

Consumers and Mobile Financial Services

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Background

- ▶ Survey by Knowledge Networks
- ▶ Nationally representative probability-based online panel of respondents
 - December 22, 2011 to January 9, 2012
 - 2,290 respondents
- ▶ Report released March 2012
(<http://www.federalreserve.gov/econresdata/mobile-device-report-201203.pdf>)

Key Findings

- ▶ Among *all* mobile phone users:
 - 21% used mobile banking in past 12 months
 - 12% used mobile payments in past 12 months
- ▶ Among *smartphone* users (44% of mobile phone users)
 - 42% used mobile banking in past 12 months
 - 23% used mobile payments in past 12 months

Key Findings

- ▶ 78% fully banked; 11% underbanked; 11% unbanked
- ▶ Underbanked more likely to be: 30–44, less educated, minority, lower income (under \$40,000), working or self-employed
- ▶ Unbanked more likely to be: 18–29, less educated, minority, low income (under \$25,000), laid-off or looking for work

Underbanked and Mobile

- ▶ 9 out of 10 have mobile phone
 - 57% have smart phone
- ▶ Nearly 3 out of 10 (28%) use mobile banking
 - 22% plan to use in next 12 months
- ▶ 1 out of 6 (17%) use mobile payments
 - 3 out of 5 pay bills
 - 1 out of 5 transfer money

Unbanked and Mobile

- ▶ 3 out of 5 (63%) have mobile phone
 - 26% have smart phone
- ▶ 10% use mobile banking
 - 19% plan to use in next 12 months
- ▶ 1 out of 8 (12%) use mobile payments
 - 2 out of 5 pay bills
 - 1 out of 3 make purchase
 - 1 out of 4 transfer money

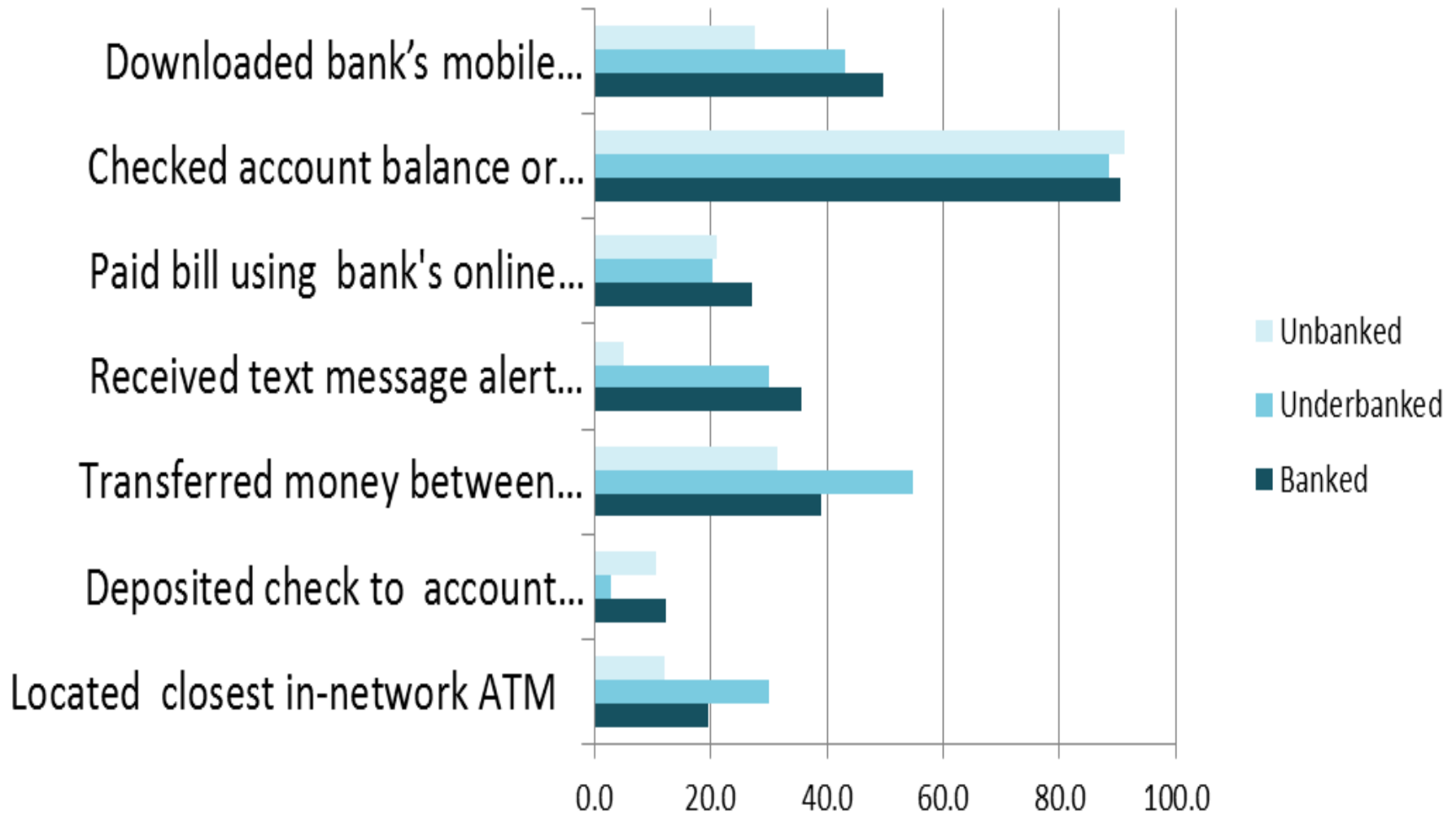
Mobile Banking Definition

Mobile Banking uses a mobile phone to access your bank account, credit card account, or other financial account

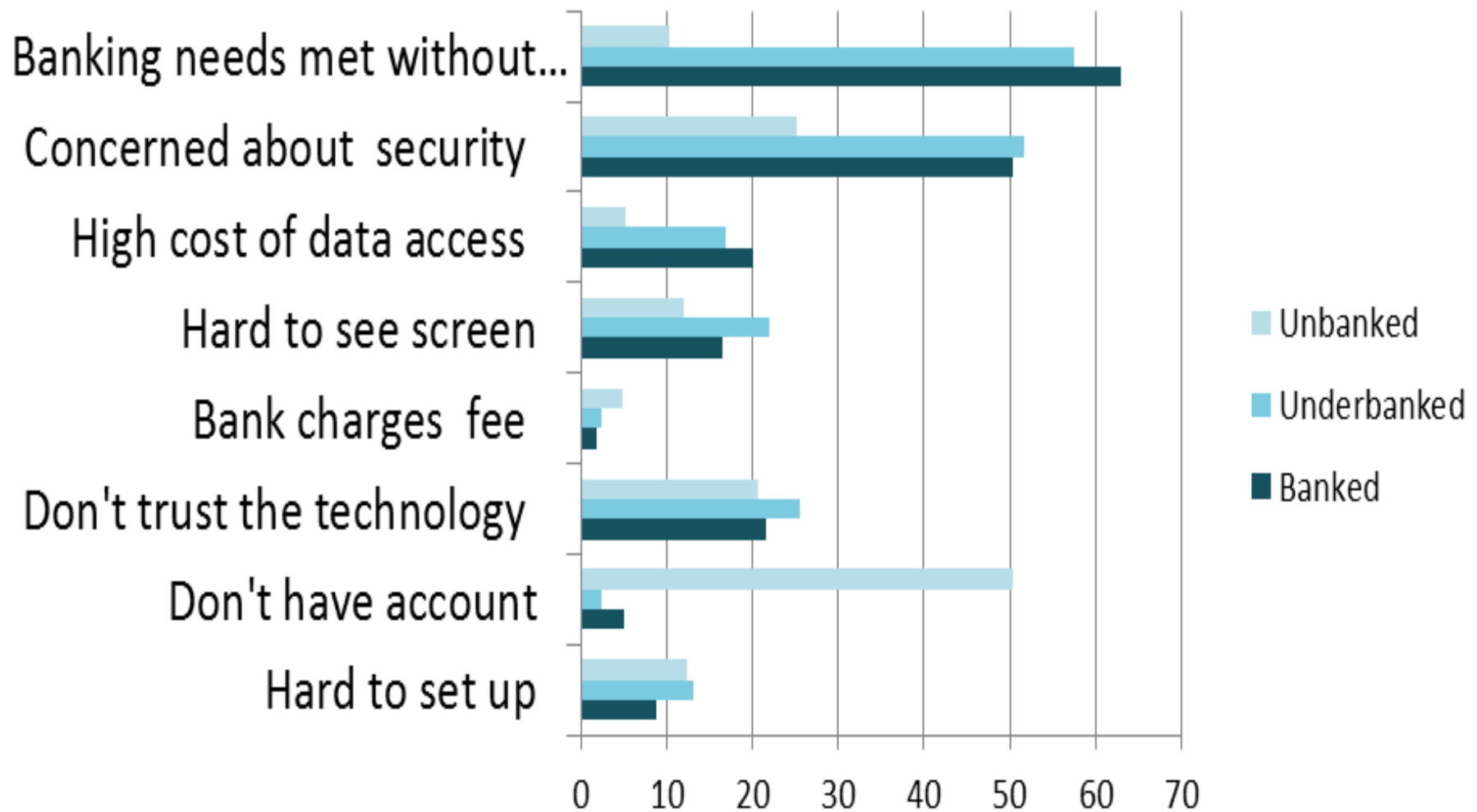
You can use mobile banking by:

- Accessing bank's web page through web browser
- Text messaging
- Using downloaded application

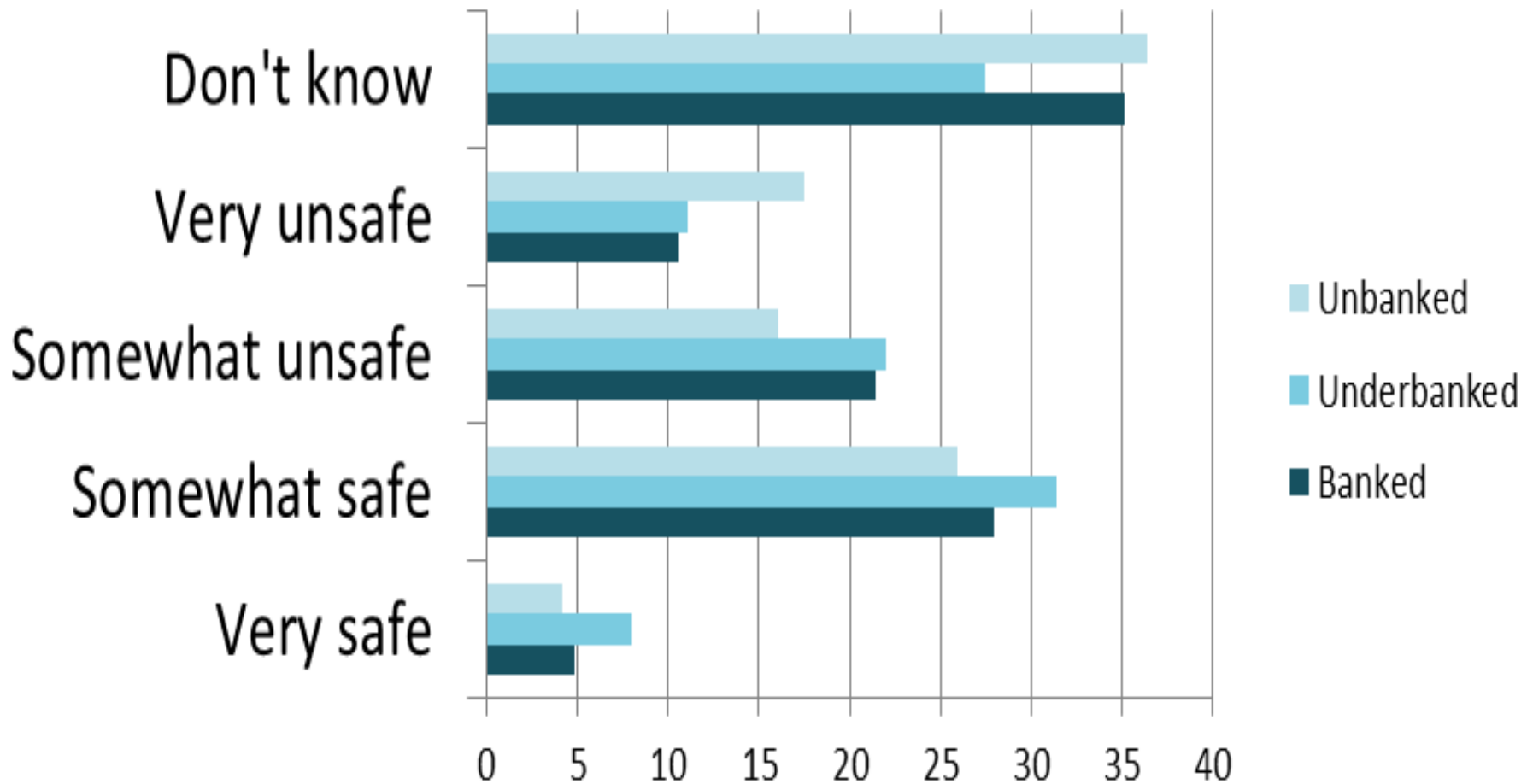
Q25. Using your mobile phone, have you done any of the following in the past 12 months?



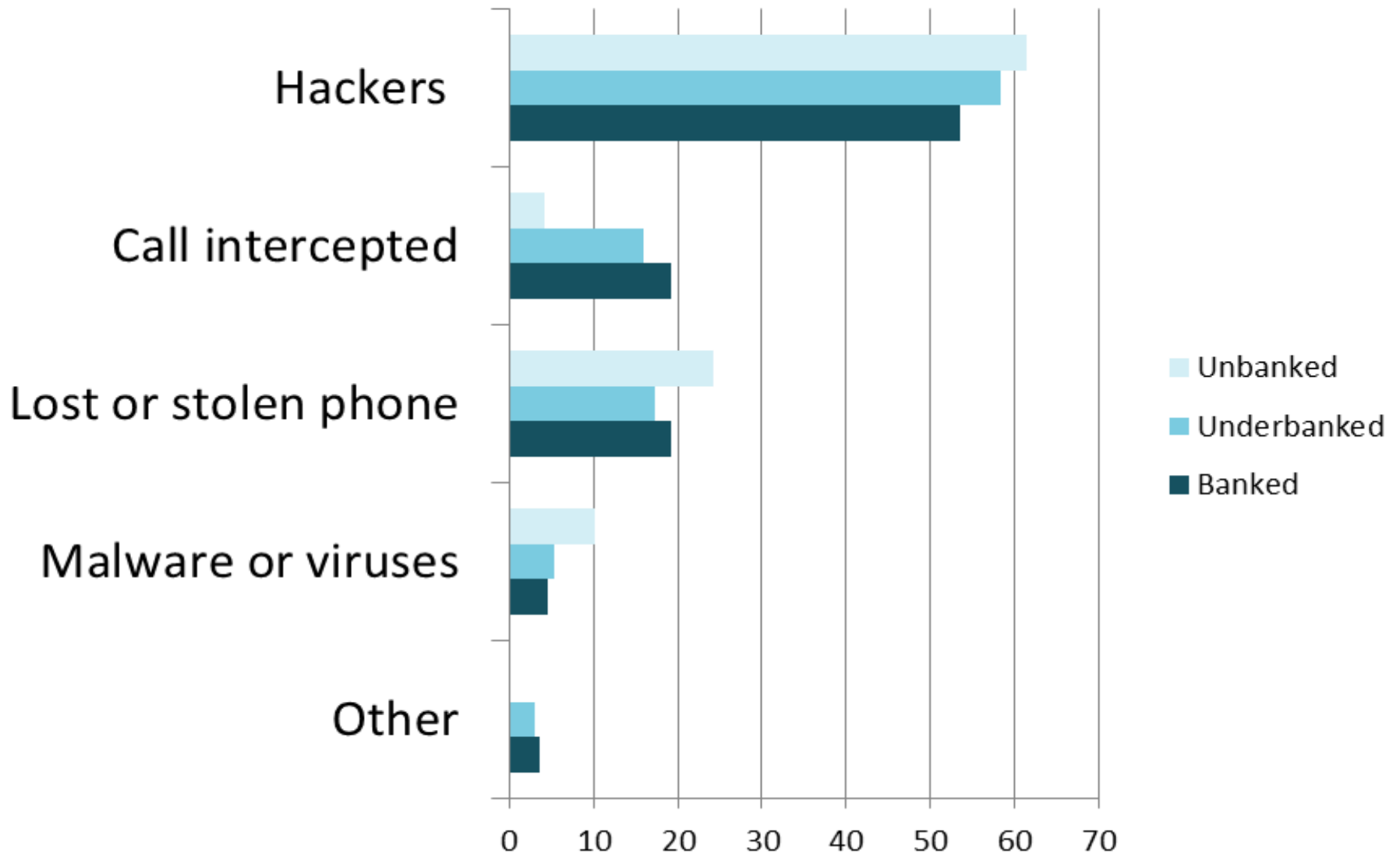
Q36. What are the main reasons why you have decided not to use mobile banking?



