# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Key Insights</td>
<td>6</td>
</tr>
<tr>
<td>Findings &amp; Insights</td>
<td>9</td>
</tr>
<tr>
<td>Mobile Technology</td>
<td>10</td>
</tr>
<tr>
<td>Emerging Payments</td>
<td>16</td>
</tr>
<tr>
<td>Loyalty &amp; Rewards</td>
<td>23</td>
</tr>
<tr>
<td>Consumers’ Views on Security</td>
<td>25</td>
</tr>
<tr>
<td>Bank Services, Including Marketing &amp; Communications</td>
<td>31</td>
</tr>
<tr>
<td>Tracking Payment Fundamentals</td>
<td>38</td>
</tr>
<tr>
<td>Conclusion</td>
<td>47</td>
</tr>
<tr>
<td>Appendix</td>
<td>49</td>
</tr>
<tr>
<td>Methodology</td>
<td>49</td>
</tr>
<tr>
<td>Respondent Demographics</td>
<td>49</td>
</tr>
<tr>
<td>Sources</td>
<td>51</td>
</tr>
</tbody>
</table>
Introduction
Increasingly, financial institutions and card issuers seek to differentiate based on the experiences they provide consumers across digital and traditional channels. Mobile continues to heavily shape the way we live, including how we bank and make payments. Monitoring consumers’ attitudes and behavior around mobile and other fast-changing technologies provides valuable insights about the products and technologies today’s consumers are adopting, as well as those they’ve come to expect.
Disruption has defined the financial landscape the last few years. Increasingly connected consumers seek seamless experiences when engaging with their banks across a wide variety of channels. With customer experience being the new competitive battlefield, today’s consumers look for products, tools and solutions offering convenience, simplicity and speed. Brands and organizations that adopt the tools and technologies to support this experience, will be the ones to win over and keep their customers. It is incredible to think back on how the payment landscape has evolved since 2011 when we began this study. Most notable is the massive growth in mobile technologies and their influence on our daily lives. We’ve come to rely on smartphones to accomplish a range of activities with ease and speed. Today, we can order ahead and pay for our morning coffee, catch a ride across town, pay a parking meter, board an airplane or make a dinner reservation and then easily split the tab. Mobile’s impressive influence also extends to mobile banking apps and the range of activities they now support — whether viewing recent transactions, transferring funds or stopping fraud. We’ve also seen the successful rollout of chip cards, significant growth in person-to-person (P2P) payments, and the emergence of smart speakers — such as Amazon’s Alexa® and Google Home® — and the payment mechanisms supporting the Internet of Things (IoT). Yet, with all of these advancements, debit, credit, and, in some cases, cash, remain consumers’ preferred ways to pay. The new technologies are important, but traditional payment and servicing options remain highly relevant.

It is incredible to think back on how the payment landscape has evolved since 2011 when we began this study. Most notable is the massive growth in mobile technologies and their influence on our daily lives.

This year, we asked questions focused on mobile and emerging technologies, along with new questions to understand consumers’ concerns around the security of their personal and financial information and what actions they’ve taken as a result. As with previous years, we continue to ask consumers about the main factors on why they use one credit card over another, how often and for what they redeem their rewards points, how they pay for different types of purchases, how they interact with their financial institution (FI) and their preferred methods of communication.

We hope you find the information in this report valuable and garner insights that inform your business strategies and activities, allowing you to more meaningfully connect with today’s consumers and their changing expectations.
Key Insights
Six insights from our study:

1. **Consumers embrace mobile apps, including their bank’s**
   Consumers continue to adopt mobile for payments. Adoption is particularly strong with the younger age groups. Not surprisingly, 82% of the 18-24 age group is familiar with in-app payments, and 27% of this group has loaded a debit card into a mobile wallet. That compares to 41% of the over-65-year-old group who are familiar with in-app payments and a mere 3% who have loaded a debit card into a mobile wallet. When it comes to mobile banking apps, consumers use them most often to “view balances.”

2. **Contactless and P2P payments are poised for significant growth**
   Use of P2P payments continues to accelerate across all age groups, with younger consumers most likely to use them. Forty-four percent of our respondents reported using P2P payments, up from 29% last year. Correspondingly, awareness of these services reached 81%, an 8% increase from last year. Actual use of contactless cards in the U.S. remains low, but we expect significant positive momentum. Several large FIs are now issuing contactless cards. This, together with increased focus from the card brands and industry as a whole, will accelerate widespread acceptance and use.

3. **Consumers want real-time rewards redemption**
   Loyalty reward programs continue to be the top influencer when consumers are choosing between multiple credit cards. Seventy-nine percent of survey respondents indicated rewards are a key reason they use one credit card over another. Cash-back continues to be consumers’ most frequently redeemed reward. Our study found 66% of participants are interested in using their mobile phones to redeem their loyalty/rewards points for immediate discounts when making a purchase. This underscores the importance of the integration of rewards into mobile wallets and apps.
Security remains a top concern

Security is top of mind for consumers of all ages. Thirty percent of consumers are “extremely concerned” that their account and/or personal data will be stolen in the future, while another 58% are “somewhat concerned.” The actions consumers are taking reflect their concern. Over 50% responded that they changed their passwords for email, online banking and the websites where they shop. Many have also obtained and reviewed their credit reports looking for irregularities.

