

Banking, Cash and Fintech

WHAT DO PEOPLE THINK?

In Q4 2019, Mower conducted an online survey (795 respondents) among those who currently bank with at least one financial institution. The objective of this research was to understand attitudes and behaviors around banking, perceptions of cash, and perceptions and usage of fintech as we consider banking trends for 2020 and how that should impact the messaging and targeting used by financial institutions. In this report, we've included the findings that stand out and our take on what it will mean for the way financial institutions talk to their customers in 2020 and beyond.

KEY TAKEAWAYS

BANKING RELATIONSHIPS

58% have one bank and
31% have two banks
(mostly national/regional).

ONLINE AND MOBILE BANKING ARE TABLESTAKES.

CUSTOMER SERVICE MATTERS

Baby boomers value personal
attention in-branch and younger
generations expect 24/7 service.

SOCIAL BANKING

Gen Z is more likely than older
generations to visit a local branch
that has been positioned as a social
gathering place (e.g., cafe).

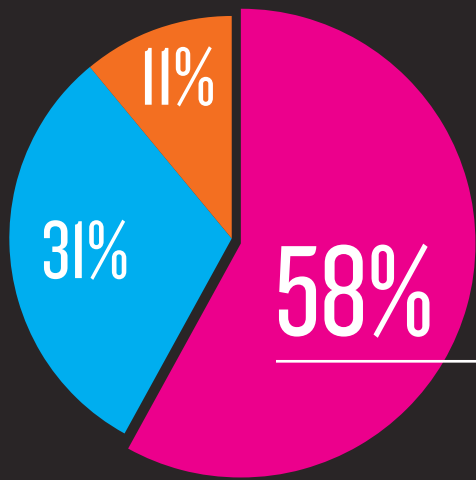
PERCEPTIONS OF CASH

For various reasons all
generations believe cash
is here to stay.

PEER-TO-PEER PAYMENTS

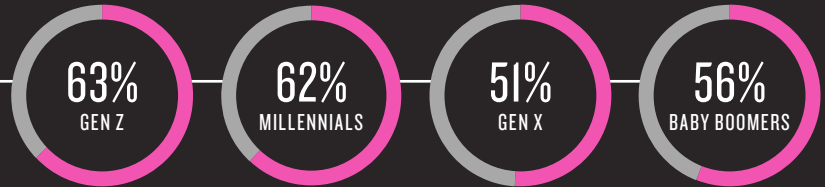
With many players and no clear
winner, peer-to-peer payment
apps are becoming embedded
in our daily lives.

BASELINE FINDINGS

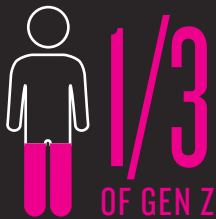


ONE TWO THREE+

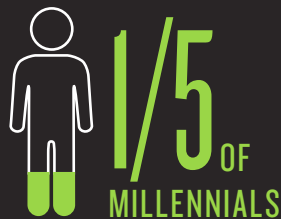
Over half of all respondents currently bank with only one institution, significantly higher among Gen Z and millennials.



More than



&



are still on their first financial institution, leaving opportunity for switching or the addition of a second.

Over 7 in 10 Gen X and baby boomers have *never* used the tools, subscribed to a newsletter or attended informational calls/sessions their bank offers, a significantly higher proportion than Gen Z and millennials.

		GEN Z	MILLENNIALS	GEN X	BABY BOOMERS
	26% Used online tools (e.g., mortgage calculator)	32%	31%	25%	20%
	11% Subscribed to a newsletter or e-newsletter	11%	19%	9%	8%
	7% Attended a webinar or informational call	12%	10%	3%	3%
	7% Attended a seminar or informational session	15%	8%	2%	4%
	63% None of the above	52%	53%	71%	71%