Rate the Security of Mobile Banking for Protecting Your Personal Information



Security Concerns with Mobile Banking



Mobile Payments Definition

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

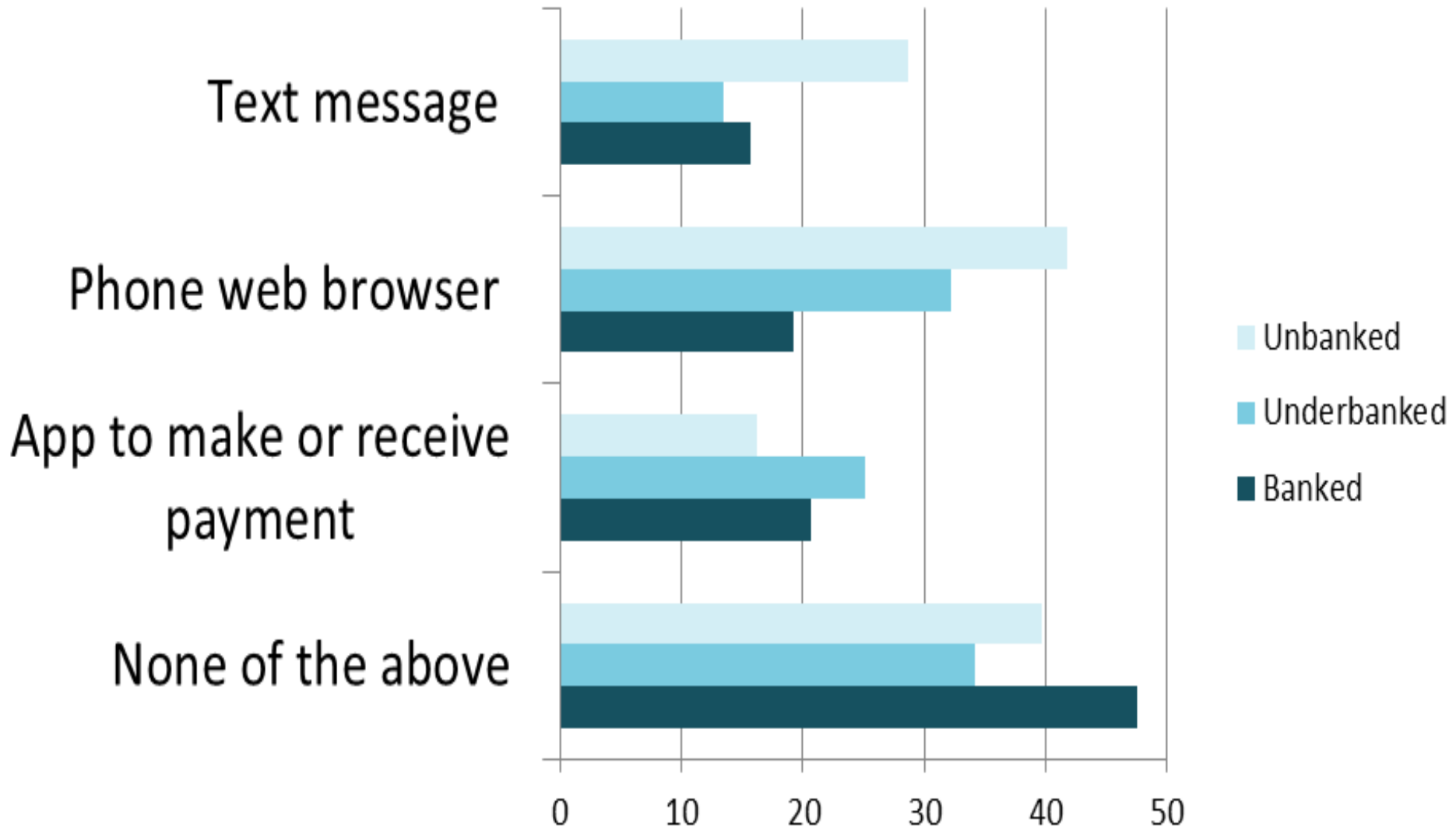
You can make payments by:

- Accessing web page through the web browser
- Text message
- Using downloadable application

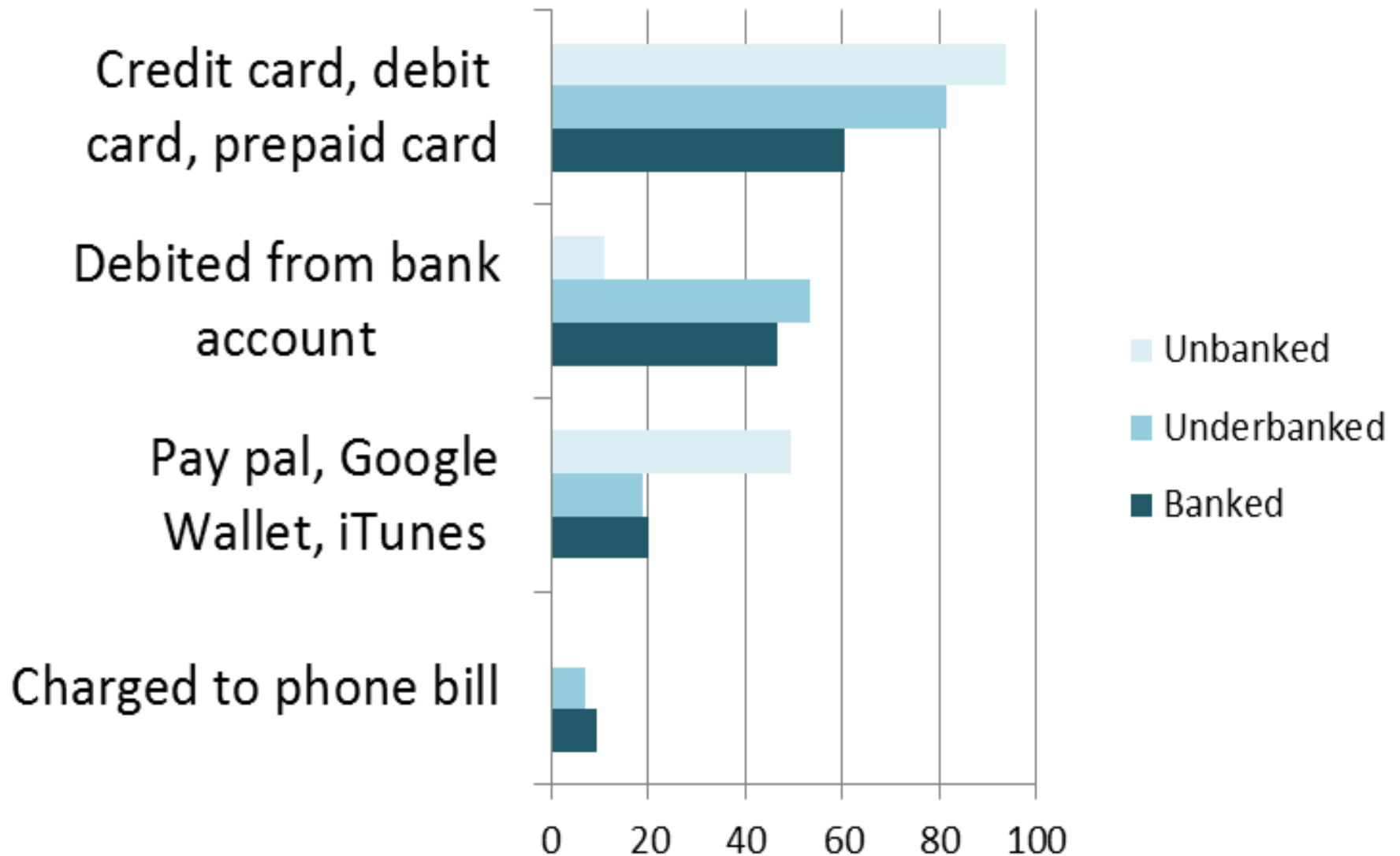
The amount of the payment may be:

- Applied to your phone bill (e.g. Red Cross donation)
- Billed to credit card
- Debited from bank account or prepaid card

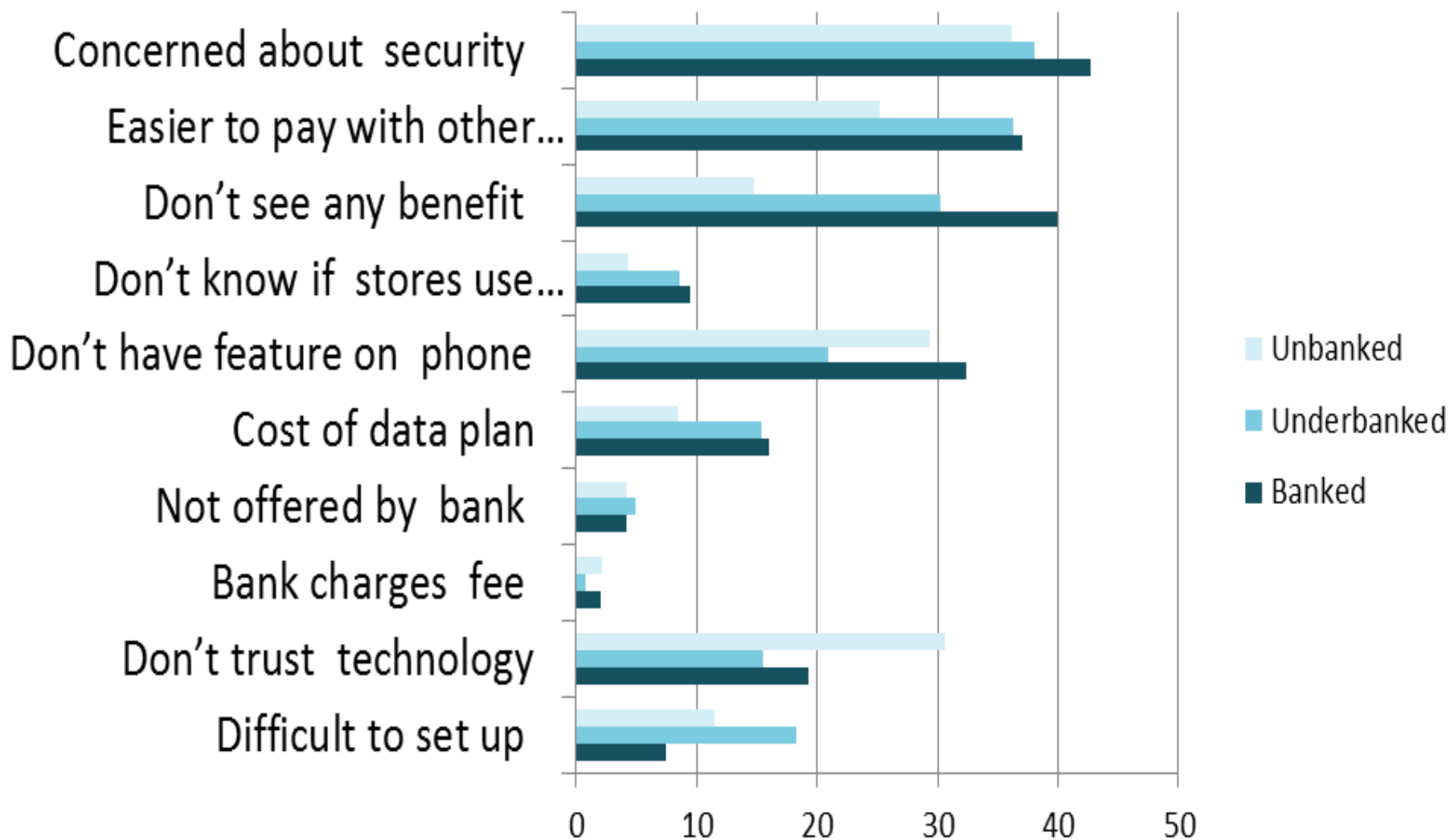
How do you make your mobile payments?



