



American Mobile Phone Behavior

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Mobile Phone Evolution and Banking

The first “Smartphone” was introduced in the U.S. in **1992**. IBM’s Simon was the first to integrate the functions of a cell phone and a PDA. It still looked like a brick, and was not widely adopted. Only 2,000 were ever made.

The first mobile banking abilities began in **1999**, but were basically performed over SMS (Short Message Service).

It wasn’t until **2007**, with the introduction of Apple’s iPhone, that the climate of world mobile phone use began to change. Mobile phone behavior evolved from simply a communication device to a powerful information gathering, work producing, and entertainment vehicle. At that point, the race was on to develop smartphones with more power and storage.

In **2010**, mobile apps using new web technologies such as HTML5, CCS3, and JavaScript opened up access to secure and accurate banking for consumers with smartphones.

Consumers in **Asia** were very early and quick adopters of this new technology, with **Spain** and the **U.S.** not far behind. Other European countries were slower to adopt, with German consumers being the slowest to embrace mobile banking technology.

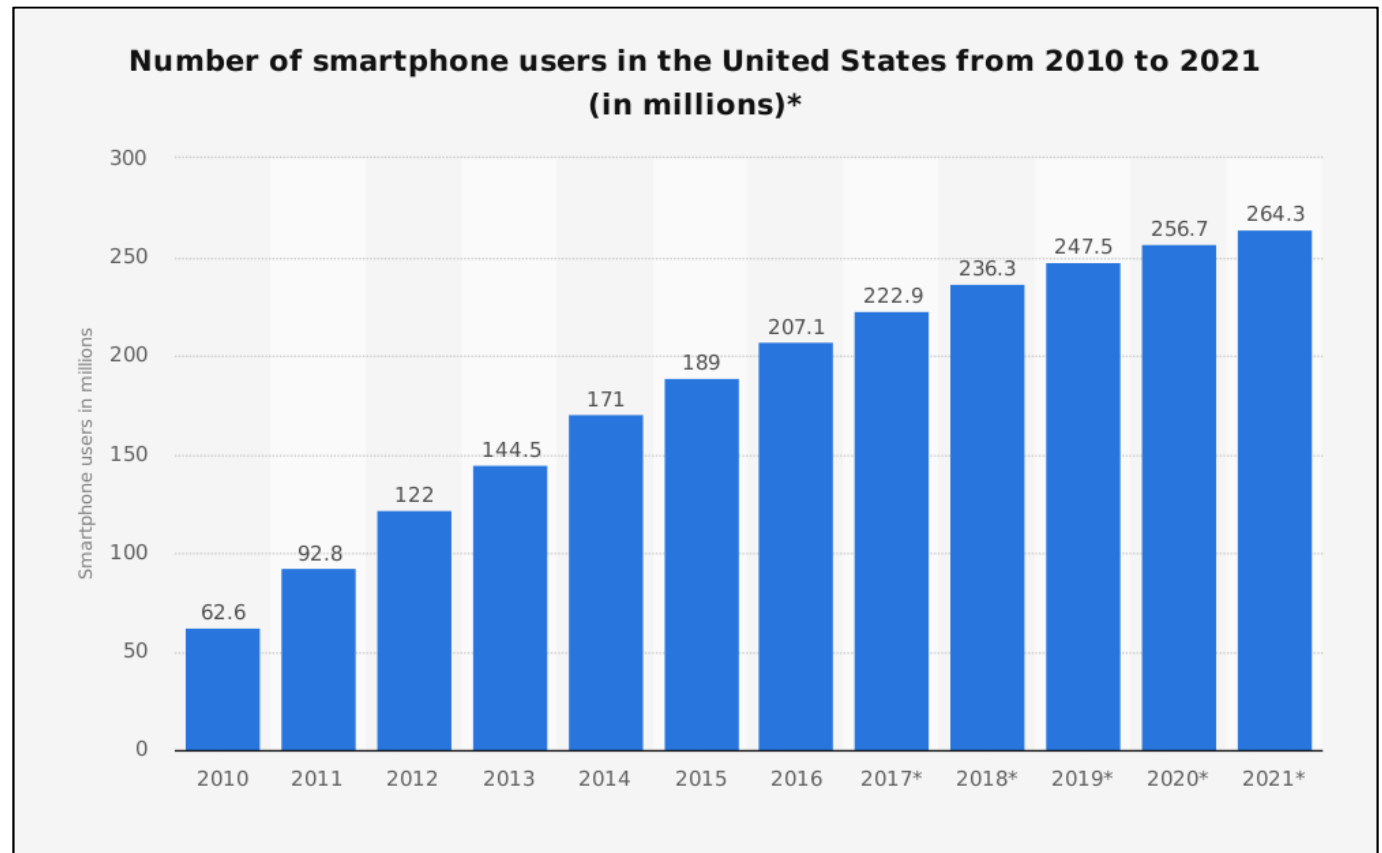


Smartphone Ownership

Smartphone use and ownership is increasing rapidly. **By 2021, 80% of the projected U.S. population of 337.2 million will use a smartphone.**

At the end of 2016, 95% of all U.S. adults owned cell phones, with 77% owning Smartphones.

Those numbers are up from 62% for cell phones in 2002, and 35% for Smartphones in 2011.



“Mobile Fact Sheet,” Pew Research Center, 2017
United States Census Bureau, 2014
The Statistics Portal, 2016

Mobile Phone Dependency for Online Access

Over two-thirds of Americans own and use smartphone. The is nearly 200 million people. For many of these Americans, Smartphones are a key entry point to the online world

Younger adults — 92% of Americans ages 18-34 are heavily dependent on a smartphone for online access.

Those with low household incomes and levels of educational attainment — Some 13% of Americans with an annual household income of less than \$30,000 per year are smartphone-dependent. Just 1% of Americans from households earning more than \$75,000 per year rely on their smartphones to a similar degree for online access.

Non-whites — 12% of African Americans and 13% of Latinos are smartphone-dependent, compared with 4% of whites.

