

Expectations & Experiences
Our Quarterly Consumer Trends Research

Consumer Payments



People expect intelligent payments experiences

When it comes to making payments, most consumers are all about the experience. They use person-to-person (P2P) payments because it's fast and convenient. They'd be more likely to sign up for auto-pay if they could do it online. They like mobile banking and they are interested in a variety of improvements that provide faster access to information and even more control over cards and accounts.

Consumers also have clear ideas about security, including what they perceive to be the most secure payments methods (credit cards) and bill-pay channels (website).

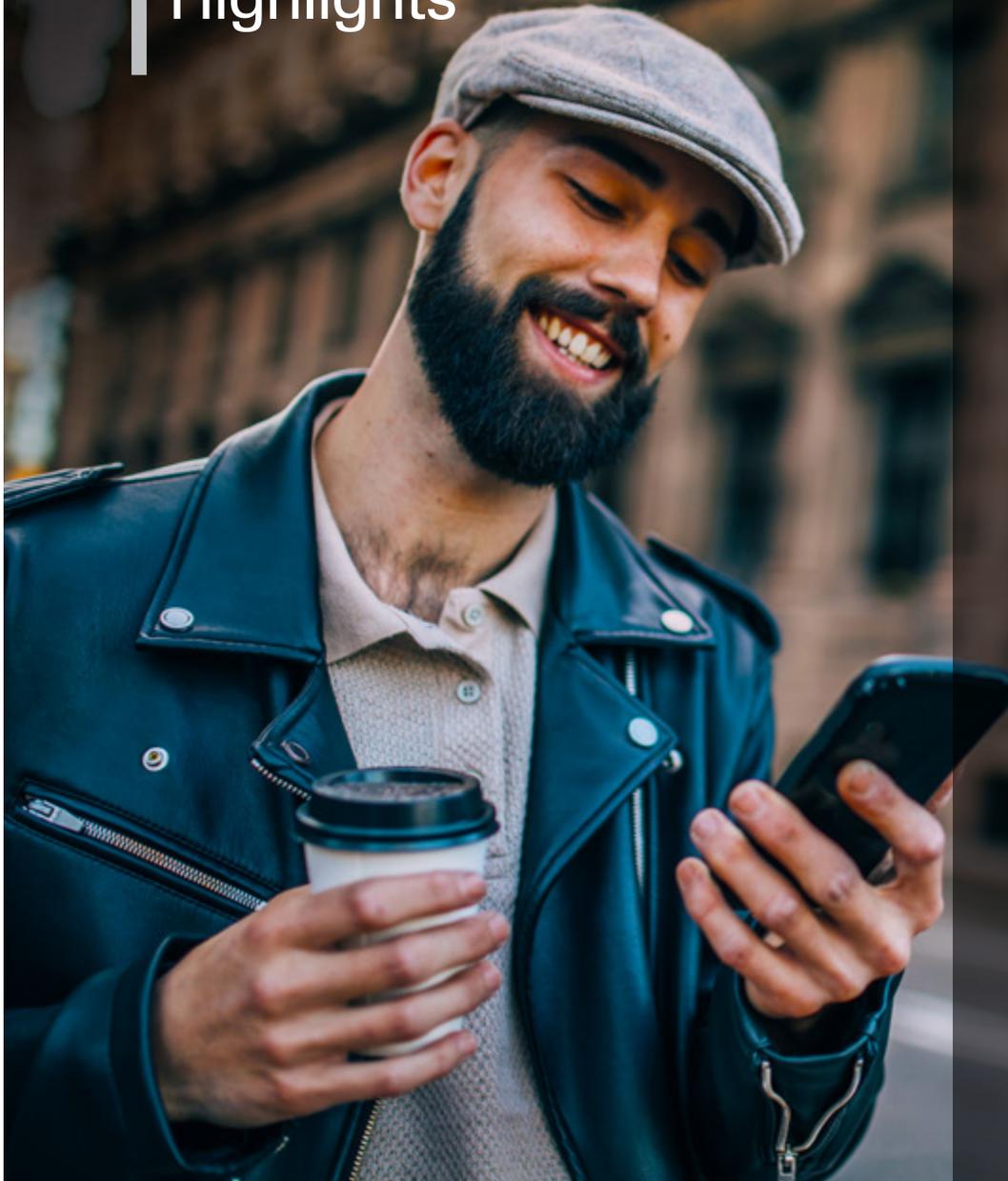
Understanding that picture is key for any financial organization or biller that wants to deepen relationships and create a better experience for consumers.