Higher touch customer support + personalization gain importance

Younger consumers 18–24 years old, while the most active mobile users, are also those most likely to walk into a branch if they have an issue with their payment card. Digital tools and technologies are critical, but they must complement the higher touch traditional channels. Our study found that, on a monthly basis, people conduct their banking business across multiple channels, including banking apps; ATMs; smartphones, tablets and computers; branch visits; and the centralized customer service areas. With the amount of data banks collect, it’s not surprising consumers want personalized content. Seventy-eight percent of those open to receiving marketing and special offers would be interested in offers tailored and relevant to them.

Debit remains overwhelmingly preferred method of payment

Depending on which source you read, the credit card market may continue to see significant growth throughout 2019, or continued tightening of credit may occur. This year’s study found that, when given a choice, consumers overwhelmingly prefer to use their debit cards to pay. Although we’ve seen this consistently with our U.S. study throughout the years — the percentage who selected debit this year was the highest ever.
Findings & Insights
Mobile usage is at an all-time high. U.S. consumers spent an average of 203 minutes per day in 2018 using mobile for purposes other than calls, such as listening to music, accessing social networks, watching videos or banking. This is up from just 88 minutes per day in 2012. While smartphone penetration may have flattened and “reached near saturation levels for adoption of basic technology,” newer technologies and app usage are also contributing to growth.

Mobile’s seamless integration into consumers’ everyday financial lives is strongest when it comes to self-service and banking-related activities. These activities continue to outpace mobile payments, yet payments do continue on an upward climb. A November 2018 update by eMarketer projected the number of individuals making mobile payments in 2019 would reach 61.6 million, up from an estimated 55 million in 2018.

**Banking Mobile App Growth Continues**

People are increasingly using mobile banking apps. Sixty-six percent of our respondents indicated they use their FI’s mobile app to access their banking information from their mobile device. Top transactions consumers conduct through a bank’s mobile app continue to be “view balance,” at 93%, and “view recent transactions,” at 82%. Other popular activities handled via banking apps include bill payments, mobile check deposits and fund transfers. See Exhibit 1.
In 2017, online sales of physical goods (not including services) in the U.S. equaled $446.8 billion, with growth expected to surpass $700 billion by 2022. Given the rise of ecommerce, it is increasingly important for consumers to have choices for how they pay. Consumers’ expectations of how they pay are often formed by the mega retailers. These ecommerce leaders offer the ability for consumers to save their preferred cards online and also load a payment method into their mobile apps to ensure a faster check out process — often with one click.

Looking specifically at in-app use overall, our study found little change in consumers’ familiarity with in-app payments. The results are shown in Exhibit 2. Unsurprisingly, the younger age groups stated the greatest familiarity, with awareness dropping off significantly again this year with the older age groups. See Exhibit 3.

Participants who indicated familiarity with in-app payments, whether or not they had made purchases in this way in the last six months, are increasingly making online in-app purchases. Online purchases using a merchant’s app grew to 47%, up from 42% in 2017. See Exhibit 4.
AGE HEAVILY INFLUENCES WHETHER A CARD IS LOADED INTO A DIGITAL WALLET

As mobile payments grow, we once again asked consumers about the likelihood of loading their debit or credit card information into a mobile device or digital wallet for purposes of making purchases. Overall, there weren’t any significant changes over the past year. As you would expect, younger consumers are more likely to have “already loaded” a card into their mobile device/wallet. See Exhibits 5, 6 and 7.

Exhibit 5: Likelihood of Loading Debit Card Into Mobile Device/Wallet

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Already loaded</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Definitely</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Likely</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Neutral</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Not likely</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>Never</td>
<td>26%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Exhibit 6: Already Loaded Debit Card into Mobile Device/Digital Wallet – by Age

Exhibit 7: Likelihood of Loading Credit Card Into Mobile Device/Wallet

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Already loaded</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Definitely</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Likely</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Neutral</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Not likely</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>Never</td>
<td>24%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Although mobile wallet usage today continues to be somewhat low, we asked the subset of likely users what percentage of their in-store purchases they expect to make using mobile, instead of a physical card, over the next two years. The findings for future usage of mobile for in-store purchases were very similar to last year. Ninety-three percent believe they will make at least one-quarter of their transactions in this way. That compares to 94% last year. See Exhibit 8.

Additionally, we were curious about cardholders’ interest in using a mobile app that would automatically decide which card gets used based on their payment preferences for different types of purchases. We asked those who have “already loaded” a card to a mobile phone/wallet, and those who indicated they are “definitely” or “likely to do so,” how likely they would be to use this kind of app. Thirty-nine percent indicated they were “likely” to or “would definitely” use such an app. See Exhibit 9.

Our survey also explored whether who offers the mobile payment app matters. Forty-nine percent of consumers would most trust apps provided by their FIs. This was followed by the payment networks (Visa, Mastercard, American Express and Discover) at 12%. The other five choices provided all ranked below 10%.

Exhibit 8: Over Next Two Years — % of In-Store Purchases That Will be Made with Phone

Exhibit 9: Likelihood of Using a Mobile App Which Automatically Decides Which Card to Use
CONSUMERS WANT MOBILE FEATURES THAT GIVE THEM CONTROL

Every year, we ask consumers to rate their interest in various payment-related smartphone features and services. We combined a couple of questions from prior years and changed the rating scale to better gauge interest levels, so we did not make a direct comparison to last year’s results. Even with these changes, the rankings were very similar to previous years. Consumers continue to be most interested in mobile features that allow them to easily manage their cards. See Exhibit 10.

