

Expectations & Experiences | Household Finances

April 2018

Help wanted

Consumers are open to options that make managing finances easier, assuming those options are secure and affordable. On the whole, consumers use every channel available to open accounts, switching back and forth depending on their needs at the time. They're looking for aggregation services and real-time access to information. Security tools top their wish lists, followed by more self-service and budgeting options. They envision cardless ATMs with person-to-person (P2P) payment capabilities. They want more and they aren't afraid to say so.

While consumers appear to want many enhancements to their banking experience, some people also have a long way to go when it comes to being satisfied with their finances. They recognize the potential for improvement and they're looking to their financial organizations for help.

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 August 22–September 7, 2017, of 3,081 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 manage their finances and their relationships with financial institutions. The survey was conducted by The Harris Poll on behalf of Fiserv. For full methodology, please see page 14.

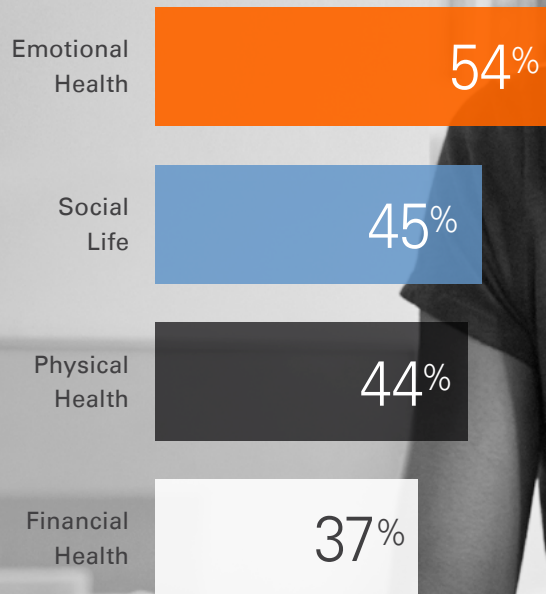




Highlights

- 1 Finances remain a concern for many.** Across all ages and income levels, there are significant numbers of people who are not satisfied with their financial health. Practically speaking, that can coincide with living paycheck to paycheck and feeling like managing finances is a burden.
- 2 Consumers make the most of all available options.** Whether it's a mix of paper and electronic statements or an increase in mobile tracking tools, consumers continue to rely on whatever makes sense to get the job done. The most helpful tools appear to be the ones that offer convenience, consolidation and real-time access.
- 3 Desire for security appears linked to behavior change.** For the first time, chip cards are the most preferred method of payment, while a majority receives transaction alerts, mainly due to an increased sense of security.
- 4 Consumers are open to new solutions.** A majority of consumers shows interest in new security and money management solutions, and the market potential for ATM innovations, such as cardless and P2P options, is high.

Satisfaction with financial health is lower than other areas of life



Survey questions to all respondents: Using the following rating scale, where 10 = "Extremely satisfied" and 0 = "Not at all satisfied," how would you rate each of the following areas of your life? / If you owed someone \$500, would you be able to pay them back today?

Most people don't feel great about their finances

Many consumers struggle to get a handle on their personal financial situation. Only 37 percent say they are satisfied with their financial health, well behind their rating for other areas of life. Consumers with higher household income or more investable assets are more likely to have greater satisfaction. Among those with incomes greater than \$150,000 per year, 59 percent say they are satisfied with their financial health, while 88 percent of those with more than \$1 million in investable assets say the same.

50% of millennials would have difficulty paying back a \$500 loan today, or could not pay it back at all

A significant number of consumers also appear to have difficulty making ends meet. For example, nearly four in 10 (38 percent) say that it would be difficult – or even impossible – for them to pay back a loan of \$500 right now.

For some, managing money can be a pain

When it comes to options for money management, there is room for improvement.

