



Consumers' Use of Mobile Financial Services 2015

Arturo Gonzalez and Ellen A. Merry
Division of Consumer and Community Affairs
Federal Reserve Board

The analysis and conclusions set forth in this presentation represent the work of the author and do not indicate concurrence of the Federal Reserve Board, the Federal Reserve Banks, or their staff. Mention or display of a trademark, proprietary product, or firm in the presentation by the authors does not constitute an endorsement or criticism by the Federal Reserve System and does not imply approval to the exclusion of other suitable products or firms.

Table of Contents

SECTION

1 Introduction

SECTION

2 Mobile Banking

SECTION

3 Mobile Payments

SECTION

4 Mobile Technology,
Shopping, and Consumer
Behavior

SECTION

5 Perceived Security Of
Mobile Banking and
Payments

SECTION

6 Key Takeaways &
Conclusion

Motivation for Report

How consumers access financial services is evolving:

- More firms offering mobile banking and payments, and innovation is continuing
- Rapid increase in consumer adoption of smartphones and use of mobile banking and mobile payments

Changes have the potential to affect consumer finances and consumer behavior

May provide a means of promoting economic inclusion and expanding financial access to the unbanked or underbanked

Board conducted 2014 survey to monitor developments in mobile finance and assess consumer perceptions

Survey Background

Board conducted three previous surveys (2011-2013)

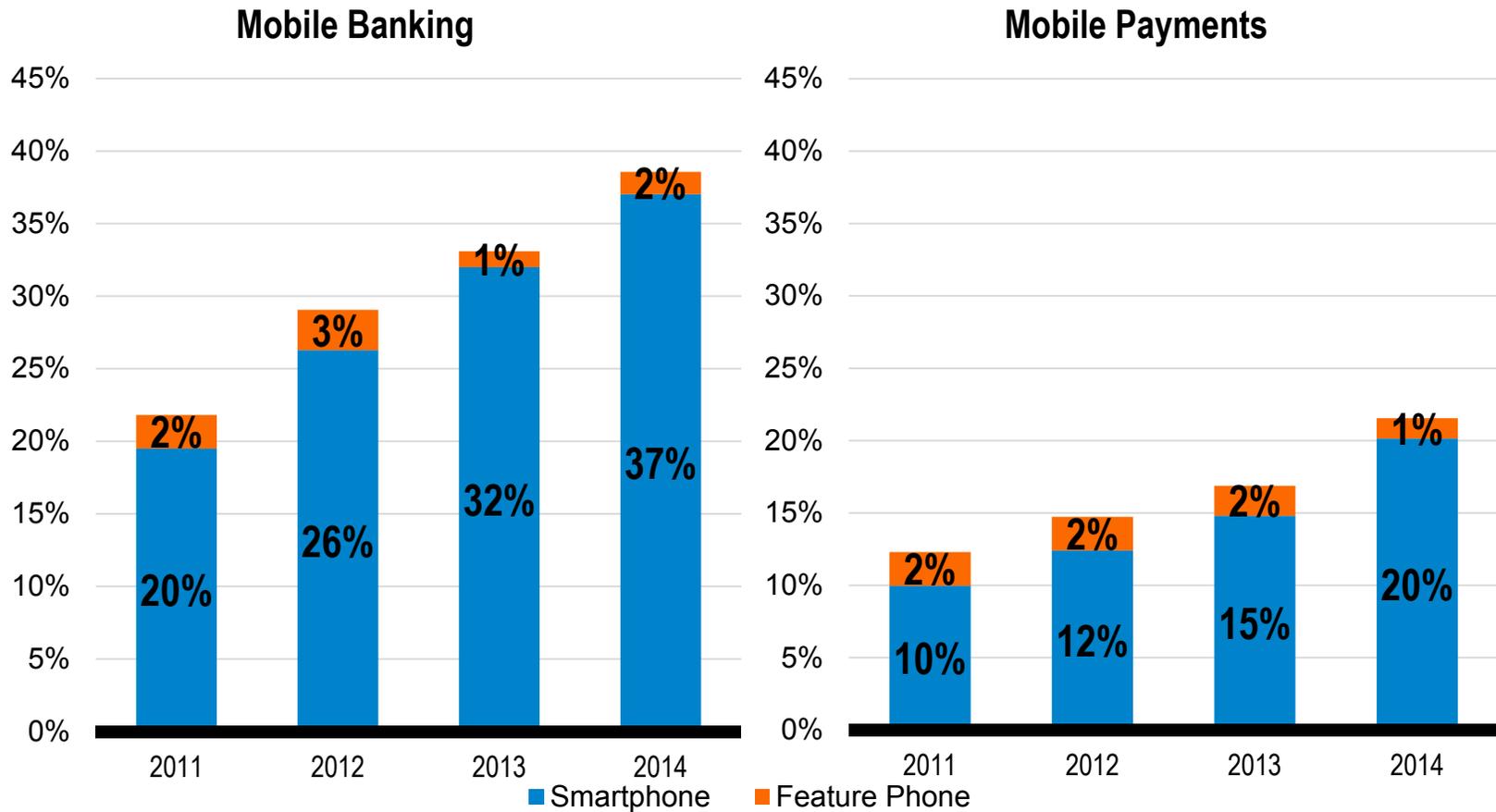
Surveys fielded using a nationally representative probability-based online panel of respondents from GfK's KnowledgePanel®

For the 2014 survey:

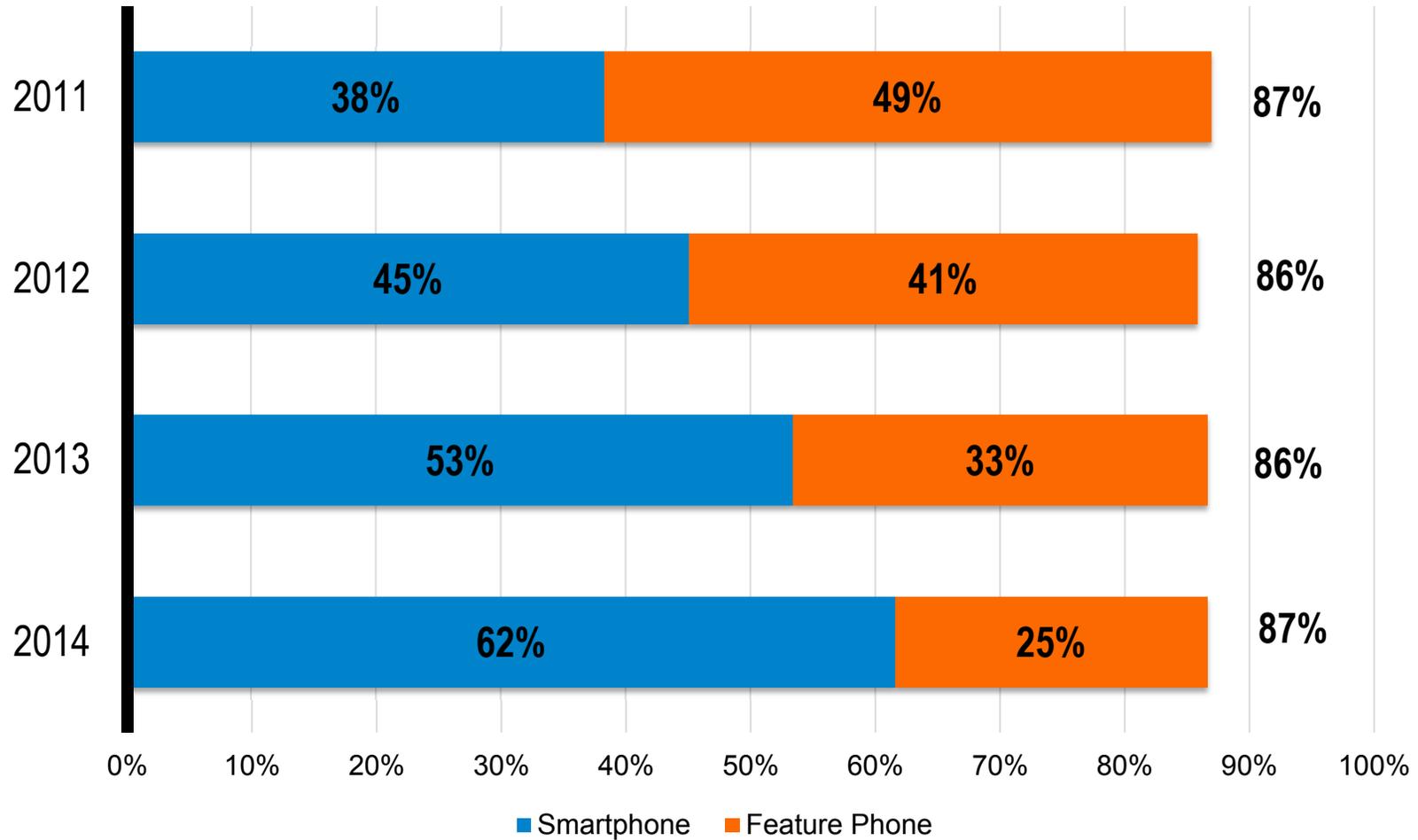
- Data collected December 5th-21st, 2014
- Rural oversample (analyzed separately)

http://www.federalreserve.gov/communitydev/mobile_finance.htm

Mobile Banking, Mobile Payments, Phone Type, Year

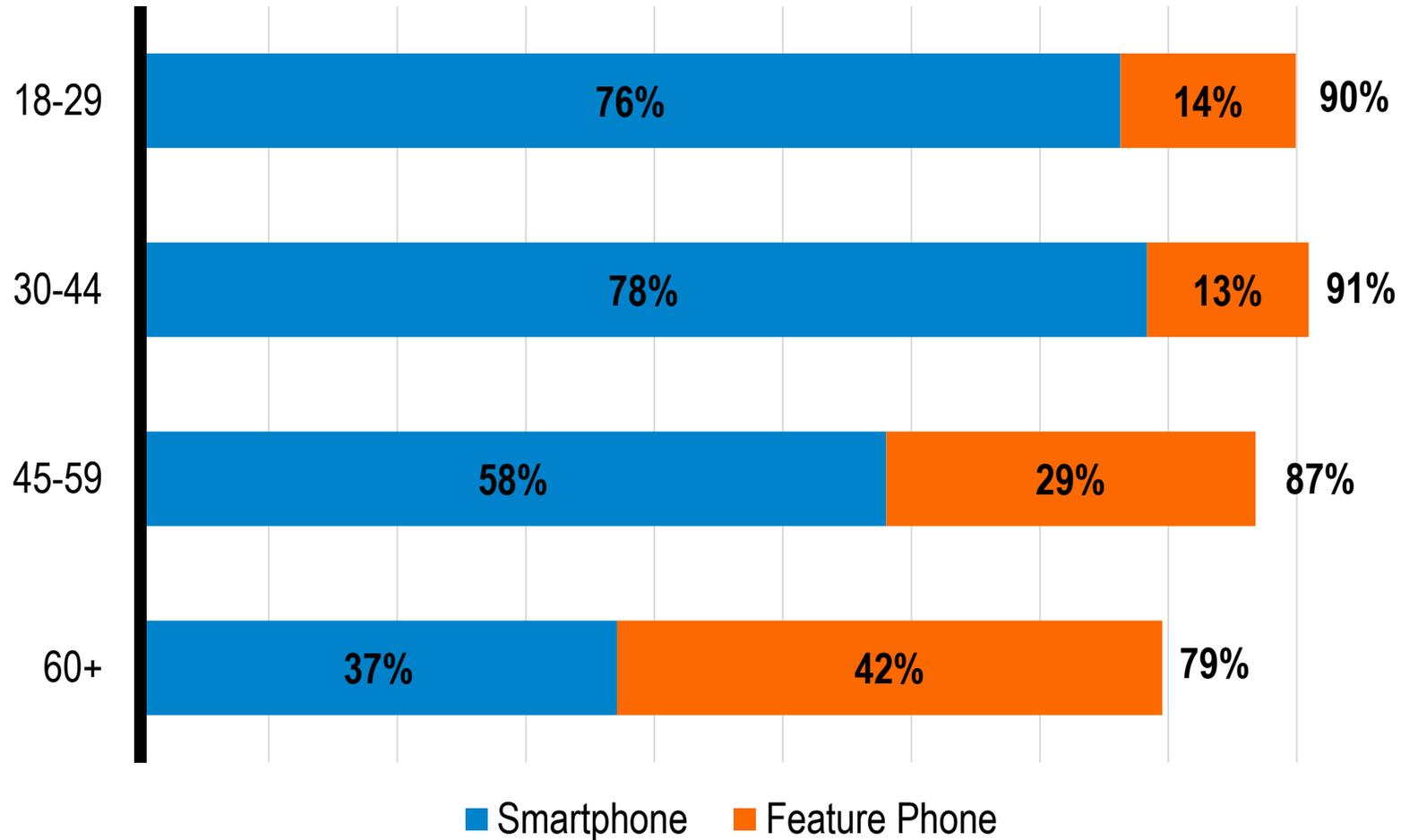


Mobile Phone Use: 2011-14



Mobile Phone Use by Age

(Among all respondents)



Mobile Banking

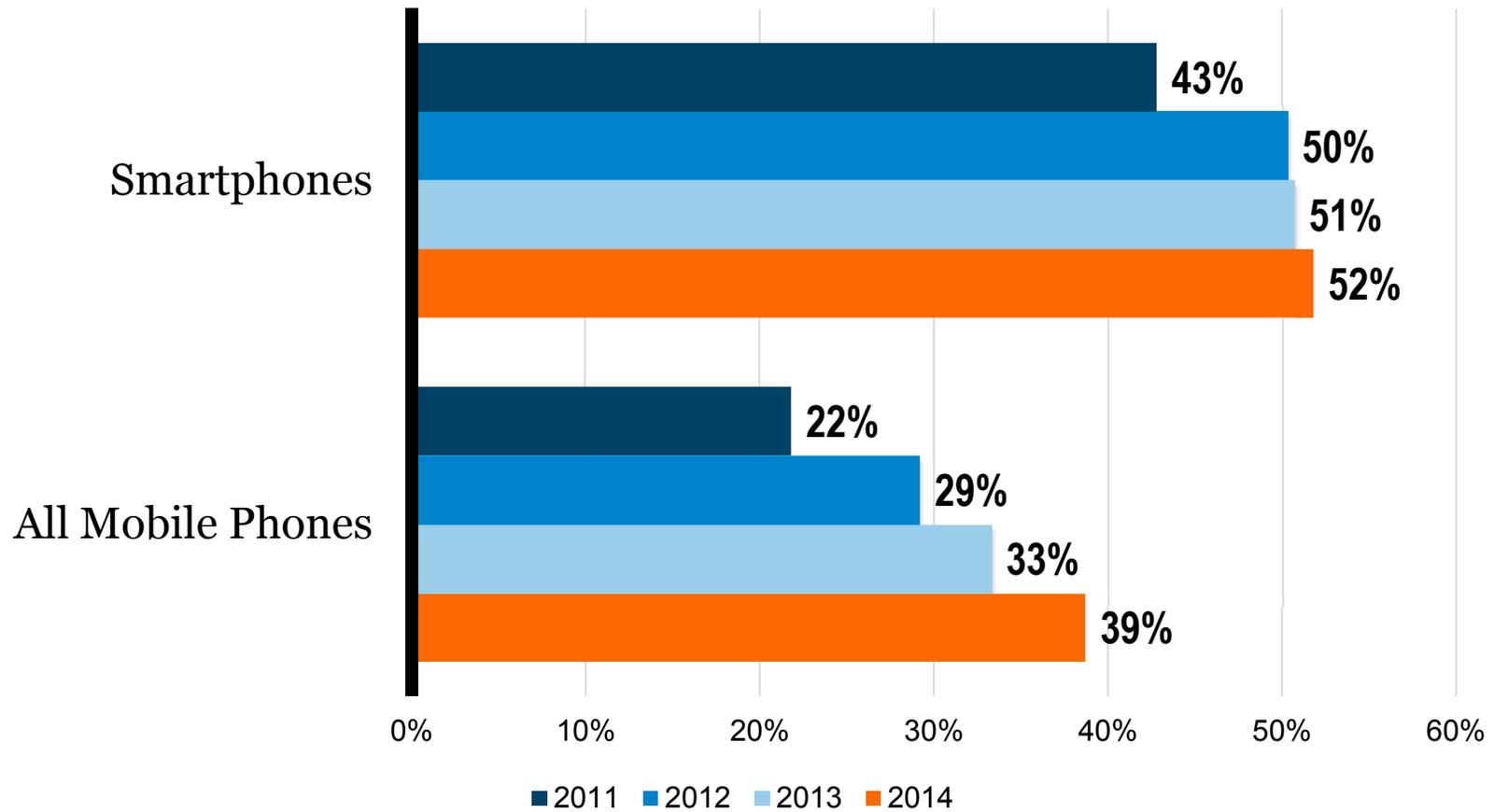
Mobile Banking uses a mobile phone to access your bank or credit union account

You can use mobile banking by:

- **Accessing your bank's web page through the web browser**
- **Via text messaging**
- **Using a downloaded application**

