



# App-based **banking** **and payments**

USA consumer survey 2019



# Could active users show the way forward?



*Usability, functionality,  
security – one of these is not  
like the others*

There are several fascinating reports each year tracking adoption of mobile financial services in the United States, and they usually point to a sustained slow-down in mobile banking uptake not generally seen in other wealthy countries.<sup>1</sup>

Just why adoption slowed to a crawl here has been debated widely. The culprits typically sent shuffling into a police lineup for closer inspection are usability issues related to the size of the device or poor app design; the limited or unimaginative services made available on the channel; and security fears. (The lackluster adoption of mobile payments is another story, which we touch on in this report albeit briefly.)

Entersekt works with banks and other large enterprises to optimize mobile and other self-service channels for more rewarding interactions based on mutual trust, so this question is of great interest to us. It was at the front of our minds earlier this year when we commissioned a survey, conducted online by The Harris Poll among over 2000 US adults, to help us better understand US consumers' attitudes towards mobile devices as means to bank and pay.

Usability, functionality, security – from where we stand, one of these is not like the others; it's the foundation on which all online

and mobile transacting is built. The essence of digital channel innovation lies in empowering the consumer to do more through greater *security*.

Mobile banking is widely used in the USA, but financial institutions can still increase usage significantly through customer-centric, channel-appropriate digital product development. To help determine what the latter looks like, our survey skipped the question of why some consumers do not use mobile banking and payments apps and instead focused on regular users and what they find lacking in their banks' current mobile offerings or might like to see in future.

Innovation, convenience, and control are all part of the story this report tells. I hope it rewards your time with new insights into Americans' attitudes to mobile service provision, which remains an unrivaled channel on which to engage the customer.

**SHERIF SAMY**

**Senior vice-president North America, Entersekt**

*One World Identity Top 100 Influencer in Identity 2019*

# Results at a glance



**90%** of Americans would prefer to approve transactions **before they're completed**



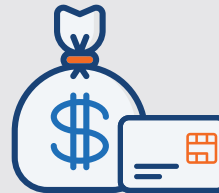
**71%** of regular banking app users would use their bank app more if it were more **innovative**, and...



**59%** would use the app more if it were **easier to use**



**68%** of regular banking app users would prefer **one app for all banking and payments**, and



**67%** say this would make them **less likely to use cash or cards**



**39%** of Americans would prefer to authenticate a mobile device transaction with a **PIN/password**, but



only **8%**

would prefer to use **an OTP.**

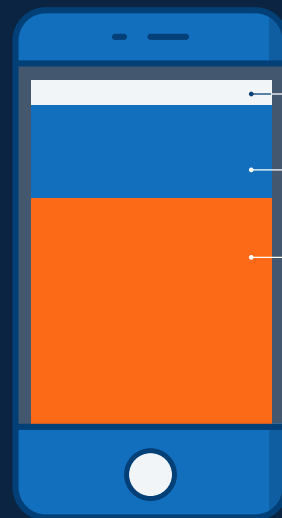


**77%** of regular banking app users would be more likely to choose a bank that has **mobile account opening** over one that does not.



# On mobile, we're not quite there yet

## Banking and payments app adoption and usage rates



Of all the American adults surveyed,  
**92.9%** are owners of mobile devices and of those,  
**70.6%** are regular users of mobile banking apps

The convenience of self-service banking and digital payments has enticed tens of millions of Americans to change how they bank and pay for goods and services. A sizeable percentage are regular users of their banks' mobile apps, as our survey confirms. (Other studies have found that banking app usage rates trail only social media and weather apps.) Still, many Americans don't have banking apps or do not identify as regular users. Many more have told other pollsters that they limit what they do with the app to the most basic functions.