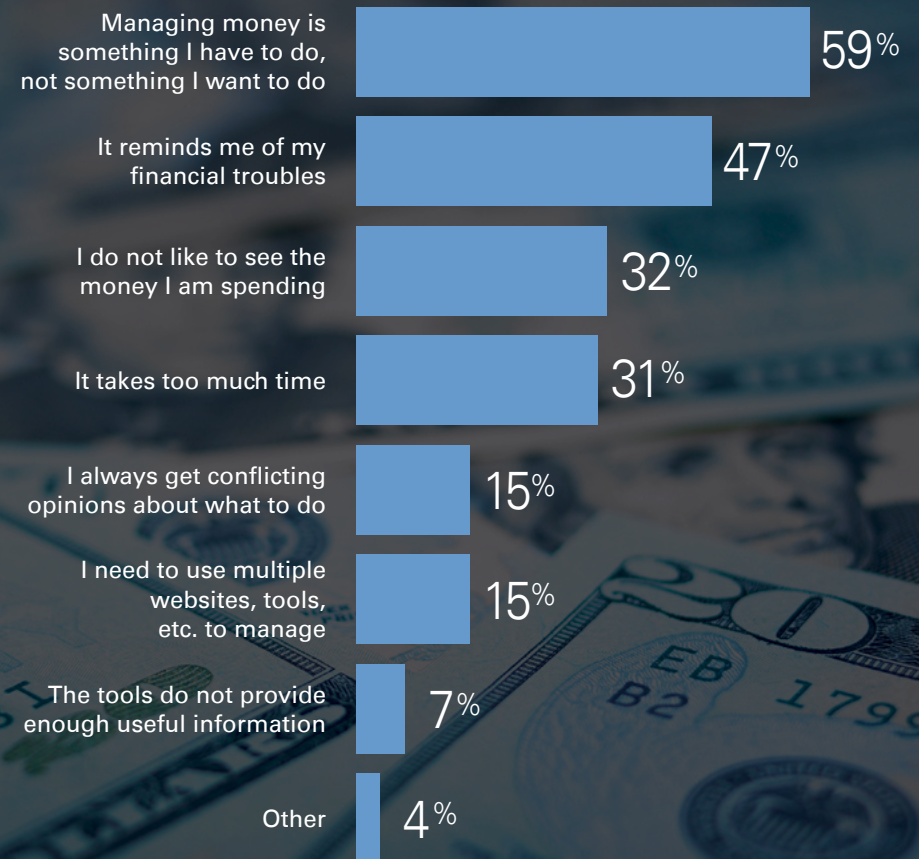
Managing money is considered a burden for 30 percent of consumers. More than half (59 percent) say it is because managing finances is “something I have to do, not something I want to do,” while 47 percent say “it reminds me of my financial troubles.”

Millennials are most likely to say they feel burdened

When asked why they feel burdened by managing their finances, millennials are much more likely than their older counterparts to say it is because they get conflicting opinions on what to do (28 percent versus 8 percent). The same is true of urban consumers as compared to suburban and rural consumers (23 percent versus 12 percent and 9 percent, respectively).

Why is managing finances a burden?

(among those who agree managing finances is a burden)



Survey question to all respondents: How strongly do you agree or disagree with the following statement? / Survey question to those who find managing finances to be a burden: For which of the following reasons is managing your finances a burden?

Account opening where and when it's needed





In recent years, consumers have tended toward a variety of financial services options. This holds true for the channels people use for account openings, which vary greatly depending on account type.

The branch appears to remain relevant, particularly for consumers opening checking accounts. On the other hand, a majority of credit cards (54 percent) were opened online.

Online is also a close second choice for both investment account openings and mortgages. In both cases, the net online plus mobile account openings outpace in-person visits to the branch.

How accounts were opened

(among those who have opened in the past 12 months)

	Credit card	Checking account	Investment account	Mortgage loan
 Branch	27%	65%	46%	39%
 Online	54%	29%	40%	34%
 Phone	15%	15%	18%	24%
 Mobile	15%	15%	18%	10%

Survey question to those who have the type of account in question: Please indicate if you or your household has opened any of the following accounts in the past 12 months and how you opened the account. Please select more than one method, if applicable.

