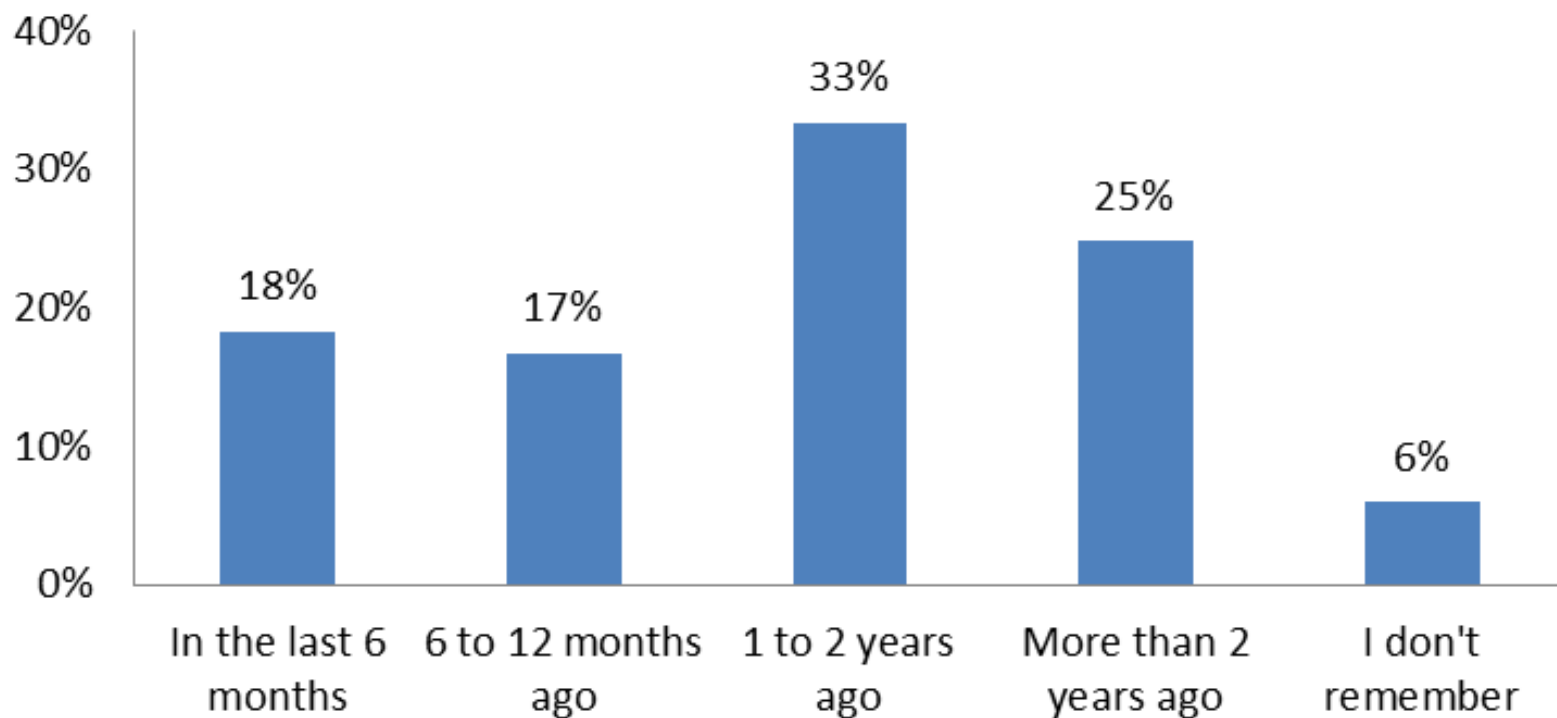


Mobile Banking by Income



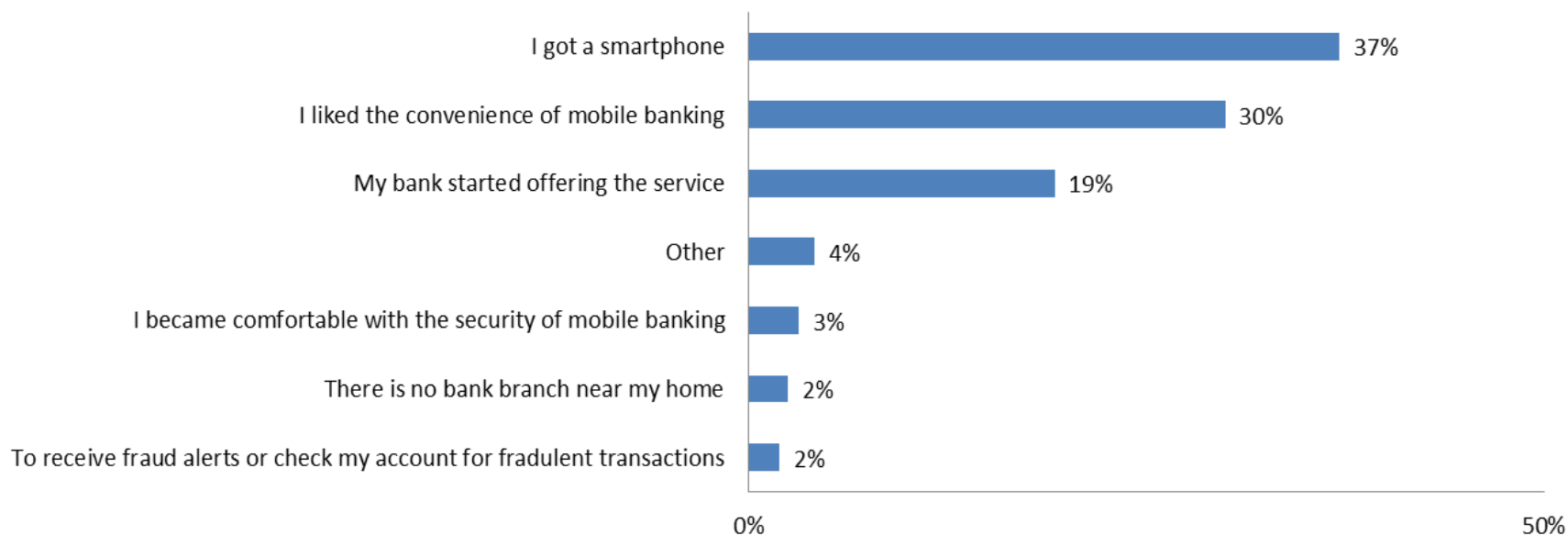


When did you start using mobile banking?

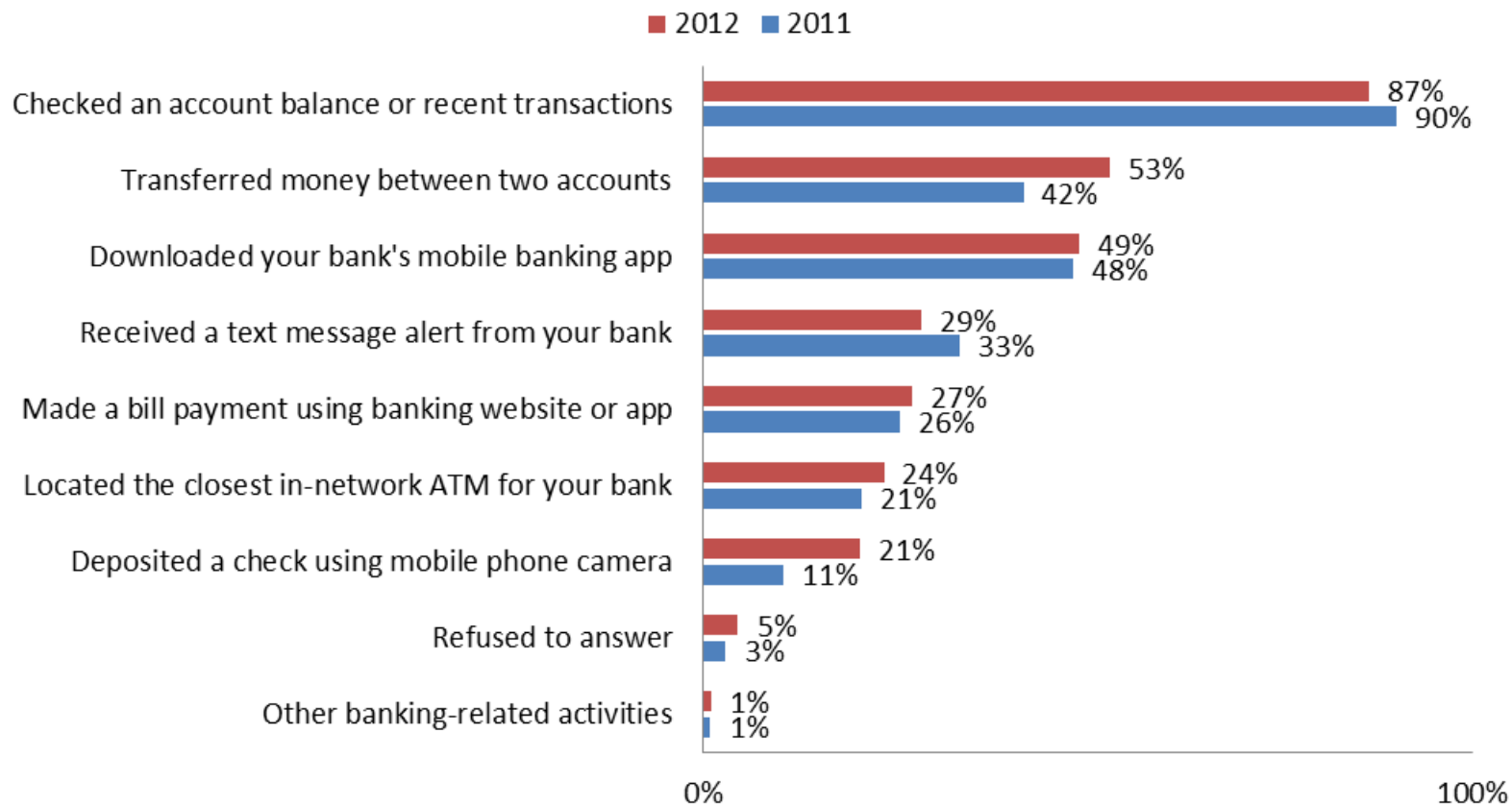




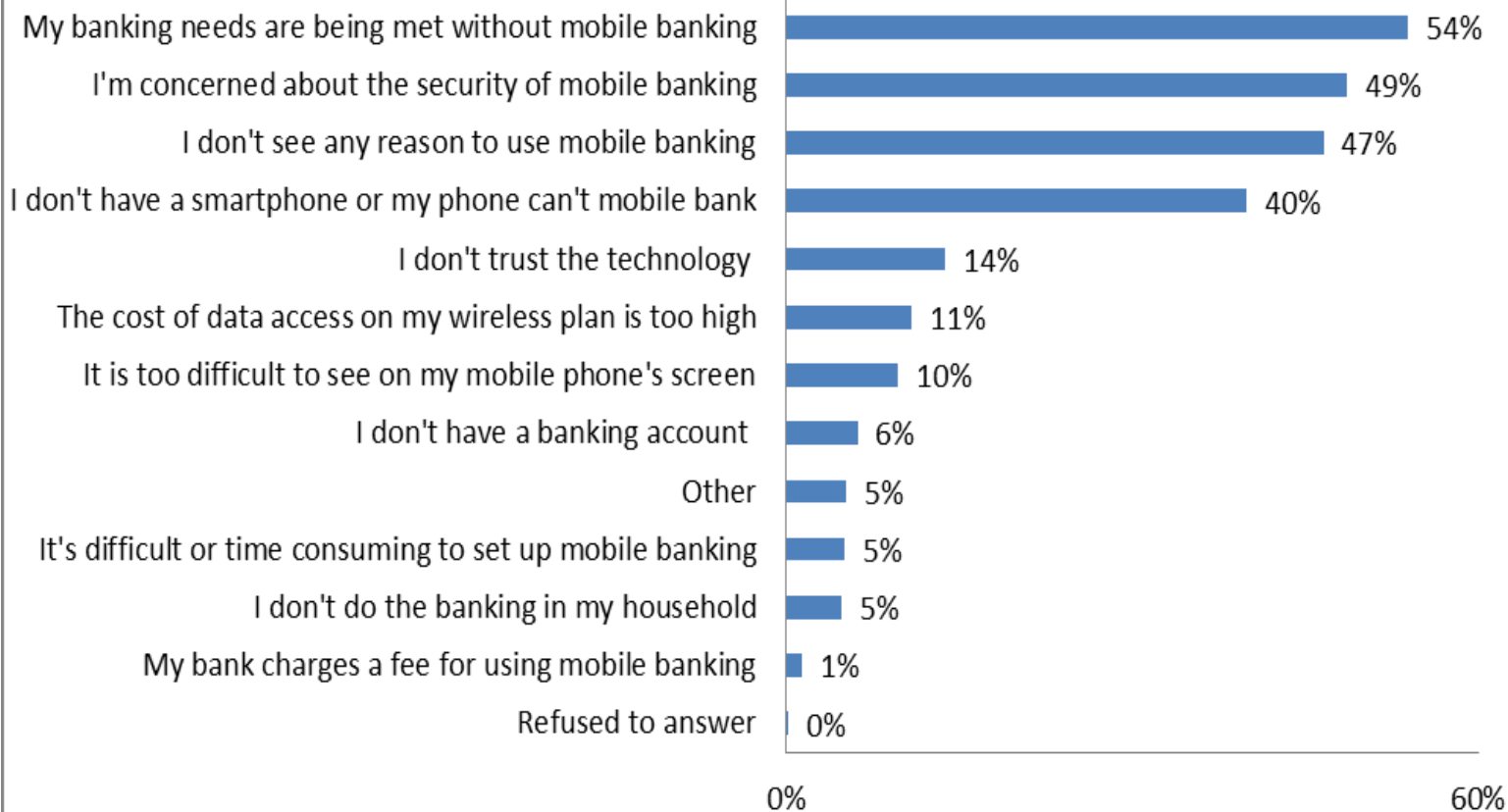
What was the main reason why you started using mobile banking when you did?



Change in: Using your mobile phone, have you done any of the following in the past 12 months?

