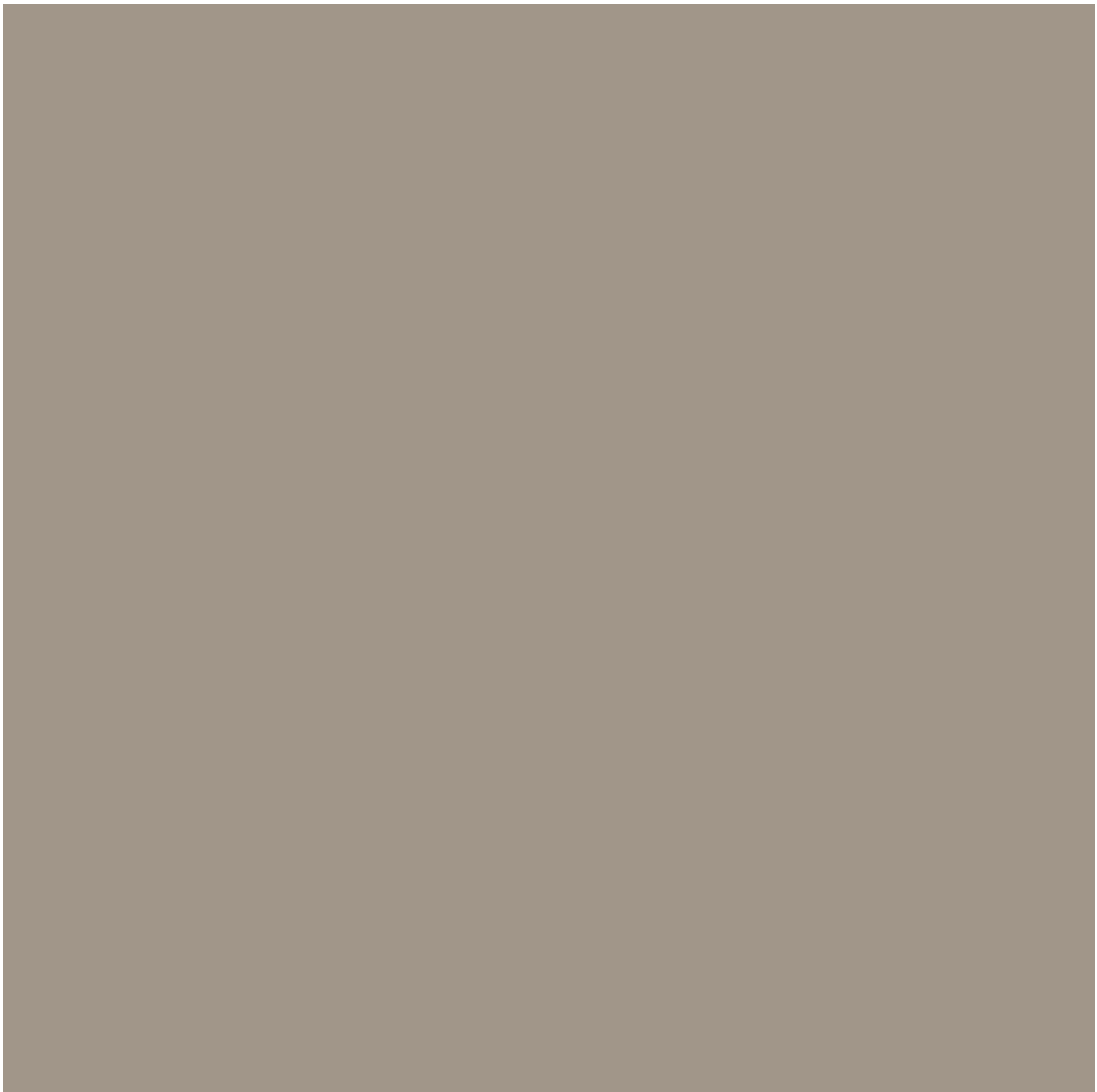


**Research Paper**

How Technology Is Shaping Consumer Use of Documents



# How Technology Is Shaping Consumer Use of Documents

Technology is changing how consumers interact with their bills and statements. As advances in technology dramatically alter consumer behavior, financial institutions must adapt and deploy new channels and solutions to meet the changing demand for the delivery and use of transactional documents. To provide financial institutions with insights on this topic, Fiserv conducted a 2015 Consumer Experience Survey on the delivery of transactional documents (print and digital). The findings can help financial institutions develop and implement effective strategies to meet consumer expectations for these products and services.

