

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
www.federalreserve.gov/econresdata/mobile-device-report-201203.pdf
- ▶ Federal Reserve Bulletin released Sept. 2012
www.federalreserve.gov/pubs/bulletin/2012/articles/MobileFinancialServices/mobile-financial-services.htm

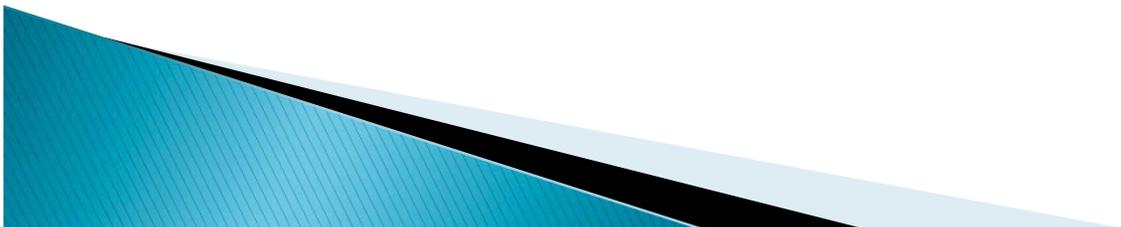
Key Findings

- ▶ 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



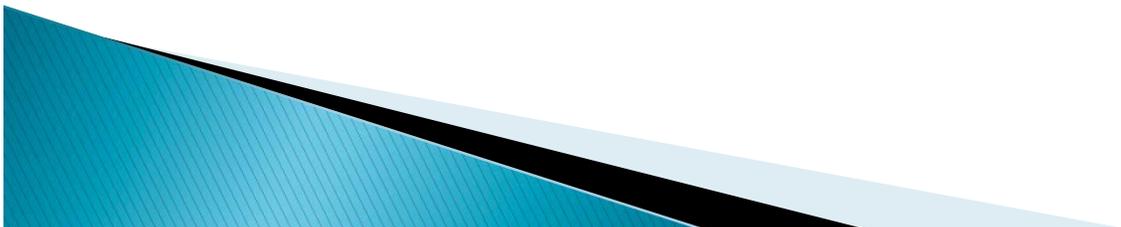
Key Findings

- ▶ 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, not a home owner, not married, minority, low income (under \$25,000), laid-off or looking for work



Underbanked & 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 & 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 Phones & Income

	Income \$40,000 or less	Income over \$40,000
Fully banked	67.4%	86.8%
Underbanked	13.4	9.1
Unbanked	18.8	3.8
Own a mobile phone	78.7	91.8
Own a smartphone	22.4	43.6

Use of Prepaid Cards

	Fully banked	Underbanked	Unbanked
Use general-purpose reloadable card	13.2	17.9	20.6
Use payroll card	*	8.4	6.6
Use government card	3.2	6.0	14.8
Reloaded in last 12 months	33.3	53.7	65.1
Reloaded in last 30 days	35.4	53.3	44.6
* 10 or fewer observations			