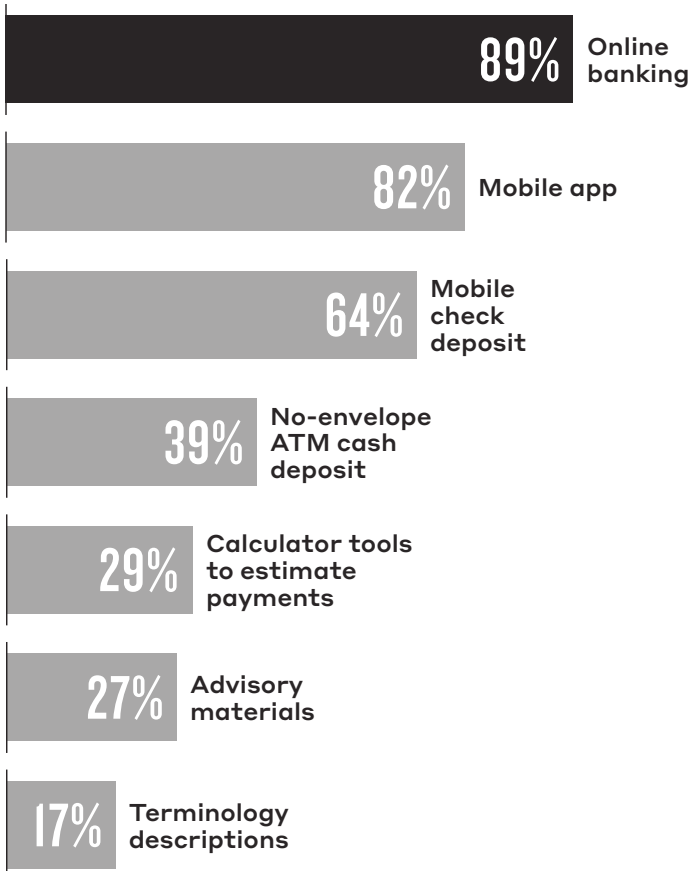
BANKING EXPECTATIONS

Everyone knows that when it comes to banking behaviors, digital and brick-and-mortar continue to intersect, and our comfort levels with each vary by generation. While it's to be expected that younger people are more likely to use digital-only banks and boomers are more likely to stay loyal to a community bank, our findings show many areas that defy our assumptions, and there is plenty of crossover potential when it comes to catering to customers of all ages.

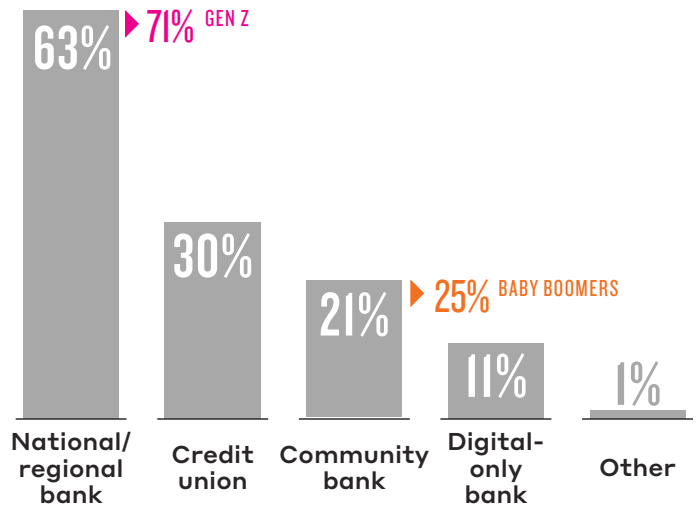
There is potential to attract younger people to community banks and older people to digital banks. Sure, it's true that Gen Z is notably more likely than older generations to bank with a national or regional bank. But there are compelling reasons to believe the youngest customers are open to banking with community banks, and older generations may just really go digital once and for all.

Attracting more customers to your bank location requires finding the reasons they would visit brick-and-mortar institutions in the first place.

SERVICES OFFERED BY BANK



TYPE OF BANKING INSTITUTIONS



Using tools and the types of tools.

Financial institutions are offering the options their customers expect. Nine in 10 banks have online banking; eight in 10 offer an app. But we wanted to find out what financial institutions didn't know about their customers' expectations. Where did those expectations align with assumptions we can make about the age of customers, and where were they unexpected? The following responses begin to uncover those expectations and help show us how we can better target offerings and messages by generation.

As we would expect, younger people are more likely to use financial institutions' online tools (about 32% of Gen Z and millennials versus 25% of Gen X and 20% of baby boomers). But those tools must be targeted to reflect the needs of those generations. For example, younger generations may find retirement spending or even mortgage payment tools less attractive. Try savings tools for life events like weddings and honeymoons, and invest in making these tools personalized and seamless on all platforms.