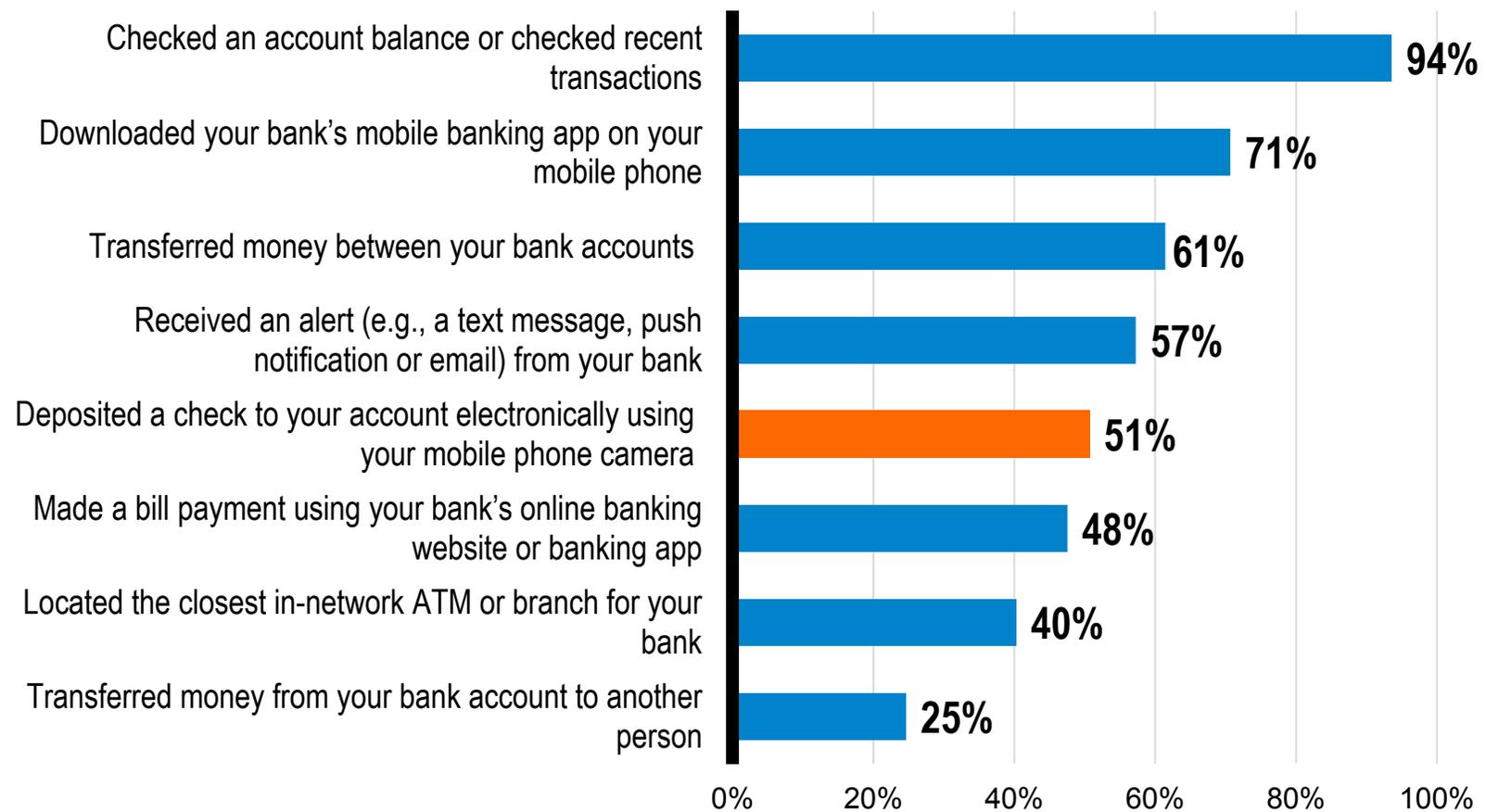
Mobile Banking Use: 2011-14

(Among respondents with bank account, by phone type)



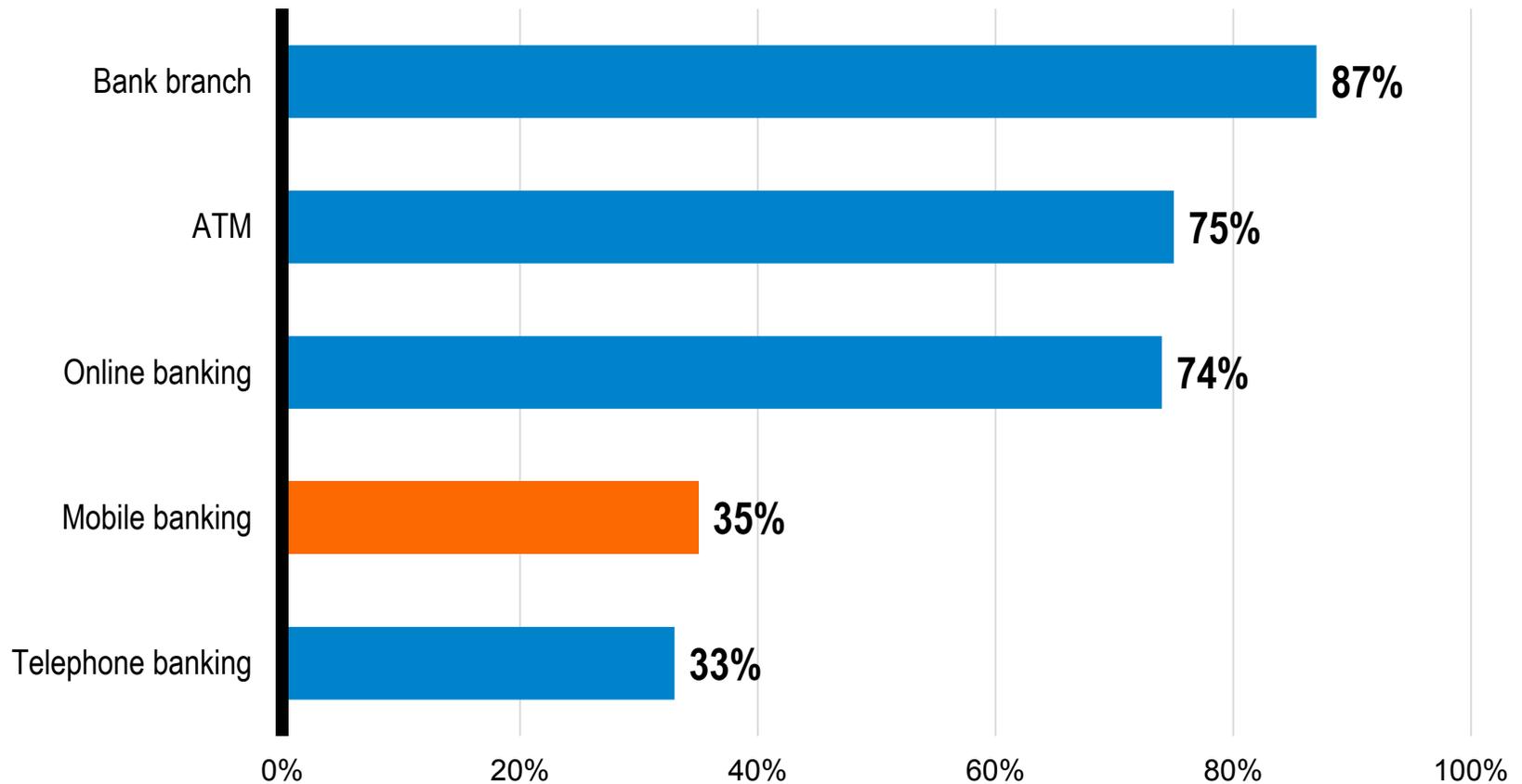
Mobile Banking Usage

Using your mobile phone, have you done each of the following in the past 12 months? (2014)

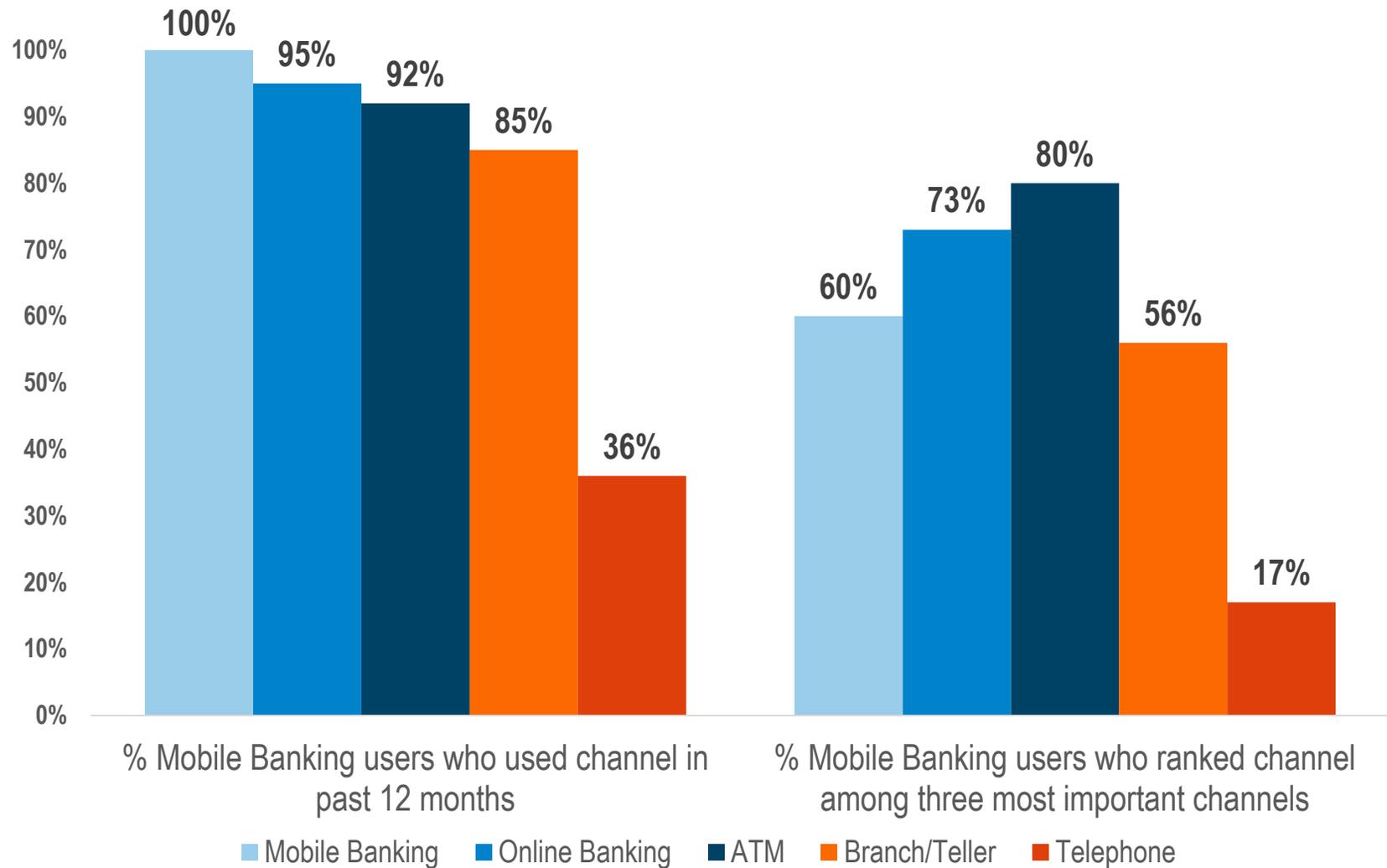


Means of Accessing Banking Services

(Among those with a bank account)

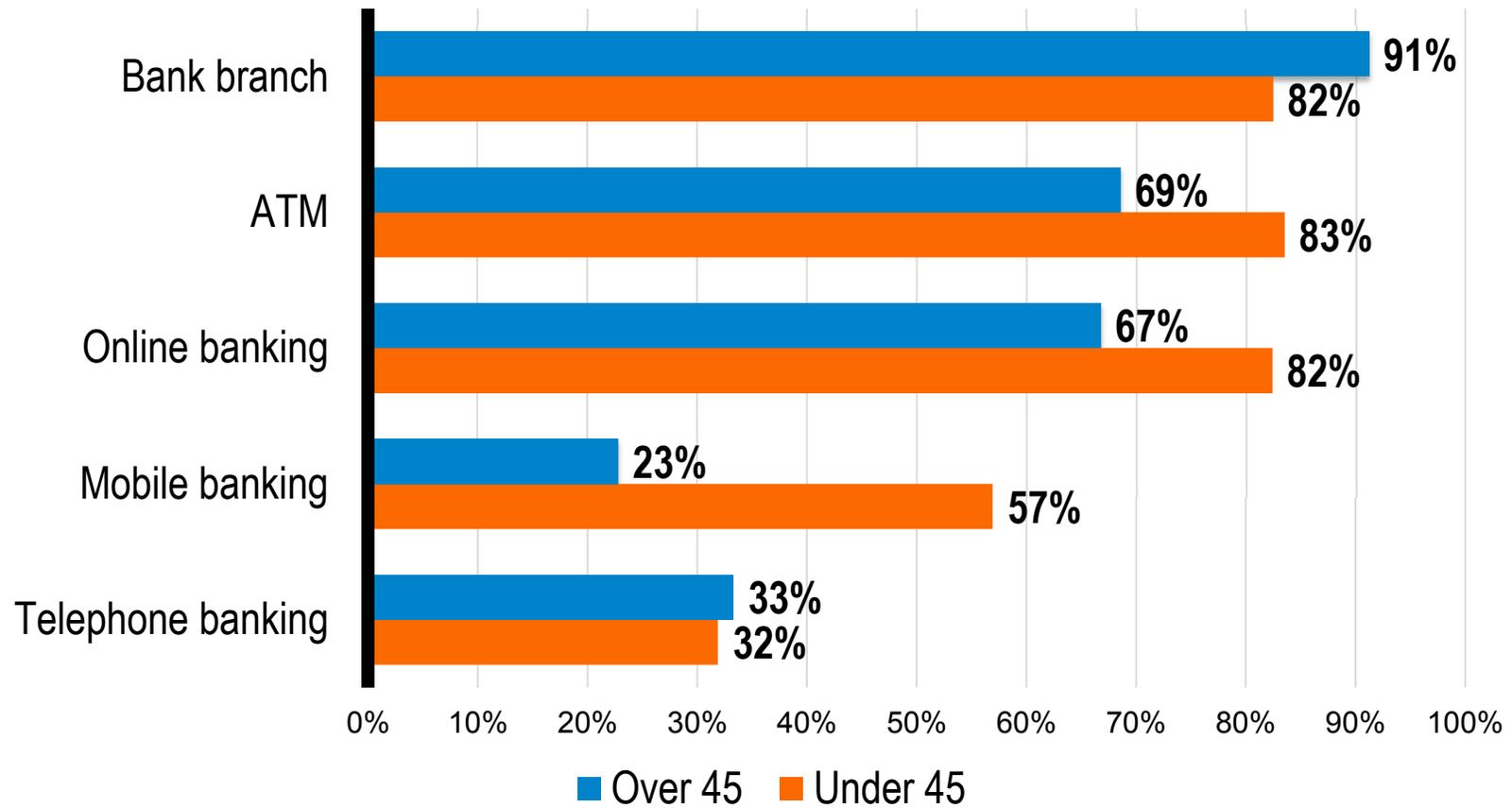


Mobile Banking Users' Access of Banking Services



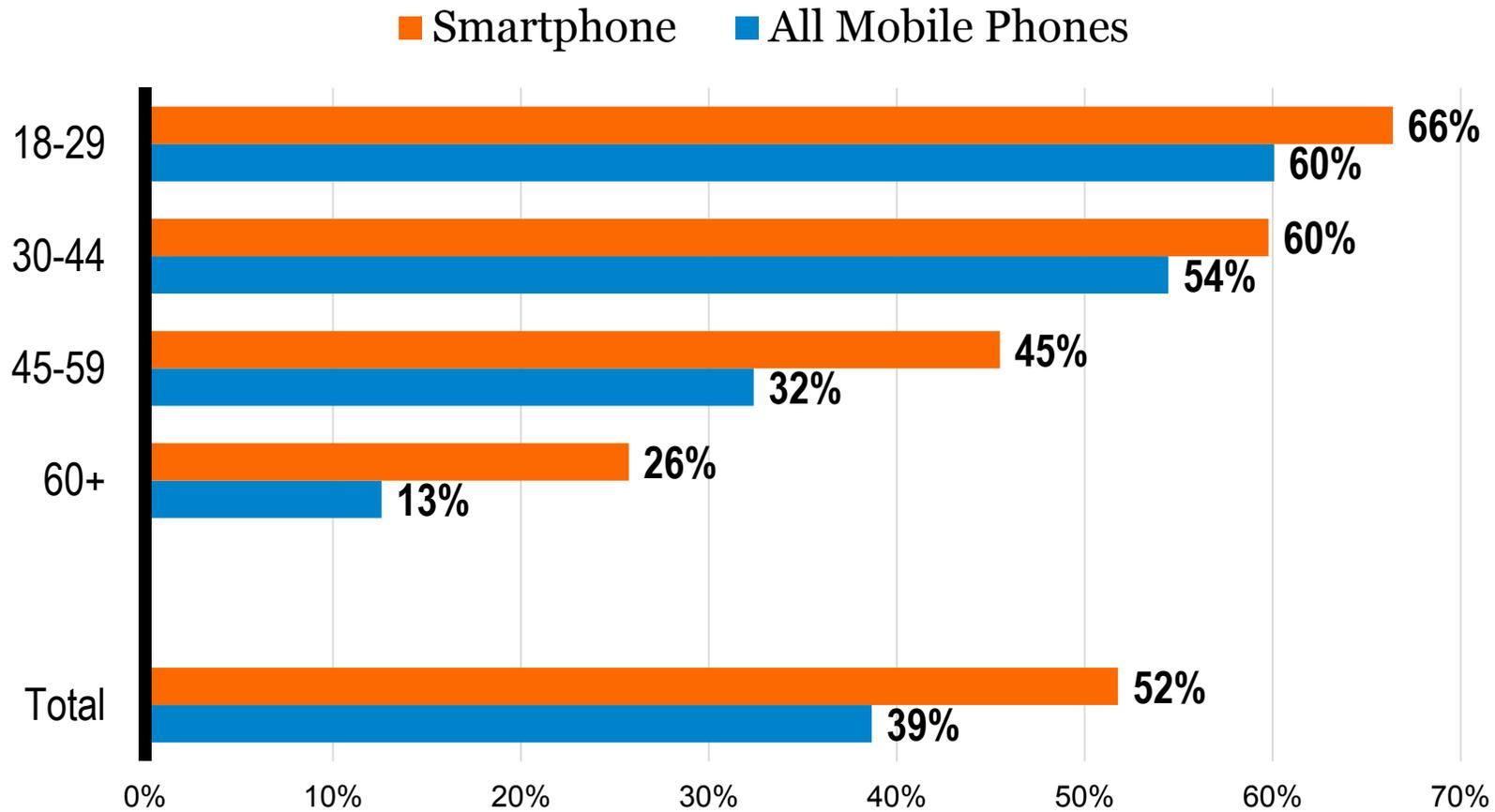
Means of Accessing Banking Services, by age

