

# Consumers' Use of Mobile Financial Services 2014

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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 2014  
(<http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201403.pdf>)



# Survey Background

- Board conducted three consecutive surveys (in 2011, 2012 and 2013) to monitor these developments in mobile finance and assess consumer perceptions/expectations. Presented are the results from the 2013 survey.
- Deployed by GfK to their nationally representative probability-based online panel of respondents called KnowledgePanel. For the 2013 survey:
  - Data collection from December 6<sup>th</sup>, 2013 to December 23<sup>rd</sup>, 2013.
  - Total of 2,657 respondents: 1,409 of whom had responded to the 2012 survey and 1,248 were new respondents.

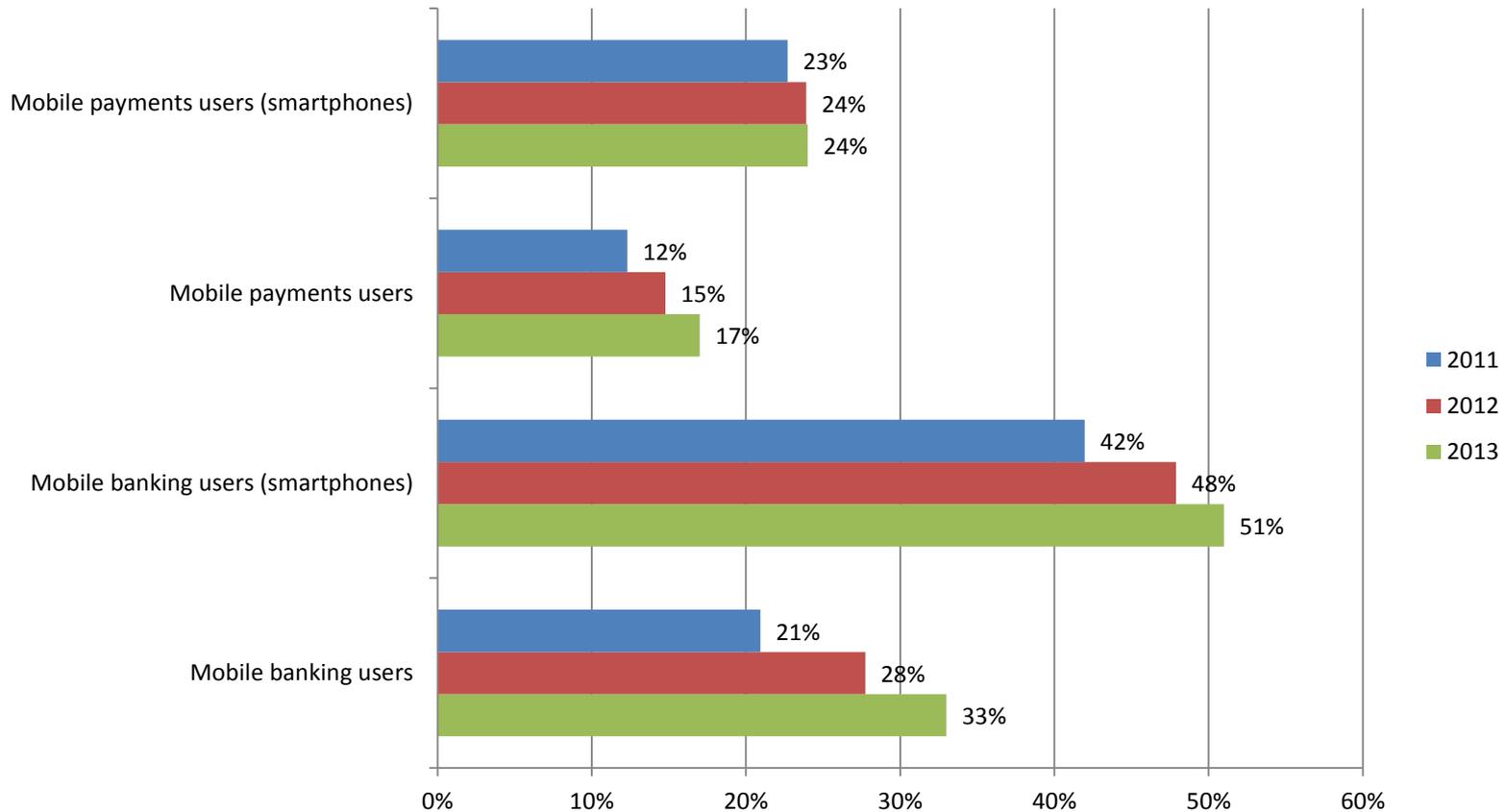


# Key Numbers

- Among *all* mobile phone users:
  - 33% used mobile banking in past 12 months
  - 17% used mobile payments in past 12 months
- Among *smartphone* users (62% of mobile phone users)
  - 51% used mobile banking in past 12 months
  - 24% used mobile payments in past 12 months

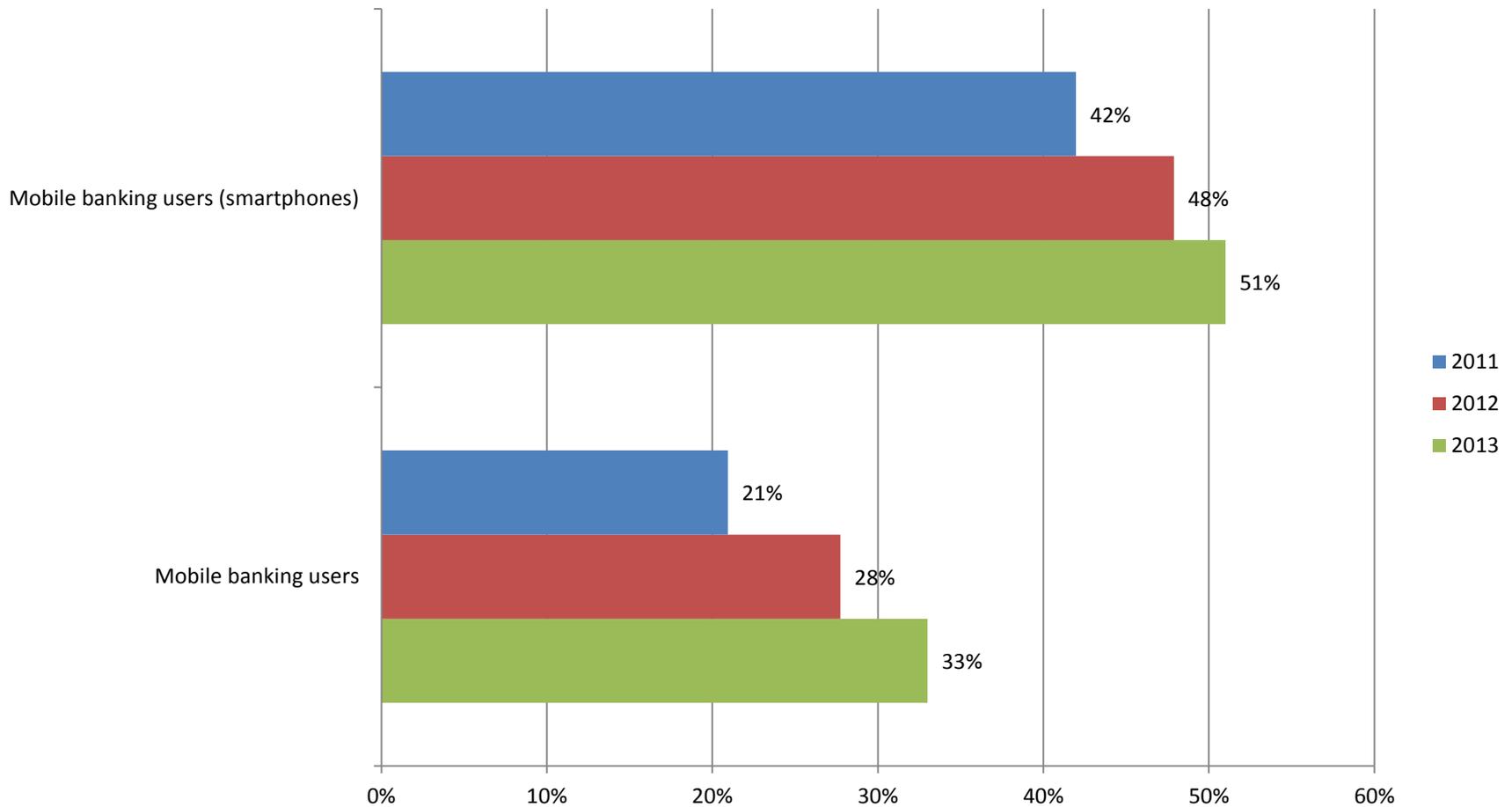


## Change in mobile banking and mobile payments





## Change in mobile banking and mobile payments





# Mobile Banking

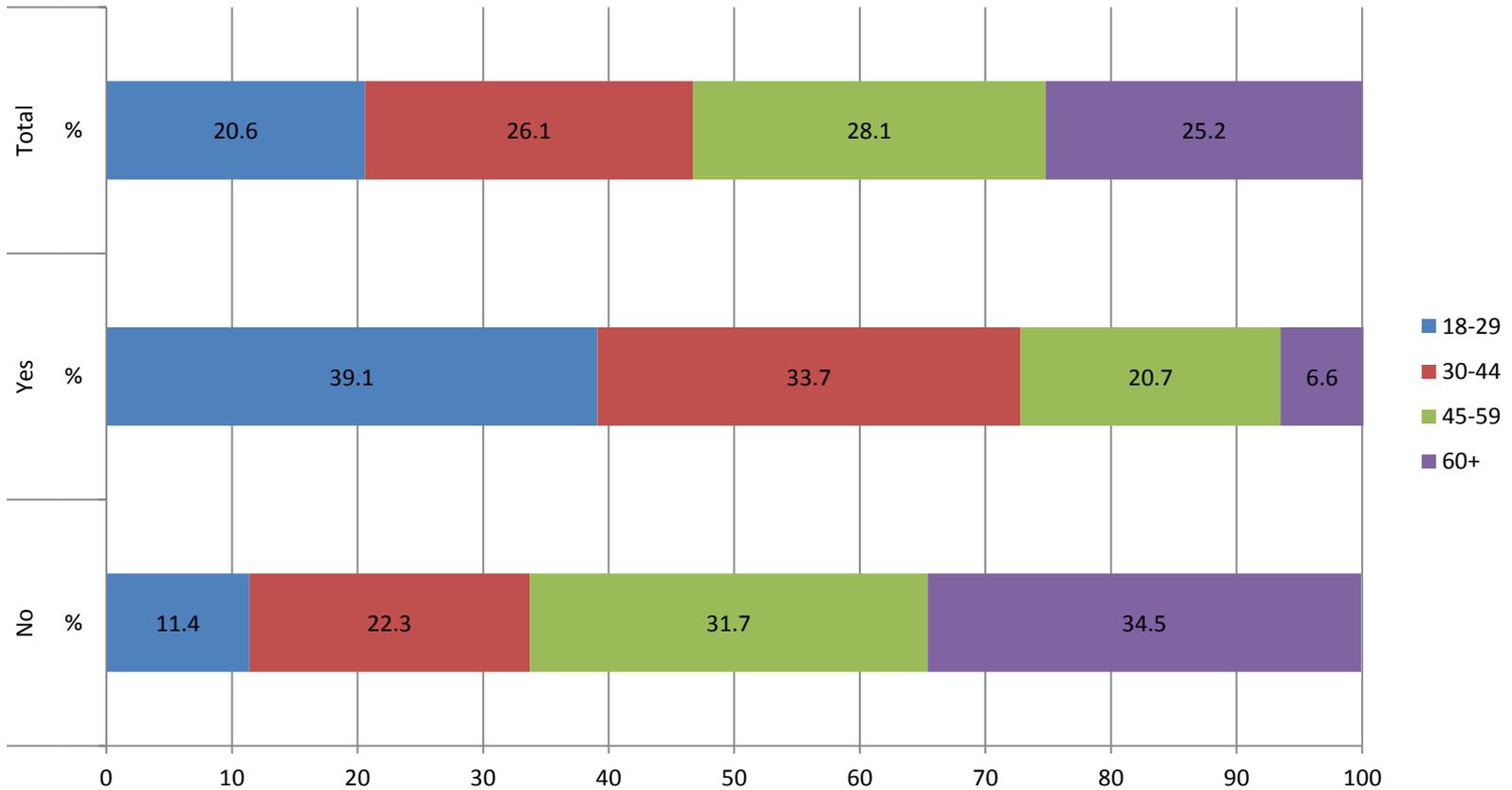
Mobile Banking uses a mobile phone to access your bank or credit union account

You can use mobile banking by:

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

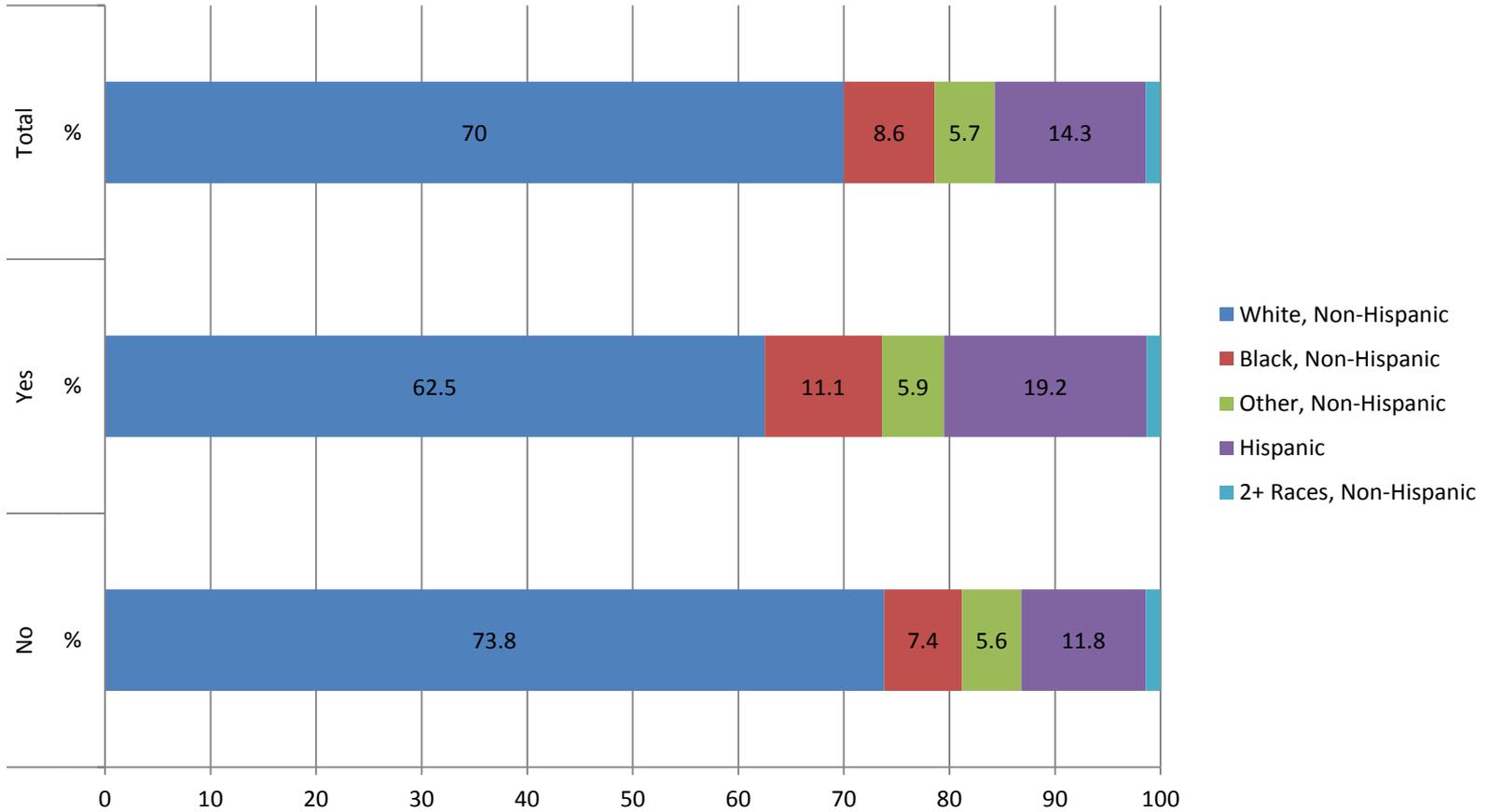


## Mobile banking by age



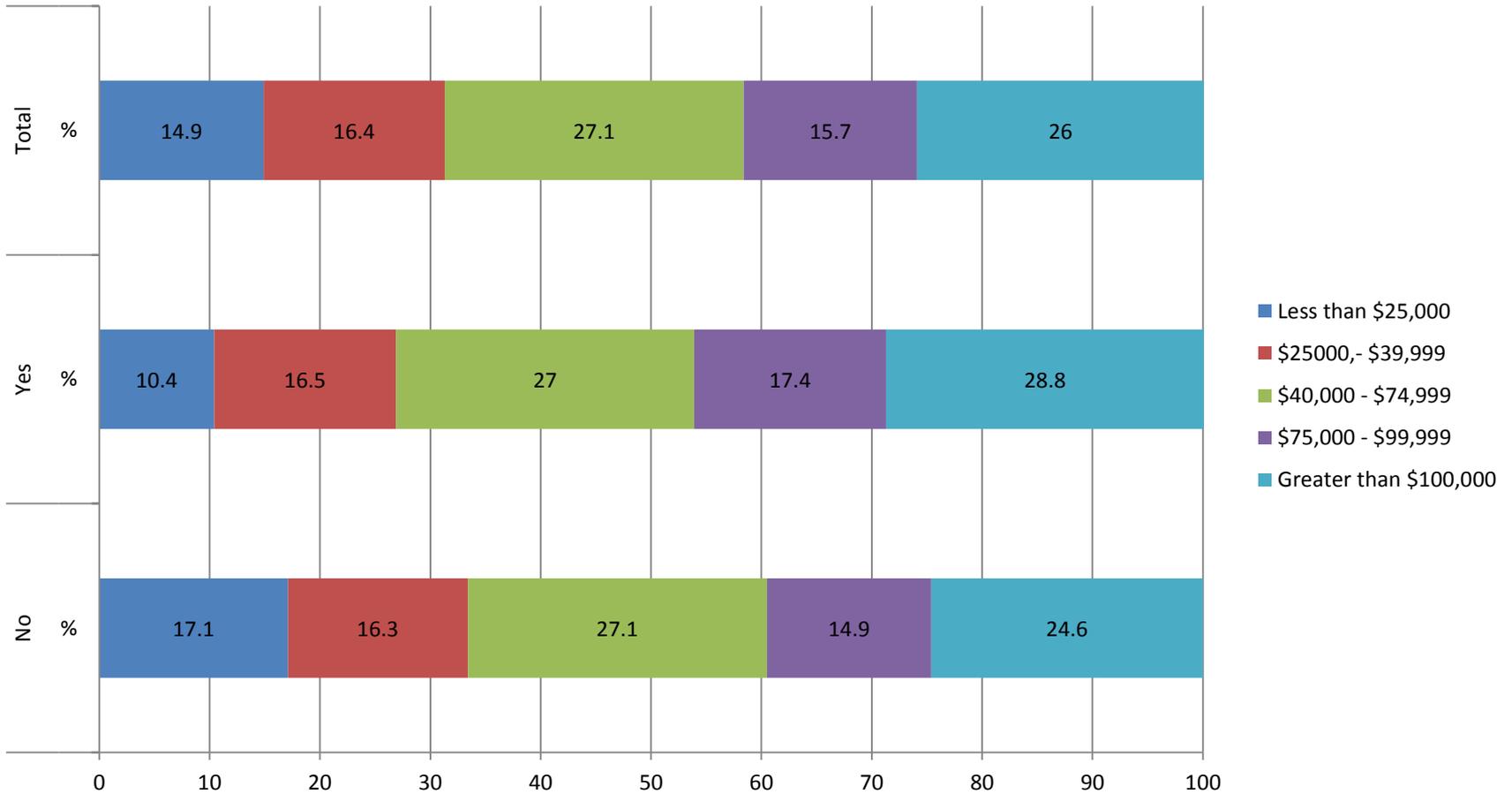


## Mobile banking by race



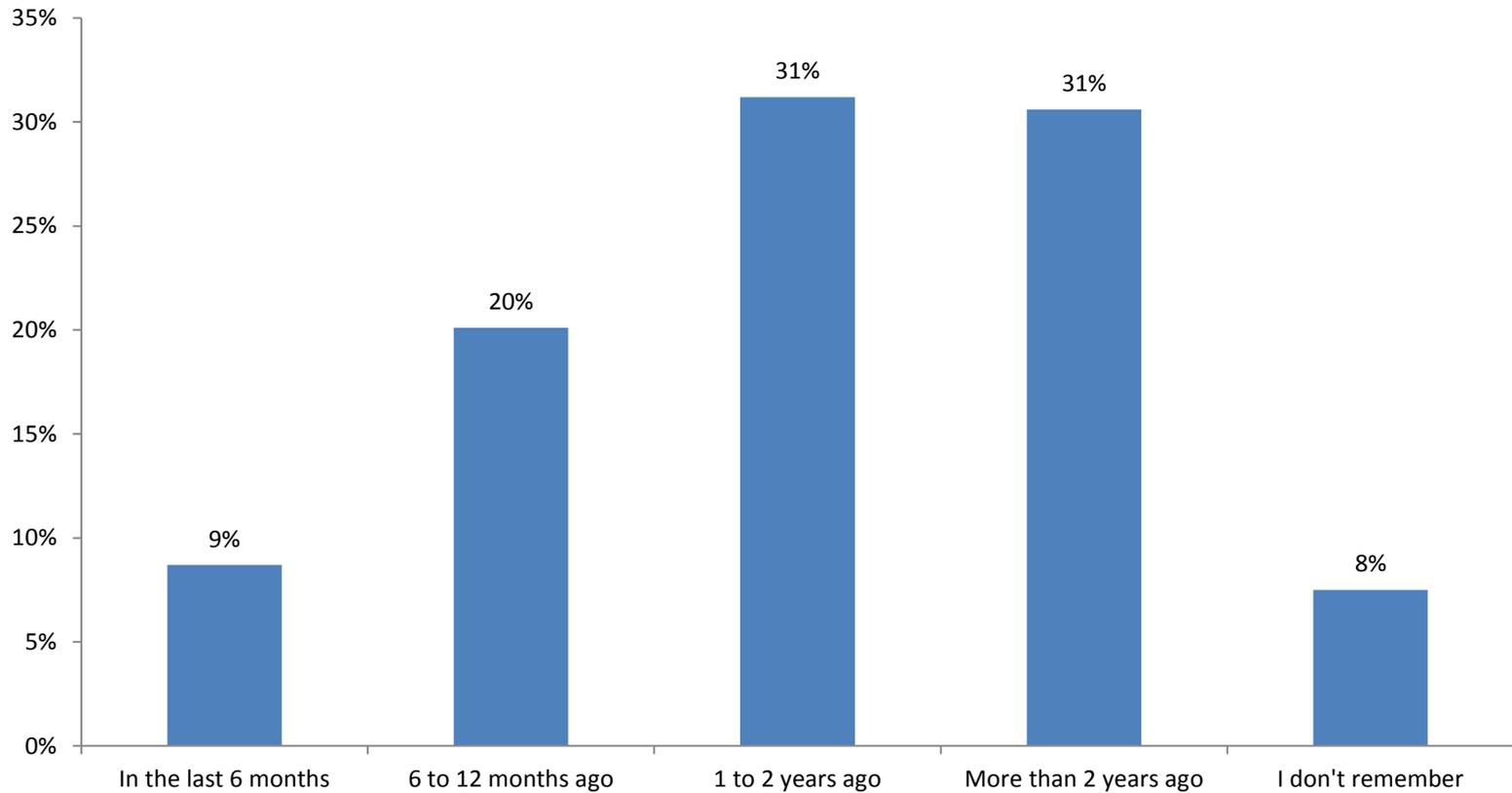


## Mobile banking by income





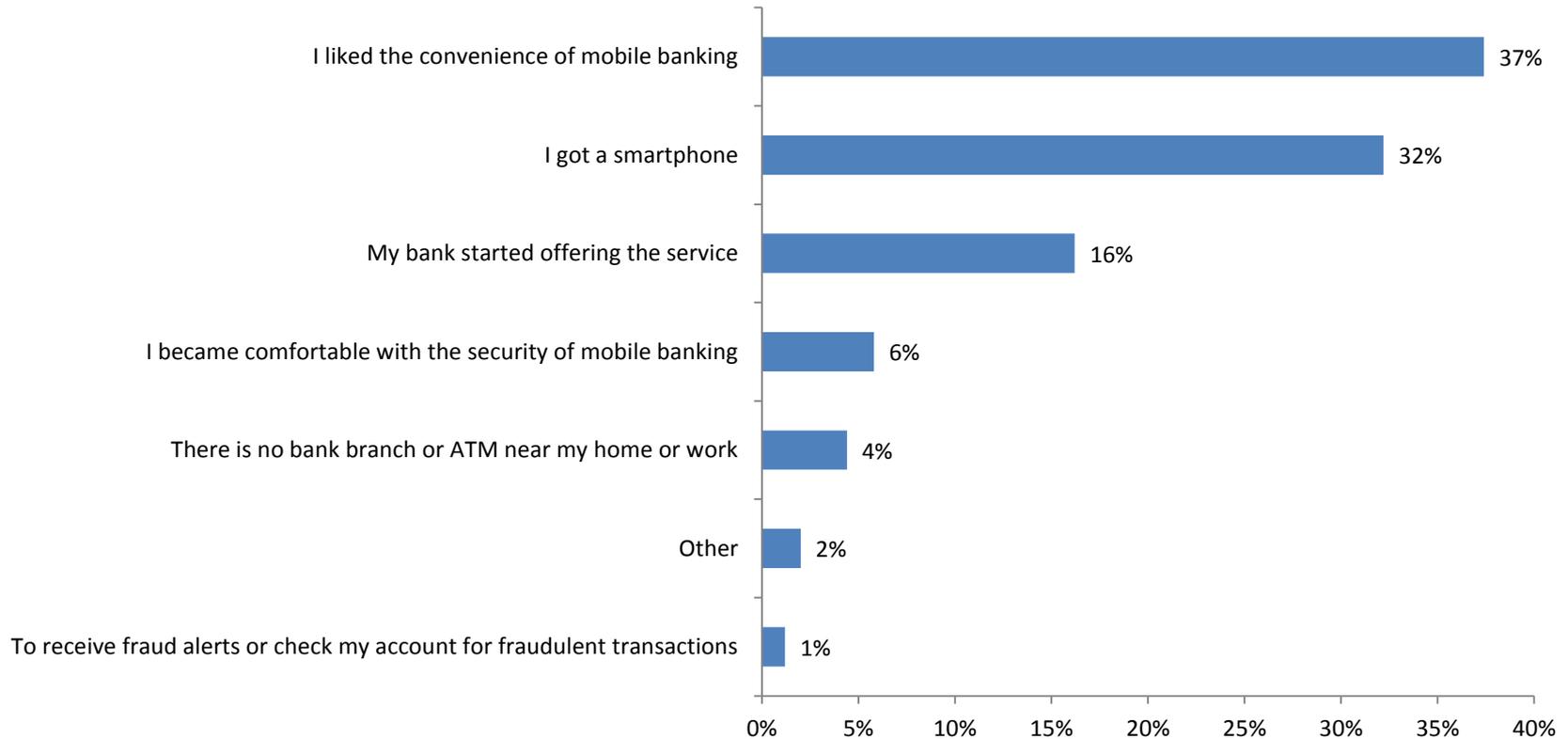
## When did you start using mobile banking?



\*n=640



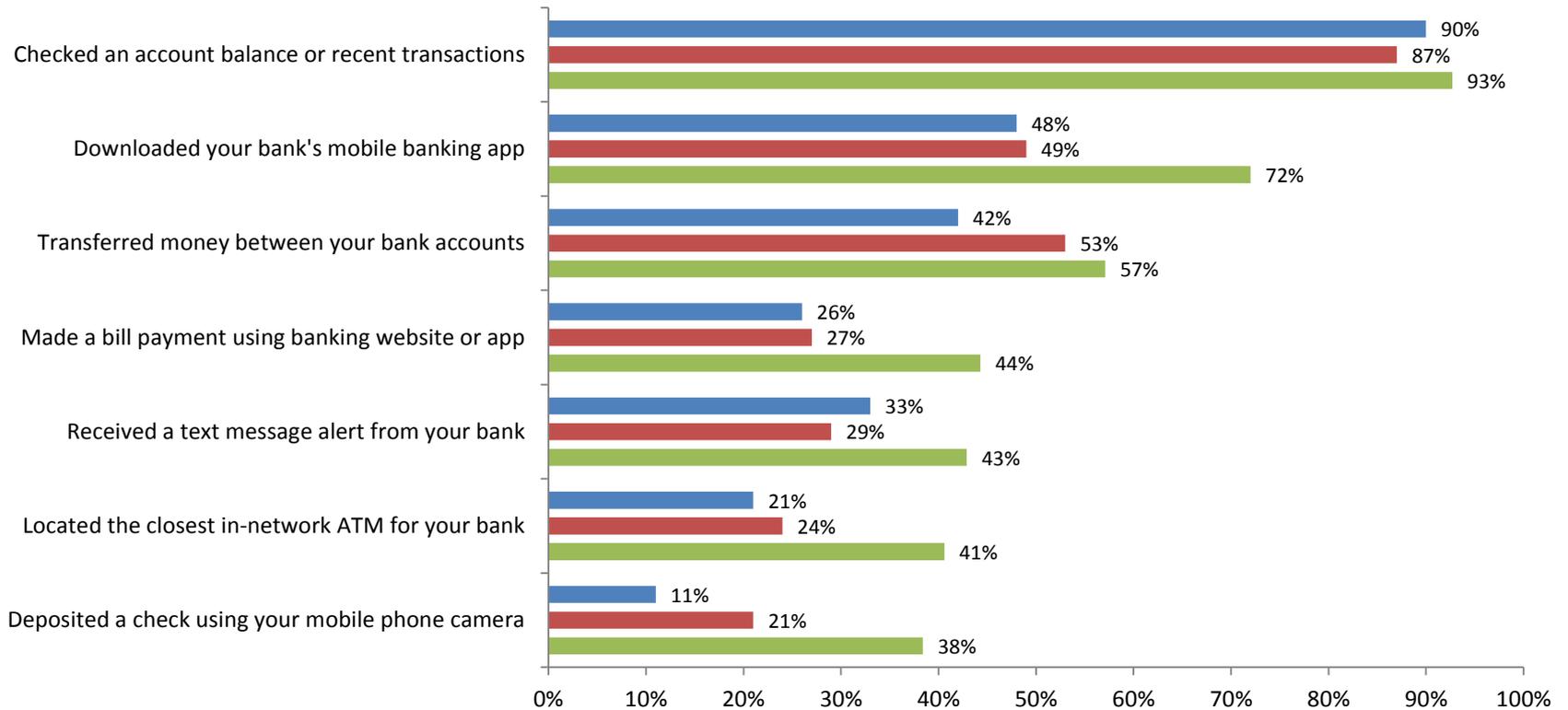
## What was the main reason why you started using mobile banking when you did?



\*n=640

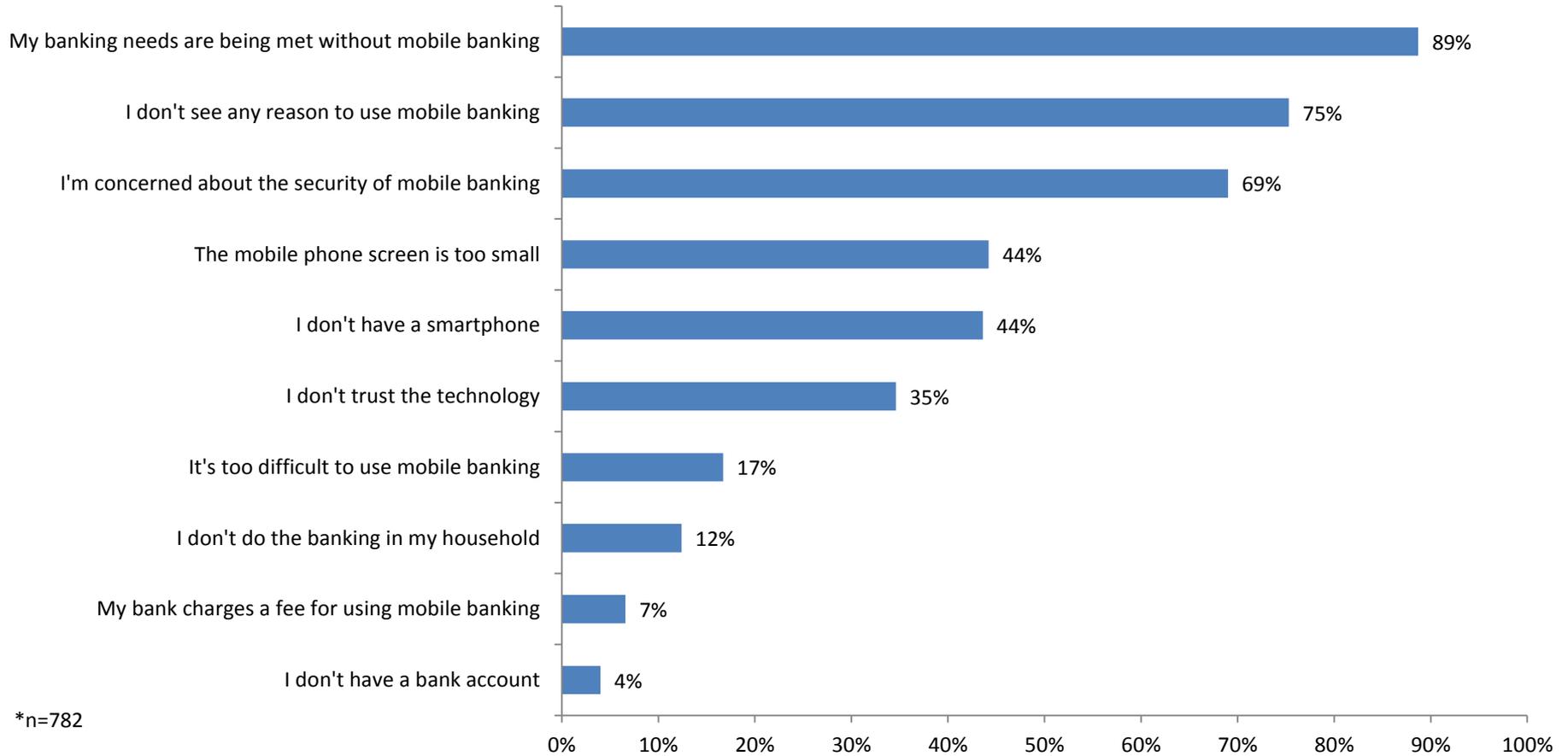
## Using your mobile phone, have you done any of the following in the past 12 months?