Expectations & Experiences is a quarterly U.S. consumer trends survey sponsored by Fiserv. One of the longest running surveys of its kind, Expectations & Experiences builds on years of consumer survey data. The survey provides insight into people's financial attitudes and needs, enabling organizations to design and drive adoption of services that improve consumer financial health, loyalty and satisfaction.

Each survey focuses on primary issues relevant to how people move and manage money. This paper summarizes results from a survey conducted November 27–December 21, 2017, of 3,114 U.S. adults who used their checking accounts to pay a bill or make a purchase in the 30 days prior to the survey. This survey looks at how consumers make payments and the features they're looking for to pay for goods and services. The survey was conducted by The Harris Poll on behalf of Fiserv. For full methodology, please see page 13.



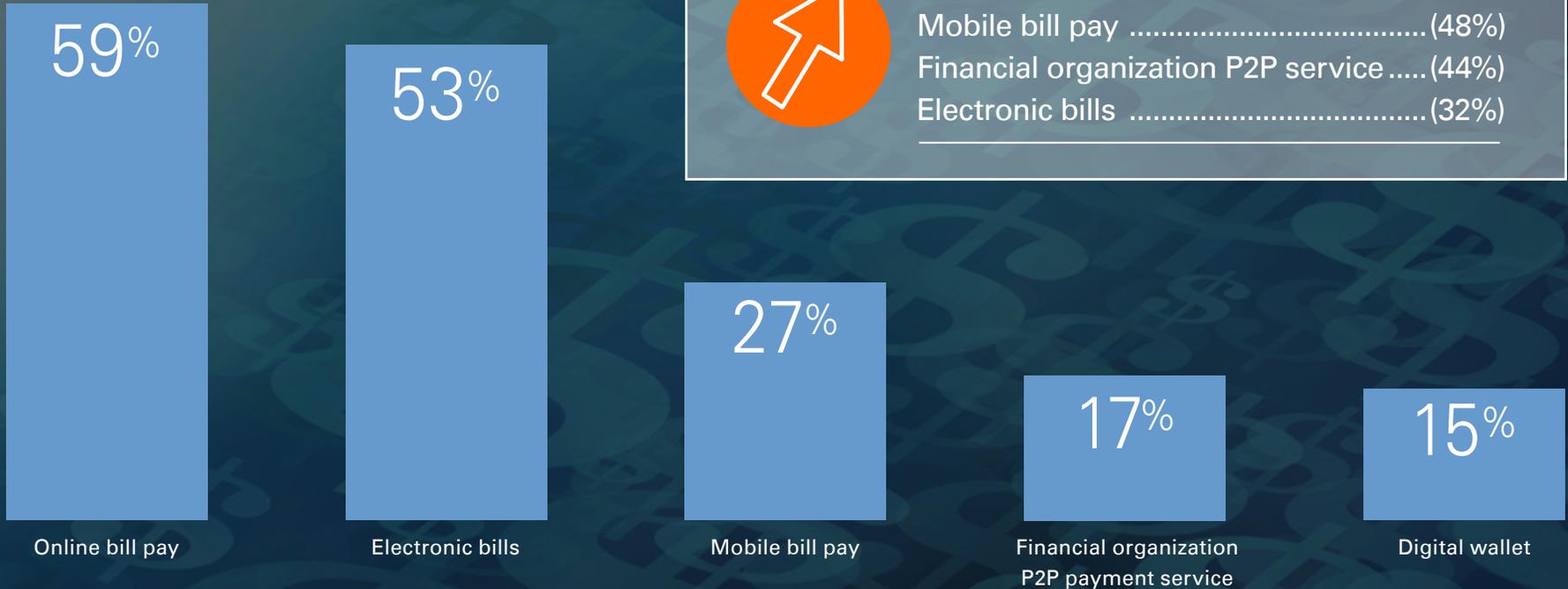
Highlights



- 1 Consumers have embraced online and mobile payments.** A majority of consumers use online and mobile bill pay, with rates similar to last year's survey. They use the service most frequently to pay bills. In addition, many active users report increased use of digital wallets, mobile bill pay, P2P and electronic bills in the past year.
- 2 Automatic payments are now the norm.** Seniors involved in bill management lead the way in usage of automatic payments, although the service is common across all age groups. Options to sign up at billers' or financial organizations' websites have potential to drive adoption as do ACH and credit card payment options.
- 3 Time and convenience motivate P2P users.** A majority of consumers use P2P payments of some kind. Still, there's an opportunity to educate, with many nonusers saying they don't know how it works or don't want to pay fees.
- 4 Security remains a serious concern.** Consumers involved in bill management are more likely to be worried about paying bills than receiving them – a concern that is more widespread among millennials than other age groups. Consumers view credit cards as the most secure form of paying bills. In one of the survey's few analog trends, postal mail is considered the most secure form of receiving bills.

Usage of payments services remains steady, but many current users are more active than the previous year

Payments service usage in past 30 days



Where have people increased usage in the past year?

(among those who used each service in the past 30 days)

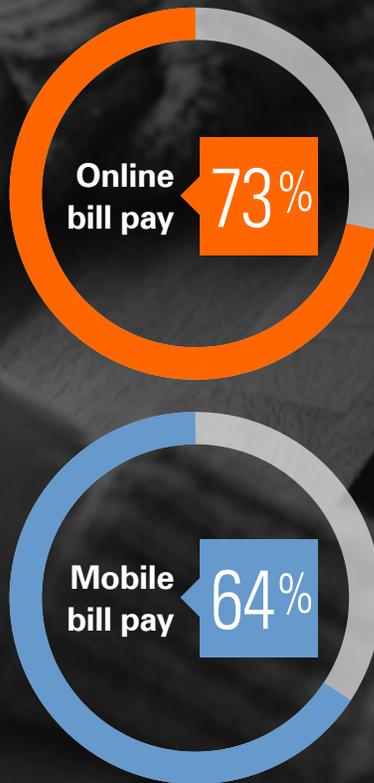


Digital wallets	53%
Mobile bill pay	48%
