

Expectations & Experiences

Our Quarterly Consumer Trends Research

Household Finances | 2019



1 To manage finances, consumers embrace technology. Financial organizations' websites, mobile apps and alerts are some of the top ways consumers say they typically track their money. In each case, usage has increased significantly since last year.

2 Mobile usage grows and users are committed to it. Consumers who make mobile payments are using mobile bill pay and in-app payments more frequently than last year. In addition, while only one-third of consumers prefer mobile deposits, those who use them demonstrate a strong preference for mobile over ATM and in-branch methods.

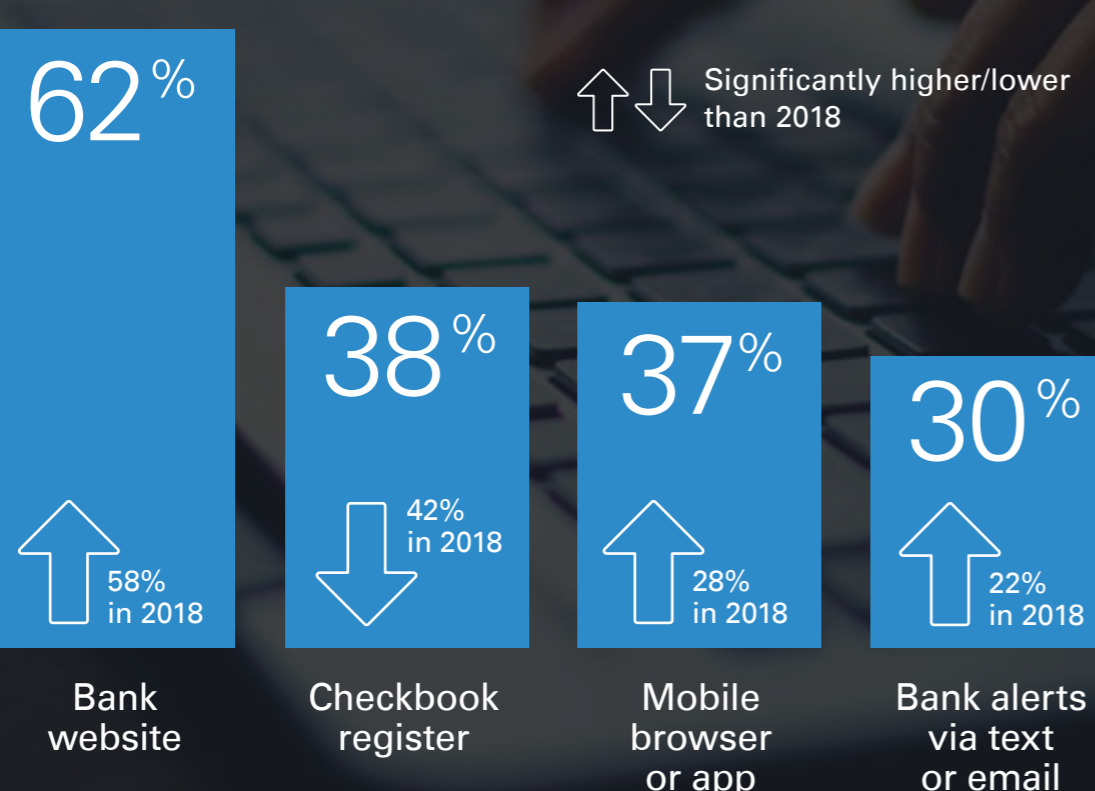
3 Consumers show some interest in contactless payments, along with some misperceptions. One in five consumers have used tap-and-pay via card or mobile. Whether they've used them or not, a majority of consumers say they'd prefer card-based contactless payments versus mobile. Barriers remain, however, with a significant majority saying they are concerned about the security of contactless payments, suggesting a need for education and awareness building.

4 Rewards drive credit card use in every way. From the decision to apply for a credit card to the choice to use it, consumers are motivated by rewards over all other factors. Rewards have less influence over debit card use, where loyalty programs tend to be less lucrative.



Methods Used to Track Spending

(Percentage selecting each option)



For tracking finances, tech is up, paper is down

Financial organizations' technology offerings rank high in how consumers say they typically track their money: Bank website, mobile browsers and apps, and bank notifications/alerts are all up. Meanwhile, use of checkbook registers declined (from 42 percent to 38 percent).

