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# Expectations & Experiences: Consumer Payments

August 2016



# Opportunity in an Anytime, Anywhere World

From paying the mortgage to paying the babysitter, many factors influence how consumers prefer to pay for goods and services. And among those preferences, consistent themes emerge: Consumers want secure, reliable, convenient and fast payment options.

These themes aren't surprising, but rapid innovation makes them more relevant than ever. New experiences are redefining expectations for seamless interactions while also bringing into focus new questions and barriers to adoption. Consumers are bombarded almost daily with new possibilities for anytime, anywhere payments, and, at the same time, they're met with news stories about lapses in privacy and data security.

## Expectations & Experiences:

**Consumer Payments** highlights specific steps financial institutions, billers and other payments providers can take today to encourage adoption of cost-saving technology, meet consumer expectations and increase satisfaction.



# Payments Transformation

The first steps toward meeting consumers' expectations for better payment experiences are understanding their expectations and any barriers related to adoption.

As innovation in the realm of payments continues to grow, mobility, always-on connectivity and the influx of younger demographic segments are front and center. Nearly three quarters (71%) of millennials – the largest consumer demographic – believe mobile banking will transform their banking experience in the future. In fact, it's already changing their payments experience: 56% of late millennials (25-35 years old) who use mobile bill pay say they have increased their use of the service over the past year. The scope of the transformation in payments is staggering and there are implications for financial institutions, merchants, billers and consumers. Anyone who takes and makes payments – so, everyone – will experience the impact.

Formerly the Consumer Trends Survey, Expectations & Experiences builds on 15 years of Fiserv-sponsored surveys to understand consumer needs and help clients drive customer satisfaction, loyalty and profitability. This paper summarizes key results from a survey of more than 3,000 U.S. banking consumers regarding their attitudes, behaviors and habits related to payments. The survey is conducted by Harris Poll on behalf of Fiserv.



## The Impact of Mobile

The days of sitting at the kitchen table once a month to pay bills are falling away. Consumers now pay bills on demand, wherever and whenever it suits them. This is evident in the considerable rise of mobile banking and mobile payments services.



### Mobile Transforms the Banking Experience

**51%** say mobile will change the way they bank in the future

**44%** say mobile has already changed the way they bank

**41%** of millennials would leave their wallet at home if they could store all of the information they need in a digital wallet they could access and use anywhere

While all payment services – from e-billing to account-to-account transfers – have shown increases in usage over the past year, mobile channels demonstrate by far the most growth among active users – those who have used the service in the last 30 days. The most significant increases come from millennials.



**87% of Millennials (18–35) use Mobile Banking**

\*with smartphone/tablet/  
wearable device

## Mobile Grows Among Millennials

### Increased Use Since Last Year\*

Mobile  
Banking

**60%**

Mobile  
Bill Pay

**56%**

Digital  
Wallet

**57%**

\*Late Millennials, Active Users in Past 30 Days

One of the most abrupt shifts is in how consumers use mobile banking. In previous annual Fiserv consumer surveys, most of the leading uses involved accessing information – viewing balances, statements and ATM locations, for example. Today’s users are relying on their devices to carry out increasingly complex banking and payments transactions.

## Uses of Mobile Device in the Last Month



# Consumers Expect Secure, Real-Time Transactions

Life moves quickly. And consumers have become accustomed to easy, intuitive, immediate and secure experiences. When asked about various aspects of their payments experiences, these themes arise again and again.

## Security Is Top Priority

Security has emerged as a key component of both adoption and customer satisfaction. It plays a key role in whether or not consumers choose to adopt certain technology – even if those security concerns are misplaced (for example, the misperception that sending checks through postal mail is safer than making a mobile payment).

## Security Concerns as Adoption Barriers



**64%** of those who don't use mobile banking (but have an enabled device) say they are concerned about security of accessing financial information through a mobile device

**35%** of nonusers of bill pay don't do it because they are concerned about online security and protecting their personal information

**29%** of nonusers of person-to-person (P2P) payments don't do it because they are concerned about online security and protecting their personal information

Security concerns reveal themselves in fairly mainstream expectations, such as the fact that 31 percent say they want identity protection services added as an improvement to online banking. This awareness of security is also evident in the finding that consumers of all ages are getting comfortable with the idea of biometrics as an authentication method.



## Bring on the Biometrics

**62%** of adults say they would feel secure using fingerprint technology as an authentication method to confirm their identity when using a mobile app, **while only 41%** say the same of passwords

## People Want It Now

The desire for immediate results is a recurring theme across all service categories and consumer segments, particularly among younger consumers. People want same-day posting, real-time balances and instant alerts. In some cases (such as with P2P payments), real-time could even encourage adoption among nonusers.

## Real-Time Payment Preferences

- #1** desired enhancement to online banking (among those who use the service) is same-day transaction posting (**33%**)
- #1** desired enhancement to online bill pay is same-day bill payment posting (**36%**)
- #2** desired enhancement to online bill pay is account balance updates reflecting payments made (**25%**)
- 28%** say they would be interested in seeing instant balances (without having to login) added to mobile banking apps
- 40%** of early millennials (18-24 years old) who do not use P2P services say the ability to transfer funds to people in real time would encourage their use of P2P



Note: Unless otherwise noted, data is among respondents who already use the service in question.

## Awareness, Proficiency and Misperceptions Hold Back Adoption

When it comes to adoption of payments technology, the biggest barriers are awareness and proficiency. In other words, consumers are holding back because they either don't know a product exists or they don't know how it works. This presents an enormous opportunity for financial institutions to educate customers about the availability of products, their security features and the general functionality of digital payments services.

From available features to functionality, many consumers lack awareness and understanding of payments options available from their financial institution.



### THE LEARNING Curve

#41 of people don't use online bill because they say they don't want auto-withdrawals

45% of people don't know their financial organization's bill pay service offers the ability to receive or view bills online

41% don't know if their financial institution offers P2P payment options

!!! Security concerns are major barriers to adoption of Mobile banking (64%) Bill Pay (35%) P2P (29%)

?? People who don't use a service because they don't know how it works: E-bills (15%) Bill Pay (14%) Mobile Banking (20%) P2P (24%)



## About the Survey

Expectations & Experiences is a quarterly U.S. consumer trends survey that provides insight into the attitudes, behaviors and habits of financial consumers. Each module focuses on primary issues relevant to how people manage and move money, including preference and adoption of supporting services, channels and technologies.

One of the longest running surveys of its kind, the survey builds on 15 years of longitudinal consumer survey data commissioned by Fiserv and provides financial services institutions with unique insight into consumer needs, enabling them to improve adoption of services that drive customer retention, satisfaction and profitability.

## Methodology

The survey was conducted online within the United States between November 4 - 19, 2015 by Harris Poll on behalf of Fiserv, Inc. The survey was conducted among 3,048 U.S. adults ages 18 and older who are part of a household that currently has a checking account with a bank, credit union, brokerage firm or other financial organization, and who have at least some level of involvement in managing their household finances. The data were weighted to ensure that relevant demographic characteristics of the sample matched those of the U.S. general population.

## 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 a FORTUNE magazine's World's Most Admired Company for the third consecutive year. In 2015 the company was recognized among Forbes magazine's America's Best Employers. For more information, visit [www.fiserv.com](http://www.fiserv.com).

## 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).



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