

# Expectations & Experiences | Household Finances

February 2017

# Managing money in a fast-paced world

Although households vary in their circumstances – and many find it difficult to make ends meet – consumers as a whole are embracing the many financial services options that are available to them.

Whether they're financially comfortable or they're struggling, people are looking for tools that make moving and managing money convenient and enable them to take control of their financial lives.

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 longitudinal 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 4–24, 2016, of 3,064 U.S. households 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 consumers' relationships with finances and financial institutions, habits and preferences for financial management, and expectations for the future. The survey was conducted by Harris Poll on behalf of Fiserv. For full methodology, please see page 12.



# Highlights



- 1 Financial Anxiety Remains:** From paying back loans to finding satisfaction with their overall financial health, many consumers appear anxious about their financial well-being.
- 2 Satisfaction with Financial Organizations is High:** Household satisfaction with primary financial organizations remains high, even as engagement evolves. Convenience and low fees remain top drivers for selection of a financial institution.
- 3 Consumers Make Payments in Different Ways:** When it comes to paying for things, debit, credit and cash reign supreme. Security is a key driver of payment choice – even at the expense of convenience.
- 4 Don't Write Off Checks Yet:** The paper check isn't dead yet. What's more, many consumers want instant availability of funds from their deposited checks.
- 5 Opportunities Abound:** Technology-enabled security features and tools to manage finances on the go top the list of desired enhancements.

# People worry about money

Younger consumers, as well as those with lower incomes, are less satisfied with their financial health – only 20 percent of early millennials and 21 percent of low-income respondents say they are satisfied, as compared to 36 percent of the overall population.

People are **less content with their financial health** compared to other aspects of their lives.

This shows up in a number of ways across all demographics:

- 39 percent would have trouble or would not be able to pay back a \$500 loan today
- If they received \$1,000 unexpectedly, 47 percent would use it to repay a debt
- 44 percent have needed immediate access to funds from a check in the last year

Survey question to all qualified respondents: If you owed someone \$500, would you be able to pay them back today?

Survey question to all qualified respondents: If you unexpectedly received \$1,000, what would you do with it? [Choose three of nine possible responses]

Survey question to all respondents who have ever cashed a check: When was the last time you needed immediate access to the funds from a check that you received?



# Relationships with financial institutions: strong and evolving

Consumers are generally satisfied with their primary financial institutions. What's changed over time is how they engage with them.