Financial organization P2P service	44%
Electronic bills	32%

Survey question to all qualified respondents: In the past 30 days, approximately how many times have you or your household used the following? / Survey question to those who have used the service in the past 30 days: In the past year, would you say your use of each of the following has increased, decreased or stayed about the same?

Currently use online and mobile bill pay

(of those who use online and mobile banking)



Survey question to all respondents: Which of the following types of financial services do you or your household currently use to access your accounts at your FO? / Survey questions to those who use online/mobile banking: Do you also use online or mobile bill pay through either of these services? / Survey question to those who use their FO's online or mobile bill pay service: For which of the following reasons do you pay some of your bills in the following ways? Please select the top five reasons that are most important for each method. / Survey question to those who have not used electronic bills in the past 30 days: Which of these reasons best explains why you have not signed up to receive electronic bills through your FO's bill pay service? Please select up to three.

Consumers' use of online and mobile bill pay holds strong

Rates of electronic banking are similar to last year with 79 percent using online banking (up from 75 percent). Nearly half of consumers (47 percent) use mobile banking, including 73 percent of millennials.

Approximately three-quarters (73 percent) of online banking users use online bill pay, while nearly two-thirds (64 percent) of mobile banking users use mobile bill pay. Among those most likely to use mobile bill pay are those with more than \$1 million in investable assets (82 percent) and millennials (74 percent).

The top reasons people cite for using online and mobile bill pay services are convenience (54 percent), reduced cost and hassle associated with paying bills by mail (44 percent) and less paper/clutter (39 percent).

Nonusers of electronic bills are most likely to say they don't want to change current methods (45 percent), they need paper record-keeping (39 percent) and they need paper to remind them that a bill is due (34 percent).

How we use online and mobile banking

Online banking is used to get things done, but perhaps not always urgently. Three-quarters (74 percent) of consumers say they used the service to pay bills in the past 30 days, while 55 percent transferred money between accounts at the same financial organization and 38 percent received bills electronically.

