

## Mobile banking: Generational differences

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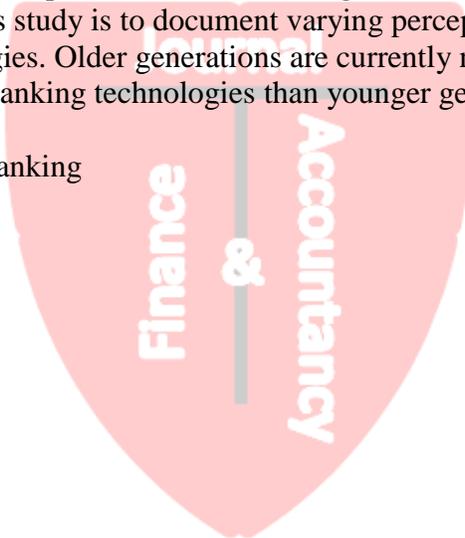
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### ABSTRACT

This paper describes the results of a survey of 1,052 customers of Community Financial Services Bank, a large commercial bank. Participants were asked various questions pertaining to their willingness to accept and implement mobile banking services. Results are broken down by age group. The purpose of this study is to document varying perceptions and openness to mobile banking and similar technologies. Older generations are currently not using and much less willing to start using mobile banking technologies than younger generations.

Keywords: banking, mobile banking



## INTRODUCTION AND PURPOSE

Mobile banking is on the rise. Bank of America reports that active mobile banking accounts have grown 54 percent since 2012 (Chaudhuri, 2014). Similarly, Wells Fargo and Co. reports that active mobile customers are up 22 percent (Chaudhuri, 2014). Recent reports by *The Wall Street Journal* suggest that these increases may be due to the growing reliance younger customers have on mobile banking technology. It is not clear if older bank customers are following suit (Sidel, 2013).

There is significant reason to anticipate that acceptance rates vary by age; younger generations are more likely to adopt new technologies and embrace the advances in mobile banking whereas older generations are less likely to accept these new technologies. Tiwari et al. (2006) argue that mobile banking technologies are generally aimed toward younger generations. These younger generations, though tech savvy, are not necessarily the ideal customer from the banks stand point due to their heterogeneous financial backgrounds. Business people (26 to 50 year olds) are the most important customers for mobile banking to be successful. These customers are generally well educated and economically well-off. Similarly, Mattila (2003) find that age is negatively related to mobile services adoption.

## METHODOLOGY

This paper compiles results from 1,052 survey respondents. The survey was delivered electronically to customers of Community Financial Services Bank, a large commercial bank with assets in excess of 650 million. 9,715 surveys were sent. Of these, 3,575 were opened and 1,148 were partially completed. 1,052 surveys were completed.

Results of surveys were compiled. To better understand differences among generations, results are examined by age. The results of the full sample and sub-samples are reported in the Appendix. Tables 2 through 6 (Appendix) report results of T tests capturing significant differences between sub-sample means and full sample means. Significant values are in bold.

## OVERALL RESULTS

Figure 1 (Appendix) presents the questions asked to the participants. Table 1 (Appendix) presents overall results. The majority of respondents are between the ages of 50 and 64 (34.7 percent), followed by those 65 and older (26 percent), 35 to 49 (21.4 percent), and 18 to 34 (17.9 percent).

Participants were asked how they prefer to access account balances. Multiple responses were allowed. The majority of respondents prefer to access account information through online banking (90.2 percent), followed by mobile banking (25.8 percent), a banking center (15.8 percent), datalink24 (7.7 percent), and a phone call (7.4 percent).

They were then asked what products they would be likely to use if provided by their bank. Multiple responses were allowed. The majority of respondents said that they would like to receive text alerts for balances, overdraft, or fraudulent items (59.4 percent), followed by mobile remote deposit via a phone or tablet (29.9 percent), online personal budgeting tool (similar to Mint, Smarty Pig) (24.9 percent), and person to person transfer of funds via a text message (20.1 percent).

Participants were then asked how frequently they accessed account information and how frequently they visited the bank in person. 43.6 percent access their account information once a week, 36.5 percent access account information daily, 14.7 percent access account information once a month, and 4.5 percent access account information multiple times per day. Respondents generally visit the bank in person once a month (37.6 percent), followed by less than once in a three month period (32.9 percent), once a week (24.8 percent), and three times per week (4.1 percent).

Participants were also asked how they preferred to contact their bank. The majority of respondents prefer to communicate through online banking or email (37.3 percent), followed by in person at a banking center or drive thru (31.7 percent), a direct phone call with the staff (24 percent), and finally, through mobile banking or text (6.4 percent).

Overall results suggest that banking customers are willing to adopt and employ remote banking technologies (i.e., mobile banking and online banking). Customers also prefer not to visit or access account information very often. Different generations have different banking needs. It is likely that these results vary by generation. The remainder of the study examines responses to these questions by age group.

