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MOBILE BANKING AND MOBILE PAYMENTS USE EXPANDS RAPIDLY

Boston, MA, July 21, 2009 – The number of U.S. consumers using their cell phones for mobile banking and mobile payments is growing significantly across all consumer segments, with exponential growth seen among the younger generations, according to a study released today by Mercatus LLC, a financial services strategy consulting and investing company.

The June 2009 Mercatus study captured adoption and usage of mobile banking and mobile payments among more than 1,100 U.S. consumers over the age of 18. These results were contrasted with the results from similar research conducted in 2008.

The study reveals that since 2008, in the 18 to 25 age group, the number of people with mobile banking accounts has soared, tripling from 7 percent in 2008 to one in five consumers (21 percent) in 2009. Consumers 26 to 34 are also rapidly adopting mobile banking as their numbers with accounts more than doubled from 7 percent to 16 percent. Overall, consumer adoption of mobile banking has grown from 7 percent to 11 percent, an increase of more than 50 percent.

“People are not only using their phones to conduct day-to-day banking transactions, they are now using them to make payments or transfer money. As consumers become more comfortable with the technology, adoption and usage will continue to grow rapidly – among all age groups,” said Bob Hedges, Mercatus managing partner.

Hedges specifically pointed to the impressive growth from 2008 to 2009 in consumers who are using their phones to make payments. Consumers were specifically asked whether they had actually purchased something, paid for something or transferred money using their cell phone. Overall mobile payments adoption grew from 5 percent in 2008 to 8 percent in 2009. More dramatic growth was witnessed in younger generations, as adoption among the 18 to 25 year old group grew from 7 percent 2008 to 18 percent in 2009 and among 26 to 34 year olds from 7 percent to 14 percent.

“The pace of mobile payments adoption is accelerating, and overall penetration is approaching the inflection point where mobile payments become broadly embraced by consumers, and we believe that the young will drive this adoption as they have done with other digital media and mobile applications,” said Hedges. “Consumer interest is going to get major financial service providers off the sidelines.”

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Methodology:

The study of more than 1,100 U.S. consumers over the age of 18 was completed by Mercatus in June 2009 and May 2008, as part of Mercatus’ on-going consumer financial services behavior research. The Mercatus consumer research program is conducted semi-annually, reaching more than 5,000 consumers each year. The survey was fielded to an online panel managed by Market Tools. The results are representative of the U.S. population.

About Mercatus LLC

Mercatus LLC is a strategic consulting and investing firm focused on the retail financial services. Mercatus works with industry executives and private equity investors to make investment and business growth decisions. Mercatus is dedicated to delivering the insights, innovative thinking, and information required to equip clients for success in today's fast-changing marketplace.