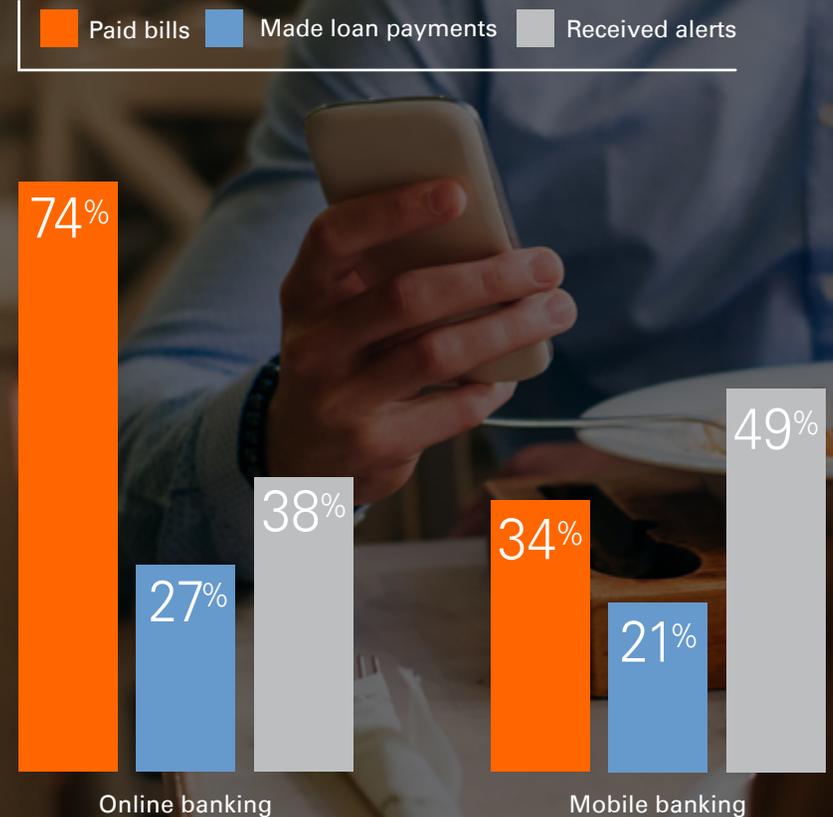
Mobile banking is commonly used for real-time needs.

People often use mobile banking to access information they may need in the moment. For example, 84 percent used the service to view their balance while 49 percent receive alerts regarding bills that are due or potential breaches.

The survey also revealed generational differences in payments. Older consumers (age 53 and older) who use mobile banking are more likely than their younger peers to use it to pay bills through a financial organization's bill pay service (39 percent compared to 32 percent).

Features used in the past 30 days

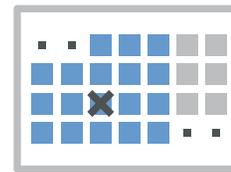
(among those who have used online or mobile banking)



Survey questions to those who have used online banking in the past 30 days: Which of the following features of your online banking service (through your laptop or desktop) did you use in the past 30 days? / Survey question to those who used mobile banking: Please check all of the features of mobile banking you used through your smartphone, tablet or wearable device in the past 30 days.

Online and mobile are the keys to automatic payments

Automatic payments are common with consumers involved in household bill management, with 67 percent of consumers using them. Notably, the groups most likely to use them are seniors (75 percent) and those with more than \$1 million in investable assets (83 percent).



72%

of consumers involved in bill management would **prefer** to set up **autopay online** through their biller or through their financial organization

Among those who would prefer to set up autopay through their biller's website, 34 percent would prefer to do it on the biller's website while 8 percent would prefer the biller's mobile app or browser.

When asked which channel would make them more likely to set up automatic payments, consumers involved in household bill management again favored billers' websites (40 percent) and financial organizations' websites (31 percent).