■ 2011 ■ 2012 ■ 2013





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

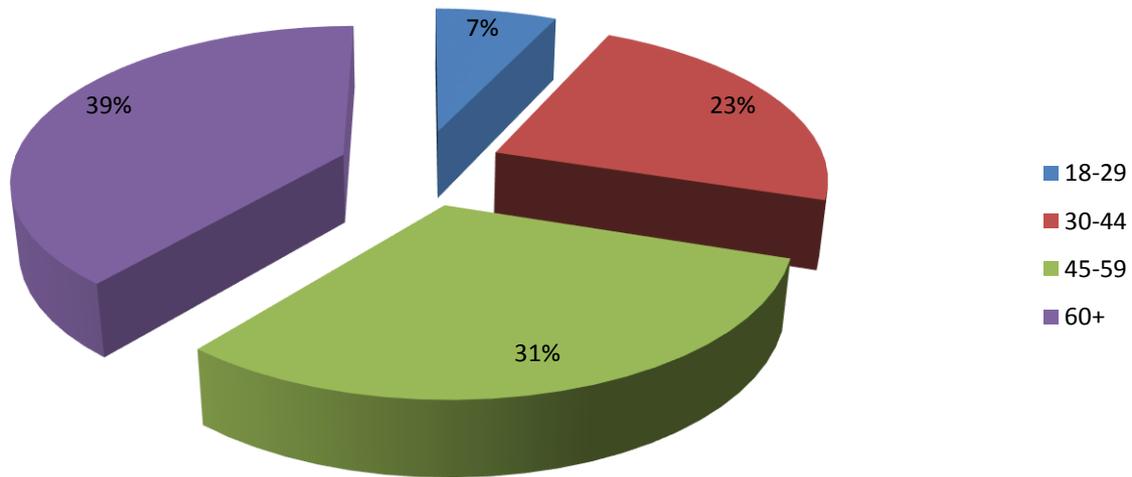


**Assuming that the concerns that you have about using mobile banking were addressed, would you be interested in doing any of the following activities with your mobile phone?**





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





# Potential for Growth

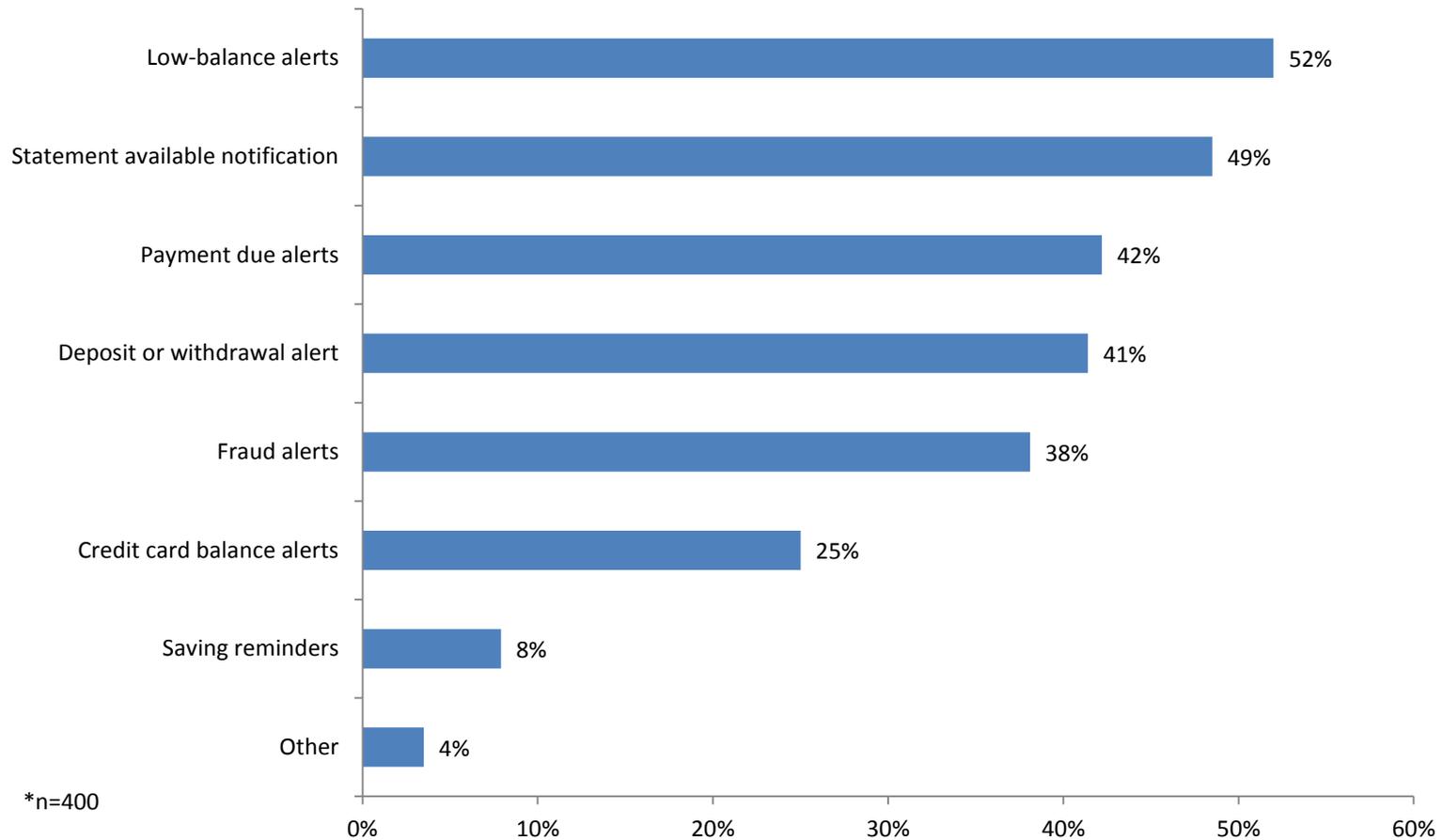
- 12% of those not currently using mobile banking think that they will probably use it within the next 12 months
- 20% of those who don't think they will adopt mobile banking within 12 months indicate that they are likely to do so eventually
- Higher rates of use among smartphone users imply that as smartphone adoption grows so too will use of mobile commerce



# Mobile Banking and Consumer Behavior

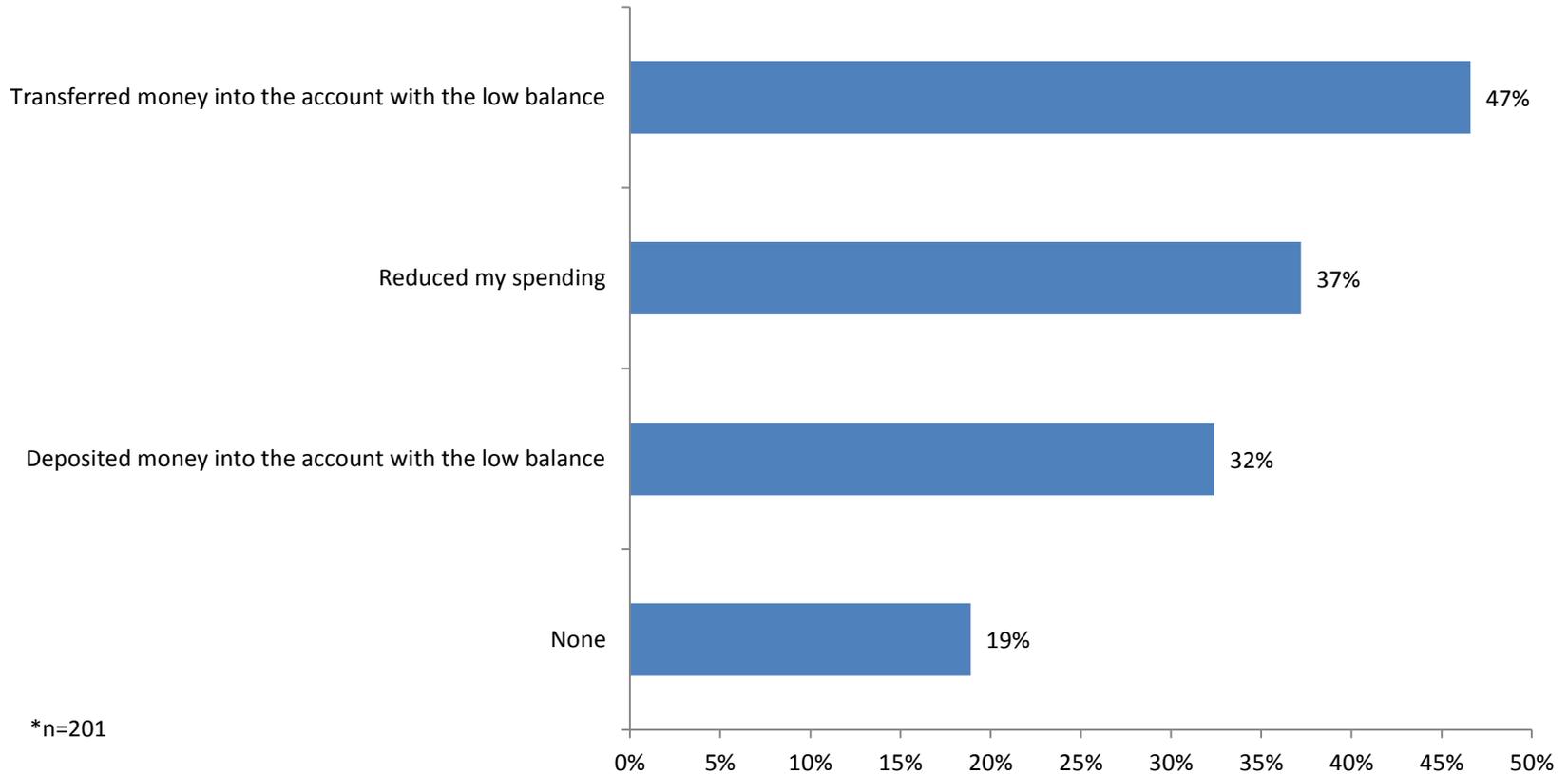


## What kinds of alerts (text message or email) do you receive?





## Thinking of the most recent low-balance alert you received, 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:

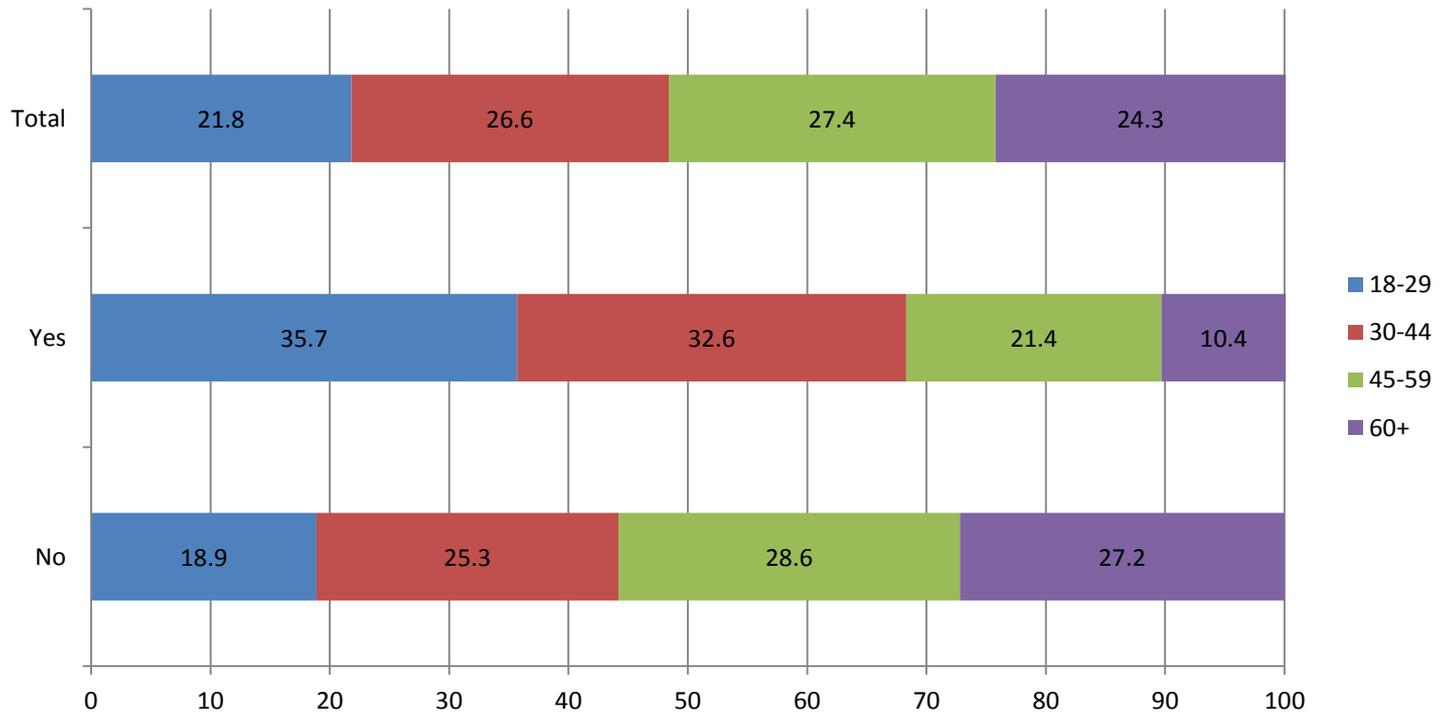
- Accessing a web page through the web browser on your mobile device
- Sending a text message (SMS)
- Using a downloadable application on your mobile device

The amount of the payment may be:

- Applied to your phone bill (e.g. text message donation)
- Charged to your credit card
- Withdrawn directly from your bank account

