Mobile Financial Services and the Underserved

FDIC Advisory Committee on Economic Inclusion
December 1, 2011

James Van Dyke, President and Founder

Javelin Strategy & Research
Syndicated Research
Custom Research
Strategic Consulting
Personal Financial Management is More Complex than Ever

Then and Now: The impact of Innovation and Deregulation
Q1: Which of the following do you currently own? (Please select YES or NO to each)

Underbanked Less Likely to Own a Landline

Landline Ownership

- All Consumers: 72%
- Underbanked: 62%

Base: All mobile consumers, Underbanked consumers

September 2011, n = 3180, 441
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...yet are More Likely to Own a Mobile Phone

Mobile Phone Ownership

- Underbanked
- All Consumers

Own a mobile phone

68%

74%

Q3: Please indicate how many of the following do you personally own and use?

A mobile (cell) phone (standard flip phone)
Q3: Please indicate how many of the following do you personally own and use?

- A Smartphone

Own a Smartphone

- Underbanked: 48%
- All Consumers: 45%

September 2011, n = 3180, 441
Base: All mobile consumers, Underbanked consumers
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Q15: Which of the following financial service activities do you perform through your mobile device? (Select all that apply)

- Check balances
- View bank account statements
- Transfer funds between accounts
- Monitor recent transactions
- Pay bills
- Receive email alerts

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Q5: Which of the following financial products do you currently use? (Select all that apply)
Underbanked Use Mobile Banking at Higher Rates
(And online banking much less)

Q4: Please indicate the last time you conducted the following financial activities: Used mobile banking (i.e. checked balances or review transactions through your mobile phone or by text message)

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Underbanked</th>
<th>All consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>73%</td>
<td>81%</td>
</tr>
<tr>
<td>In the last 7 days</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>In the last 30 days</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>In the last 90 days</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>In the last 12 months</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>More than 12 months ago</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

July 2009, n= 243, 2,911
Base: All consumers with no checking account but with financial products, all consumers with financial products.
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Bank Robbers Evolve: 
Time to Revisit Value of Empowerment?
Underbanked Will Use Mobile for Purchasing

Figure 18: Use of Mobile Purchasing by Underbanked vs. All Consumers

Q34: Please indicate the last time you made a purchase using your mobile device? (select one only)

- Never: 74% (Underbanked), 79% (All consumers)
- In the last 7 days: 10%
- In the last 30 days: 7%
- In the last 90 days: 5%
- In the last 12 months: 0%
- More than 12 months ago: 20%

July 2009, n= 333, 3,000
Base: All consumers with no checking account, all consumers.
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Technology and the 99%

Financial services is the subject of the movement, but can it *empower* the 99%?
### The Customer-Driven Architecture™ is the Future of Empowered Finance

**Embrace New Thinking, Boosting Profitability by Enabling Customer Control**

<table>
<thead>
<tr>
<th>Experience</th>
<th>Customer View</th>
<th>Business Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always-on</td>
<td>“I’m synced with my money”</td>
<td>Loyalty</td>
</tr>
<tr>
<td>Real-time</td>
<td>“I’m an account monitoring-aholic!”</td>
<td>Usage</td>
</tr>
<tr>
<td>Transparent</td>
<td>“OK, I get where that came from”</td>
<td>Cost Savings</td>
</tr>
<tr>
<td>Customer-controlled</td>
<td>“For my money, I’m in charge”</td>
<td>Deposits &amp; Assets Gatherings</td>
</tr>
<tr>
<td>Integrated</td>
<td>“Now I see the whole picture”</td>
<td>Revenue Generating</td>
</tr>
<tr>
<td>Safe</td>
<td>“For my identity, I’m in charge”</td>
<td>Revenue &amp; Cost Savings</td>
</tr>
<tr>
<td>Goal-fulfilling</td>
<td>“My provider, my goals”</td>
<td>Revenue &amp; Loyalty</td>
</tr>
</tbody>
</table>

(From collective analysis of Javelin’s 265,000 proprietary industry research of consumers, merchants, FIs and vendors)

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Using Mobile to Empower the Underbanked

Then and Now: The impact of Innovation and Deregulation

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Thank You!

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