Educational sessions still matter.

In-depth online resources may be worth the investment. Gen Z is the most likely generation to have attended a seminar or informational session provided by a financial institution. This generation is savvy and wants to learn, and they are quite comfortable learning through tech. If you're looking to create educational services through your bank's technology, it's wise to ensure that topics are important to younger generations. Introductions to personal finance, navigating the services of your financial institution or simple savings programs are all topics that could appeal strongly to Gen Z.

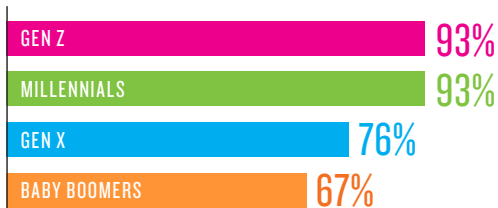
Tell them a story, and they'll come.

Contrary to popular belief, it's not all about digital interactions for the youngest generations. In fact, our survey indicates that young people like the idea of coming to a branch. Nearly half of Gen Z respondents indicate they interact directly with tellers inside the branch at least monthly, which is more than any other generation. They like the story of a brick-and-mortar location, and that's an important lesson for financial institutions looking to cater to their youngest customers. Let's take a closer look at why.

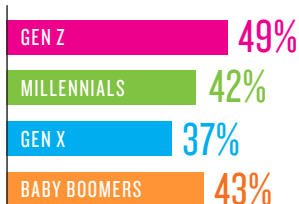
FREQUENCY OF INTERACTION WITH PRIMARY BANK (% at least monthly)



Online/
mobile app



Directly with
tellers inside
the branch



<< OUR ADVICE

Make sure you're measuring response rates and click-throughs on your educational channels to ensure you have a return on effort and to gauge how well your content is resonating with your target audiences. Also [take a deeper look](#) at the new personalization tools, including how to email with AI, that your bank can use to target messaging based on generation.



<< FURTHER READING

The branch is definitely not dead. Outside research and surveys conducted by Adobe Analytics support our findings that younger generations prefer banking at branch locations. Even though some big banks are making the decision to close physical branches, customers still want them. Many customers, especially younger ones, regularly rely on physical banks to make deposits, get paper money and even pay bills.

[Read more at CNN.com.](#)

Why do people want to go to a physical branch?

It looks like the desire for personal interaction in a bank branch may have skipped a few generations. Like their grandparents, Gen Z are the customers most likely to value in-person service from their financial institutions (45% of Gen Z and 47% of baby boomers versus only 39% of millennials and 34% of Gen X). Both baby boomers and Gen Z are more likely to value that personal connection with staff and the level of security that comes from face-to-face transactions.



Our respondents agree: The most valuable

aspect of going into a local branch is that it's easier to resolve issues or get questions answered in person. And that is notably more valuable to baby boomers than the younger generations.

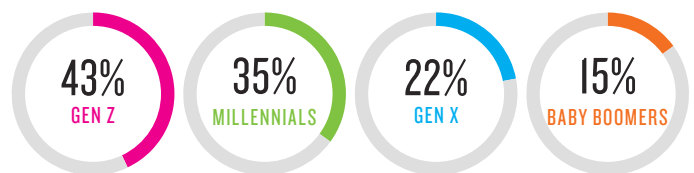
TOP 5 REASONS PEOPLE GO TO A LOCAL BRANCH

	GEN Z	MILLENNIALS	GEN X	BABY BOOMERS
1 Easier to resolve issues or get questions answered in-person	51%	55%	57%	67%
2 Can complete complex transactions	45%	45%	43%	51%
3 Personal attention	44%	40%	39%	56%
4 Interaction with staff	45%	39%	34%	47%
5 Can avoid lengthy customer service phone calls	38%	32%	33%	38%

What if the branch is more than a bank? Younger generations like the idea. Gen Z and millennials are more likely than Gen X and boomers to visit a branch that's positioned as a social gathering place. The coffee shop bank model has begun to crop up in national banks and some forward-thinking community banks, and our survey shows this is an attractive concept for younger customers.



of respondents are somewhat/much more likely to visit a local branch if it were more of a social gathering place.