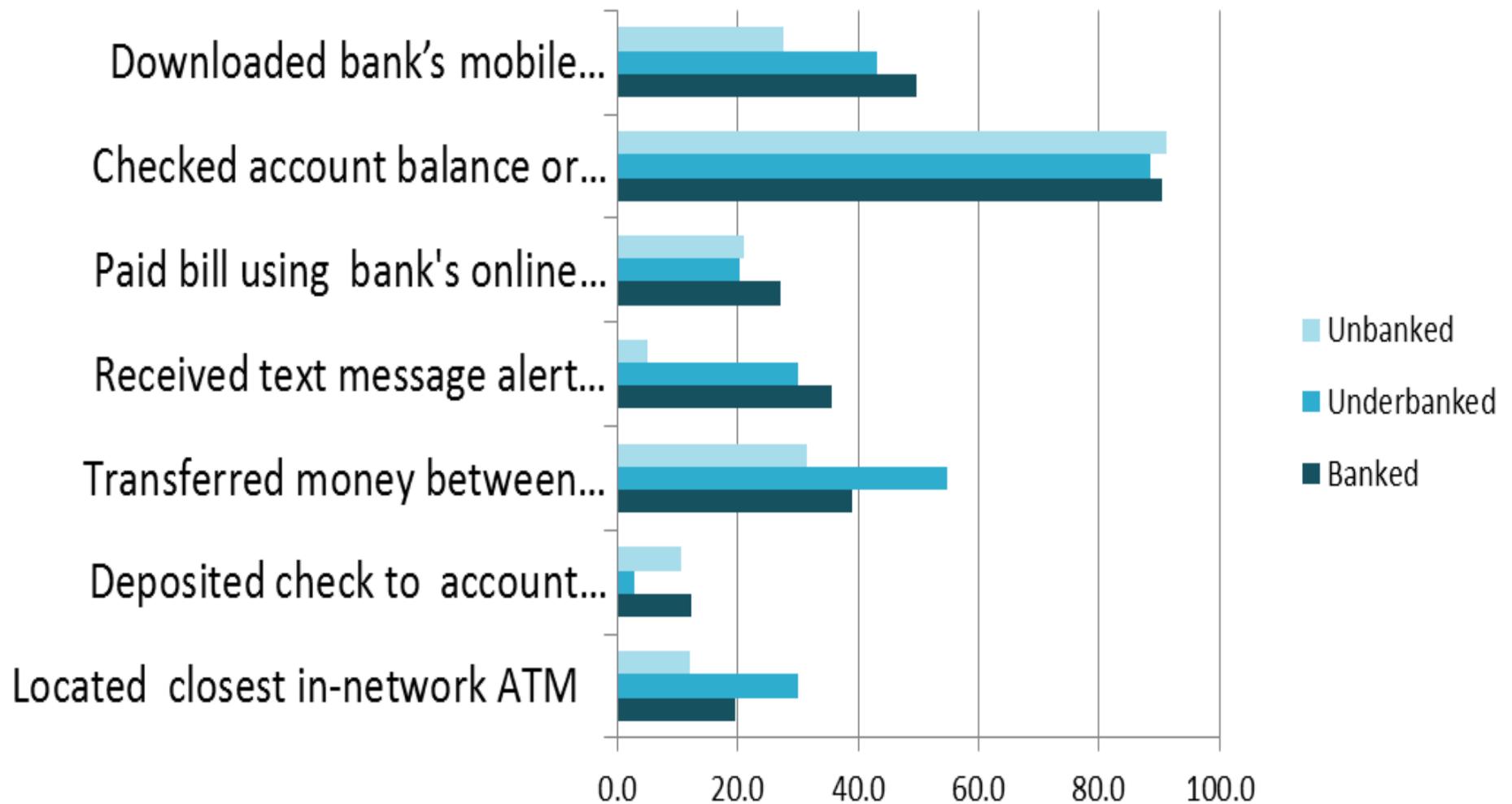
Mobile Banking Definition

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

