



The Age of Mobile Wallets

What Banks Need to Know When Considering the Creation of a Bank Branded Mobile Wallet

RESEARCH HIGHLIGHTS

CCG Catalyst investigated and examined customers' behaviors and attitudes toward mobile wallets. *The Age of Mobile Wallets* explores consumer preference for bank vs non-bank choice for mobile wallet. Provides three overarching themes that will be relevant for banks when consider their need for their own mobile wallet.

Research conducted by CCG Catalyst

Foreword

We're living in an age of tremendous uncertainty! Disruptions caused by the velocity of change created transformations in business. The business of banking is front center on disruptive stage with many concerns about effects on business. Banking suffering the most from these disruptions, and these disruptions have created an uncertain future.

Caught in the crosshairs between disruption and velocity of change are banking customers. Their cry from the battle field is for convenience, accessibility, immediacy and protection. When they engage with banks to manage their spending, deposits and payments they want their values met.

Velocity of change has created a proliferation of new technologies that are tantalizing and making profound promises to customers that their needs will be attained and values supported. These new technologies, like mobile wallet seem like the shiny penny; and at same time customers are hesitating because of privacy and identity theft concerns, difficulty with using these new technologies and lacking in all-encompassing solution.

These are critical concerns. Some new technologies have the underpinnings of familiar devices, like the phone. The telephone was a communication device shared by a household, transformed to smartphone a multi-use device owned by one person.

Smartphones continue to proliferate the behavior of customers, 64% of American adults now own a smartphone of some kind, that's up from 35% from spring of 2011. (Pew Research). In addition to finding information about health, applying for jobs, using social media, more than half of the smartphone owners use their device for banking.

This is all exciting news for use smartphone, mobile banking and mobile wallets! BUT let's pause for a moment to examine the behavior of the customer, their smartphone usage, banking habits, and motivations for needing a mobile wallet. Then evaluate what this means for banks and the business of banking.

CCG Catalyst undertook the research on mobile wallets to help banks determine whether or not to offer a bank branded mobile wallet. The survey was launched the week of October 5, 2015; 60,000 data points were gathered, codified, analyzed and grouped into insightful themes. Our white paper, "The Age of the Mobile Wallets", provides primary research that examines the banking behavior and habits of the customer, their needs and motivations for using a mobile wallet. The data and recommendations from, "The Age of Mobile Wallets", provides bankers with what they need to know when considering why they need their own mobile wallets. Banks no longer need to be struck by uncertainty and can take the lead in the mobile wallet share of market.

Paul Schaus

CEO / President, CCG Catalyst Consulting Group

PURPOSE

The purpose of this research was to examine consumer's use of mobile wallets to help bank recognize opportunities and realize unmet customer needs.

The research:

- Identified US segments that are using mobile wallets
- Discover their behavior with mobile wallets
- Uncover choice of mobile wallet
- Recognize unmet needs

The data derived from this study provided:

- Examination of the behaviors and attitudes toward the use of mobile wallets and payments
- Exploration of consumer preferences on bank vs non-bank choice for usage
- Observation from consumer thoughts and comments on their indication of need for mobile wallets or payments, bank vs nonbank choices.

METHODOLOGY

The research instrument was designed to gather data to study consumer attitudes and behaviors toward bank mobile wallets vs non-bank mobile wallets. The survey was launched to 25 million US consumers who are part of a consumer panel during the week of October 5, 2015.

Respondents answered a series of questions segmented in these themes: usage, behavior and habits. 95% of the questions were designed for quantitative with the final question being qualitative. The final question was designed to elicit deeper insights by asking the consumers to an open ended question.

To arrive at statistical relevance 2,000 completed surveys were needed. The survey was administered through AskYourTargetMarket, which succeeded in providing 2,000 completed surveys.

Analysis Method

Hybrid qualitative and quantitate analysis was used.

DEMOGRAPHIC SNAP-SHOT

Surveyed 2000 people from US, 18 years old – 65 years old plus. We asked them about their desired use of mobile wallets.

