

Expectations & Experiences | Channels and New Entrants

September 2017

## Life made easier

People choose financial services options that make their lives easier. From person-to-person payments and voice activation technology to accessing in-person support, people prefer options that are hassle-free.

As they grow more comfortable with technological innovations and new kinds of providers, consumers appear willing to use multiple channels to manage their financial lives. The key for financial organizations is to tap into consumers' desire for fast, convenient solutions that make their lives easier.

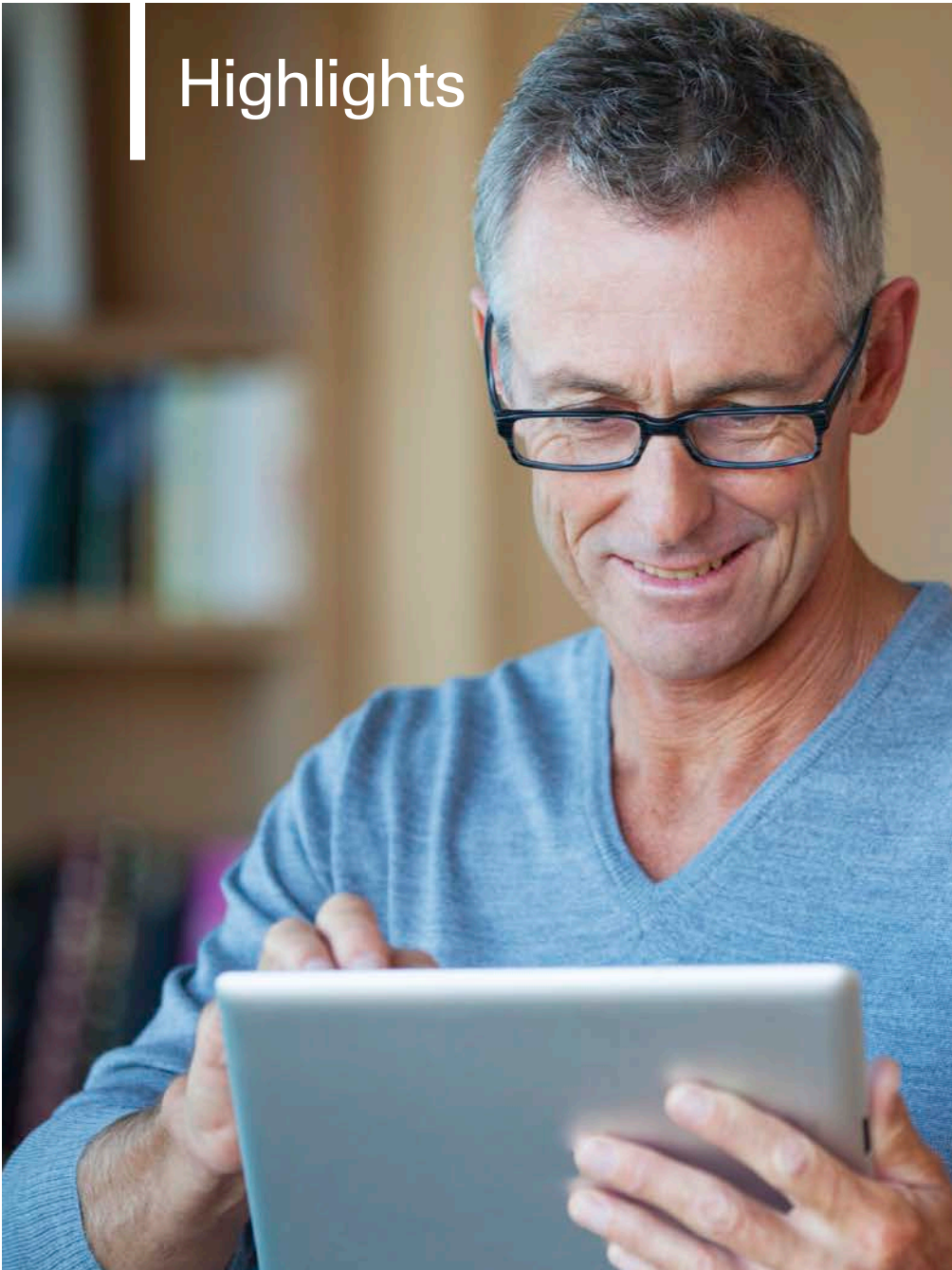
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Expectations & Experiences is a quarterly U.S. consumer trends survey sponsored by Fiserv. One of the longest running surveys of its kind, Expectations & Experiences builds on years of consumer survey data. The survey provides insight into people's financial attitudes and needs, enabling organizations to design and drive adoption of services that improve consumer financial health, loyalty and satisfaction.