Preferred way to set up automatic payments

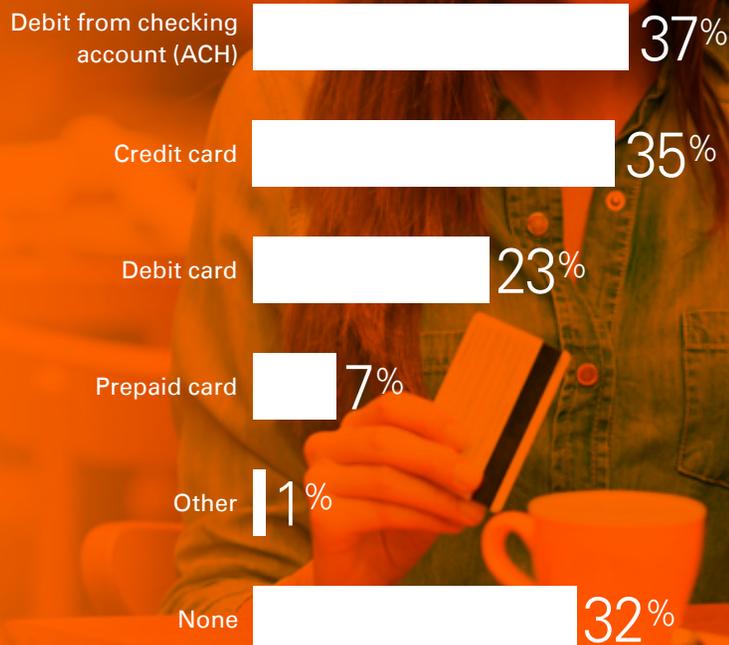
(among those involved in bill management)

- 42% Biller website
- 30% Financial organization website
- 12% Call the biller
- 7% Request via email
- 9% Other

Survey questions to those who are involved in bill management: Do you currently pay any bills using automatic payments (that is, routine payments made from a banking account or credit card scheduled on a predetermined date to pay a recurring bill)? / In which of the following ways would you most like to be able to set up automatic payments for your bills? Please select one.

Forms of payment most likely to encourage automatic payments

(among those involved in bill management)



For automatic payments, some payment methods win out

Debit card/ACH payments and credit cards are the methods of payment most likely to encourage use of automatic payments. Nearly four in 10 involved in household bill management said ACH debits from a checking account would motivate them to sign up, while 35 percent said the same of credit cards.

Millennials involved in household bill management demonstrate significant differences from older consumers, with debit cards (49 percent) and credit cards (46 percent) coming in ahead of ACH payments as the methods most likely to steer them toward automatic payments. Millennials are also significantly more likely to choose prepaid cards as a motivator (17 percent) than their older peers (3 percent).



17% of millennials say **prepaid cards** would encourage use of automatic payments

Survey question to those who are involved in bill management: Which of the following payment methods for automatic payments for your bills, if any, would make you more likely to sign up for automatic payments? Please select all that apply.

Consumers want new mobile banking features

Consumers are interested in a variety of new potential features for mobile banking. These include:

- The ability to temporarily deactivate credit and debit cards in case of loss or theft (48 percent)
- Ability to see all bills that are due (38 percent)
- Instant balance (36 percent)
- Touch ID (31 percent)
- All account access (29 percent)

When it comes to adding payments functionality to mobile banking, millennials are more likely to express interest than their older peers. For example, twice as many millennials (34 percent) are interested in digital wallets as compared to older generations (16 percent).

Survey question to those who have used mobile banking in the past 30 days: Which of the following features, if any, would you be interested in seeing added to mobile banking? Please select all that apply.



Time and convenience drive P2P payment use

Nearly one in five consumers (17 percent) used a financial organization's person-to-person payments service in the 30 days prior to the survey. Those who use it say the reasons are time savings (54 percent), convenience (50 percent) and more control compared to other options (36 percent).