The most attractive mobile features over three of the last four years include:

1. Use your phone to immediately stop a fraudulent transaction
2. Instantly view transactions made with your debit or credit card
3. Use your phone to turn your payment card on or off to prevent unauthorized usage

Exhibit 10:
Interest in Select Mobile Phone Features (Moderate or Higher Interest + Already Use)
CONSUMERS MOST COMFORTABLE WITH PASSCODES + FINGERPRINTS

Because security matters to consumers, we asked about their comfort level with various mobile authentication methods. This year, we added an “already use” category to the responses. Exhibit 11 reflects the percentages who are “slightly” or “very comfortable” with the method, as well as those who indicated they “already use” it. Consumers continue to be most comfortable with passcode, 73%, followed by fingerprint, 62%. Camera/Facial Recognition increased slightly and should continue to do so as phones and airport security integrate this technology. Comfort with voice recognition has slipped. Adoption of this technology must grow in order to support payment and banking transactions made via smart speakers like Amazon’s Alexa® and Google Home® and to drive connected cars forward.

Exhibit 11:
Comfort Level with Mobile Authentication Methods
Emerging Payments

According to a December 2018 Wall Street Journal article, “every company is now a tech company” and we’ve “entered a period of upheaval driven by connectivity, artificial intelligence and automation.” Today’s consumers are more connected than ever with technology that supports their daily activities, including how they choose to pay based on the type of transaction, payee, location and device used.

Beyond mobile, a range of payment technologies is emerging that supports easier and faster payments. Contactless and P2P payments are gaining momentum, and there are many advancements in payments that support the IoT. While not a new technology, reloadable prepaid cards are experiencing significant growth and, because of the trajectory, we have also included those in this emerging payment section.

P2P PAYMENTS TAKE OFF

It’s easier than ever to split a restaurant tab with friends, or pay a babysitter or hairdresser with a few quick clicks from one’s phone. Money transfer apps — Venmo®, PayPal®, Square Cash® and Zelle® — let people use their smartphones or internet to send money to one another using the recipient’s account number, email address or phone number. The convenience and ease of use of such apps are driving the impressive growth of P2P payments. Eighty-one percent of our survey respondents claimed awareness or use of P2P services, up from 73% in 2017, which is consistent with providers’ exponential growth. For example, the bank-owned Zelle® network processed 116 million transactions totaling $32 billion in the three months ending September 2018. See Exhibit 12.

Exhibit 12: Awareness/Use of P2P Services

<table>
<thead>
<tr>
<th>Question</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I have used P2P payments</td>
<td>44%</td>
<td>29%</td>
</tr>
<tr>
<td>No, but I was aware of this method</td>
<td>37%</td>
<td>44%</td>
</tr>
<tr>
<td>I have never heard of P2P payments</td>
<td>19%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Initially, younger age groups were more likely to have used P2P services. Younger consumers are still the heaviest users, but this year’s study shows strong positive momentum across all age groups. Over 200 financial institutions have incorporated Zelle into their online banking or mobile apps, which has contributed to the growing awareness. As more banks sign on, they will experience additional growth. See Exhibit 13 for the P2P age breakdown.

We asked the 56% of respondents who either haven’t used a P2P service or are unfamiliar with them how likely they would be to use this method within the next year. Less than 20% of this group indicated they would be “likely” or “very likely” to do so. Those who responded they are “unlikely” to use a P2P service overwhelmingly indicated it is just as easy to pay with cash or a check.

Exhibit 13: Age Breakdown: Those Who Have Used a P2P Service
CONTACTLESS CARDS SET TO EXPAND RAPIDLY

Contactless cards are poised to expand in the U.S. — and rapidly. In 2012-2013, issuers moved from magnetic stripe to chip, most choosing to issue only contact cards (instead of those supporting both contact and contactless transactions). Merchants installed new terminals that could accept either, yet most merchants did not enable them to accept contactless cards.

Many merchants have now enabled the contactless feature and more add the capability every day. According to the U.S. Payments Forum, 99% of the top 200 retailers now have chip-enabled terminals, and chip-on-chip transactions — where a chip card is used at a terminal accepting chip transactions — make up 60% of overall transaction volume. Furthermore, more than 50% of transactions at merchants are made by contactless payment-enabled terminals.7

Fifty-five percent of consumers who indicated their cards have the contactless feature claim they have made a purchase using the “tap” feature. A number of banks are now adding contactless technology, and we expect others to be fast followers. Capital One began adding contactless technology to some of their cards in 2017, and in November 2018, JP Morgan Chase announced they would begin issuing cards supporting the contactless feature. We anticipate both customer and merchant education will be needed to drive widespread adoption. Of those consumers surveyed, only 16% currently have contactless cards. See Exhibit 14.

Fifty-five percent of consumers who indicated their cards have the contactless feature claim they have made a purchase using the “tap” feature. Most who have contactless cards who haven’t used the tap feature stated it is just as easy to insert my card or they didn’t know which stores accept it. See Exhibit 15.

Exhibit 14: Does Your Card Have Contactless Feature?