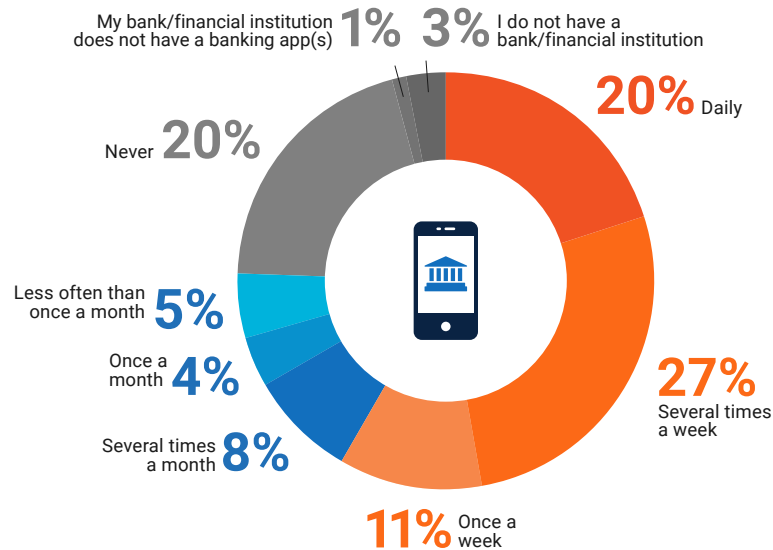
US figures are available from a number of sources, but Entersekt's screening questions yielded up-to-the-minute results that we hope hold interest. Of the 2076 US adults that The Harris Poll surveyed, 1928 are owners of mobile devices and, of those, 1362 are regular users (once a month or more often) of mobile banking apps.

## Frequency of use

Our findings show that 59 percent of mobile device owners use their banking app at least once a week. Nearly a quarter (24 percent) report never having used a banking app, with a fraction of that number (four percent) saying that they either do not have a financial institution or theirs does not offer an app.

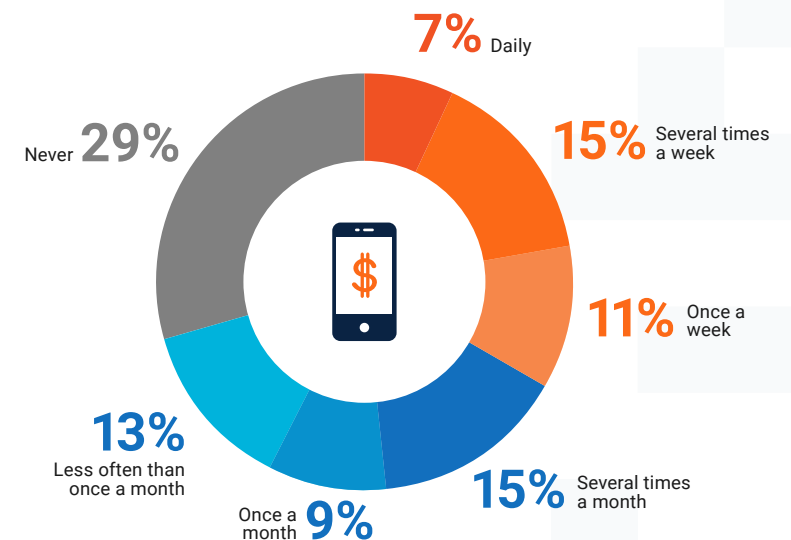
Apps for mobile payments are less widely used than banking apps, with only a third of mobile device owners (33 percent) using them on a weekly basis or more. While 71 percent of device owners have ever used a payment app, only 7 percent use them daily compared to the 20 percent using banking apps daily.