38 percent of nonusers say they don't use P2P because they are not willing to pay a fee

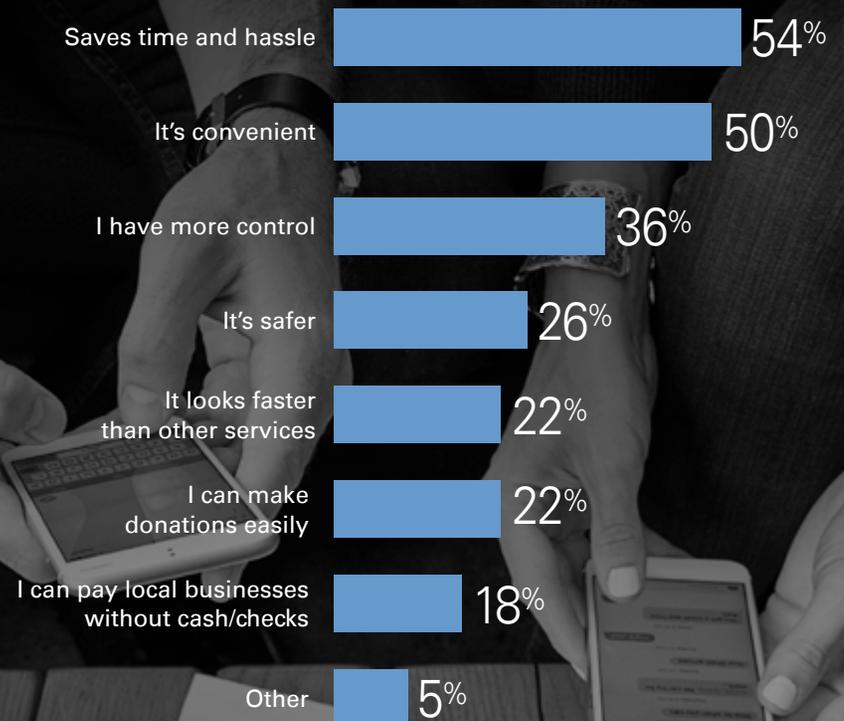
Those who don't use P2P services through their financial organization say it is because they prefer other methods (44 percent), they are not willing to pay a fee (38 percent) and they are concerned about online security (24 percent).

A lack of knowledge is also a barrier, with 23 percent saying they don't know how it works and 15 percent saying they don't know if their financial organization offers it.

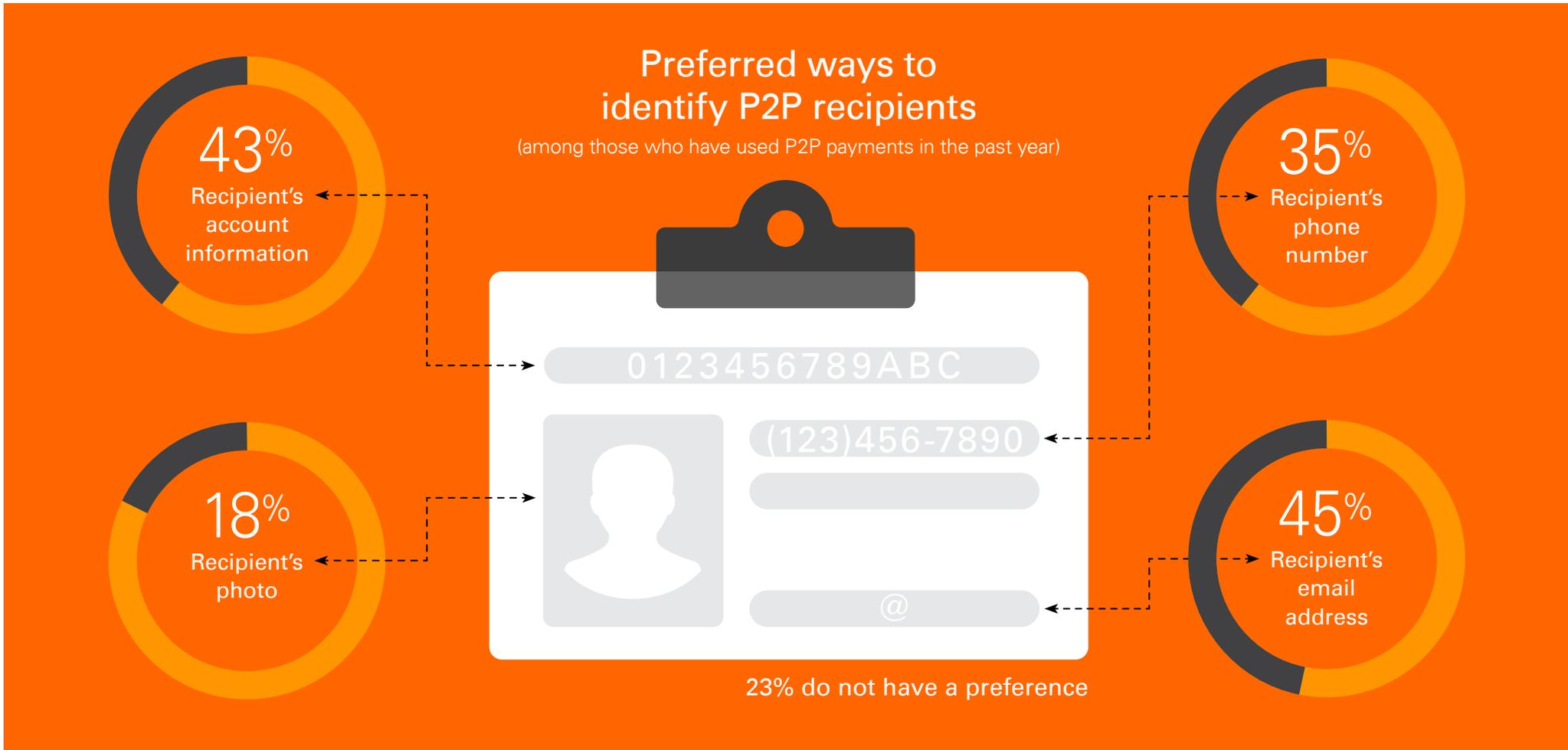
Survey question to all respondents: In the past 30 days, approximately how many times have you or your household used the following? / Survey question P2P users: For which of the following reasons did you use an FO's online or mobile P2P payment service in the past year? Please select all that apply. / Survey question to those who do not use P2P: Which of the following reasons describes why you have not used your FO's P2P payments service? Please select your top three.