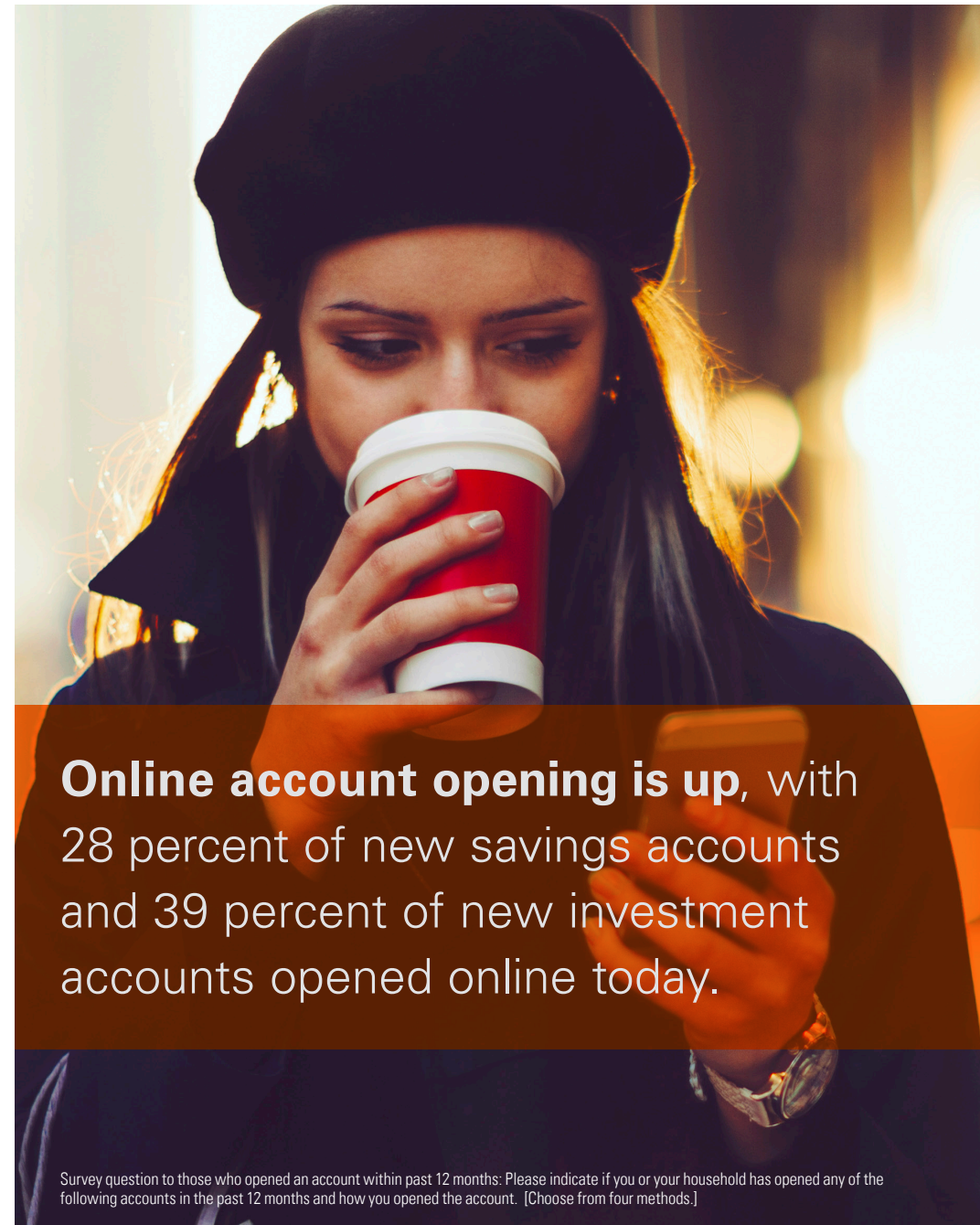
The kinds of financial providers used most often remains steady – 85 percent use a large national bank, credit union or community bank as their primary institution. However, the use of virtual or online-only banks increased to 8 percent among late millennials. High net worth households are the most likely to use such services with 15 percent saying a virtual/online bank is their primary institution.



**Satisfaction** With Primary Financial Organizations **High**

**76%** satisfied

Survey question to all qualified respondents: Thinking about your primary financial organization and all of its services, how would you rate your overall satisfaction with your primary financial organization, using the scale below (10 = "Extremely satisfied" and 0 = "Not at all satisfied")?



**Online account opening is up**, with 28 percent of new savings accounts and 39 percent of new investment accounts opened online today.

Survey question to those who opened an account within past 12 months: 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. [Choose from four methods.]