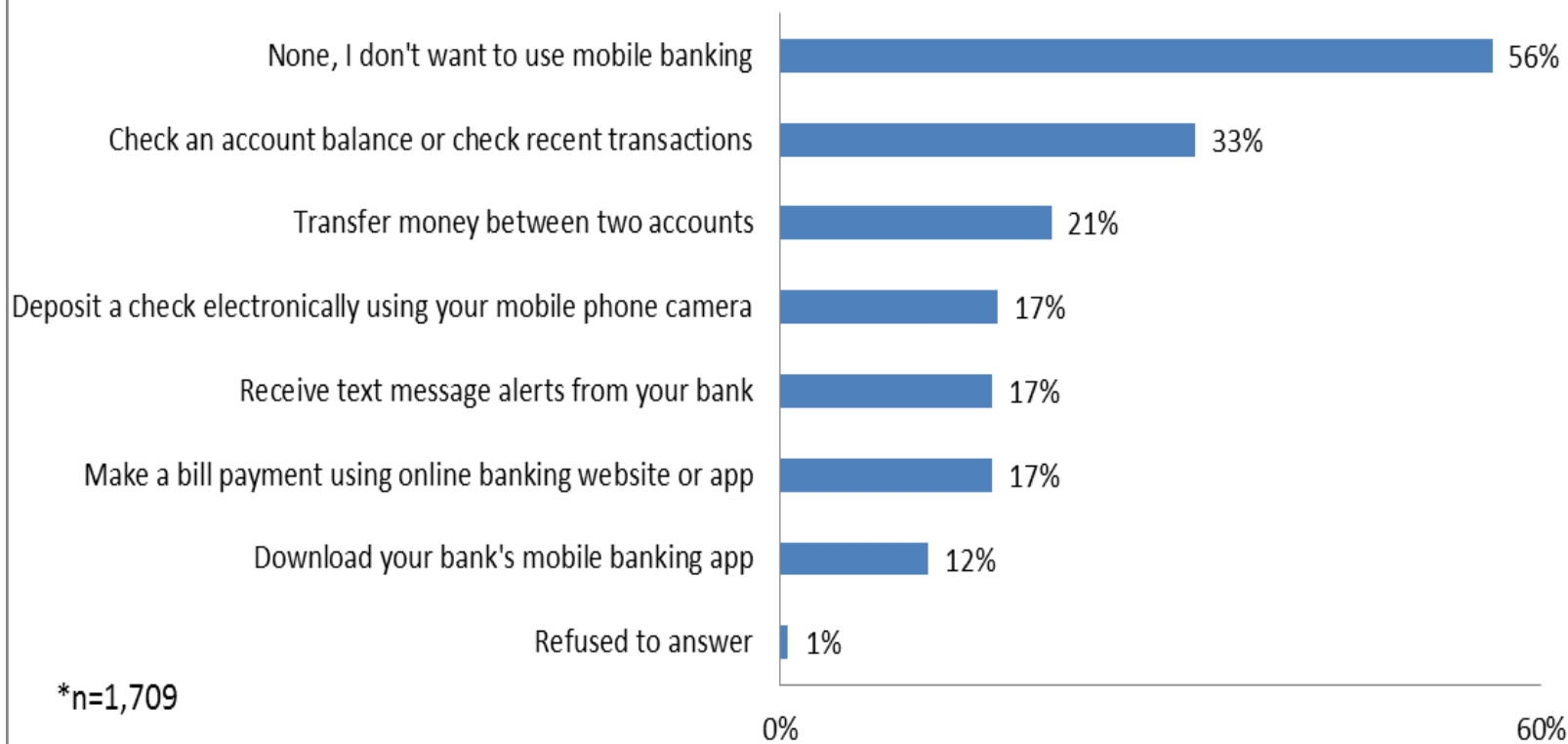


What are the main reasons you have decided not to use mobile banking?*



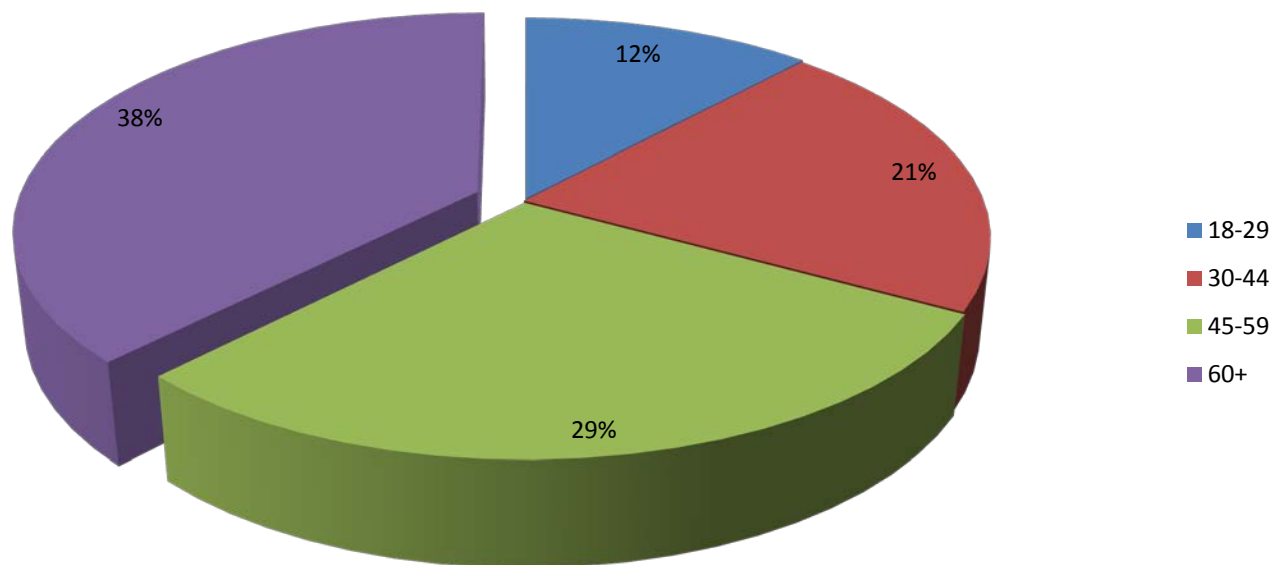
*n=1,709

Assuming that any concerns you have about mobile banking were addressed, which of the following activities would you be interested in doing with your mobile phone?*





Age distribution for individuals who would not mobile bank, even if their reasons for not mobile banking were addressed





Potential for Growth

- 10% of those not currently using mobile banking think that they will probably use it within the next 12 months
- 14% of those who don't think they will adopt mobile banking within 12 months indicate that they are likely to do so eventually
- Higher rates of use among smartphone users imply that as smartphone adoption grows so too will use of mobile commerce



Potential for Growth

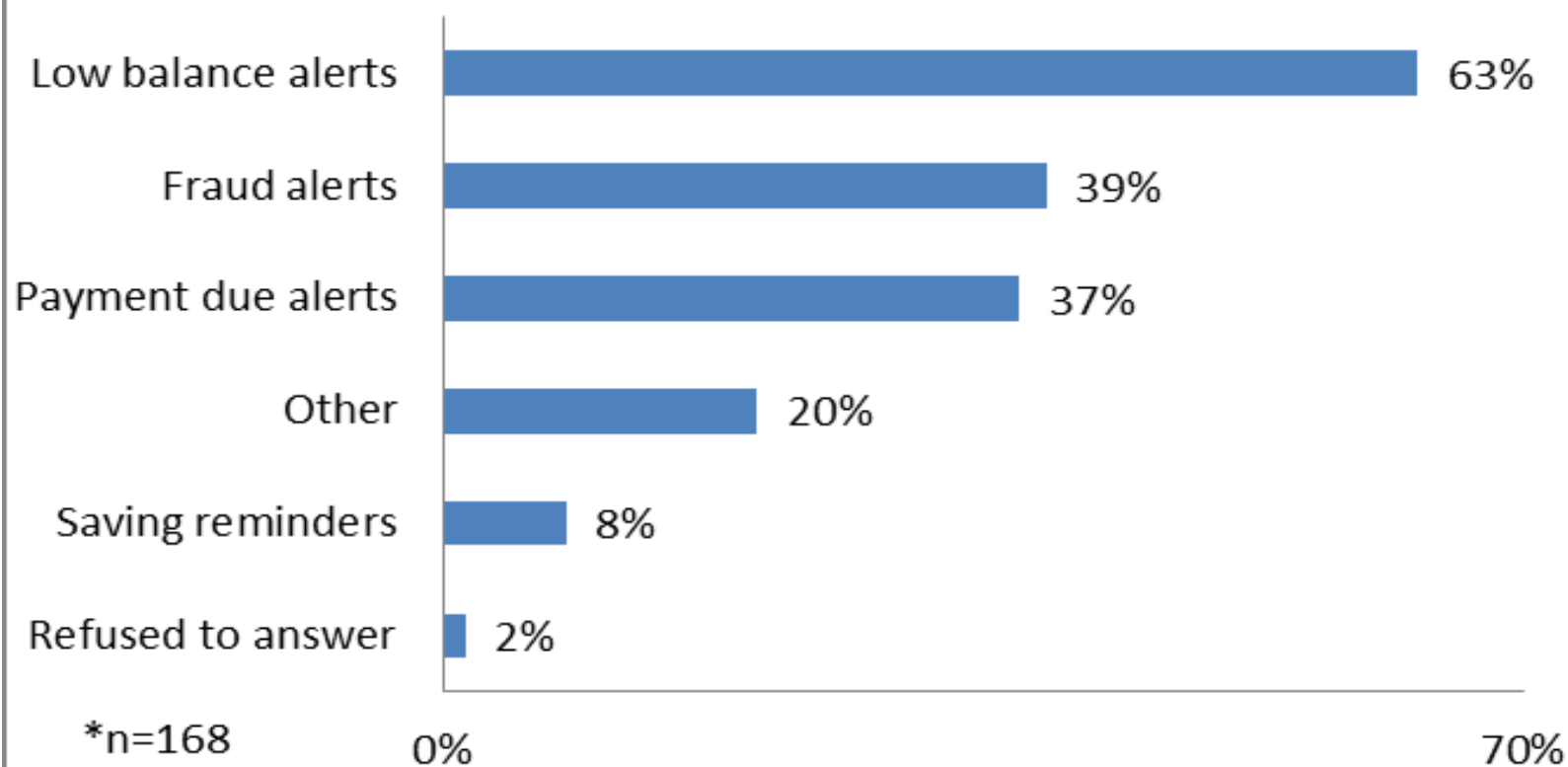
- Future adoption question was asked in 2011 mobile survey:
 - Of those consumers who reported that they will “definitely” adopt mobile banking in the next 12 months, 45 percent had by 2012 survey
 - Of those consumers who reported that they will “probably” adopt mobile banking in the next 12 months, 35 percent had by 2012 survey
- Mobile banking adoption intention strongly correlated with actual behavior



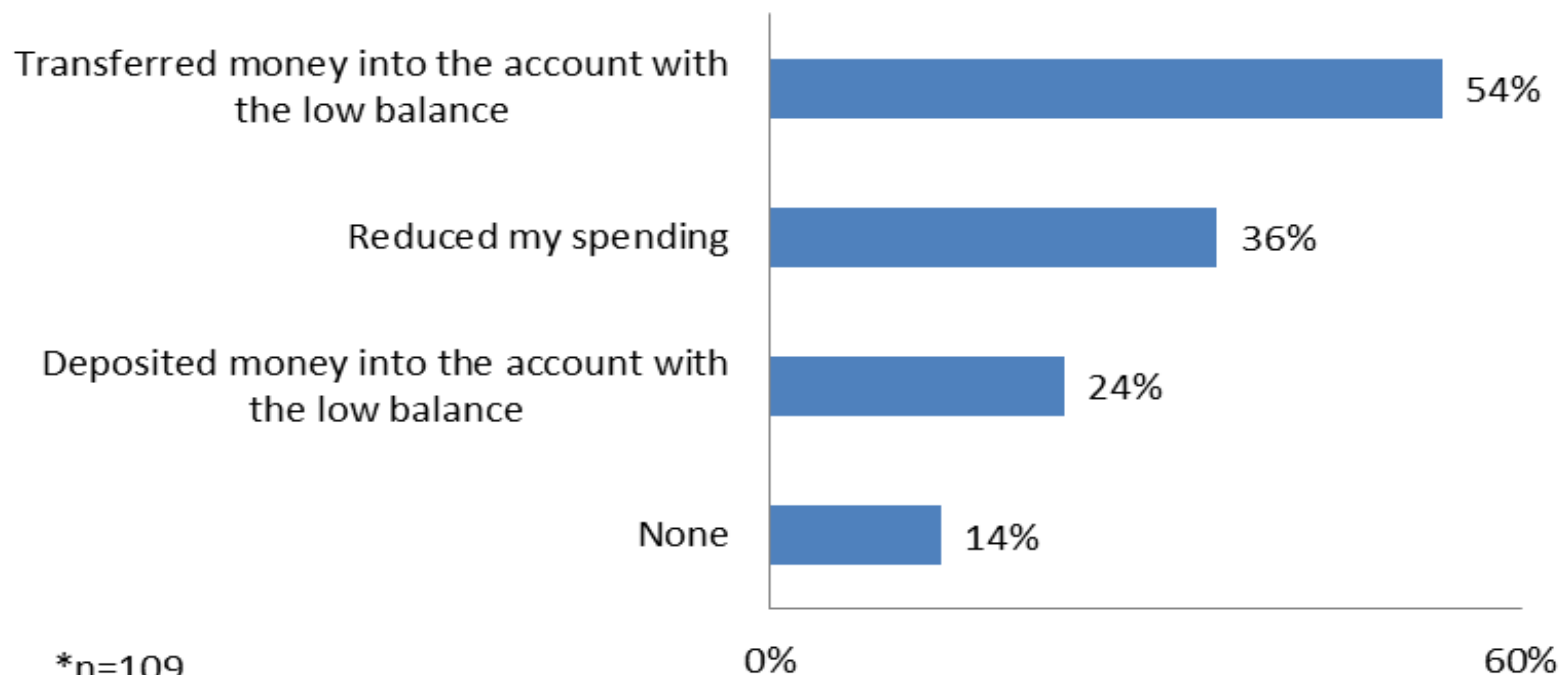
Mobile Banking and Consumer Behavior



What types of text alerts do you receive?*



Thinking of the most recent low-balance alert you received by text message, which of the following actions did you take after receiving the alert?*





