Expectations & Experiences: AI and Payments Innovation

The 2023 Expectations & Experiences: AI and Payments Innovation consumer trends research examines attitudes and habits toward personal finance, payment options and AI-powered finance. Conducted during August 2023, the study can help financial services providers and merchants understand consumers’ changing needs.

Early adopters test waters with AI-powered finance

Early interest and engagement with AI is strong. More than half (55%) use conversational AI like Siri at least occasionally, and one in three use generative AI like ChatGPT. Some consumers are even using AI to help manage their finances.

Some financial institutions are also looking to leverage the power of AI. But reception has been mixed.

AI-based banking tasks consumers are comfortable with

- Personalized guidance: 47%
- Fraud detection: 35%
- Customer service/online chat: 23%
- Evaluating loan/credit applications: 10%

How people are using generative AI for financial activities

- Budgeting/expense tracking: 24%
- Investment ideas: 21%
- Loan information: 17%
- Tax preparation or advice: 13%
- Insurance selection: 13%
- Retirement planning: 11%
- Home-ownership: 10%

Still, 41% of consumers aren’t comfortable with any AI-based banking tasks.

Concerns with AI in banking

- Security and privacy: 63%
- Accuracy: 46%
- Losing personal touch: 36%
- Potential for bias: 20%
Consumers have their payment preferences for everyday purchases

New technology is quickly giving consumers more options than ever to make payments or send money. Still, debit, credit and cash are the top ways to pay.

Financial strategy varies across credit card users

More than four in five consumers report using at least one credit card, and 69% of credit card owners say they use a card at least once a week. However, the strategy for using credit can vary greatly from person to person.

Credit card ownership and use

Days used per month

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Days Used Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit</td>
<td>11</td>
</tr>
<tr>
<td>Cash</td>
<td>7.2</td>
</tr>
<tr>
<td>Credit</td>
<td>4.7</td>
</tr>
<tr>
<td>Mobile wallet</td>
<td>4.7</td>
</tr>
<tr>
<td>P2P payments</td>
<td>1.6</td>
</tr>
<tr>
<td>Check</td>
<td>0.8</td>
</tr>
<tr>
<td>BNPL</td>
<td></td>
</tr>
</tbody>
</table>

**Reasons for only owning one credit card**

- **54%** No need for more than one
- **36%** Don’t want too many active cards
- **29%** Better for budgeting/spending

**37%** of consumers with multiple credit cards who choose to only use one say they only use other cards for emergencies.

**69%** of consumers who use multiple credit cards report “accumulating rewards points” as the biggest factor in which card they choose to use.
Switching credit cards is common with consumers

Nearly one in five consumers have switched their primary credit card in the past two years. Why?

Financially, consumers expect more of the same

How consumers view their financial present has a direct correlation to their financial future.

How are consumers feeling financially today?

25% better off
39% about the same
33% worse off
64%

And when it comes to their future financial state, consumers expect more of the same compared to where they are today.

76% expect to remain better off 12 months from now
67% expect to remain the same financially 12 months from now
32% expect to be even worse off 12 months from now
Financial changes are impacting consumer sentiments

Whether changes to employment, family structure or even everyday expenses, consumers are realizing the impact life changes have on their financial outlook – whether positive or negative.

The factors influencing this?

<table>
<thead>
<tr>
<th>Category</th>
<th>Better Off</th>
<th>Worse Off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income change</td>
<td>52%</td>
<td>30%</td>
</tr>
<tr>
<td>Routine expense change</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Employment change</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Family structure change</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Major non-routine expenses</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Other responses:
- Rising prices/cost of living
- Inflation
- Changes in amount of debt

About Expectations & Experiences

Expectations & Experiences is a U.S. consumer trends survey sponsored by Fiserv. Delivering insights to financial services providers since 2002, it remains the longest-running survey of its kind in fintech.

Expectations & Experiences provides insight into people’s financial attitudes and needs, enabling institutions and enterprises to design and drive adoption of services that improve consumer financial health, loyalty and satisfaction.