Increased use of digital options is consistent with consumer opinions on the importance of real-time access to information, which is cited as very or extremely important by 78 percent of banking consumers.

Survey questions to all respondents: In which of the following ways, if any, do you typically track the money you spend? Select all that apply. Only the top four options are shown. / When thinking about managing your money, how important, if at all, would it be to have access to each of the following?

Existing users double down on mobile options

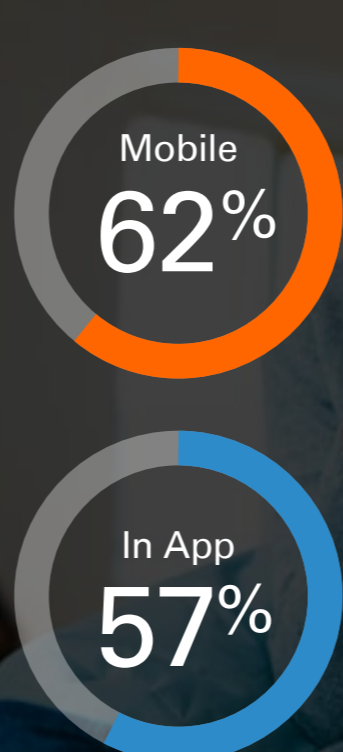
More than four in 10 consumers (41 percent) who make mobile payments report using them more often in the past year. Thirty-five percent of those using in-app payments also report an increase in this form of payment.

This suggests that adoption of mobile options could motivate increased usage and solidify preferences over time.

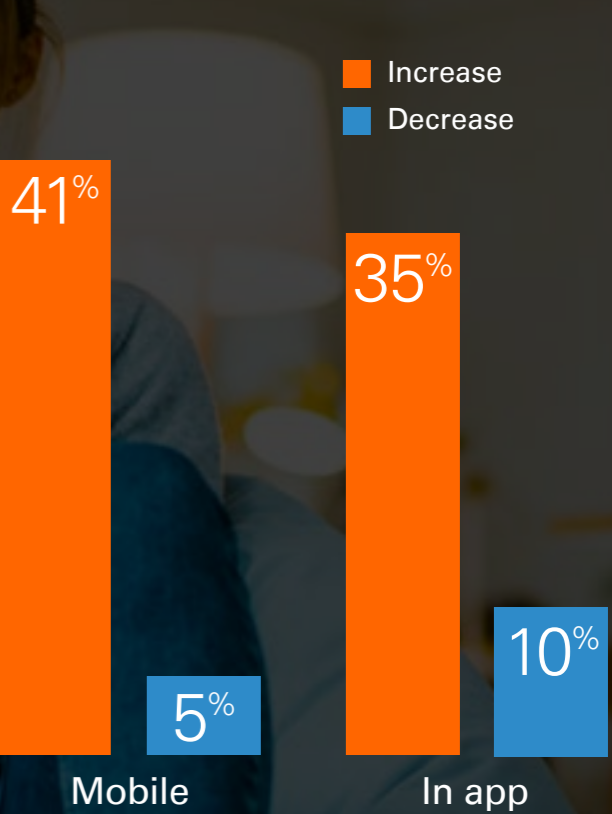
For example, similar trends can be seen with mobile check deposit preferences. Among those who have used the service, 77 percent prefer it, while only 12 percent prefer depositing with a teller and 10 percent prefer ATM deposits.

Survey question to all respondents: Compared to a year ago, would you say that your usage of each of the following has increased, decreased or stayed about the same? / To those who deposited checks past three months: How many checks have you deposited in each of the following ways in the past three months? / To those who deposited checks via ATM, with teller, or mobile: What is your preferred method of depositing checks?