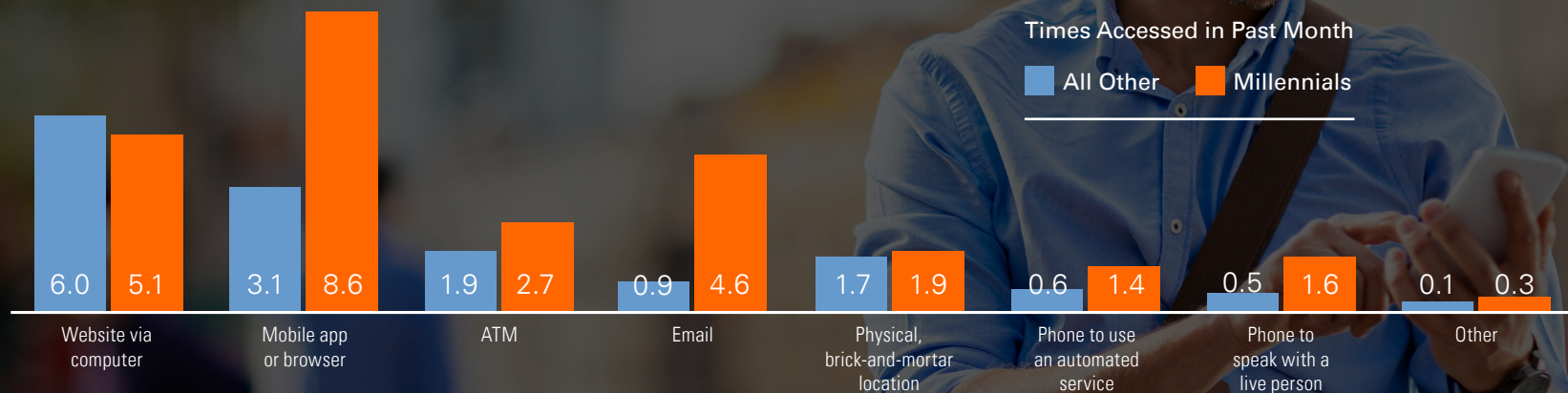
# Relationships with financial institutions: Millennials emerge as active consumers

Millennials are a useful barometer of future trends, particularly because the demographic is growing. Millennials are less satisfied with their financial institutions (with 69 percent saying they are satisfied versus 79 percent of their older peers). There are also important differences in how they engage. **Mobile (apps or browsers) is rapidly approaching websites as the most frequently used channel** for all ages.

Millennials use mobile apps more than twice as often as older consumers do. Millennials are also actively engaged across channels. With the notable exception of their financial institution’s website, **millennials use all channels with greater or equal frequency as older generations.**

Survey question to all qualified respondents: Within the past month, how often did you access your primary financial organization using each of the channels below? Your best estimate is fine.

## How Often Consumers Access Their Financial Organizations



## Cost and convenience drive choice of financial organizations

“ I want mobile check deposits, real-time balances, more options on mobile bill pay. ”

While most people are generally satisfied with their primary financial organization, practical factors influence their choice of primary financial organizations. Cost and convenience are the key drivers for many people. In fact, four of the top five factors cited by consumers related to where and how they are able to bank, and how much it costs.

While customer service continues to be important, the share of consumers citing this as the leading factor in decision making declined slightly from 2015 (from 43 percent in 2015 to 38 percent in 2016).

Survey question to all qualified respondents: Looking at the list below, which of the following (22 response options including "other") are the most important reasons why you chose your primary financial organization? You can select up to five responses.

Survey question to all qualified respondents: What tools or resources do you wish your financial organization(s) offered to make it easier for you to manage your finances?

### Top Five Reasons Consumers Selected Their **Primary Financial Organization**

Location close to home or office

Customer service

Online banking and bill pay

Fees/service charges

Ability to conduct all banking needs online

## How people pay – and why

Debit, credit and cash continue to be leading payment methods. Speed, convenience and security are all factors in the consumer payment experience.

Swiping a debit or credit card is consumers' preferred and most convenient method of payment; however, cash is likely to be considered most secure.

The methods less likely to be considered secure are paper checks and mobile payments. A combined 74 percent of households also identified these as their least preferred methods of payment.

Survey question to all qualified respondents: Thinking about various payment methods you may use, which is more important to you?