Each survey focuses on primary issues relevant to how people move and manage money. This paper summarizes results from a survey conducted February 2–28, 2017, of 3,116 U.S. adults who used their checking accounts to pay a bill or make a purchase in the 30 days prior to the survey. This survey looks at consumers' attitudes toward available financial services options, including established channels as well as new market entrants. The survey was conducted by Harris Poll on behalf of Fiserv. For full methodology, please see page 13.



# Highlights



- 1 People of all ages are changing the way they bank.** Monthly branch visits are down – most notably among boomers and seniors who may be replacing in-person banking with electronic options.
- 2 Nontraditional entrants may be gaining traction.** Consumers are becoming comfortable with the idea of using nonfinancial companies for paying bills, taking loans and transferring money.
- 3 Voice banking presents new opportunities.** People are already using voice-activated devices to perform banking functions and some nonusers are also interested in doing so.
- 4 Three types of consumers are poised to change banking as we know it.** Millennials, high net worth individuals and people who live in urban areas are far more likely to be open to new innovations and new companies offering financial services compared to other types of consumers.

## Variety defines how people bank

People are generally split on how they prefer to interact with their financial organizations. Half choose online or mobile, while 40 percent indicate a preference for the branch and 10 percent prefer to interact by telephone.

People with over \$1 million in investable assets differ in their preferences for interacting with their financial organizations. They are far more likely to prefer interaction via telephone (17 percent) than those with less than \$1 million (10 percent).

However, most people do not use one mode exclusively and instead alternate among channels.

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## When it comes to consumer usage, no channels are excluded from consideration

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Survey question to all qualified respondents: In which of the following ways would you most prefer to interact with your primary financial organization? / Survey question to those who visited a branch/logged onto their FO's website in the past month: Approximately how many times have you visited a branch (excluding ATM)/logged onto your primary FO's banking site within the past month?