(Among respondents with a bank account)



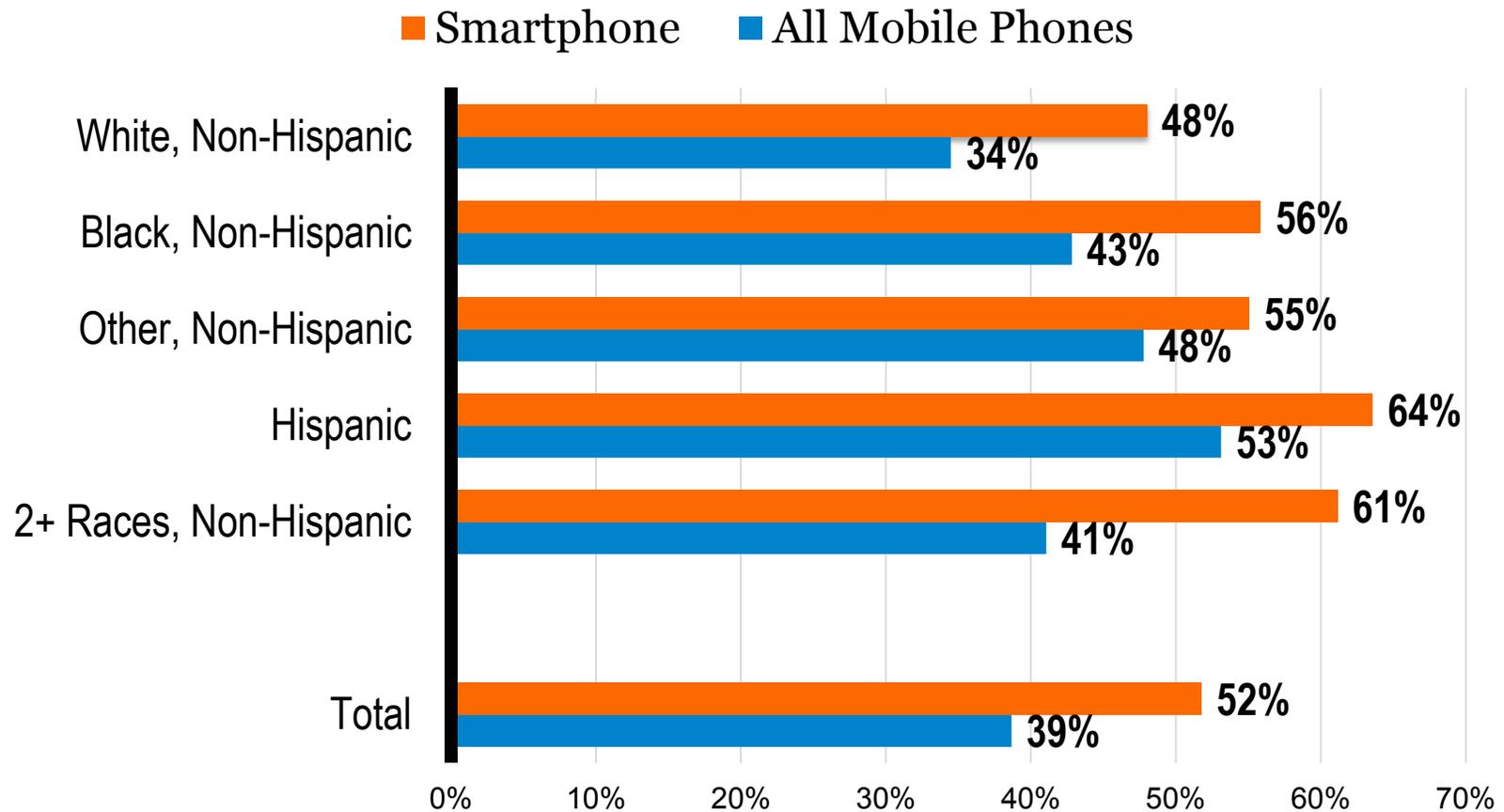
Mobile Banking by Age

(Among respondents with bank account, by phone type)



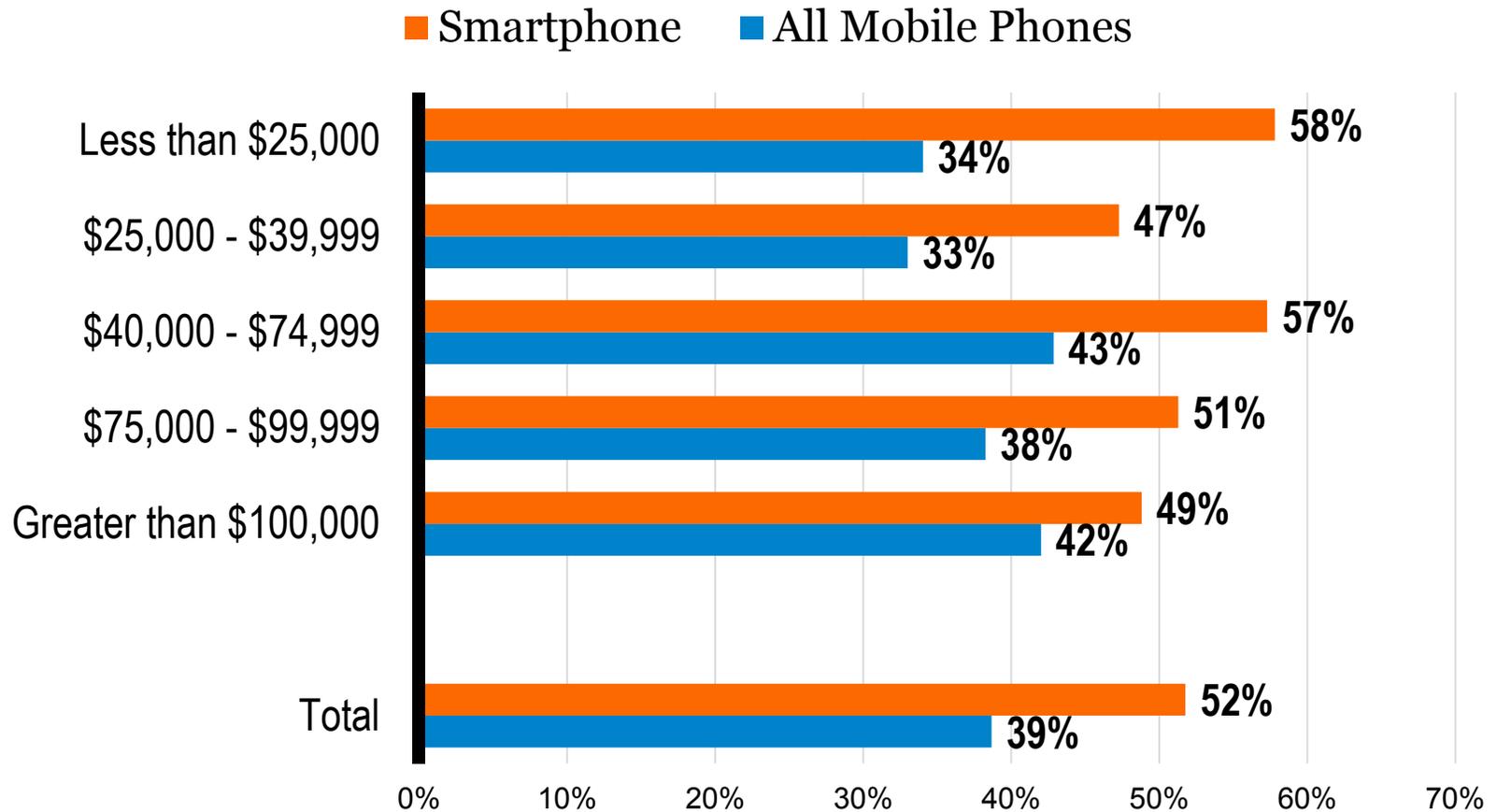
Mobile Banking by Race / Ethnicity

(Among respondents with bank account, by phone type)



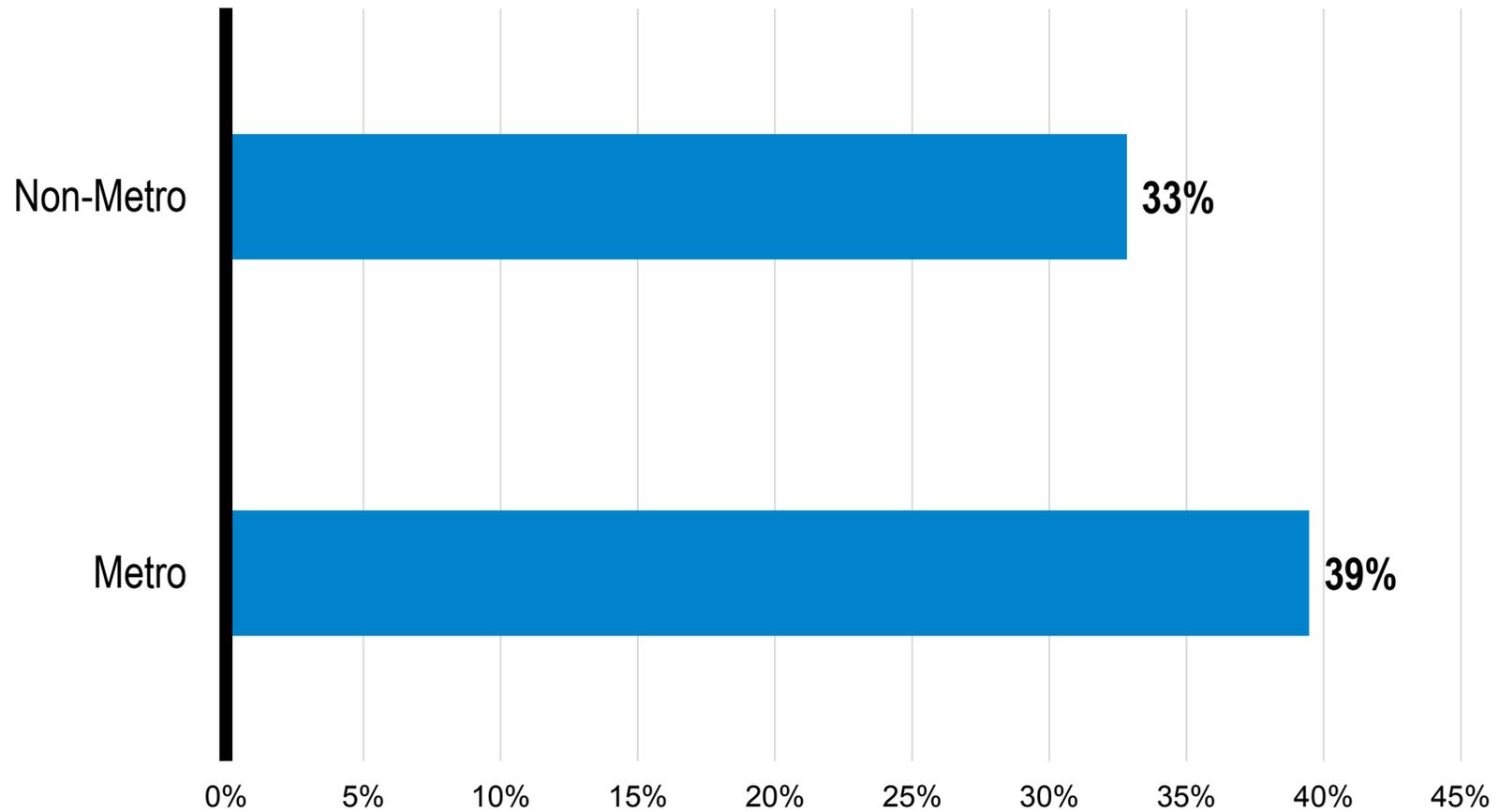
Mobile Banking by Income

(Among respondents with bank account, by phone type)

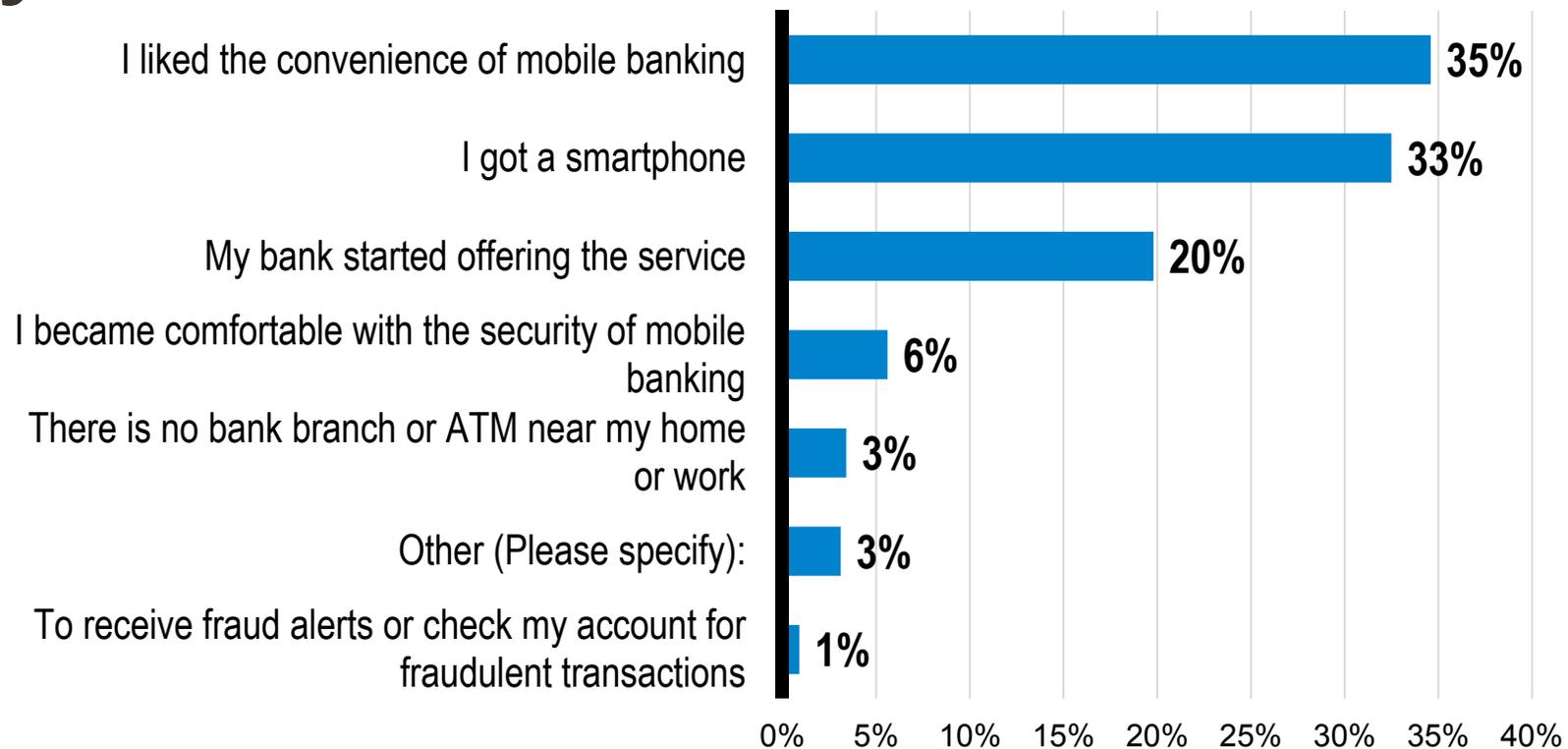


Mobile Banking by Geography

(Among respondents with bank account and mobile phone)

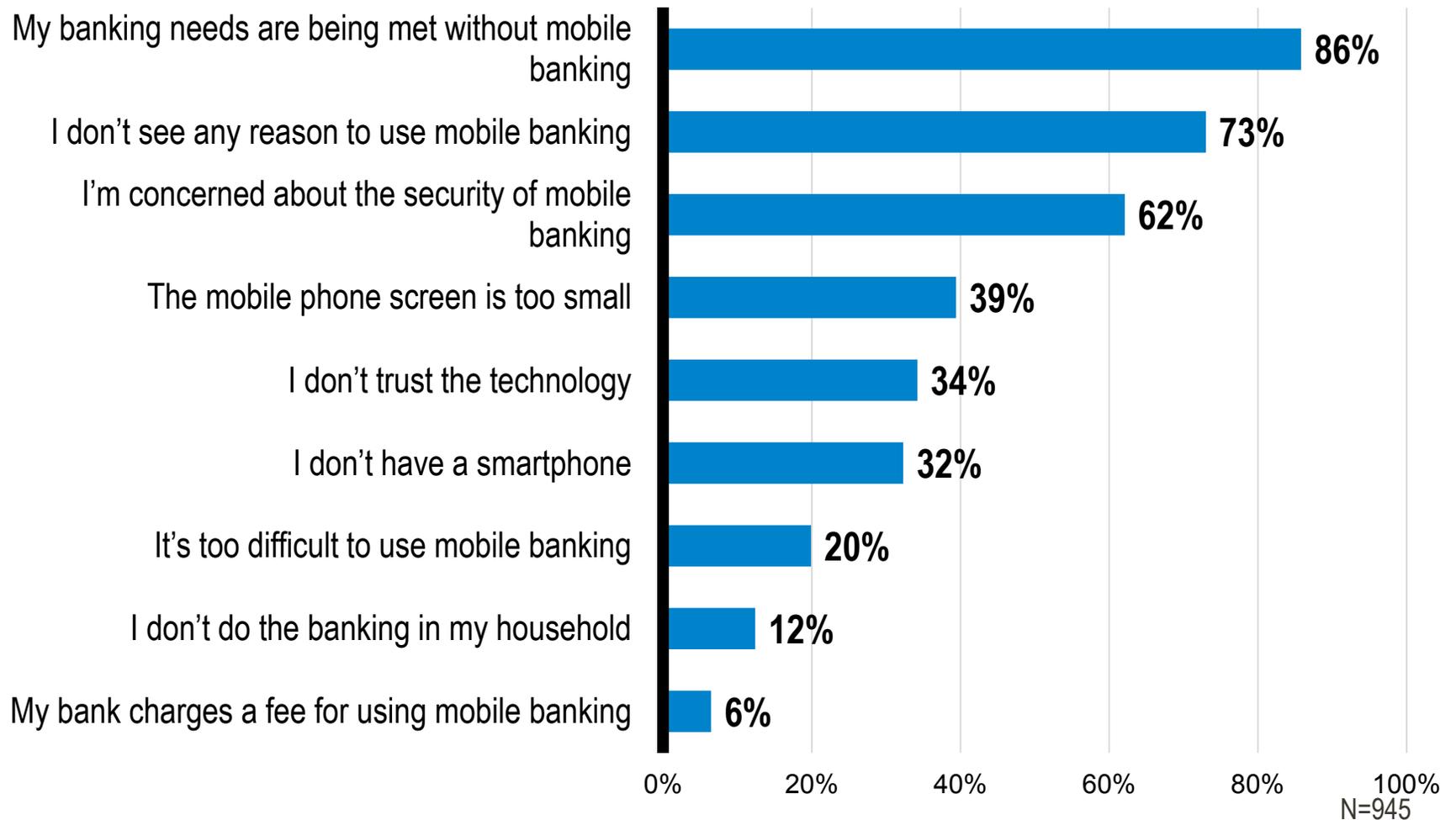


What was the main reason why you started using mobile banking when you did?