Mobile Payments

Mobile payments are purchases, bill payments, charitable donations, payments to another person, or any other payments made using a mobile phone

You can make payments by:

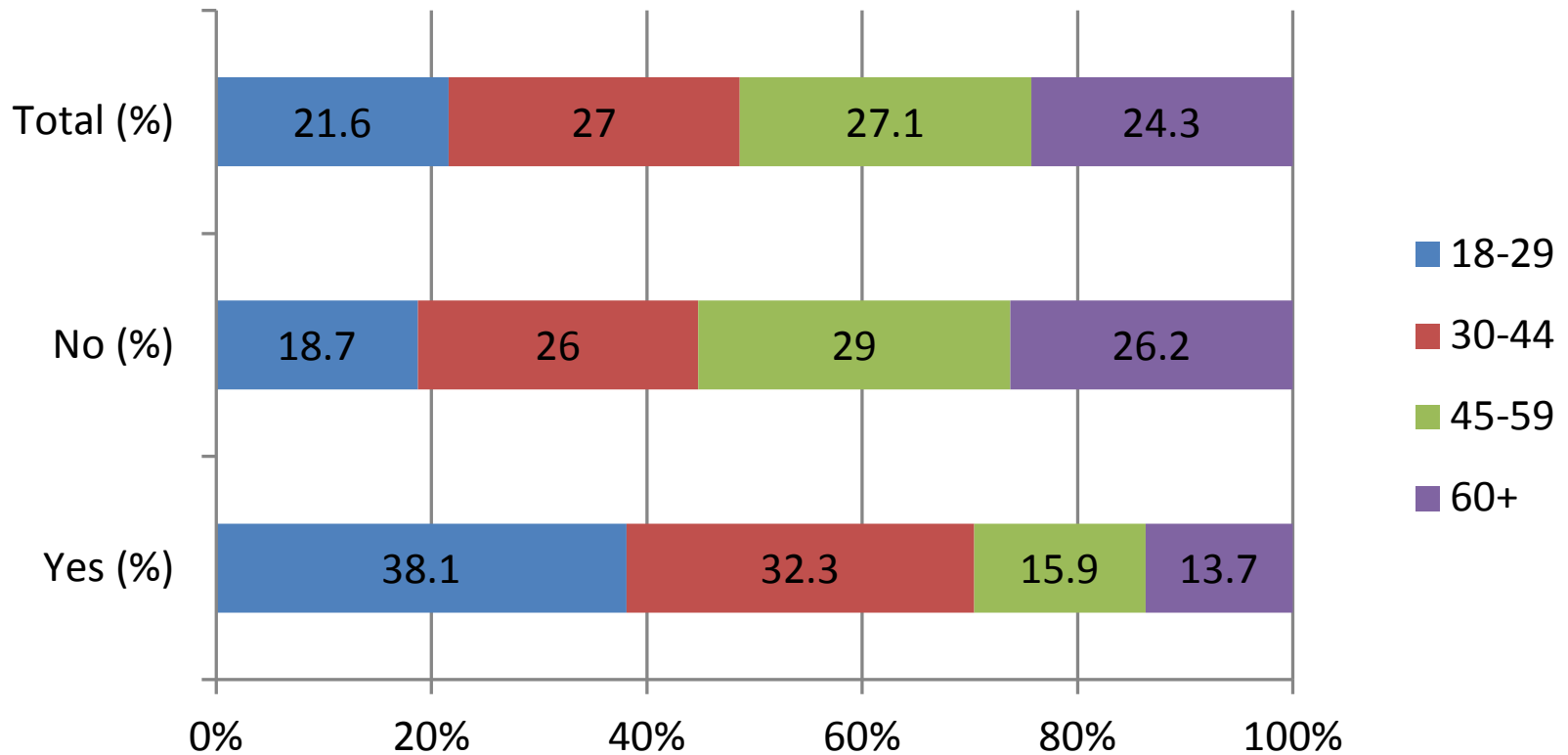
- Accessing a web page through the web browser on your mobile device
- Sending a text message (SMS)
- Using a downloadable application on your mobile device

The amount of the payment may be:

- Applied to your phone bill (for example Red Cross text message donation)
- Charged to your credit card
- Withdrawn directly from your bank account