A Majority Now Use Mobile Payments



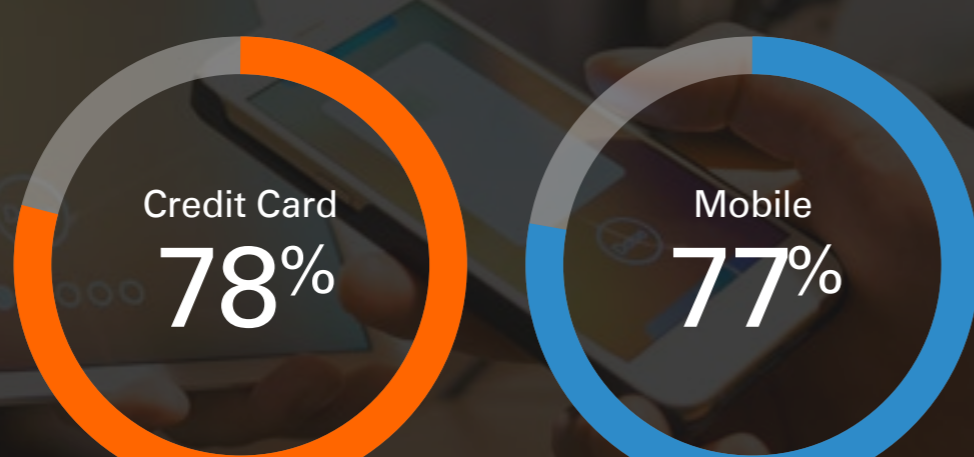
Many Mobile/In-App Payers Have Increased Usage



21% of all banking consumers have used a contactless payment method (card or mobile)

Many Have Concerns About Contactless Payments Security

(Percentage indicating concern)



Contactless payments show promise, but barriers remain

One in five consumers have used tap-and-pay via card or mobile. This could be promising news for the relatively new technology, since a significant majority of consumers (68 percent) say speed and efficiency are important in determining how they pay. However, more than three-quarters of consumers say they are concerned about the security of contactless (tap-and-pay) payments, suggesting a need for education.

Even when consumers are aware of the technology, only 42 percent express interest in it. Among general banking consumers, only 38 percent express interest. Concerns about security could translate into lukewarm interest in contactless payments.

Survey question to those who are aware of contactless payment methods: Have you ever used a contactless payment method? / Survey questions to all respondents: Which of the following best describes your feelings about contactless credit card payments? And contactless mobile payments? / How important is efficiency and speed in determining how you pay? (e.g., using cash, mobile wallet, credit or debit with or without contactless technology.)

With tap-and-pay, cards are most preferred but not most used

Whether they've used them or not, a majority of consumers say they'd prefer card-based contactless payments versus mobile. This is especially noteworthy given the fact that most of those who already use the service say they have done so through a mobile wallet (74 percent), while 61 percent say they have used a tap-and-pay card.

Type of Contactless Payment Used

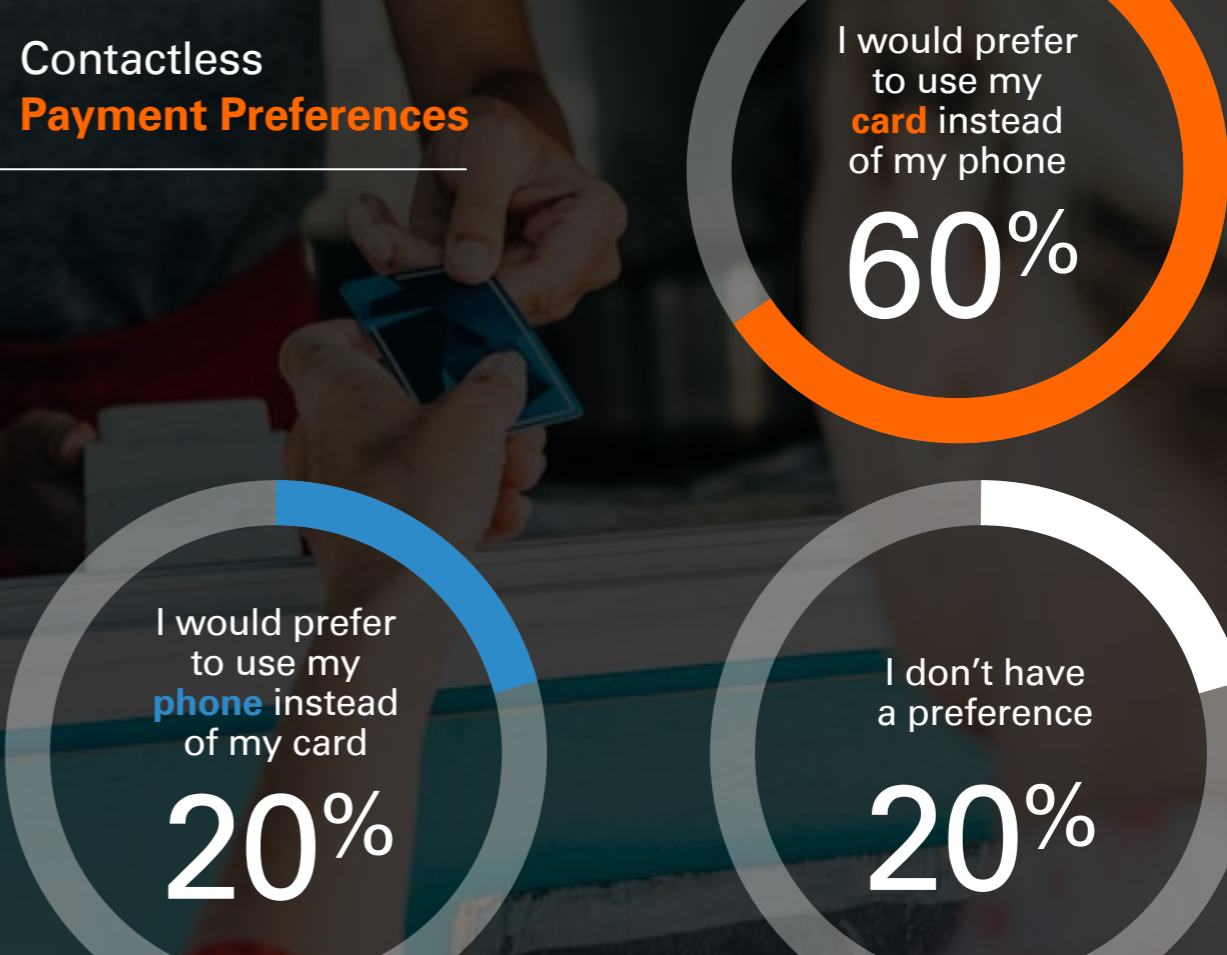
(Among those who have used contactless payments)

