




## Digital Banking More Essential to Consumers Than Ever Before

Insights From the 13th Annual  
Consumer Trends Survey

**fiserv.**



Today's consumers are mobile, social and more connected than ever before. They want control over their finances, delivered in the form of effortless, instant interactions that don't interrupt their lives. While many struggle to make ends meet, they expect convenience and believe it is worth the cost.

These generalizations represent the sometimes paradoxical attitudes of today's consumers, who increasingly expect more. Each compelling, technology-driven experience consumers receive from the likes of Apple®, Amazon® or Google® increases their expectations of their financial services providers. Emerging financial tech startups and nontraditional entrants are intensifying their challenge to financial institutions for the hearts and minds of consumers across every single line of business.

In this environment, financial institutions must understand the needs of consumers and remain focused on enabling the control, convenience and speed that they demand. To support these efforts, the 2014 Fiserv Consumer Trends Survey delivers insights into consumer attitudes and behaviors related to digital banking and payments services and makes recommendations on how financial institutions can capitalize on the research to drive adoption, satisfaction and growth.





## About the Survey

Now in its 13th year, the Fiserv Consumer Trends Survey is one of the longest-running consumer surveys in financial technology. Except where otherwise noted, this report presents findings from the 2014 survey, conducted online in October 2014. Fiserv surveyed 4,000 consumers—representative of U.S. checking account holders, ages 18 years and older. The survey has a statistical margin of error of +/- 3 percent.

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## A Glossary of Digital Financial Services

Survey respondents were provided with specific definitions of various digital financial service terms. These include:

**Online Banking:** A service that allows consumers to view their account activity, transfer money between accounts or pay bills on a financial institution's website.

**Financial Institution Electronic Bill Pay:** A bank or credit union bill pay service that enables consumers to pay any bill or individual from a single website. This service often allows consumers to receive bills online as well.

**Financial Institution E-Bill:** Some bank and credit union bill pay services allow customers to receive and view online versions of bills in addition to being able to pay them online. Electronic bills are online versions of the paper ones received from billers, but they are sent directly to banks or credit union bill pay services.

**Mobile Banking:** A service that allows consumers to access bank or credit union accounts, pay bills and manage finances from their mobile phones or tablets.

**Personal Payments Service (or P2P):** A service that allows consumers to send/receive money electronically to/from anyone they know, donate money to a charity or pay a local business (e.g., for lawn services or rent) at their banks' websites or from their mobile phones.

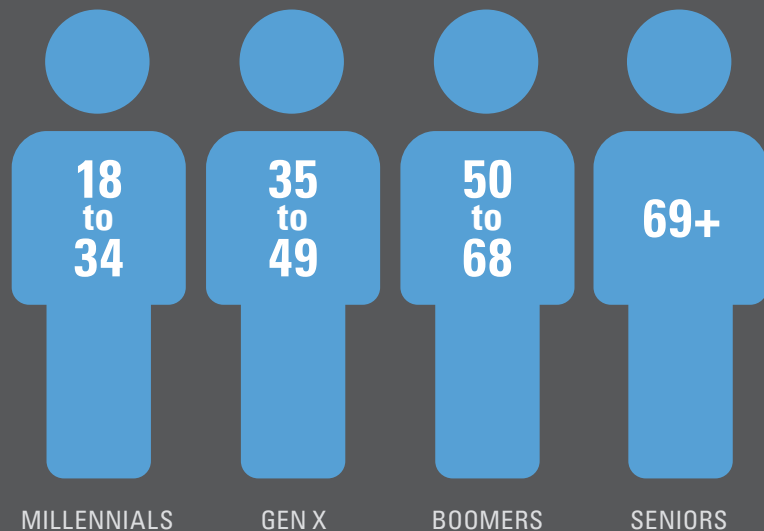
# Understanding the Lives of Today's Consumers

This report highlights the opportunities for financial institutions to better understand and expand their digital reach to all consumer segments. Much of the survey data presented here is segmented by generation.