What's **most helpful** for managing finances?

(respondents were allowed to select up to three)

- #1 | 34%** The ability to manage all my financial accounts in a **single online location or app**
- #2 | 33%** **Real-time access** to my financial information
- #3 | 28%** Information about bills due and available balances via **mobile alerts or email**
- #4 | 18%** **Mobile money management/budget app** that is connected to bank and credit card accounts
- #5 | 13%** **Aggregated credit card statements** to track spending across different categories and accounts

Consumers want options that make things easier

Tools that enable convenience and consolidation are commonly considered the most useful options to help consumers manage their finances and investments. The most popular options include online or mobile apps that aggregate information from multiple accounts, real-time access and mobile or email alerts.

Put another way, people appear to want everything easily accessible in one place and they want it now.



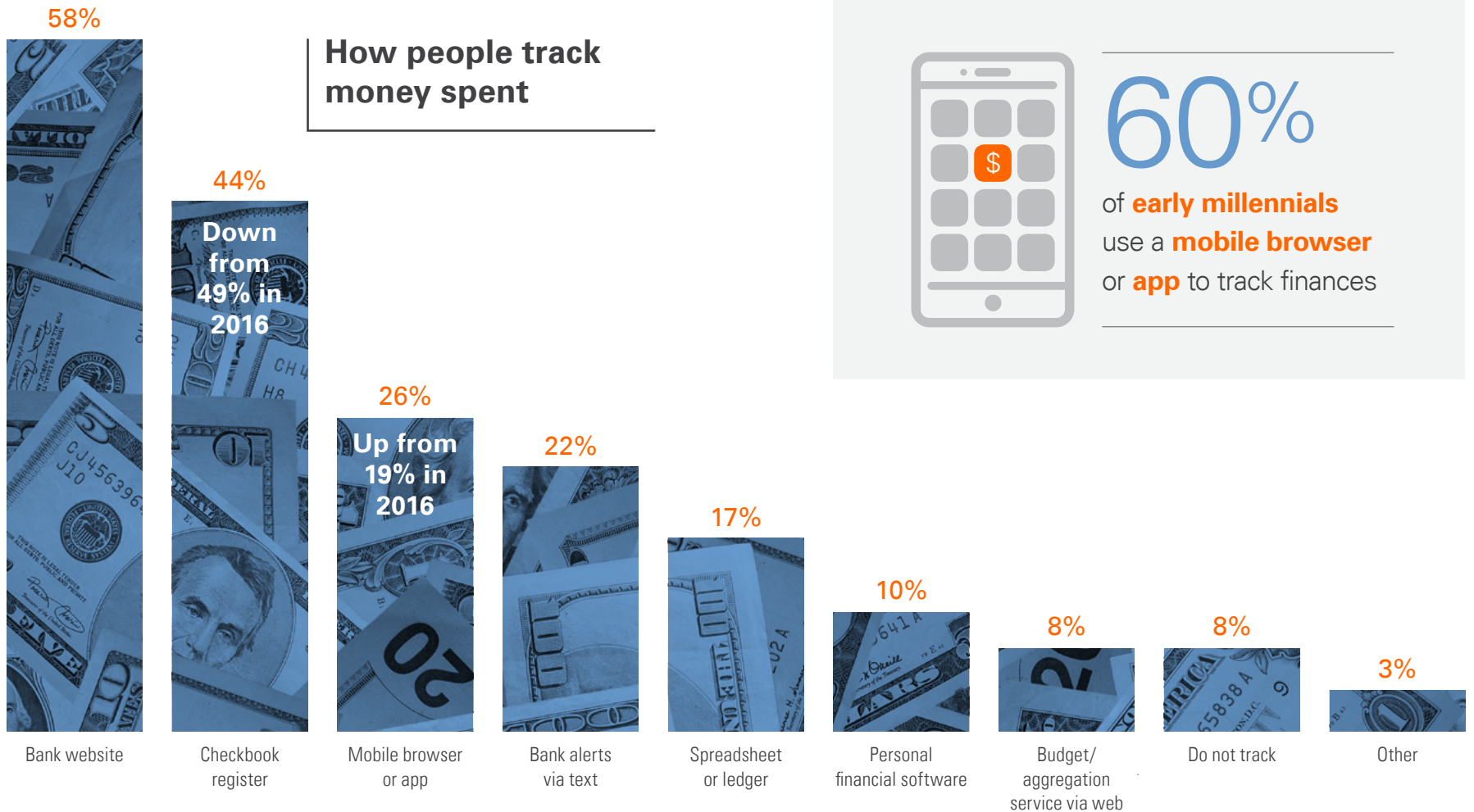
48%

of millennials say **centralized online or mobile account services** would help them manage their finances

These preferences are showing up in the tracking tools people currently use as well. For example, the prevalence of mobile app/browser use increased to 26 percent from 19 percent in the 2016 Expectations & Experiences: Household Finances survey, while checkbook registers dropped to 44 percent from 49 percent.