74% A mobile wallet like Apple Pay, Google Pay or MasterPass

61% A contactless-enabled credit or debit card

Survey question to all respondents: If you were going to make a contactless payment at a merchant, would you prefer to use your card or your phone? / Survey question to those who have used contactless payments: What type of contactless payment method have you used?

Contactless Payment Preferences



Top Three Factors Influencing New Credit Card Acquisition

- 60%** Rewards (e.g., cash back or miles)
- 41%** Low interest rate
- 26%** Wanted in case I need to make a larger purchase in the future

Top Three Factors Influencing Credit Card Use

- 60%** Rewards program associated with the card
- 36%** If the retailer accepts that type of card
- 36%** Available balance on the card

Rewards programs drive cardholder behavior

Credit cards remain commonplace and 69 percent of consumers report having one or more cards. Nearly one in four (24 percent) of consumers opened a new credit card in the past 12 months.

By far, the most significant driver of both card acquisition and card usage is the rewards associated with the card. When it comes to applying for a new card, 60 percent say rewards influenced their decision. Likewise, 60 percent of consumers say rewards influence their decision to use a card.

Those trends are not replicated for debit card use. Only one in five (18 percent) say rewards influence debit card use, but that may well be a function of the lower value rewards programs associated with debit cards.

Survey question to those who opened a credit card in the past 12 months: Which of the following factors contributed to your decision to open the credit card? Select all that apply. / Survey questions to those who use a debit or credit card: What factors influence your decision to use your credit card when making purchases? Your debit card? Select all that apply.

About Fiserv

Fiserv, Inc. (NASDAQ:FISV) enables clients to achieve best-in-class results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and business insights and optimization. For more than 30 years, Fiserv has been a global leader in financial services technology. Fiserv is a FORTUNE 500 company and this year was honored to be named to the FORTUNE Magazine list of World's Most Admired Companies® for the sixth consecutive year. For more information, visit fiserv.com.

About The Harris Poll

The Harris Poll is one of the longest running surveys in the U.S. tracking public opinion, motivations and social sentiment since 1963 that is now part of Harris Insights & Analytics, a global consulting and market research firm that delivers social intelligence for transformational times. We work with clients in three primary areas: building twenty-first-century corporate reputation, crafting brand strategy and performance tracking and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible. To learn more, visit theharrispoll.com.

Methodology

The survey was conducted online within the U.S. by The Harris Poll from August 13–August 31, 2019. A total of 3,050 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: Gen Z (18–22), millennials (23–38), Gen X (39–54), boomers (55–73) and seniors (74+).