Technology is altering consumer behavior in countless ways and pervading almost every aspect of our lives. More than three-fourths of consumers now own smartphones (Fiserv Consumer Experience Survey, 2015) and 83 percent of U.S. households are connected to the Internet, usually with high-speed access (FCC 2015 Broadband Progress Report). A June 2015 Pew Research Center report showed 84 percent of American adults use the Internet on a typical day, compared to just 52 percent of adults in 2000.

For financial institutions, perhaps the greatest impact of technology adoption has been the explosion in digital channel use. A Fiserv Consumer Trends Survey found smartphone banking use is rising significantly, particularly for Gen Y and Gen X consumers in high-income households. The survey also shows digital money movement is becoming more popular, with many online consumers exchanging money with others through person-to-person payment services or through a financial institution's online bill payment system. In addition, Fiserv research reveals interest in personal payment services is rising, especially among younger consumers.

The rapid adoption of digital channels for financial services is having a dramatic effect on the delivery and use of bills and statements, also known as transactional documents. These changes have a profound impact on what consumers expect when interacting with their institutions, as well as how those institutions should adapt their products and delivery mechanisms accordingly.

Fiserv conducted a 2015 Consumer Experience Survey to understand how consumers access and use transactional documents. Specifically, the survey sought to understand the factors that drive consumers to migrate from paper-based communications to digital. The intent of the survey was to establish a baseline for tracking channel behavior and preferences and for monitoring changes annually.

The quantitative survey of 1,500 U.S. consumers was conducted via the Internet. To qualify, respondents needed to be responsible for reviewing household finances, receiving financial institution statements or bills, and paying bills. Respondents had to have a debit or credit card and be 18 years of age or older.

Participants represented an even distribution of gender and a well-rounded distribution of age groups. The web-based administration of the survey also resulted in exclusion of consumers who don't use the Internet or don't have broadband access for electronic bill and statement delivery. As a result, digital adoption numbers are likely higher than in the general population. Finally, the qualifying criteria increased the proportion of households in middle and upper income brackets.

## Trends in Transactional Bills and Statements

### Mobile's Undeniable Impact

The survey findings confirmed mobile device use is rising among all generations, with the highest rates reported by millennials (aged 18-34). Ninety-five percent of millennials surveyed have smartphones, versus 63 for boomers (50-64) and about 40 percent of those 65 or over. Use of a full-sized tablet is also strong, reported by 65 percent of millennials and a lower but modest 45 percent of boomers.

Millennials are clearly drivers of change when it comes to new technology, as other surveys and anecdotal evidence supports. While consumers across the board are adopting new technology rapidly, millennials are much quicker to move ahead. Fifty-five percent of millennials say they're the first to try the latest technology, while the opposite is true for older generations—12 percent of boomers say they are first to try the latest technology.

As digital technology is adopted rapidly and widely, it increases consumer use of digital communications, regardless of age. The survey found a high percentage of all consumers opt for electronic-only bills and statements, and that figure is roughly equal to the percentage that receives these documents in both electronic and print form. (See Figure 1.) Those who only receive them in the mail are now in the minority for most age groups.