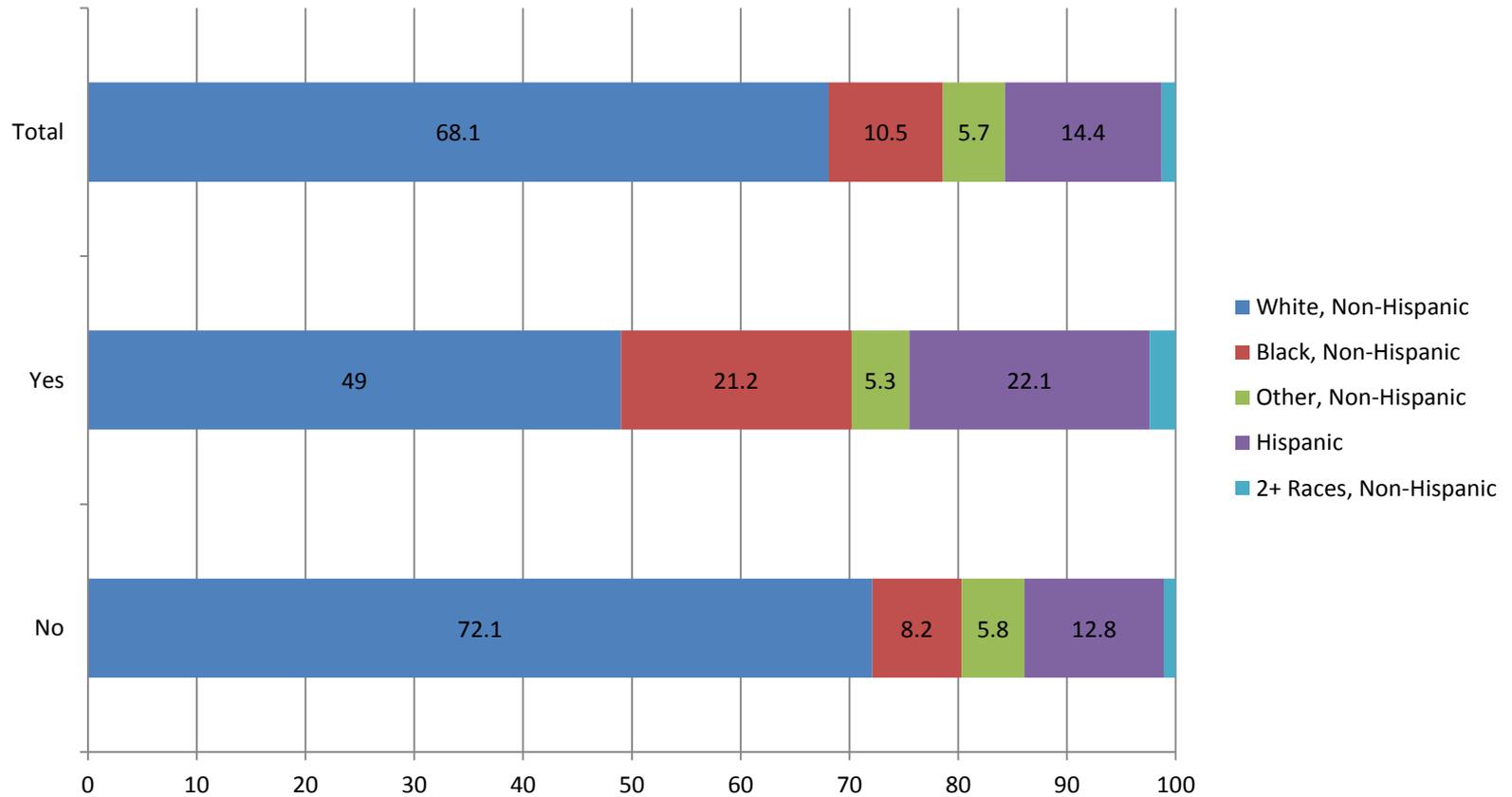


## Mobile payments by age



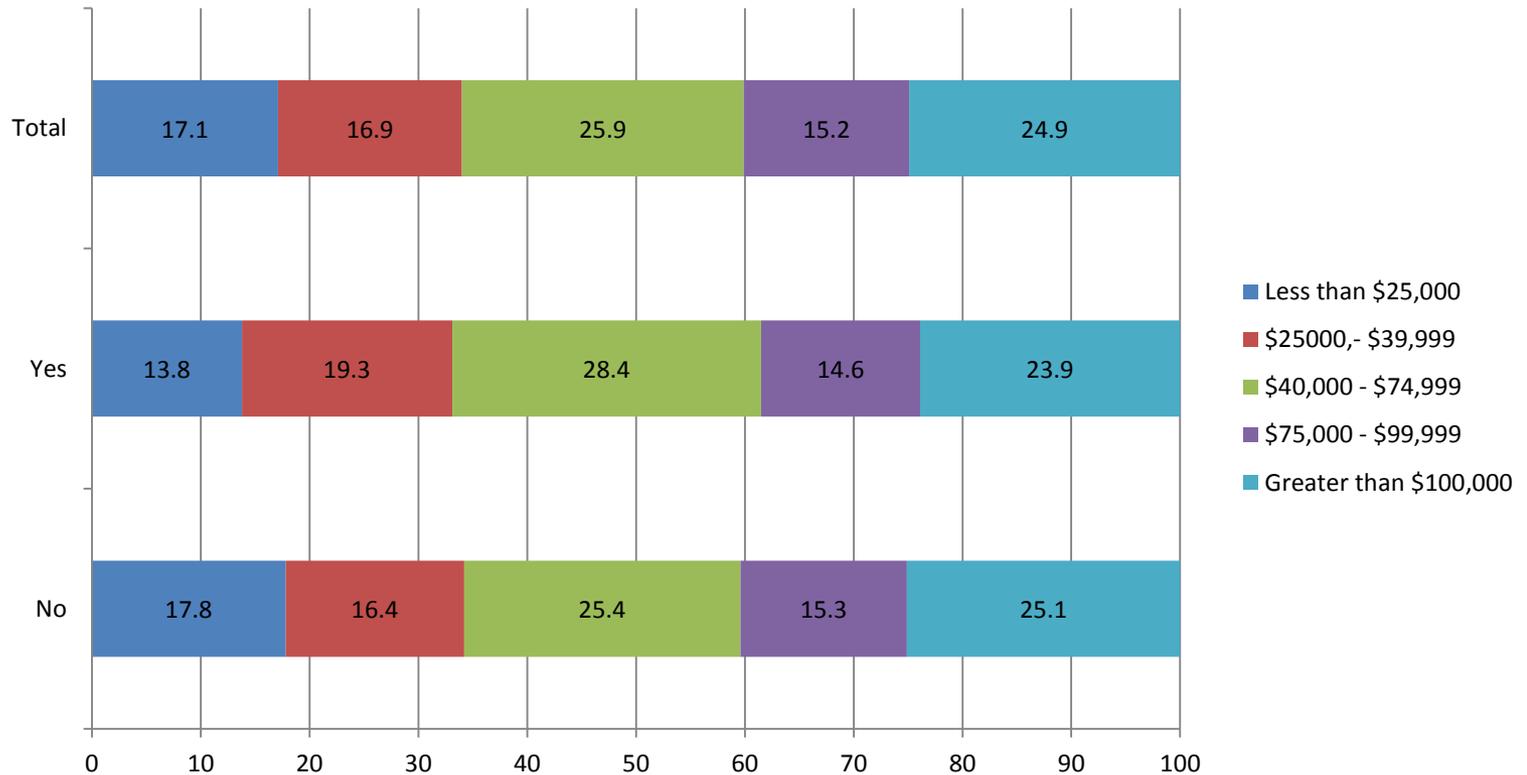


## Mobile payments by race



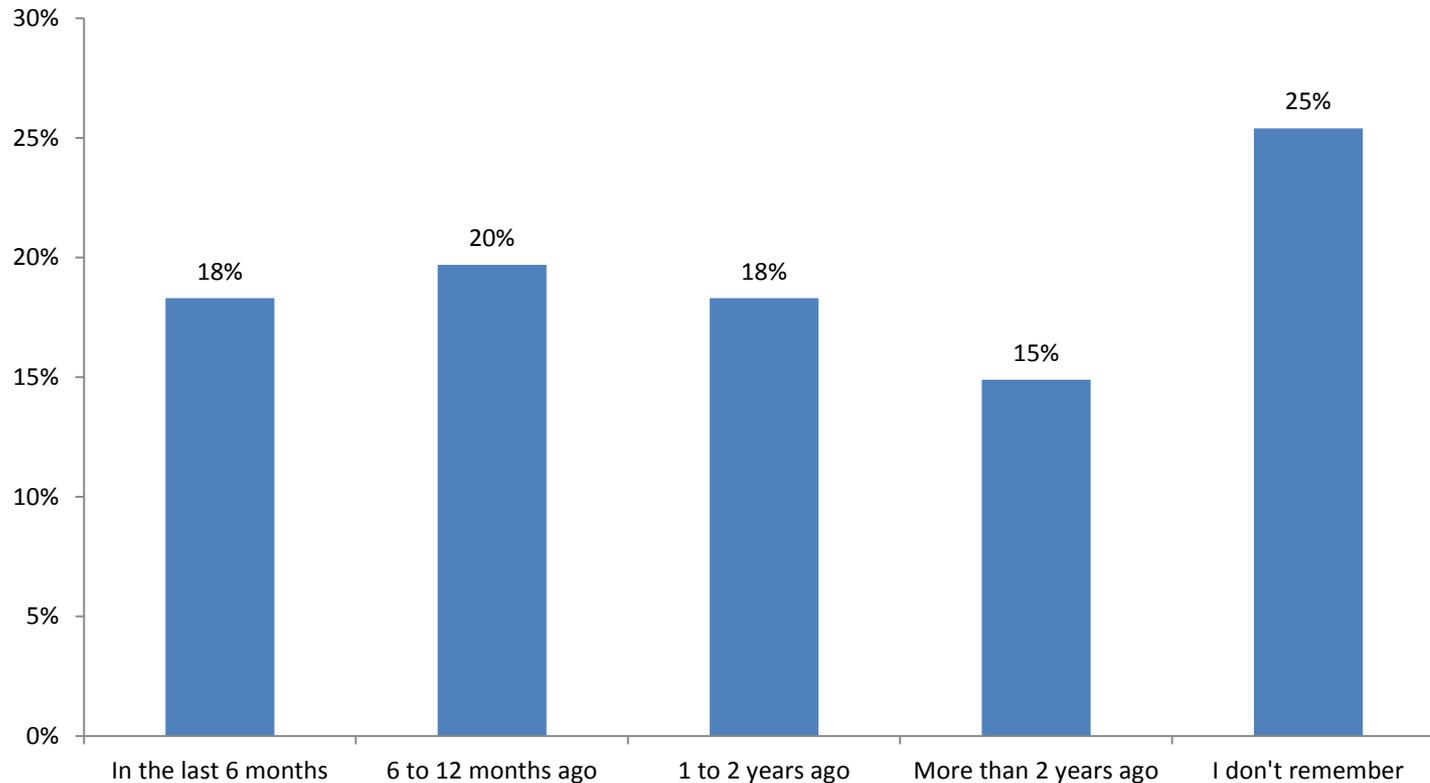


## Mobile payments by income group





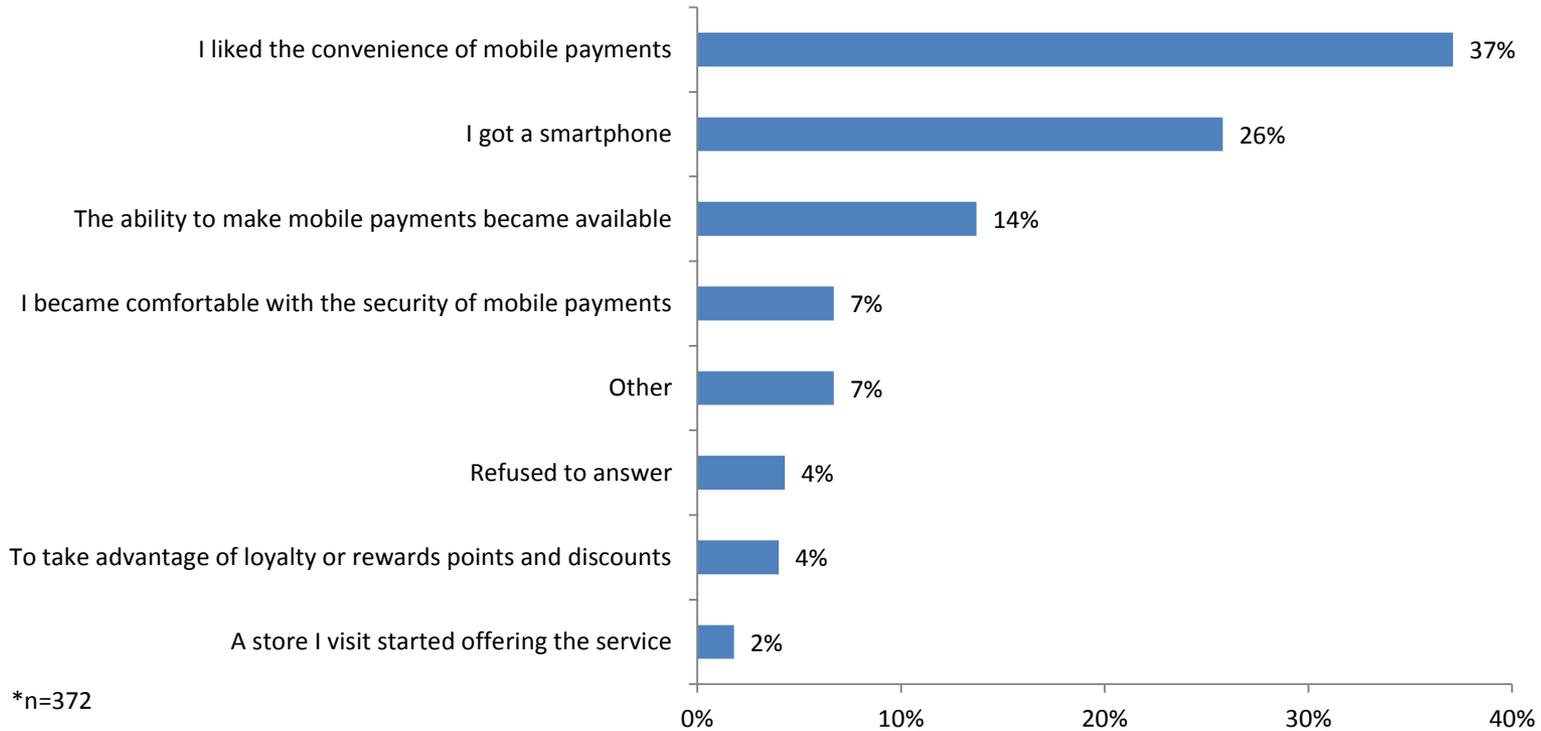
## When did you start using mobile payments?



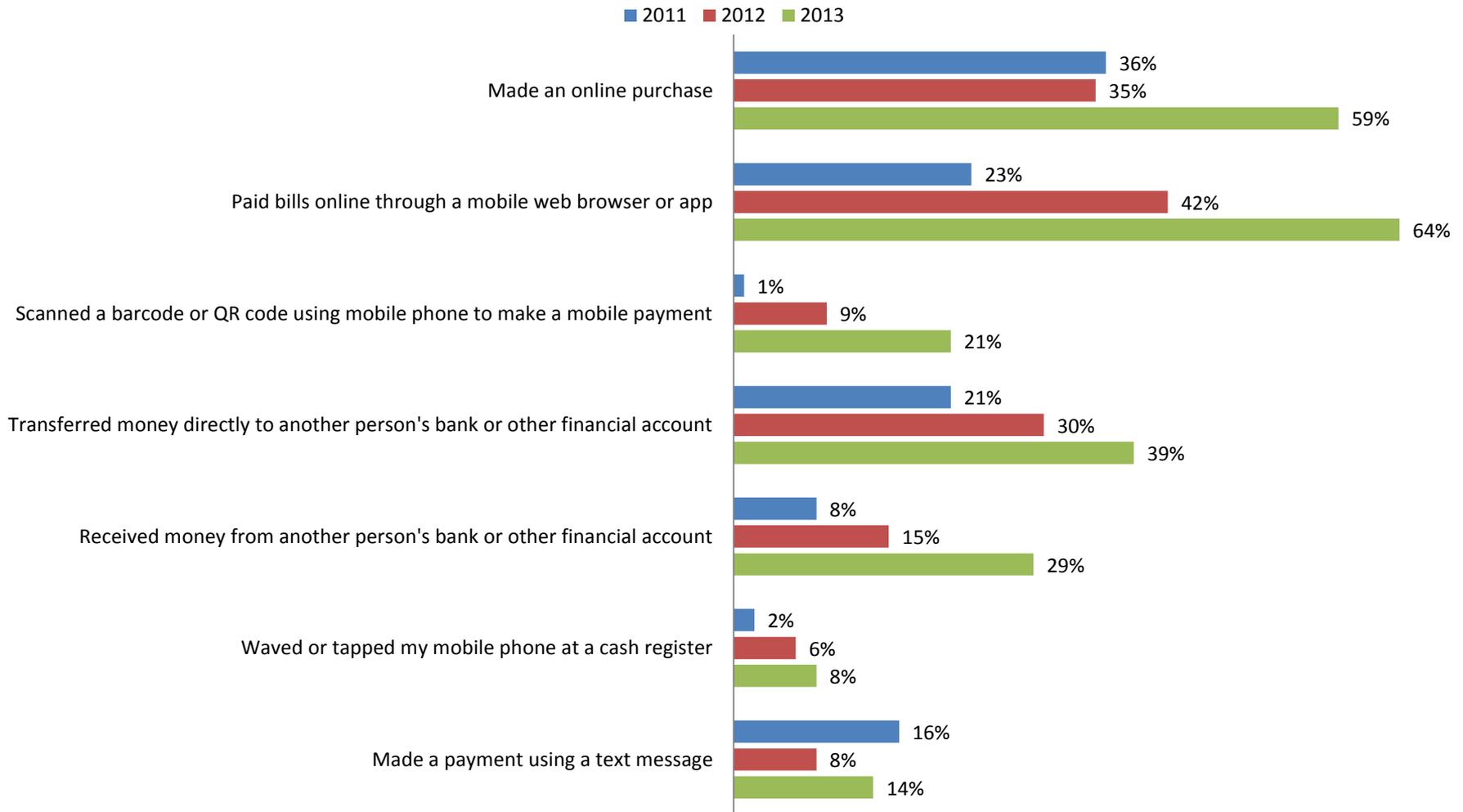
\*n=372



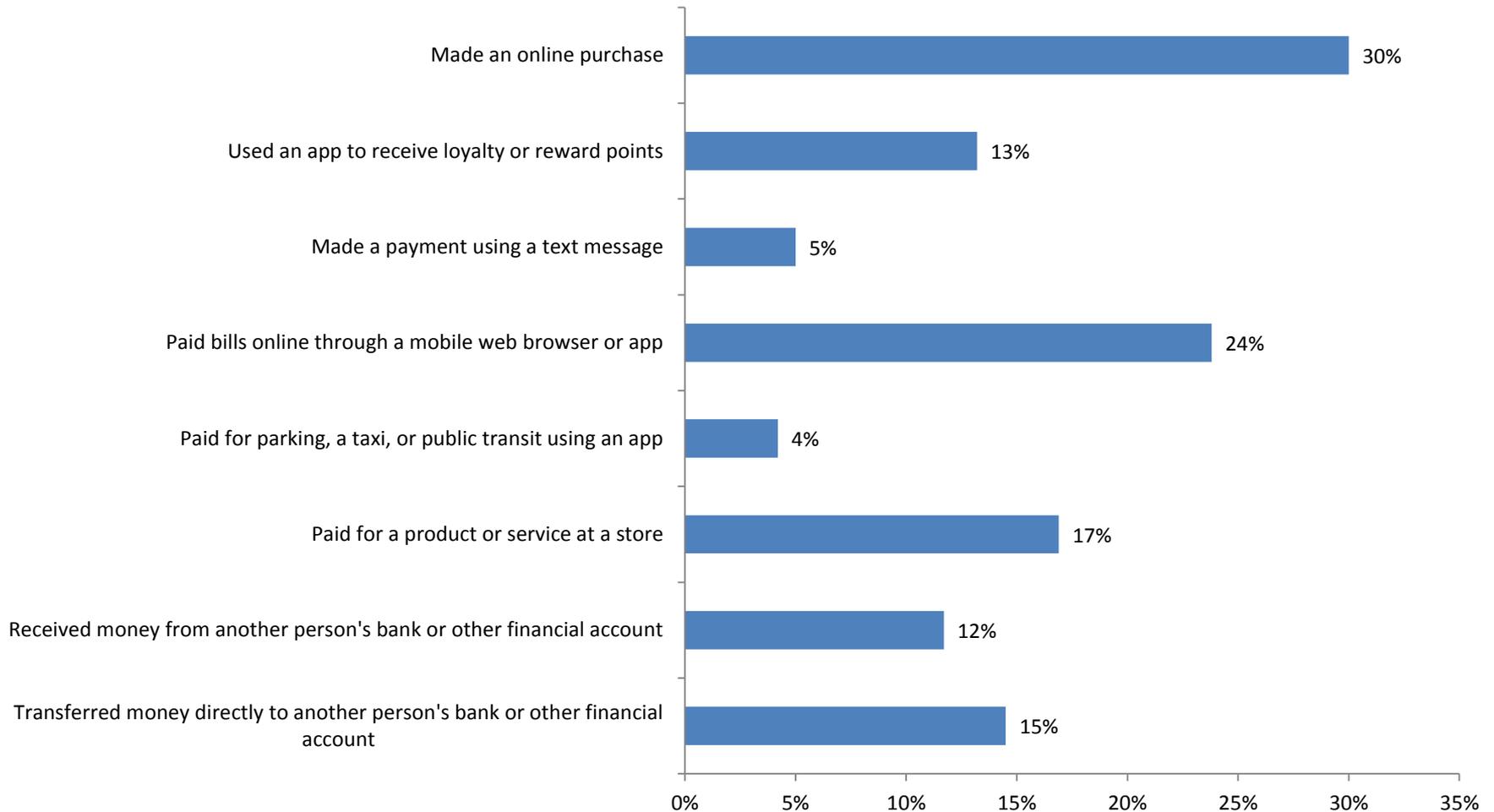
## What was the main reason why you started using mobile payments when you did?