**QUESTION: How often do you use banking apps on your mobile device(s) (i.e., smartphone and/or tablet)?**



**Frequency of use of banking apps**  
Base: Owners of mobile devices (n= 1,928)

**QUESTION: How often do you use mobile payment apps (e.g., Venmo, PayPal, Splitwise) on your mobile device(s)?**

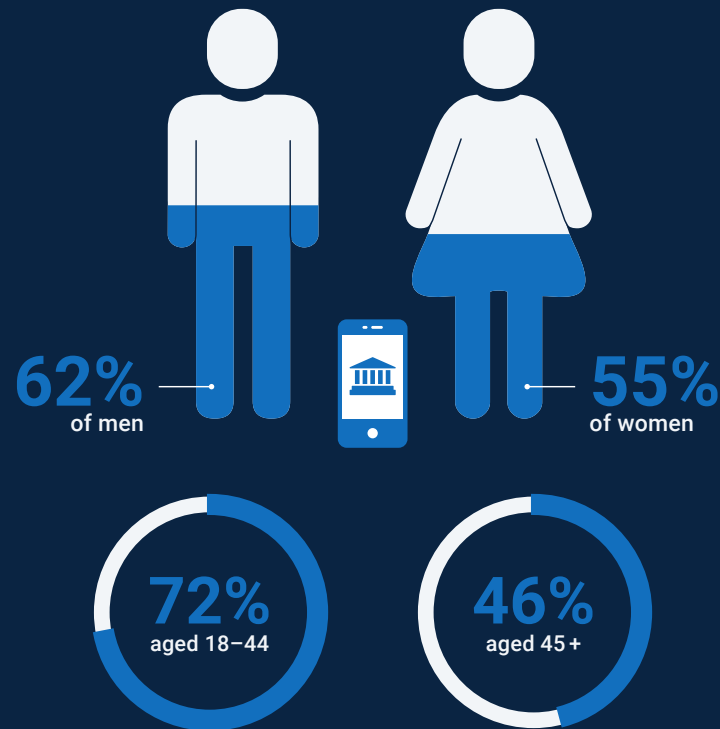


**Frequency of use of payments apps**  
Base: Owners of mobile devices (n= 1,928)

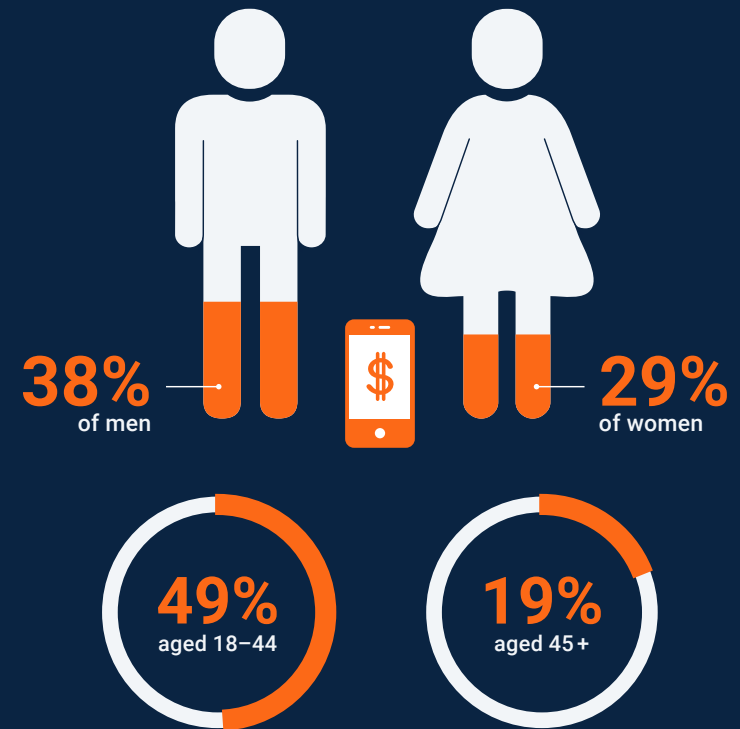
While most American mobile device owners are familiar with payment apps, it seems that they have yet to become a feature of daily life to the extent that banking apps are. Putting a brake on usage if not actual downloads is the unpredictability of the payment

experience, with fragmented acceptance by merchants, issues around interoperability, and a lagging contactless infrastructure discouraging the formation of new habits.<sup>2</sup>

**Banking apps used once a week or more often by mobile device owners:**



**Payment apps used once a week or more often by mobile device owners:**

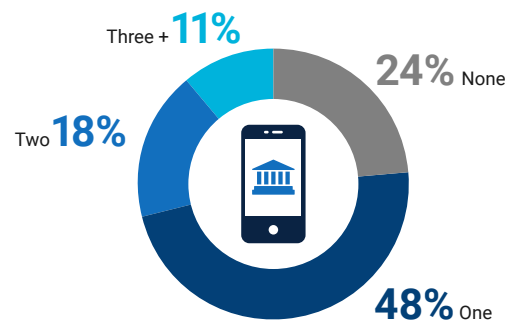


<sup>2</sup> Consumers' fears over the security of mobile payments is another contributor, but financial institutions have their own qualms. The Federal Reserve Bank of Boston's [Mobile Banking and Payment Practices of U.S. Financial Institutions](#) survey found that, of US banks that do not offer mobile payments capabilities, 60 percent cite security concerns as a major reason.

## Combination banking–payments app scores highly

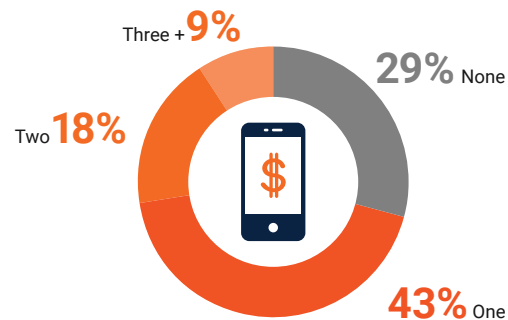
Over two-thirds of mobile device owners say they have more than one app for banking and payments, with 37 percent having three or more.

