

# Expectations & Experiences

Our Quarterly Consumer Trends Research

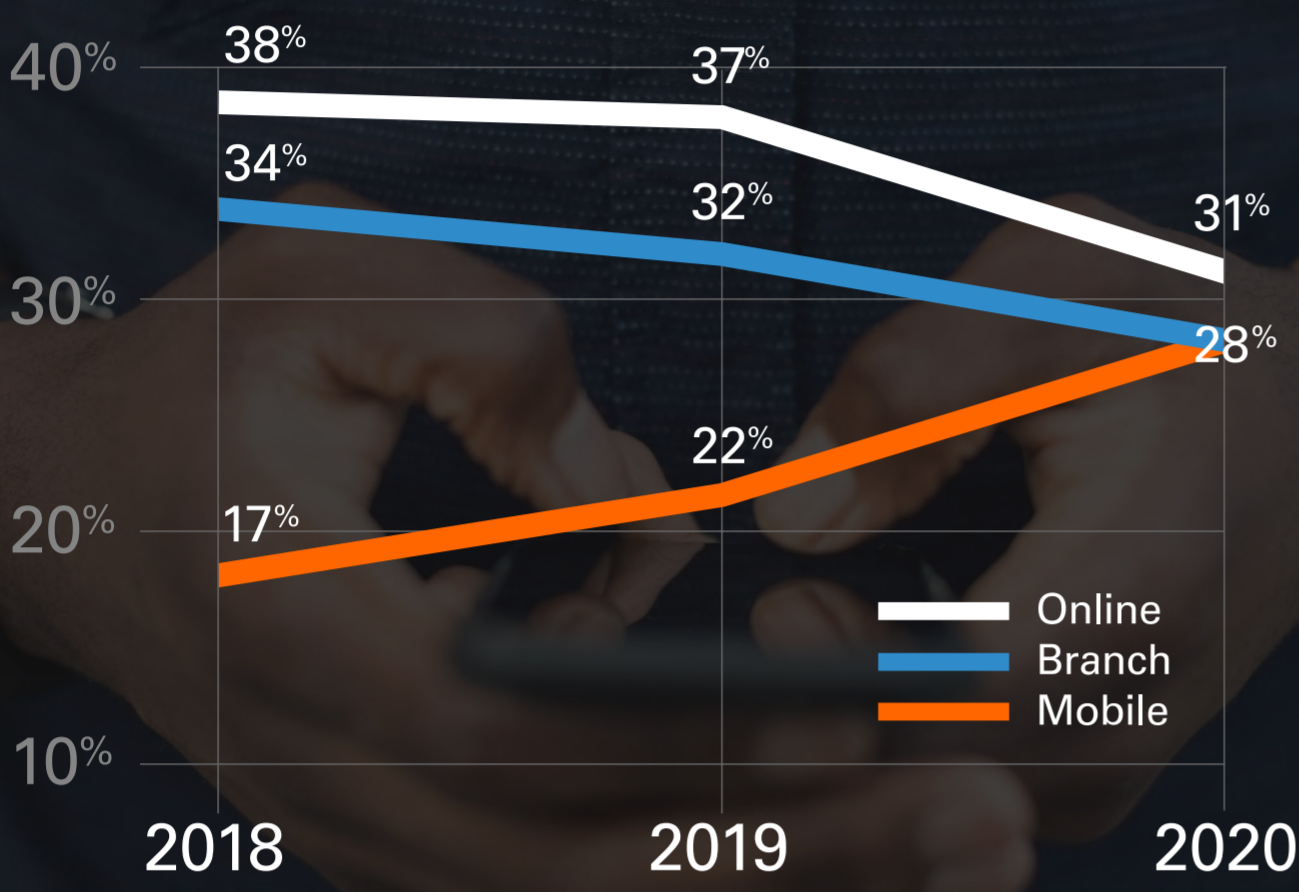
## Channels and New Entrants | 2020

Most of the responses for this survey were collected prior to social distancing. The survey was conducted online within the U.S. by The Harris Poll February 28–March 17, 2020.