## Changes in types of mobile payments made (Among those who made mobile payments)

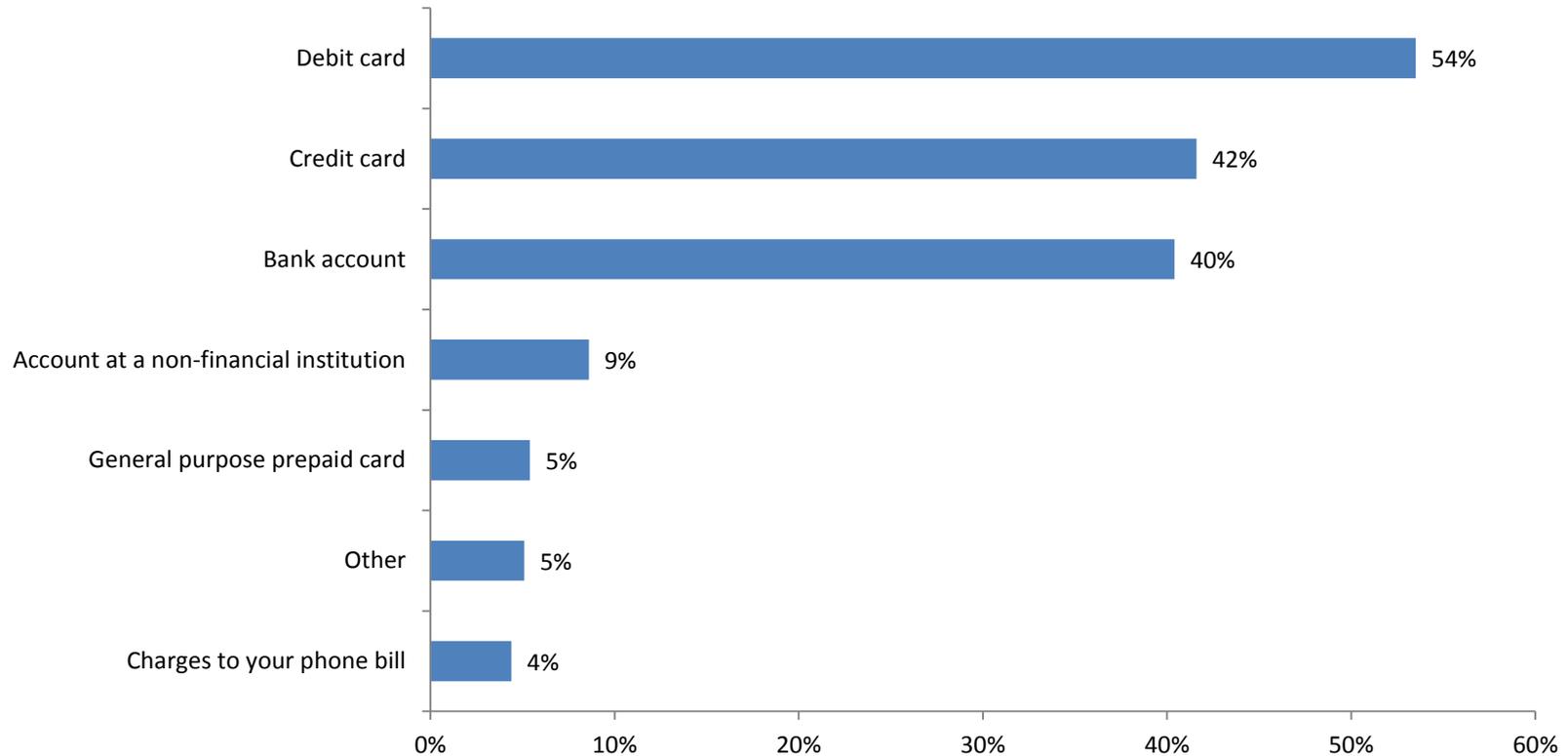


## Using your mobile phone, have you done each of these in the past 12 months? (Among smartphone users)





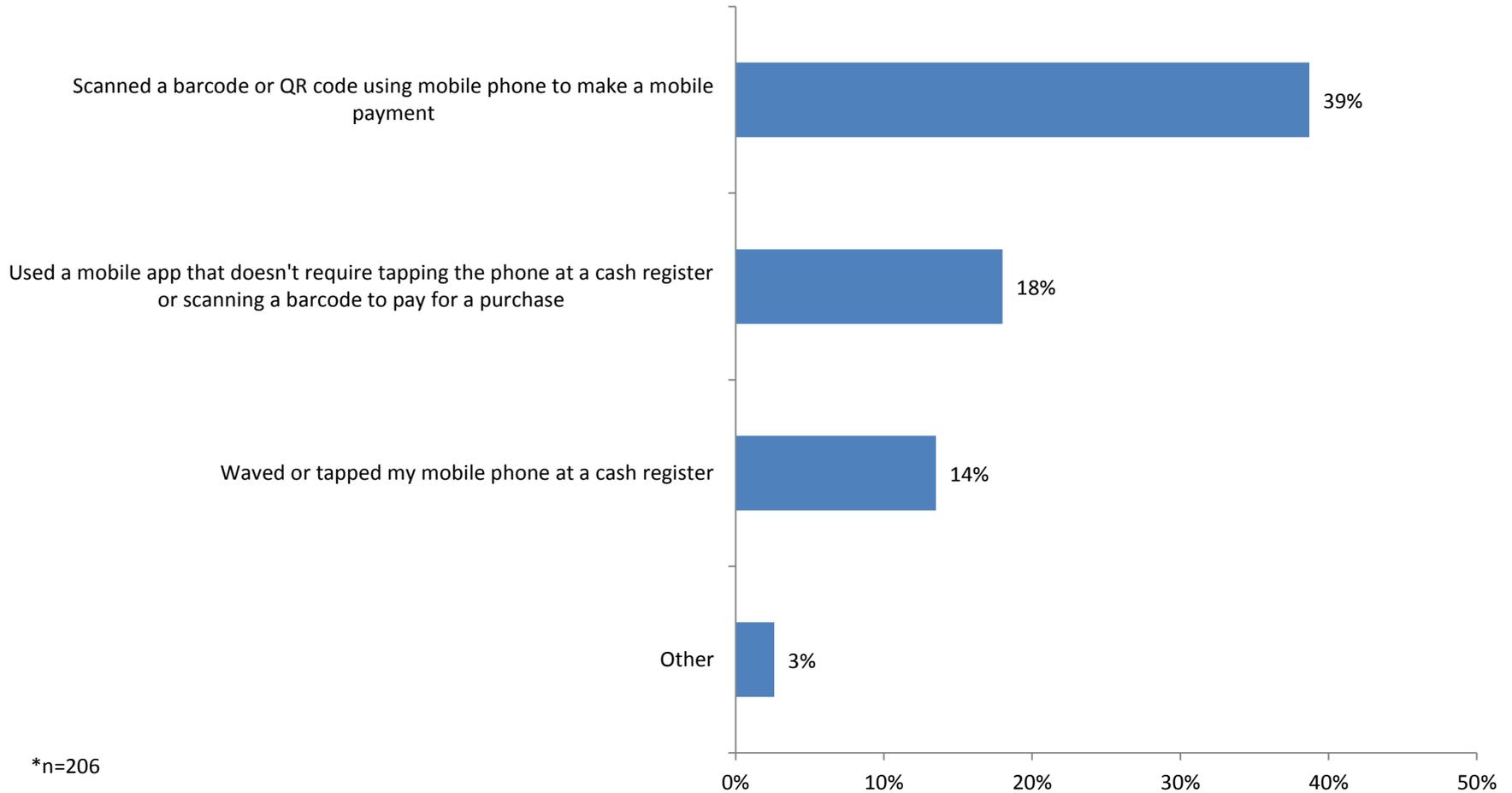
## When making mobile payments, which of the following payment methods do you use?



\*n=372



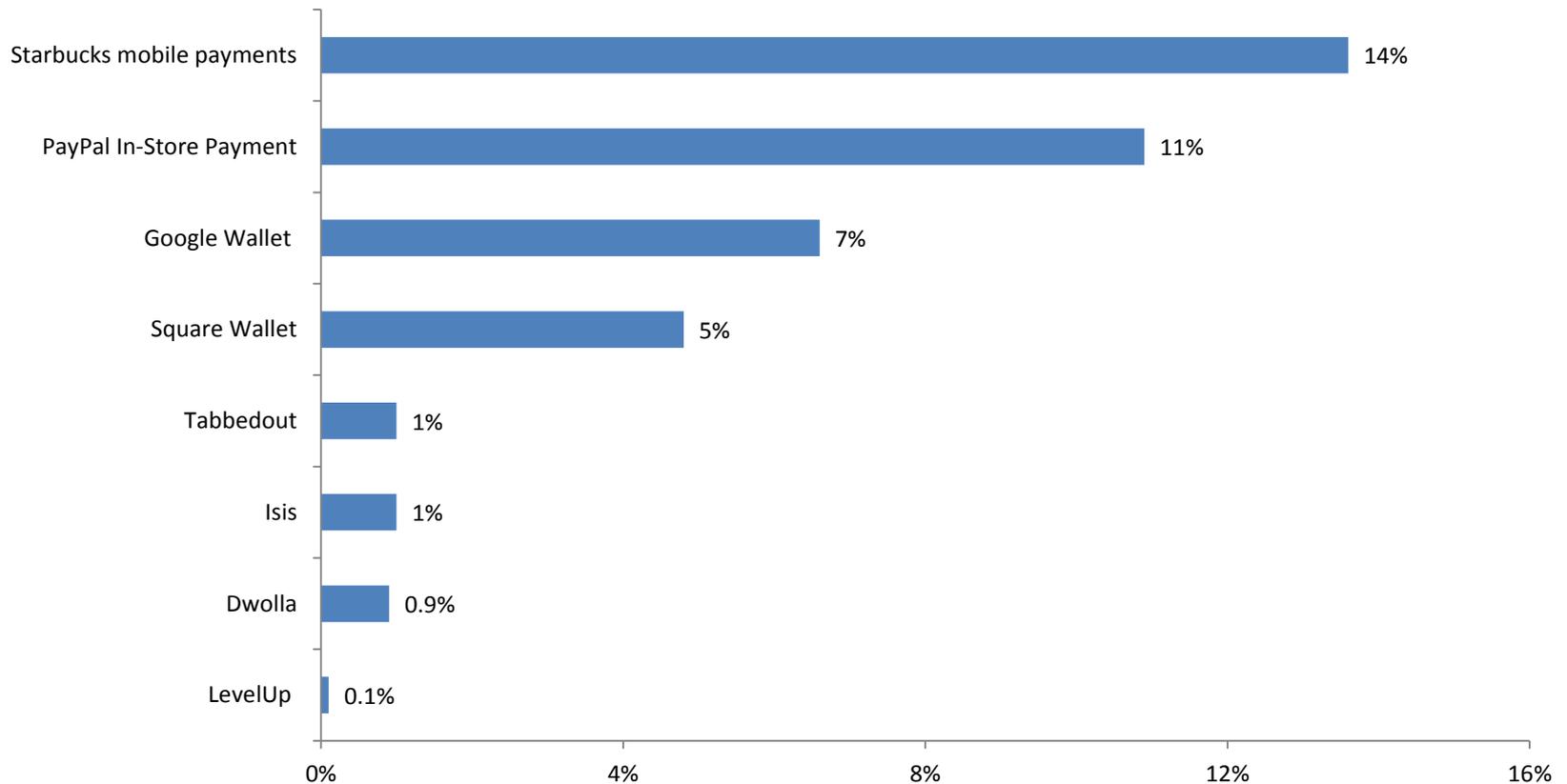
## When you used your mobile phone to pay for something at a store, did you use it in any of the following ways?



\*n=206



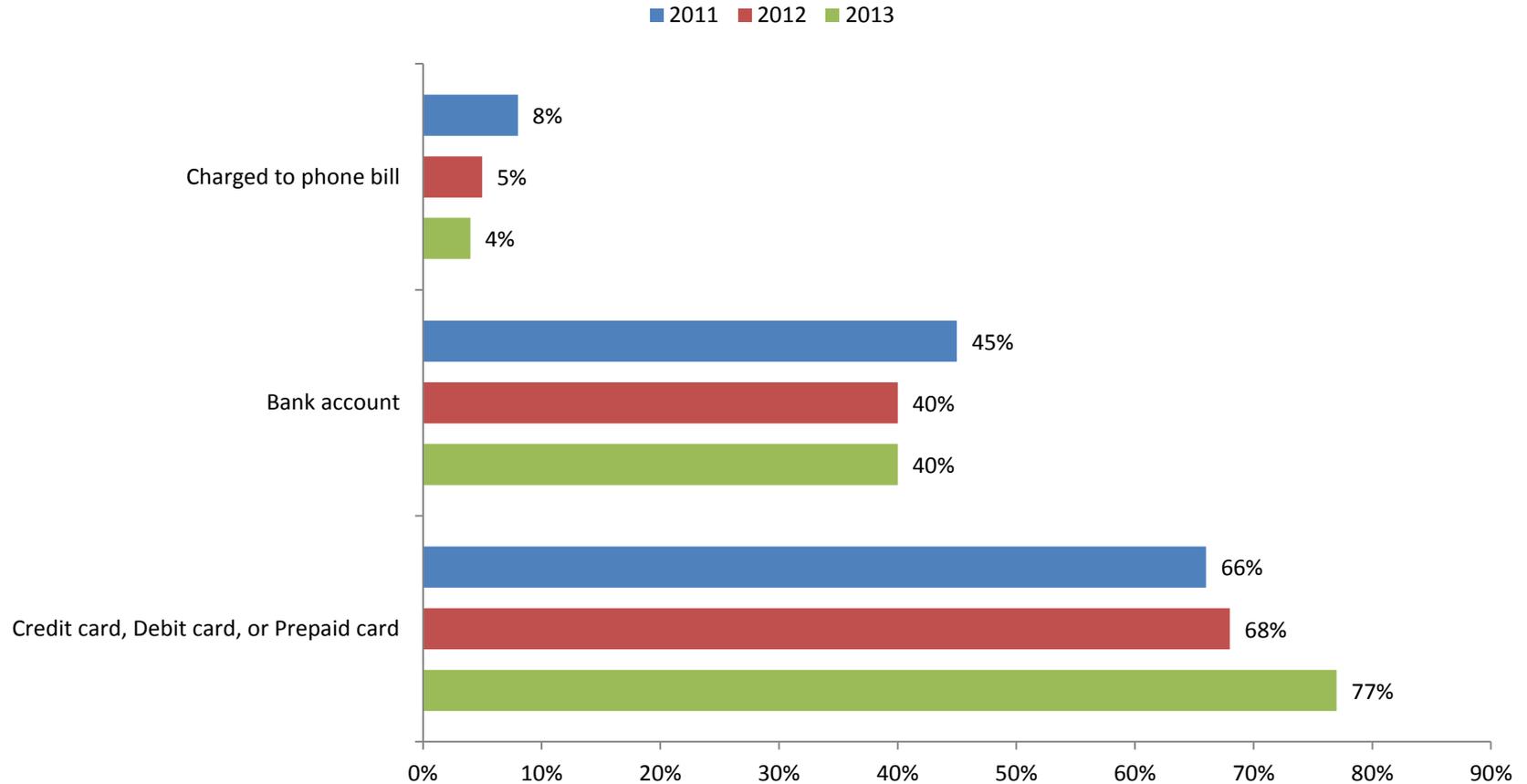
## Have you used any of the following mobile payment services in the past 12 months? (Among those who made a mobile payment and own a smartphone)



\*n=331

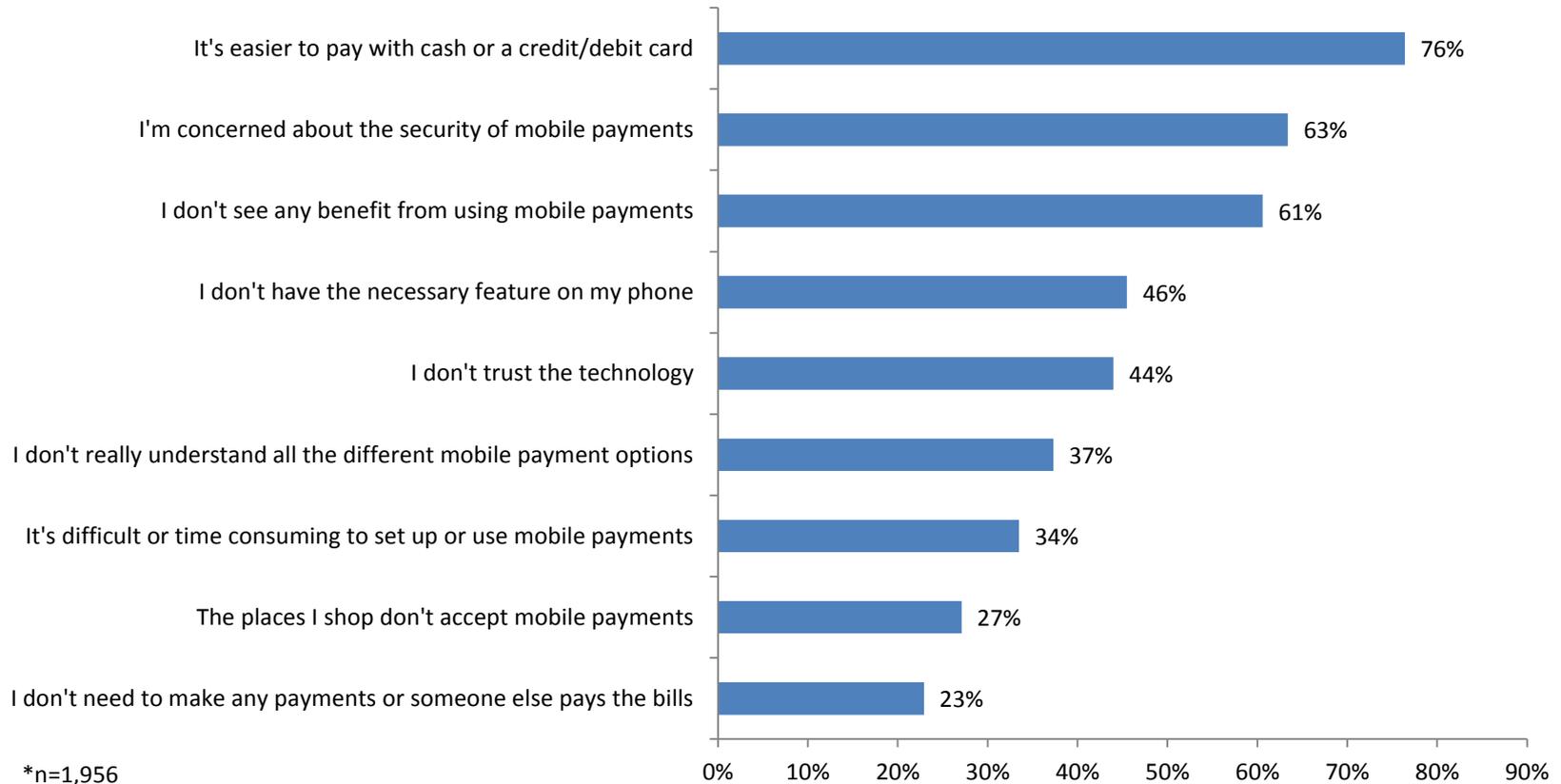


## Funding method for mobile payments





## What are the main reasons you do not use mobile payments?





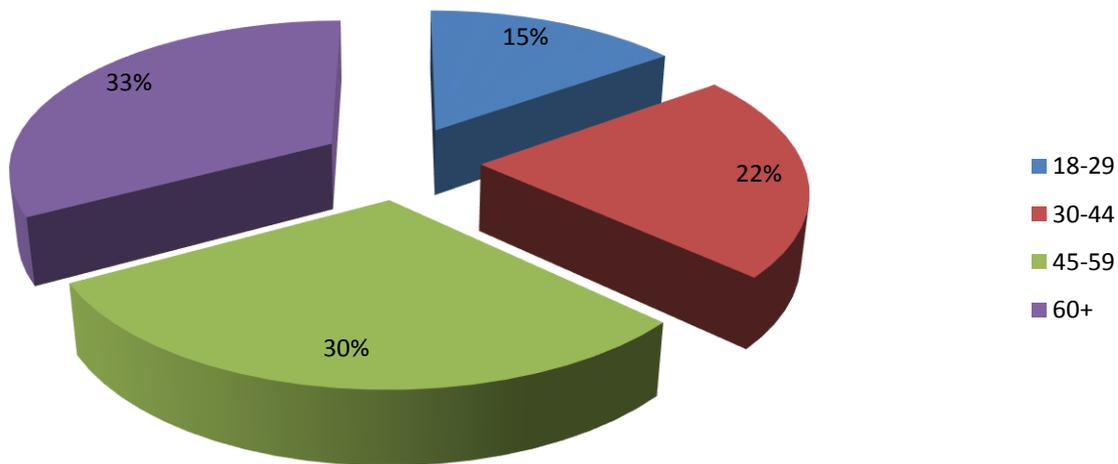
**Assuming that the reason(s) why you do not currently use mobile payments was addressed, which of the following activities would you be interested in doing with your mobile phone?**