**QUESTION: How many different apps do you use for banking and mobile payments (e.g., Venmo, PayPal, Splitwise, Apple Wallet)?**



### Banking apps per mobile user

Base: Owners of mobile devices (n= 1,928)



### Payments apps per mobile user

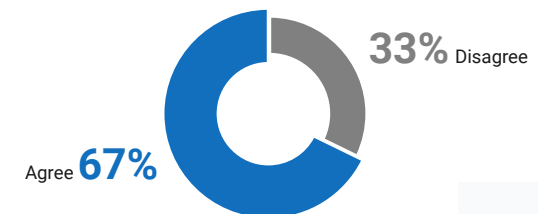
Base: Owners of mobile devices (n= 1,928)

Juggling so many apps, it's not a surprise that a majority of regular banking app users find the idea of an all-in-one banking and payments app attractive. Sixty-eight percent say they would like a single app covering both sets of needs. A very similar majority claim they would make less use of cash or physical credit cards if they had an app like this.

**QUESTION: I would like to do all of my banking and payments (e.g., bill pay, P2P payments, everyday purchases like groceries, transferring money) via one single mobile app.**



**QUESTION: If I could do all of my banking and payments (e.g., bill pay, P2P payments, everyday purchases like groceries, transferring money) through a single mobile app, I would be less likely to use cash or physical credit cards.**



### Preference or not for a single app for banking and payments

Base: Regular Banking App User (n=1,362)

Banking apps may be the perfect launchpad for mobile payments capabilities. Besides their pervasiveness, they have the benefit of a trusted brand and can be updated seamlessly with new services, card details pre-loaded, so that app users find it easier to experiment.



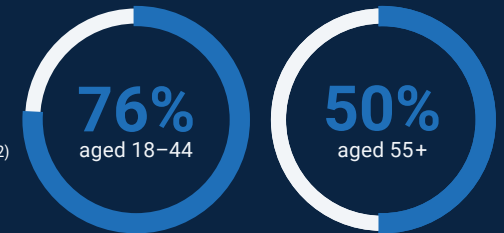
### Generational divide

The lure of an all-in-one combination app is stronger among younger adults (18 to 44 years) who regularly use banking apps: just over three-quarters (76 percent) want one, compared to only half of those aged 55 and over.

Seventy-four percent of those aged 18-44 would be more likely to use cash/physical cards less often if a single, all-in-one, banking and payment app were available compared to fifty-two percent of those aged 55 and over.

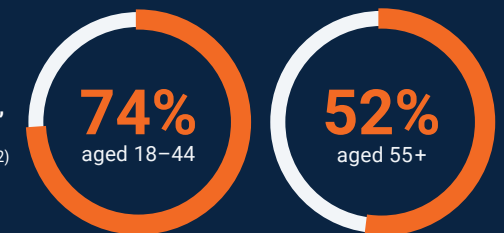
#### Generational preference for using a single app for banking and payments

Base: Owners of mobile devices (n= 1,362)



#### Generational preference for using a single app, if available, over cash/cards

Base: Owners of mobile devices (n= 1,362)



*“Demand for specialized payment apps isn’t going away, especially for retail brands with superior loyalty programs, better-directed promotions, and on-the-go experiences like low-friction peer-to-peer payments, self-checkout, and in-app ordering. Still, most people use very few of those apps regularly, while banking apps are a leading category, both in downloads and active users. That’s why Entersekt thinks American banks are so well placed to fast-track adoption through an expanded set of consumer enablement use cases.”*

GERHARD OOSTHUIZEN

Chief technology officer, Entersekt

# Security fosters a sense of control

## Americans' attitudes to mobile security and authentication

Large-scale surveys by US industry and government show that banking app adoption has slowed significantly in recent years, falling short of online banking usage rates even as smartphones approached saturation point and financial institutions of all sizes launched app-based services.<sup>3</sup> The causes of this slow-down are complex, but it is clear from the data that consumers' doubts over the security of the channel play a leading role.