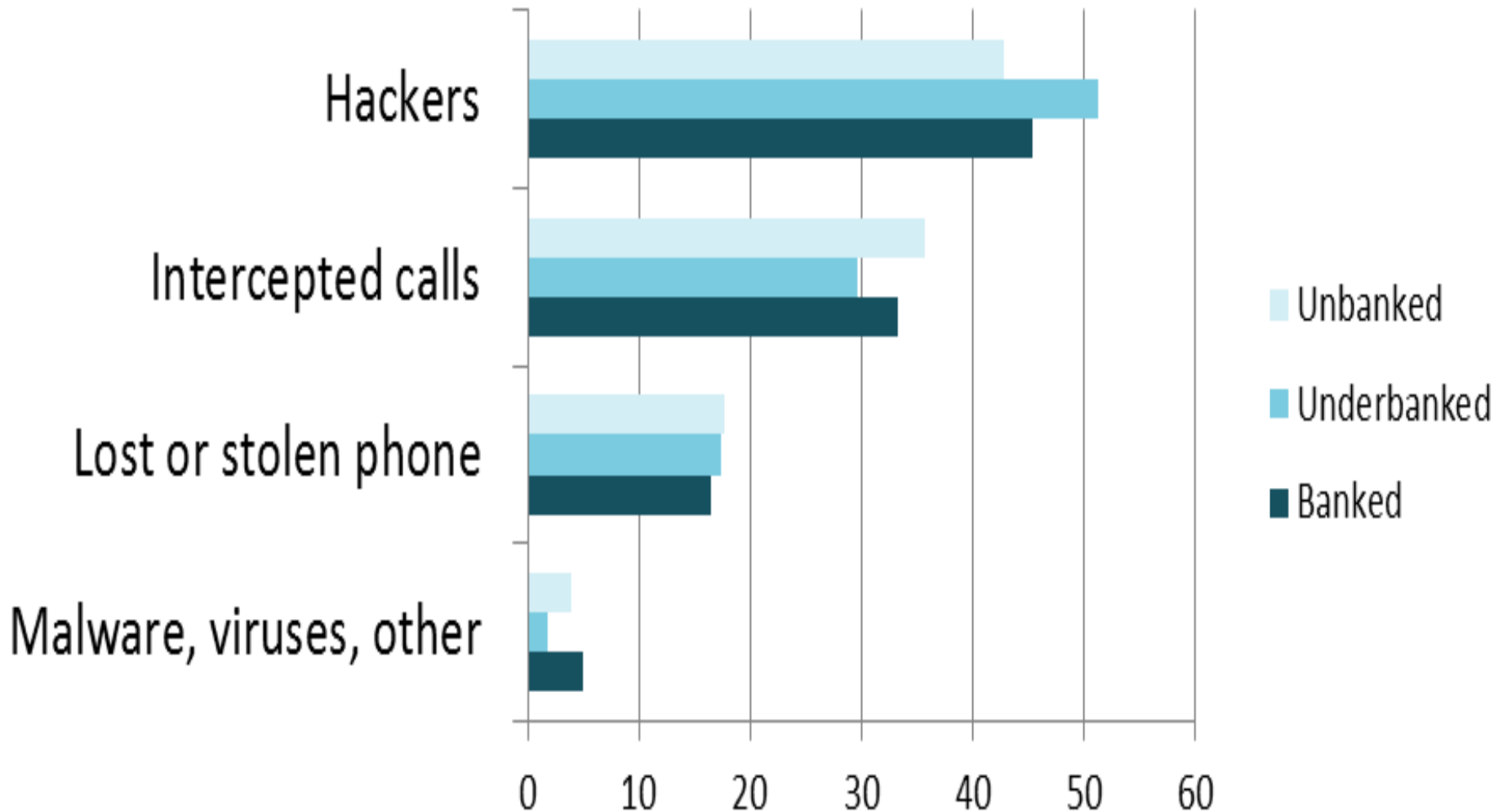
Where does your mobile payment come from?



Q39. What are the main reasons why you have decided not to use mobile payments?