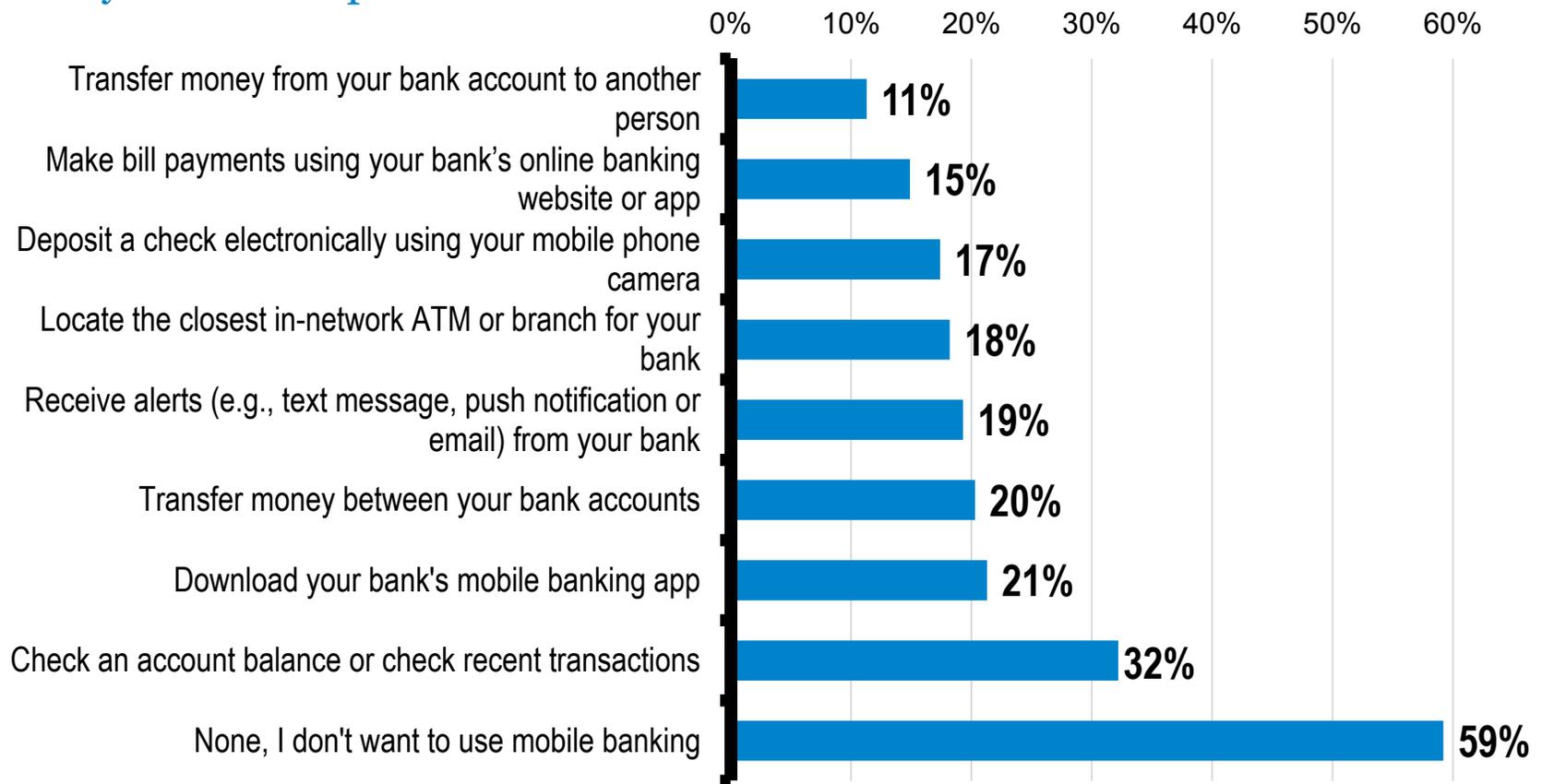
Note: Within the “other” category, nearly half of specified responses referred to check deposits and balance inquiry. N=829

Reasons For Not Using Mobile Banking



Mobile Banking Areas of Interest

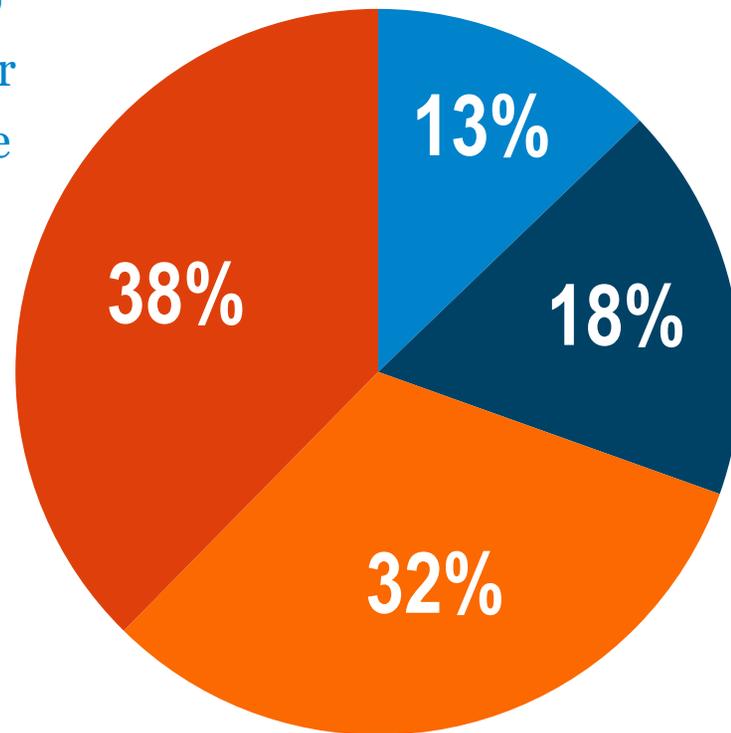
Assuming that the concerns that you have about using mobile banking were addressed, would you be interested in doing any of the following activities with your mobile phone?



Who Is Not Interested in Mobile Banking

Age distribution for individuals who would *not* mobile bank, even if their reasons for not mobile banking were addressed.

- 18-29
- 30-44
- 45-59
- 60+



N=569

Mobile Payments

Mobile payments are purchases, bill payments, charitable donations, payments to another person, or any other payments made using a mobile phone

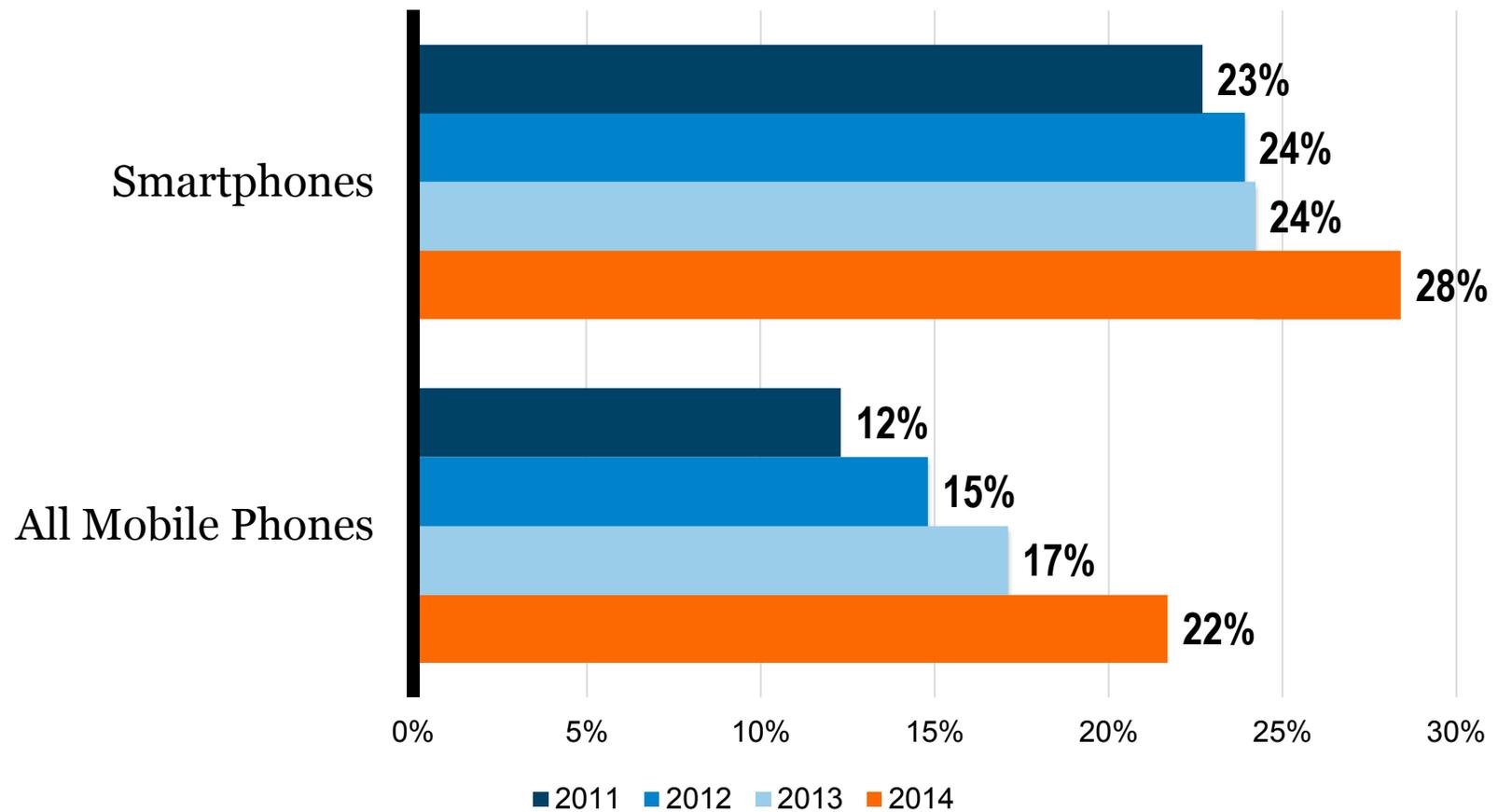
You can make payments by:

- **Accessing a web page through the web browser on your mobile device**
- **Sending a text message (SMS)**
- **Using a downloadable application on your mobile device**

The amount of the payment may be:

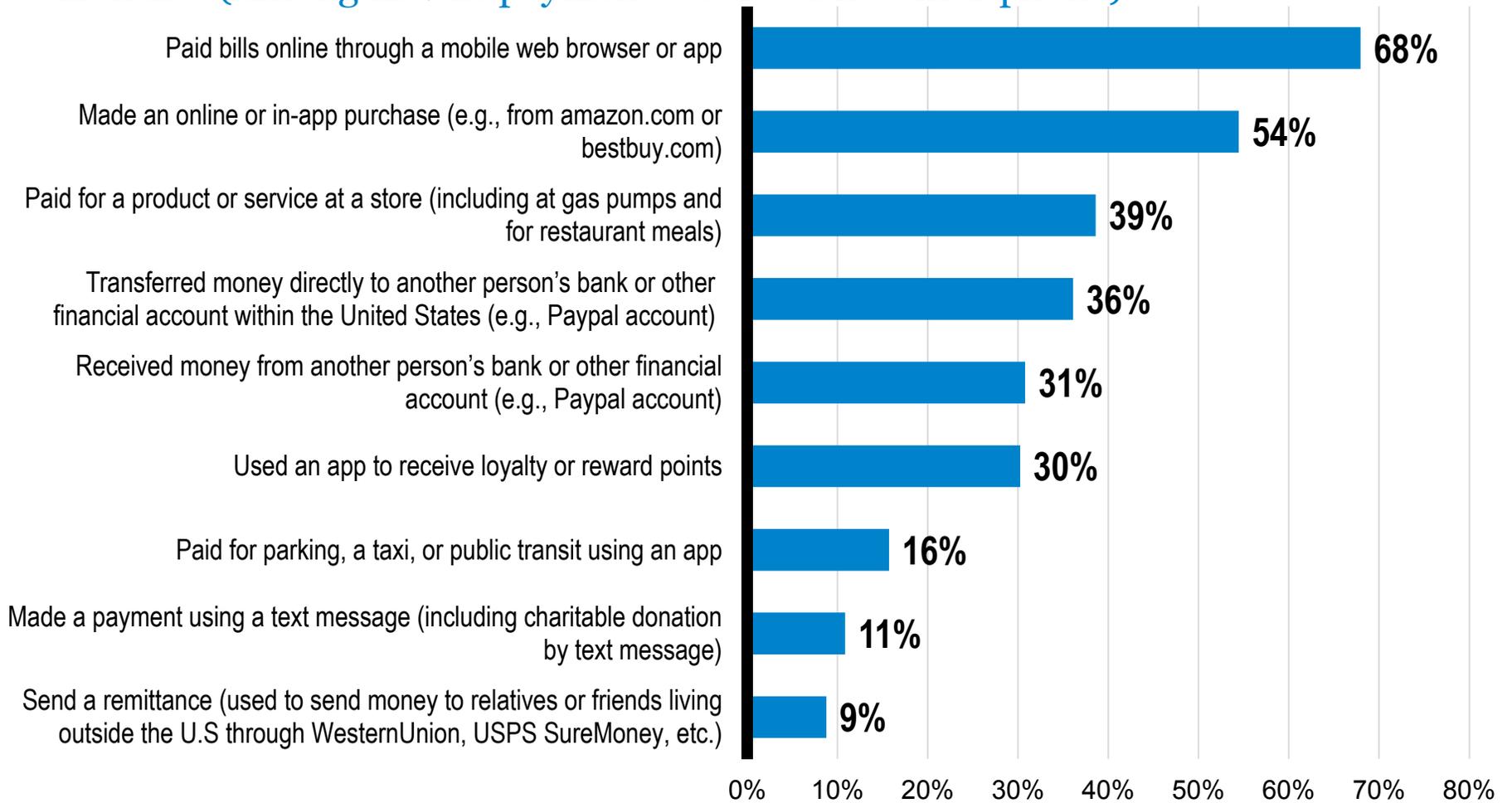
- **Applied to your phone bill (e.g. text message donation)**
- **Charged to your credit card**
- **Withdrawn directly from your bank account**

Mobile Payments Use: 2011-14



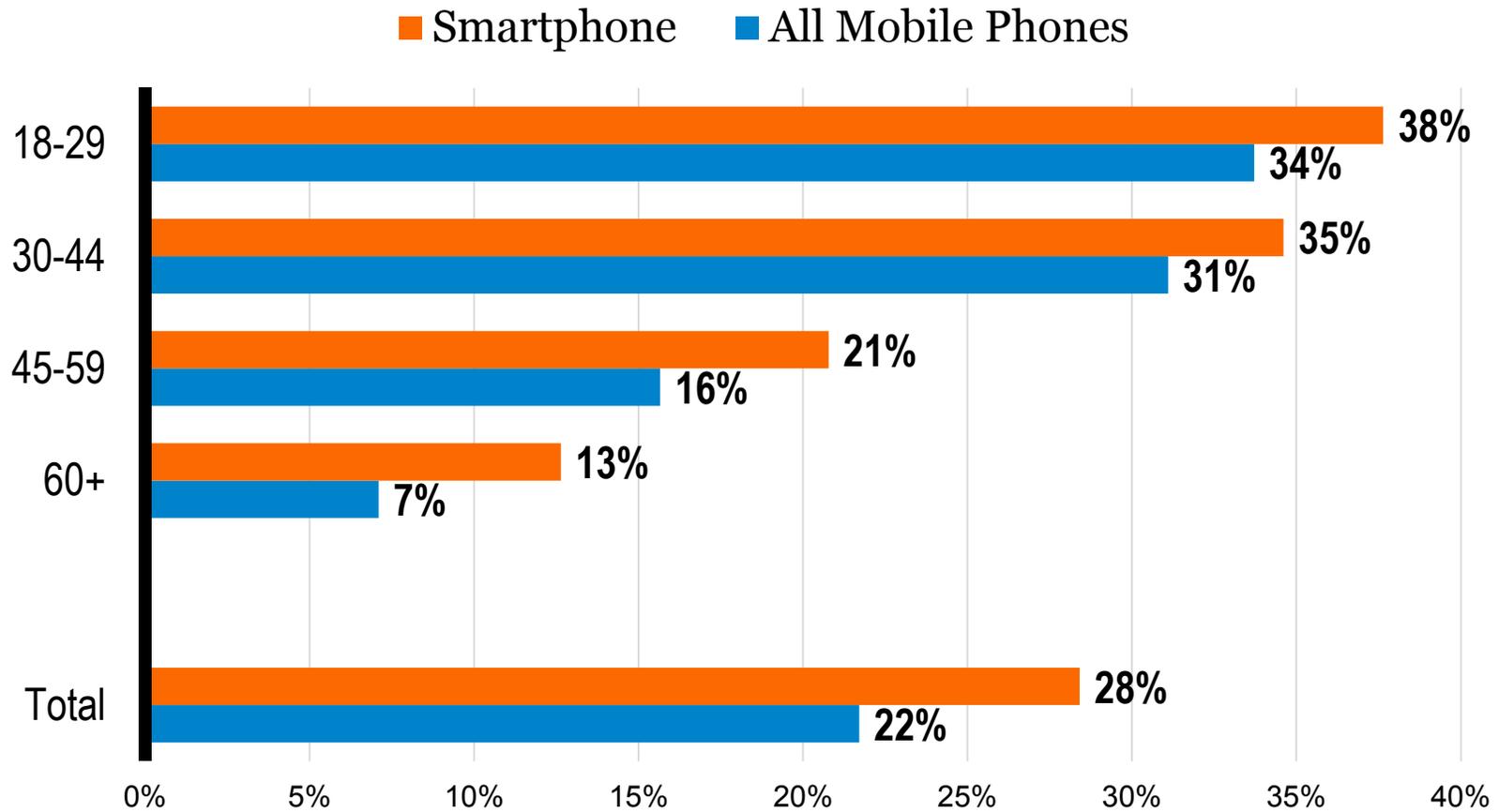
Mobile Payment Usage

Using your mobile phone, have you done each of these in the past 12 months? (Among mobile payments users with a smartphone)