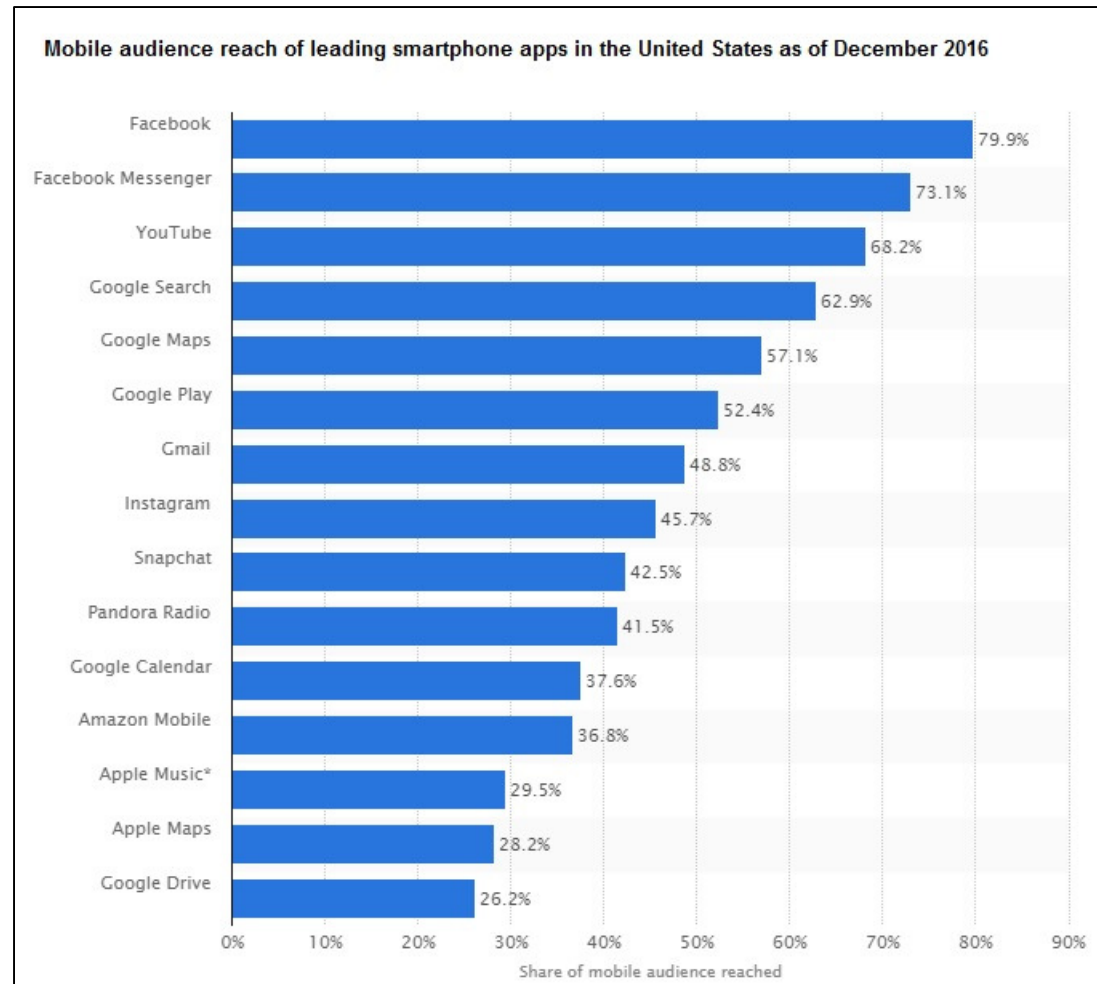


Audience Reach of Leading Smartphone Apps

The heavy use by consumers of the most popular smartphone apps indicates the increase of user dependency on these devices.

More and more, Smartphone users are depending on this technology for day to day functions.

Go forward, consumers are going to expect easy to use, dependable, and secure apps for important functions involving health care, education, and banking, among others.



The Statistics Portal, 2016

How Smartphone Owners Use Their Devices

More and more people are using their smartphones to conduct business and organize their lives.

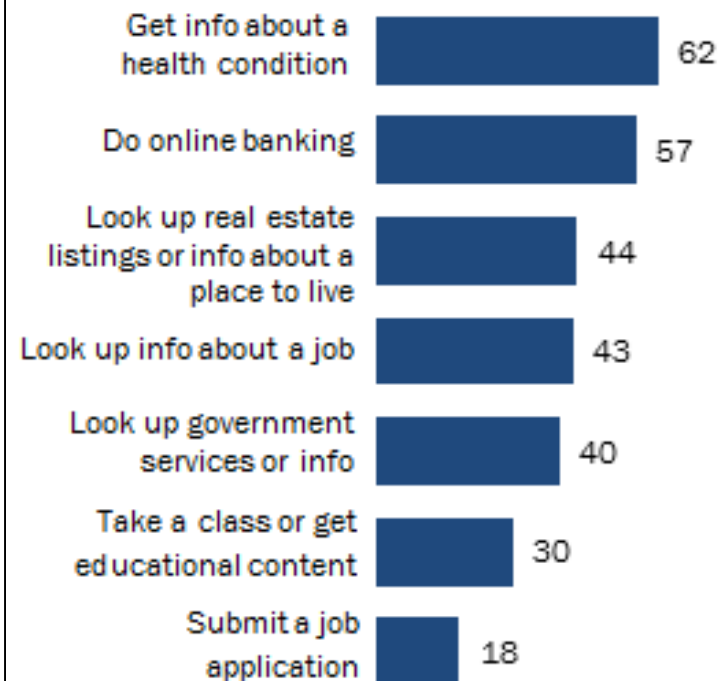
Consumers are becoming very savvy about what is available to them in the market place and will demand that they have access to the best tools.