**2.6** times per month (on average) consumers visit their financial institutions' **branches**

**9.9** times per month (on average) consumers visit their financial institutions' **websites**

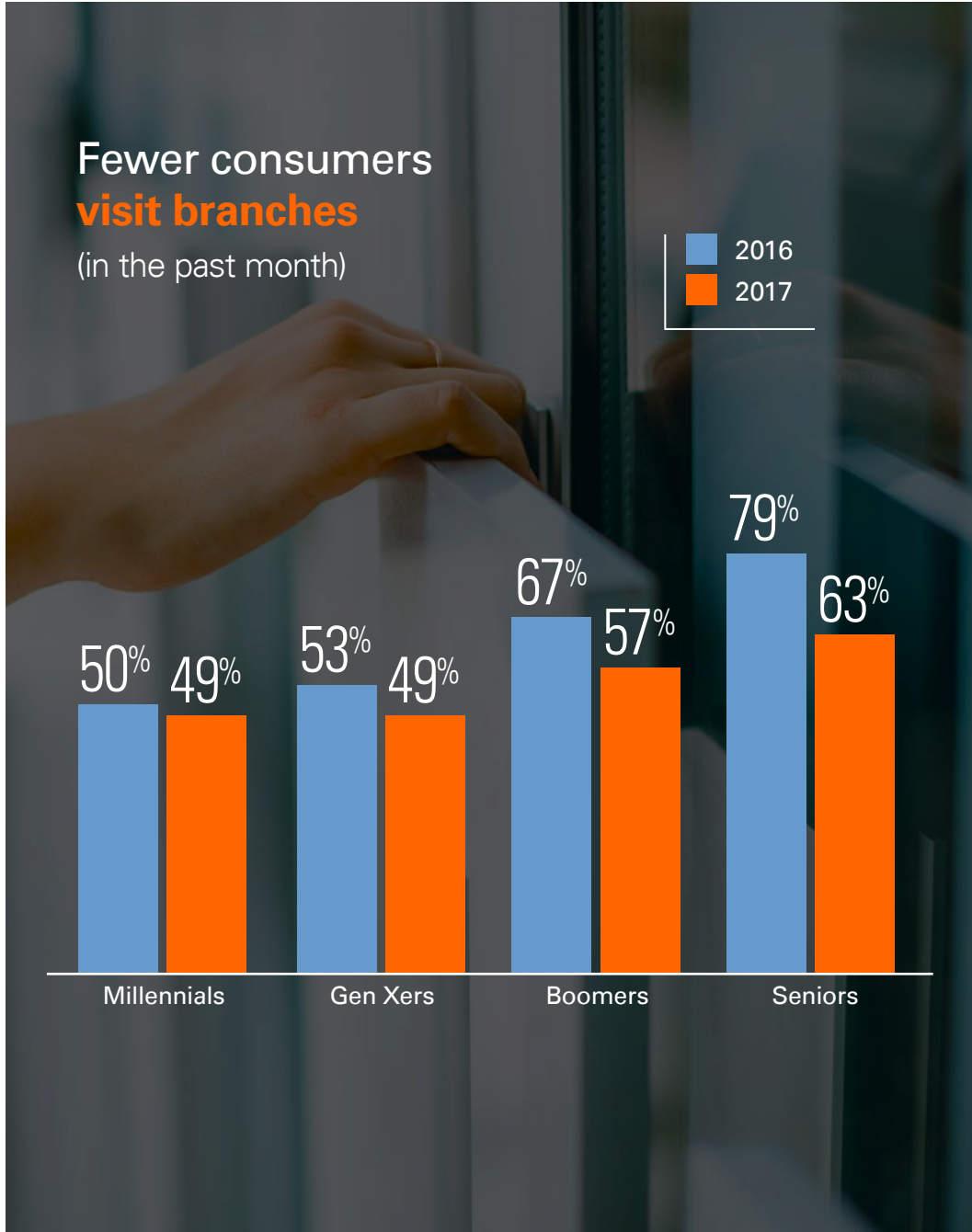
# Branch visits are down

Once people start using different banking channels, there is consistency across age groups in terms of frequency of use. Millennials visit the branch just as often as early boomers and slightly more than seniors. Similar trends are observed with website use, although seniors use mobile banking less often than other age groups.

The number of people who visit branches is shifting. For example, in 2017, 54 percent of consumers visited a branch in the past month compared to 61 percent in 2016 according to 2016 Expectations & Experiences: Channels and New Entrants research.

**Boomers and seniors appear to drive the decline in monthly branch visits.** While the share of millennials' and Gen Xers' branch visits was similar to last year's survey, the number of boomers and seniors who visited their financial organizations dropped sharply.

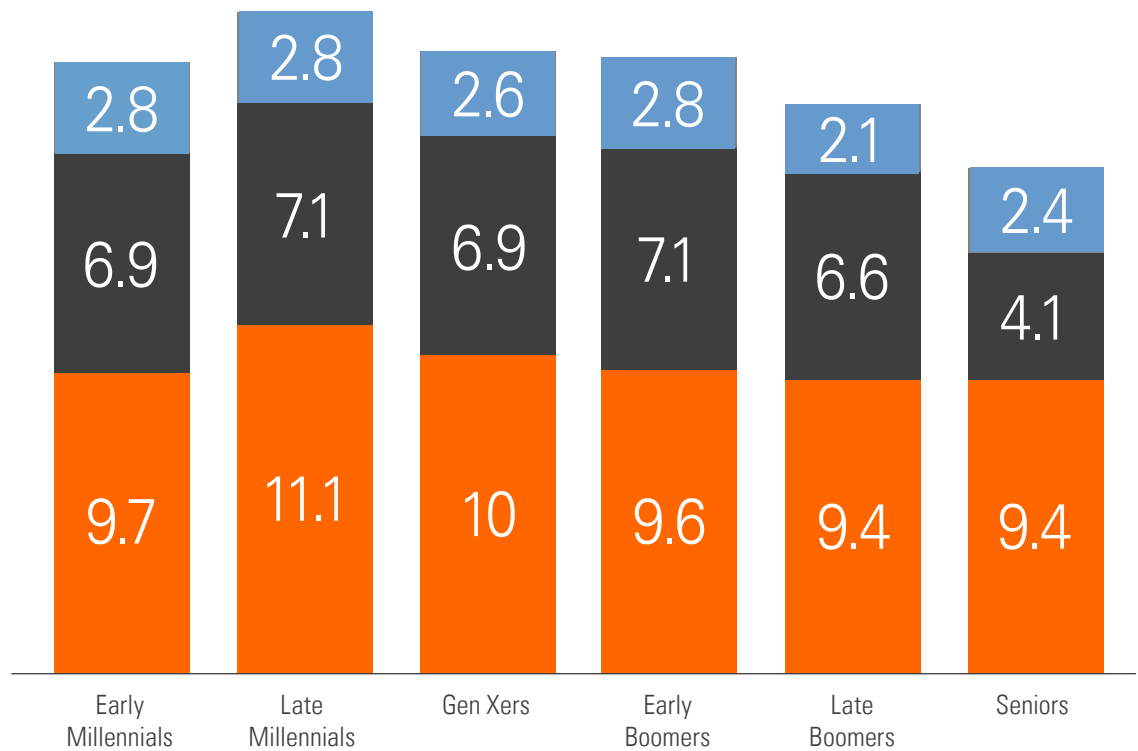
Survey questions to users of each service in the past month: Approximately how many times have you visited a branch (excluding ATM)/logged onto your primary FO's banking site within the past month? / Survey question to all respondents: In the past 30 days, approximately how many times have you or your household used the following? (Note: Question was asked in the 2017 Expectations & Experiences: Consumer Payments survey.)