\*n=1,956

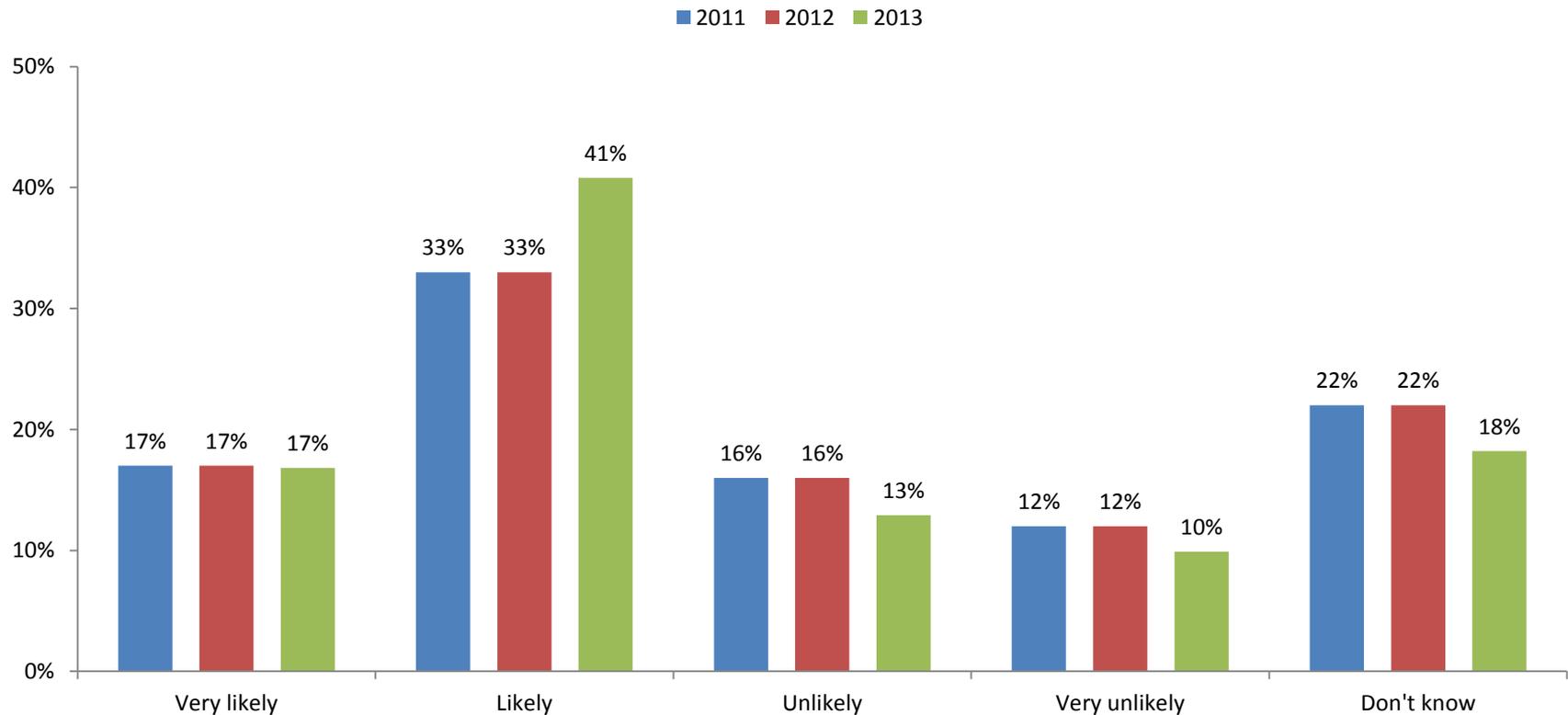


**Age distribution for individuals who would not use mobile payments, even if their reasons for not using mobile payments were addressed**

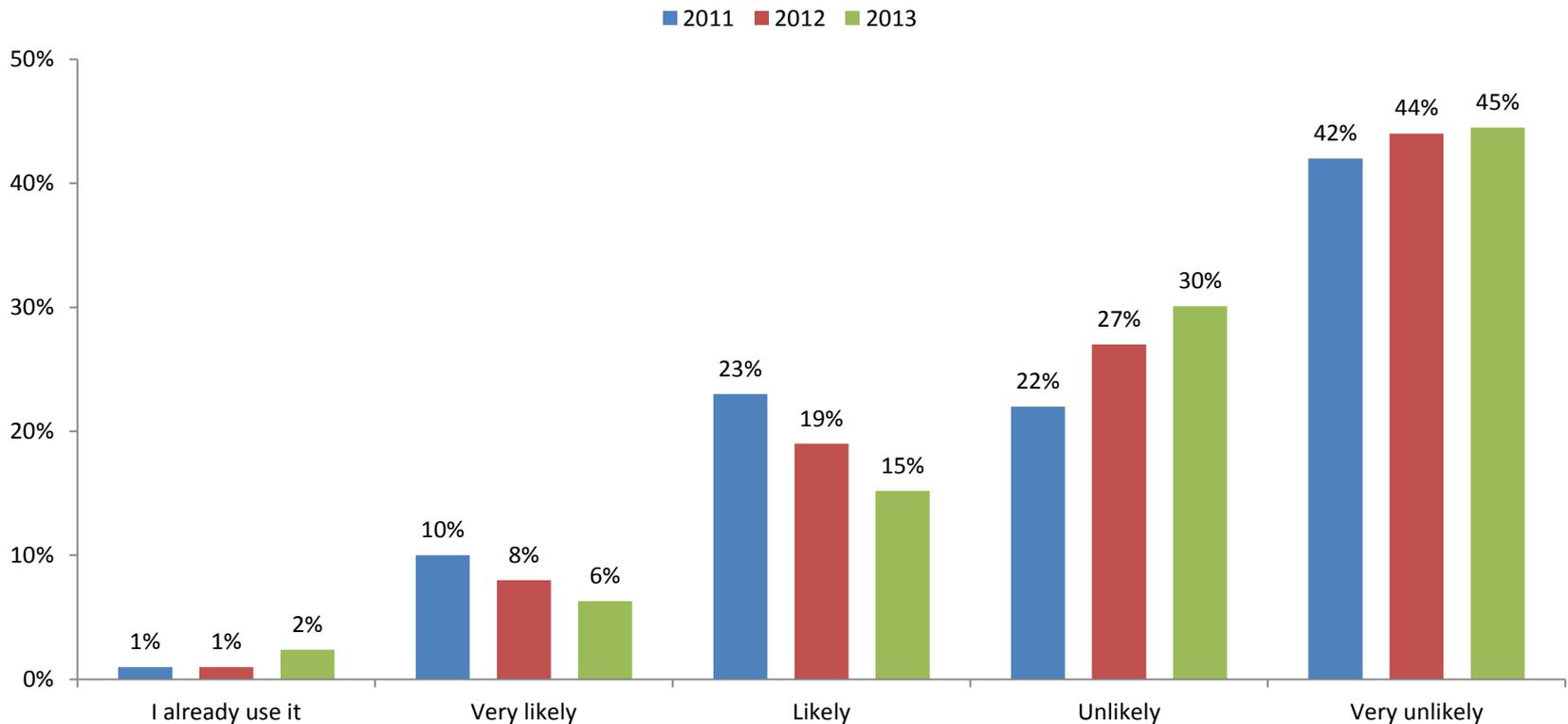




## How likely do you think it is that mobile payments will become a major way people make payments in stores in the next five years? (Asked of those with mobile phones)

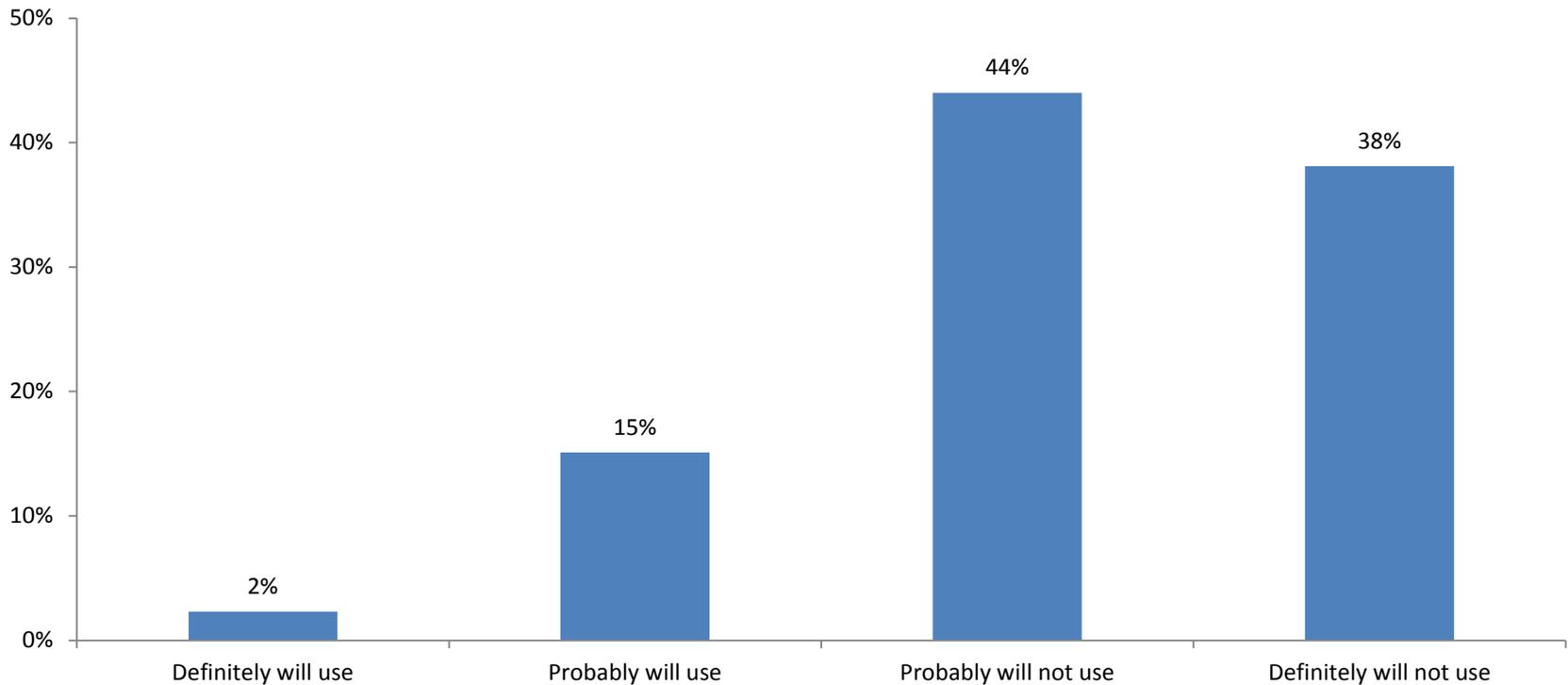


**If you were offered the option of using your mobile phone to pay for purchases in store, how likely would you be to use it? (Asked of those with mobile phones)**





## Do you plan to use your mobile phone to make a payment in a store in the next 12 months? (Asked of those with a smartphone)