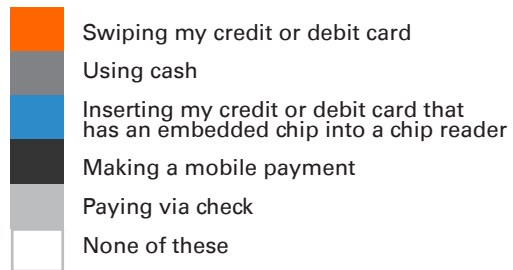
When Making Payments,  
Consumers Choose  
**Security Over Convenience**



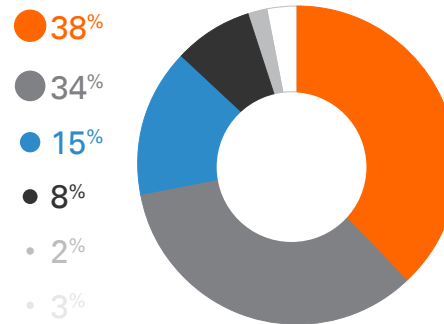


# Mixed signals: Swiping seen as less secure, but most preferred

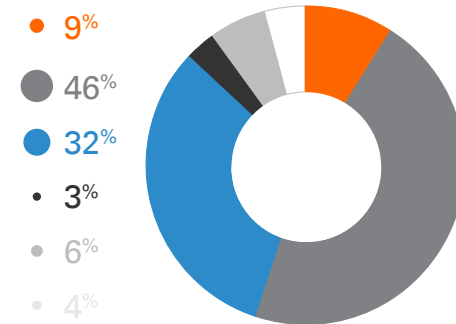
## Consumer Attitudes Related to **Payment Types**



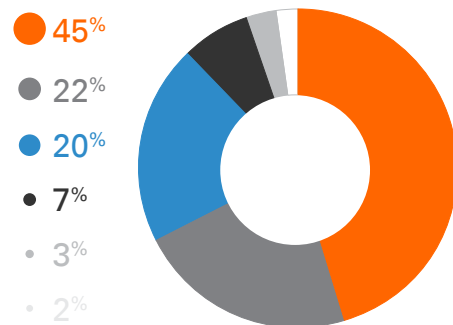
Fastest



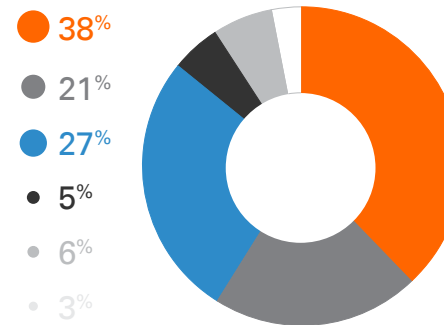
Most Secure



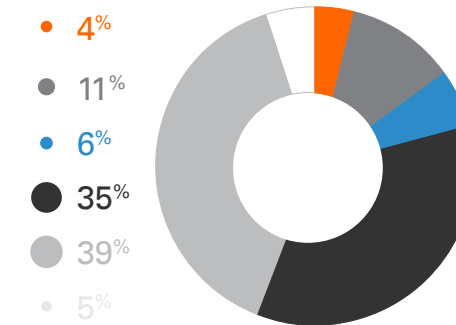
Most Convenient



Preferred Method



Least Preferred



Survey question to all qualified 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.

# Rewards, security, convenience and control drive card preferences

Debit and credit remain the most frequently used payment methods. A majority of households (75 and 72 percent, respectively) have at least one credit or debit card.

**Rewards Drive Use:** Twenty-six percent say rewards are their top reason for using multiple credit cards. Forty-one percent say they would use mobile banking to redeem credit card rewards.

**Security is a Concern:** Fifty-seven percent of debit card users say unauthorized use or insufficient fraud protection are their biggest concerns in using their card.

**Consumers Want Convenience and Control:** Six in 10 (62 percent) say they would use mobile banking to manage their credit cards – including paying bills, redeeming points and activating cards.

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**#1** Rewards programs are the top reason consumers use multiple credit cards

**#1** Control over spending is the top reason consumers choose debit over credit

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Survey question to respondents who use credit cards: You indicated that you use multiple credit cards. What factors influence your decision to regularly use more than one card? Please select all that apply (seven response options including “other” and “not sure”).