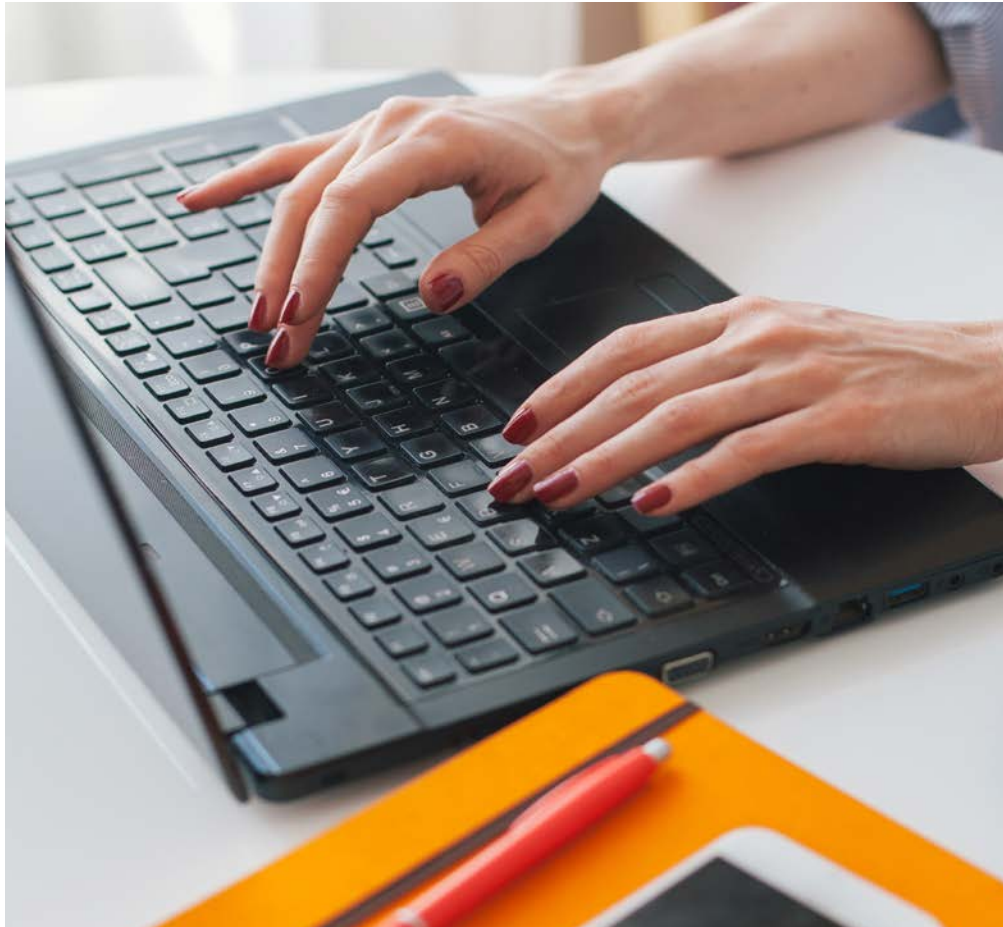
# Number of visits per month is similar across generations

## Average visits per month

- Web
- Mobile
- Branch



Survey questions to those who visited a branch/logged onto their FO's website in the past month: Approximately how many times have you visited a branch (excluding ATM)/logged onto your primary FO's banking site within the past month? / Survey question to all respondents: In the past 30 days, approximately how many times have you or your household used the following? (Note: Question was asked in the 2017 Expectations & Experiences: Consumer Payments survey. Answers of zero have been excluded from calculations to eliminate nonusers.)



**29%** would be comfortable using a technology company to take out a loan

## New kinds of providers are gaining trust

While financial organizations have historically been the primary facilitators of financial transactions, alternatives have emerged. From payments and technology companies to retail and social media, consumers are getting comfortable with new options.

The 2016 Channels and New Entrants survey looked at consumers' comfort level with using nonfinancial organizations and social sites for financial services. At that time, only 7 percent were comfortable taking a loan with a nonfinancial organization and 6 percent were comfortable transferring money to another person via a social site.

More specific questions were posed in the 2017 survey. The new findings suggest that consumers are more open to alternatives than they have been in the past.