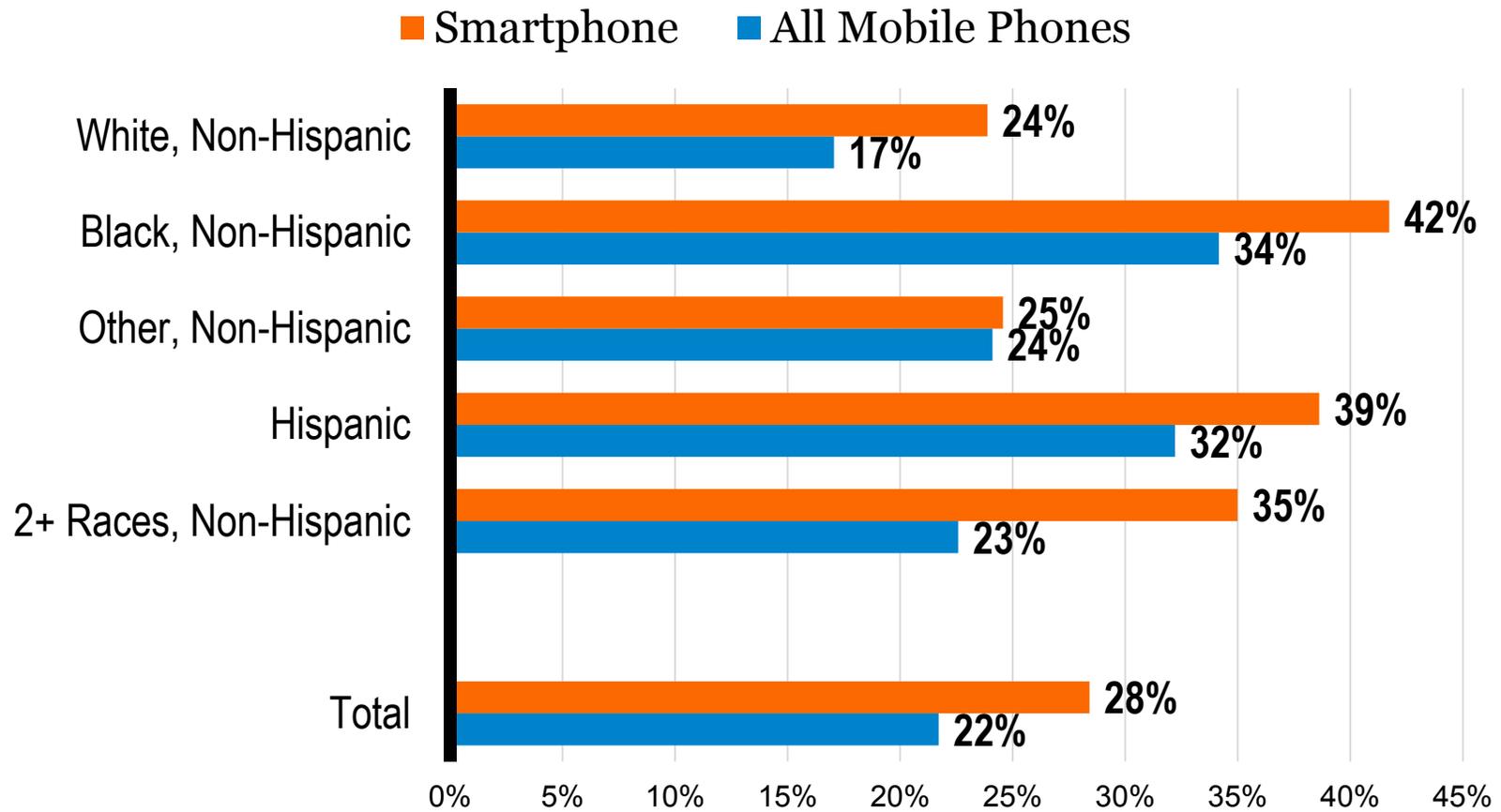
Mobile Payments by Age

By phone type



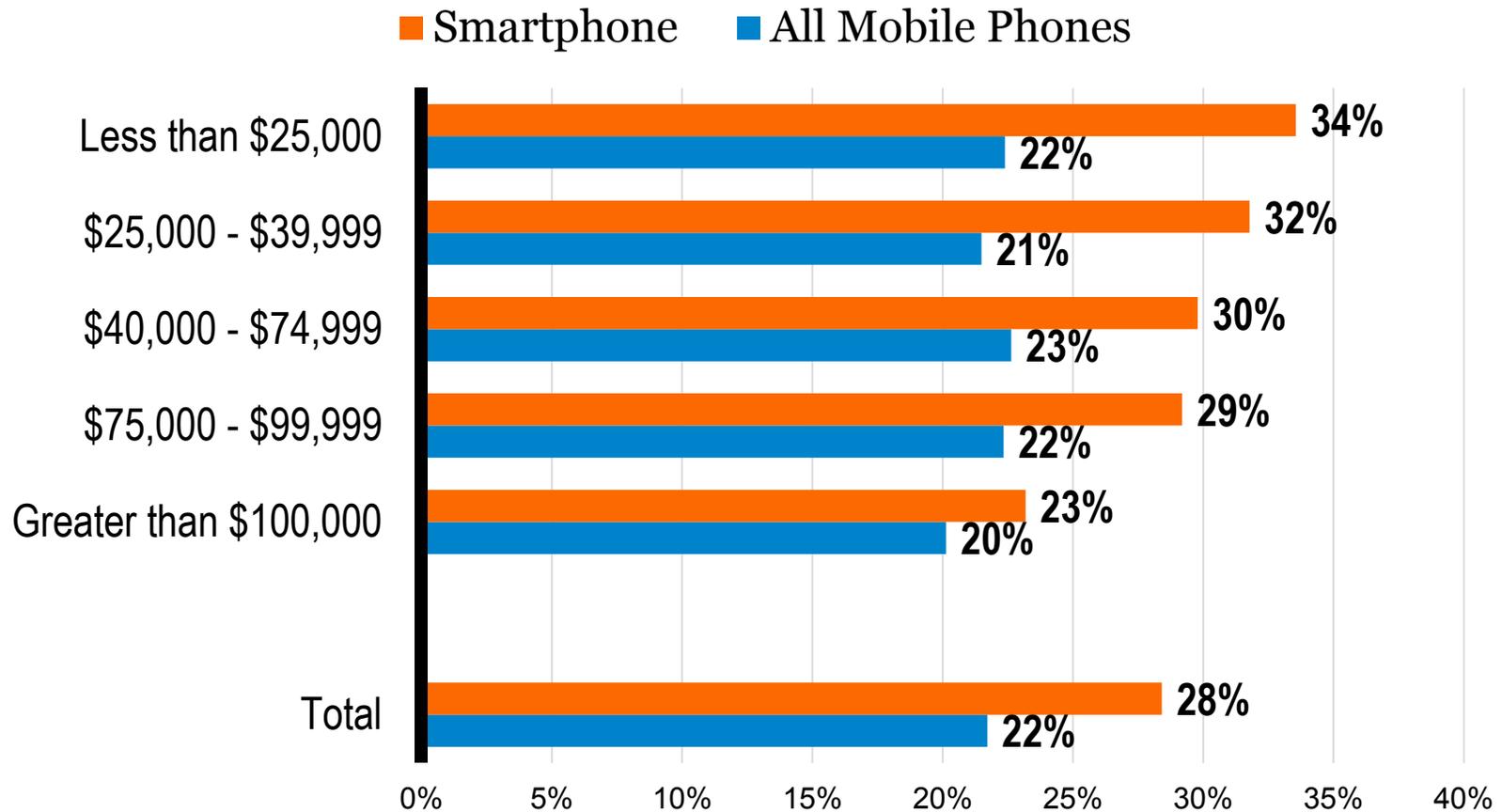
Mobile Payments by Race/Ethnicity

By phone type



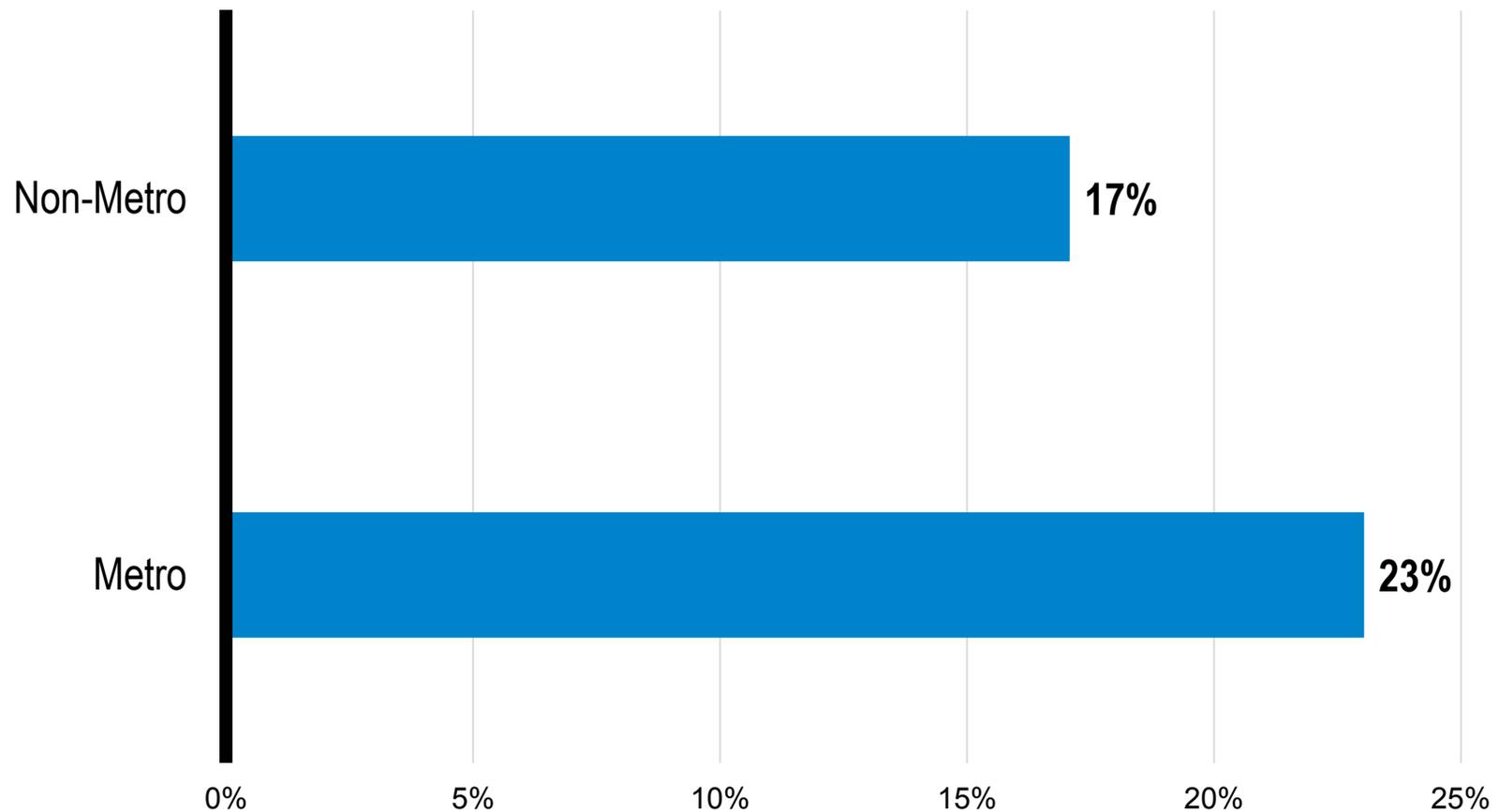
Mobile Payments by Income

By phone type

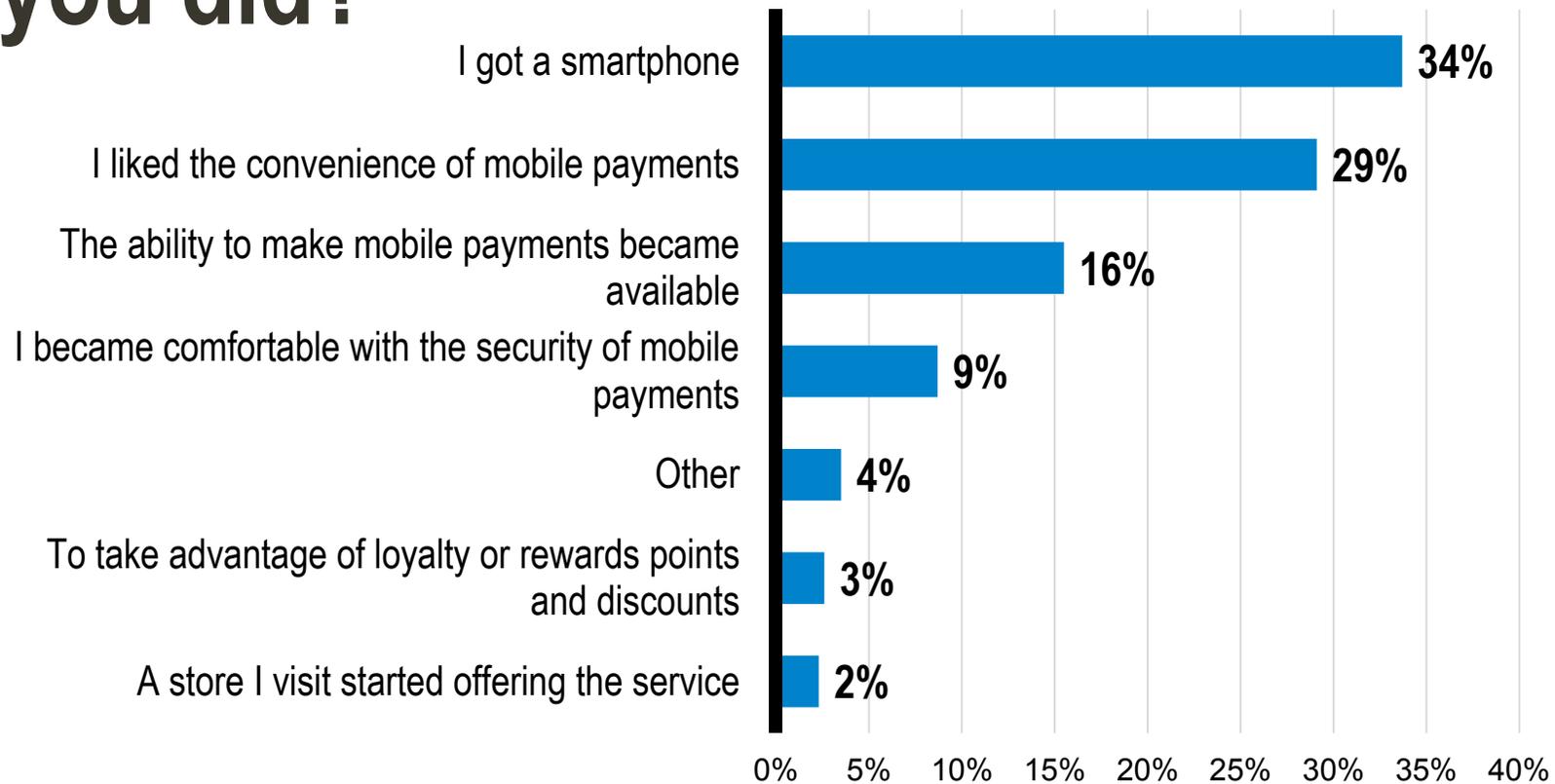


Mobile Payments by Geography

(Among respondents with a mobile phone)