Survey questions to all qualified respondents: Which of the following, if any, would you find to be most helpful when it comes to managing your finances or investments? Please select up to three responses. / In which of the following ways, if any, do you typically track the money you spend? Please select all that apply.

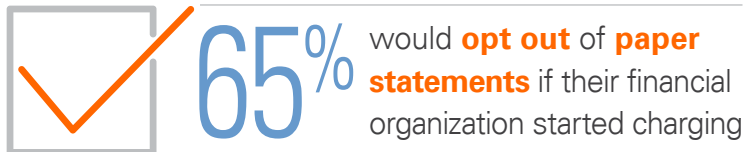
Tools to track spending: Mobile is gaining ground



Survey question to all qualified respondents: In which of the following ways, if any, do you typically track the money you spend? Please select all that apply.

Documentation: A mix of digital and paper

Paper isn't dead yet. There is no broad consensus on how consumers receive their financial statements. Some receive electronic statements, some receive paper and many receive both.



Approximately half of those who haven't moved to all-electronic statements say it's because they want a paper trail. On the other hand, nearly half of consumers who receive e-statements point to environmental benefits as a reason.

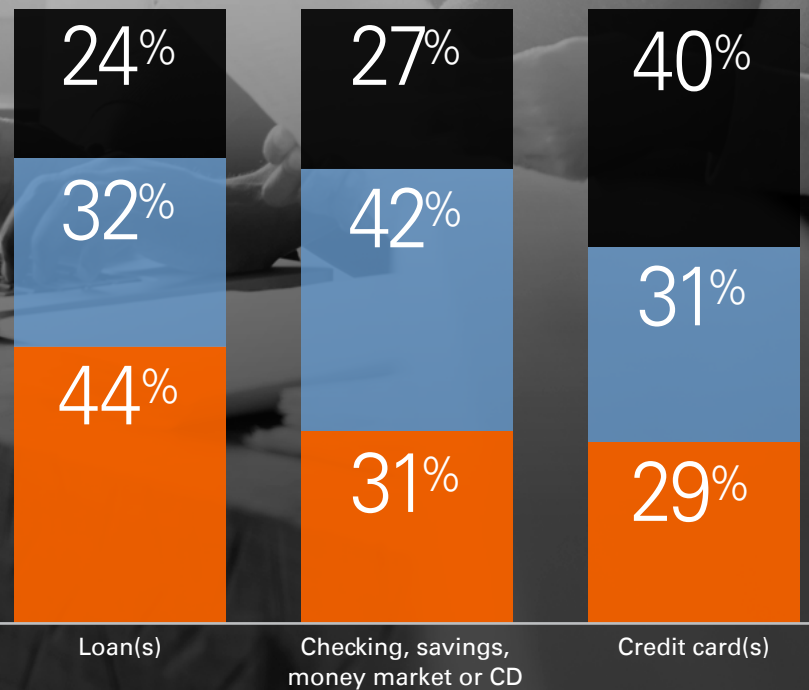
Although many consumers still rely on both electronic and hard copy statements, cost appears to make a difference. If a fee were charged to receive hard copies, 65 percent of consumers say they would discontinue paper statements altogether.