**30%** would be comfortable using a retail company to transfer money to others

Survey question to those who do not currently use the service: How comfortable would you be using a [INSERT COMPANY TYPE] to perform the specific banking needs below? / 2016 survey questions to all qualified respondents: Which of the following financial transactions, if any, would you be comfortable using a nonfinancial organization/social site for?

# Some consumers are comfortable with new providers

## Comfort level among nonusers of each service

- Pay my bills
- Take out a loan
- Manage my money
- Track my budget
- Transfer money to others

Traditional bank or credit union



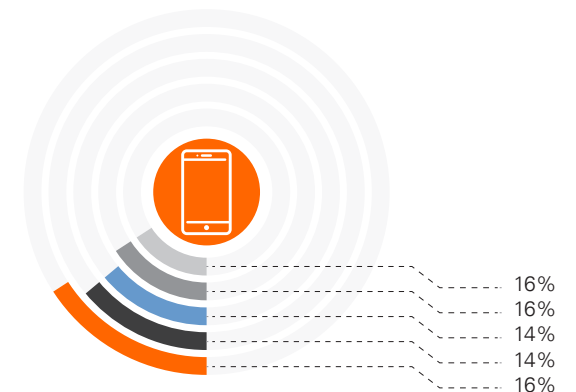
Payments company



Technology company



Social media company



Survey question to those who do not currently use the service in question: How comfortable would you be using a [INSERT COMPANY TYPE] to perform the specific banking needs below?

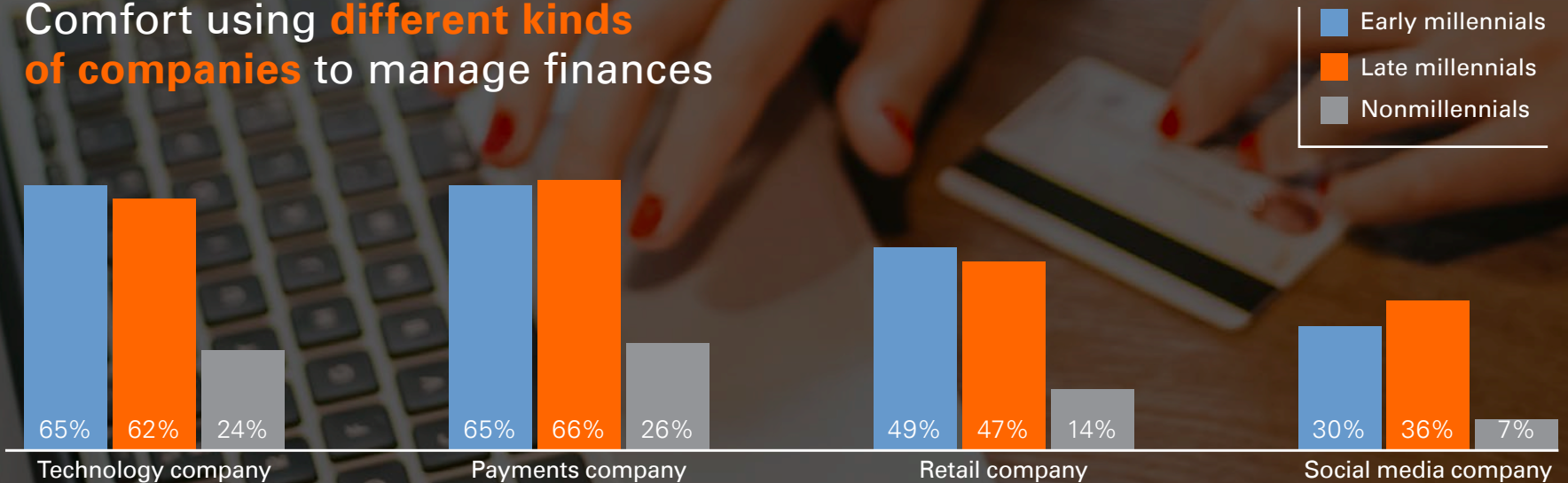


# Comfort with nontraditional players depends on age

Nearly 70 percent of millennials would be comfortable paying bills through a technology company, compared to only 16 percent of seniors. What's more, approximately one-third of millennials would be comfortable using a social media company for any type of transaction asked about in the survey, compared to approximately one-seventh of consumers overall. Generally speaking, younger consumers are far more likely to say they would be comfortable using nonfinancial organizations for

everything from taking out loans and transferring money to managing their money in general. This speaks to comfort levels conducting various types of transactions with nontraditional providers. However, this does not mean millennials have abandoned traditional banking. Nine in 10 (90 percent) have large national banks, credit unions, community banks or other regional providers as their primary financial organization.

