

Raddon Research Insights

Money on the Move: Mobile Banking Usage and Preference Trends



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Executive Summary

Given the exponential growth of smartphone use, it's no surprise that mobile banking has grown in popularity as well. In fact, half of all Americans now mobile bank to some extent. For some, it's to take a quick look at their account balance, for others, it's transferring funds or video chatting with a staff member. Regardless of a consumer's reason for mobile banking, it's important for financial institutions to understand how mobile banking impacts their relationship with their customers, the factors that affect mobile banking adoption, and the tools that are important to mobile bankers.

In *Money on the Move: Mobile Banking Usage and Preference Trends*, Raddon Research Insights analyzes a survey of 2,009 smartphone-owning consumers nationwide, half of whom use mobile banking and half of whom do not. The report investigates variances by Generation and Consumer segment, and also explores the value of frequency: whether increased usage leads to increased loyalty or cost savings in legacy delivery channels.

Topics covered in *Today's Mobile Banking* include:

- [Which Consumer and Generation segments are embracing mobile banking?](#)
- [Are major banks the only options for mobile bankers?](#)
- [Is the frequency of mobile banking influenced by how readily a consumer adopts new technology?](#)
- [Does mobile banking impact the number of branch visits a consumer makes?](#)
- [Does a mobile banker's operating system matter?](#)
- [How do mobile bankers prefer to access their bank – app, web browser or text message – and which authorization method do they favor?](#)
- [Which banking activities do mobile bankers prefer to perform on their smartphone, and which activities are still the purview of the laptop or in-person visit?](#)
- [Which advanced mobile banking features can institutions use to attract and maintain their customers' interest?](#)
- [How does mobile banking impact financial relationships? Are mobile bankers more satisfied with their financial institution than non-mobile bankers?](#)
- [How can financial institutions convert non-mobile bankers into mobile bankers?](#)
- [What steps can financial institutions take to increase frequency and adoption of mobile banking?](#)

Money on the Move: Mobile Banking Usage and Preference Trends

Raddon has tracked mobile banking usage for several years, and as shown in its 2018 payments research study, *The Continuing March Toward Mobile*, 50% of U.S. consumers now use mobile banking as a financial delivery channel. The trend has been staggering, given that smartphones are only 12 years old.

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With this delivery channel now approaching majority usage, institutions should understand consumers' preferences and expectations of mobile banking. This study seeks to answer those questions.

To better understand consumer perceptions of mobile banking, Raddon surveyed a representative sample of 2,009 smartphone-owning consumers nationwide, half of whom use mobile banking and half of whom do not. By limiting the population to those owning a smartphone, we removed the greatest barrier to adoption for non-mobile banking users. As a result, this group of non-mobile bankers is a reasonable target for adoption; this study seeks to understand their willingness to begin using mobile banking.

This study also explores the value of frequency: Is it enough to use mobile banking occasionally, or do the perceived gains in loyalty and behavior come with increased usage? And does that increased frequency lead to cost savings in other legacy delivery channels? Mobile banking represents an ever-changing world of consumer expectations. Financial institutions will find value in exploring their customers' perceptions as they evolve their offering.

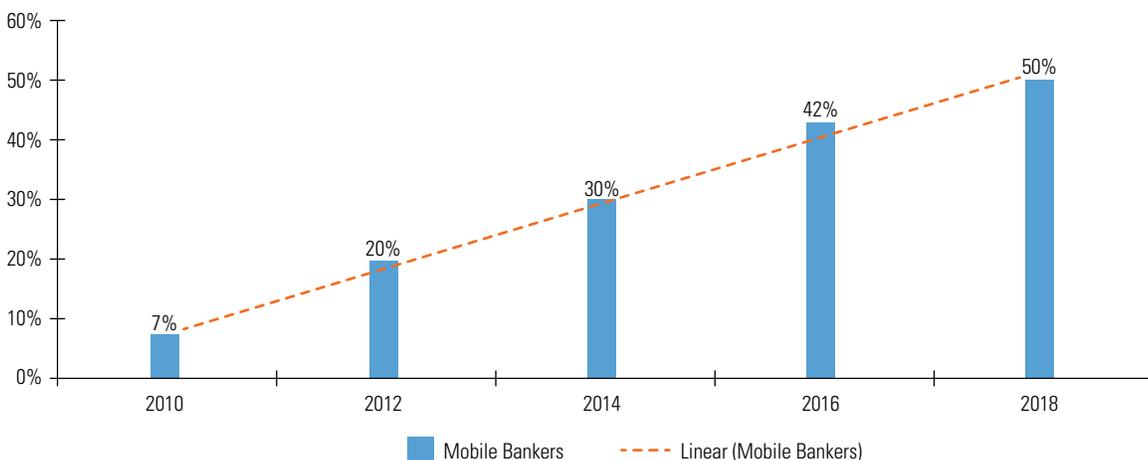
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Demographic Trends in Mobile Banking Usage

Growth has been remarkably even over the past eight years, yet mobile adoption is not universal across all demographic segments. While certain groups were early adopters, recent growth is coming from less tech-focused sectors.

It's no surprise to find Millennials are using mobile more than any other Generation segment, growing from 12% back in 2010 to 76% today. Going back almost a decade, their aptitude for technology made them early adopters.