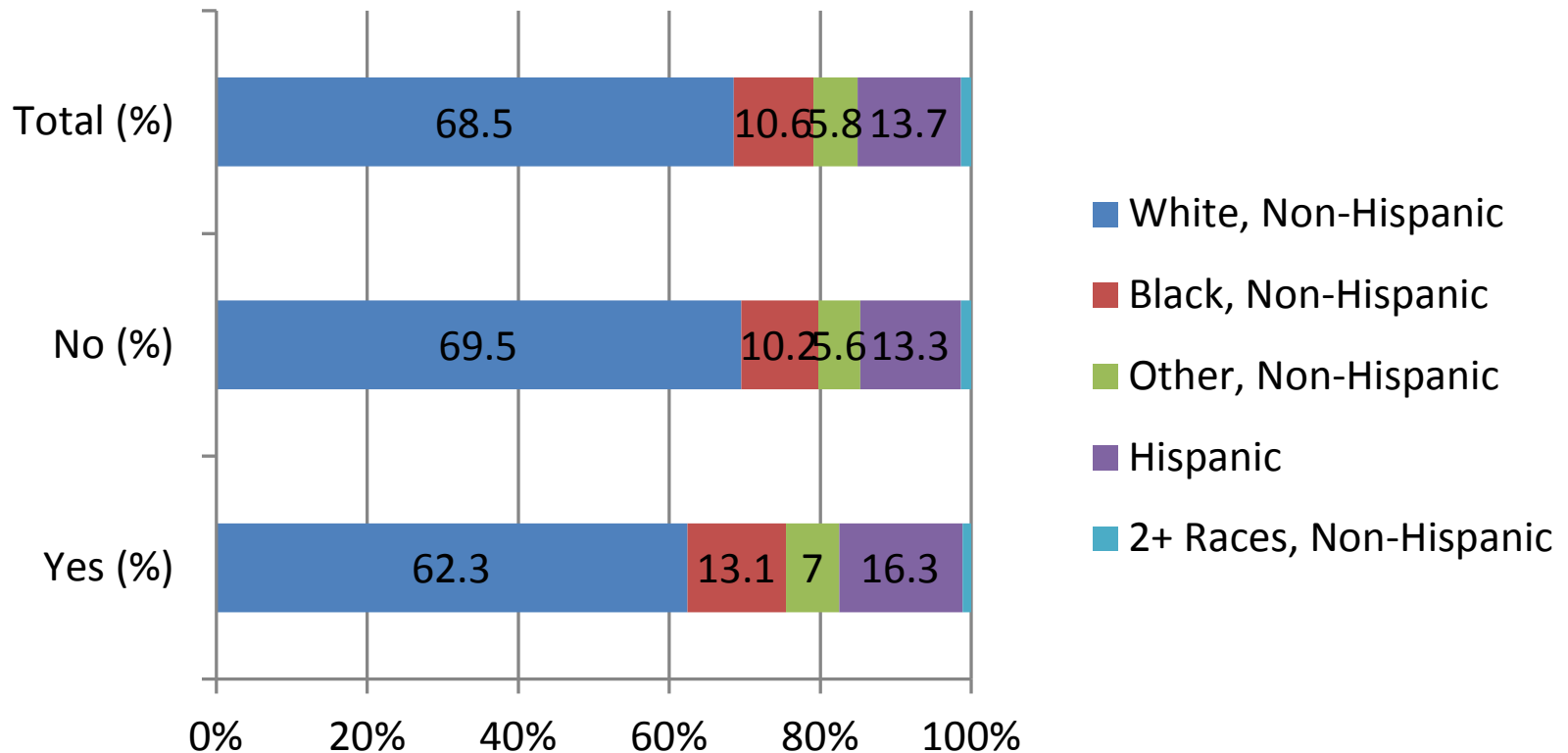


Mobile Payments by Age



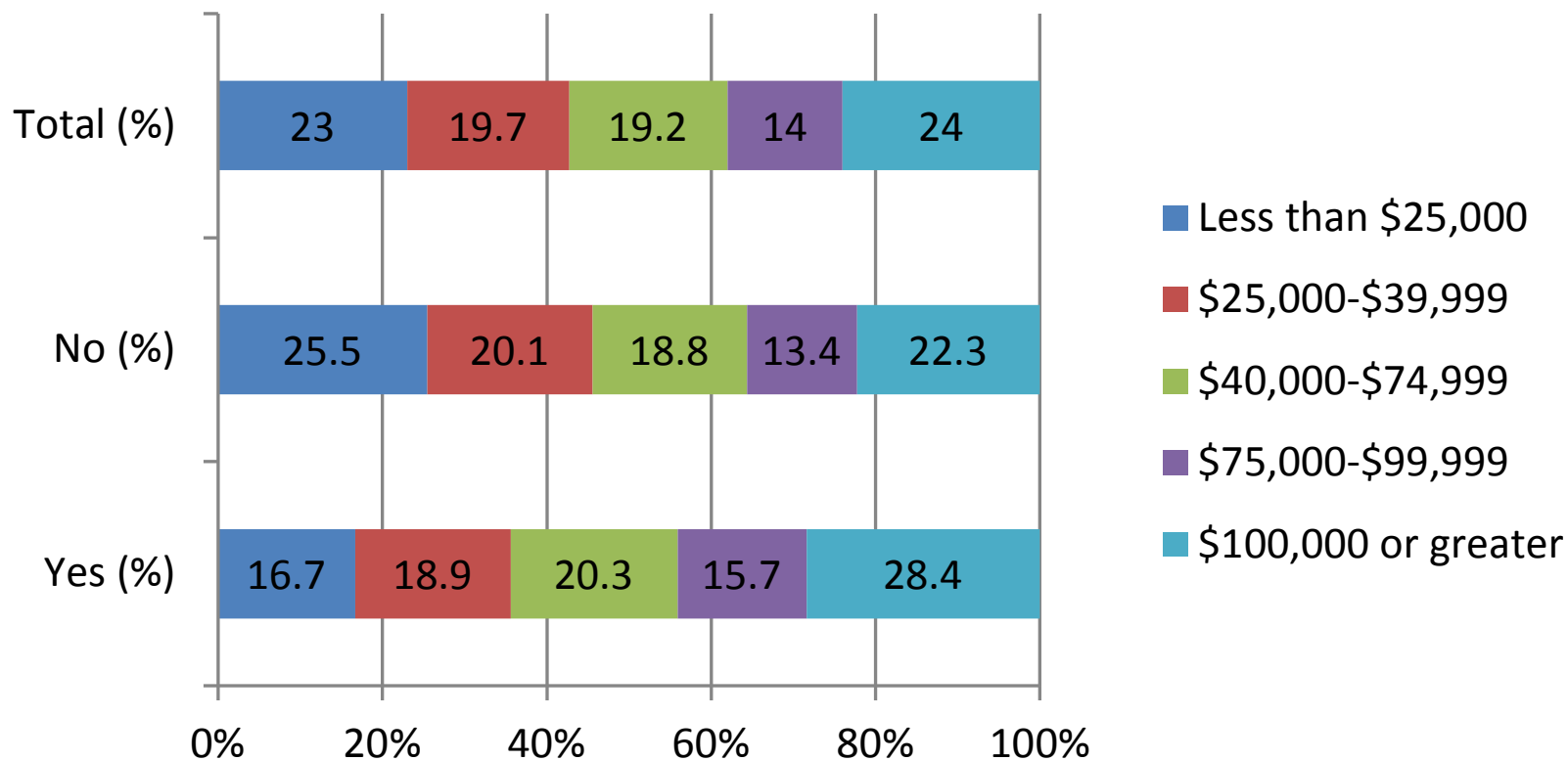


Mobile Payments by Race



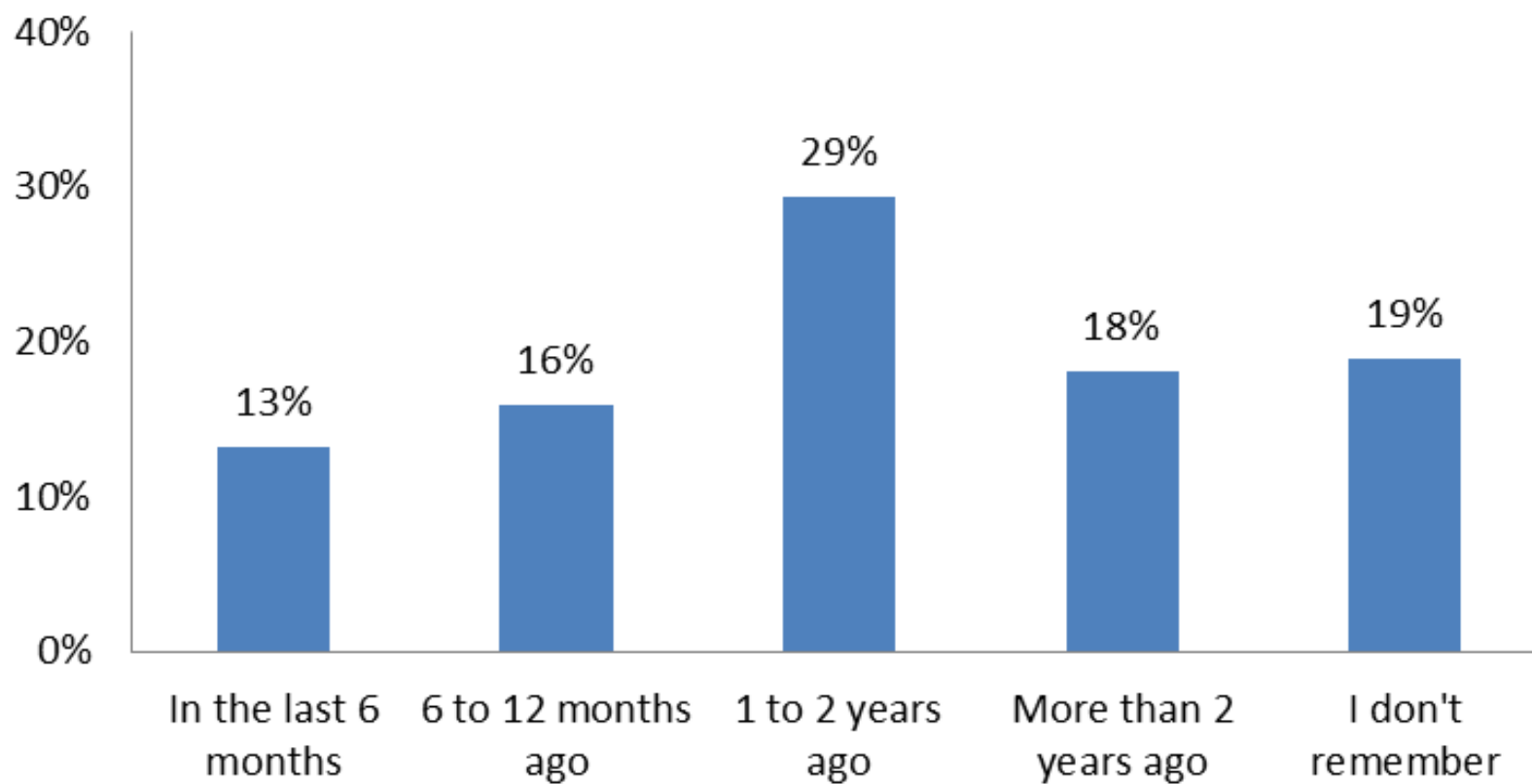


Mobile Payments by Income



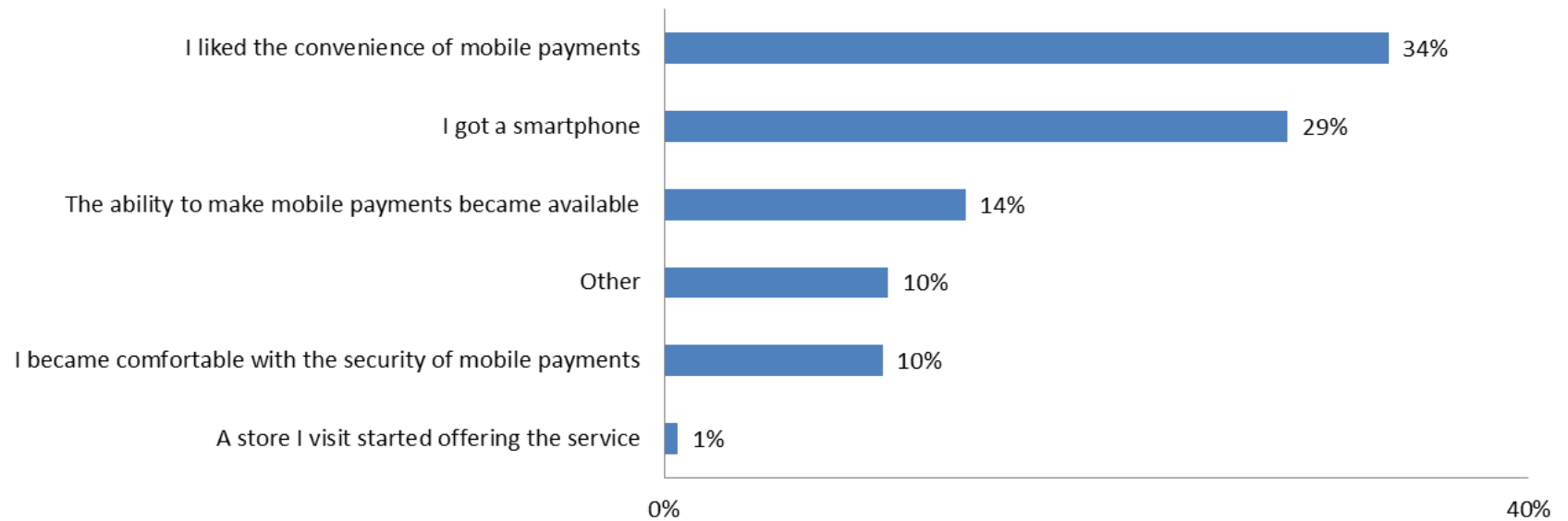


When did you start using mobile payments?





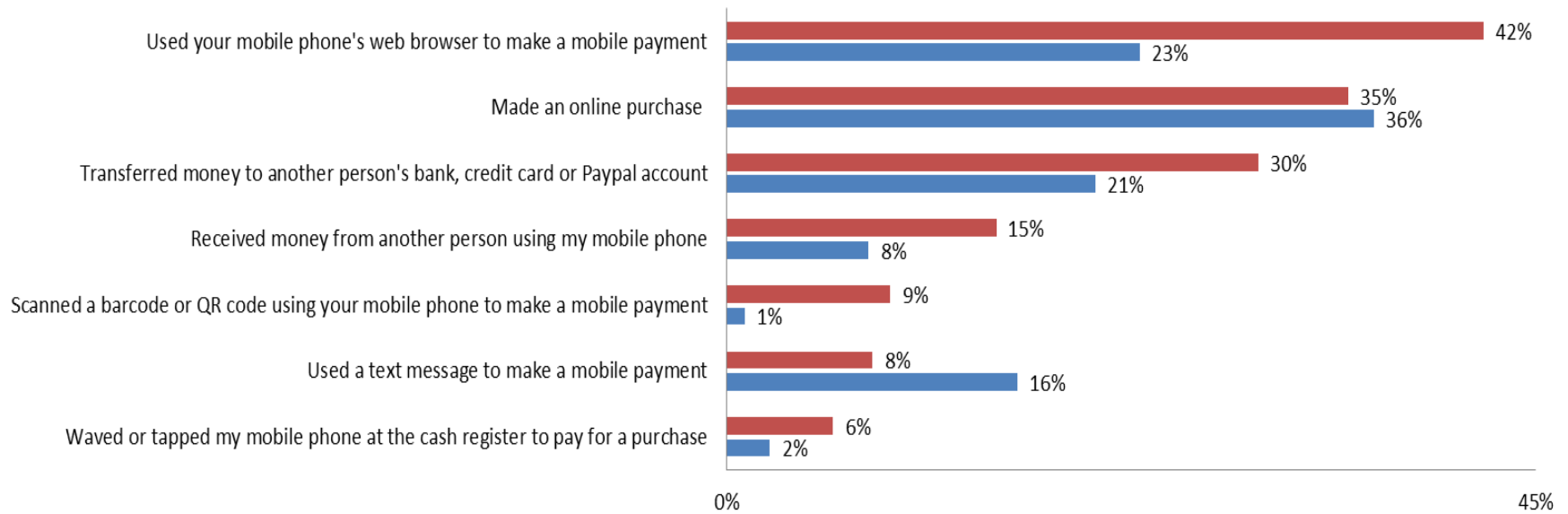
What was the main reason why you started using mobile payments when you did?





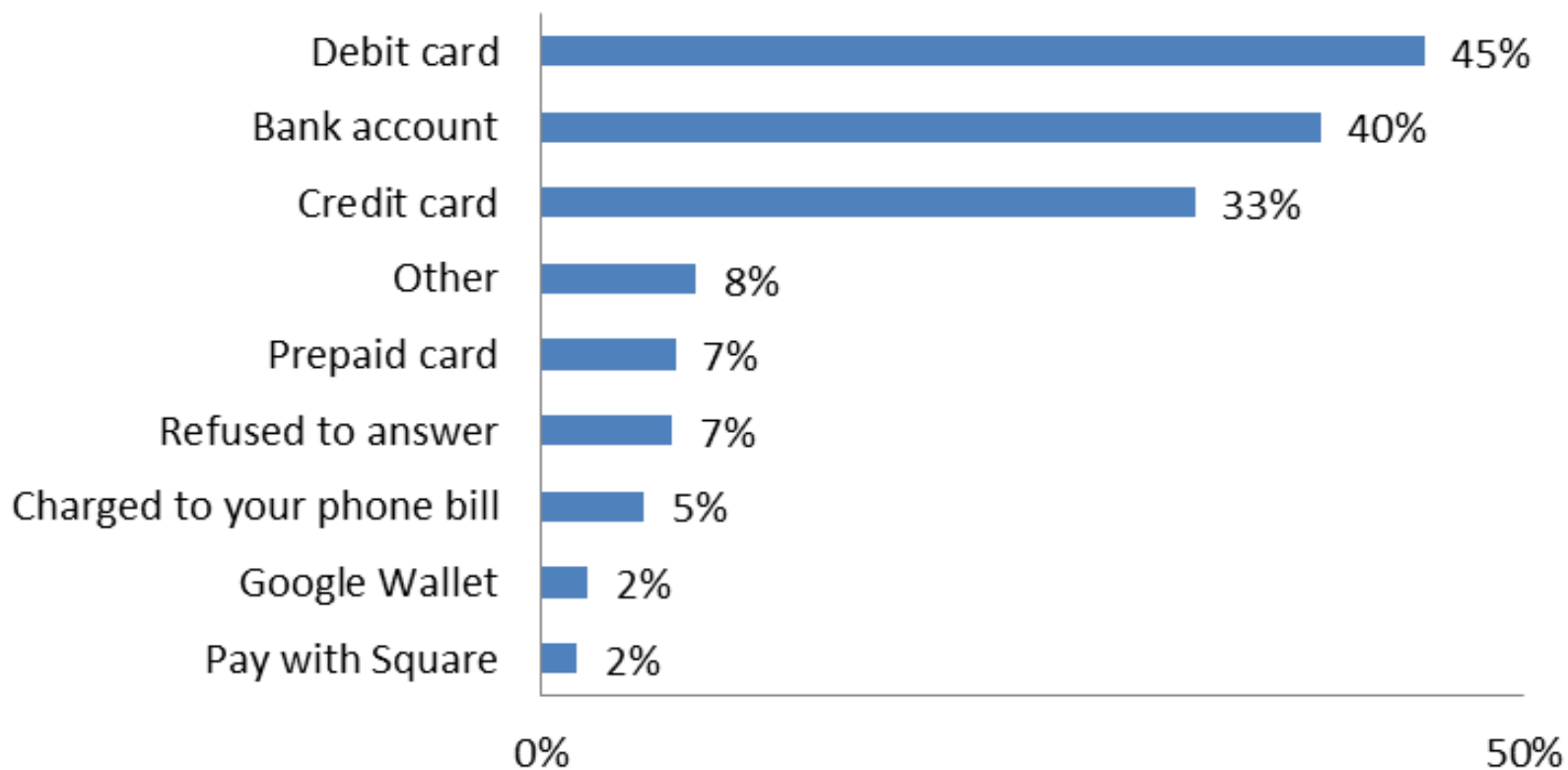
Change in types of mobile payments made

■ 2012 ■ 2011





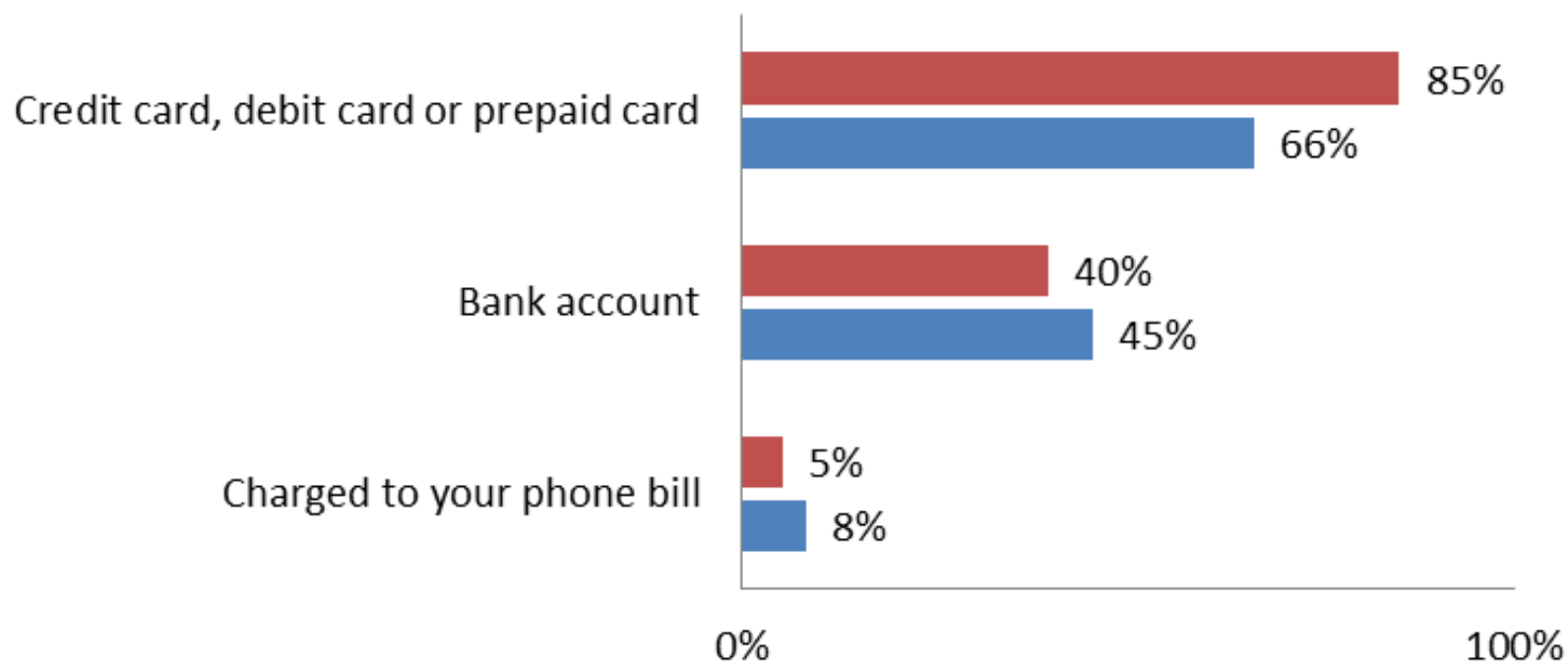
Where does your mobile payment come from?