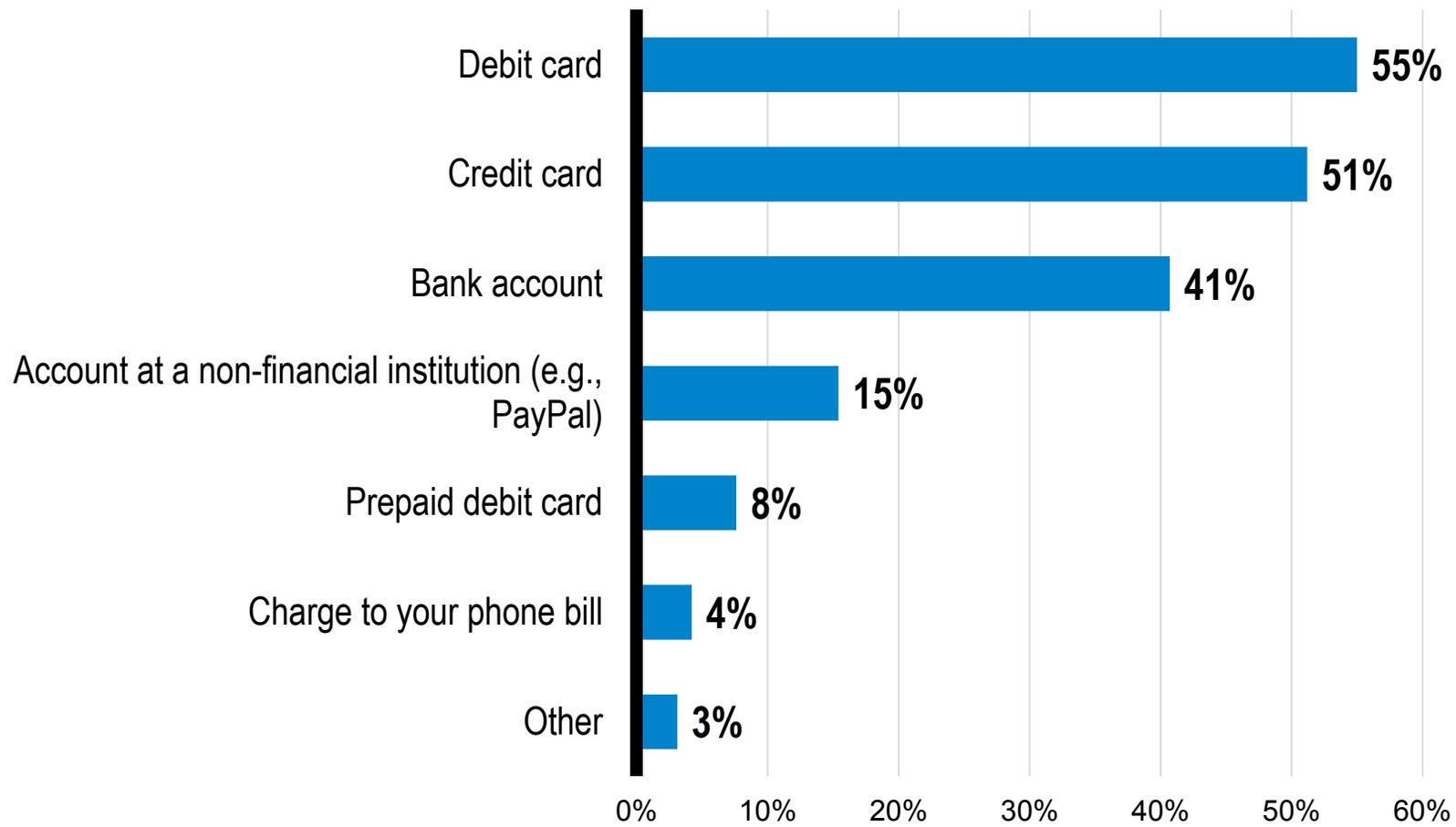
What was the main reason why you started using mobile payments when you did?



N=455

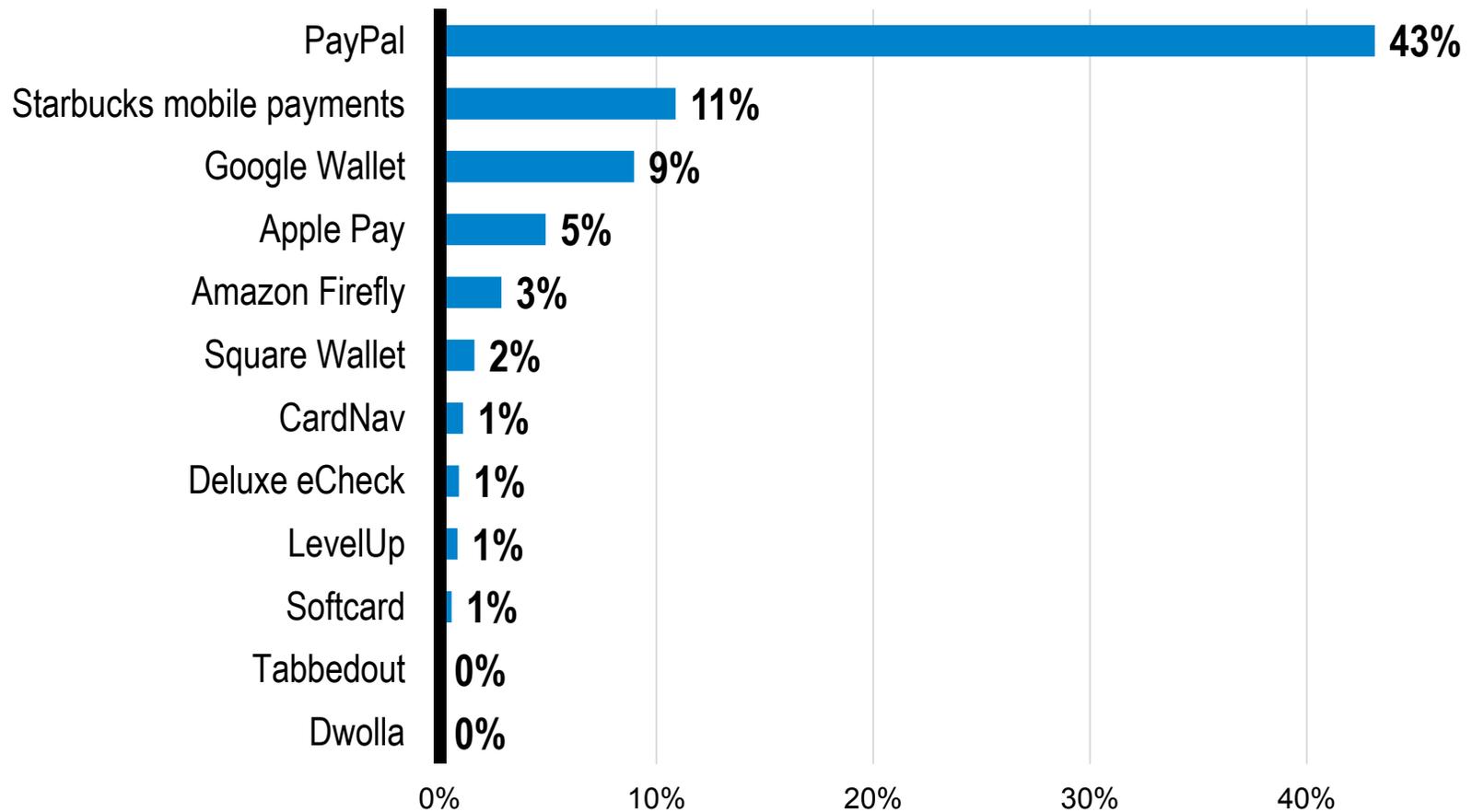
Payment Methods

When making mobile payments, which of the following payment methods do you use?



Mobile Payment Services

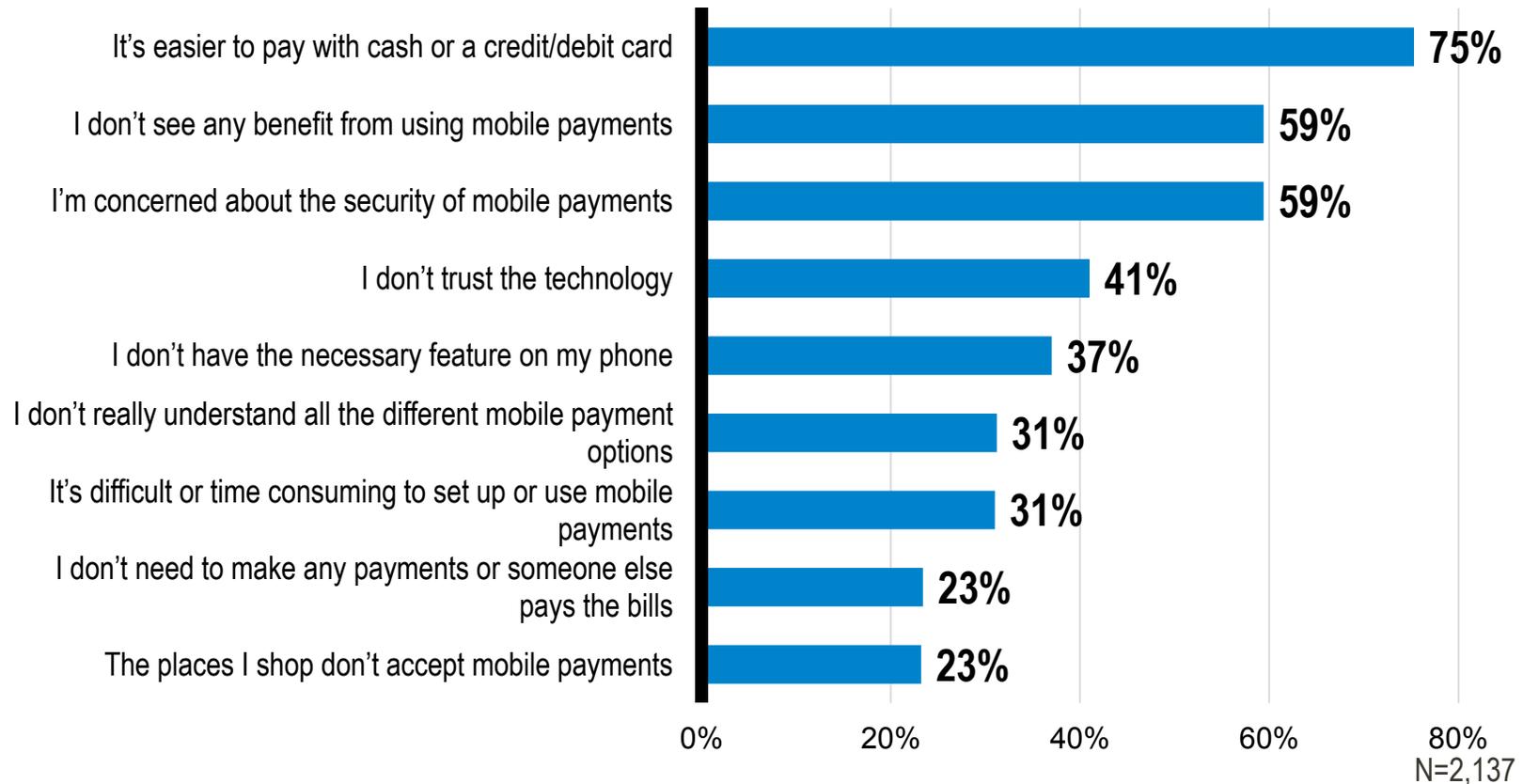
Have you used any of the following mobile payment services in the past 12 months? (Among those who made a mobile payment and own a smartphone)



N=428

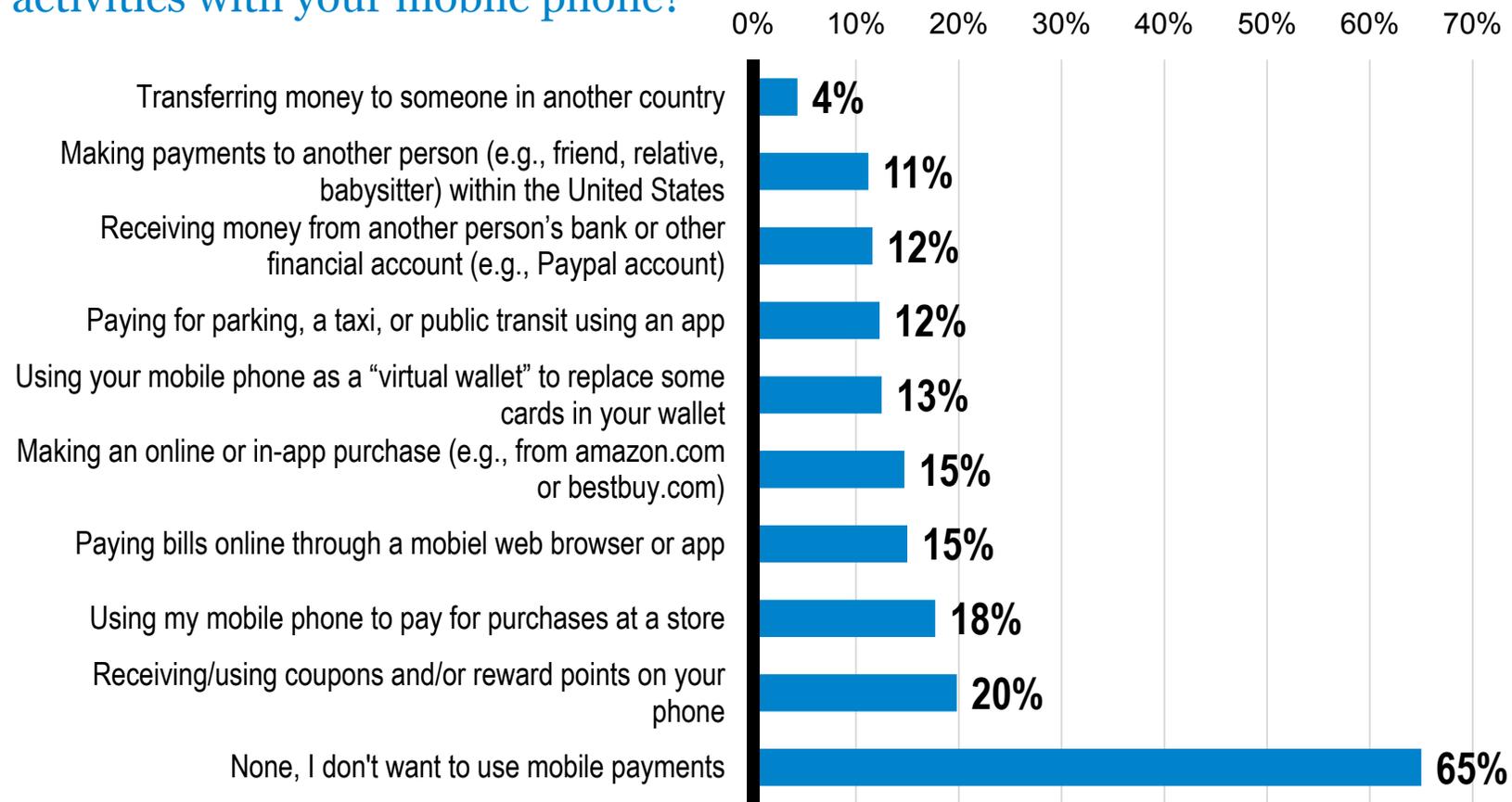
Reasons For Not Using Mobile Payments

Please tell us of any of the reasons below are why you do not use mobile payments.



Mobile Payments Areas Of Interest

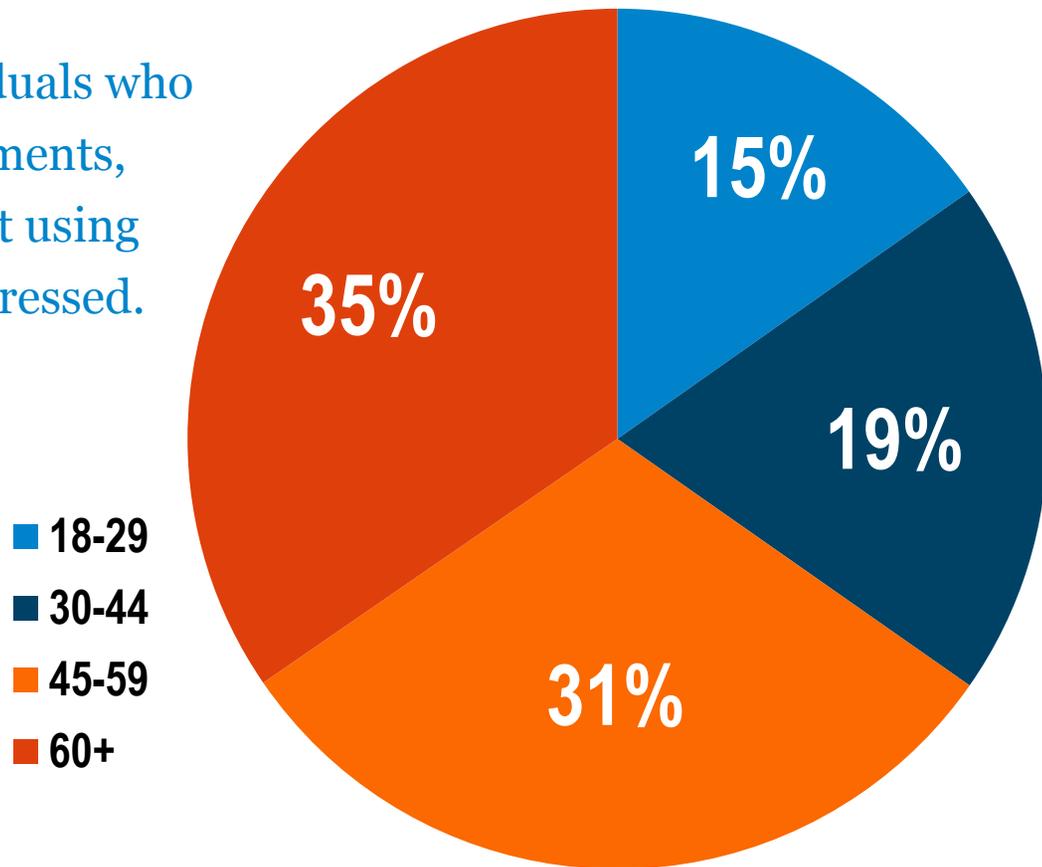
Assuming that the reason(s) why you do not currently use mobile payments was addressed, would you be interested in doing any of the following activities with your mobile phone?



N=2,137

Not Interested in Mobile Payments

Age distribution for individuals who would **not** use mobile payments, even if their reasons for not using mobile payments were addressed.