Reasons to use financial organization's P2P service

(mobile or online, among those who used a P2P service in the past year)



Preferred ways to identify P2P recipients: Account info and email



Survey question to those who use P2P: Which of the following pieces of information do you prefer to use to identify the recipient when using a financial organization's person-to-person payments service? Please select all that apply.

Security concerns with bills

(among those who are at least somewhat concerned)



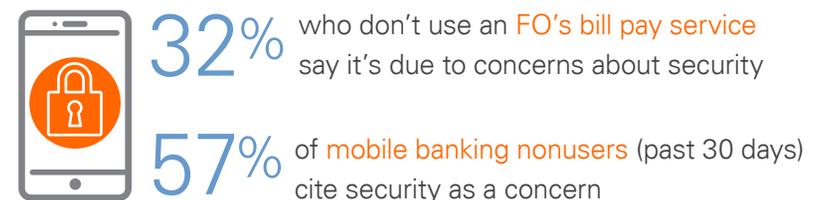
Survey question to all respondents: How much do you agree or disagree with each of the following statements? / Survey questions to those involved in bill management: How concerned are you about the security of how you receive and pay bills? / Compared to a year ago, has your concern about the security of how you receive and pay bills in general increased, decreased, or remained the same? / Which of the following are your greatest security concerns regarding how you receive and pay bills? Select all that apply. / Thinking about receiving/paying bills, which of the following methods do you believe are more secure? Please select all that apply.

Internet security, data privacy concerns affect bill payment

People are worried about the security of their online activity generally. More than half of consumers (53 percent) say they strongly distrust internet security and privacy generally.

These concerns extend to people's finances, although consumers involved in bill management are more likely to be concerned about the security associated with paying bills (50 percent) than receiving them (38 percent). In addition, nearly one-third (30 percent) say their concern about the security of paying bills has increased over the past year.