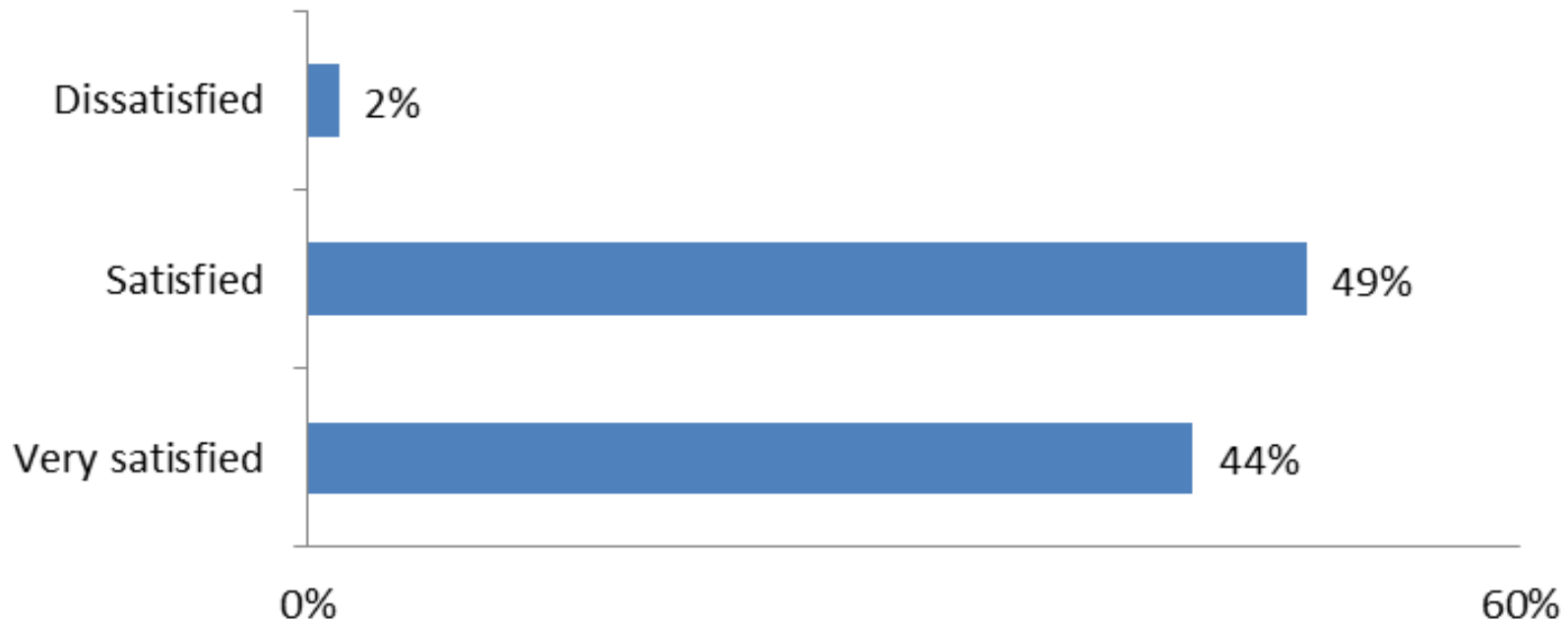
Change in where mobile payments come from

■ 2012 ■ 2011





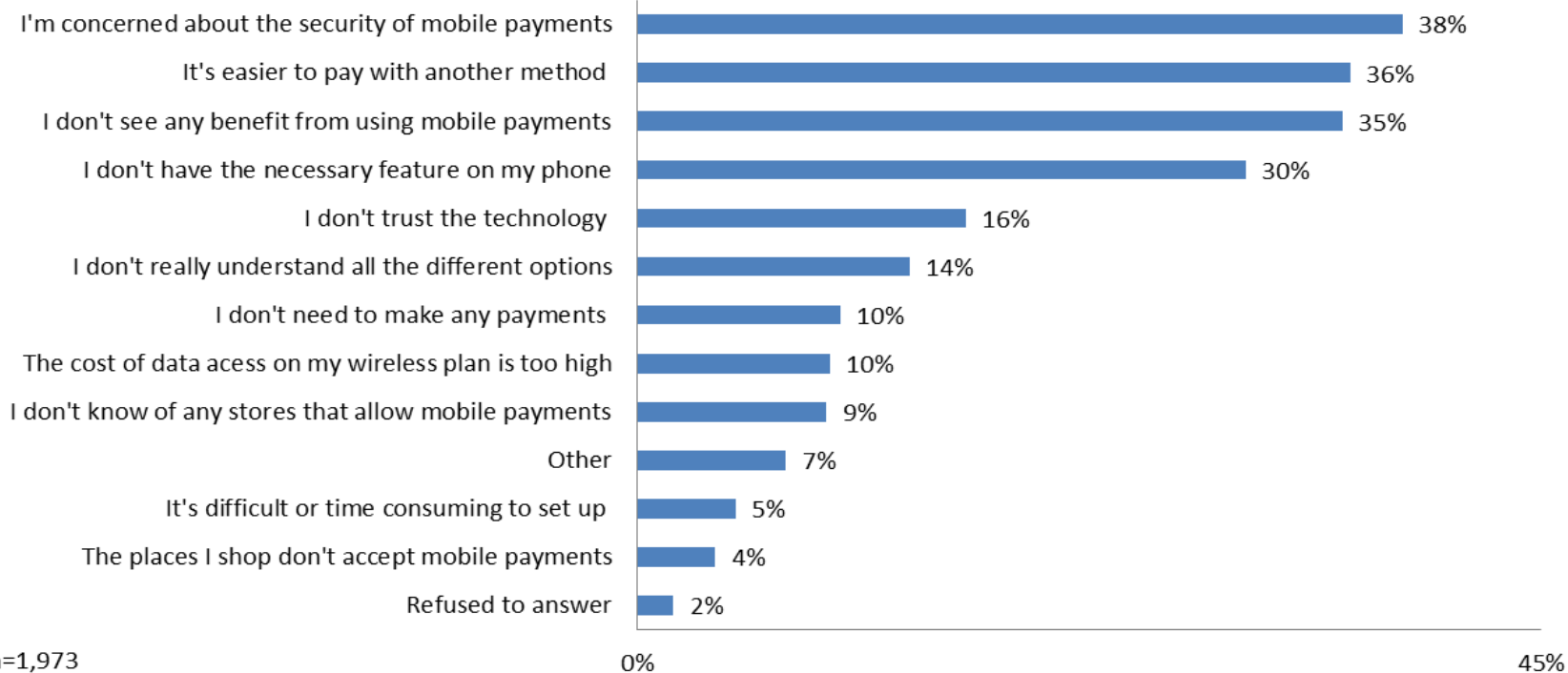
Satisfaction with mobile payments experience*



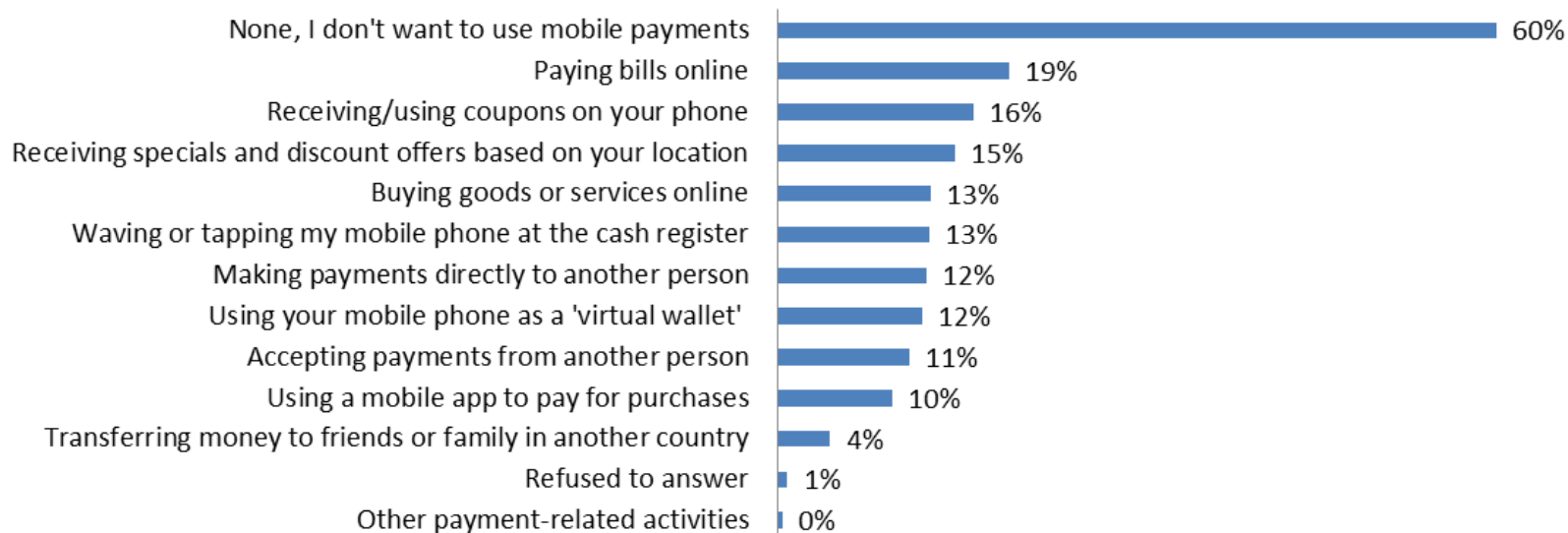
*There were no respondents who were 'very dissatisfied'



What are the main reasons why you have not used mobile payments?*



Assuming that the reason(s) why you do not currently use mobile payments was addressed, which of the following activities would you be interested in doing with your mobile phone?*



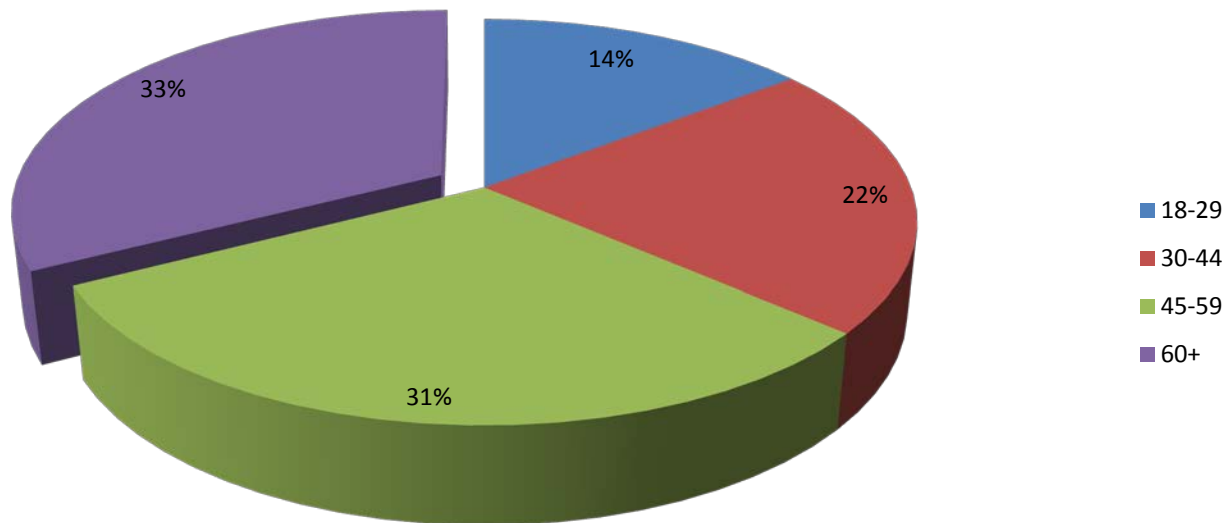
*n=1,973

0%

70%

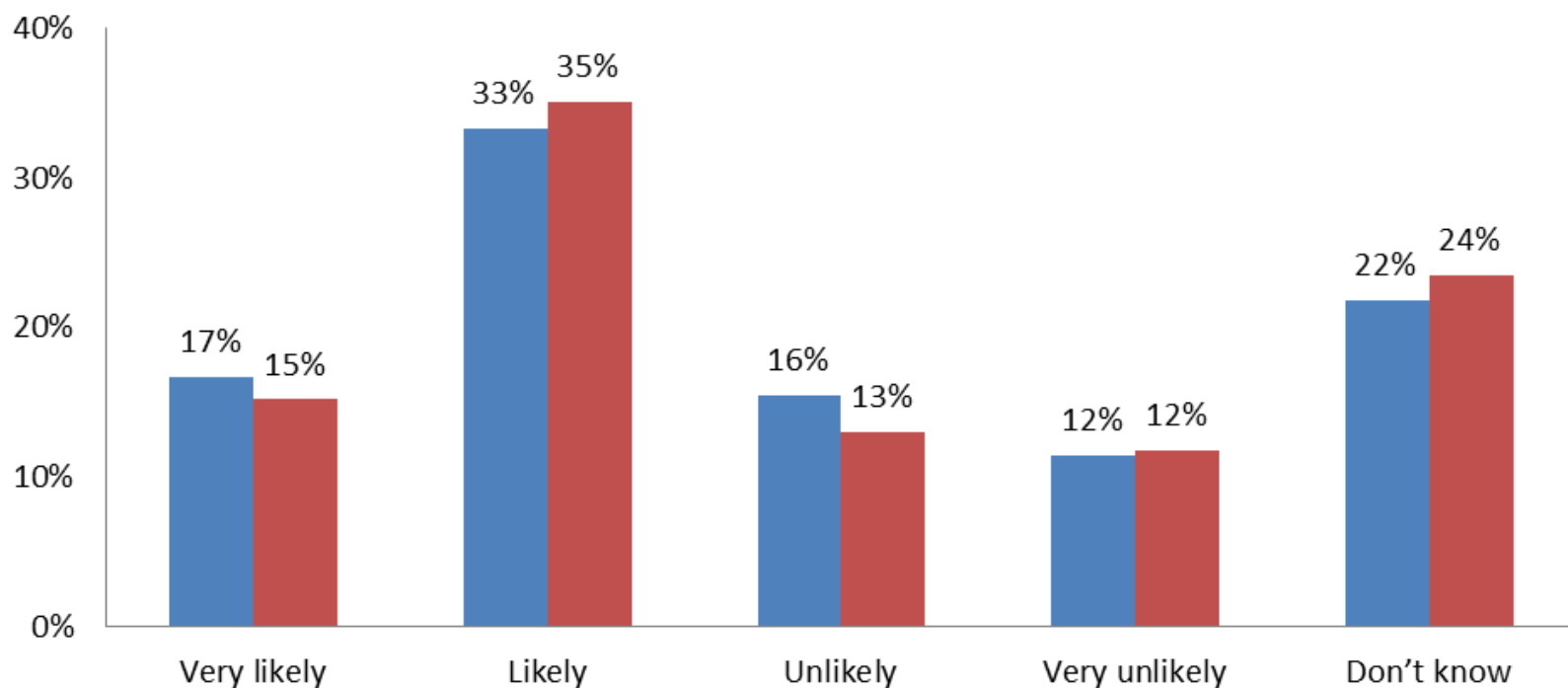


Age distribution for individuals who would not use mobile payments, even if their reasons for not using mobile payments were addressed