- 1 Preferences shift toward mobile, but people still use multiple channels.** Mobile grew as a preferred channel, while online and branch preferences fell. Even so, the percentage of people who recently visited a branch increased slightly, with millennials making the most visits. Approximately half of all consumers say they would stay with their primary financial organization if it went all digital.
- 2 Consumers are starting to pay on the go.** Digital wallet usage continues to grow. Gen X is driving much of that growth and significant majorities of Gen Z and millennials are already using digital wallets. Convenience and speed are consumers' primary reasons for using a digital wallet, followed by perceived security. Attracting nonusers remains a challenge, with most saying they simply aren't interested.
- 3 Voice-activated banking and bill management gain some traction.** Use of voice devices is now common. Voice banking and bill management remain in early stages, but significant gains are seen across relatively small user bases, with age and income predicting usage.
- 4 To pay bills, most look to financial organizations compared to other companies.** Willingness to use a financial organization for bill payments is steady across all age groups. Likelihood to use nontraditional players, such as tech and social media companies, is closely linked to age but still significantly lower than financial organizations.

### Preferred Method of Interaction With Primary Financial Organization



### People prefer mobile banking almost as much as online

The gap between online banking, branch visits and mobile banking as the preferred way of interacting has narrowed considerably. If trends continue, consumer preferences for online banking via laptops and desktops may be increasingly replaced by mobile banking. Gen X and boomers are most responsible for the shifts since 2019.

Interestingly, branch visits are up from last year, with 57 percent saying they've visited a branch in the last month – up from 50 percent in 2019. As a reminder, most of the 2020 survey was conducted before social distancing. Increases in branch visits in the last month are driven largely by increases among Gen Z (up 18 percentage points), millennials (up 10 percentage points) and Gen X (up 7 percentage points). The average number of visits per month (2.7) is slightly up from 2.5 in 2019. Millennials report the highest per-month branch usage at 3.1.

Survey question to all respondents: In which of the following ways would you most prefer to interact with your primary financial organization (FO)? / Survey question to those who have a nonvirtual primary FO: Which of the following best describes the last time you visited your primary FO's branch? Please do not include ATM visits. / To those who visited a branch in the past month: Approximately how many times have you visited your primary FO's branch in the past month? Please include all of the branches you visited. Do not include ATM visits.

### Younger consumers are open to virtual banking, as are wealthier ones

When asked if they would stay with their primary financial institution if it switched to all virtual branches, nearly half (49 percent) said "yes." However, that's largely driven by age, income and type of financial institution.