FURTHER READING

We've examined the implications of the bank cafe through the lens of community banks and feel optimistic about the model. [Read more](#) about some exciting things community banks are doing with their locations.

What exactly are the older generations coming into the bank branch for? Boomers are most likely to make deposits in person at the branch and least likely to take advantage of ATMs or mobile deposits. This indicates there may still be a lack of knowledge regarding these convenience features for boomers, but there's an opportunity to target marketing and education specifically to their generation.

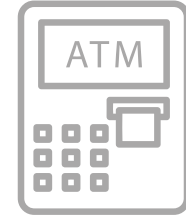
TYPE OF INTERACTION WITH PRIMARY BANK



In-person at branch



Online/mobile app



At the ATM

53% cash checks

45% GEN Z 52% MILLENNIALS 53% GEN X 61% BABY BOOMERS

85% review account balances

82% GEN Z 88% MILLENNIALS 86% GEN X 83% BABY BOOMERS

68% take out cash

69% GEN Z 73% MILLENNIALS 75% GEN X 57% BABY BOOMERS

51% deposit funds

40% GEN Z 50% MILLENNIALS 51% GEN X 61% BABY BOOMERS

70% transfer funds

69% GEN Z 76% MILLENNIALS 71% GEN X 63% BABY BOOMERS

29% deposit funds

38% GEN Z 30% MILLENNIALS 29% GEN X 21% BABY BOOMERS

38% deposit funds

41% GEN Z 45% MILLENNIALS 39% GEN X 28% BABY BOOMERS

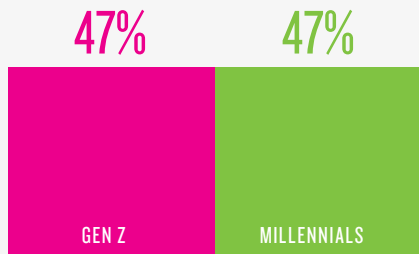
OUR ADVICE

Take advantage of how your customers already choose to interact with your bank. By providing contextually appropriate offers and promotions at the right place and time, you can increase relevance and drive better results. For example, offer a rollover or round-up program via online banking or personalized savings plans in person at the branch.

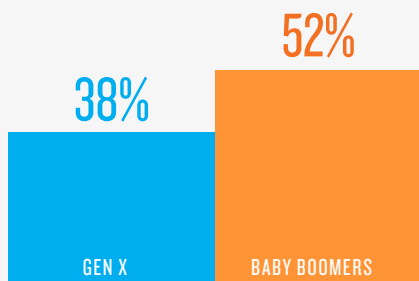
Expectations of customer service.



How accessible is your financial institution? Younger generations expect round-the-clock service. Nearly half of Gen Z and millennials expect their financial institution to be available 24/7.



They should be available 24/7



They should only be available during regular business hours

<< FURTHER READING

These expectations for customer service are further supported by a [recent Adobe Analytics Study](#):

2/3 & **53%**
OF GEN Z OF MILLENNIALS

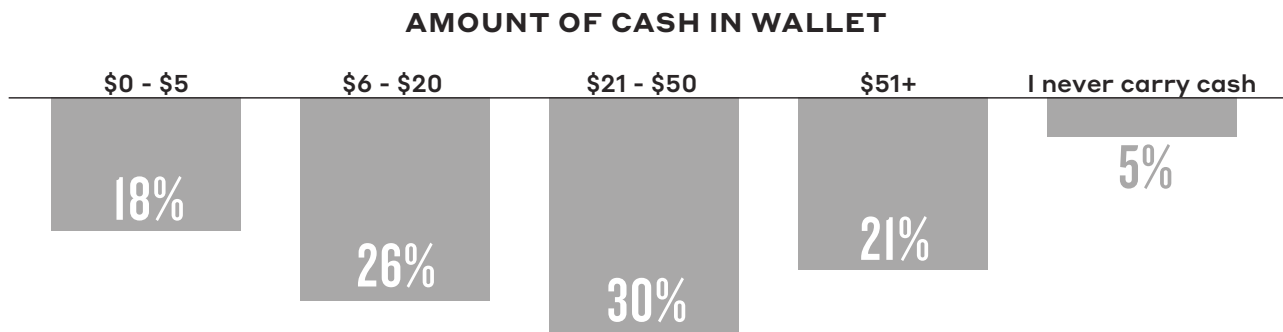
preferred interactions with bots over human representatives.