## Comfort using different kinds of companies to manage finances



Survey question to all qualified respondents: At which type of financial organization do you have your primary checking account? / Survey questions to those who do not already use company type for banking need: How comfortable would you be using a technology/payments/retail/social media company to manage finances?

## Are you talking to me?

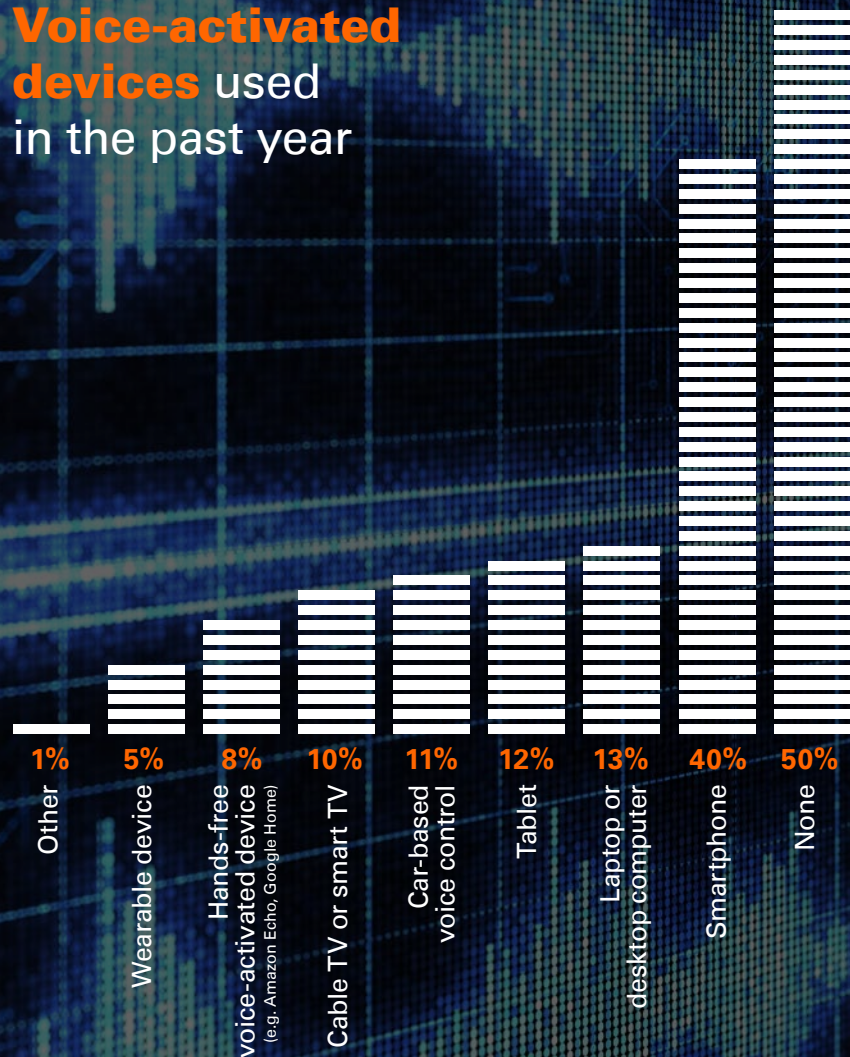
Voice assistants are now a common feature of many smartphones and tablets, and the capabilities are rapidly expanding to other internet-enabled devices such as smart TVs. Standalone devices offering hands-free access and dedicated apps are spurring growth of this category into people's homes.

## Half of consumers used a voice-activated device in the past year

Half of consumers used a voice-activated device in the past year, the vast majority through their smartphone. While fewer consumers (8 percent) used a hands-free voice-activated device, this product category was not even widely available until mid-2015.

Survey question to all qualified respondents: In the past year, on which of the following devices have you used voice activated services? Please select all that apply.

### Voice-activated devices used in the past year



## For some, voice banking has already arrived

Half of all consumers used voice-activated devices in the past year. Of these, approximately one-quarter performed banking functions using voice nearly eight times in the past month, on average. That is consistent with other common activities, such as using search functions (8.8) or receiving directions (6.4).

This is an emerging area that points to the need for additional research to better understand exactly how people are using voice banking. For example, some could be simply using automated phone banking while others could be utilizing the voice-activated services some larger financial organizations are now offering through their mobile apps. Future surveys will explore the specific features people are using, as well as key drivers and satisfaction levels.