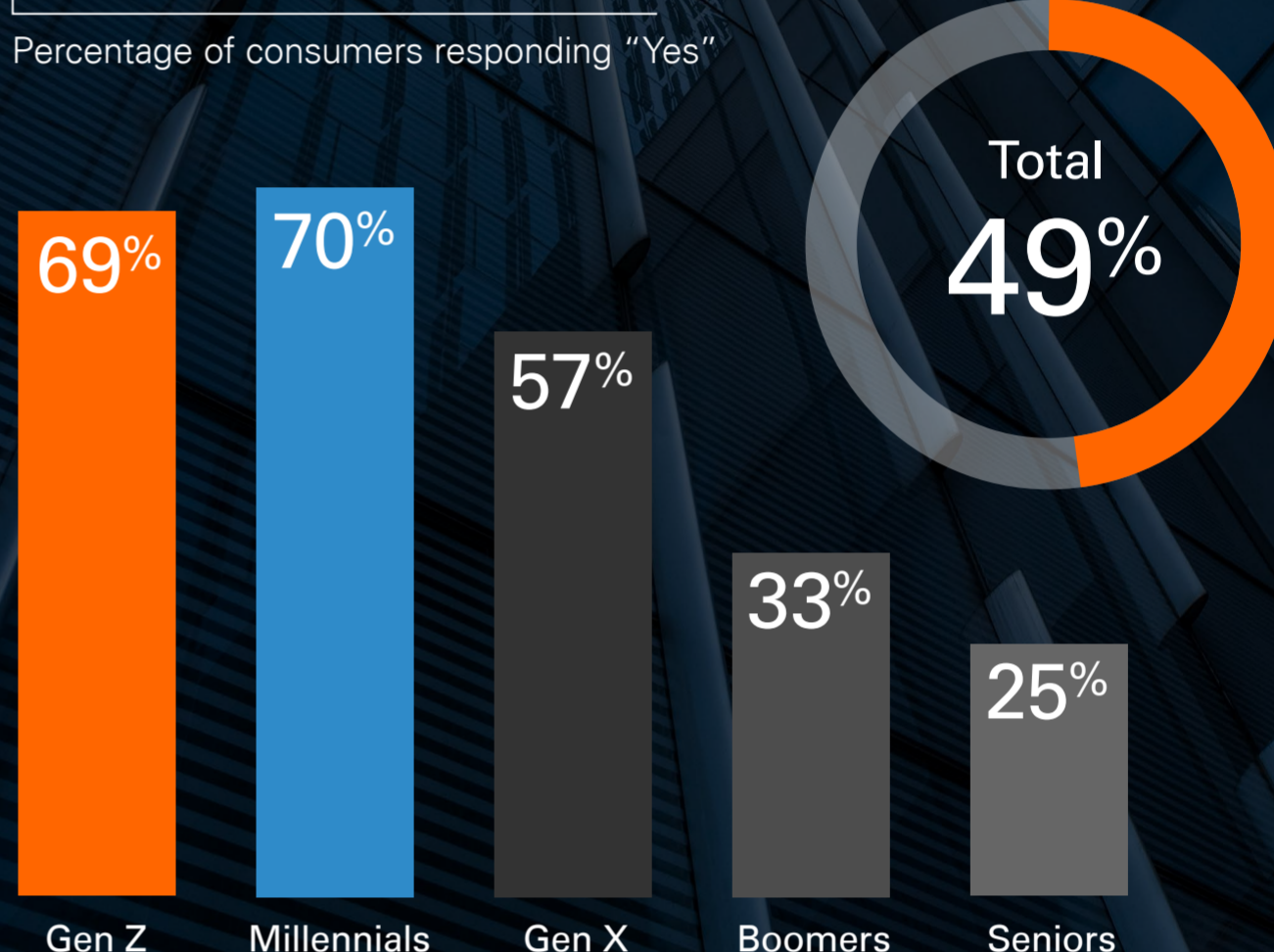
Customers of large national banks were more likely to say they'd go virtual (56 percent) than accountholders from credit unions (43 percent) and community banks (32 percent).

The likelihood consumers would stay with an organization that goes digital also increases with income. For those making \$100,000–\$149,900, 56 percent are willing. When incomes rise above \$150,000, 61 percent would stay with an all-digital organization.

Survey question to all respondents: Imagine your bank notified you it was going all digital (that is, no branches), and the only way to access your account was through online and mobile banking. Customer service would still be available through both live chat and live phone calls during business hours. Would you use this digital bank as your primary financial institution?

### Would You Stay With Your Primary Financial Institution If It Went Completely Digital?

Percentage of consumers responding "Yes"