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16%</td>
</tr>
<tr>
<td>No</td>
<td>65%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>19%</td>
</tr>
</tbody>
</table>

Exhibit 15: Reasons Why Cardholder Has Not Used the “Tap” Feature on Their Card

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is just as easy to insert my card like I do at other locations</td>
<td>40%</td>
</tr>
<tr>
<td>I am not comfortable tapping</td>
<td>17%</td>
</tr>
<tr>
<td>I don’t know which stores accept the “tap” feature</td>
<td>36%</td>
</tr>
<tr>
<td>Some other reason</td>
<td>7%</td>
</tr>
</tbody>
</table>
RELOADABLE PREPAID CARDS TOP USE IS FOR ONLINE PURCHASES

Given the continued growth in the prepaid market, we added two questions specific to reloadable prepaid cards. First, we asked consumers if they would be interested in obtaining and using a reloadable prepaid card that can be used anywhere that Visa, Mastercard, American Express and Discover are accepted. Thirty-eight percent indicated they either “would be interested” or “already have” a reloadable prepaid card as described. See Exhibit 16.

We asked those who indicated they either “already” had a card or “would be interested” in one how they would use it. At 85%, online purchases rose to the top, followed by travel at 47%. See Exhibit 17.

Exhibit 16:
Interest in Obtaining and Using a Reloadable Prepaid Card

Exhibit 17:
Specific Purposes for Using a Prepaid Card
FINDINGS & INSIGHTS

SMART SPEAKER OWNERSHIP HOLDS STEADY

In today’s homes, it’s common to find multiple devices connected to the internet, including laptops, TVs, thermostats, music players, washers, refrigerators — and smart speakers. IoT is poised to change how we make payments, and that includes voice recognition and smart speakers. Ownership of smart speakers — Amazon’s Echo/Alexa® and Google Home® — is expected to rise in the future, and industry articles have noted significant increases in ownership and use. Our findings indicate 26% of consumers own smart speakers, which is the same as last year. It will be interesting to monitor adoption to see if it accelerates over the next couple of years. See Exhibit 18.

Looking at responses by age and income, we found some differences. Younger consumers show higher ownership. Likewise, as income increases, smart speaker ownership increases — reaching 55% for those earning $150,000 or more.

IoT is poised to change how we make payments and that includes voice recognition and smart speakers.

Exhibit 18: Smart Speaker Ownership

![Smart Speaker Ownership Chart]

26% Yes
74% No
FINDINGS & INSIGHTS

The most popular use of smart speakers is for “music and entertainment,” 91%, followed by “questions and answers,” 89%. Using smart speakers for “fun and games,” “to make lists” and “to shop/purchase items” were down this year compared to last year. The increased sophistication of similar features on phones and tablets may be crowding out the need for this separate, stand-alone device. Exhibit 19 shows the breakdown of smart speaker use.

Exhibit 19:
Smart Speaker Uses — Among Owners

- **Music and entertainment**: 91% (2018) vs. 80% (2017)
- **Questions and answers**: 89% (2018) vs. 83% (2017)
- **News and information**: 74% (2018) vs. 77% (2017)
- **Help around the house (e.g., timers and alarms)**: 57% (2018) vs. 59% (2017)
- **Fun and games (e.g., jokes, jeopardy)**: 47% (2018) vs. 57% (2017)
- **To make lists**: 45% (2018) vs. 58% (2017)
- **Smart home (e.g., lights, thermostat)**: 32% (2018) vs. 37% (2017)
- **To shop/purchase items (e.g., Amazon)**: 30% (2018) vs. 47% (2017)
PAYMENTS VIA CONNECTED DEVICES POISED TO TAKE OFF

General Motors became the first major carmaker to add the ability for drivers to order coffee, make restaurant and hotel reservations or pay for gas — all from a screen in their car.8

In the era of IoT, more than mobile devices and smart speakers are connected to the internet. Today, our homes and, increasingly, our cars are connected, both of which support the ability to shop and make payments. For now, the use of these connected devices to pay is fairly low. Twenty percent of this year’s respondents indicated they are “likely” or “very likely” to use a connected device to pay for goods and services. As availability increases, we expect to see an uptick in payments being made.

When looking at the responses by age, not surprisingly, we saw trends similar to smart speakers. Younger consumers, those aged 25-44, indicated they would be “more inclined” to use a connected device to make a payment. Again, similar to smart speakers, we found that, as income increases, so too does the likelihood that consumers will make payments with a connected device, whether it be a smart car, video game console or smart TV. See Exhibit 20.

Exhibit 20:
Likelihood of Using Connected Payment Device

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very likely</td>
<td>4%</td>
</tr>
<tr>
<td>Likely</td>
<td>16%</td>
</tr>
<tr>
<td>Neutral</td>
<td>30%</td>
</tr>
<tr>
<td>Unlikely</td>
<td>19%</td>
</tr>
<tr>
<td>Very unlikely</td>
<td>31%</td>
</tr>
</tbody>
</table>
LOYALTY REWARDS CONTINUE AS TOP INFLUENCER OF CARD CHOICE

Rewards continue to be the number one factor for why consumers use one credit card over another. This was true again this year, with 79% claiming it influenced their choice, followed by the finance charge/interest rate. See Exhibit 21.

Exhibit 21: Features for Why Use One Credit Card Over Another

- Types of rewards: 79%
- Finance charge/interest rate: 67%
- Card brand (e.g., Visa, Mastercard, American Express, Discover): 55%
- Payment options/flexibility: 53%
- Customer service provided by the issuer of my card: 43%
- Mobile capabilities, including alerts: 39%
- Balance transfer options: 34%
- My card design: 12%
CASH-BACK REMAINS FAVORED REWARDS TYPE

We asked respondents who have a rewards program on their most preferred payment card to tell us for what and how often they redeem their points. Cash-back continues to be consumers’ most loved type of reward. Eighty percent of consumers in this year’s survey with a rewards program on their card have redeemed for cash. Following cash-back are gift cards and merchandise. These preferences are similar to our 2017 findings. See Exhibit 22.