Security Concerns with Mobile Payments

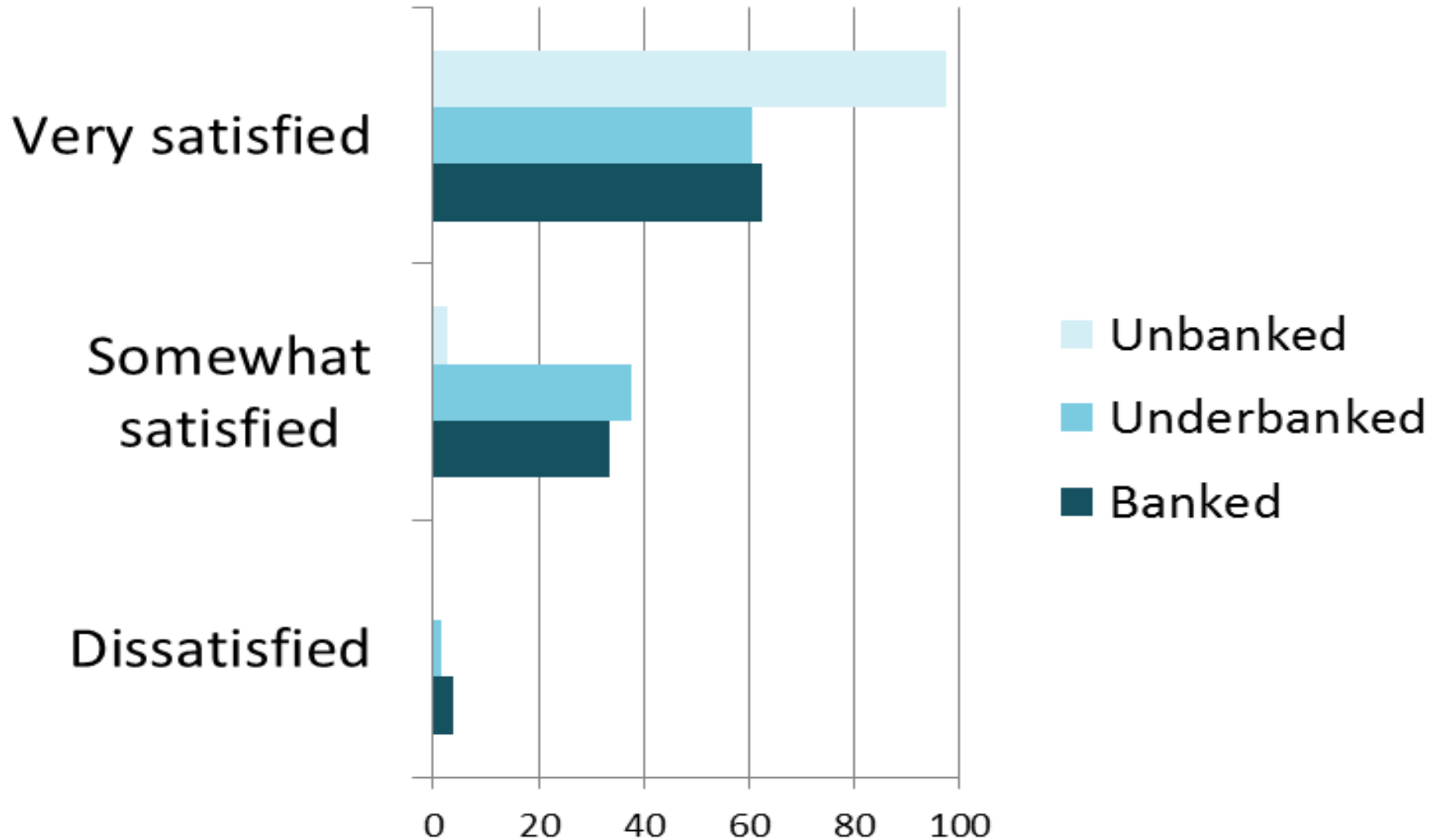


Conclusions

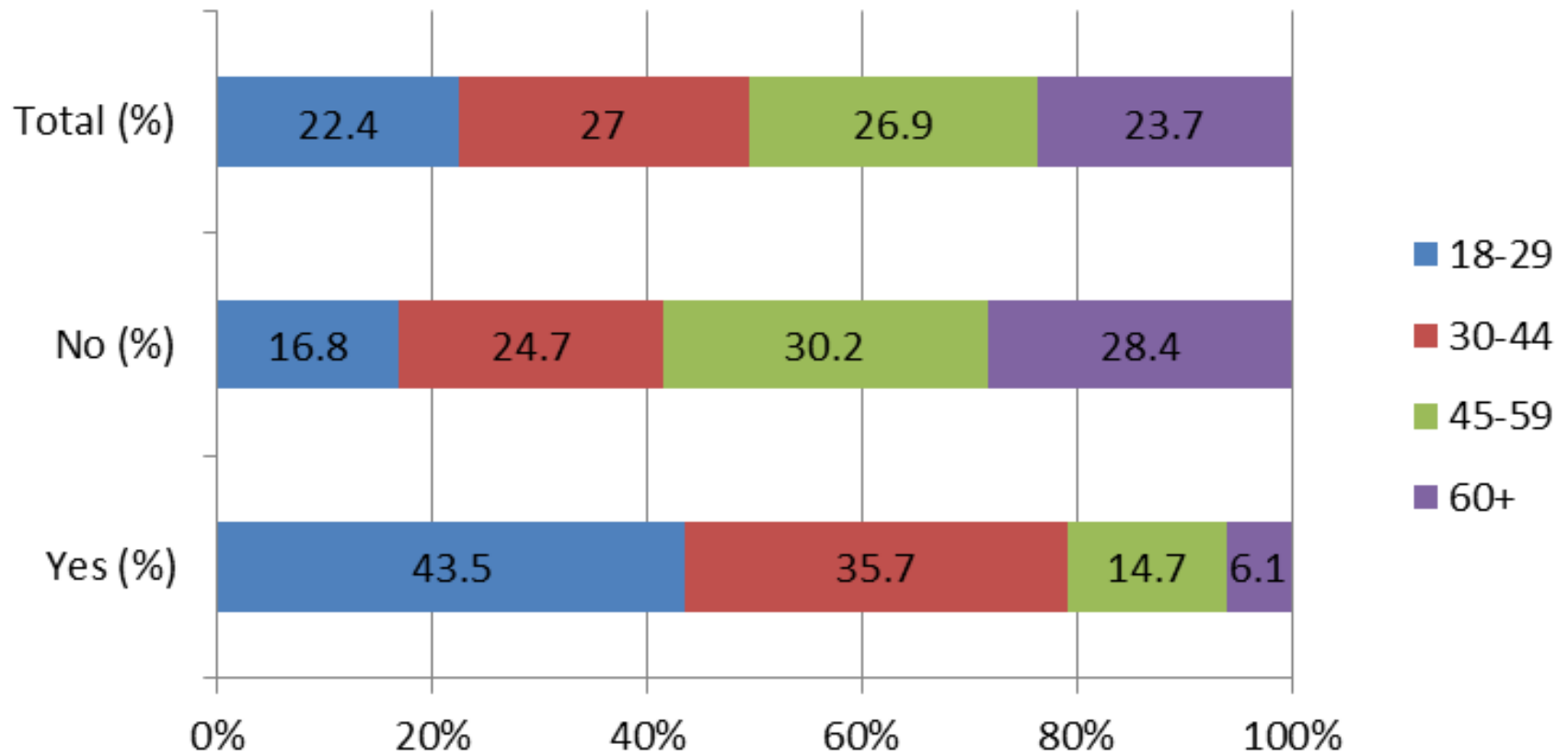
- ▶ Use of smartphones linked to mobile banking and mobile payments
 - Potential for use to increase as more consumers get smartphones
- ▶ Mobile payments used less frequently than mobile banking
 - Infrastructure issues
 - Value proposition -- convenience over other forms of payment
- ▶ Need to address concerns about usefulness and security