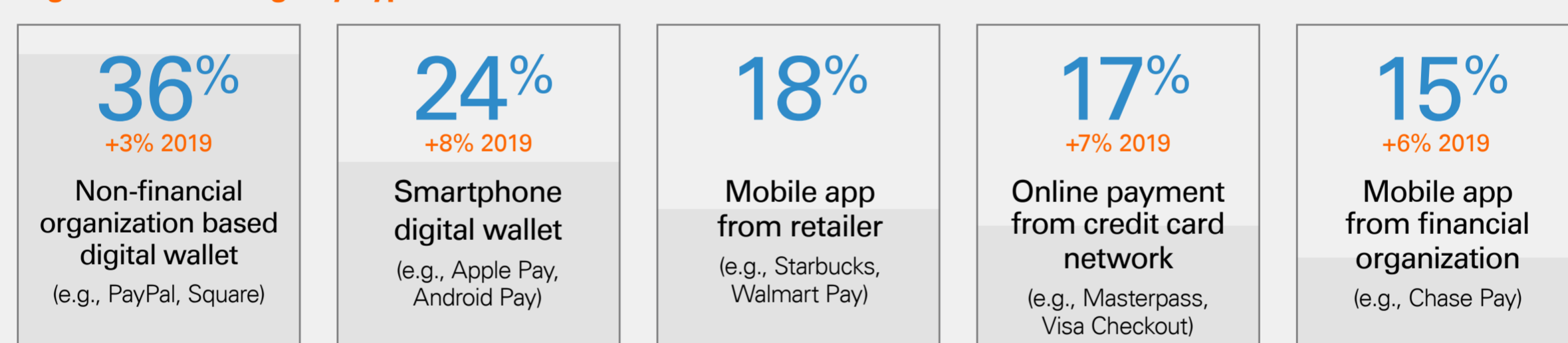


### Digital wallet use is up, and users like the convenience

Digital wallet use continues to grow, from 51 percent in 2019 to 59 percent in 2020. Growth is highest among Gen X (from 56 percent to 66 percent), but also evident among millennials (74 percent to 81 percent) and boomers (33 percent to 40 percent).

A majority of users cite convenience as the reason for selecting digital wallets as a payment method, followed by speed and security. Of those, security shows the greatest year-over-year increase. Nonusers present a challenge. Only 6 percent rate their interest level as high. Lack of interest (67 percent) and security concerns (37 percent) are primary barriers.

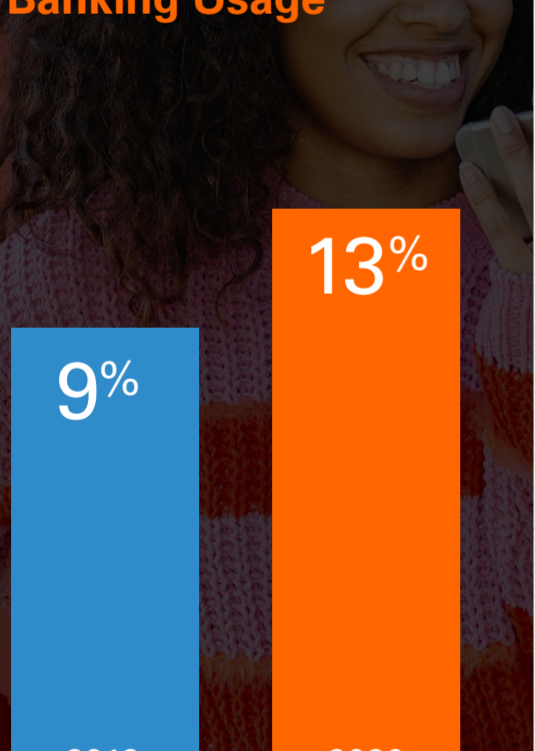
#### Digital Wallet Usage by Type



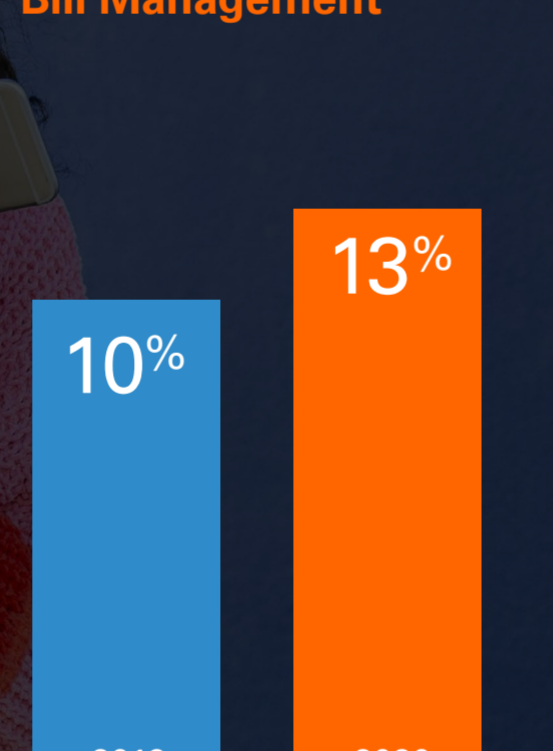
**Top 3 Benefits of Digital Wallets** According to users from past 12 months: **59% Convenience**, **40% Speed** (+6% 2019), **32% Security** (+10% 2019)