\*n=1,145



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



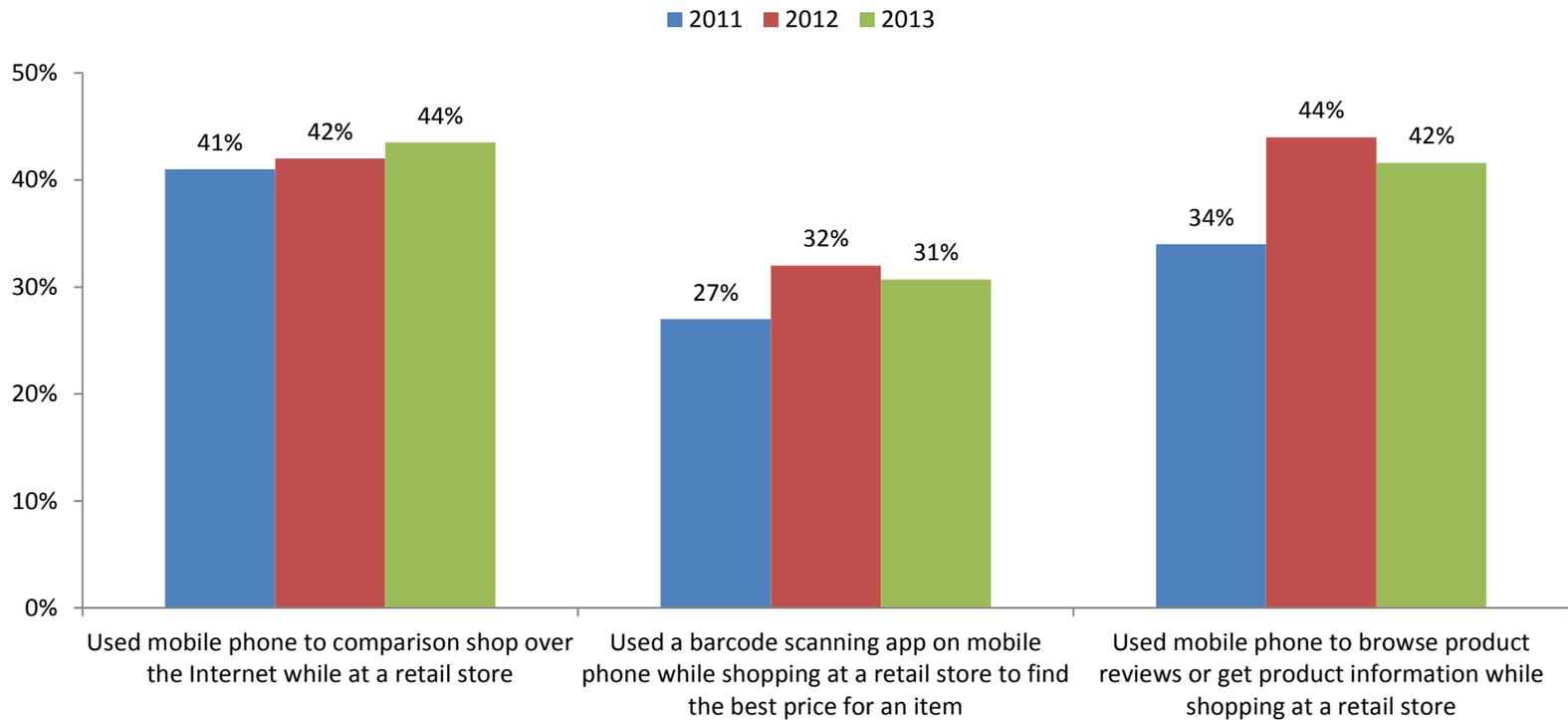
\*n=2,341



# SHOPPING WITH MOBILE TECHNOLOGY

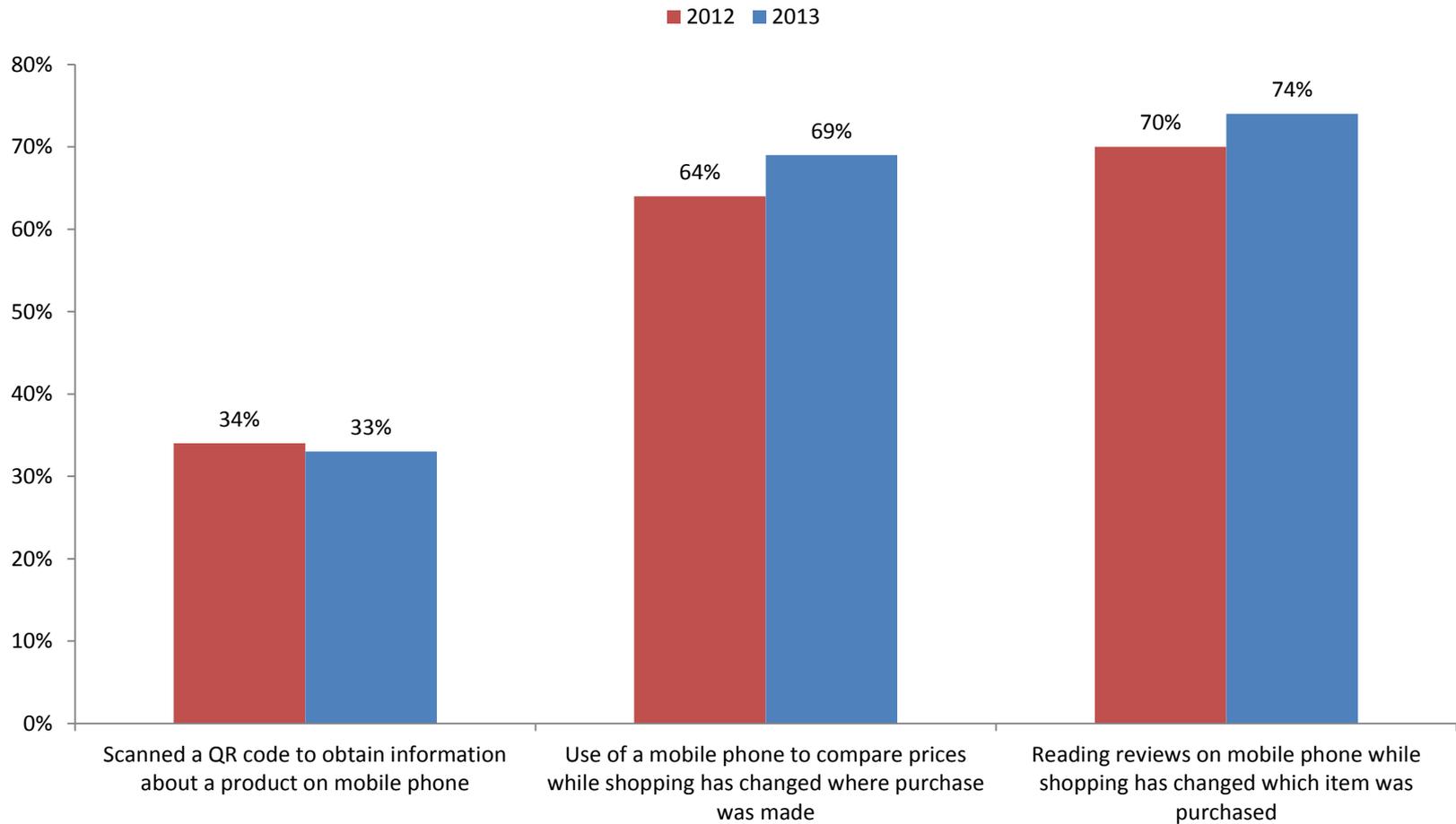


## Shopping Behavior Using Mobile Phone

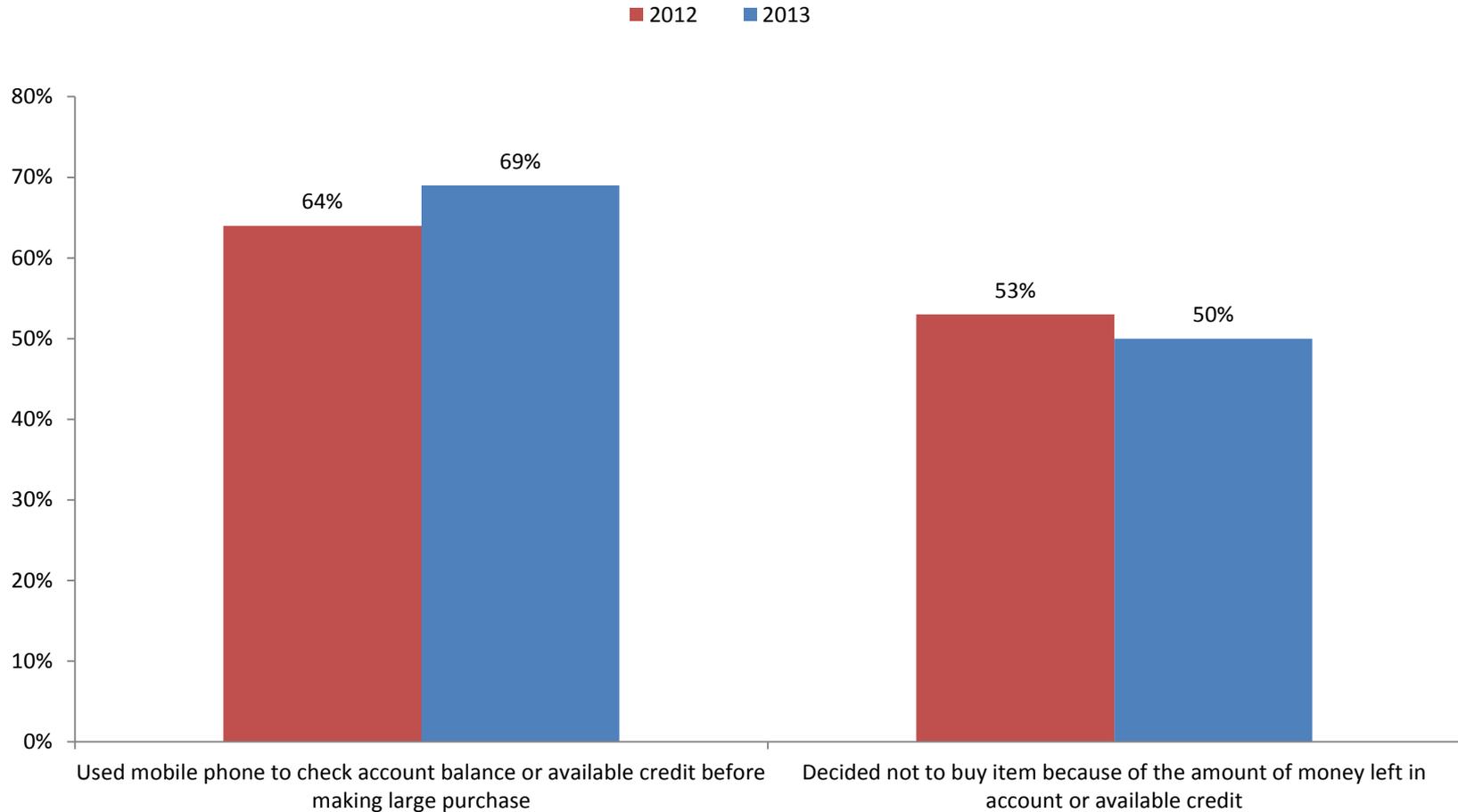




## Use of Smartphones when Shopping

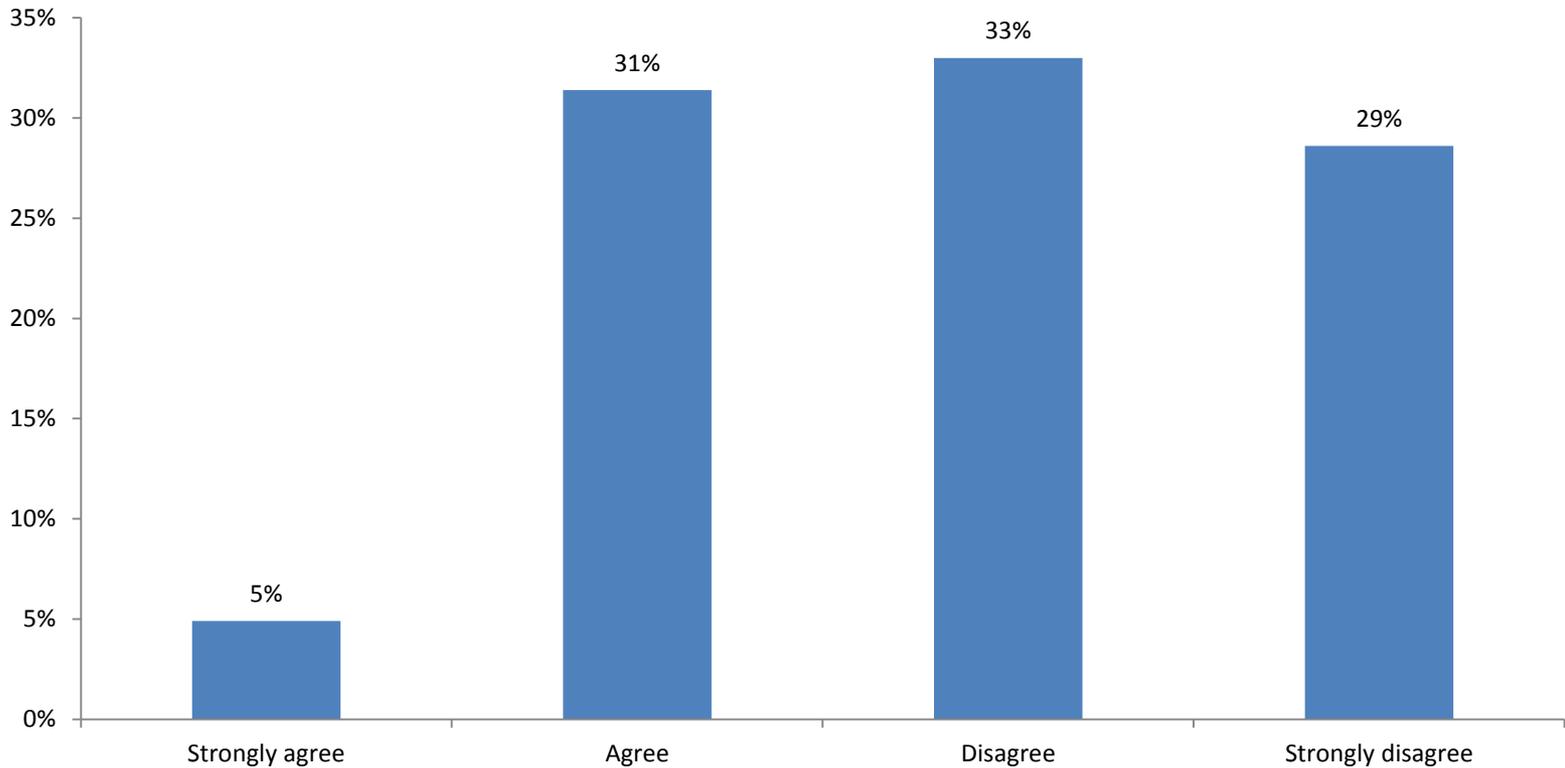


# Using Just-in-time Financial Information while Shopping





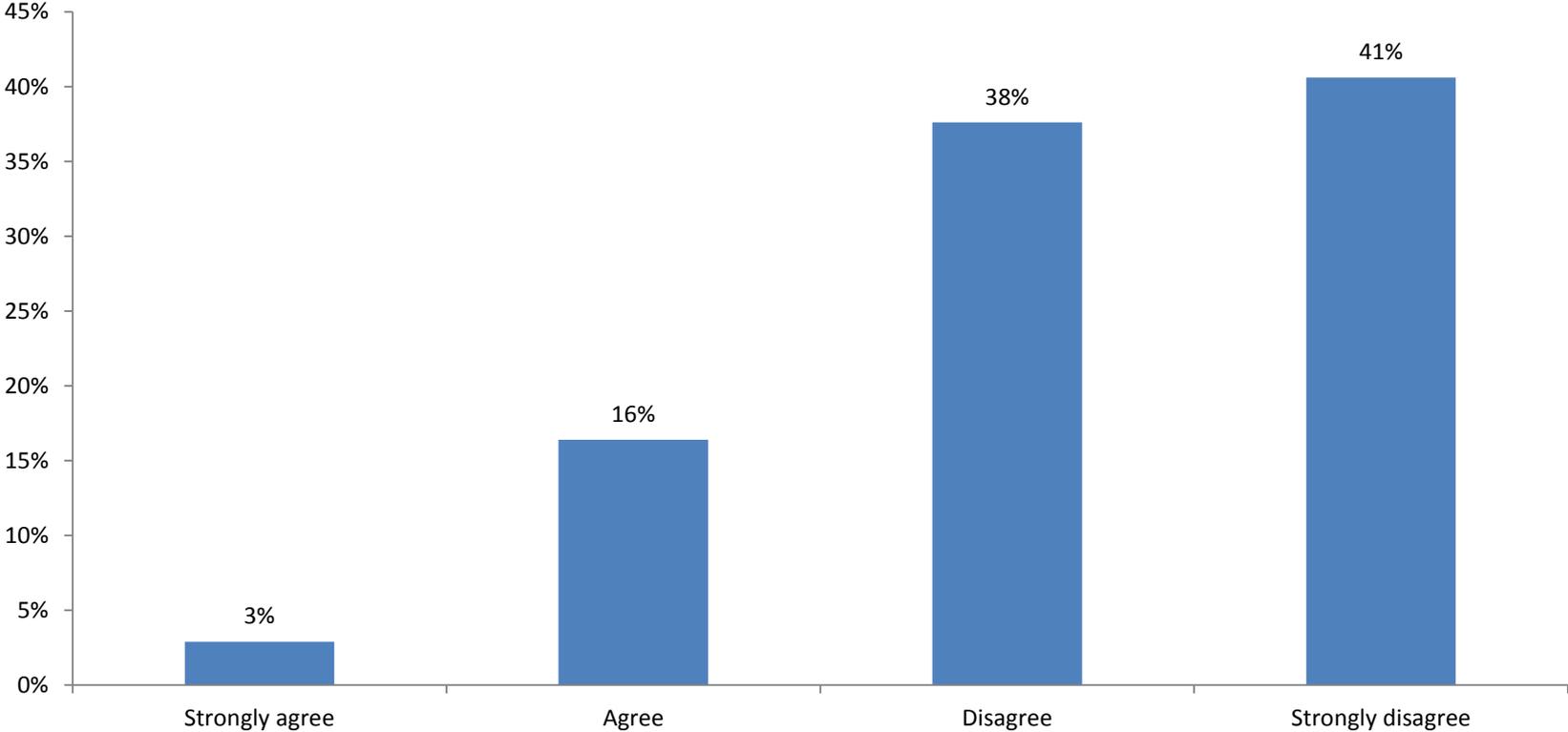
**Willing to allow my mobile phone to provide my location to companies I shop with regularly so that they can offer me discounts, promotions, or services based on where I am**



\*n=1,365



**Willing to allow my mobile phone to provide personal information to companies I shop with regularly so that they can offer me targeted discounts, promotions, or services**



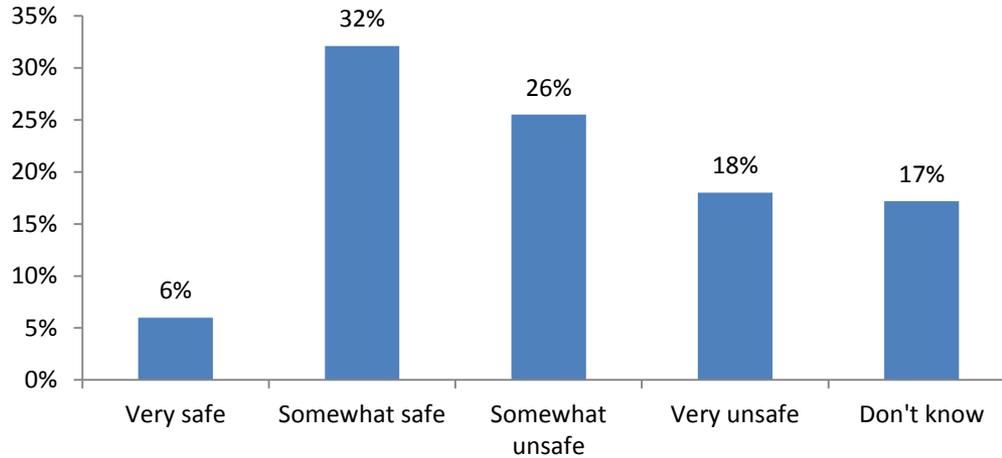
\*n=1,365



# PERCEIVED SECURITY OF MOBILE BANKING AND PAYMENTS

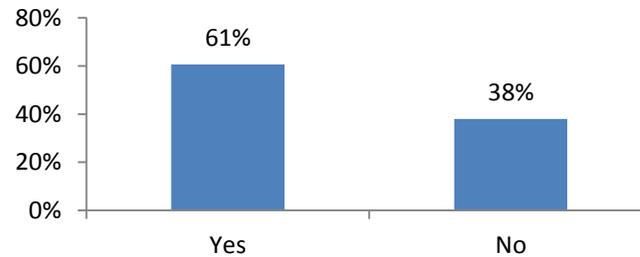


## How safe do you believe people's personal information is when they use mobile banking?



\*n=2,341

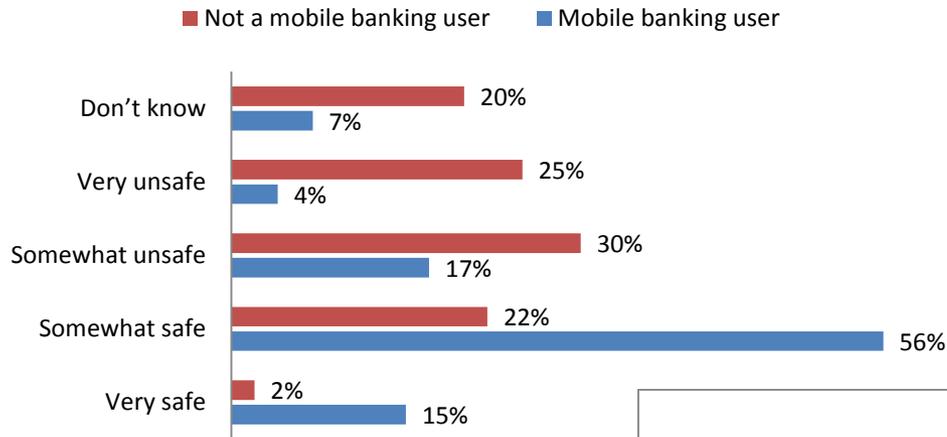
## Do you password protect your smartphone?