Extra mobile banking slides

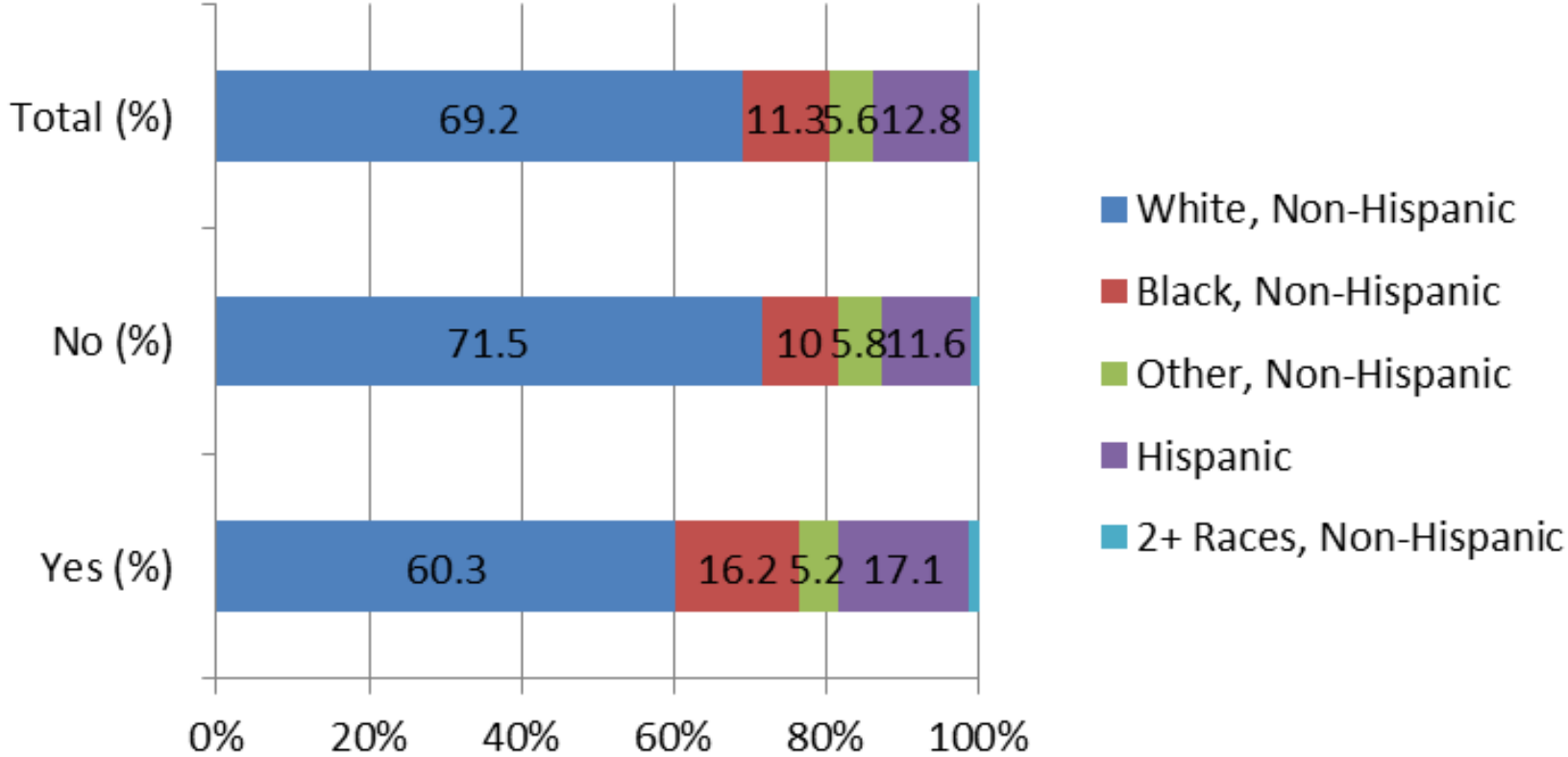
Satisfaction with Mobile Banking



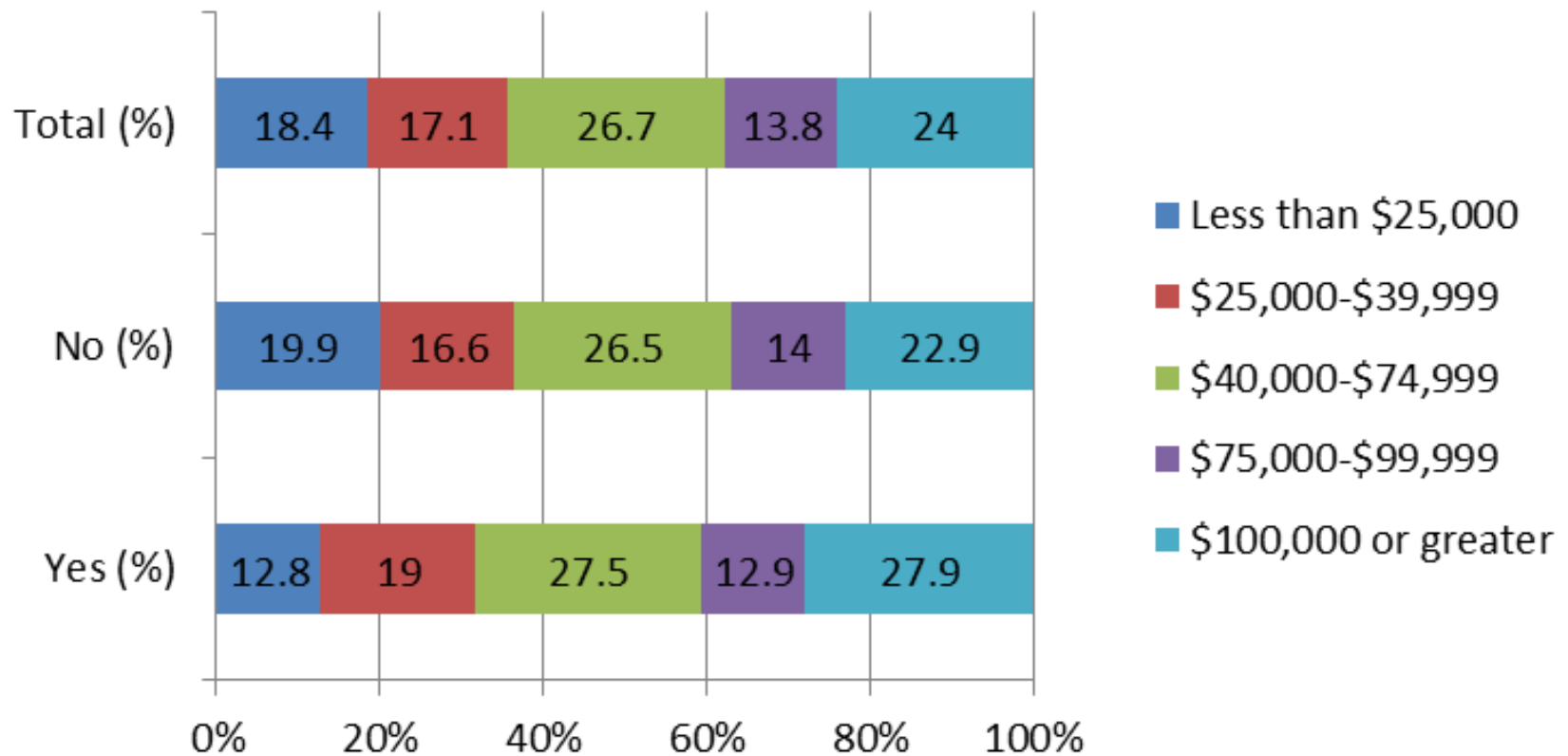
Mobile banking by Age



Mobile banking by race



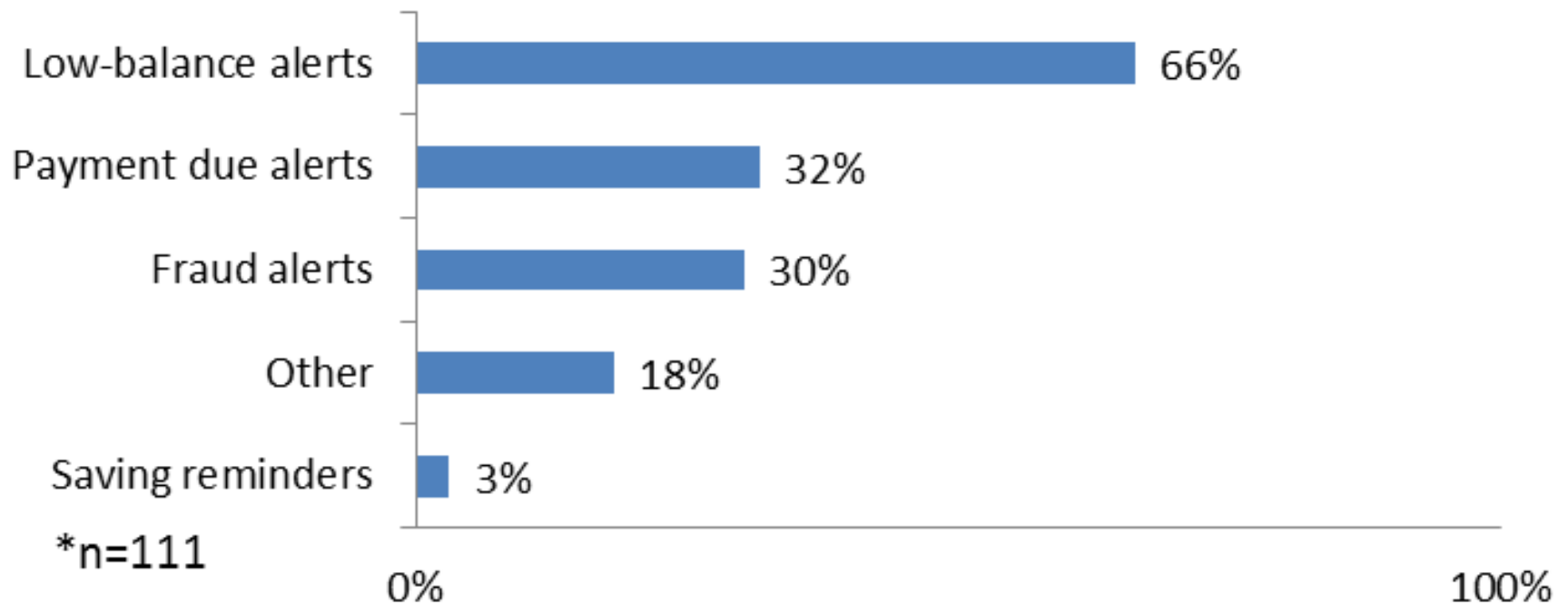
Mobile banking by income



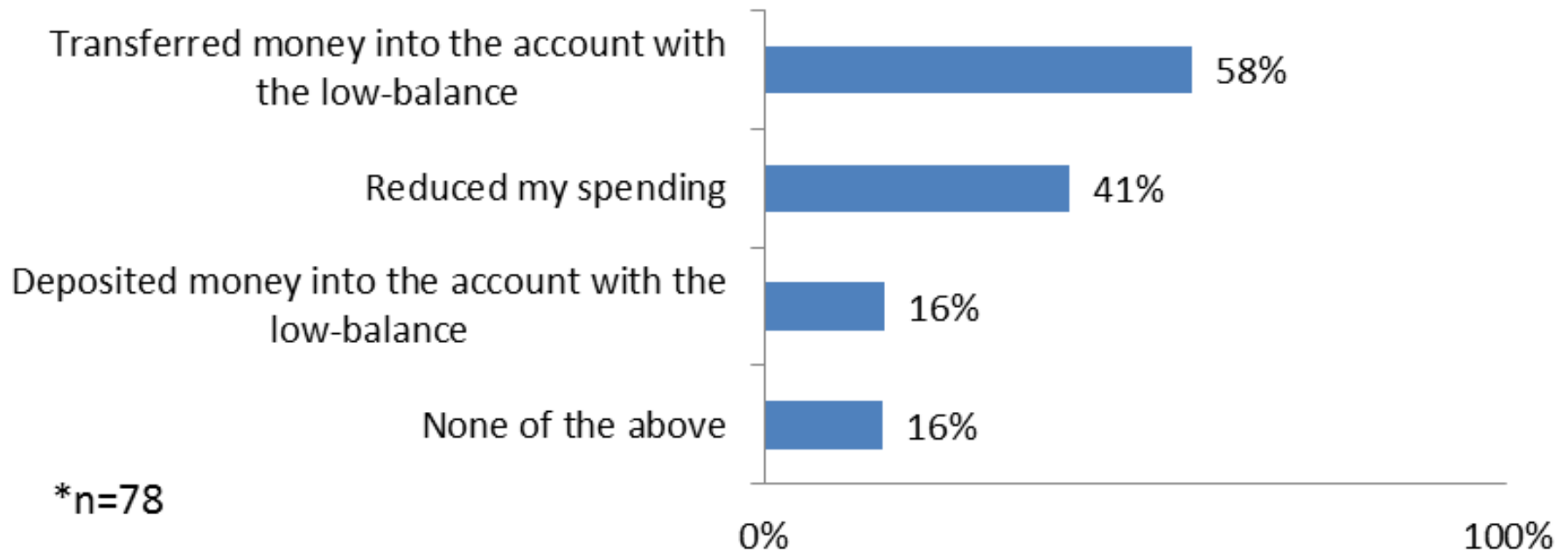
Room for Growth?