**37%** of **millennials** who use voice-activated devices have used them for **banking functions**

**41%** of **high net worth** consumers who use voice-activated devices have used them for **banking functions**

**26%** of **all consumers** who use voice-activated devices have used them for **banking functions**

Survey question to those who have used a voice activated device in the past year: In the past 30 days, how many times have you used a voice activated device for the following functions? / Survey question to all qualified respondents: In the past year, on which of the following devices have you used voice activated services?

Who's using **voice-activated devices** most?  
(in the past year)

**69%**

of **millennials** use voice-activated devices

**67%**

of **high net worth** consumers use voice-activated devices

**50%**

of **all consumers** use voice-activated devices

# Can you hear me now? Interest in voice-activated banking emerges

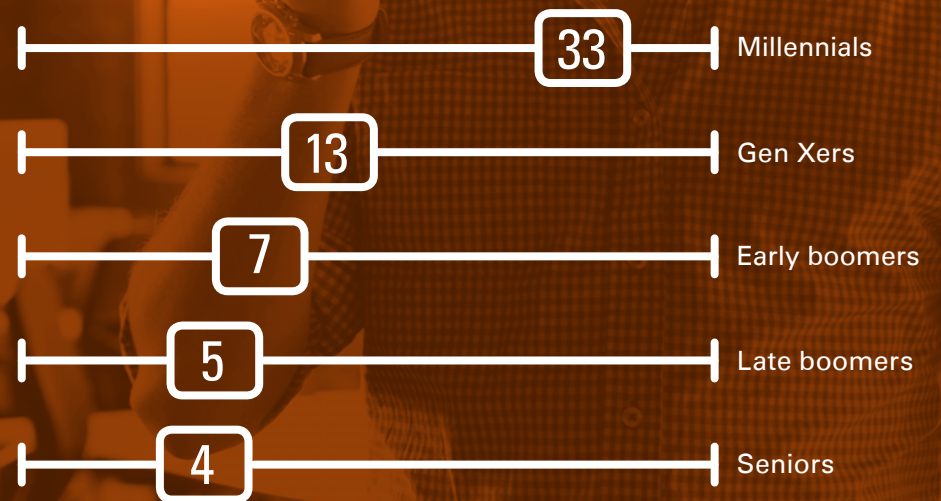
Some consumers (15 percent) are showing interest in banking through voice-activated devices. Approximately four in 10 consumers see benefits to using voice to perform banking functions. They are most likely to point to speed (52 percent), the ability to multitask (46 percent) and convenience (45 percent) as the top selling points.

## How would consumers use voice banking?

- 68%** Check account balances
- 46%** Pay a bill
- 46%** Log in to an account
- 43%** Review recent transactions
- 38%** Transfer money between accounts

Survey question to those interested in voice banking: Which of the following banking functions would you like to perform using your voice? / Survey question to those who see benefits to voice banking: Which of the following would you consider to be benefits of voice banking?

