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## Study Shows Significant Customer Base Growth for Banks Offering Mobile Financial Services

Mercatus Study reveals banks can improve customer acquisition by up to sixty percent

BOSTON, Dec. 3 /PRNewswire/ -- Banks offering mobile financial services can increase new customer acquisition by as much as sixty percent, according to a recent survey by Mercatus LLC, a financial services strategy consulting and investment firm. The six-month consumer research study survey, sponsored by Visa Inc. (NYSE: [V](#)), examined the impact of mobile financial services[1], including mobile banking and payments, on consumer decision-making, specifically when it came to selecting retail banking services.

Consistent with past innovations in financial services delivery, such as online banking and ATMs, mobile financial services are approaching a tipping point. Mercatus' analysis assessed consumer behavior across three decades of distribution channel innovation, revealing how the current pace of mobile adoption exceeds past innovations including ATMs, debit cards and online banking.

The survey finds that nearly one-third of consumers are using, or considering using, mobile financial services in the next year. Additionally, responses indicate that consumer mobile financial service adoption will grow significantly during the next five years, exceeding the use of online banking by 2015.

"Owing to its rapid pace of adoption, mobile is a market that offers a clear first-mover advantage. Banks that act soon, and aggressively deploy mobile financial services, will capture a clear market opportunity to aggressively deploy mobile financial services," said Bob Hedges, Mercatus managing partner. "Banks that delay will risk losing their best customers to the competition."

### Mobile Offering Equals Customer Acquisition

In addition to increased customer acquisition rates, the study shows:

- Mobile financial service capabilities were more impactful in a consumer's decision to select a bank than availability of online banking, access to ATMs, or nearby branches
- Banks offering mobile financial services should anticipate as much as a sixty percent increase in sales lift
- Customer acquisition promotional offers including mobile financial services out-performed those that did not include mobile financial services by nearly thirty percent
- A decrease in cost of acquiring a new customer by as much as twenty percent based on the increased effectiveness of mobile-related customer acquisition marketing

The increased customer acquisition lift was documented in the research study's discrete choice analysis.

### Mobile Users Are an Attractive Customer Segment

Survey results also indicate that mobile financial services represent an attractive customer segment for banks to acquire and retain. Users of mobile financial services:

- Are younger (between age 18 and 39) and have higher incomes
- Hold higher balances at their primary bank, use more banking and card products, and display lower rates of attrition as compared to traditional customers
- Can be serviced at a twenty percent lower cost than traditional bank customers[2]
- Display lower rates of attrition as compared to traditional customers[3]

"Financial Institutions offering mobile services can have a strategic advantage when it comes to attracting new customers," said Tim Attinger, Head of Product Innovation at Visa Inc. "Visa is working closely with its financial institution clients to help deliver innovative and secure mobile services to Visa account holders, including mobile transaction alerts, offers, money transfers and payments that can help them to deliver innovative and secure mobile services to their cardholders."

More than 1,400 U.S. consumers over the age of 18 with mobile devices and bank accounts participated in the study.

#### **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. In the discrete choice analysis, consumers evaluated alternative customer promotional offers, both with and without mobile. This research approach allowed for the determination of the relative strength of offers and the mobile components of those offers, and the subsequent analysis of acquisition rates.

#### **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.

[1] Mobile Financial Services are defined to include both mobile payment and mobile banking activities. For purposes of the study, these activities include: access to account balances, access to statements, bill payment, balance transfers, transaction alerts, mobile offers, remote payments, proximity payments, and money transfers.

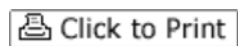
[2] Based on the consumer survey reported patterns of both consumer delivery channel utilization and the frequency of consumer service interaction by mobile financial services users compared to traditional customers estimates.

[3] Based on an analysis of consumers reported willingness to switch banks for competitive offers and stated levels of satisfaction with their current bank.

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