As far as redemption frequency, our findings suggest people also redeem their cash-back rewards more often than other rewards. Over 50% who have cash-back rewards redeem their points multiple times throughout the year.

Knowing that consumers love loyalty rewards programs, in last year’s study, we forecasted that consumers will increasingly want to instantly redeem their reward points at the time of purchase. In this report’s Mobile Technology section, we report that 66% of our respondents hold a “moderate” or “high interest” in the ability to use their card’s loyalty/rewards points for immediate discounts when making a purchase. See Exhibit 10.

Exhibit 22:
Reward Types: Have on Preferred Card & Have Redeemed

Cash-back: 80%
Gift cards: 47%
Merchandise: 38%
Travel: 33%
Experiences: 21%
Consumers’ Views on Security

National news headlines continue to highlight data breaches of consumers’ sensitive personal and payment data. Our study findings suggest consumers’ attitudes and behaviors reflect that, in general, they care about security. As with previous years, we specifically asked their perceptions of the safest payment forms for in-store and online purchases.

Similar to the last two years, consumers once again view cash as the safest payment type for in-store purchases. That is not to say that they choose to use cash most often when they are actually in the store paying. As detailed in this report’s Tracking Payment Fundamentals section, people selected debit as their overwhelmingly favorite payment method across all of the non-online purchase categories. See Exhibit 23 for the safest in-store payment types.
Credit cards were again selected as the safest online payment type, which we attribute to consumers’ desire to protect their checking accounts from the inconvenience associated with online fraud. Although credit took the top spot again this year, the percentage was down from last year, which aligns with this year’s overall preference for debit. See Exhibit 24.

Pymnts.com’s opinion piece in December 2018, “Why Consumers Will Shrug Off the Marriott Breach,” surmised that the vast majority of consumers are not concerned by the breaches because the banks and payment networks “have their backs.” Even with the fraud protections credit cards provide, consumers show a strong interest in using their mobile phones to stop fraudulent behaviors. See Exhibit 10. This year’s study included new questions to better understand consumers’ attitudes and behaviors related to securing their accounts.

Exhibit 24:
Safest Online Payment Type – Top 3

- Credit card: 38% (2018), 43% (2017)
- Debit card: 18% (2018), 17% (2017)

2018 2017
CONSUMERS WANT TO ACTIVELY SECURE THEIR ACCOUNTS

We asked about actions people have taken within the last year to secure their accounts and personal data. Consumers ranked changing online passwords — email, online banking and shopping websites — fairly high, along with obtaining and reviewing credit reports. Less than 10% froze their credit reports, although this is significantly higher than last year’s 3%. See Exhibit 25.

Exhibit 25:
Actions Taken to Secure Data/Accounts

- Changed passwords for my email: 59%
- Obtained and reviewed my credit report to look for any irregularities: 57%
- Changed my online banking passwords: 56%
- Changed passwords on the websites where I shop frequently: 54%
- I added an additional layer of authentication to select websites: 43%
- Shop at fewer online sites where I have not shopped previously: 37%
- Signed up for credit monitoring or identification protection services: 30%
- Shop online less frequently: 29%
- Froze my credit reports: 10%
Understanding consumers are taking active steps to protect themselves, we asked them about their concern that their account or personal information would be stolen in the future. Eighty-eight percent indicated they are “somewhat” or “extremely concerned.” See Exhibit 26. This concern was consistently expressed across the different age groups and income ranges.

This sentiment is consistent with 79% of this year’s respondents expressing interest in their bank providing identity theft protection, up slightly from 76% last year. Insights on the products and services consumers would like their financial institution to provide can be found in Exhibit 27.

Exhibit 26: How Concerned Account/Data Will be Stolen in Future

Exhibit 27: Interest in Products and Services Offered by Financial Institution

- Identity theft protection: 79%
- Credit score/rating: 61%
- Financial planning: 39%
- Discounted tax software: 22%
In the event of a data breach, consumers indicated they clearly hold the store or merchant where the information is stolen responsible, followed by their bank and then the card brands. See Exhibit 28.

Exhibit 28:
*If Account/Information is Stolen – Who is Responsible?*
CONSUMERS ARE COMFORTABLE CONFIRMING THEIR IDENTITIES

As banks increase the amount of information asked of consumers, whether it is when they’re calling into customer service about an existing account or applying for a loan, we wanted to understand their comfort level with communication. Our study found 72% of consumers are comfortable with the additional questions asked to confirm their identity and the time involved. See Exhibit 29.

Exhibit 29:
% Agree or Strongly Agree to Information and Time Involved in Loan/Card Requests

- I don’t mind when I am asked a variety of questions to confirm my identity when I call customer service at my loan or credit card provider: 72%
- I am comfortable providing the information requested when I am asked for detailed personal information when applying for a new loan or card: 55%
- The time involved to complete an application for a new loan/credit card takes too long: 37%
Bank Services, Including Marketing and Communications

**MOST CONSUMERS FIND IT MORE IMPORTANT THAN NOT TO HAVE ACCOUNTS AT THE SAME BANK**

As FIs prioritize lowering acquisition costs and cross marketing to existing customers, we’ve continued to track the percentage of consumers indicating it is “important” to have all of their financial products with the same bank. While the percentage of those considering it “important” or “very important” has fallen to 41% from 56%, more believe it is “important” than “not at all” or “not important.” See Exhibit 30.