Figure 1: Percent of Households Using Mobile Banking Over Time



Source: Raddon Research Insights

They are also the generation that places the greatest emphasis on the mobile app that is offered when selecting a primary financial institution (PFI).¹ While older generations have traditionally and consistently exhibited lower mobile banking usage levels, today we see the greatest growth rates in mobile usage within the Gen X and Traditionalist segments, both showing an increase of 13 percentage points since 2016. Income also affects mobile banking adoption, although with less significance than age. Looking at Raddon's Consumer segmentation, the Fee Driven and Credit Driven segments (the two youngest Consumer

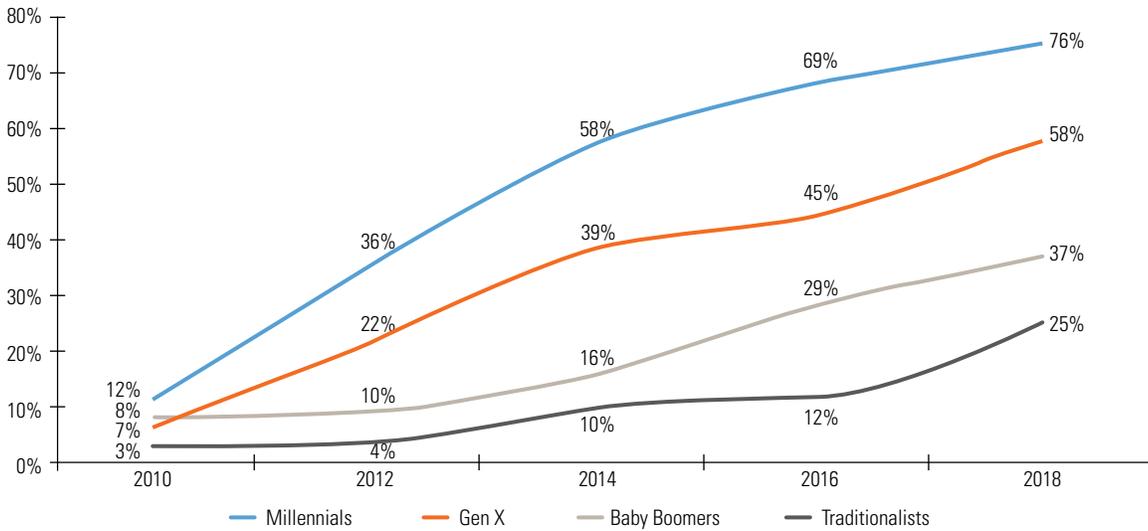
segments) have historically shown the highest levels of mobile banking usage, with the more affluent Credit Driven consumers having the highest adoption rates.

In recent years, however, the Middle Market and Upscale segments, two slightly older segments, show the highest level of growth in the use of mobile banking. For further detail on the age and income ranges for each consumer segment, please see page 45 of this study.

¹ Raddon, *Payments and Channels Insights: The Continuing March Toward Mobile*, 2018

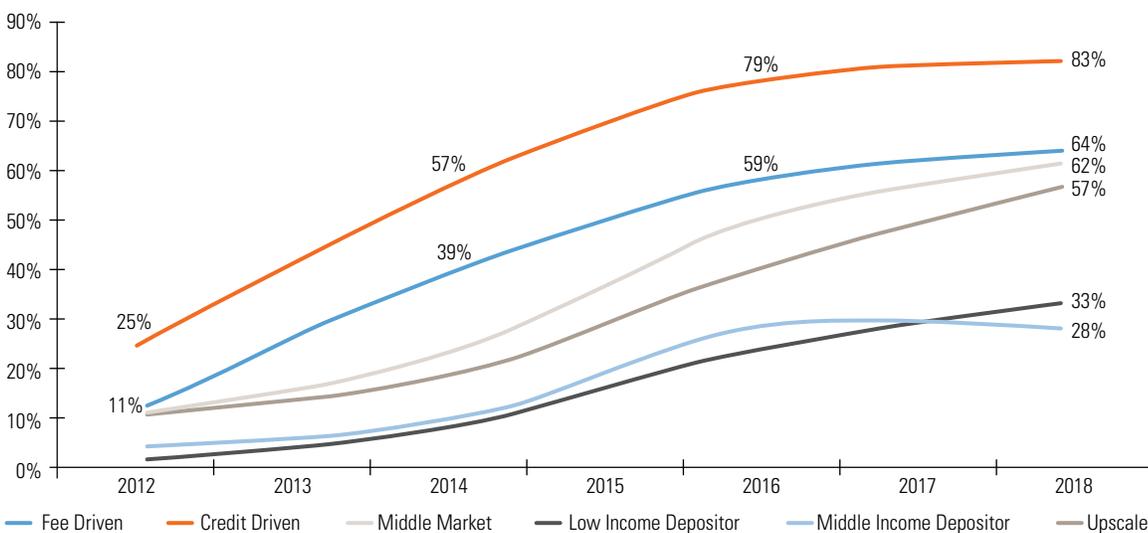
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Figure 2: Trend in Percentage of Households Using Mobile Banking, by Generation Segment



Source: Raddon Research Insights

Figure 3: Trend in Percentage of Households Using Mobile Banking, by Consumer Segment



Source: Raddon Research Insights