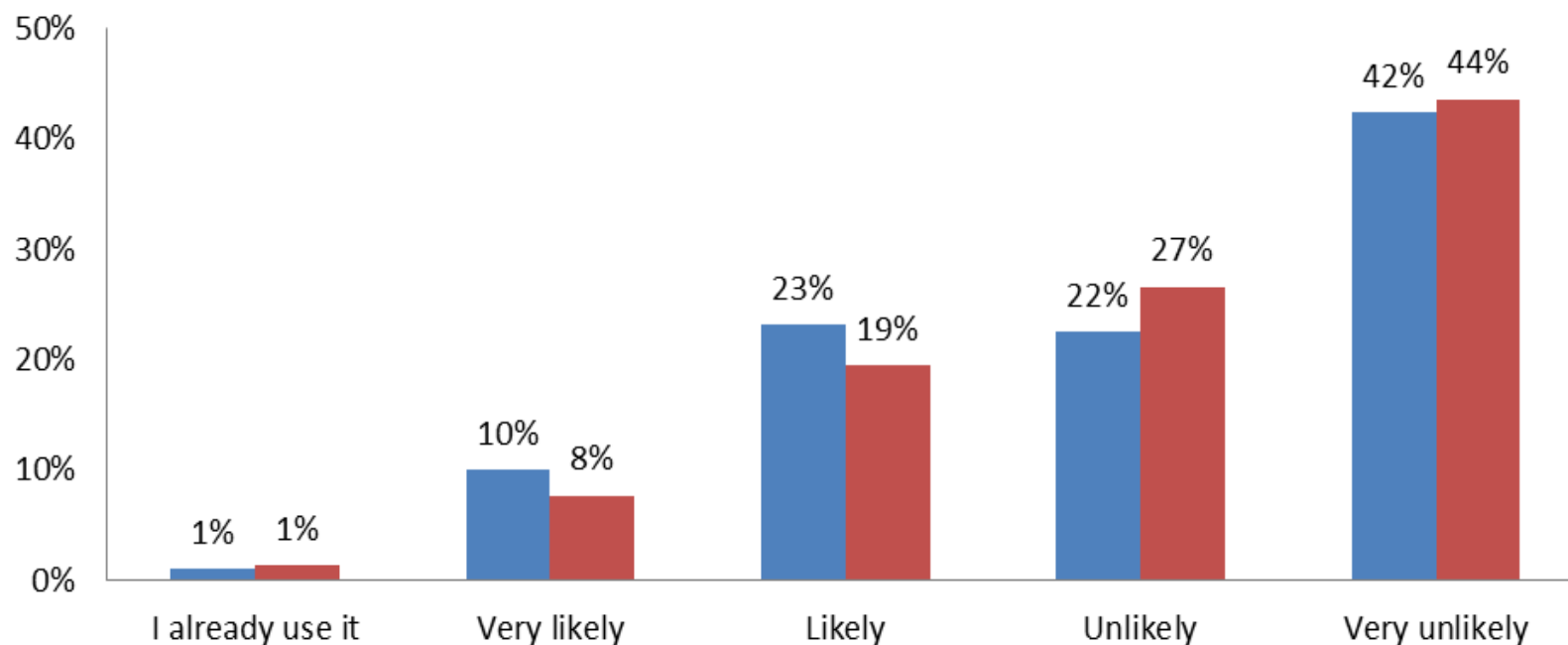
Change in response to question: How likely is it that mobile contactless payments will become a major form of payment in the next five years?

■ 2011 ■ 2012



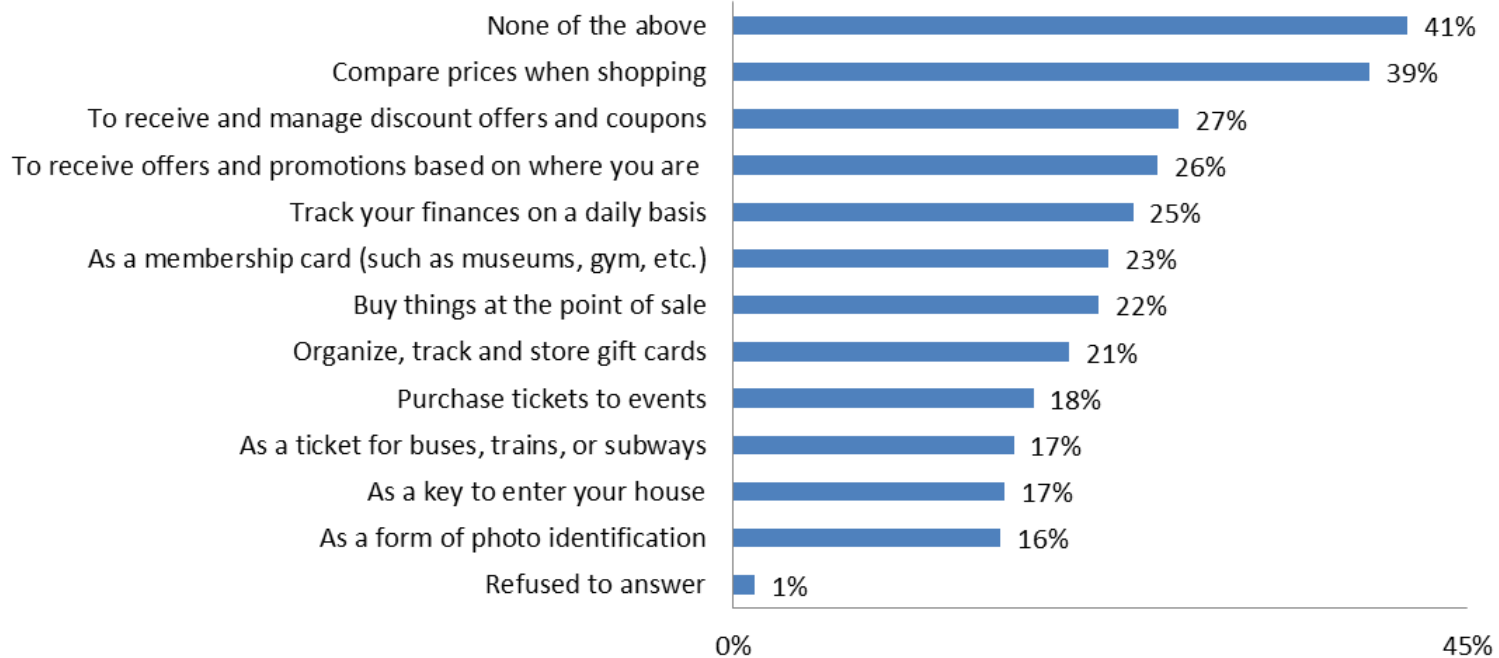
Change in response to question: Would you use mobile contactless payments if they were made available to you?

■ 2011 ■ 2012





Would you like to use your mobile phone for any of the following purposes, assuming they were made available to you?*