## Consumers interested in voice banking (by age group)

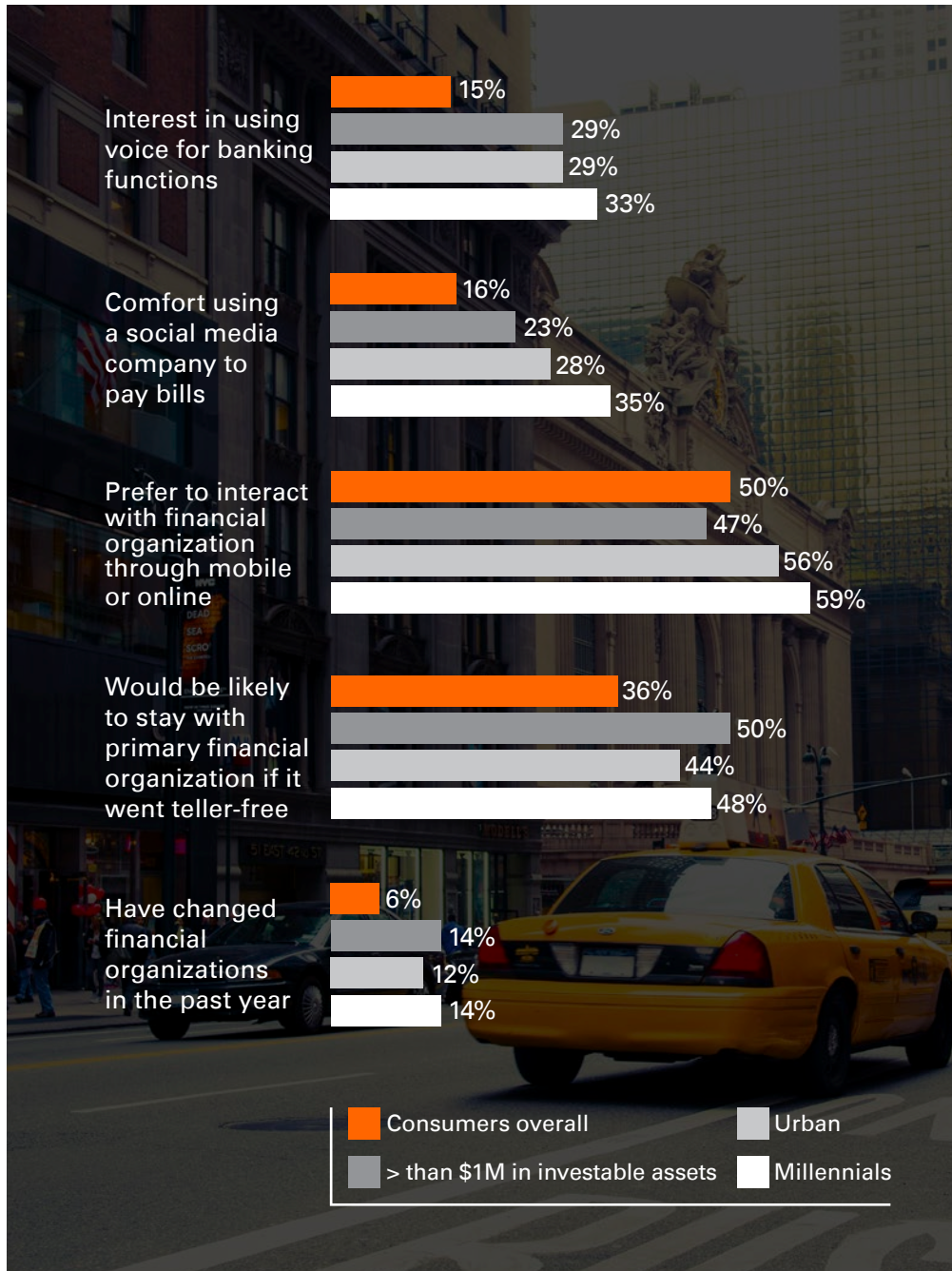


Survey question to all qualified respondents: If your primary FO allowed you to use a voice-activated device to perform banking functions, how interested would you be in using your voice to perform banking functions?

## Young, wealthy and urban consumers tend to be open-minded early adopters

As is often the case with new financial services technology, those who are most eager to adopt are younger consumers, those who live in urban areas and high net worth households.

This trend emerged in relation to digital wallets in the 2016 Channels and New Entrants survey. In the current survey, these groups are more likely to be interested in using voice-activated devices for banking and are more likely to be comfortable with alternative financial service providers. They are also at least twice as likely to have switched primary financial organizations in the past year.



Survey question to all qualified respondents: If your primary FO allowed you to use a voice activated device to perform banking functions, how interested would you be in using such a service? / Survey question to those who do not already use company type for banking need: How comfortable would you be using a social media company to perform the banking needs below? / Survey questions to all qualified respondents: In which of the following ways would you most prefer to interact with your primary FO? / If your primary FO changed all of its branches to be teller-free, how likely would you be to continue banking with that financial organization? / Have you changed your primary FO in the past 12 months?

### About Fiserv

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### About Harris Poll

Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, Harris Poll has gained strong brand recognition around the world. Harris Poll offers a diverse portfolio of proprietary client solutions to transform relevant insights into actionable foresight for a wide range of industries including health care, technology, public affairs, energy, telecommunications, financial services, insurance, media, retail, restaurant and consumer packaged goods. Contact us for more information at [consumerinsightsnainfo@nielsen.com](mailto:consumerinsightsnainfo@nielsen.com).

### Methodology

The survey was conducted online within the U.S. by Harris Poll February 2–28, 2017. A total of 3,116 interviews were conducted among U.S. adults ages 18 and older who met the following criteria: Someone in the household currently has a checking account with a bank, credit union, brokerage firm or other financial organization and has used their checking account to pay a bill or make a purchase in the past 30 days.

The data were weighted to ensure that relevant demographic characteristics of the sample matched those of the U.S. general population. All respondents (not only those who met the qualifying criteria) were weighted to U.S. Census Bureau demographic profiles for the U.S. population, age 18+ on education, age, gender, race, income, region, marital status, employment status, household size and number of hours spent on the internet (with targets for this variable coming from Nielsen Scarborough).

Notes: The reference questions and answer text provided here have in some cases been shortened due to space constraints. The complete text for any questions referenced in this report is available upon request. Age groups referenced in the survey are defined as follows: early millennials (18-24), late millennials (25-35), Gen X (36-50), early boomers (51-61), late boomers (62-79) and seniors (70+).

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