<< OUR ADVICE

If you are employing AI and chatbots at your financial institution, make sure the service is superior. Younger generations are not only comfortable using AI for their customer service needs, they are also extremely comfortable venting on social media when service does not meet expectations. AI is a costly investment; ensure ROI by debugging the process before you unleash your bots.

SPENDING BEHAVIORS: PERCEPTIONS OF CASH

What we found in this area aligned with what we might expect generationally, with some notable exceptions. For example, most people believe cash will be around forever, but they don't carry it.



OUR TAKEAWAY

Messaging and services must acknowledge and support the foundational importance of cash, while meeting the expectations to provide secure and easy cashless interactions.

Overall, 42% expect to be able to pay for all purchases with a card or mobile app.



37%
GEN Z

44%
MILLENNIALS

48%
GEN X

37%
BABY BOOMERS

Interestingly, people's expectations differed by size of business. When asked about making purchases at large businesses, 53% expect to be able to pay by card, and yet they understood that they may need to pay with cash at smaller businesses.

Well, it looks as if millennials and Gen X are more skeptical about cash-only businesses in general. They are more likely to indicate those businesses are behind the times, or avoiding tax payments. It's interesting to see that the youngest generation is more trusting of cash-only businesses.

TOP 4 BELIEFS REGARDING CASH-ONLY BUSINESSES

55%



They are avoiding credit card fees to keep prices low for customers.

37%
GEN Z

48%
MILLENNIALS

62%
GEN X

68%
BABY BOOMERS

36%



They are behind the times.

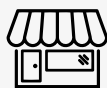
30%
GEN Z

42%
MILLENNIALS

41%
GEN X

30%
BABY BOOMERS

34%



I want to support them if they are a small business.

27%



They cannot afford an online payment system.

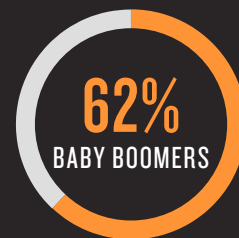
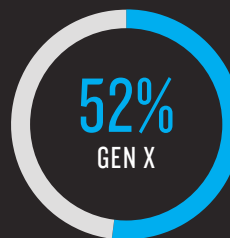
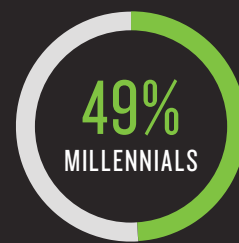
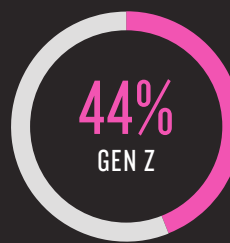
OUR TAKEAWAY

There's a potential to work with the belief that cash will always exist. Messaging around products and services that eliminate cash should acknowledge the belief, but stress the co-existence of alternatives.

We asked our respondents a big, philosophical question for the ages:

Did they believe cash would ever become obsolete?

53% ANSWERED "no, cash will always exist."



52%

of those who believe cash will always exist say it's because cash is a "foundational component of society."



47%
GEN Z

45%
MILLENNIALS

50%
GEN X

63%
BABY BOOMERS

PERCEPTIONS OF FINTECH

We took a closer look at cashless, technology-only services from financial institutions and noted a clear distinction between the generations' comfort levels. They aligned with their beliefs regarding cash's foundational value in society.