Survey question to all respondents: If your FO announced it will charge for paper statements, would you opt to receive only electronic statements? / Survey question to those who receive any statements: In which of the following ways do you currently receive statements? / Survey questions to those who receive any mail or electronic statements: Why don't you currently receive any paper/electronic statements for ALL of your X accounts?

Method used to receive **account statements**

(among those who receive billing statements for respective accounts)

■ Only mail
 ■ Only electronically
 ■ Both



Chip cards now preferred

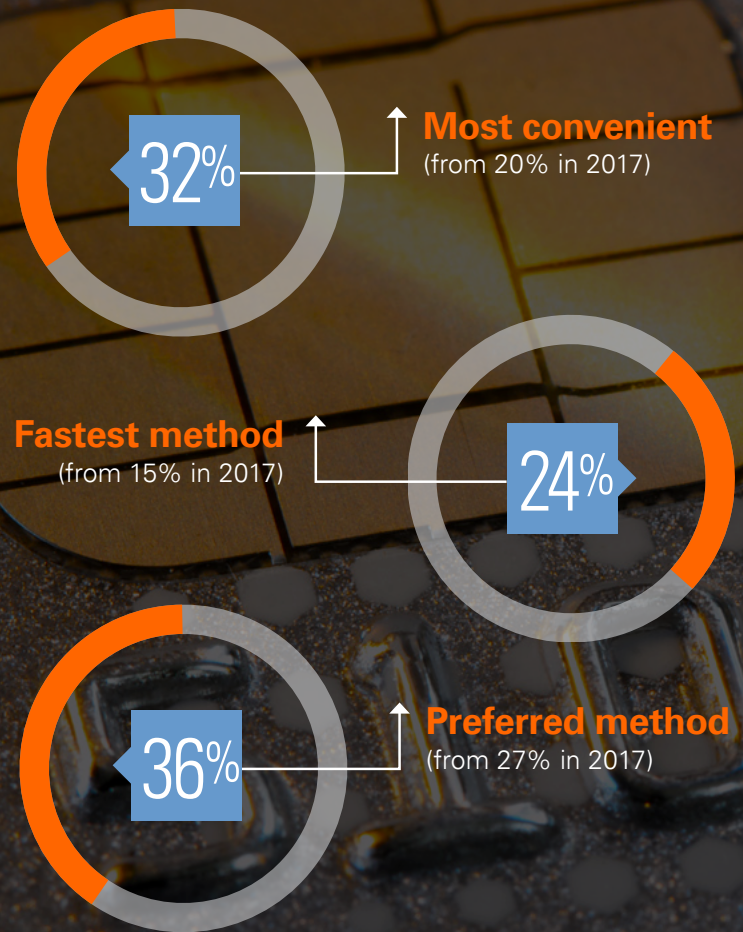
For the first time ever in the survey, EMV® chip cards are the most preferred method of payment (36 percent compared to 27 percent in 2017). Three years after being introduced at scale in the U.S. market, perceptions of chip cards as being the “fastest” and “most convenient” way to pay are trending upward.

By contrast, while cash is still seen as the most secure option and swiping a card is perceived to be the fastest and most convenient, both have experienced some noticeable erosion in perceptions over the past year.

For example, 42 percent perceive cash to be the most secure option, down from 46 percent in 2017. Meanwhile, 32 percent said swiping a credit or debit card is the fastest method (down from 38 percent in 2017) while 35 percent said it is the most convenient method (down from 45 percent).

