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Payment, Tech Companies May Give Banks a Run for the Money as Consumers Grow Comfortable Using Them for Financial Activities

Fiserv research highlights implications of consumer behavior for financial service delivery

BROOKFIELD, Wis.--(BUSINESS WIRE)-- The latest Expectations & Experiences consumer trends survey from [Fiserv, Inc.](https://www.fiserv.com) (NASDAQ: FISV), a leading global provider of financial services technology solutions, finds a substantial number of consumers are comfortable using nonfinancial providers for essential activities such as paying bills, transferring money to others, and taking out loans. The survey also found notable adoption of voice-activated technology, with half of consumers using a voice-activated device feature within the past year, and over a quarter of those using it for a banking function within the past 30 days.

"Technology and payments companies may give banks and credit unions a run for the money as consumers become comfortable using these companies for financial activities, an undeniable signal for financial institutions to take note," said Mark Ernst, Chief Operating Officer, Fiserv. "It's critical that financial institutions think of themselves as technology providers in order to capture the opportunity to expand upon existing customer relationships and meet the demand for fast, convenient solutions that make people's lives easier. The best and most convenient options will be the ones that win out."

A paper detailing the results and research methodology of Expectations & Experiences: Channels and New Entrants, highlighting the impact of consumer technology adoption on financial behavior and the many implications for financial services delivery, is available at <https://fisv.co/channels17>.

Consumers Are Comfortable with New Providers

While consumers remain significantly more comfortable conducting financial activities through a bank or credit union, many are comfortable with newer options.

When it comes to bill payment, 88 percent of consumers are comfortable paying bills through a bank or credit union, 52 percent through a payments company, 40 percent through a technology company, and 16 percent through a social company.

For taking out a loan, 82 percent are comfortable doing so with a bank or credit union, 32 percent with a payments company, 29 percent with a technology company, and 14 percent with a social company.

Results are similar for other financial activities, including managing money, tracking budgets, and transferring money to others, with consumers indicating the highest levels of comfort with financial institutions, followed by payments and technology companies, and trailed considerably by social media companies. These relatively consistent levels of comfort may reflect consumers' perceptions about the ability of these organizations to secure financial information and transactions.

Comfort with Nontraditional Providers Tied To Demographics

Generally, younger consumers, more affluent consumers, and those in urban areas are more likely to be open to using nonfinancial organizations for financial activities.

Nearly two-thirds (65 percent) of millennials are comfortable managing their finances through a payments company, compared to 26 percent of non-millennials. In addition, 63 percent of millennials are comfortable managing their finances through a technology company, compared to 24 percent of non-millennials. Millennials are nearly five times as likely as other generations to be comfortable managing finances using a social company, at 34 percent for millennials and 7 percent for non-millennials.

Despite their comfort with nontraditional providers, millennials are maintaining relationships with traditional financial institutions, with 90 percent reporting they have a national bank, credit union, community bank, or regional provider as their primary financial institution.

Voice Banking Emerges

Emerging financial services such as voice banking will play a key role in maintaining consumer relationships.

For some, voice banking has arrived, with half of all consumers reporting they used a voice-activated device feature in the past year. Among them, 70 percent used the feature to search for information, 56 percent to ask directions, and 26 percent to perform a banking function within the past 30 days.

When asked specifically about accessing voice banking via their financial institution, 15 percent of consumers expressed interest, including 33 percent of millennials. Interested consumers said they would like to check account balances (68 percent), pay a bill (46 percent), and transfer money between accounts (38 percent) through a voice-activated device.

Expectations & Experiences is one of the longest-running consumer trends surveys in fintech and builds on 15 years of survey data. The survey of 3,116 U.S. banking consumers was conducted online by Harris Poll on behalf of Fiserv in February 2017.

In a world that is moving faster than ever before, Fiserv helps clients deliver solutions that are in step with the way people live and work today - financial services at the speed of life. Learn more at fiserv.com.

Additional Resources

Expectations & Experiences: Channels and New Entrants - <https://fisv.co/channels17>

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) enables clients worldwide to create and deliver financial services experiences that are in step with the way people live and work today. For more than 30 years, Fiserv has been a trusted leader in financial services technology, helping clients achieve best-in-class results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and insights and optimization. Fiserv is a member of the FORTUNE[®] 500 and has been named among the FORTUNE Magazine World's Most Admired Companies[®] for four consecutive years, ranking first in its category for innovation in 2016 and 2017. For more information, visit fiserv.com.

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