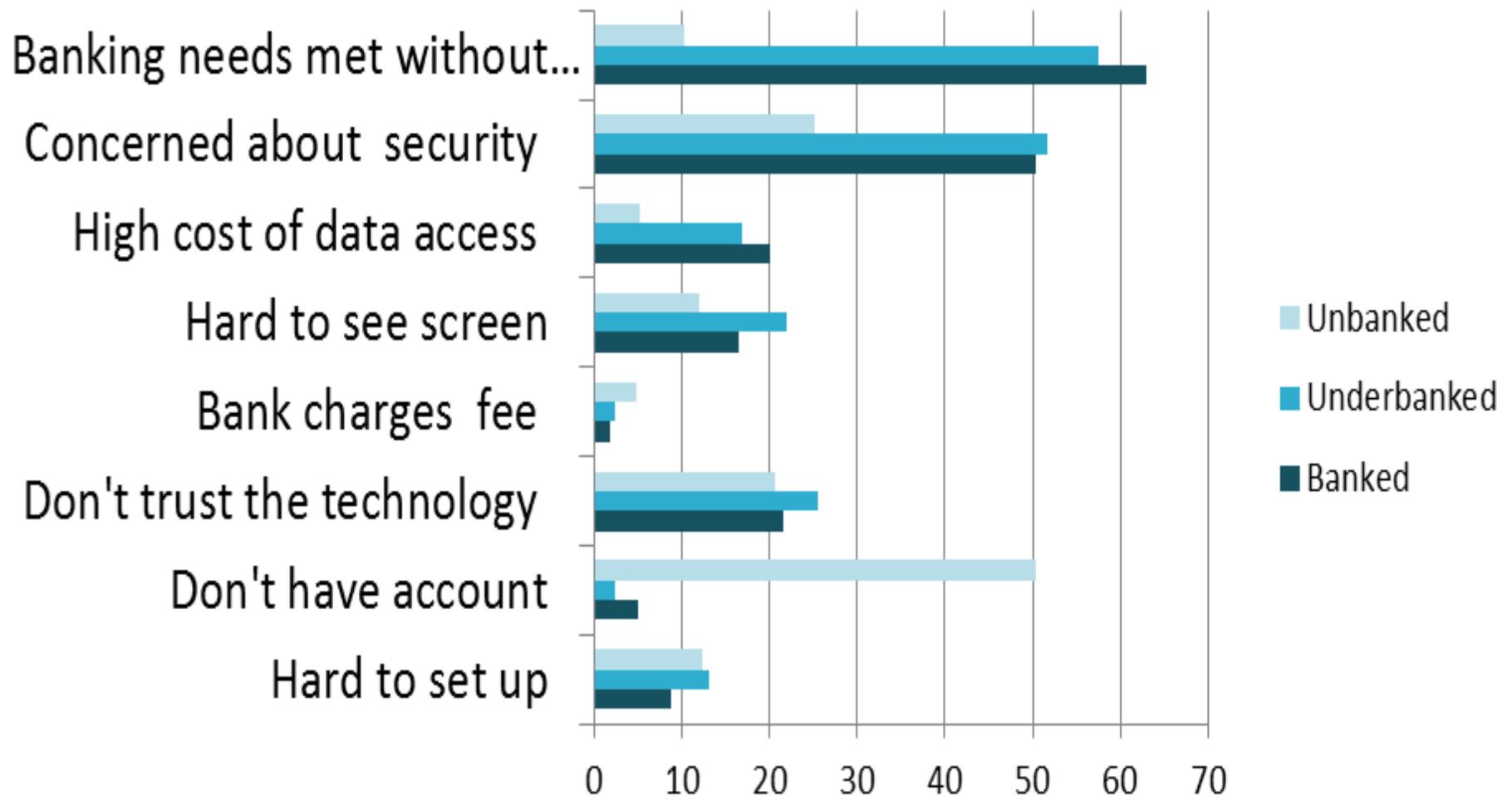
You can use mobile banking by:

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

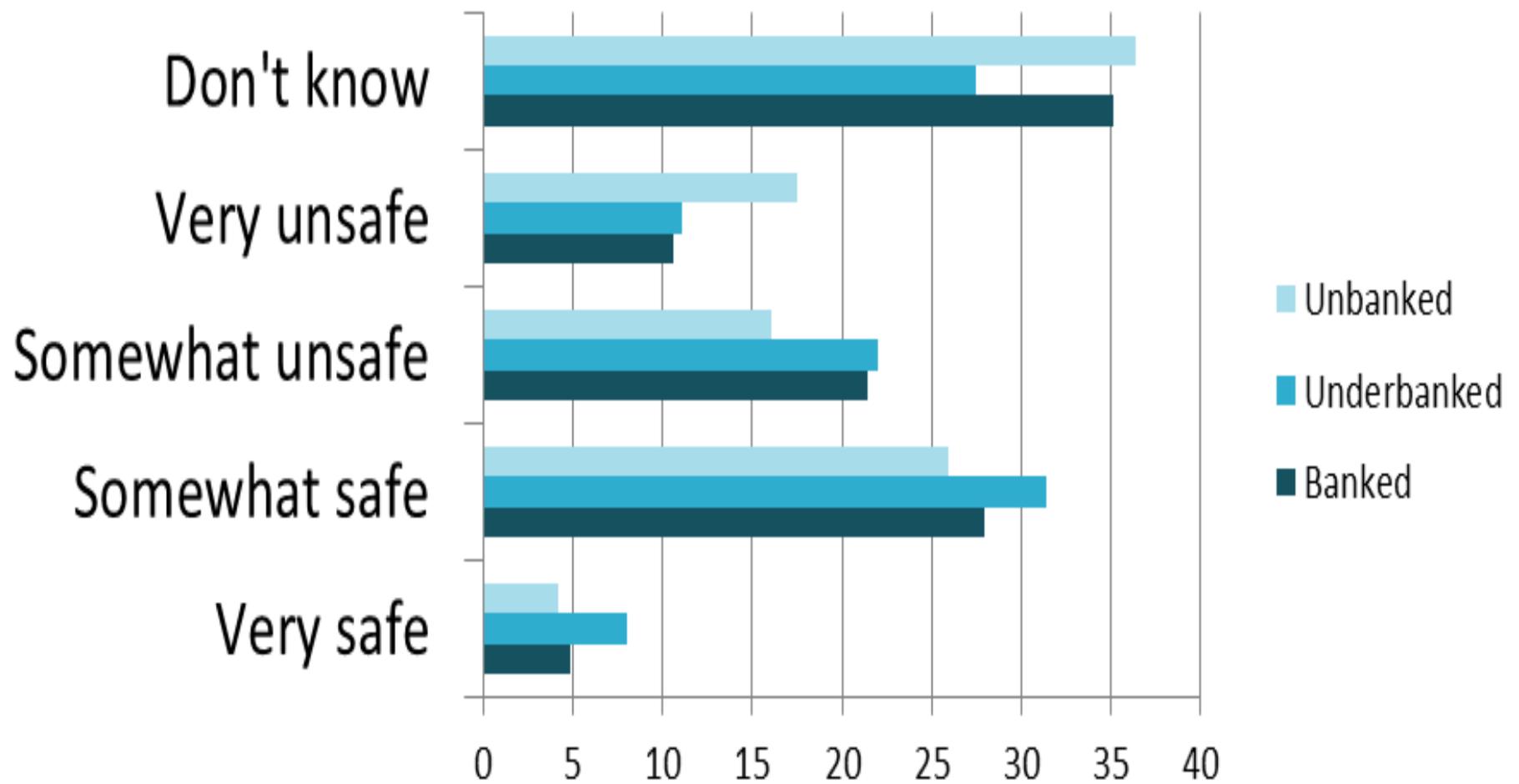
Using your mobile phone, have you done any of the following in the past 12 months?