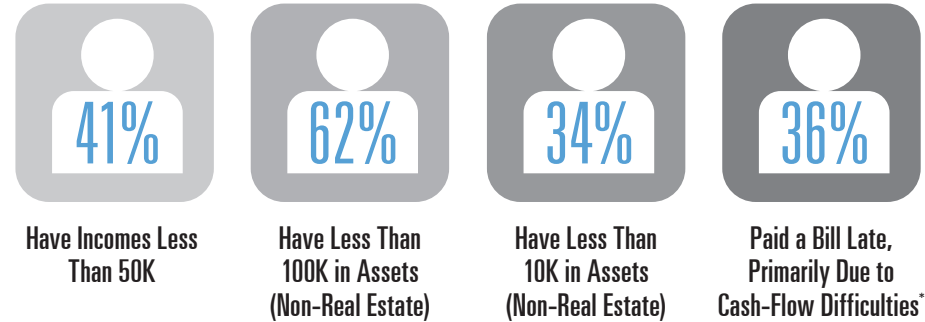
Survey findings reveal that the vast majority of people value opportunities to better manage their financial lives. This is especially important given that many people are on tight budgets and have limited savings.

While people often assume there are significant differences between older and younger generations, this is not always the case. Across all consumer segments, findings reveal that digital banking users are among a financial institution's most valuable customers. In particular, they use more revenue-generating services than nondigital financial services consumers.

## Generations Defined by Age



## Many People Are Living Paycheck to Paycheck



\*Source: Seventh Annual Billing Household Survey

## They Have Broad Access Via Mobile Devices and Computers

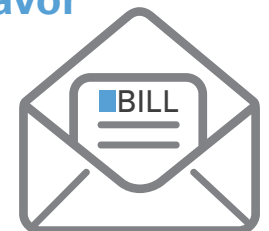


## Paying Bills Is a High-Effort Endeavor

83% Consider Receiving and Paying Bills to be Medium- to High-Effort Endeavors



Consumers Worry About Due Dates and Late Payments





## Consumers Who Use Digital Banking Are More Likely to Use Other Revenue-Generating Services

As consumers have adopted digital banking services, the relationship with other revenue-generating services has become clear. Online banking, online bill pay and e-bill are predictors of use of other revenue-generating services including savings, loans and credit products.

For example, users of online bill pay use an average of 33 percent more services than nonusers, with bill pay services associated with significantly higher rates of savings account and credit card adoption. In addition, e-bill is one of the strongest predictors of revenue generation, with recipients having an average of 1.3 more services than customers who do not use online banking.

The implication is that users of digital banking and payments are among a financial institution's most valuable customers. Use of these services often predicts the use of other revenue-generating services and offers a critical opportunity to deepen relationships with customers.

E-Bill Users			Bill Pay Users		
71%	52%	18%	64%	42%	13%
Savings Account	Credit Card	First Mortgage	Savings Account	Credit Card	First Mortgage
Online Banking Users			Nonusers		
62%	30%	8%	52%	27%	7%
Savings Account	Credit Card	First Mortgage	Savings Account	Credit Card	First Mortgage

# Digital Banking Continues to Grow, Playing a Central Role in Consumers' Financial Lives

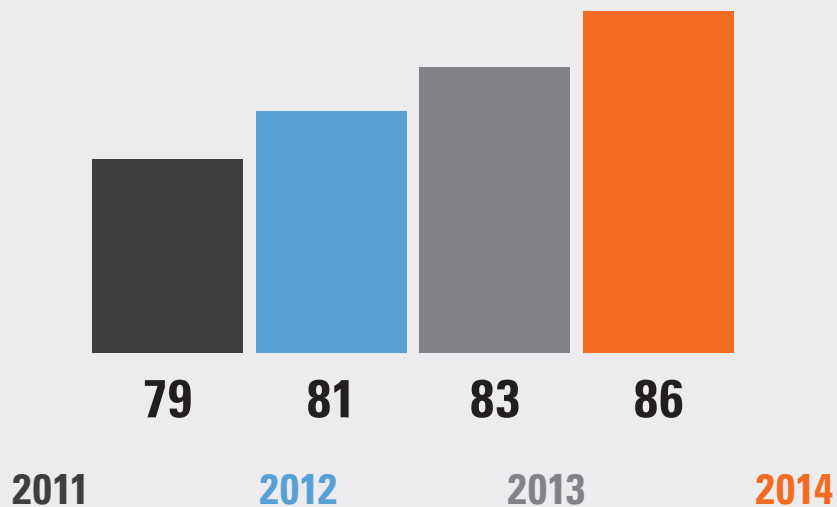
Broadly speaking, adoption of digital financial services continues to increase. Eight in 10 U.S. households (86 million households) with Internet access now use online banking, with incremental growth continuing each year. Online banking usage is high, with customers accessing accounts through online banking an average of 10 times per month. Nearly one quarter (24 percent) of users access their accounts every other day or more.