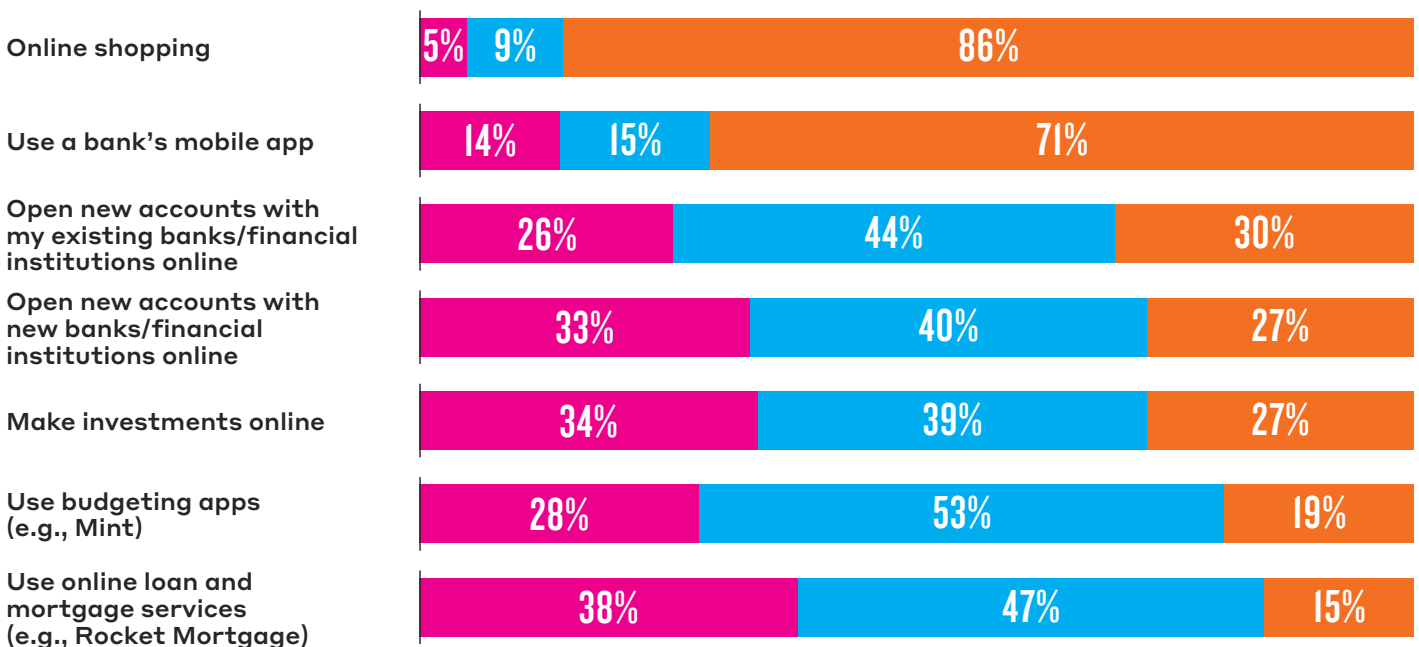
55% ARE VERY/EXTREMELY COMFORTABLE WITH USING TECHNOLOGY FOR FINANCIAL SERVICES.



67% of our respondents were comfortable with opening new accounts online. So how can your financial institution help customers become even more comfortable?