- ▶ 11% of those not currently using mobile banking think that they will probably use it within the next 12 months
- ▶ 17% of those who don't think they will adopt mobile banking within 12 months indicate that they are likely to do so eventually

Q74. What kind of text alerts do you receive?*



Q75. Thinking of the most recent low-balance alert you received by text message, which of the following actions did you take after receiving the alert?*

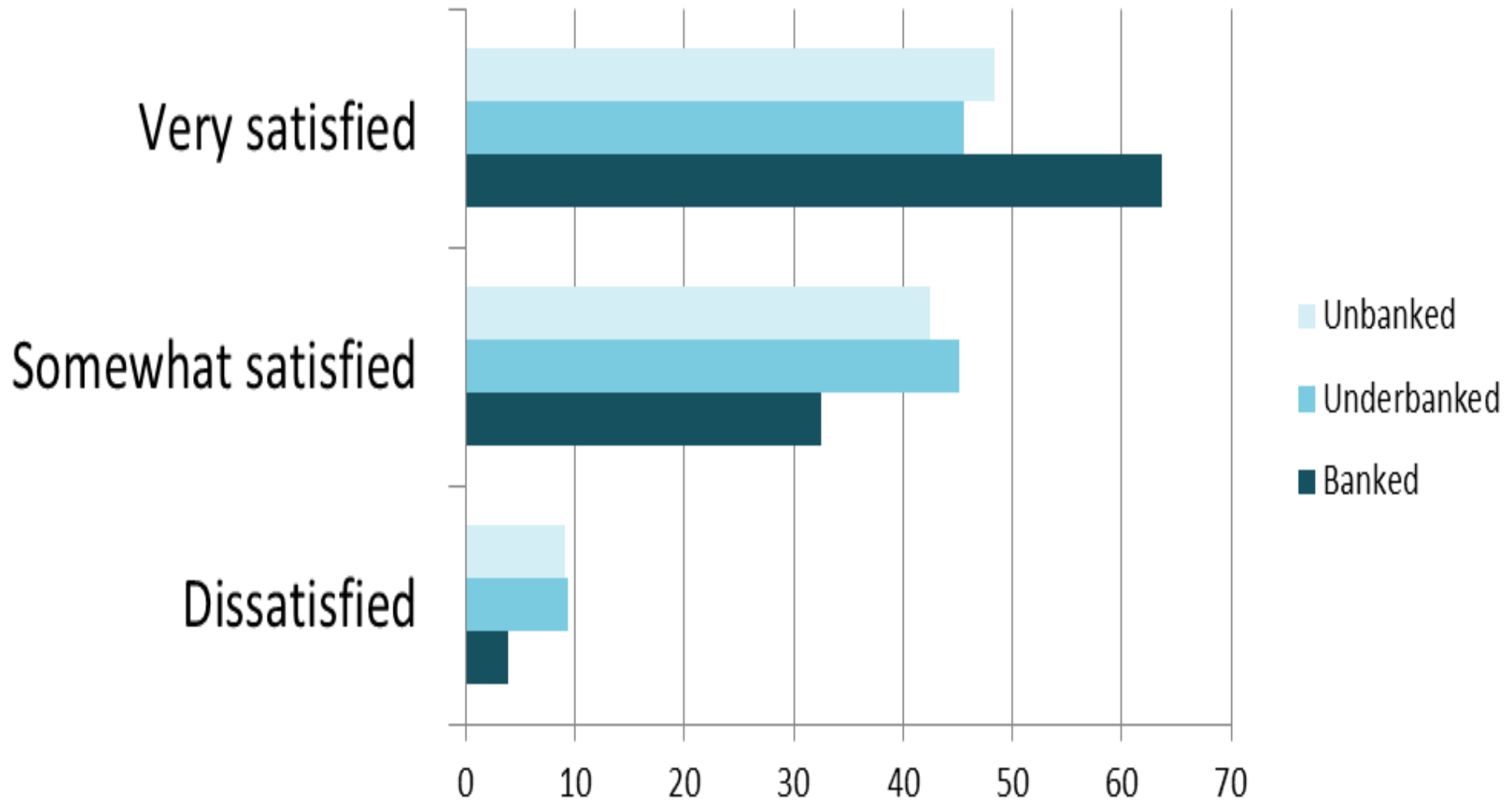


Q46. Would you like to use your mobile phone for any of the following purposes, assuming they were made available to you?*

