

# Mobile at the Tipping Point

## Mobile Financial Services

### Mobile Device Usage

- Eighty-three percent of the U.S. population owns a mobile phone
- Industry estimates indicate that 40 percent will have smartphones by 2012
- Consumers are downloading applications at a rate of nearly 6 million downloads a day
- More than 25 percent of U.S. consumers spend at least one hour per day on their mobile devices for personal use
  - More than 30 percent send or receive at least one text message a day
  - Nearly 15 percent are checking e-mail and/or accessing the Internet

### Mobile Financial Services Adoption

- More than 30 percent of U.S. consumers currently use or are considering using mobile financial services in the next year
- Adoption of mobile financial services is significant across mainstream consumer segments
  - 21 percent of consumers age 18-24
  - 16 percent of consumers age 25-34
  - 12 percent of consumers age 35-44
- Consistent with other financial services delivery innovations, mobile financial services adoption and usage is poised to accelerate dramatically with more than 50 percent of U.S. consumers expected to use mobile financial services by 2015

### Opportunities for Banks

- Mobile financial services can improve customer acquisition rates by as much as 60 percent in critical consumer segments
- The lift in acquisition rates is evident across consumer segments under the age of 50
- The lift in customer acquisition rates from mobile financial services may reduce the overall cost to acquire a new customer by as much as 20 percent
- A bank's mobile financial service capabilities were more impactful in a consumer's decision to select a bank than the presence of online banking, a large network of ATMs, or nearby branches

### Economics of Mobile Customers

- Customers who use mobile financial services skew younger and have higher incomes than traditional customers
- Mobile financial services users, on average, hold higher balances at their primary bank and use more banking and card products than traditional customers
- Rates of attrition for mobile financial services users are estimated to be as much as 12 percent lower than traditional customers
- Mobile financial services users can be serviced at a 20 percent lower cost than traditional bank customers

## **Mobile Financial Services Defined**

- Mobile financial services includes both mobile banking and mobile payment services, such as:
  - Access to account balances and bank statements
  - Bill payment
  - Near real-time transaction alerts
  - Access to targeted mobile offers
  - Remote and point-of-sale payments
  - Money transfers

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## **About the Research Study**

The study of more than 1,400 U.S. consumers over the age of 18 with mobile phones and checking accounts was completed by Mercatus in June 2009. The study was commissioned by Visa Inc. to understand the impact of mobile financial services on consumer financial services behavior. The survey was fielded to an online panel and consisted of both a traditional question/answer format and a discrete choice process.

## **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.

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