Survey question to respondents who use multiple credit cards: Thinking of your primary credit card (i.e., the one you use most often), is your credit card issued by your primary financial organization (the one where you have your primary checking account)?

## Most Primary Credit Cards Not Issued by Primary Financial Organization

(Among those who use multiple cards)

Card issued by primary financial institution

31%

Card not issued by primary financial institution

68%

Not sure if card issued by primary financial institution or not

1%



Top Five Reasons  
**68% of Consumers**  
Have Required Immediate Funds  
**From a Check**

Pay for daily expenses

Deposit funds to write  
a check for bills

No other sources  
of money available

To have funds in the bank  
for emergencies

To avoid late fees  
on payments due

## Paper checks remain relevant

(Especially when funds are immediately available)

Cashing checks is still something most people do and 77 percent of checks cashed are for amounts less than \$500.



# 58%

of people have cashed a check  
in the last three months

The need and expectation for immediate cash from checks aligns with the way people live today. In fact, 44 percent have needed immediate access to funds from a check in the last year. When it comes to cashing checks from which immediate funds are necessary, more than half say they'd use their primary financial institution. If their financial institution offered it, 64 percent say they'd use a check-cashing service at least occasionally if it offered immediate funds.

Survey questions to respondents who have ever cashed a check: When was the last time you needed immediate access to the funds from a check that you received? For which of the following reasons (eight response options including "other"), if any, did you need immediate access to the funds from a check you received? Please select all that apply.

# In search of a more secure future

Consumers are extremely interested in mobile tools that enhance security. From smartphone alerts to biometrics, consumers are looking for leading-edge solutions to their security concerns.

## Security Features Top the List of Desired Financial Tools

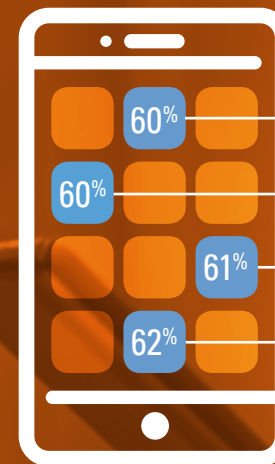
**65%** Want security programs to safeguard mobile activity

**58%** Want biometrics to replace passwords and PINs for online and mobile banking

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

Survey questions to respondents who use credit cards and/or debit cards and have smartphones: If available, how interested would you be in doing the following (use my smartphone to respond to credit card/debit card fraud alerts, receive an alert on my smartphone whenever I use my credit card/debit card to quickly identify fraudulent transactions) to help prevent fraud on your credit card or debit card?

I'm interested in using mobile to...



Respond to credit card fraud alerts

Respond to debit card fraud alerts

Receive an alert when my credit card is used

Receive an alert when my debit card is used

### Insights and Analysis

Expectations & Experiences data from Fiserv sheds light on consumers' financial lives. It uncovers implications and provides actionable insights for financial institutions, billers, merchants and consumers. For more analysis from Fiserv experts and industry observers, please visit <https://fiserv.com/expectations>

### 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 a FORTUNE magazine's World's Most Admired Company for the third consecutive year. In 2015 the company was recognized among Forbes magazine's America's Best Employers. For more information, visit [www.fiserv.com](http://www.fiserv.com).

### About Harris Poll

Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, Harris Poll has gained strong brand recognition around the world. Harris Poll offers diverse portfolio of proprietary client solutions to transform relevant insights into actionable foresight for a wide range of industries including health care, technology, public affairs, energy, telecommunications, financial services, insurance, media, retail, restaurant and consumer packaged goods. Contact us for more information at [consumerinsightsnainfo@nielsen.com](mailto:consumerinsightsnainfo@nielsen.com).

### Methodology

The survey was conducted online within the United States by Harris Poll between August 4 - 24, 2016. A total of 3,064 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 have 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).

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