Survey question to all respondents: For each of the methods below, please indicate which payment method you believe is the fastest, most secure, most convenient to use, preferred method of payment and least preferred method of payment. If you don't have personal experience using all of the methods below, please select a response based on what you may have seen or heard about it.

Positive perceptions of chip cards

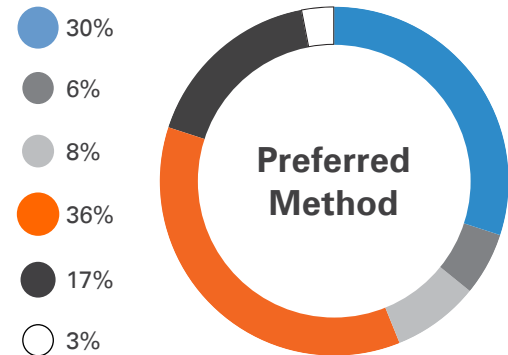
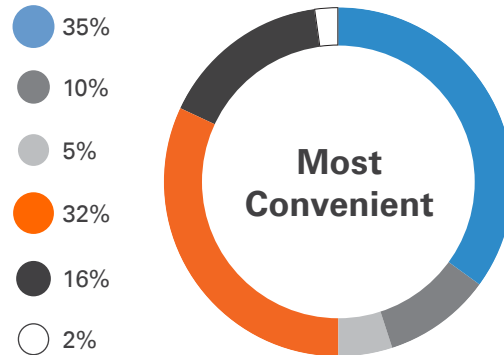
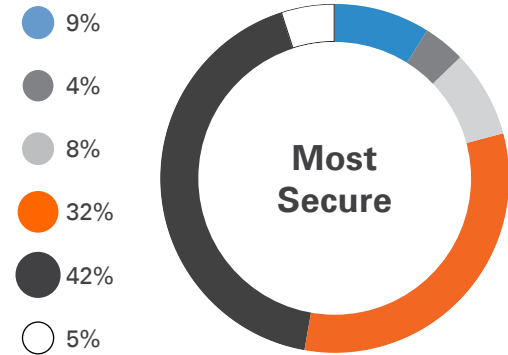
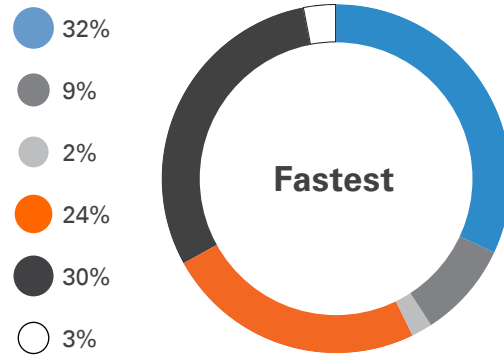


Chip cards now preferred

Attitudes toward various forms of payment

- Swiping my credit or debit card
- Mobile payment
- Check
- Chip card
- Cash
- None of these