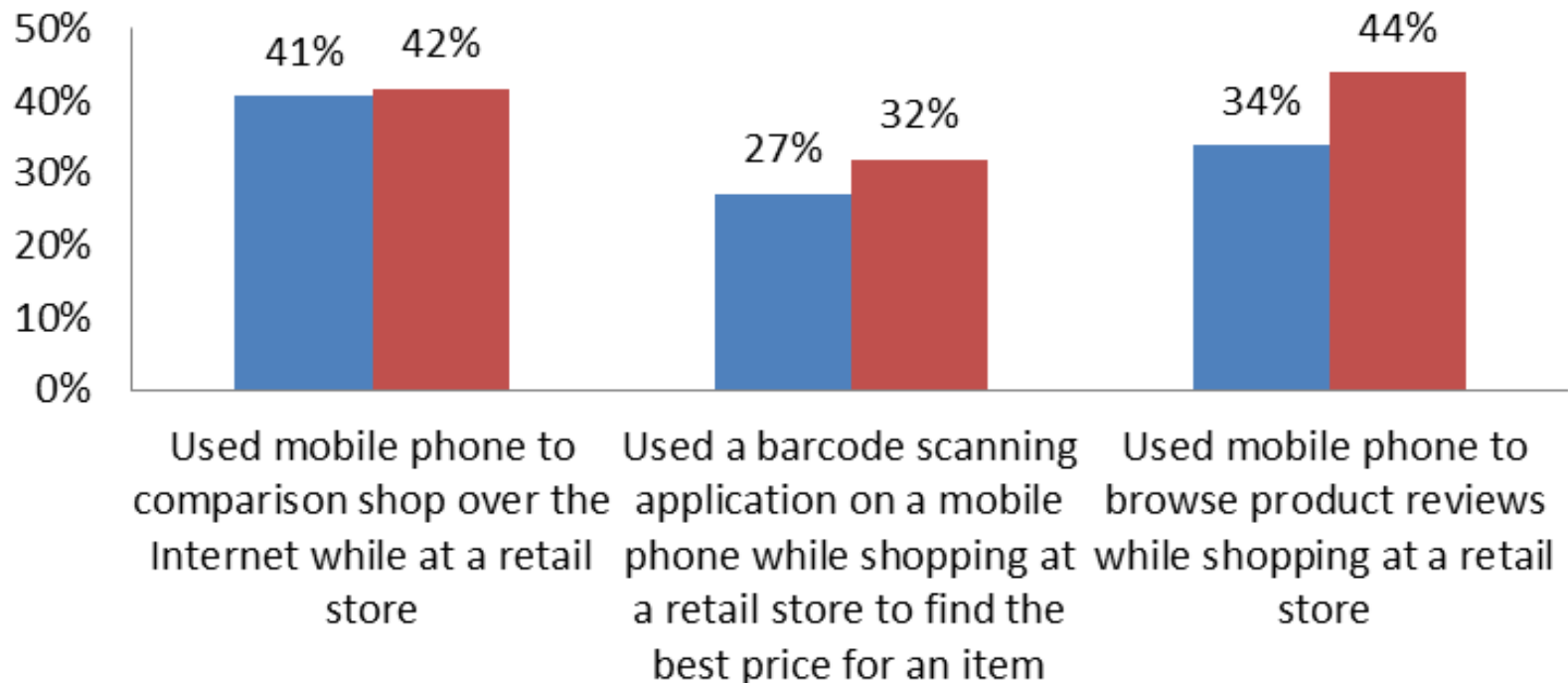


SHOPPING WITH MOBILE TECHNOLOGY



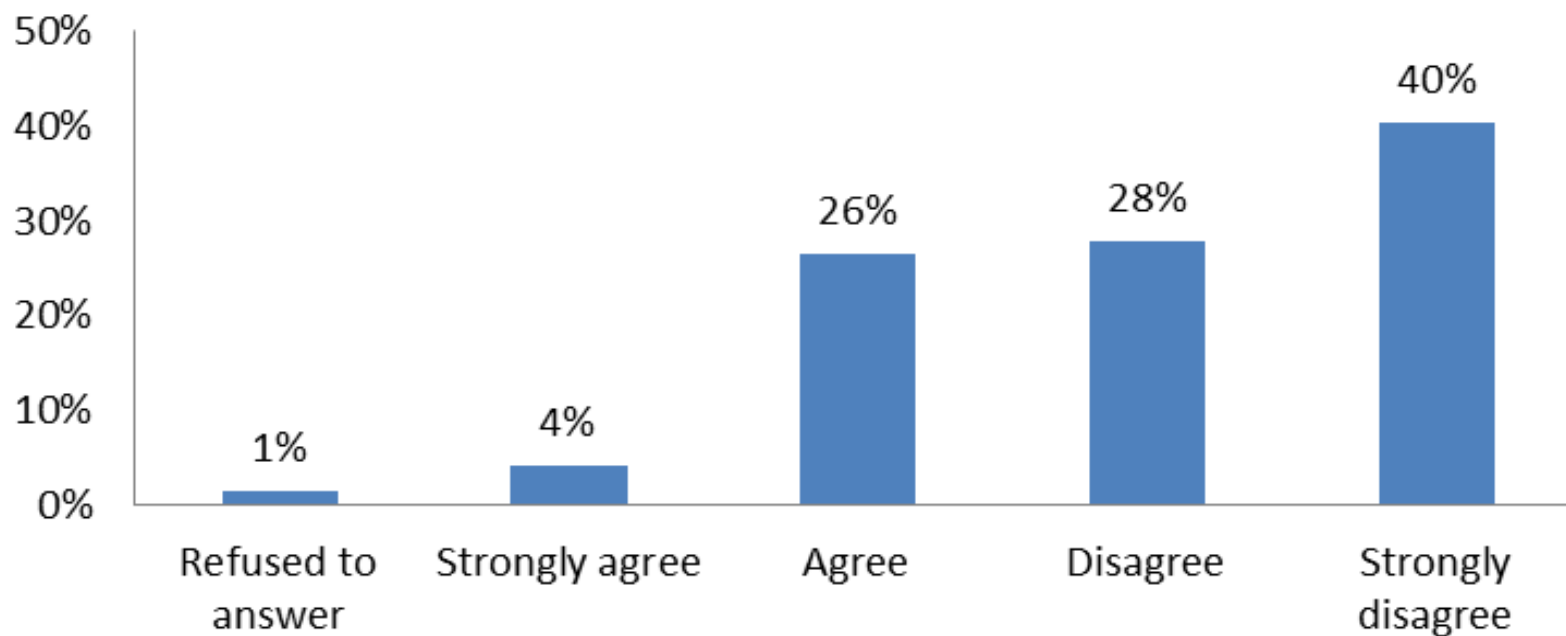
Shopping Behavior Using Mobile Phone

■ 2011 ■ 2012



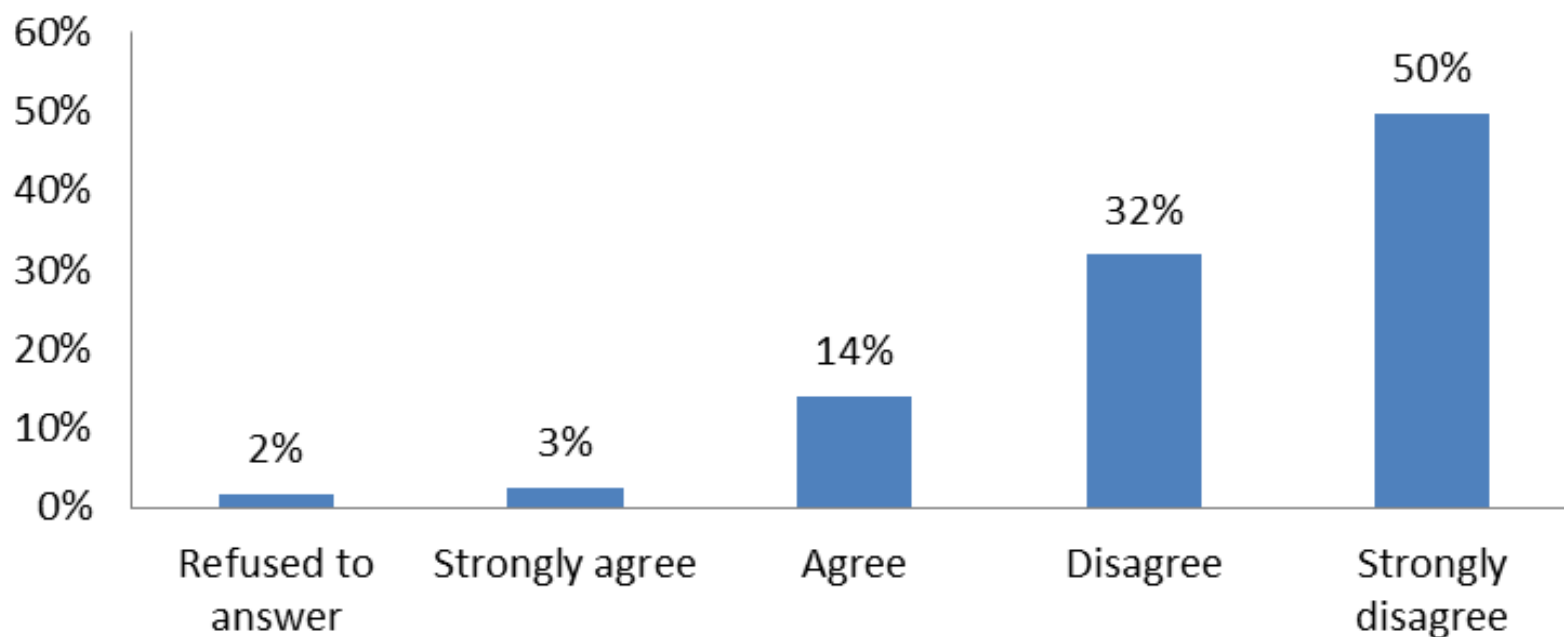


Willing to allow mobile phone to provide location to companies so that they can offer discounts, promotions, or services



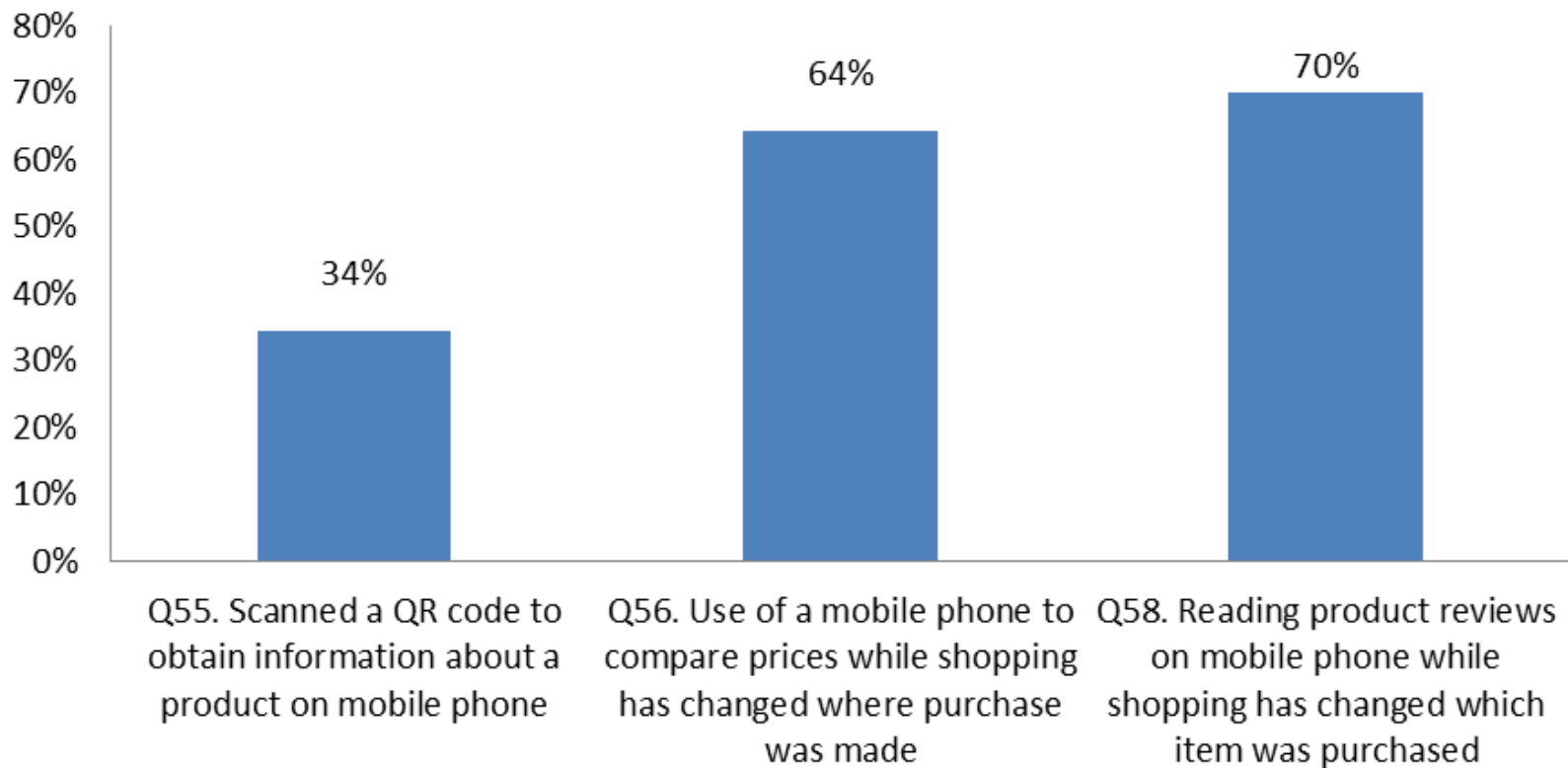


Willing to allow mobile phone to provide personal information to companies so that they can offer discounts, promotions, or services



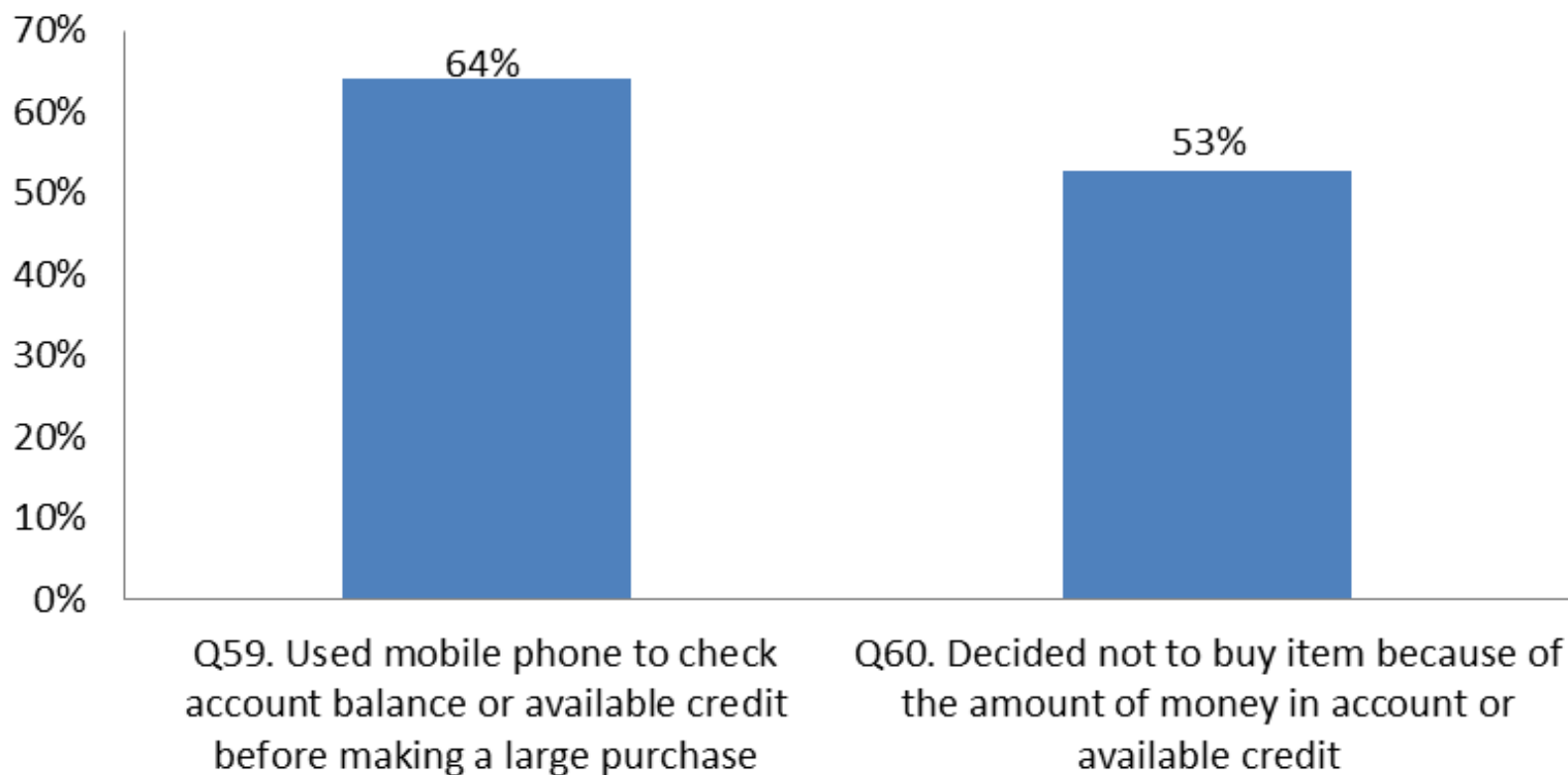


Change in Shopping Behavior Through Mobile Phone Use





Change in Shopping Behavior Through Mobile Phone Use

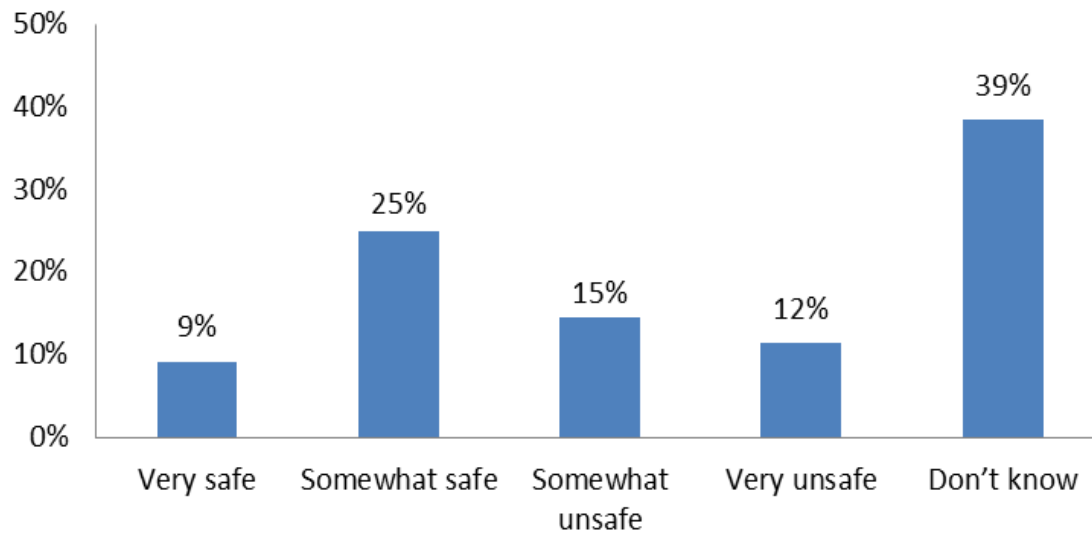




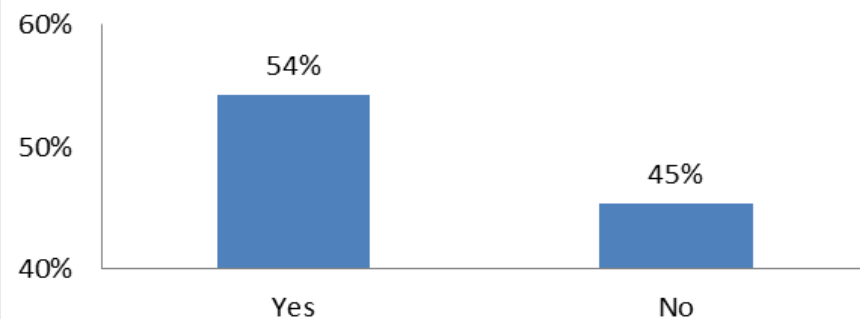
PERCEIVED SECURITY OF MOBILE BANKING AND PAYMENTS