It's something of a cliché that digital convenience tops security as a concern in the US retail banking market. The truth is consumers here expect the highest level of security without it affecting the quality of the mobile banking experience in an unduly cumbersome way.<sup>4</sup> That's a far cry from it being invisible, especially when we know how wary Americans are of the risks presented by their personal data being traded on the dark web.

If US mobile banking adoption trails other advanced economies like Australia, Italy, the Netherlands, Sweden, and the United Kingdom,

where strong customer authentication is more common, should we not interrogate some of the old verities about US consumers' antipathy to it? Are they more open to playing a role in securing their accounts than they might have been before?

## Preferences for or against authentication

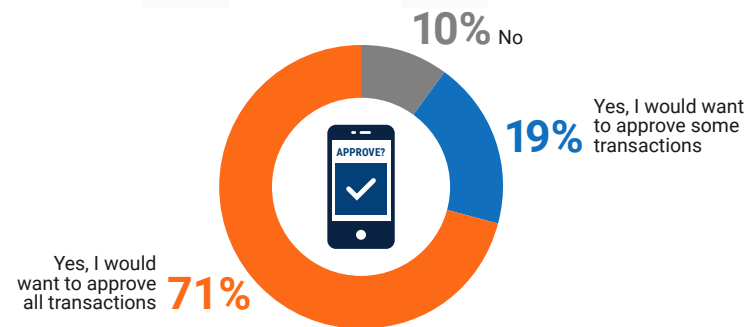
Asking consumers about their authentication preferences is a tricky proposition. Few of them are likely familiar with the concept and fewer have likely experienced the different forms it takes. Entersekt recognizes that, for many Americans, self-verification procedures might hold greater appeal in theory than they would in practice, depending on the method they eventually use. We nevertheless wanted their opinions on authentication, struck as we were by the lack of consumer data on the topic.

<sup>3</sup> The US Federal Reserve Board's most recent [Consumers and Mobile Financial Services](#) report found that 53 percent of account holders with smartphones had used mobile banking in the preceding 12 months, a figure that had climbed only one percentage point annually for four years running. Seventy-three percent of non-users gave security concerns as a key reason for avoiding mobile banking. A large majority of non-users also seemed unconvinced of the value of the channel: 88 percent were content with the status quo; 78 percent saw no reason to change their ways. Javelin Strategy & Research's [The 'Big Bang' of Mobile Banking Adoption Is Over: Digital Banking Forecast 2021](#) predicts that mobile banking adoption will remain far below online banking for the foreseeable future.

<sup>4</sup> IBM Security's 2018 [Future of Identity Study](#) found that mobile users almost always value security ahead of convenience. Respondents ranked security above privacy and convenience in all but social media apps. Seventy-six percent saw security as the primary concern in mobile banking against 14 and 11 percent for privacy and convenience respectively.

Our figures show that most consumers are willing to play an active role in protecting their accounts and data – even when tangible examples are given of the kind of action they could be required to take.

**QUESTION: When making transactions on a mobile device would you want to have the ability to approve the transaction before it goes through?**



**Preference for or against authentication**  
Base: US adults 18+ (n=2,076)

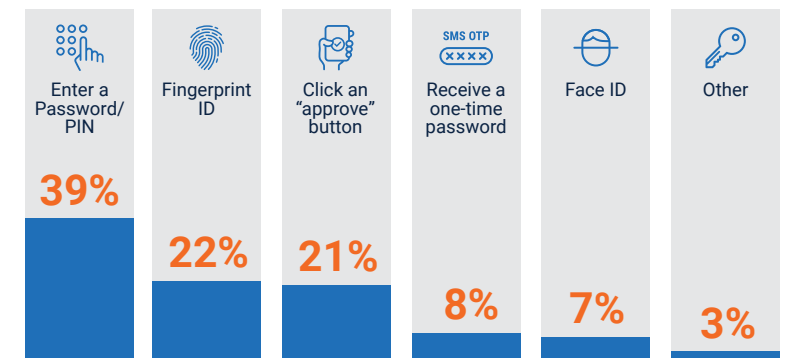
Ninety percent of Americans report a preference for approving some or all mobile-initiated transactions before they are completed, with 71 percent wanting to approve all such transactions. Roughly one in five (19 percent) would prefer only to approve some transactions, such as those totaling \$100 or more.

This result is confirmation of lessons Entersekt has learned over many years in countries where strong customer authentication is much more widely used than in the United States. We have found that people value being involved in the process if you make it quick and easy for them to do so. It gives them a sense of control and boosts the number and value of transactions.