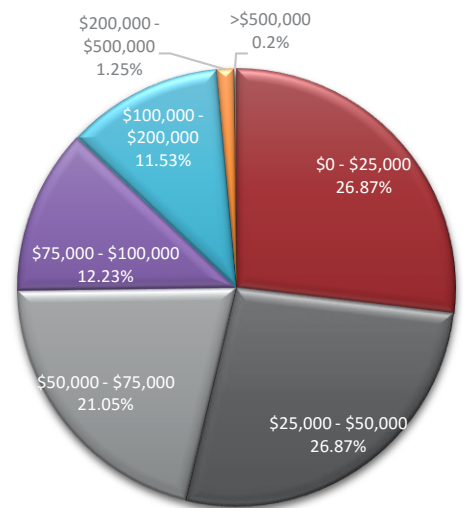
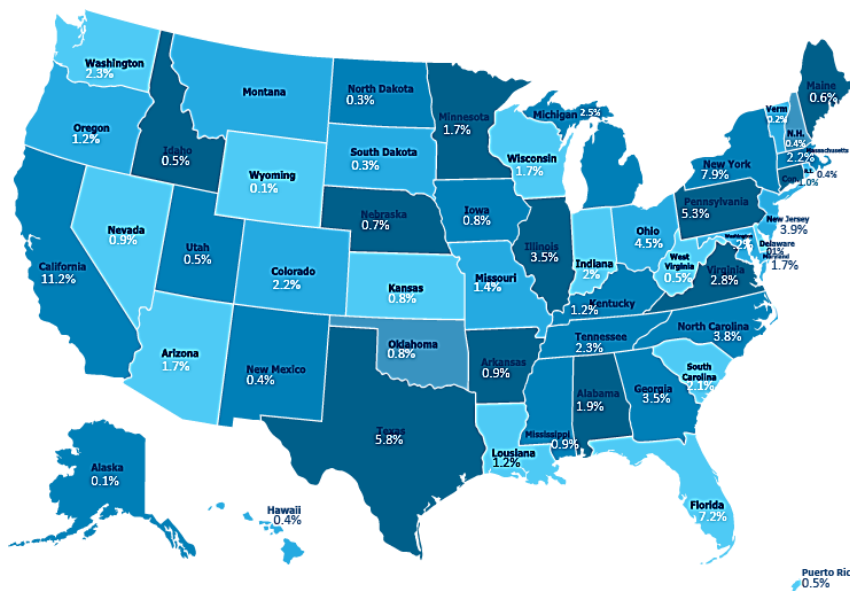
Relationship Status

46.4% Married
33.2% Single
9.55% Living with significant other
5.6% Divorced
2.3% Engaged
1.75% It's complicated
1.2% Widowed

Age Groups

18-24 15.85%
25-34 30.30%
35-44 21.50%
45-54 17.60%
55-64 10.60%
65+ 4.15%

Household Income



Respondents are from 49 states out of 50 of United States, in addition to respondents from District of Columbia and Puerto Rico.

ATTITUDES

Money Usage & Management

KEEP TRACK OF

67%



Spending and Paying Bills

OCCASIONALLY USE

60%



Mobile Banking App

USE CREDIT OR DEBIT
CARD FOR PURCHASES

52%



24% Prefer Cash
20% Don't Carry or Use Cash

CHECK BANK ACCOUNT
STATUS DAILY

48%



2.3% Go to a Physical Bank.