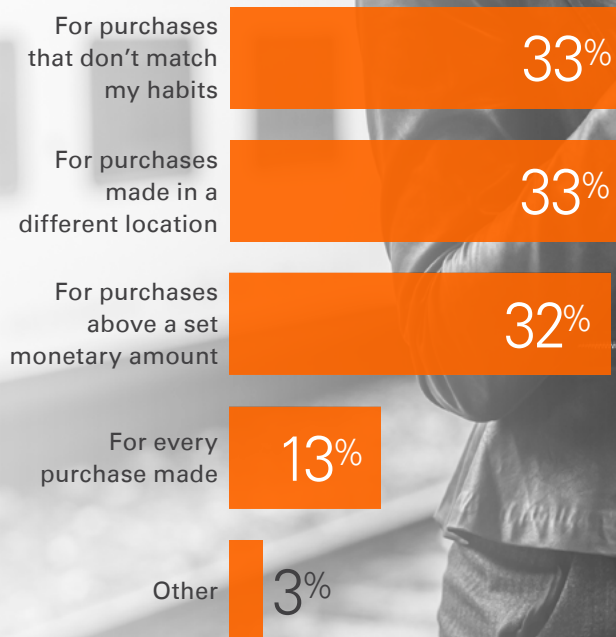
Ranking = #1 - #5



Survey question to all respondents: For each of the methods below, please indicate which payment method you believe is the fastest, most secure, most convenient to use, preferred method of payment and least preferred method of payment. If you don't have personal experience using all of the methods below, please select a response based on what you may have seen or heard about it.

Transaction alerts received for debit and credit cards

(among those who have a debit or credit card)



Note: 36 percent of respondents indicated they do not receive alerts.

More people rely on transaction alerts

Transaction alerts are now the norm for many consumers. Nearly two in three consumers today (64 percent) receive some sort of transaction alert on their debit or credit card.

Security is the most common reason consumers choose to receive alerts. Among those who receive alerts, 67 percent say it gives them an increased feeling of security. Past experiences also influence consumers' reasoning, with 43 percent saying they receive alerts because they have experienced fraud in the past.



42% say they have caught fraud via alerts

Survey question to those who use a credit or debit card: Which of the following transaction alerts, if any, do you currently receive from your FO when using your debit and/or credit cards? / Survey questions to those who receive alerts: For which of the following reasons do you receive transaction alerts for your debit and/or credit cards? / Have you ever caught a fraudulent transaction using the alerts from your financial organization for your debit and/or credit cards?

Increased security and money management tools top wish lists

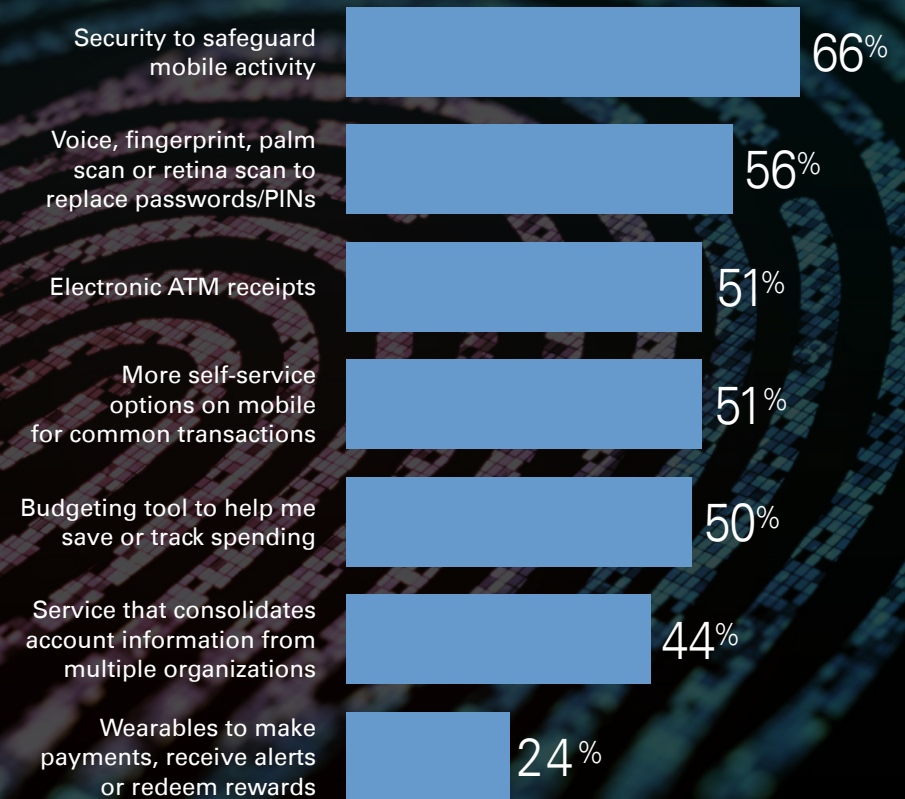
Security remains top of mind for consumers. Similar to last year, 66 percent want to see additional tools to safeguard mobile activity. A slight majority (56 percent) are interested in biometrics to replace passwords and PINs, up from 52 percent in the 2016 survey.