Figure 1: Consumers Who Receive Electronic Documents Only



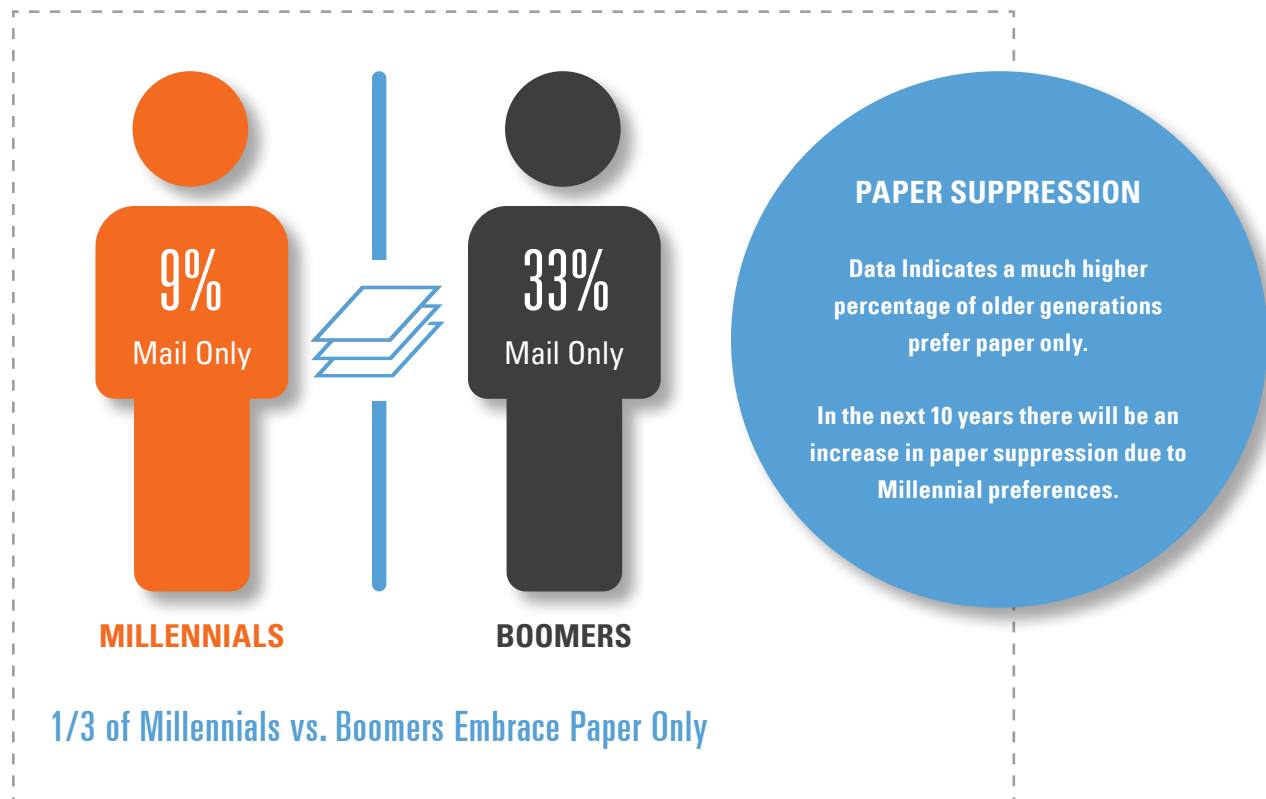
Source: Consumer Experience Survey, Fiserv Inc., 2015

The survey also found consumers are equally comfortable with electronic and print transactional documents. Across demographic groups, a large percentage of consumers most often access and use electronic bills and statements, while far fewer access them in print only. Those with children at home use both print and electronic documents at a statistically significant higher rate than those without children.

The gap between younger and older generations' use of paper-only transactional communications is widening, with millennials breaking away from

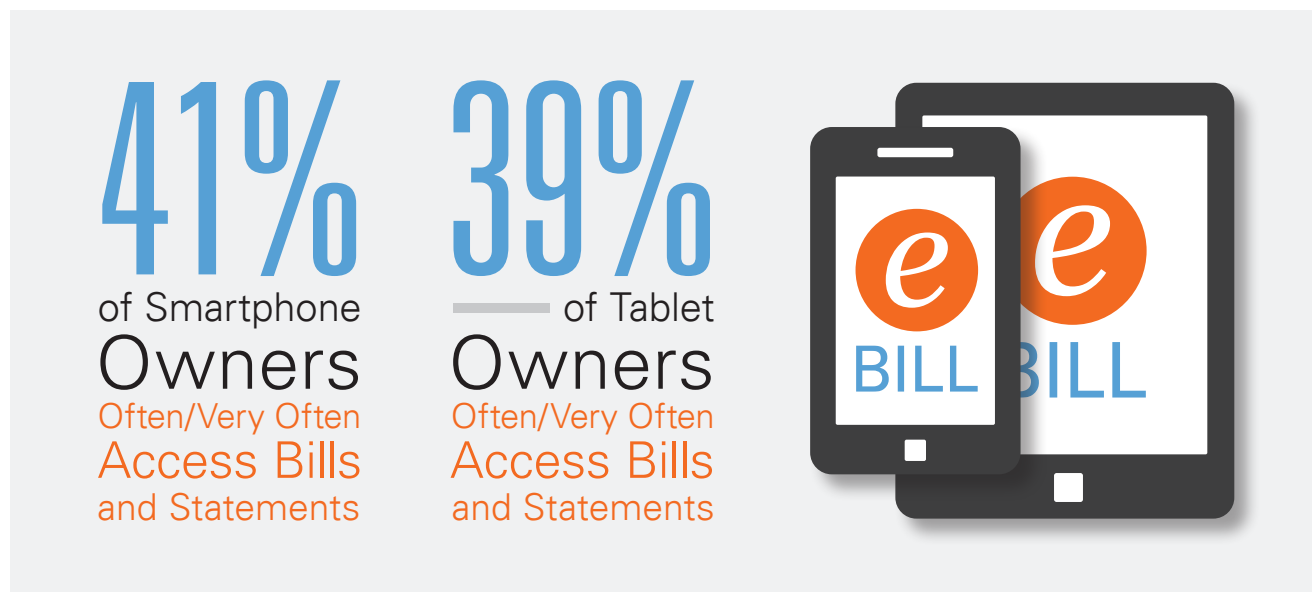
print-only documents at a faster rate than their elders, regardless of document type. (See Figure 2.) Just 9 percent of millennials receive these documents only by mail, compared to 33 percent of boomers. The inflection point seems to be the Gen X group, who are using paper-only at a statistically significant higher rate than younger consumers, yet at a statistically significant lower rate than older consumers. Over time, as millennials become the largest demographic group and move into their peak years for transactional document use, the percentage of all consumers using paper-only will continue to shrink.