Survey question to all qualified respondents: Have you used any of the following digital wallets to make a mobile or digital payment in the past 12 months? Please select all that apply. / Survey question to those who used a digital wallet in past 12 months: For which of the following reasons, if any, have you used a digital wallet in the past 12 months? Please select all that apply. / Survey questions to nonusers of digital wallet in past 12 months: Please rate your level of interest in using a digital wallet in the next 12 months through your smartphone, tablet or wearable device. Which of the following reasons, if any, describe why you have not used a digital wallet in the past 12 months? Please select all that apply.

### Voice-Activated Banking Usage



### Voice-Activated Bill Management



**60% of banking consumers see some benefit to voice banking, up from 51% in 2019**

### It's still early, but use of voice for banking and bill management grows

Use of voice-activated devices is now the norm. Two-thirds of all consumers now use voice for everything from checking the weather to setting alarms.

Uses for banking activities are nascent, but growing significantly. In 2019, 9 percent of recent voice-activated device users said they used it for banking. In 2020, 13 percent said the same.

Voice-activated bill management is similar to voice banking numbers with usage jumping from 10 percent to 13 percent of voice-activated device users overall. In particular, checking due dates (70 percent), making payments (65 percent) and getting information about a bill (62 percent) are the most common activities among voice banking and voice bill management users.

Survey question to all qualified respondents: In the past year, on which of the following devices have you used voice-activated services? / Which of the following would you consider to be the benefits of using your voice to perform banking functions via a voice-activated device? / Survey question to those having used a voice-activated device: In the past 30 days, have you used a voice-activated device for any of the following functions? Please select all that apply.

### For paying bills, people are more likely to choose financial institutions over new entrants

Consumers say they're most likely to use traditional banks and credit unions for bill payments, with more than 8 in 10 saying they are likely to use (or continue to use) their primary financial organization. Payments companies are a distant second (48 percent) and retail companies are third (33 percent).

Generally speaking, willingness to use a nontraditional company, such as a retailer or technology company, for bill pay is closely linked to age. For example, nearly twice as many Gen Z consumers (39 percent) say they're likely to use a social media company as consumers overall (20 percent). Similarly, 52 percent of millennials would use a technology company, compared to just 31 percent of consumers overall.