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



Mobile Payments Definition

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

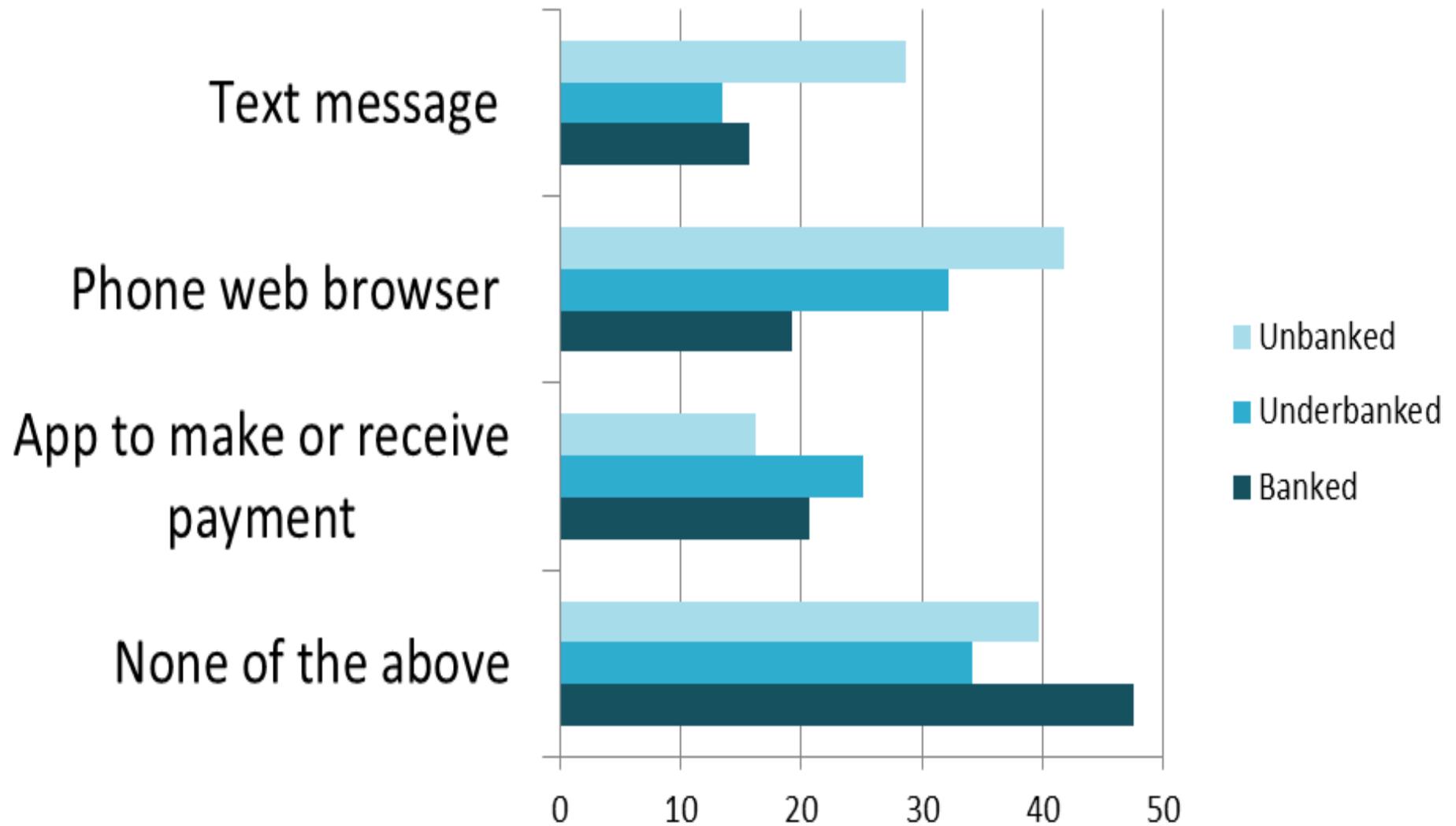
You can make payments by:

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

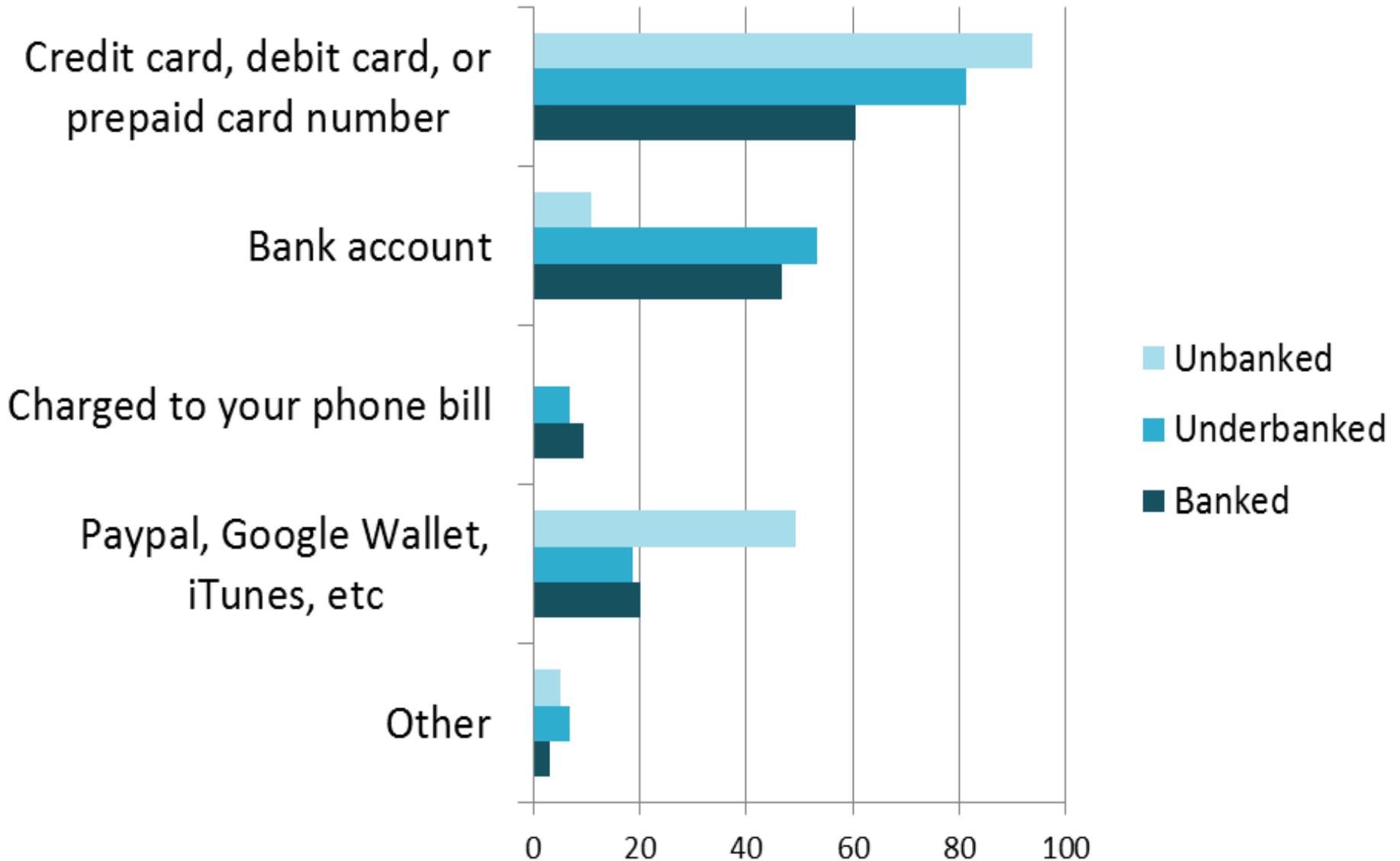
The amount of the payment may be:

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

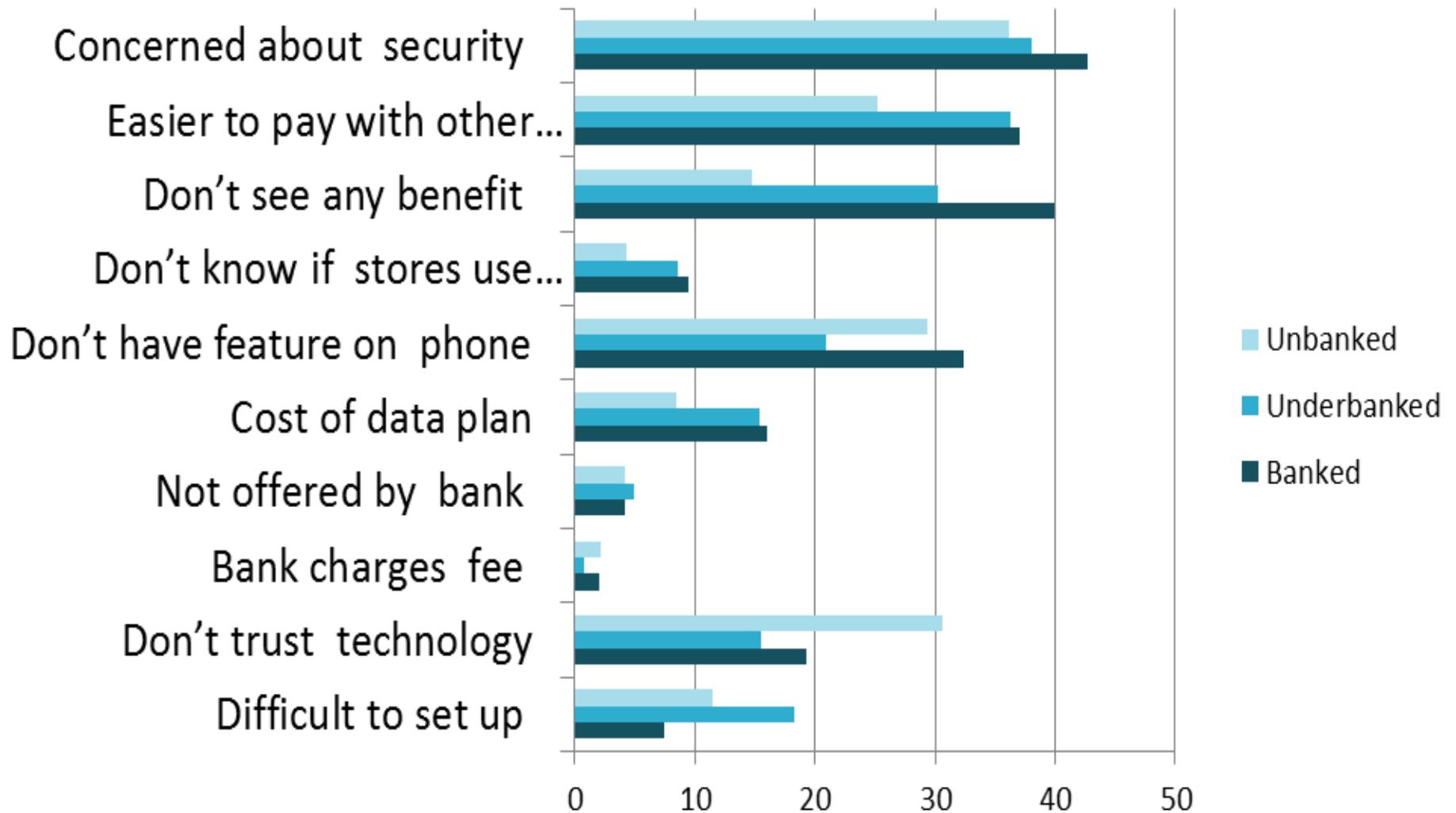
How do you make your mobile payments?