Exhibit 30: Importance of Having All Accounts with Same FI

![Graph showing importance of having all accounts with the same FI from 2016 to 2018.]

- Important or very important: 41%, 56%, 47%
- Not at all or not important: 30%, 18%, 24%
Looking across age groups, the highest percentage of those who find it “important” or “very important” are the younger ones. Younger consumers most likely have fewer financial assets and potentially fewer accounts. Furthermore, the younger segments may also have a preference to log into just one or two mobile apps to conveniently and quickly complete banking activities. See Exhibit 31.

Exhibit 31:
Age Breakdown: Importance of Having all Accounts at Same FI
CONSUMERS PREFER EMAIL FOR COMMUNICATION OF OFFERS + INFORMATION

Consumers prefer emails from their FIs when communicating information such as “marketing/special offers,” “availability of new products,” “changes in interest rates or fees,” “address changes or new card requests” and “purchase transactions.” Given consumers’ proactive nature with the security of their accounts, text continues to gain favor for “potential unauthorized use of account.” This aligns with the ability of text messages to be delivered more quickly than email, which is critical when communicating about potentially fraudulent activity. See Exhibit 32. Text as a preferred method for receiving alerts about potential unauthorized use has doubled over the past few years, reaching 40% in 2018, up from 20% in 2015. See Exhibit 33.

Exhibit 32: Preferred Channel of Communication

<table>
<thead>
<tr>
<th></th>
<th>Do not send</th>
<th>Email</th>
<th>Mail</th>
<th>Phone/text</th>
<th>Phone/voice</th>
<th>Mobile alert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing/special offers</td>
<td>27%</td>
<td>47%</td>
<td>18%</td>
<td>4%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Availability of new products</td>
<td>25%</td>
<td>48%</td>
<td>18%</td>
<td>4%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Change in interest rate, fees, etc.</td>
<td>9%</td>
<td>52%</td>
<td>28%</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Potential unauthorized use of account</td>
<td>6%</td>
<td>26%</td>
<td>5%</td>
<td>40%</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>Address change, new card requests, etc.</td>
<td>6%</td>
<td>41%</td>
<td>13%</td>
<td>22%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>Purchase transactions</td>
<td>12%</td>
<td>47%</td>
<td>13%</td>
<td>16%</td>
<td>3%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Exhibit 33: Growing Use of Text: Notification of Unauthorized Use

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>20%</td>
<td>29%</td>
<td>32%</td>
<td>40%</td>
</tr>
</tbody>
</table>
MONTHLY COMMUNICATION IS PREFERRED FREQUENCY

Understandably, it’s important for banks to strike a balance in communicating with consumers. Study respondents who indicated an openness to receiving marketing/special offers — all those except the 27% who responded with “do not send” — were asked how frequently they would like to hear from their bank. Forty-eight percent expressed a preference for monthly communication, with 24% wanting to decide the frequency. This is consistent with prior years’ studies. See Exhibit 34.

MAJORITY OF CONSUMERS WANT PERSONALIZED OFFERS

Consumers do not want general information on products or services, rather they prefer special offers from their bank, and on a monthly basis. Seventy-eight percent of those open to marketing and special offers responded that they would be interested in offers tailored and relevant to them based on the information collected about them. As we enter an era where banks increasingly differentiate through customer experiences, personalization offers banks an opportunity to recognize their customers with offers reflecting their life stage, goals and even personal needs. For example, if a customer has taken out a home mortgage, a subsequent credit card offer that aligns with their need for credit to furnish or decorate their new home would be relevant. However, if the same customer were to receive communication about taking out a home mortgage, it would signal to them that the bank did not recognize them as a customer or understand their personal needs.

Exhibit 34:
Frequency for Receiving Marketing/Special Offers

<table>
<thead>
<tr>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once a week</td>
<td>15</td>
</tr>
<tr>
<td>Once a month</td>
<td>48</td>
</tr>
<tr>
<td>Once a year</td>
<td>6</td>
</tr>
<tr>
<td>I want to decide</td>
<td>24</td>
</tr>
<tr>
<td>Never</td>
<td>7</td>
</tr>
</tbody>
</table>
CONSUMERS EXPECT SERVICE THEIR WAY — SELF-SERVE AND/OR HIGH-TOUCH

This year’s study findings suggest consumers want the convenience of both digital and traditional channels. Specifically, we asked consumers about the type of bank interactions they have monthly or more often to access their bank accounts or information. With the growth of the connected consumer, today’s bank must offer the emerging self-service channels like the digital ones available online or via mobile apps. Consumers also want higher touch support offered by personal interactions. While banking via the internet is the number one choice, followed by ATMs and banking apps, 46% of people still walk into a bank at least once a month or more. See Exhibit 35.

Exhibit 35: Bank Interactions by Channel — If Once a Month or More Frequently
The importance of traditional channels that offer higher touch service continues to be extremely important, especially when issues arise with a payment card. Again this year, “calling customer support and speaking with a representative” was the top choice, followed by “walking into a branch.” The younger segment, ages 18-24, are more likely, at 16%, than the other age groups to seek support at a branch. Surprisingly, the 65 and older group, at 8%, is the least likely. We attribute this to older consumers having more experience or comfort with payment cards. See Exhibit 36.

Exhibit 36: Preferred Contact When Have Issue on Payment Card
In the Mobile Technology section, we provided information on the banking activities consumers perform using their bank’s mobile app. Exhibit 37 reflects the banking activities our respondents perform using the internet (via personal computer, tablet or smartphone). The most frequently performed activities are very similar to those observed for the mobile banking app. Exhibit 37 includes banking activities conducted via internet banking and the bank’s mobile app to show the close alignment of these activities.