#### Likelihood to Use or Continue Using Each Company Type to Pay Bills

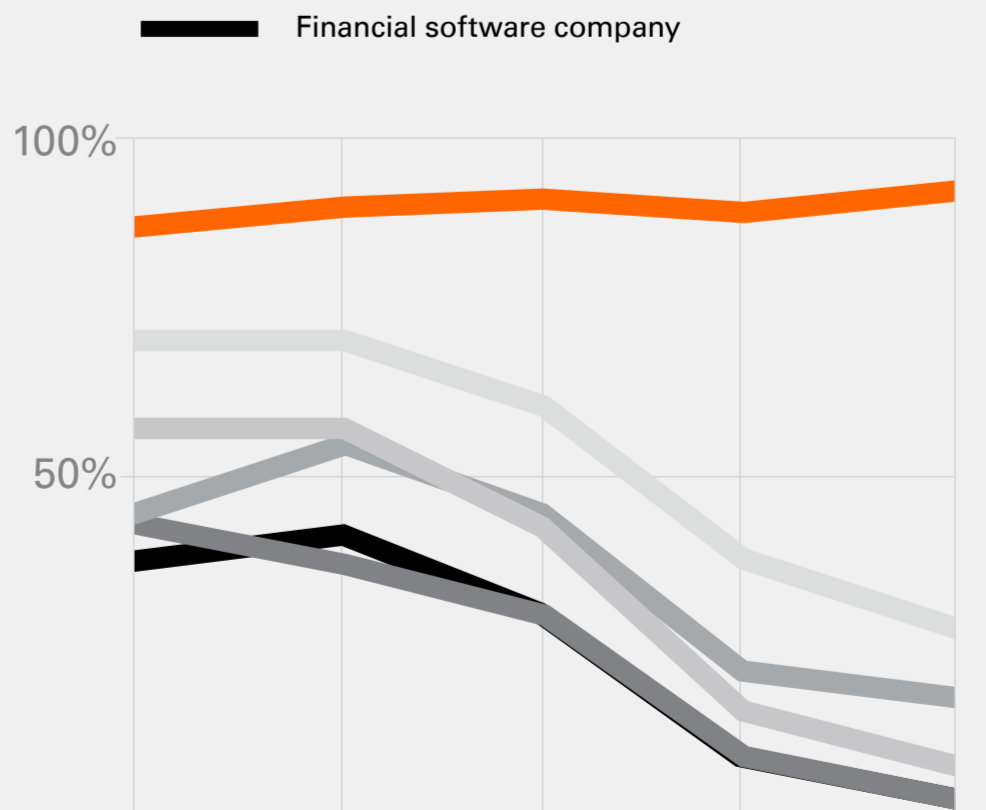
Percentage probably/definitely would use

- 83%** Traditional bank or credit union
- 48%** Payments company (e.g., PayPal, Western Union)
- 33%** Retail company (e.g., Walmart, Amazon)
- 31%** Technology company (e.g., Apple, Google)
- 21%** Financial software company (e.g., Mint, Acorns)
- 20%** Social media company (e.g., Facebook, Twitter)

Survey questions to those consumers involved in bill pay: How likely are you to use (or continue to use) each of the following to pay household bills, if it was available?

#### Consideration by Generation

- Traditional bank or credit union
- Payments company
- Retail company
- Social media company
- Technology company
- Financial software company



#### About Fiserv

Fiserv, Inc. (NASDAQ: FISV) aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps consumers achieve best-in-class results through a commitment to innovation and excellence in areas including account processing and digital banking solutions; card issuer processing and network services; payments; e-commerce; merchant acquiring and processing; and the Clover® cloud-based point-of-sale solution. Fiserv is a member of the S&P 500® Index and the FORTUNE® 500, and is among the FORTUNE World's Most Admired Companies®.

#### About The Harris Poll

The Harris Poll is one of the longest running surveys in the U.S. tracking public opinion, motivations and social sentiment since 1963 that is now part of Harris Insights & Analytics, a global consulting and market research firm that delivers social intelligence for transformational times. We work with clients in three primary areas: building twenty-first-century corporate reputation; defining brand strategy and performance tracking and earning organic media through public relations research. Our mission is to provide insight and advisory to help leaders make the best decisions possible. To learn more, visit theharrisroll.com.

#### Methodology

The survey was conducted online within the U.S. by The Harris Poll from February 28–March 17, 2020. A total of 3,003 interviews were conducted among U.S. adults ages 18 and older who met the following criteria: Someone in the household currently has a checking account with a bank, credit union, brokerage firm or other financial organization and has used their checking account to pay a bill or make a purchase in the past 30 days. The data were weighted to ensure that relevant demographic characteristics of the sample matched those of the U.S. general population. All respondents (not only those who met the qualifying criteria) were weighted to U.S. Census Bureau demographic profiles for the U.S. population, age 18+ on education, age, gender, race, income, region, marital status, employment status, household size and number of hours spent on the internet (with targets for this variable coming from Nielsen Scarborough).

Notes: The reference questions and answer text provided here have in some cases been shortened due to space constraints. The complete text for any questions referenced in this report is available upon request. Age groups referenced in the survey are defined as follows: Gen Z (18–23), millennials (24–39), Gen X (40–55), boomers (56–74) and seniors (75+).