Where does your mobile payment come from?



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



Mobile & Financial Management

	Fully banked	Underbanked
Check account balance	90.6%	88.6%
Set up low-balance alert	35.7	30.0
Transferred money into account	58.7	*
Reduced spending	45.4	*
Set up payment due alert	32.1	*
Paying on time improved a little	30.6	*
Paying on time improved a lot	43.7	*
* 10 or fewer observations		

Technology & Financial Management

	Fully banked	Underbanked	Unbanked
Use a program or website to track household finances	24.1	20.7	3.5
Use a mobile phone to track purchases and expenses	6.7	13.3	6.3

Mobile & Consumer Decisions

	Fully banked	Underbanked	Unbanked
Use mobile to check account balance or available credit before purchase	64.6%	76.9%	66.9%
Decided not to buy something	58.3	58.3	*
Compare prices online before going to stores	62.2	59	28.9
Look at product reviews online before going to store	62	57.2	24.7
Use mobile to comparison shop while at store	19.4	23.7	12.9
Use mobile for online shopping	16.2	22.3	9.4
* 10 or fewer observations			

Mobile & In-store Shopping

	Fully banked	Underbanked	Unbanked
Use mobile to comparison shop while at store	19.4	23.7	12.9
Use mobile to read product reviews while at store	15.5%	24.7%	8.8%
Changed which item you purchased	75.6	86.2	*
Use barcode scanning to shop for prices	11.7	20.2	*
Changed where you purchased	65.7	71.2	*
* 10 or fewer observations			

Mobile & Coupons

	Fully banked	Underbanked	Unbanked
Use mobile phone to manage discount offers and coupons	30.4	34.3	25.8
Use mobile phone to receive offers and promotions based on current location	32.8	37.6	28.9
Signed up to receive coupons or special offers by email	39.1	52.5	19.6
Made a purchase as a result of the offer	76.9	66.8	51.5
Signed up to receive coupons/offers from a website such as Groupon or Living Social	29.9	39.4	7.9
Used a coupon from Groupon or Living Social	58.2	51.3	40.2

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



Conclusions

- ▶ Mobile as a channel for delivery
 - Separation for those who “don’t like dealing with banks”
 - Potential to reduce costs
- ▶ Payments tied to payment due alert and low-balance alert may be especially helpful
- ▶ Potential for coupons/offers
 - Balance between “real” discounts vs incentive to spend more
- ▶ Tracking spending and just-in-time information services may be promising pathways toward wealth-building