Exhibit 37: 
Banking Activities – Internet Banking and Mobile App

- View balance: 90% (internet) vs. 93% (mobile)
- View recent transactions (e.g., payments, deposits): 79% (internet) vs. 82% (mobile)
- Make bill payments: 59% (internet) vs. 53% (mobile)
- Transfer funds: 57% (internet) vs. 60% (mobile)
- Contact customer service: 20% (internet) vs. 15% (mobile)
- Open a new account: 19% (internet) vs. 17% (mobile)
- Reorder checks: 17% (internet) vs. 15% (mobile)
Every year, we track payment fundamentals, including actions taken, payment types owned and preferences for payment types by merchant type, such as dining, gas stations and grocery.

**ACTIONS TAKEN IN THE LAST YEAR**

We found actions consumers have taken in the last twelve months are similar to last year. “Making purchases online with a credit card on file” was the most frequently selected action taken, 69%, followed by “paying down debt,” 67%, and “saving more,” 55%. See Exhibit 38.
Exhibit 38: Actions Taken in the Last Year

- I made a purchase using a credit card I have on file with the online retailer I shop with most often (e.g., Amazon, Walmart, eBay, etc.) 69%
- I paid down debt 67%
- I began saving more 55%
- I registered my credit card with an online retailer (e.g., Amazon, Walmart, eBay, etc.) 46%
- I sent money to another person utilizing a P2P service separate from my bank’s online bill pay service (e.g., Venmo, Zelle, PayPal, Square Cash, etc.) 37%
- A merchant or individual used a mobile phone or tablet as a terminal to accept my payment (e.g., debit, credit, prepaid, etc.) 33%
- I paid using a mobile phone app that stores my card information 33%
- I opened an account with PayPal to make online or in-store purchases 31%
- I opened a new credit card account to take advantage of the rewards being offered for travel, merchandise, etc. 28%
- I borrowed to make a large purchase 18%
- I began using a reloadable prepaid card 16%
- I paid for in-store purchases with a wearable device (e.g., Apple Watch) 7%
DEBIT REMAINS PREFERRED PAYMENT METHOD

Although debit has consistently led as the most preferred payment type over the years of our study (all but one of the last six years), this year’s percentage reached an unprecedented high. The difference between those who selected debit and those who selected credit as their most preferred payment type was also the widest variance we’ve seen. Cash was up slightly this year, too.

We believe the tightening of credit could be one of the reasons more consumers are turning to debit. Personal credit outstandings reached an all-time high this year. An October 2018 report issued by the Federal Reserve Bank of New York suggested some account holders are seeing their credit accounts shut down. And the report suggests signs exist that “economic clouds are darkening.” This is consistent with the Wall Street Journal article which noted that both Capital One Financial and Discover Financial Services have become more cautious in how they handle credit limits.

There may be other factors at play, too. Previous TSYS studies found that many consumers like to use debit as way to pay for everyday purchases, as a budgeting tool, or as a way to avoid paying finance charges on their credit cards. Additionally, millennials are generally known as “debt adverse” and 2019 will usher them in as the largest living generation — surpassing the baby boomers.

See Exhibit 39 for the top three most preferred payment types.
Even when taking a closer look at findings by age range and income, results showed a stronger preference for debit than we’ve seen before. Overwhelmingly, this year’s findings showed debit as a favorite across all age groups, compared to last year where it was a favorite for all age groups except those 65 and older. It rose as the choice in all income categories below $100,000 this year, compared to all income levels below $75,000 last year. See Exhibits 40 and 41.

**Exhibit 40:** Preferred Payment Type by Age

<table>
<thead>
<tr>
<th>Most preferred payment type</th>
<th>18-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit card</td>
<td>59%</td>
<td>58%</td>
<td>51%</td>
<td>56%</td>
<td>48%</td>
<td>51%</td>
</tr>
<tr>
<td>Credit card</td>
<td>21%</td>
<td>23%</td>
<td>24%</td>
<td>21%</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>Cash</td>
<td>15%</td>
<td>14%</td>
<td>13%</td>
<td>17%</td>
<td>14%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Exhibit 41:** Preferred Payment Type by Household Income

<table>
<thead>
<tr>
<th>Most preferred payment type</th>
<th>Less than $25,000</th>
<th>$25,000 to less than $50,000</th>
<th>$50,000 to less than $75,000</th>
<th>$75,000 to less than $100,000</th>
<th>$100,000 to less than $150,000</th>
<th>$150,000 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit card</td>
<td>55%</td>
<td>58%</td>
<td>59%</td>
<td>51%</td>
<td>41%</td>
<td>30%</td>
</tr>
<tr>
<td>Credit card</td>
<td>18%</td>
<td>20%</td>
<td>20%</td>
<td>33%</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Cash</td>
<td>21%</td>
<td>16%</td>
<td>12%</td>
<td>11%</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Payment Types

HALF OF CONSUMERS STILL HOLD TWO OR MORE CREDIT CARDS

Our annual study always asks consumers about the number of debit and credit cards they own. This year, we found that 63% of our respondents hold two or more credit cards, up from 52% in 2017. We also saw an increase in those who have more than one debit card. See Exhibits 42 and 43.