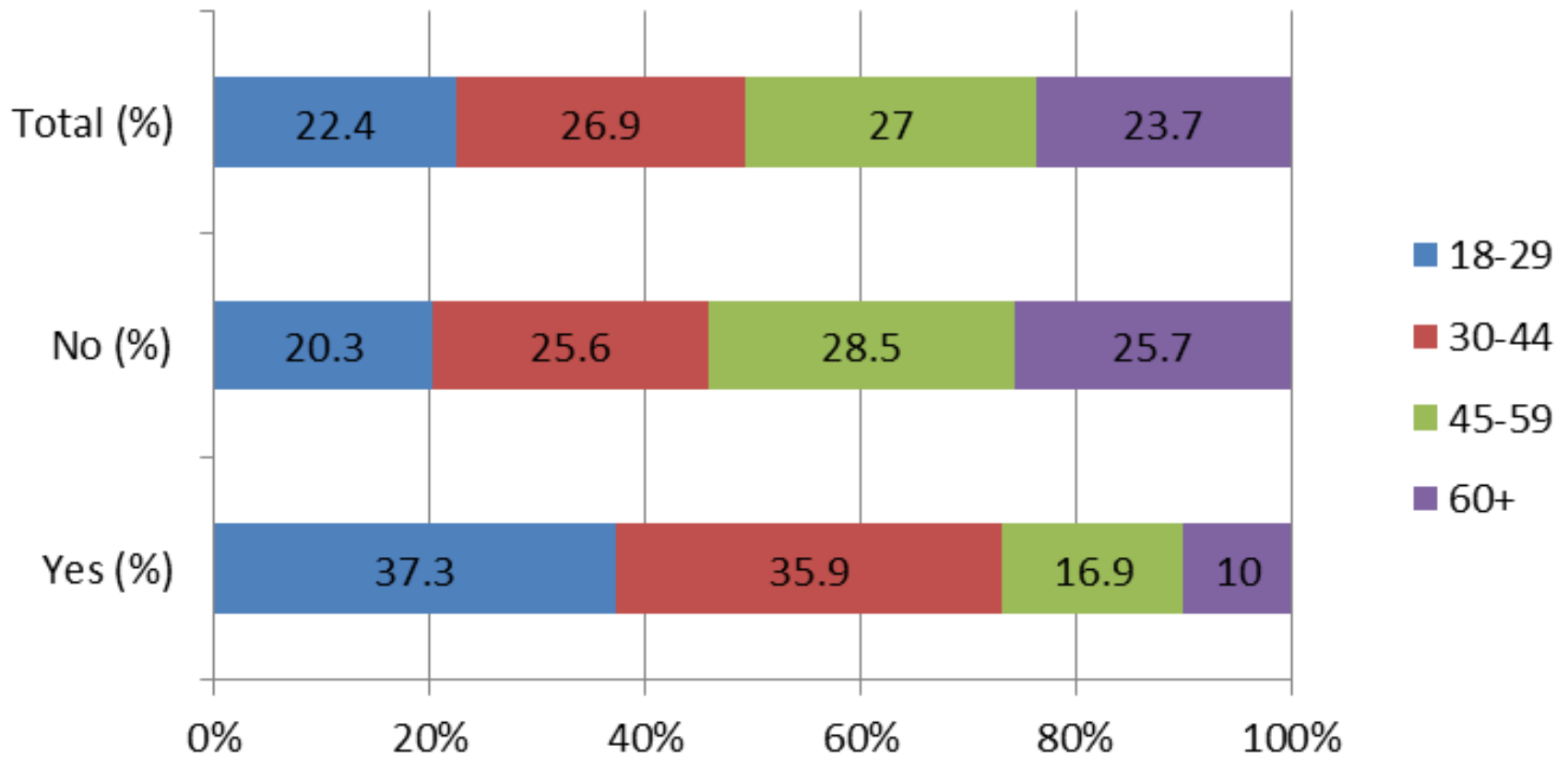


Extra mobile payment slides

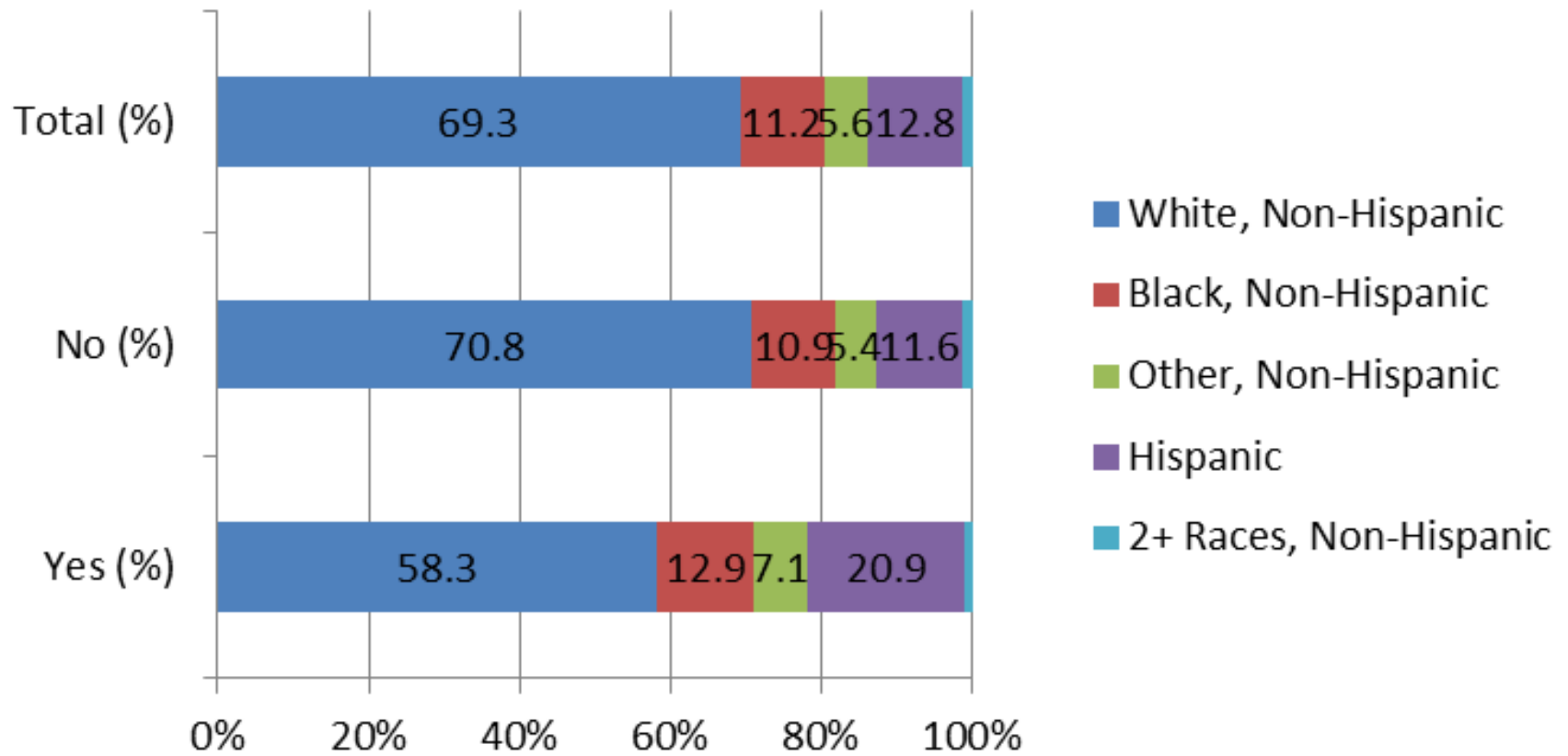
Satisfaction with Mobile Payments Experience



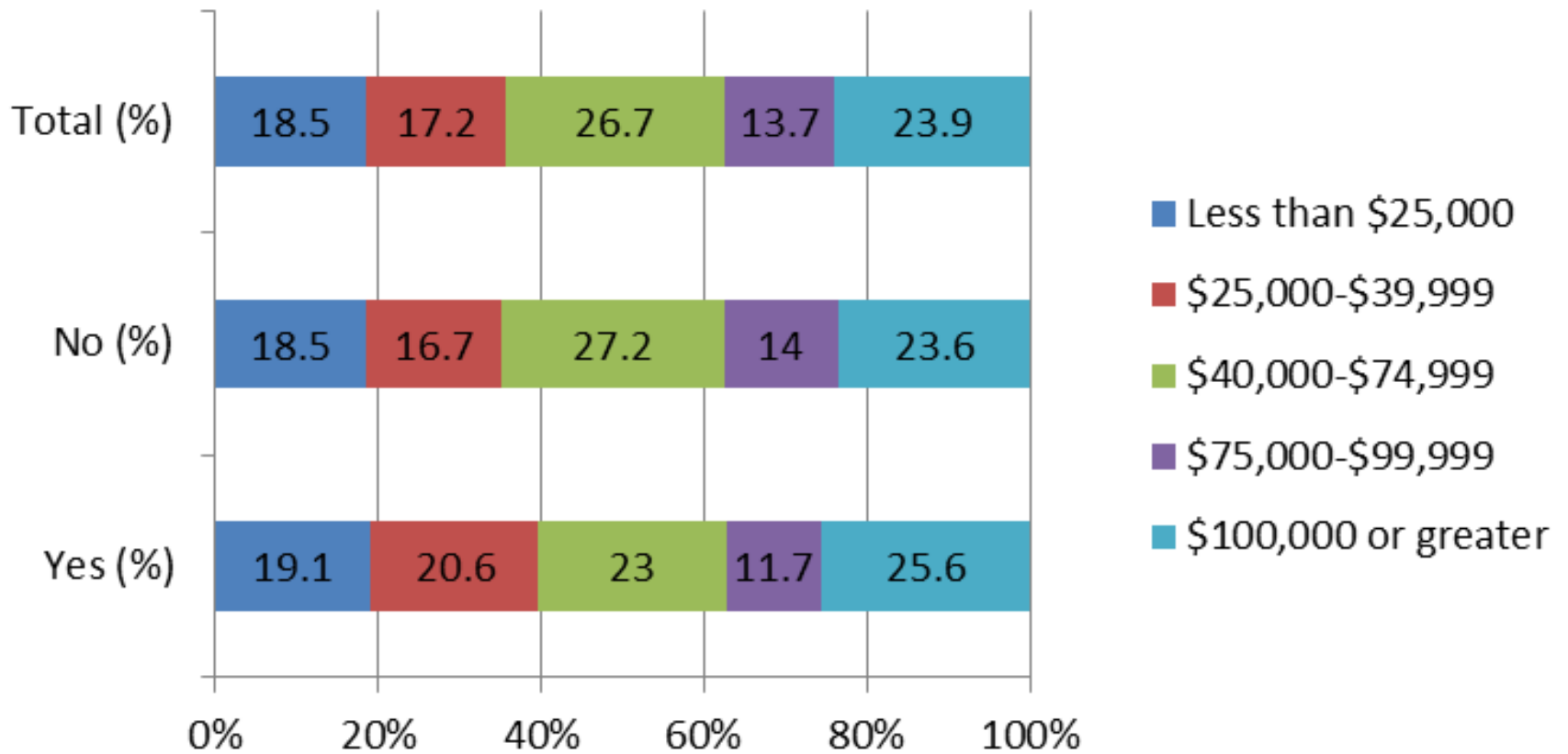
Mobile Payments by age



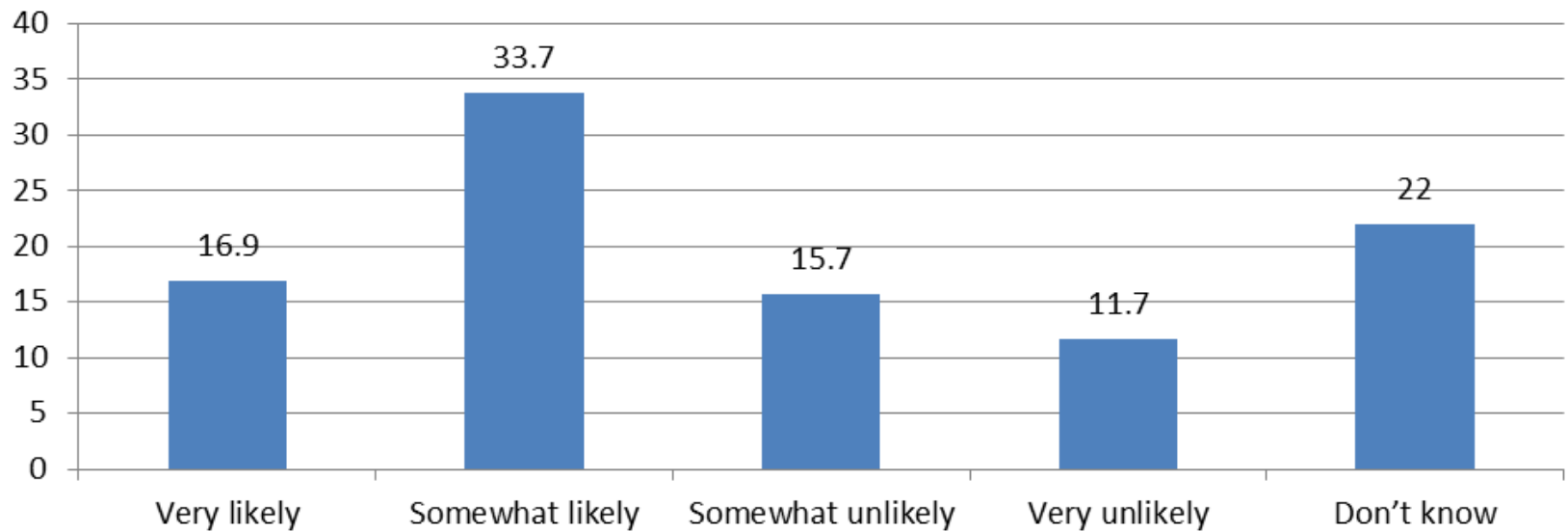
Mobile payments by race



Mobile payments by income



How likely is it that mobile contactless payments become a major form of payment in the next five years?



Would you use mobile "contactless" payments if they were made available to you?