Mobile banking continues to grow steadily with a 17 percent increase in adoption between 2013 and 2014 (from 30 million households to 35 million households). Not surprisingly, increases in smartphone ownership are driving increases in mobile banking usage, with 48 percent of smartphone-owning households using mobile banking in the month prior to the survey.

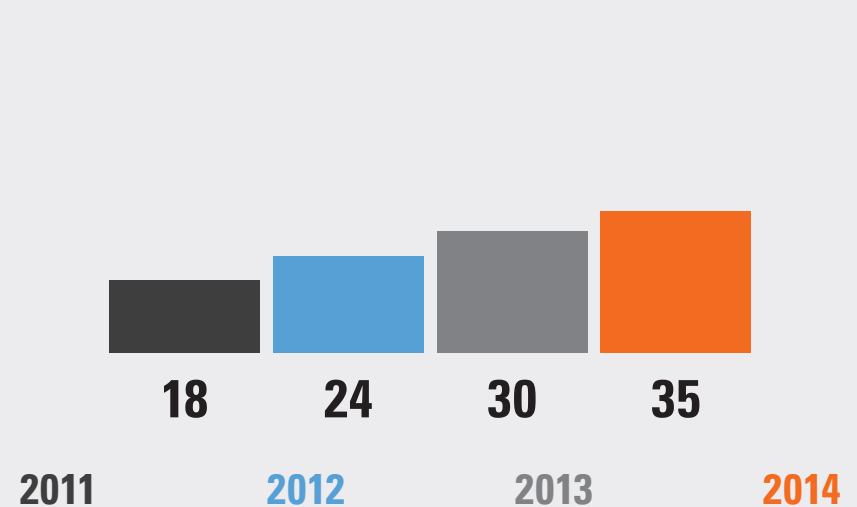
Consumers clearly value the role of these services in helping them manage household finances. For example, more than half of online banking users say a reason they use the service is because it "helps me keep track/manage my household finances," while 73 percent of mobile banking users cite the ability to access their bank account from anywhere as the top benefit of the service.

## Online Banking Is in Late-Stage Adoption, Mobile Banking Gains Steam

**Online Banking**  
In Millions of Households



**Mobile Banking**  
In Millions of Households



## Satisfaction With Digital Banking Is High

Ninety-two percent of online banking users report that they are satisfied or very satisfied with the service. When asked to compare their online banking website to the retail site they used most in the past three months, nearly two-thirds (61 percent) indicated the two sites were equally good,

while 21 percent said their online banking site is better than their most frequently used retail site.

Satisfaction with mobile banking is comparable to that of online banking, with 92 percent of users indicating they are either satisfied or very satisfied

with the service. These figures are also consistent across generations. For example, 88 percent of millennial respondents report being satisfied or very satisfied with their mobile banking service, while 87 percent of seniors say the same.

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## Mobile Payments Driving Card Use

Fiserv research also suggests mobile device use is driving use of other services, including credit and debit cards. According to a 2014 Fiserv debit

and credit card survey, among respondents who had made a payment using their mobile device, 60 percent of credit card users and 66 percent of


debit card users reported that the ability to make payments from their mobile device influenced them to make more card transactions.

## Many Mobile Banking Customers Make the Most of Available Features

### Use of Transactional Features

34% 


Transfers Between  
My Accounts at Bank

29% 

Deposit Checks Using  
Mobile Phone Camera


21% 

Use Bill Pay


17% 

Send Money To or Receive  
Money From Other People

### Use of Informational Features

68% 


View Account Balances

30% 

View Monthly Statement

28% 

Locate an ATM  
or Branch

23% 

Receive an  
Account Alert Via App

Existing mobile banking users indicate that they utilize a wide variety of available features. These range from transactional (e.g., transferring between accounts) to informational (e.g., viewing account balances). Mobile banking users who use transactional features are also more satisfied with the service, suggesting that the ability to take action is a driver of satisfaction.



## Interest in Financial Institution Bill Pay Grows

Electronic bill payment continues to grow overall, although that growth is coming almost entirely from automatic payments made through the biller direct channel. While growth in bill pay at financial institutions is incremental, interest in the service is extremely high. In fact, overall interest in financial institution bill pay among nonusers

increased significantly between 2013 and 2014 (from 21 percent to 33 percent).