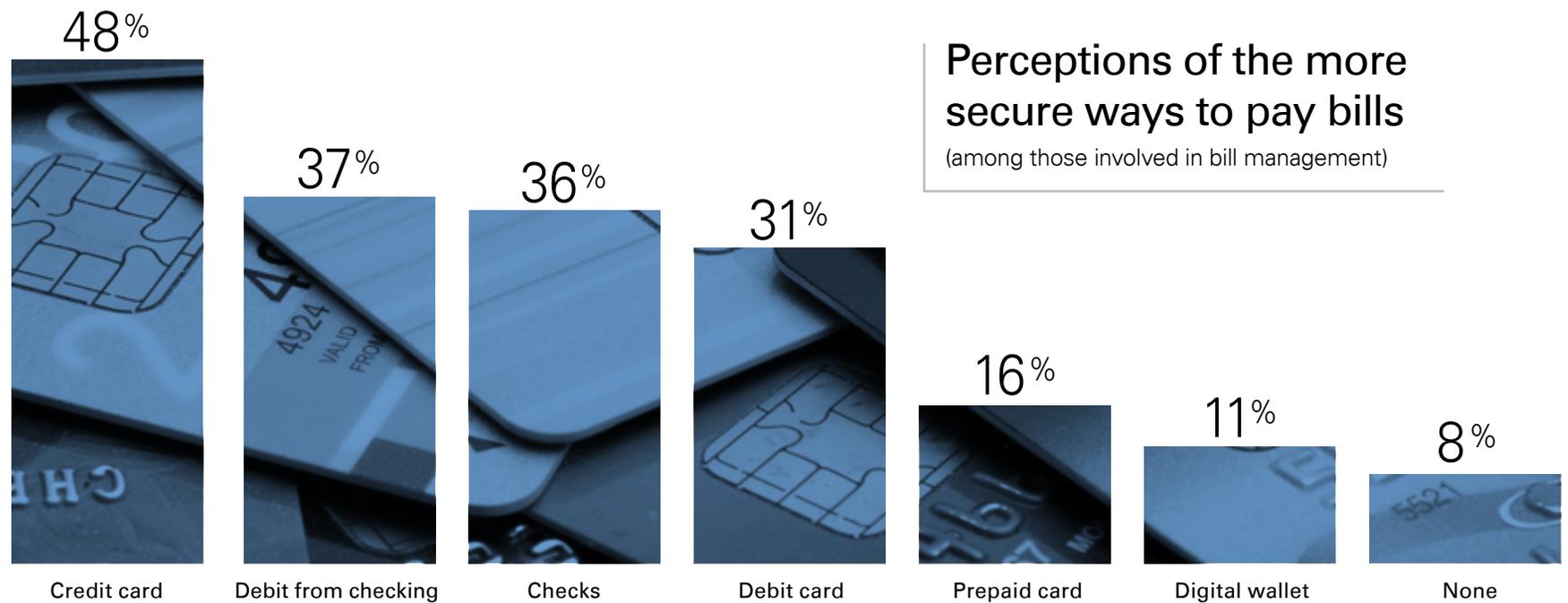
Of all age groups, early millennials involved in bill management are most likely to have security concerns, with 64 percent saying they are worried about paying bills and 49 percent saying they are worried about receiving them.



Credit cards seen as the most secure method of bill payment

Credit cards are most likely to be perceived as a more secure payment method (48 percent), followed by ACH debit payments (37 percent). However, 52 percent of millennials chose debit cards as the most secure way to pay. In terms of channels to pay and receive bills, postal mail is seen

as the most secure way to receive bills (52 percent), followed by the biller’s website (31 percent). When it comes to paying bills, however, consumers are more likely to say the financial organization’s mobile or desktop website (46 percent) or the biller’s website (42 percent) is secure versus mail (37 percent).



Survey question to those involved in bill management: Thinking about receiving or paying bills, which of the following methods do you believe are more secure? Please select all that apply. / Thinking about paying bills, which of the following payment methods do you believe are more secure? Please select all that apply.

About Fiserv

Fiserv, Inc. (NASDAQ:FISV) enables clients to achieve best-in-class results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and business insights and optimization. For more than 30 years, Fiserv has been a global leader in financial services technology. Fiserv is a FORTUNE 500 company and this year was honored to be named to the FORTUNE Magazine list of **World's Most Admired Companies**® for the fifth consecutive year. For more information, visit [fiserv.com](https://www.fiserv.com).

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, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible. To learn more, please visit www.harrisinsights.com.

Methodology

The survey was conducted online within the U.S. by The Harris Poll from November 27–December 21, 2017. A total of 3,114 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: early millennials (18–26), late millennials (27–37), Gen X (38–52), early boomers (53–63), late boomers (64–71) and seniors (72+).

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