Exhibit 42:
Number of Credit Cards Owned

Exhibit 43:
Number of Debit Cards Owned
CONSUMERS USE A RANGE OF PAYMENTS

Consumers continue to use a variety of payment methods. Among these, PayPal® continues to be the most popular, at 63%, followed by store credit cards, 40%. See Exhibit 44.

Exhibit 44:
Other Payment Types Owned
**Payment Preferences**

Given the overall strong preference for debit, respondents selected debit as their top choice in all types of store categories, from supermarket to discount and department stores. Historically, we have found that debit ranks first for everything in this category, except department stores, where credit typically is used for larger purchases. This year, consumers expressed a preference for debit across the board. See Exhibit 45.

**DEBIT BECOMES PAYMENT PREFERENCE FOR ALL RESTAURANT TYPES**

Payment preferences across the restaurant categories — dine in, fast food and coffee shop — continue to be consistent with people's desire to use debit when making everyday purchases. We saw a slight preference for debit over cash at coffee shops this year. We surmise this is due to people generally moving away from cash, combined with the significant growth in the use of in-app payments at coffee shops. See Exhibit 46.

---

**Exhibit 45: Preferred Payment by Store Type**

<table>
<thead>
<tr>
<th>Store Type</th>
<th>Debit</th>
<th>Credit</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>23%</td>
<td>13%</td>
<td>62%</td>
</tr>
<tr>
<td>Gas station at the pump</td>
<td>15%</td>
<td>30%</td>
<td>47%</td>
</tr>
<tr>
<td>Discount store</td>
<td>19%</td>
<td>26%</td>
<td>45%</td>
</tr>
<tr>
<td>Department store</td>
<td>7%</td>
<td>34%</td>
<td>42%</td>
</tr>
<tr>
<td>Convenience store</td>
<td>14%</td>
<td>33%</td>
<td>43%</td>
</tr>
</tbody>
</table>

**Exhibit 46: Preferred Payment by Restaurant Type**

<table>
<thead>
<tr>
<th>Restaurant Type</th>
<th>Debit</th>
<th>Credit</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dine-in restaurant</td>
<td>15%</td>
<td>34%</td>
<td>47%</td>
</tr>
<tr>
<td>Fast food restaurant</td>
<td>18%</td>
<td>32%</td>
<td>44%</td>
</tr>
<tr>
<td>Coffee shop</td>
<td>13%</td>
<td>35%</td>
<td>30%</td>
</tr>
</tbody>
</table>

---
PREFERENCE FOR BILL PAYMENTS AND PERSONAL PAYMENTS

When people pay bills and individuals — debit and checks rank high. Debit continued to rank first for both one-time bill payments and recurring bill payments, as it has for the last several years of our study. Bill payments and payments to individuals are the only time checks appear in the top three among preferred payments. Despite the decrease in check writing, and a decline from previous years, checks still sit strongly in the third position. See Exhibit 47.

As in previous years, we asked consumers about their preferred way to pay when making payments to individuals. Cash continues to lead, as it has every year. PayPal® showed a marked increase from last year, which could be a combination of PayPal branded payments and Venmo, which PayPal owns. See Exhibit 48. We covered the trends around P2P payments in the Emerging Payments section of our study.
Our final categories for preferred payment types are the online categories: online shopping and online travel. Although we also saw an increase in debit here, credit continues to hold the top spot. The three-year history for the top three payment types for these types of purchases can be found in Exhibits 49 and 50.

Exhibit 49: Payment Type Used Most Often – Online Shopping

Exhibit 50: Payment Type Used Most Often – Online Travel
Conclusion
CONCLUSION

Growth in mobile technologies and emerging payments, particularly P2P, varies by age and income, but continues to grow overall. We expect these trends to continue for the next several years. The move towards faster payments and additional types of payment offerings combined with the continued acceleration of P2P makes the payment landscape one to monitor closely.

Regardless of what people are purchasing, they continue to want multiple ways to pay, and use different payment methods depending on the transaction type and channel. Consumers are comfortable using multiple channels to conduct their banking activities, and they expect the ability to use them frequently and interchangeably to support simple and easy interactions. Depending upon the type of activity being performed and the type of communication involved (e.g., marketing communication vs. potential unauthorized use of an account), consumers have preferences about how they want their banks to communicate, and these preferences continue to evolve as technology advances. In some cases, consumers still prefer to conduct their banking in more traditional ways that offer higher touch support, such as talking to a customer service representative or walking into a branch.
Methodology

For our eighth U.S. Consumer Payment Study, we surveyed 1,222 U.S. consumers reflecting the population with age and gender distributions. Participants were required to be at least 18 years old and they needed to have at least one credit card and one debit card and not work for a financial institution.

Respondent Demographics

Exhibit 51: Gender

Exhibit 52: Type of Device Owned (Check all That Apply)
Sources


ABOUT TSYS

TSYS® (NYSE: TSS) is a leading global payments provider, offering seamless, secure and innovative solutions across the payments spectrum — for issuers, merchants and consumers. We succeed because we put people and their needs at the heart of every decision to help them unlock payment opportunities. It’s an approach we call People-Centered Payments®.

Our headquarters are located in Columbus, Ga., U.S.A., with approximately 13,000 team members and local offices across 13 countries. TSYS generated revenue of $4.0 billion in 2018, while processing more than 32.3 billion transactions. We are a member of The Civic 50 and were named one of the 2018 World’s Most Ethical Companies by Ethisphere magazine. TSYS is a member of the S&P 500 and routinely posts all important information on its website.
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