Younger consumers are especially interested in bill pay options. Nearly half (45 percent) of millennial nonusers and more than a third (37 percent) of Gen X nonusers say they are interested in trying

financial institution bill pay. Put in the context of population, this is approximately 69 million Americans between 18-49 who are not using financial institution bill pay and are interested in doing so. It is also worth noting middle-income consumers also report high interest levels (39 percent).

Between 2013 and 2014, interest in financial institution bill pay increased from 21 percent to 33 percent among nonusers of the service.

The percentage of respondents interested in receiving e-bills grew from one-quarter to one-third between 2013 and 2014.

## E-Bill and P2P Services Poised for Growth

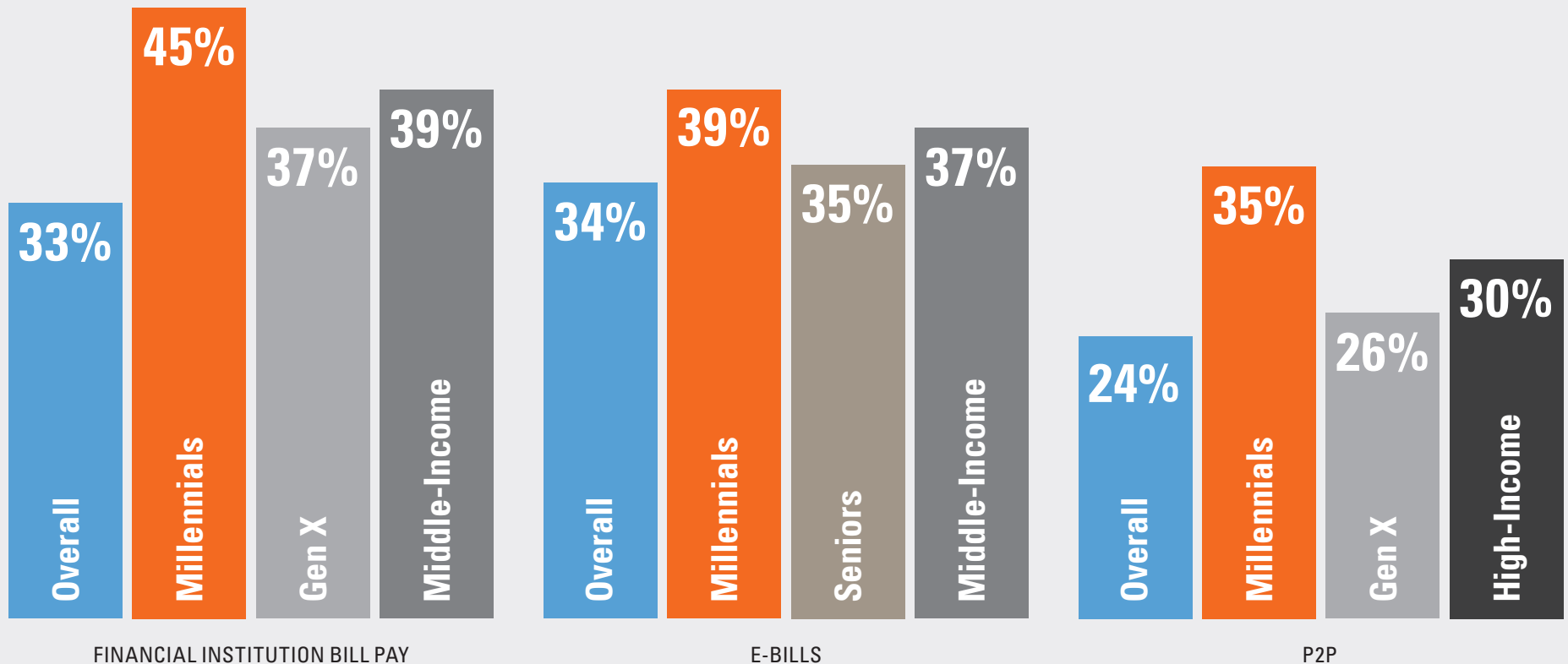
In addition to bill pay, findings also reveal high levels of interest among nonusers of other services. For example, those interested in receiving e-bills grew from approximately one-quarter (26 percent) to one-third (34 percent) of respondents between 2013 and 2014. Importantly, once customers are enrolled, e-bills tend to be a high-engagement service,

with 81 percent of recipients receiving two or more e-bills per month and 57 percent receiving at least three per month.