## Choices of authentication method

Authentication solutions vary greatly in both their user-friendliness and effectiveness countering account takeover and other kinds of fraud. Some of the more popular forms, like SMS one-time passwords, may no longer be compliant with digital security mandates in parts of the world. Almost none provides transaction signing for non-repudiation.<sup>5</sup>

**QUESTION: If you were approving a transaction you are making on a mobile device, how would you prefer to approve it?**



**Preference for different kinds of authentication**  
Base: US adults 18+ (n=2,076)

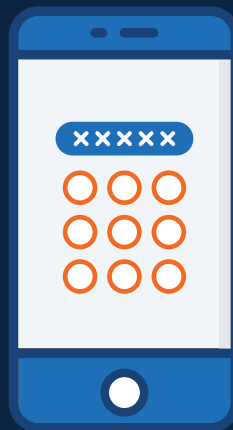
Based on our survey results, many Americans quite understandably know none of this. Thirty-nine percent chose entering a personal password or PIN as their preferred means of approving a mobile-initiated transaction, likely because they have the most experience with this universal approach. Other methods that garnered support in double-digit percentage points are fingerprint ID (22 percent) and clicking an "approve" button (21 percent).

None of these methods is in itself “multi-factor authentication”. All are single factors that must be combined with another of a different category to qualify as regulatory-compliant strong customer

authentication. The factors you choose and how you combine them can affect the user experience dramatically.

### Multi-factor authentication examples

#### KNOWLEDGE FACTOR



Password/PIN

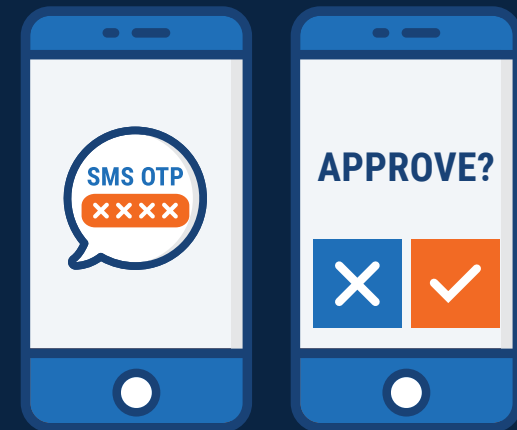
#### INHERENCE FACTOR



Fingerprint ID

Face ID

#### POSSESSION FACTOR



One-time password

Approve button

Something you  
**KNOW**

Something you  
**ARE**

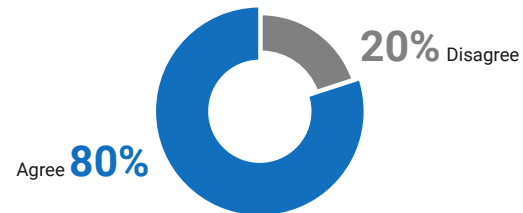
Something you  
**HAVE**

## Empowering the user

It takes more than material security to feel empowered, of course. Other aspects of it or preconditions for it include personal qualities like self-sufficiency, balance, and discipline, and characteristics we associate with free and just societies: access and transparency, constancy and support, choice and consent.

Our survey highlighted areas where banks could afford their customers a higher sense of control through customer-centric design. As an example, we asked consumers whether they would like to be informed by their bank in real time of the negative repercussions on their credit score of a purchase made via mobile. We found that 80 percent of regular users of banking apps would like to be notified in this way.

**QUESTION: If I were making a purchase on a mobile device, I would want to be informed immediately (i.e., at point of purchase before transaction has gone through) if the transaction will negatively impact my credit score.**



### Preference for real-time warning of negative impact on credit score of a mobile-based purchase

Base: Regular Banking App User (n=1,362)

It is precisely this kind of interaction – anticipating a need or concern and offering answers to questions before they are asked – that will distinguish winning financial services providers from the rest in the years to come. Acting as a guide, the bank will step in several times daily to counsel, warn, reward, or attest its customer, with the banking app often being the best channel to initiate these conversations, if not to conclude them.<sup>6</sup>

*“If you take the mobile device as the primary factor of consumer authentication, combining identity with it means they are holding in their hands the key to all the other banking channels.”*

SHERIF SAMY

Senior vice-president North America, Entersekt

<sup>6</sup> Citi's 2018 *Mobile Banking Study* highlighted the mobile banking channel's contribution to users' sense of financial control. A substantial majority of users reported positive outcomes like increased awareness of their financial position, less worry managing their finances, and greater knowledge of their banks' service offerings. The confidence boost they got from mobile also translated into a markedly more optimistic view of the role banks can play in financial wellness: 82 percent of mobile banking users felt banks could help them in this way compared to 62 percent of non-users.