Figure 2: Generation Gap – Younger Consumers Break Away From Paper Only



Source: Consumer Experience Survey, Fiserv, Inc., 2015

Figure 3: Mobile Changes Bill/Statement Access



Source: Consumer Experience Survey, Fiserv, Inc., 2015

### Changing Expectations

The proliferation of mobile device use is changing how consumers access and use bills and statements. A high percentage (39 percent) uses tablets to access these documents often or very often, and more than 40 percent of smartphone users do the same. (See Figure 3.) As more consumers access these documents via mobile, what they expect from the experience changes. Thirty-eight percent of millennials want their bills and statements optimized for use on mobile phones, although 63 percent of all consumers want the full bill or statement as opposed to a shorter summary version.

While mobile is one of the prime technologies influencing the use of bills and statements, other technology advances, such as cloud computing and biometrics, also play a role. One in five millennials is likely to store statements in the cloud, compared to just 5 percent of boomers.

With the use of biometrics (fingerprints, voiceprints and other unique biological means of authenticating a person's identity) is on the rise in the financial services industry, thanks in part to Apple Pay™ and other emerging mobile wallets, consumers are beginning to

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show willingness to use biometric security features. Millennials are the most comfortable—15 percent already accessing their accounts using biometrics compared to just 1 percent of boomers. Millennials also differ from their parents when it comes to the use of interactive PDFs. More than half of millennials are open to receiving and paying bills from interactive PDFs, while far fewer boomers are interested in this feature.