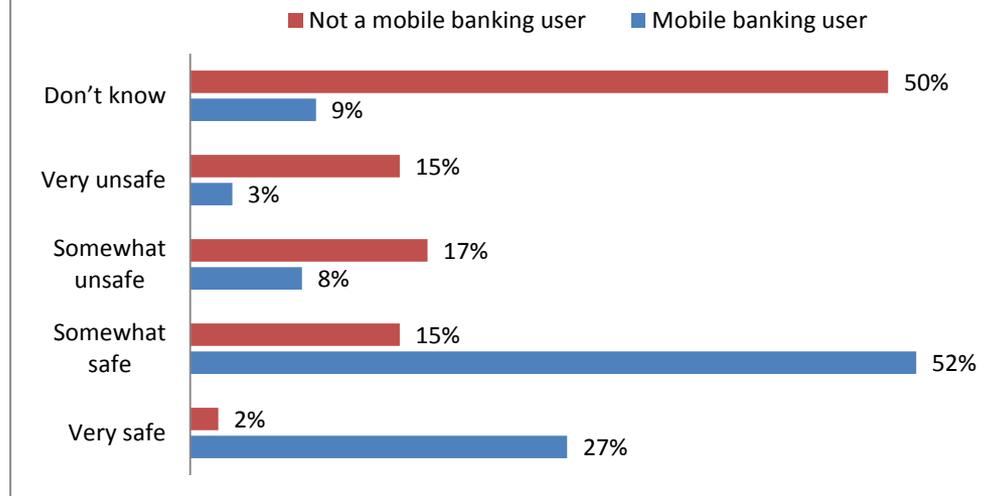
\*n=1,365

# How safe do you believe people's personal information is when they use mobile banking?

**2013**

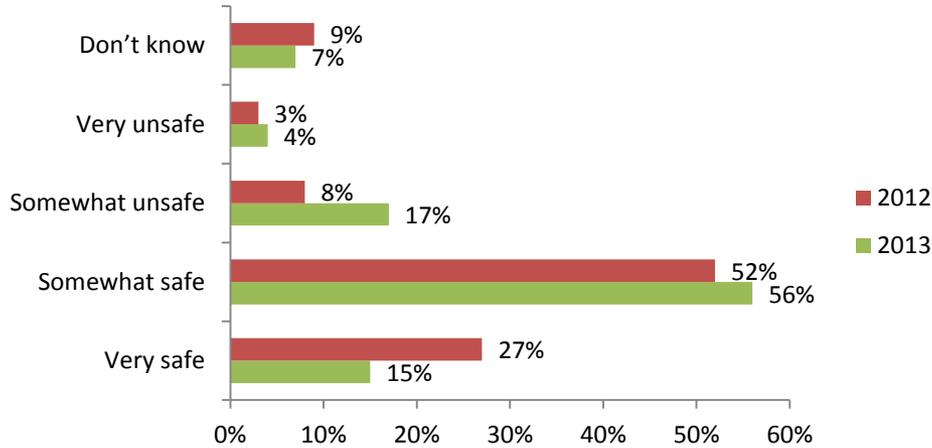


**2012**

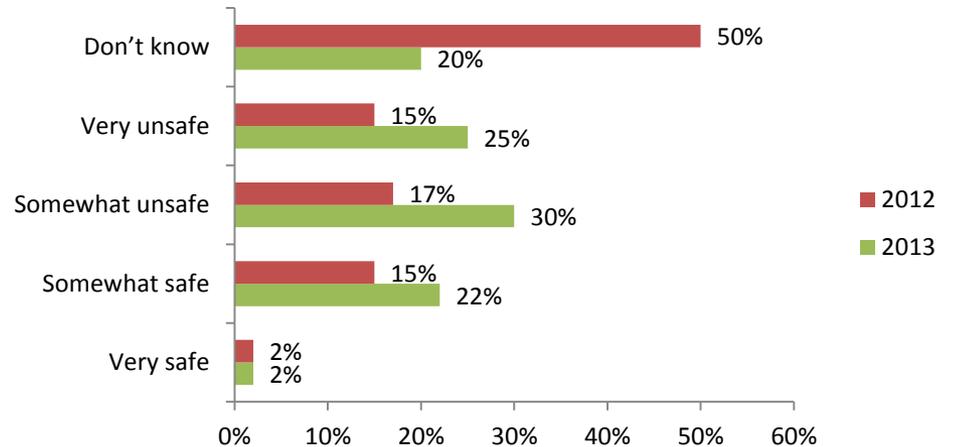


# How safe do you believe people's personal information is when they use mobile banking?

## Mobile banking users



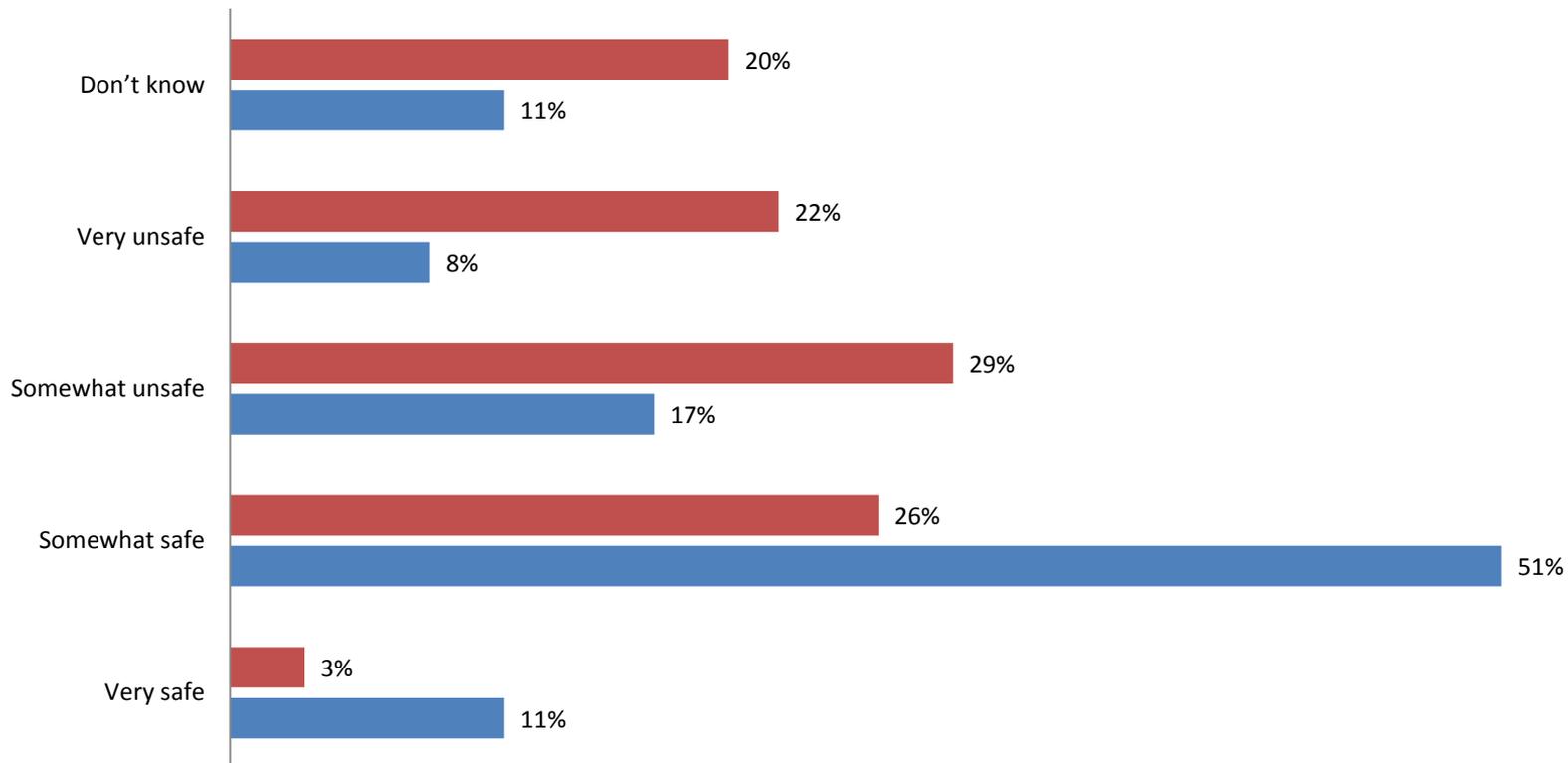
## Not a mobile banking user



# How safe do you believe people's personal information is when they use a mobile phone to pay for a purchase at a store?

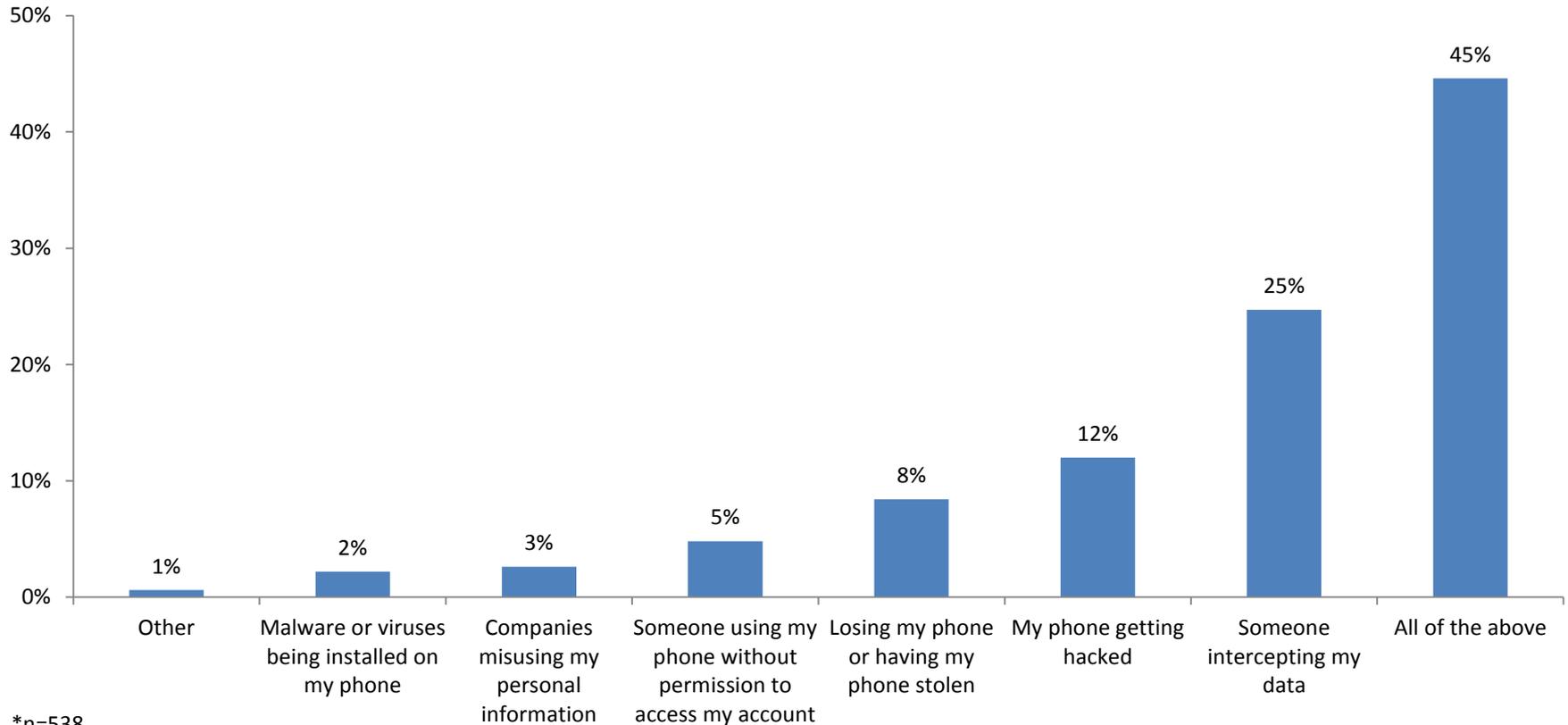
2013

■ Not a mobile payments user   ■ Mobile payment user



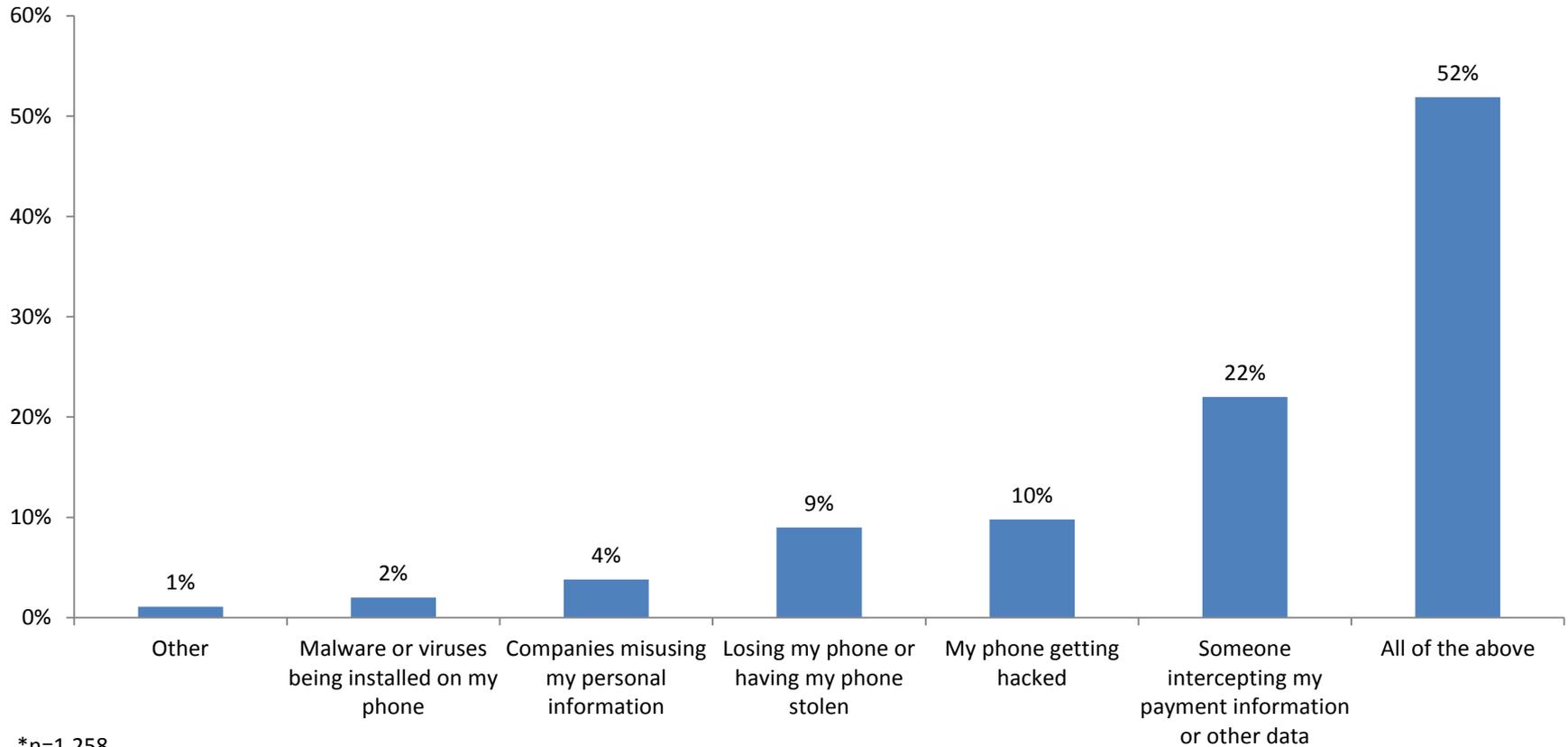


## Specific security concerns with mobile banking (Among those who expressed a concern about security)





## Specific security concerns with mobile payments (Among those who expressed a concern about security)





# Key Takeaways

- Use of mobile banking continued to increase
  - Use of remote deposit capture has nearly doubled in past year (going from 21% of mobile banking users in 2012 to 38% in 2013)
- Use of mobile payments broadly defined has been constant
  - However, use of mobile phones to make point of sale purchases has almost tripled in past 12 months (from 6% to 17% of smartphone owners)
- Convenience is now a major driver of mobile financial service adoption
- Concerns about benefits and usefulness main limiters of adoption
- Security concerns about mobile financial services have *increased* over the past year among both users and non-users
  - Large shift from people not knowing how secure the services are to thinking that they are unsafe
- The use of smartphones while shopping continues to increase

# Contact Information:

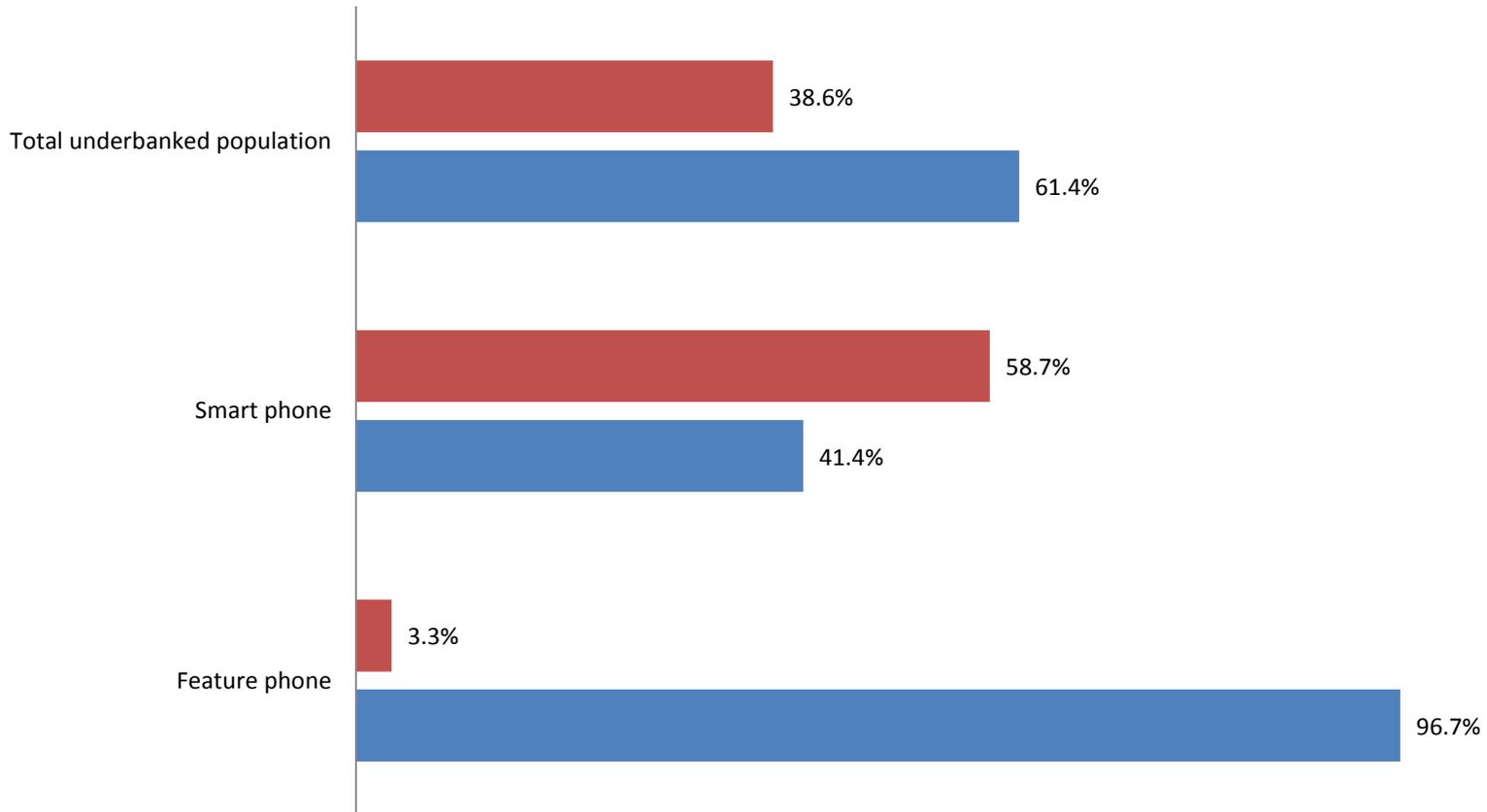
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## Mobile banking use by underbanked population

■ Mobile banking user   ■ Not a mobile banking user





## Mobile banking use by underbanked population

■ Not a mobile banking user ■ Mobile banking user