# Making the most of mobile's strengths

## Appetite for more convenient and innovative services

Almost all traditional retail banking functionality can now be accessed at any time, from anywhere, all in the palm of the hand. Still, few consumers would point to financial services as the exemplar of on-demand convenience. Non-financial platforms like Amazon and Google have set the standard for low-fuss digital engagement, while fintech companies and digital-only banks arguably drive the financial services industry's overall rate of mobile innovation. With notable exceptions, financial institutions have played catch-up, especially in delivering a satisfying customer experience.

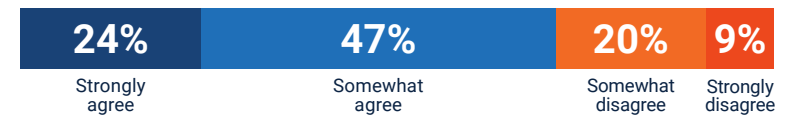
According to the Federal Reserve and other sources, typical mobile banking activities in the United States remain checking of account balances and recent transactions, transferring money between accounts, and receiving alerts. Many non-users do not believe that banking apps provide anything they don't already have on the desktop. Even regular users may not be as engaged on the channel as they could be. What many consumers say they are missing is more dynamic experiences making the most of mobile's strengths.

**QUESTION: How much do you agree or disagree with each of the following statements?**

I would be more likely to choose a bank that has mobile account opening over one that does not.



I would use my banking app(s) more frequently if it offered more innovative services (e.g., easy-to-use interface, various payment methods, tech savvy functions).



I would use my banking app(s) more frequently if it were easier to use.



### Propensity

Base: Regular Banking App User (n=1,362)

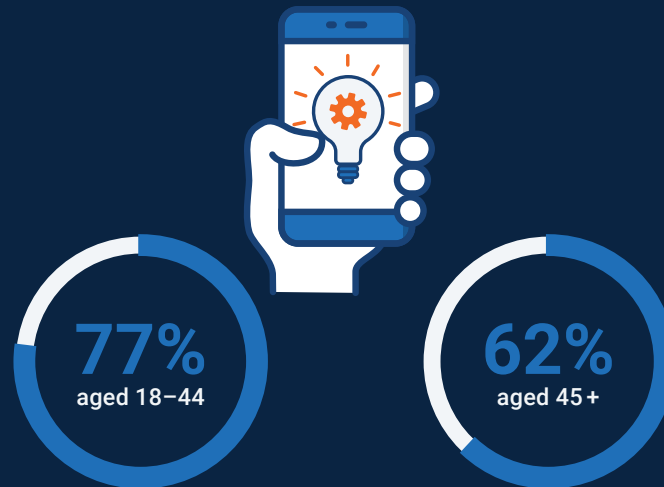


Success during this period of rapid change rides on innovative thinking rather than an appeal to the tried and tested. American consumers may use banking apps fairly frequently, but there's room for improvement to increase adoption and usage. Entersekt's survey found that 59 percent of regular banking app users would increase use if their apps were easier to use, while 71 percent would do the same if apps offered a greater range of innovative, tech-savvy services.

Usage among younger adults who regularly use banking apps appears to be influenced by these factors more so than older adults.

Recognizing that great digital customer journeys start early in the relationship, US banks and credit unions are giving attention to remote account opening. We found it could indeed be an early deal breaker. A majority of regular banking app users (77%) say they would be more likely to choose a bank offering mobile account opening than one that does not. Interestingly, those on the cusp of Generations X and Y (those aged 35–44) are more likely to value remote enrollment than their younger and older counterparts (86 percent against 78 percent aged 18–34 and 73 percent aged 45+).