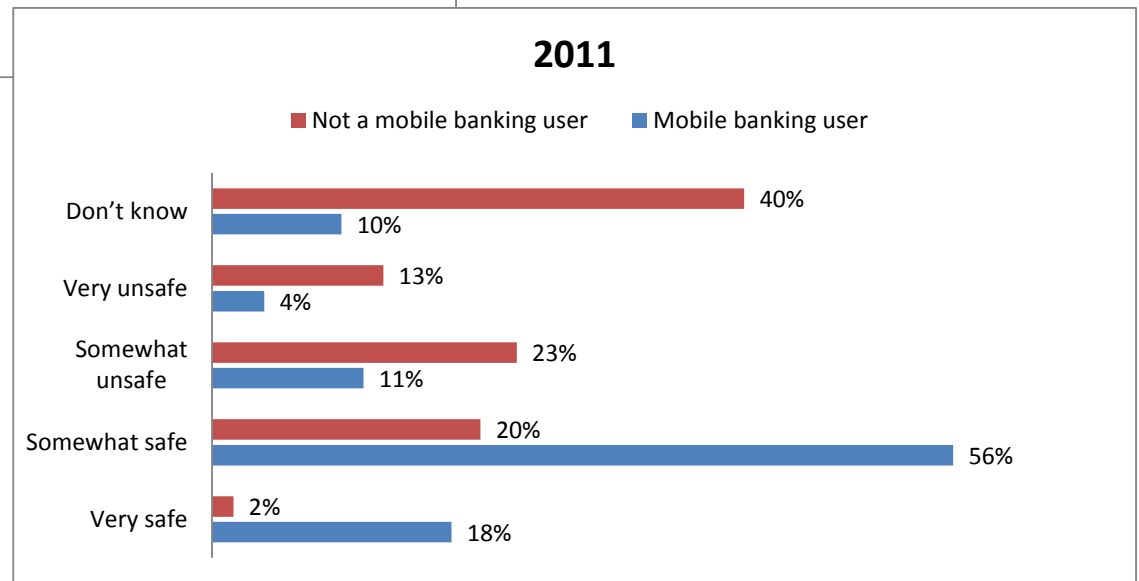
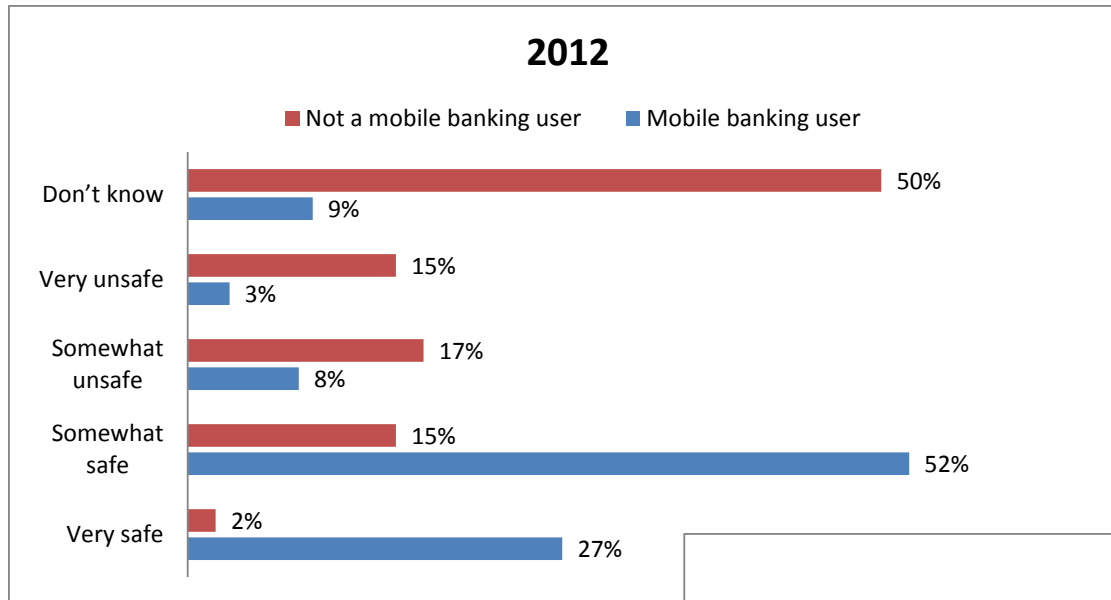
Rate the overall security of mobile banking for protecting your personal information



Do you password protect your phone?

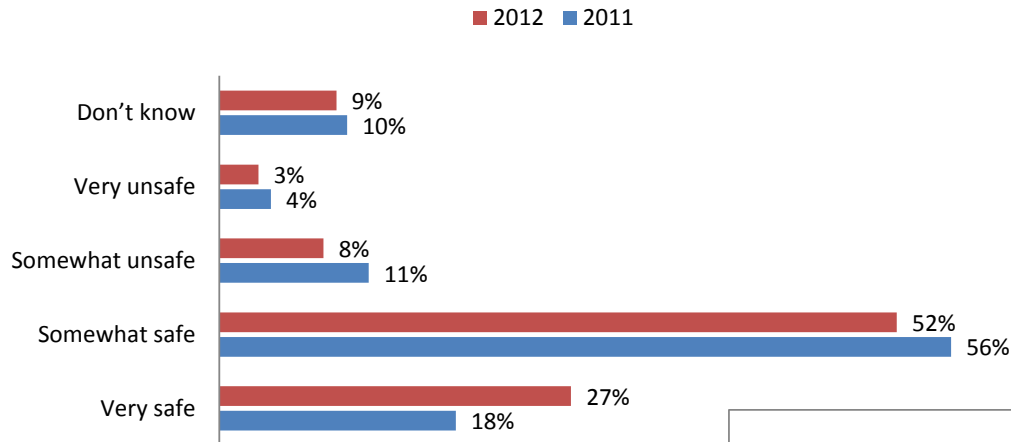


How would you currently rate the overall security of mobile banking for protecting your personal information?

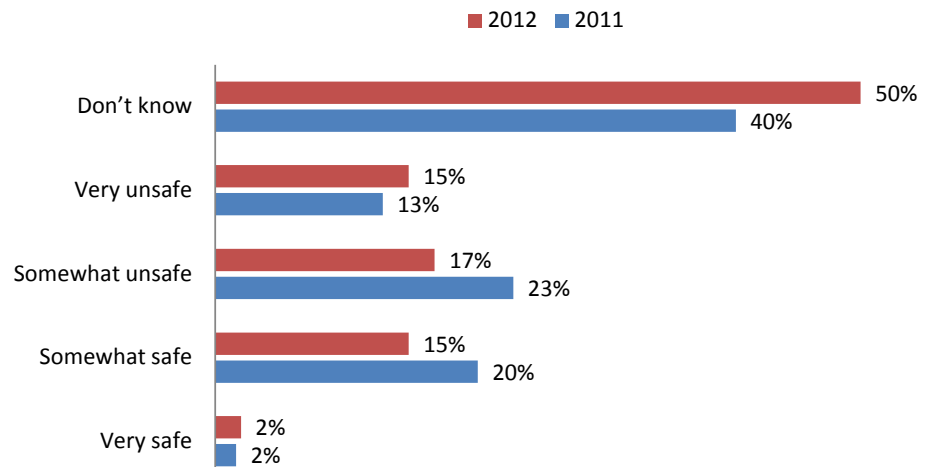


How would you currently rate the overall security of mobile banking for protecting your personal information?

Mobile Banking Users

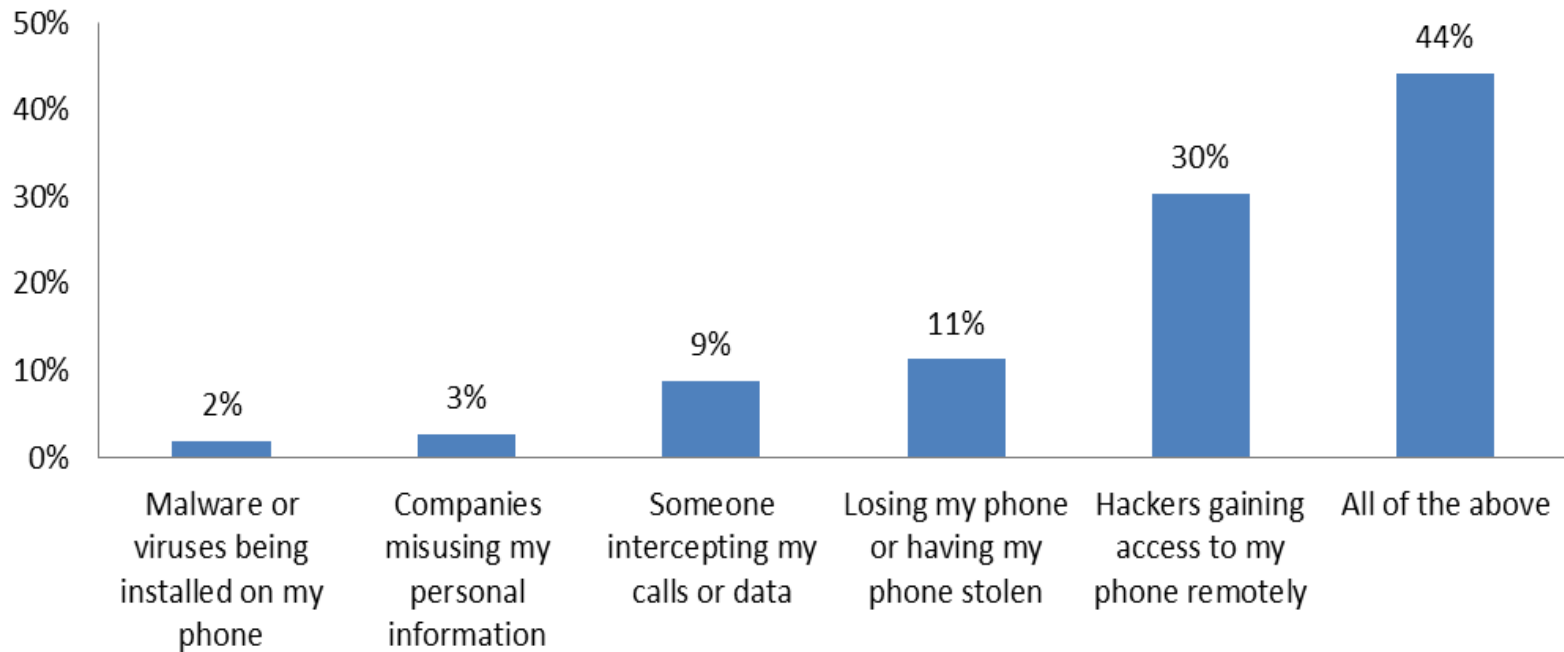


Not a Mobile Banking User



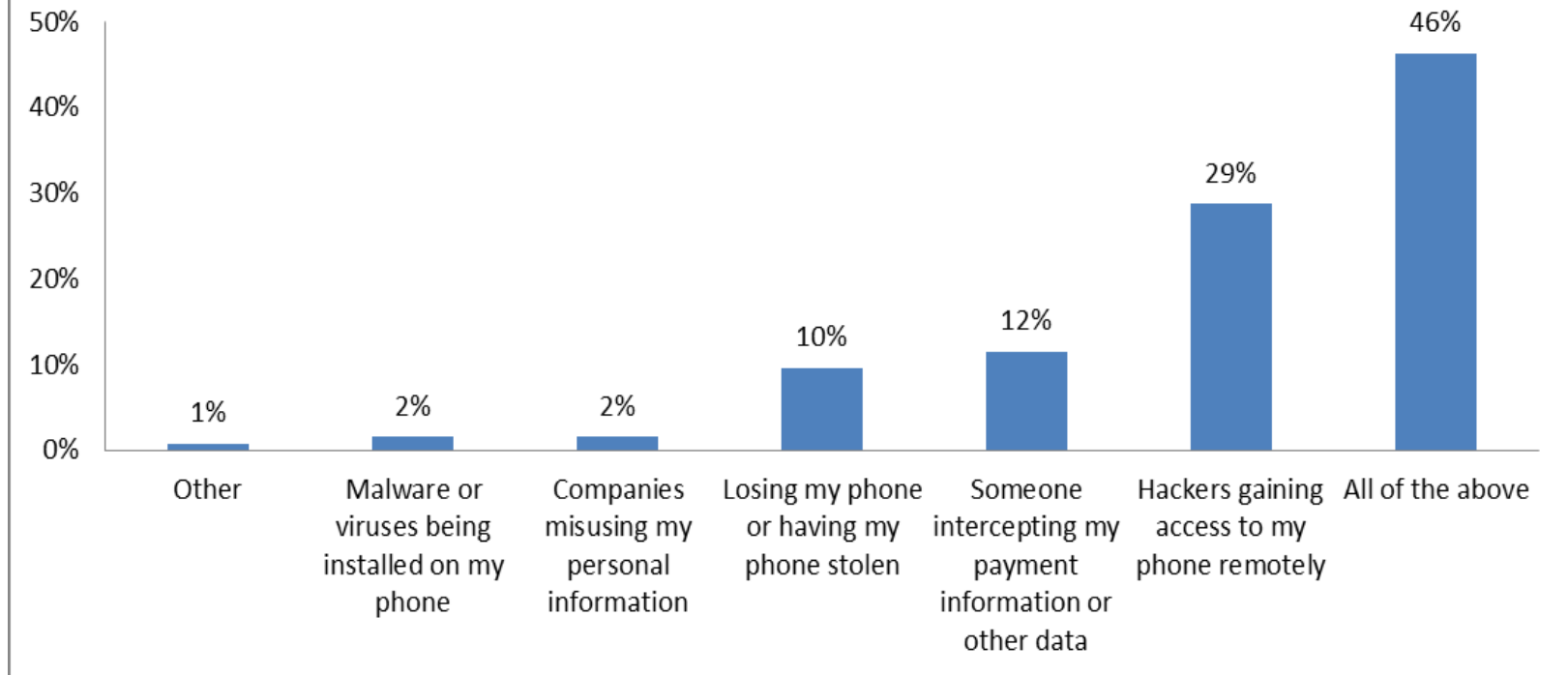


Specific security concerns with mobile banking





Specific security concerns with mobile payments





Key Takeaways

- Use of mobile banking is increasing rapidly (33% in past year)
 - Use of remote deposit capture has doubled in past year (21% of mobile banking users)
- Use of mobile payments broadly defined has been constant
 - However, use of mobile phones to make point of sale purchases has increased over 300% in past 12 months (from ~2% to 6% of smartphone owners)
- Smartphone ownership is primary driver of use of mobile financial services
- Concerns about security and usefulness main limiters of adoption
- Security concerns about mobile financial services have *increased* over the past year among non-users
 - Stayed more or less the same among users
- Consumers are increasingly using smartphones when shopping

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