Adoption of P2P services at financial institutions is in a nascent stage, with approximately 9 percent of respondents saying they've used the service. Interest in the service remains promising.

Nearly a quarter of nonusers (24 percent) say they are interested in using P2P in the future, although lack of knowledge and misperceptions about the service are barriers. For example, 37 percent say not knowing enough about how P2P works keeps them from using the service, while 39 percent say fees are a key barrier.

## Digital Services: Significant Interest Among Nonusers, Particularly Millennials



P2P



ONLINE  
BANKING

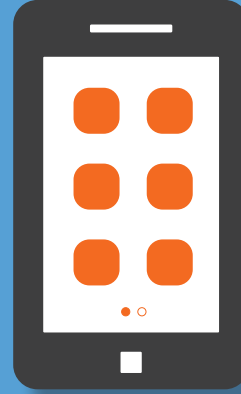


FI BILL PAY

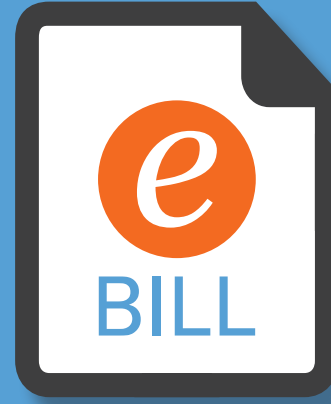


Taken together, the increased interest in digital financial services presents a wide range of opportunities for financial institutions to deepen relationships with their customers.

MOBILE  
BANKING



E-BILLS



# The Implications: The Right Enhancements, Education and Marketing Will Drive Adoption

The survey data begin to paint a picture of the digital financial services consumers are interested in, the benefits consumers value most, and the areas in which additional education and awareness-building is required.

It is up to financial institutions to provide the capabilities people want, educate consumers about them, and market available services and their benefits. These are the actions that will position the financial institution at the center of the consumer's financial life.

There are three steps to drive adoption of digital banking services.

1

Focus enhancements on just-in-time and just-in-case offerings.

2

Educate consumers to close the awareness gap.

3

Market the most salient value propositions to current and potential users.

Focus enhancements on just-in-time and just-in-case offerings.

1

## Consumers desire an on-demand, just-in-time experience.

Same-day posting of online banking transactions is the most desired enhancement for all respondents. Millennials want same-day posting of electronic bill payments and the ability to view bills electronically on their smartphones. Given that many people are living paycheck to paycheck, the popularity of these desired enhancements do not come as a surprise.

### > KEY ACTION ITEM

Focus on faster transactions and robust mobile banking services to respond to consumer desires and help paycheck-to-paycheck customers manage their finances.

## Consumers value a secure, just-in-case experience.

Security alerts, bill reminders and balance alerts were all among the enhancements smartphone users hope to see in mobile banking. The addition of identity protection services is among the most desired enhancements to online banking.

### > KEY ACTION ITEM

Place high priority on providing enhancements related to security and helping consumers avoid potential problems, such as late payments and overdrafts.



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Educate consumers to close the awareness gap.

2

There is a significant opportunity to better educate consumers on how digital banking services work. Doing so could drive adoption and use by clarifying current misperceptions. For example:

- Twenty-five percent of the people who are not interested in financial institution bill pay say it is because they don't want payments automatically withdrawn. This suggests significant confusion since bill pay does not require automatic withdrawal.
- In the 2013 Fiserv Consumer Trends Survey, 40 percent of check users said some billers only accept checks; they were not aware that financial institution bill pay does not require billers to accept electronic payments.
- Among those who say they are not interested in using mobile banking, a slight majority (52 percent) say they don't use the service because they are concerned about the security of their financial information. This indicates an opportunity for financial institutions to educate consumers on security features.

E-bills also suffer from an awareness gap. More than one-third of bill pay users do not know if their financial institution offers the ability to receive bills online. Given that they already pay bills at their financial institution, they may choose to receive e-bills there simply by being made aware of the fact that they can.

Other product offerings could also benefit from awareness-building. For example, 24 percent of respondents say they would use P2P if their financial institution offered it. Given the widespread availability of P2P, this suggests a lack of awareness rather than a lack of product availability.

**> KEY ACTION ITEM**

Leverage customer touch points such as branch visits and customer care calls, as well as in-product messaging and other channels, to communicate the availability of digital banking features. Train your staff to become champions of digital banking services, educating customers and confidently answering their questions.