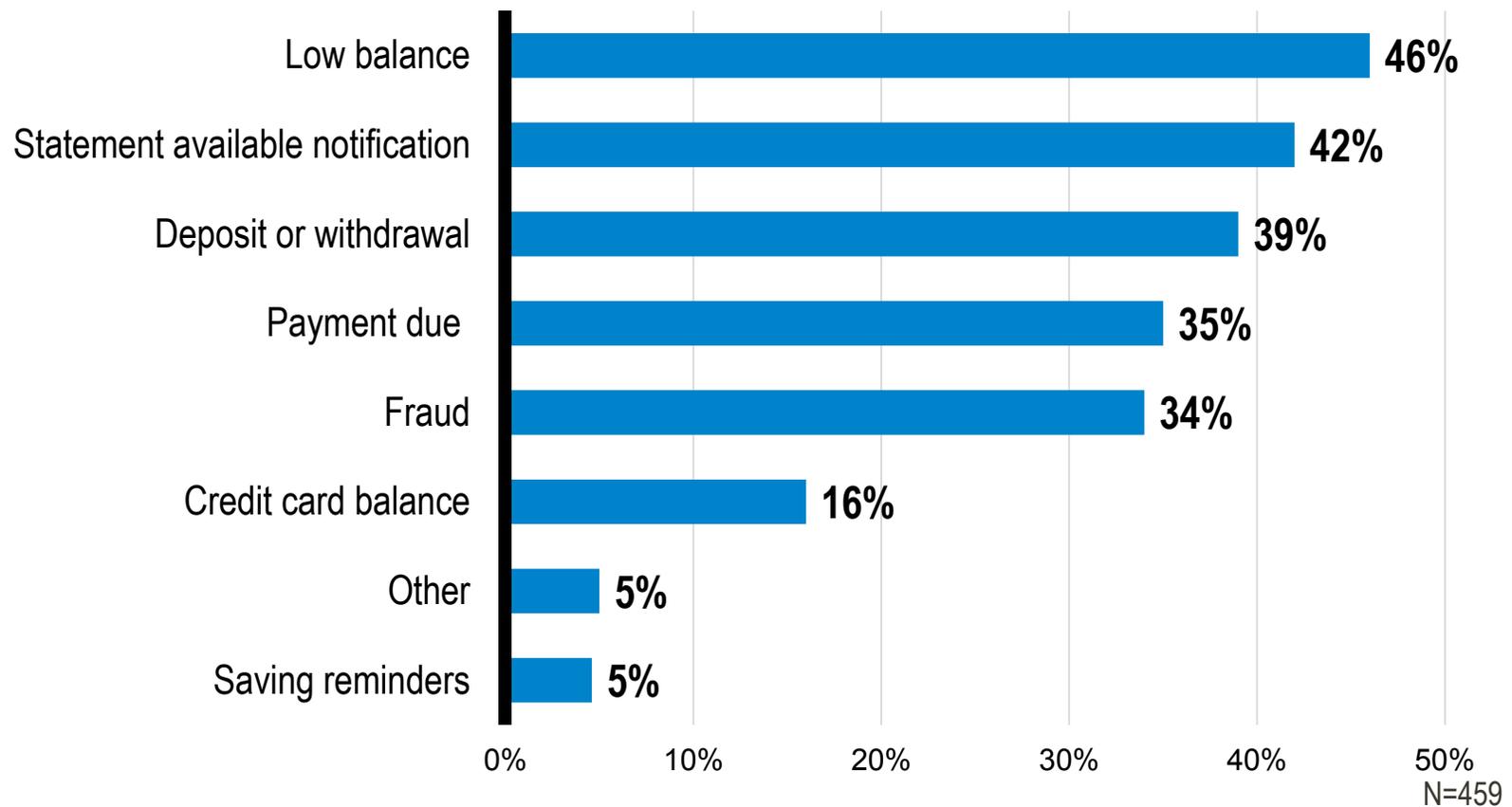
N=1,401



Mobile Technology, Shopping, and Consumer Behavior

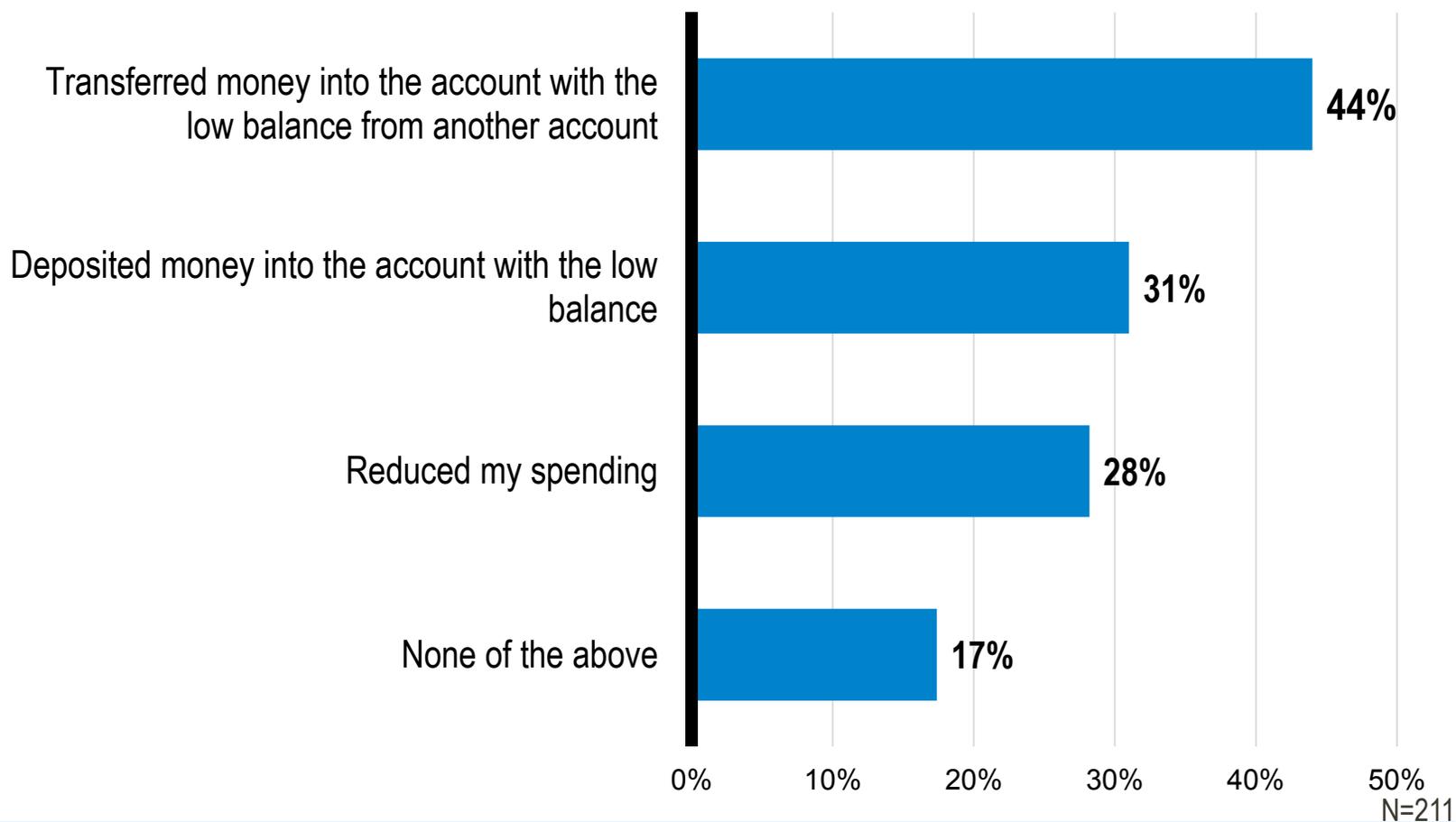
Do you receive each of the following kinds of alerts?

(Among mobile banking users who receive alerts)



Reactions To Low-Balance Alerts

Thinking of the most recent low-balance alert you received, which of the following actions did you take after receiving the alert?
(Among mobile banking users who received low balance alerts)



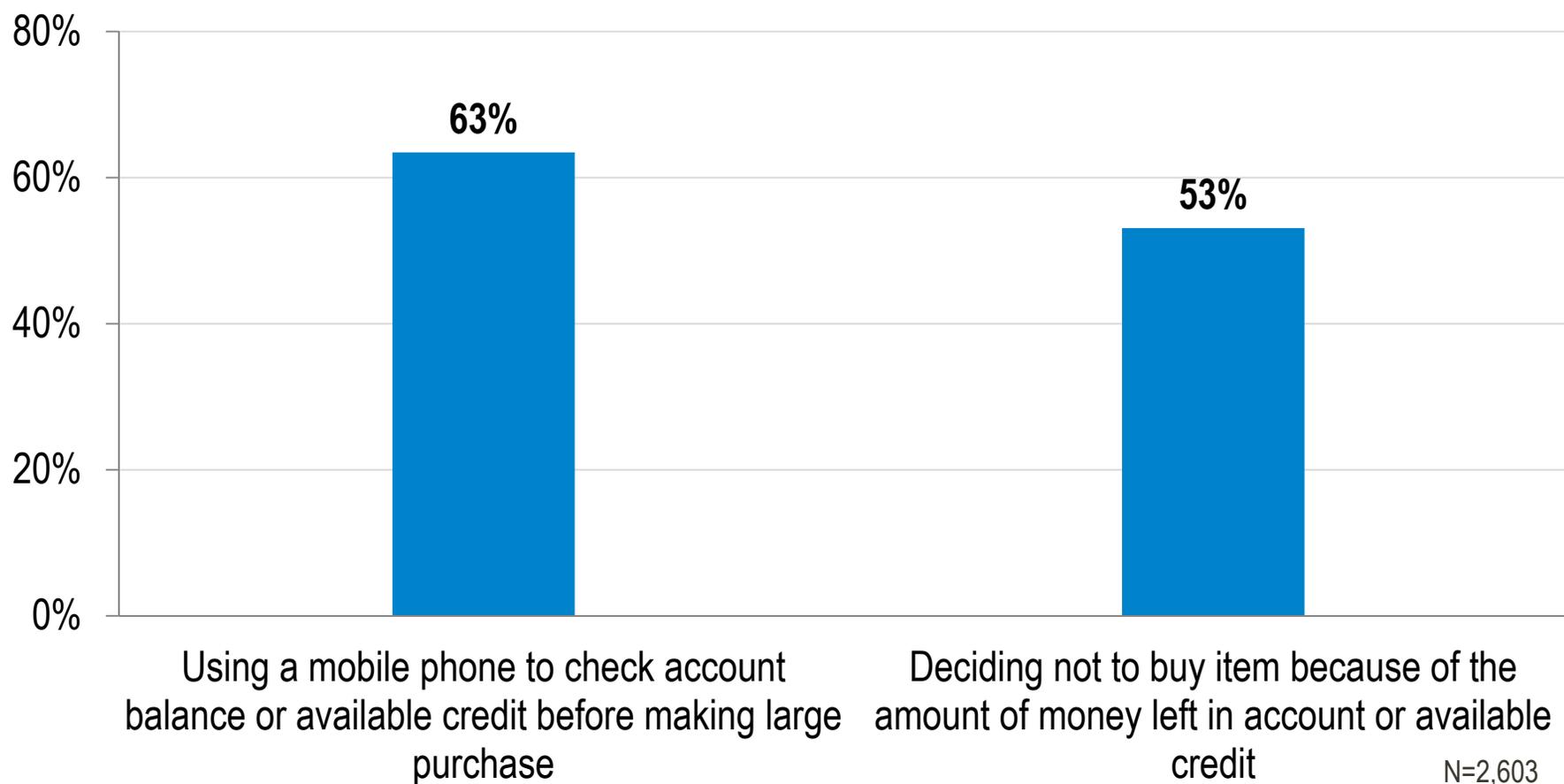
Mobile Phone Usage

Would you like to or do you already use your mobile phone for any of the following purposes?



N=2,603

Just-In-Time Financial Information While Shopping Affects Decision to Buy



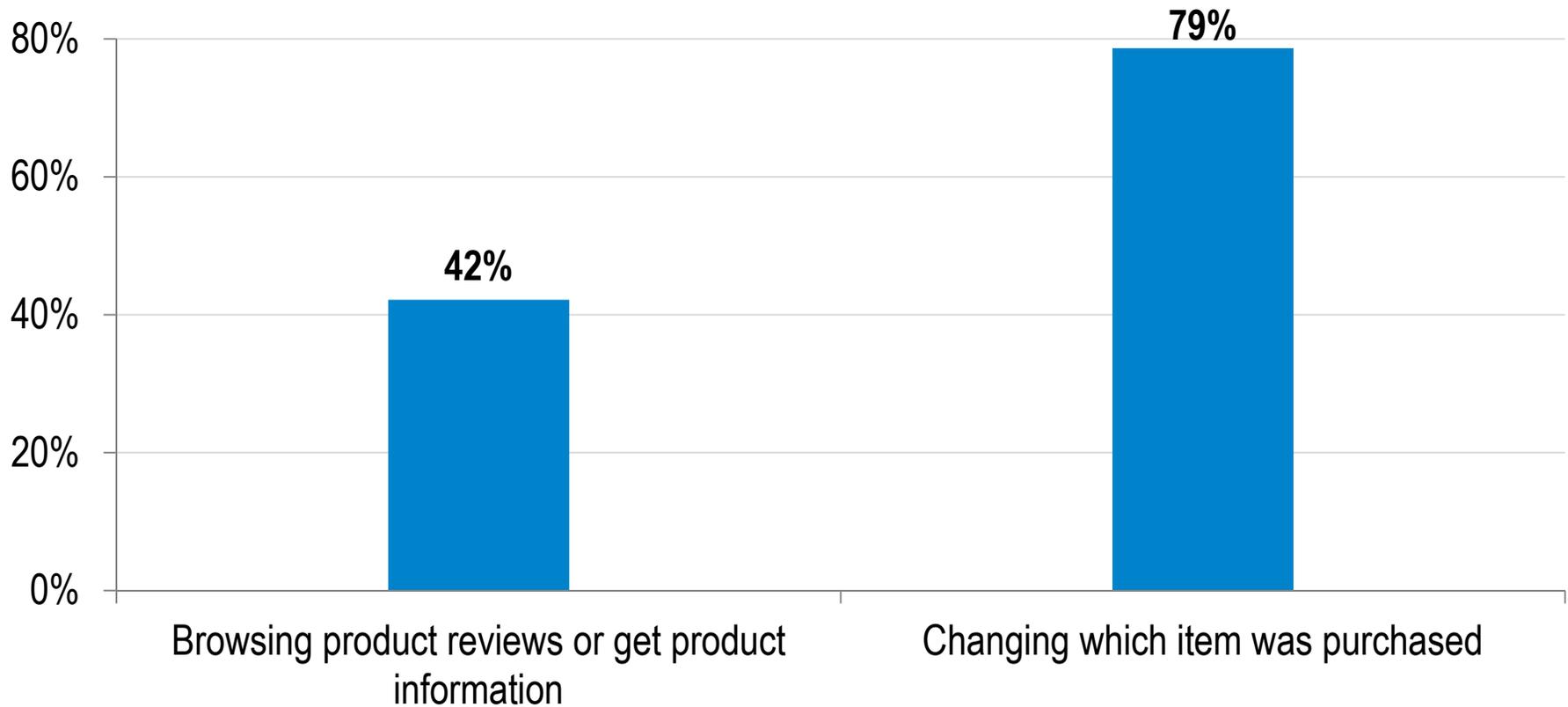
N=2,603

Using Smartphone to Compare Prices in a Retail Store Impacts Place of Purchase



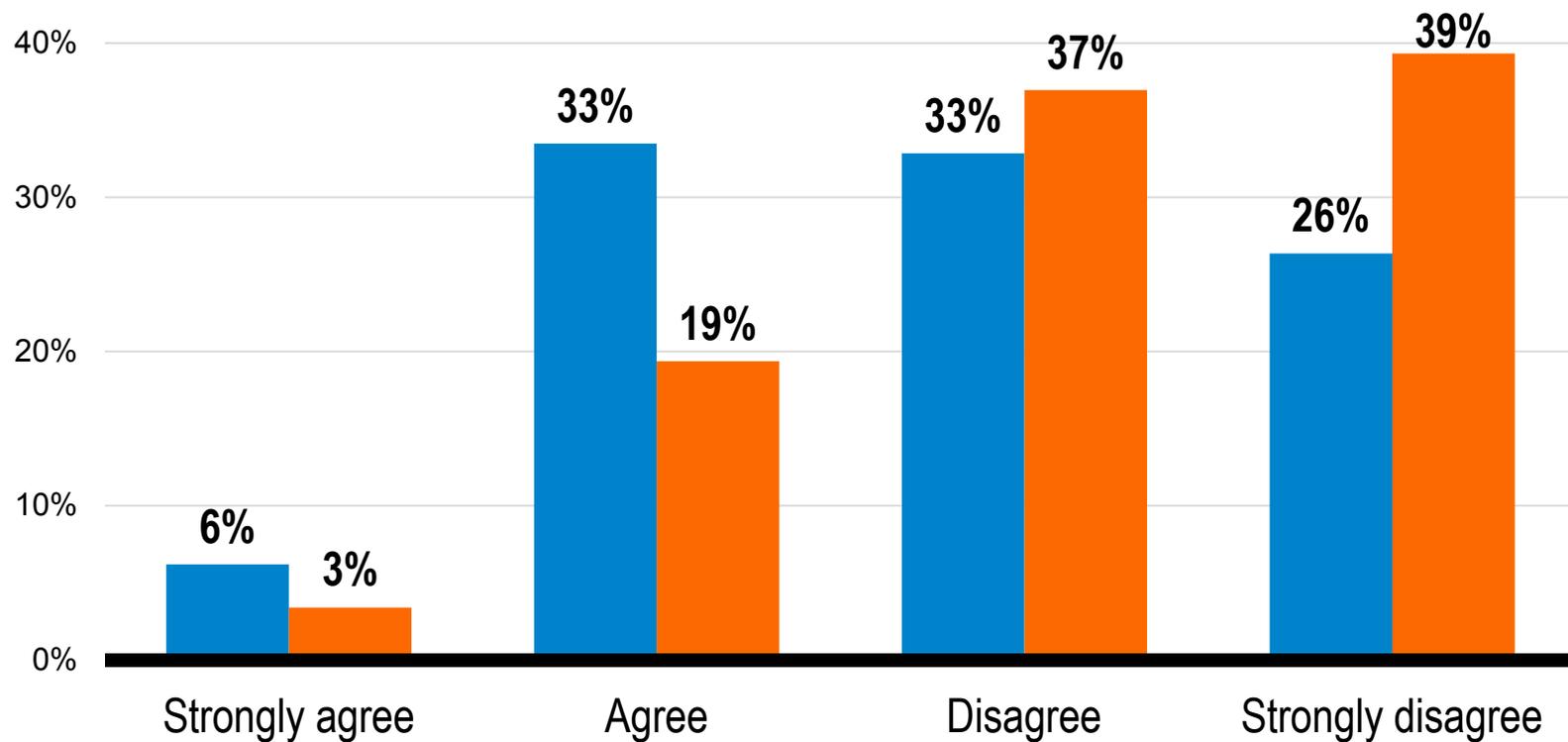
N=2,603

Using a Smartphone to Get Product Information While Shopping Affects Purchase Decision