Companies that recognize this trend and present the best paths for their customers will be the winners in this race.



More than Half of Smartphone Owners Have Used Their Phone to get Health Information, do Online Banking

% of smartphone owners who have used their phone to do the following in the last year



Pew Research Center online article

Consumer Mobile Phone Banking Usage

With the continued improvement of smartphone devices and banking apps, more and more consumers are turning to online banking through their phones.

They now are looking to banks to provide a robust and broad online experience that they can trust and depend on.

Part of the challenge for banks is to break through the complaints and fears that many people might hold in regard to their money and an online service.

On the next slide, we will look at some of these issues.

Online / Mobile Banking Statistics	Data
Percent of those who managed household finances who banked online at least once in the past 12 months	81%
Percent of people who used mobile phone banking within the past 12 months	19%
Number of Americans who bank online	69 Million
Online banking customer satisfaction	78%
Percent of consumers who receive electronic checking account statements	42%
Percent of consumers who paid a bill online through their bank in the past month	56%

Statistics on Mobile Banking Users	Percent
<i>Using your mobile phone, have you done any of the following in the past 12 months?</i>	
Checked an account balance or recent transaction	90%
Downloaded your bank's mobile banking application	48%
Transferred money between two accounts	42%
Received a text message alert from your bank	33%
Made a bill payment using your bank's website or application	26%
Located the closest in-network ATM for you bank	21%
Deposited a check to your account using your phone's camera	11%

Consumer Mobile Phone Banking Non-Usage

Below are the main reasons consumers give for not using a smartphone banking app.

Statistics on Non Mobile Banking Users	Percent
<i>What are the main reasons you have decided not to use mobile banking?</i>	
My banking needs are being met without mobile banking	57%
I'm concerned about the security of mobile banking	48%
I don't trust the technology to properly process my banking transactions	22%
The cost of data access on my wireless plan is too high	18%
It is too difficult to see on my mobile phone's screen	17%
It's difficult and time consuming to set up mobile banking	10%

Solving the issues presented above, and other needs voiced by consumers, will drive the continued popularity of mobile banking.

Mobile Banking: What Consumers Really Want

Banks are fiercely competing for the right and means to handle consumers' money on mobile, but winning this fast-moving race means not only meeting, but pre-empting, consumer needs.

Personalization

This is the number one concerns of consumers. They want to be treated as an individual, and have customized and tailored service from their bank.

I'm in charge, but how do I do this?

Consumers want to be in charge of their finances, but they also want direction from the experts. They would like to see intelligent analysis of their financial behaviors regarding everything from saving goals or warnings on spending behaviors.

Again, I'm in charge, but sometimes I need help

When consumers have problems, they would like one-click requests for help.

Security is very important! Make it tough (but easy)

Consumers want their accounts to be safe and secure, but they want to be able to access their money quickly. The best apps are now using biometrics, but many consumers are wary of streamlined security, so it's key that consumers have access to security options that they are comfortable with.

Making payments easy and faster

Consumers would like to be able to pay straight from their account without the use of a debit or credit card. Apple Pay has had a big part in setting this item on consumer "to do" lists.

Mobile Banking: What Consumers Really Want

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Help me buy things securely

Banks are well-positioned to deliver value-add mobile commerce services which also represent revenue streams – for example, delivering personalized offers to users based on their spending habits. Consumers say they would feel more secure if they could buy items through their bank app, instead of through a retail website.

The Bottom Line

Consumers want personal service over an impersonal channel. So, the smart banks are moving away from “one size fits all,” and evolving to what their consumers want and need. It is important for banks to put themselves in the shoes of their customers, and completely understand the medium of mobile.



Mobile Banking and Millennials

In 2014, **73.1** percent of Millennials use banking apps on their smartphones.

This figure is projected to increase to **94.2** percent in 2019.

These young consumers and future leaders are going to base a part of their bank choices on the institutions that offer the most broad and robust apps.

