Board of Governors of the Federal Reserve System
Division of Consumer and Community Affairs
Statement for the 23rd Public Forum on Taxpayer Needs
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Thank you for the invitation to provide information about the Federal Reserve Board's ongoing research to better understand consumer access to, and interaction with, mobile financial services. First, I would like to say that the views expressed today are my own and do not necessarily represent the views of the Board of Governors of the Federal Reserve System.

Mobile phones have increasingly become tools that consumers use for banking, payments, budgeting, and shopping. Given the rapid pace of evolution in the area of mobile finance, the Federal Reserve began conducting annual surveys of consumers' use of mobile financial services in 2011.

The series of online surveys focuses on consumers' use of mobile technology to access financial services and make financial decisions. Topics include consumer access to bank services using mobile phones (mobile banking), and consumer payment for goods and services using mobile phones (mobile payments). The surveys provide insights into trends in the adoption and use of mobile banking, payments, and shopping behavior and how mobile financial services affects consumers' interaction with financial institutions.

The latest survey was fielded in November 2015, and the report summarizing its findings will be published in March 2016.

Details about each survey, its methodology, and limitations are included in every report. All reports and data from all years of the survey, are available on the Board's website.

For clarity, the Federal Reserve survey defines mobile banking as using a "mobile phone to access your bank or credit union account." Similarly, mobile payments are "purchases, bill payments, charitable donations, payments to another person, or any other payments made using a mobile phone." Both activities are accomplished by using a mobile phone to access a web page, by sending a text message (SMS), or by using a downloadable app.

I would like to briefly highlight key findings from the fourth and latest report, *Consumers and Mobile Financial Services 2015*.

- As of December 2014, 39 percent of adults with mobile phones and bank accounts reported using mobile banking—an increase from the 33 percent a year earlier.
    - The most common use of mobile banking is checking account balances or recent transactions.
    - Transferring money between accounts is the second-most common mobile banking activity.

  - More than half of mobile banking users received an alert from their financial institution through a text message, push notification, or e-mail—making this the third most-common use of mobile banking.

- Remote Deposit Capture, or depositing a check to a bank account electronically using a mobile phone camera, was also a common mobile banking activity.
  - The 2014 survey showed that 51 percent of mobile banking users reported depositing a check using their mobile phones, up from 38 percent a year earlier.

- As of December 2014, 22 percent of all mobile phone users had made a mobile payment, up from 17 percent a year earlier.
  - For smartphone owners who reported using mobile payments, the most common types of mobile payments were: 1) paying bills through an online system or mobile app, 2) making online or in-app purchases, and 3) paying for a product or service in a store.

- Beside a mobile phone, people interact with a bank through various channels, such as visiting a branch, ATM, telephone, and online banking. Mobile banking is the fourth most-common bank channel in 2014, up from fifth the previous year:
  1. Bank branch (87 percent).
  2. ATM (75 percent).
  3. Online banking (74 percent).
  4. Mobile banking (35 percent up from 30 percent the previous year).
  5. Telephone banking (33 percent).

- The main impediments to the adoption of mobile financial services continue to be: 1) a preference for other methods of banking and making payments, and 2) concerns about security.
  - Of those not using mobile banking, the primary reason given for not using mobile banking was a belief that their banking needs were being met (86 percent).
  - The primary reason given by non-mobile payment users for not using mobile payments was that they believe it is easier to pay with cash or credit/debit cards (75 percent).
  - Concern about the security of the technology was a common reason given by non-users for not using mobile banking (62 percent) or mobile payments (59 percent). However, concern over security by non-users was down from 2013—69 percent for mobile banking and 63 percent for mobile payment.

- Lastly, for the first time, the 2014 survey looked at differences in mobile banking and mobile payment use in rural areas versus urban areas.
  - Residents of non-metro areas have a lower incidence of using mobile banking (33 percent) and mobile payment (17 percent) than residents of metro areas (39 and 23 percent, respectively).

The 2014 survey was conducted in December 2014 and the accompanying report was published in March 2015. The survey was conducted on behalf of the Board by GfK, an online consumer research firm. More than 2,900 respondents completed the survey.