38 percent of seniors are interested in biometrics to verify their identity

In addition, the survey results suggest that consumers increasingly want solutions that help them manage their money. Approximately half would be interested in self-service capabilities on their mobile device. Notably, 81 percent of millennials are interested in self-service features (up from 72 percent in 2017).

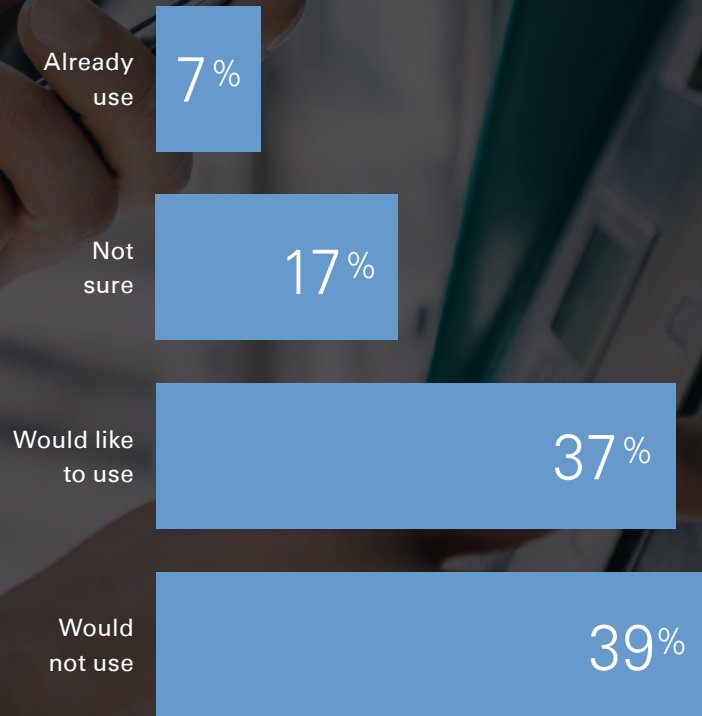
Aggregation services that consolidate account information across different financial organizations are also on the wish list for 44 percent of consumers. This includes two-thirds of millennials (66 percent), up from 55 percent in 2017.

Interest in various **financial tools**



Survey question to all qualified respondents: Would you be interested in the following financial tools, if they could be made available to you?

Strong market potential for **cardless ATM** options



ATM innovation wanted

The potential market for cardless ATM withdrawals appears to be strong. While a small number (7 percent) have already used this service, nearly four in 10 (37 percent) say they are interested in doing so.

Among different income segments, those with a household income of more than \$150,000/year are most likely to be interested, with 54 percent saying they either have used or would use such a service.

ATM transfers are also generating interest. More than one-third of consumers (35 percent) would be interested in the ability to transfer funds from one ATM to another for someone else to pick up. For millennials, the number is much higher, with 62 percent of millennials saying they would like the option of ATM-to-ATM transfers.



35% of consumers are interested in the ability to transfer funds from one ATM to another

Survey questions to all respondents: If you could use an ATM to provide cash to another individual by transferring money electronically to another ATM where that person could pick it up, how interested would you be in using something like that? / If you could obtain cash at an ATM without having to use your debit card at the ATM (e.g. typing in a special number and PIN or a code on your smartphone to access the ATM instead of your debit card) would you do so?

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.

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 August 22–September 7, 2017. A total of 3,081 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+). When referring to data from previous Expectations & Experiences surveys, the specific year is noted. This timing refers to the year the Expectations & Experiences report in question was released.

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