### **Paper Still Relevant, Despite Digital's Growth**

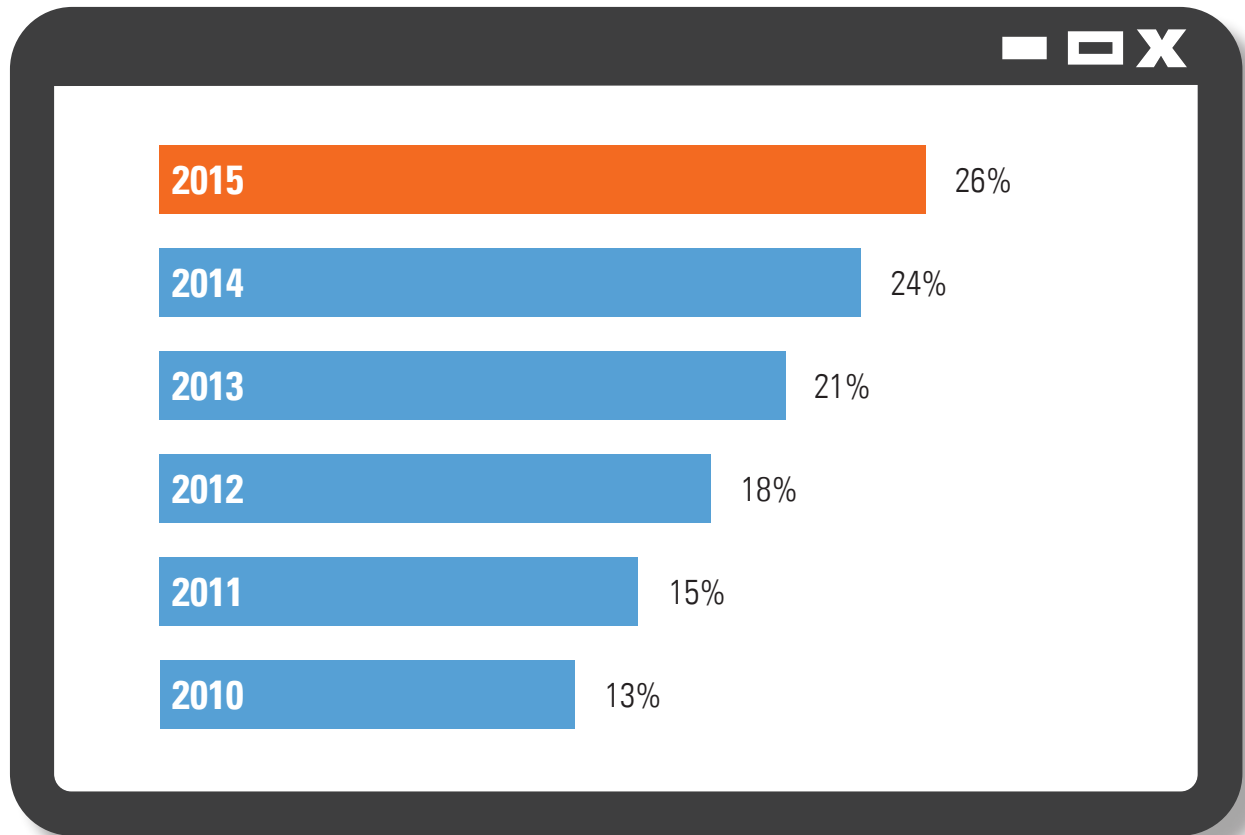
Paper remains the dominant form in which all age groups access and use bills and statements, despite the growth in digital channel use and acceptance of digital transactional communications. In fact it's still very relevant, even after years of active outreach by financial institutions and other organizations encouraging migration away from paper.

Data from the InfoTrends 2015 Customer Communication Trends survey shows paper suppression is advancing slowly but steadily. (See Figure 4.) While only 13 percent of consumers suppressed paper across all document types in 2010, that number rose to 26 percent in 2015 and is expected to reach 28 percent by end of 2016.

If current paper suppression rates continue, we can expect only half of all consumers to have discontinued paper transactional documents by 2022. While the aging of millennials might be expected to accelerate this trend, the impact may not be significant. The survey found that while millennials suppress paper at higher rates than other age groups, the differences are not great—just 7 percent higher than boomers. This finding provides further evidence that print has tremendous staying power.

A number of factors influence consumer willingness to suppress paper from their financial institutions. Consumers suppress paper primarily because digital documents are environmentally friendly and easier to read, and because they don't want to file paper. Those who opt to keep paper want a copy for their records or for tax purposes, are worried about online security, or rely on the bill as a reminder to pay (a reason cited more often by millennials than any other age group). These findings are consistent with the Fiserv Eighth Annual Billing Household Survey.

Figure 4: Paper Suppression on the Rise With Greater Use of Electronic Devices



Source: Annual State of the Customer Communications Market Survey, InfoTrends, 2015



### Recommendations for Transactional Documents

The survey findings suggest several ways in which financial institutions can respond to changing consumer behaviors and expectations related to transactional documents.

- Expand digital delivery of transactional communications and incorporate new technologies accepted by millennials, such as interactive PDFs, cloud storage for documents and biometrics for account sign-in
- Improve efforts to suppress paper bills and statements, using techniques such as advertising a trial period for a new delivery method
- Consider targeting the many consumers who still use multiple modalities for bill and statement receipt as good candidates for e-adoption, as they simply need a good incentive to discontinue paper
- Focus on consumers with children as a demographic group likely to make the switch from paper to electronic documents
- Expand electronic bill and statement storage, improve consumer access to online storage, and provide electronic alerts as a reminder to pay bills

### Conclusion: Opportunities Abound for Documents

Digital technology advancement is significantly impacting acceptance of e-bills and statements. Though millennials tend to be early adopters of technology, when it comes to electronic transactional documents the gap between younger and older generations is not as great as expected. Financial institutions will need to support multiple modalities (both paper and electronic) for the foreseeable future, while simultaneously employing marketing techniques to encourage and accelerate electronic document adoption.

For more information, call 800-872-7882, email [getsolutions@fiserv.com](mailto:getsolutions@fiserv.com) or visit [www.fiserv.com](http://www.fiserv.com).

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