SMARTPHONE PERFORMANCE

2,000 US Respondents

82.8%

Have a
Smartphone

44.8%

Android Phone
Users

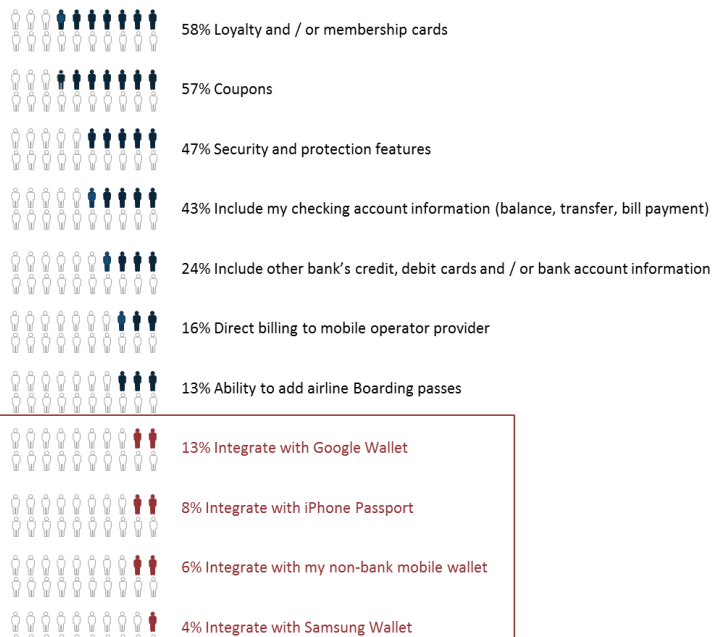
34.8%

Apple iPhone
Users

8.8%

Are Not
Smartphone
Users

Desired mobile wallet features



24%

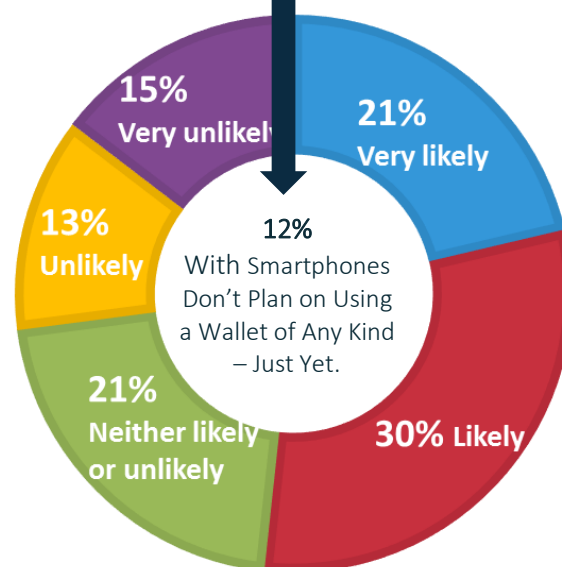
480 respondents want
to integrate with other
mobile wallets.

MOBILE WALLET PREFERENCE

45% PAYPAL
21% GOOGLE WALLET
16% APPLE PAY
12% ANDROID PAY



51% Likely to Use
a Bank Offered
Mobile Wallet.



Smartphone preference

- 82.8% of the respondents have a smart phone.
- 44.8% of smartphone users have an Android phone, while 34.8% have an Apple iPhone.
- 8.8% of the respondents don't use a smartphone.

Attitudes

- More than half of the respondents keep track of their spending and paying bills (66.6%), while 47.8% check their bank account status on a daily basis.
- 58.9% occasionally use their mobile banking app to bank.
- 52.4% prefer using credit card or debit card for purchases, comparison to 23.9% who prefer using cash, and 20.3% who never carry cash or use cash.
- 46.9% use coupons and loyalty points.
- When sending money to a friend 6.9% prefer using Google Wallet or similar.

Mobile wallet preference

- 45% use PayPal mobile
- 21% use Google Wallet
- 16% use Apple Pay
- 12% use Android Pay

12% have a smartphone but don't plan on using a wallet of any kind – just yet

Desired wallet features

Inclusion and consolidation of loyalty and membership cards [58%] and coupons [57%].
47% need security and protection features to feel confident in using a mobile wallet.

Desired primary card for wallet

59% desire their primary bank's products – either debit or credit card.

If their bank offered a mobile wallet; 51% of the respondents are likely to use a bank offered mobile wallet

Barriers

There are always challenges to using new technology products, but when a technology is attached to use of money the barriers increase. There is no surprise the top challenge to using the mobile wallet is fear of identity theft [68.3%], followed by merchant acceptability [33.9%]. Education will play a key role in helping consumers feel comfortable when using a mobile wallet.

Respondents were asked to select the 3 mobile wallets brand they trust the most for identity protection, privacy and security. Well-known brand names Google Wallet [38%], Visa Wallet [36%] and Apple Pay [34%] took the lead in choice. While Bank's Wallet followed at 26%.

Respondents were asked to discuss their experience with using a mobile wallet app, or an ideal experience they want with a mobile wallet app. 2000 comments were distilled and condensed into this wordcloud. Three themes were realized: Needs: values and concerns, Behavior: Quick and easy, Experience: still into.28% positive, 68% neutral and 3% negative.



FULL REPORT

The full report elaborates on the research highlights and provides a thorough in depth examination and analysis of the behaviors and habits of banking customers and their attitudes toward and preferences for mobile wallets. During the week of October 5, 2015 we launched the survey to a panel of 25 million people across the US. Within a two day period attained 2000 completed surveys. The results from the survey provides over 60,000 data points. These data points are codified, analyzed and grouped into insightful themes that provide bankers with the knowledge and information they need to help make decisions on whether they want to produce a bank branded mobile wallet.

The Age of Mobile Wallets is available for purchase for \$895, by clicking the download.

[Download: "The Age of Mobile Wallets".](#)

Questions or further information regarding this study please contact:

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ABOUT

[CCG Catalyst](#) is a leading management consulting firm connecting bank strategy to innovation, transformation, and disruption. We advise our clients on the direction of banking, development of the strategy and managing the disruption related to the execution of the tactics. CCG Catalyst leverages decades of deep industry experience to provide practical business strategies and organization, analytics, and technology consulting for our clients.

We are a team delivering you competence based upon proven experience in Strategy, Payments, Organizational, Optimization, Technology, M&A and Risk & Regulatory Compliance. We solve problems, validate a positioning, and provide strategic point of view and direction.

CCG Catalyst is headquartered in Phoenix, AZ, with consulting office across the US.