## Top Education and Awareness Issues to Address

Channel	Education and Awareness
Mobile Banking	Highlight that the service is secure.
Financial Institution Bill Pay	Clarify that financial institution bill pay does not require automatic payments and that users can pay anyone.
E-Bills	Explain what e-bills are, offer trial periods and promote the availability and benefits of e-bills through online and mobile banking.
Person-to-Person Payments	Promote the availability of P2P payments through online and mobile banking.

Market the most salient value propositions to current and potential users.

3

The value consumers place on the ability to manage their financial lives, and financial institutions' unique ability to assist them with that, points to a critical opportunity to effectively market the benefits of available services. Control, convenience and time savings are key value proposition themes. Overall marketing campaigns should focus on how digital services like online banking, mobile banking, financial institution bill pay, e-bills and P2P help consumers manage their finances.

In addition to promoting benefits, marketing can also allay concerns and address barriers. When it comes to paying bills, 35 percent of respondents worry most about keeping track of due dates and 29 percent worry about late payments, so financial institutions can market mobile alerts to address concerns about forgetting bills. As noted previously, mobile banking marketing can also address the security concerns that prevent many consumers from participating in the service.

Finally, many financial institutions will want to consider focusing marketing efforts on millennials. They are a growing consumer segment and are more likely than older generations to sign up for digital banking services of all kinds.

**> KEY ACTION ITEM**  
Leverage existing data (like income, age, online service use) to target solutions and offer the right product mix to the right customer at the right time; emphasize benefits and the ability of products and services to overcome barriers.

## To Drive Adoption, Focus on Control, Convenience and Time Saved

Channel	Core Value Propositions
Online and Mobile Banking	24/7 access. Track and manage finances. Access information and complete transactions anytime, anywhere. Reduce paper. Constant ability to monitor accounts. Check for fraud, monitor accounts, get alerts and manage security issues.
Financial Institution Bill Pay	Click and pay conveniently. Eliminate the cost and hassle of mailing checks. Reduce clutter. Control the timing of payments. Save time by making multiple payments at one place.
E-Bills	View bills at one time, in one place. Keep finances organized. Eliminate paper and clutter. Receive reminders when bills are due.
P2P Payments	Save time – pay anyone whenever and wherever you want. Reduce hassle of writing checks. Control how and when the payment is made.

Understanding consumers' motivations and preferences for digital financial services provides an important basis to help financial institutions drive adoption and strengthen relationships with consumers. For the first time, Fiserv has used the 2014 survey data to create an index of cross-selling opportunities. The use of online banking, financial institution bill pay and e-bill was indexed against the presence of other revenue-generating services.

For example, according to the index, users of online banking are 62 percent more likely than non-online bankers to own stocks and bonds as part of their primary bank relationship, thus the index value of 162. In general, online banking users will be good targets for the services for which they have a higher cross-selling index value, as indicated in the chart at right.

This will also hold true for the financial institution bill pay and e-bill cross-selling index values.



**KEY ACTION ITEM**

Focus sales and marketing efforts on promoting specific services to specific customers with high index values as they will have a propensity to use those services.

## The Cross-Selling Index

Use of Digital Banking and Payments Services Is Correlated to Use of Other Revenue-Generating Services

Online Banking and Bill Pay Service	Banking Service	Cross-Selling Index
Online Banking	Stocks, Bonds	162
	Overdraft Protection	153
	Debit Card	152
Financial Institution Bill Pay	Money Market	150
	First Mortgage	144
	Credit Card	140
	HELOC	140
Financial Institution E-Bill	Stocks, Bonds	200
	HELOC	157
	CD	145

## Great Expectations: Consumers Expect Digital Banking Experiences That Simplify Life

Findings from the Consumer Trends Survey can help financial institutions to better recognize what motivates consumers and what they value. The vast majority of consumers across demographic segments are interested in digital banking and payment options and value the role these services play in their lives.

Even in the face of growing expectations and competition, financial services institutions remain in the best position to be at the center of consumers' financial lives. To fully capitalize on that opportunity, they will need to enhance and innovate products that deliver the just-in-time and just-in-case experiences consumers crave. Financial institutions will also need to renew their education focus in order to dispel myths, build awareness and drive adoption. And they will need to market the most salient value propositions of their products to potential new users.

From the survey data, there is little doubt consumers need and want digital banking services. The only real question is who will be the first to deliver the solutions they want most.





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