N=2,603

Willingness to Allow Mobile Phone to Provide Information



- I am willing to allow my mobile phone to provide my location to companies I shop with regularly
- I am willing to allow my mobile phone to provide personal information to companies I shop with regularly

N=1,775

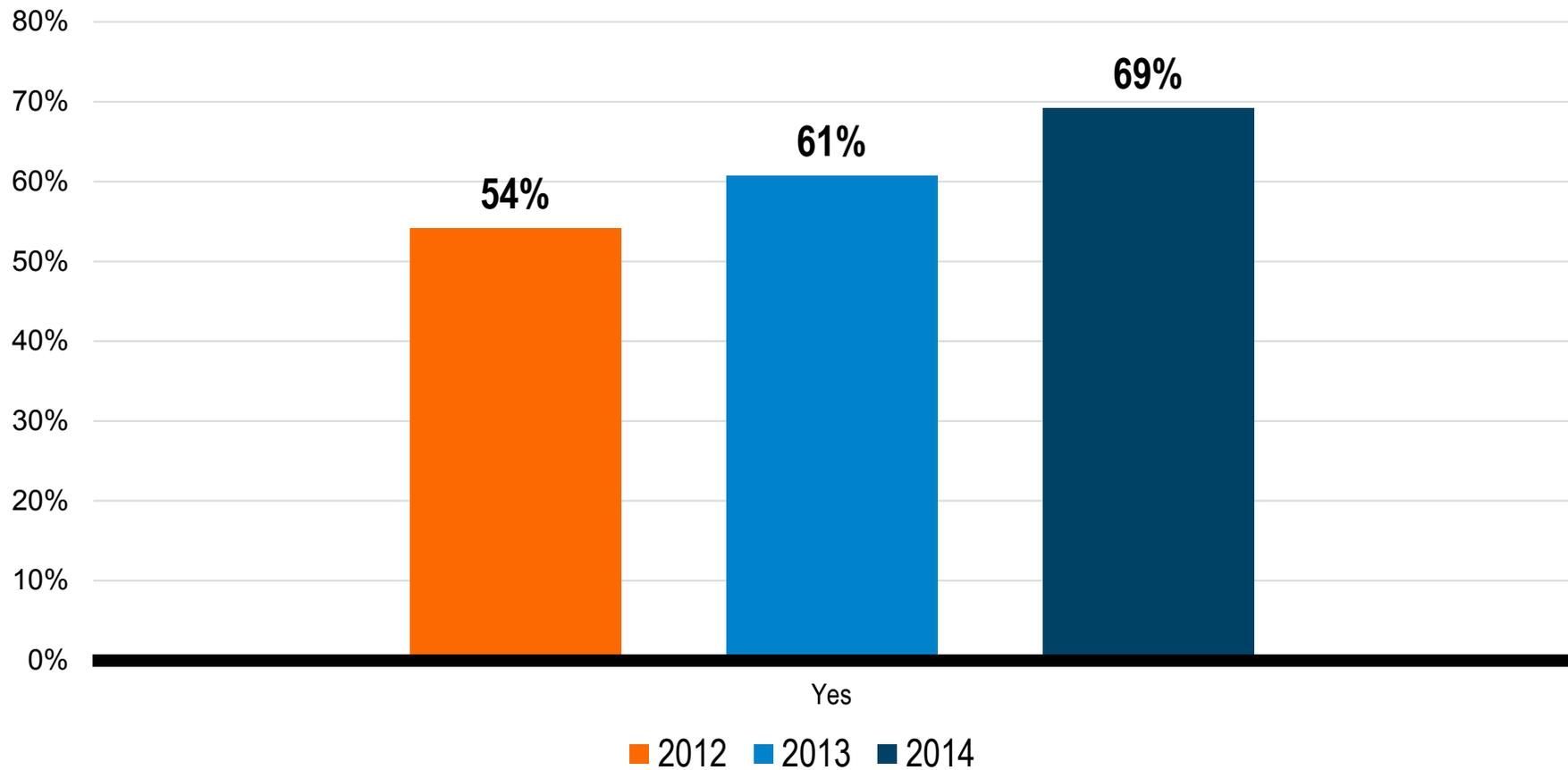


Perceived Security Of Mobile Banking And Payments



Mobile Banking Safety

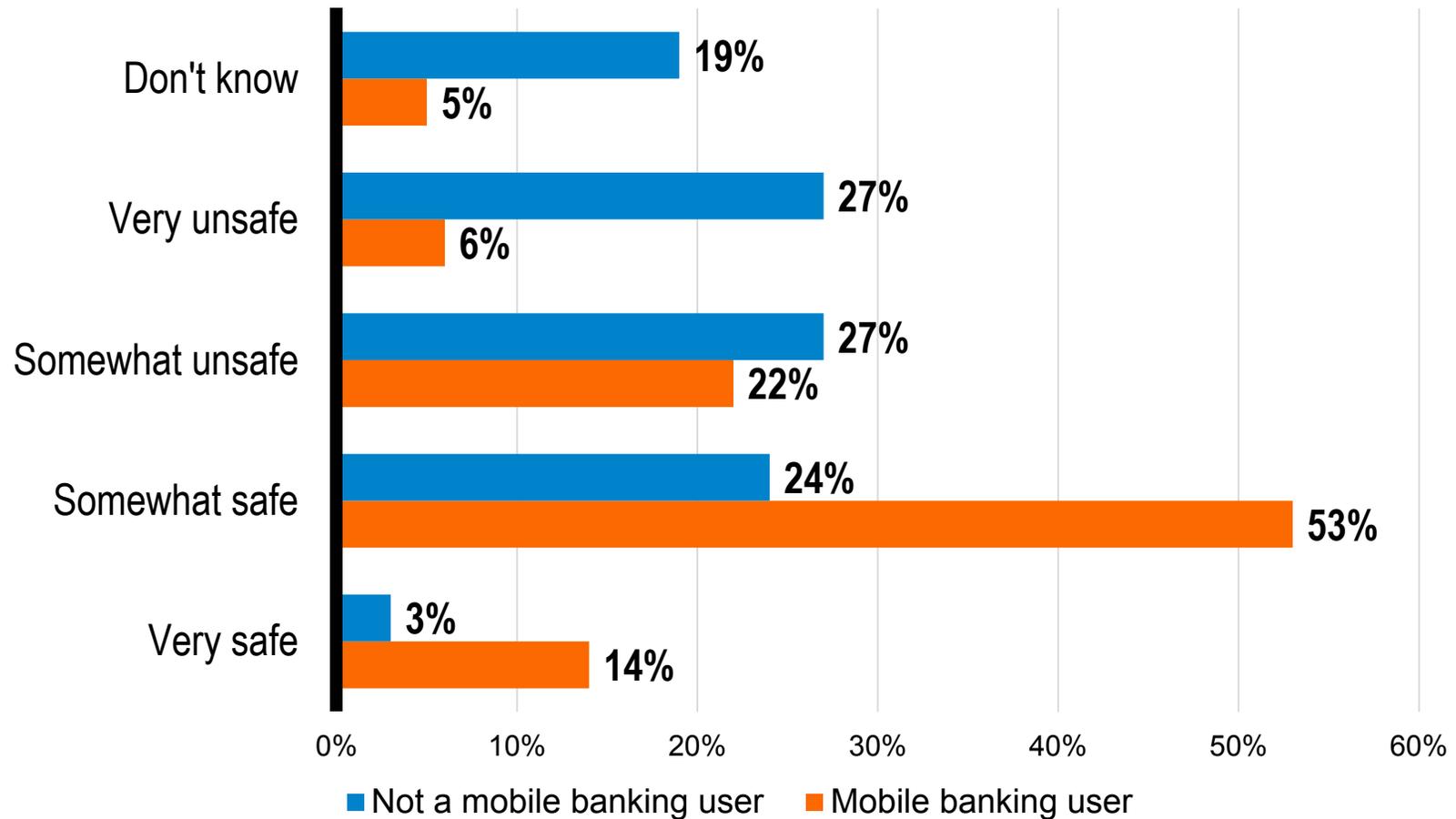
Do you password protect your smartphone?





Mobile Banking Safety

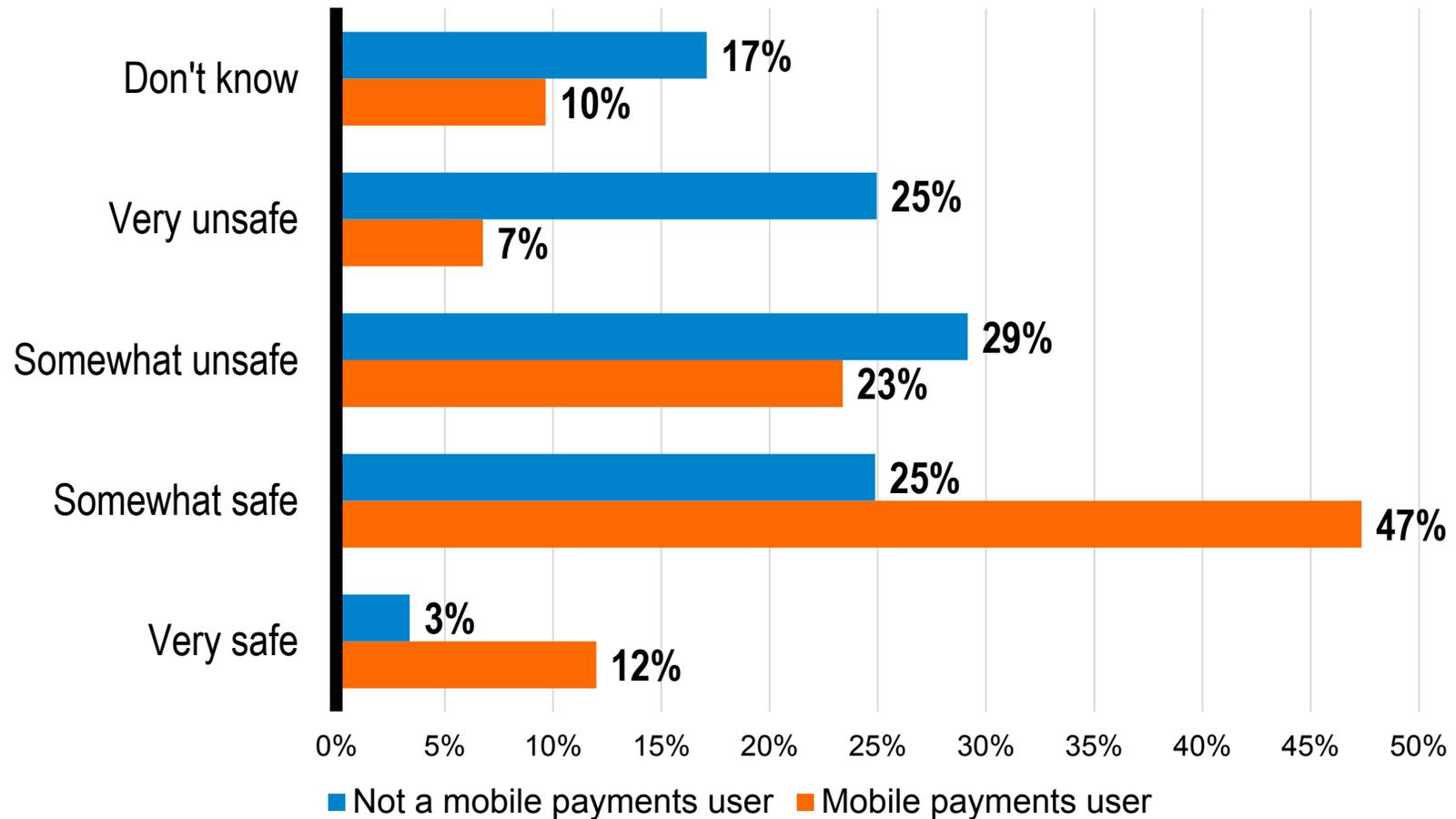
How safe do you believe people's personal information is when they use mobile banking?





Mobile Payments Safety

How safe do you believe people's personal information is when they use a mobile phone to pay for a purchase at a store?

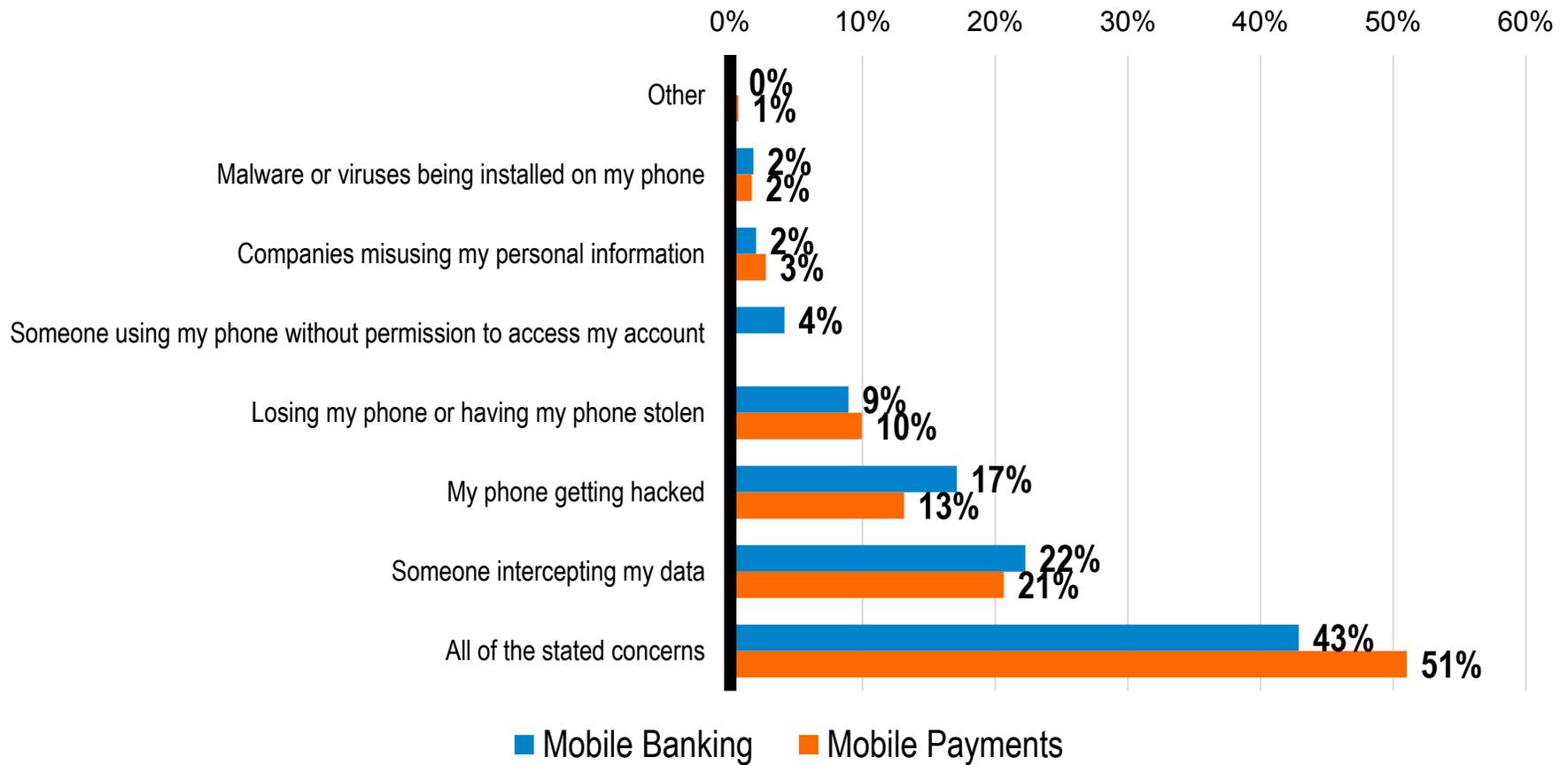




PERCEIVED SECURITY OF MOBILE BANKING AND PAYMENTS

Specific Mobile Banking and Payments Security Concerns

(Among those who expressed a concern about security)





Key Takeaways

Key Takeaways

Use of mobile banking continued to increase

- Most common mobile banking activities are checking account balances/recent transactions, transferring money between accounts, and receiving alerts from financial institution
- Remote deposit capture continues to increase

Use of mobile payments broadly defined has risen

- Most common mobile payment activities are paying bills, making online or in-app purchases, and paying for a product or service at a store

Smartphone ownership and convenience are major drivers of adoption

Main impediments to adoption are preference for other methods of banking and payments and concerns about security

Access to “just-in-time” information via mobile phone (e.g. bank alerts) has altered choices for many mobile phone users