COMFORT LEVEL WITH ONLINE ACTIVITIES

■ WOULD NOT BE COMFORTABLE DOING THIS
 ■ DON'T DO THIS CURRENTLY, BUT WOULD BE COMFORTABLE
 ■ DO THIS CURRENTLY

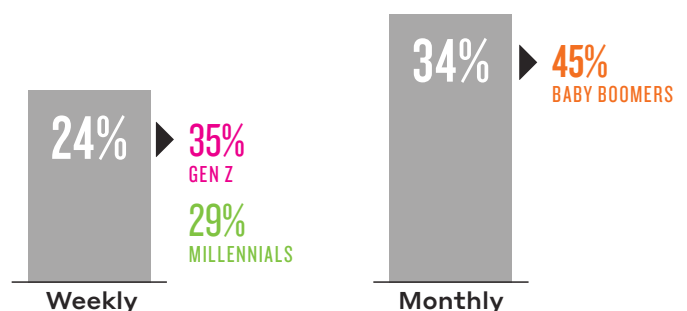


OUR ADVICE >>

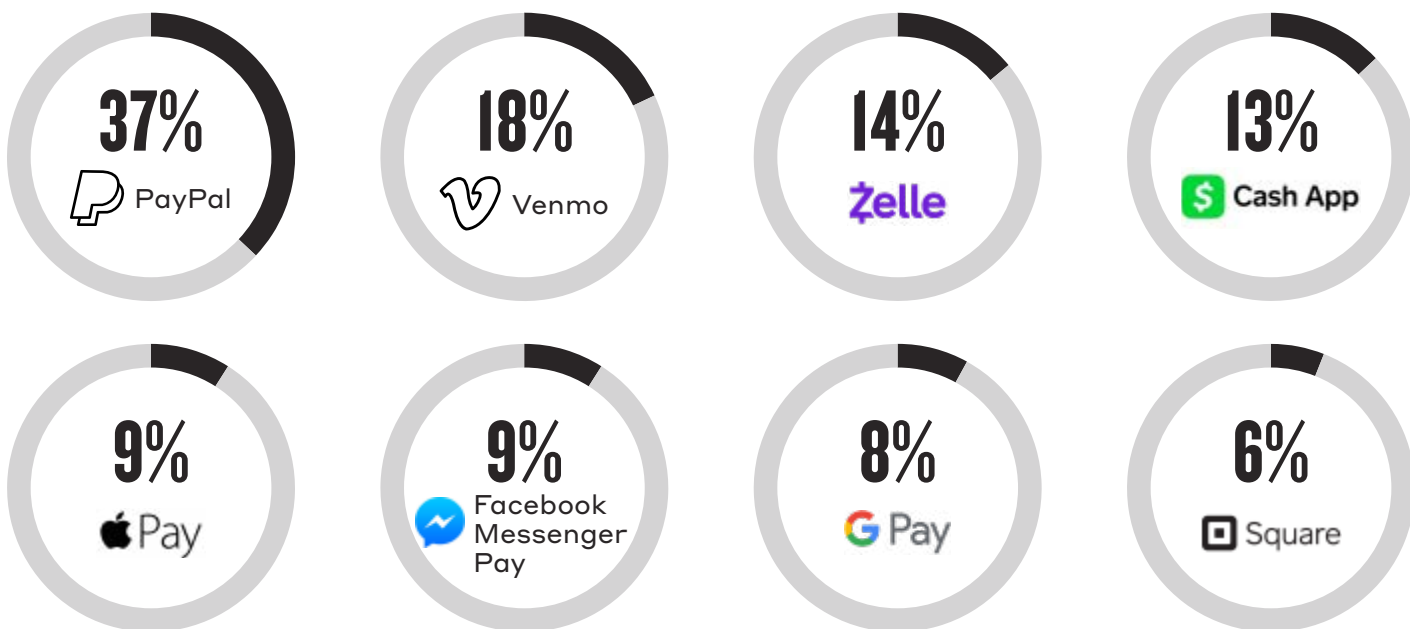
Use analytics to look closely at demographics and understand people's financial and investment priorities. If you can identify the activities your customers are most comfortable doing online, then you can align your resources around them.

Taking a closer look at peer-to-peer financial services, responses also aligned with beliefs regarding cash's obsolescence. Gen Z and millennials are more likely to use peer-to-peer and online payment or digital wallet services daily or weekly than Gen X and boomers.

USAGE OF PEER-TO-PEER SERVICES



Of all the peer-to-peer options presented, PayPal is still being used the most by all generations. Venmo seems to be the next most popular across generations, but preferred significantly more by millennials and Gen Z than even Gen X respondents. Notably, The Cash App is most heavily used by Gen Z, significantly more so than all other generations.



FURTHER READING

[eMarketer recently released research](#) that finds fast growth in peer-to-peer payments, predicting that more than half of mobile phone users will be making at least one peer-to-peer transaction per month by 2022.

FINAL THOUGHTS

From branch behavior to perceptions of cash and fintech, the results of this survey show that each generation has its own unique banking needs, preferences and concerns. At the end of the day, the customer wants to be understood by their financial institution. Showing them that you get them will earn their trust. We find that understanding a banking customer's concerns and fears can be invaluable in providing the right education and messaging to help them feel more secure with a financial institution. The responses in this survey begin to tell a story that will help banks and credit unions craft tailored messaging and expand services to keep customers of all ages happy.

To learn more about Mower's Financial Services Specialty visit mower.com/financial or contact [Erinn Newman, SVP—Insight](mailto:Erinn.Newman@mower.com), at enewman@mower.com or 716.880.1409.