### Younger users want it all



**Preference for apps that are more innovative**  
Base: Regular Banking App User (n=1,362)



**Preference for apps that are easier to use**  
Base: Regular Banking App User (n=1,362)



# Introducing the **Entersekt Secure Platform**

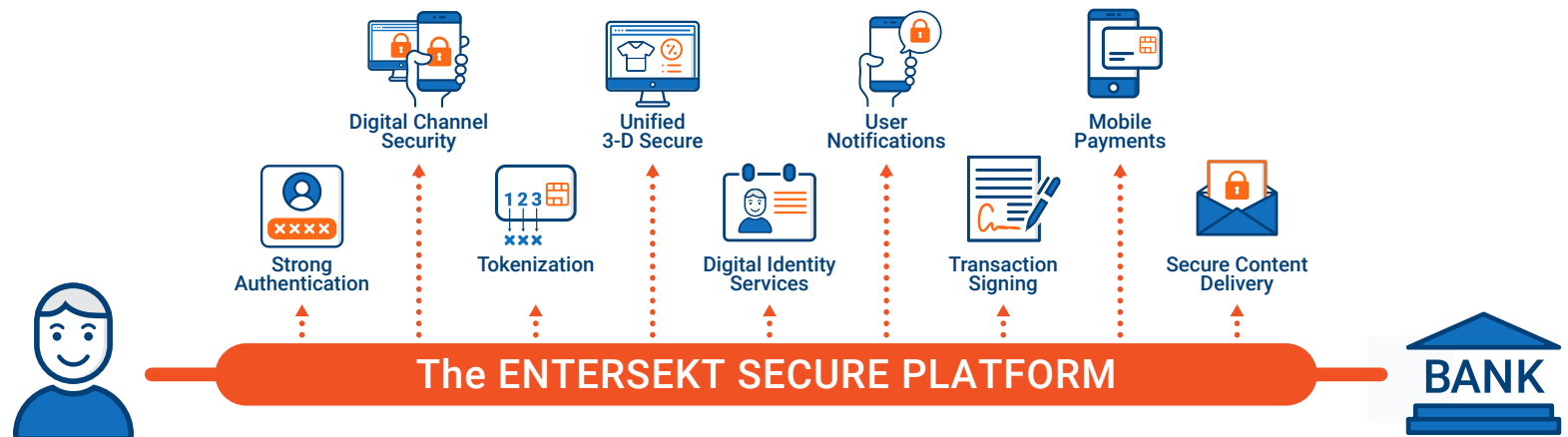
*This is an exciting time in mobile banking and payments. Entersekt believes that banks and their customers can have it all – convenience, control, and the benefits of continuous innovation. It just takes vision.*

Leading financial institutions have responded to the slow-down in mobile banking adoption with a change in strategy. There's more interest in designing cross-channel customer journeys – “hybrid experiences” – now than during the years of double-digit growth in mobile user numbers. Banks continue to bring more of their traditional offerings onto their apps, but the emphasis is less on ticking boxes than on deepening engagement and moment-to-moment relevance by making the most of the channel's strengths. The drive is towards greater personalization, better targeted information sharing and advice, expanded choice in on-the-go payments, rewards schemes, and more. To succeed at this and much else, banks must deliver the same intuitive, low-friction – even fun – experiences that popular consumer apps do, while facing more stringent regulations

and other challenges, old and new. That's a tall order without the right tools and the right partner.

The Entersekt Secure Platform is designed to help address these challenges quickly and easily, so that our customers can concentrate on service innovation and differentiate themselves from the competition. It combines state-of-the-art digital security with a fast-expanding menu of on-demand digital enablement tools and experiences, from mobile wallets, QR code-based payments, and 3-D Secure e-commerce to omnichannel strong customer authentication, remote enrollment, and in-app user notifications.

Find out more about the [Entersekt Secure Platform](#) today.





# Methodology

This survey was conducted online by The Harris Poll on behalf of Entersekt, January 22–24, 2019 among 2,076 US adults, ages 18 and over, among whom 1,928 are mobile device owners, including 1,362 who use banking apps once a month or more often.

Results were weighted for age within gender, region, race/ethnicity, income, and education where it was necessary to align them with their actual proportions in the United States population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

This survey was not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For survey datasets or more information on the methodology, including weighting variables and subgroup sample sizes, please contact [Mark van Dalsen](#) at Entersekt.

# About **Entersekt**

Entersekt is an innovator of mobile-first fintech solutions. Financial services providers and other enterprises rely on its patented mobile identity system to provide both security and the best in convenient new digital experiences to their customers, irrespective of the service channel. Whether pursuing compliance through strong authentication and state-of-the-art app security or looking to meet consumer demand for on-the-go information sharing and payment capabilities, Entersekt's clients always enjoy a competitive advantage.



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