## **ACCESS ACCOUNT INFORMATION**

Tables 2 through 6 (Appendix) provide additional details of the responses, decomposed by age groups. Question 1 asks “Which products do you prefer to access account balances?” The possible responses are Datalink24, online banking, mobile banking, phone call, and banking center. Participants were asked to select all that apply. Results are presented in Table 2 (Appendix). Those under age fifty are less likely to use online banking while those in the 50 to 64 category are more likely to use online banking. Younger participants (under age 50) are more likely to use mobile banking while those older than 50 are less likely. Participants in the age group 50 to 64 are more likely to use Datalink24 than other respondents and those 65 and older are less likely. No age group showed preference toward the use of a phone call or a banking center.

## **PRODUCT USAGE**

Question 2 asks “Which of the following products would you use if provided by your bank?” Participants were allowed to choose multiple items. Responses include text alerts for balances, overdraft, or fraudulent items, mobile remote deposit via a phone or tablet, person to person transfer of funds via a text message, and online personal budgeting tool (similar to Mint, Smarty Pig). Responses are reported in Table 3 (Appendix). Younger generations are more likely to use products available on mobile devices. Respondents under age 50 are more likely to use mobile devices to receive text alerts and to make remote deposits while older generations are less likely to use such items. Similarly, those 65 and older are unlikely to use text messaging to make a person to person transfer of funds while those in the 35 to 49 year old range do desire such a technology. Similar to mobile devices, younger age groups have a stronger inclination to use online tool. Younger age groups (those under age 50) desire online personal budgeting tools while older groups do not.

## **VISITING BANK**

Participants were asked “How often do you visit the bank?” Responses include three times a week, once a week, once a month, or less than once in three months. Responses are reported in Table 4 (Appendix). 18 to 34 year olds are likely to visit the bank weekly whereas participants 50 and older are more likely to visit the bank location once a month.

## **FREQUENCY OF ACCESSING ACCOUNT INFORMATION**

Question 4 asks “How often do you access account information?” Responses include multiple times daily, daily, once a week, or once a month. Results are reported in Table 5 (Appendix). The majority of 18 to 34 year olds check their account information daily and are the least likely to wait as long as a month to check account information. Similarly, those 65 and older check their account information relatively frequently as well, preferring to check account information weekly.

## **PREFERRED METHOD OF CONTACT**

Question 5 asks participants “What is your preferred method of contact with your bank?” Responses included through online banking or email, in person at a banking center or drive thru, through a direct phone call with bank staff, or through mobile banking or texting. Participants were allowed to check only one response. Results are reported in Table 6 (Appendix). Interestingly, 18 to 34 year olds are the most willing to communicate with the bank via mobile banking or texting relative to other age groups. Older age groups (those greater than 50) are less willing to communicate via mobile banking or texting. All age groups are equally willing to contact their bank via email or online banking, in person, and with a direct phone call.

## **CONCLUSION**

This paper provides some insight into generational differences and their willingness to embrace mobile banking. While additional research is needed to determine why there are generational differences, it is evident that mobile banking is significantly more popular with 18-34 year olds than any other age group. Older generations (specifically individuals greater than 50 years old) are significantly less likely to embrace mobile banking technologies.

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## APPENDIX

### Figure 1: Mobile Banking Questionnaire

Age group: 18-34 years old \_\_\_\_ 35-49 years old \_\_\_\_ 50-64 years old \_\_\_\_ 65 and older \_\_\_\_

1. Which products do you prefer to access account balances? (Select all that apply.)
  - a. Datalink24
  - b. Online Banking
  - c. Mobile Banking
  - d. Phone Call
  - e. Banking Center
2. Which of the following products would you use if provided by your bank? (Select all that apply.)
  - a. Text alerts for balances, overdraft, or fraudulent items
  - b. Mobile remote deposit via a phone or tablet
  - c. Person to person transfer of funds via a text message
  - d. Online personal budgeting tool (similar to Mint, Smarty Pig.)
3. How often do you visit the bank in person?
  - a. 3 times a week
  - b. Once a week
  - c. Once a month
  - d. Less than once in 3 months
4. How often do you access account information?
  - a. Multiple times daily
  - b. Daily
  - c. Once a week
  - d. Once a month
5. What is your preferred method of contact with your bank?
  - a. Through online banking or email
  - b. In person at a banking center or drive thru
  - c. Direct phone call with bank staff
  - d. Mobile banking or text

**Table 1: Overall Results**

	N
Age	
18-34	188
35-49	225
50-64	365
65 and older	274
Which products do you prefer to access account balances?	
Datalink24	81
Online Banking	949
Mobile Banking	271
Phone Call	78
Banking Center	166
Which products would you use if provided?	
Text alerts	625
Mobile remote deposit	315
Person to person transfer of funds via text	211
Online personal budgeting tool	262
How often do you visit the bank?	
Three times a week	43
Once a week	261
Once a month	396
Less than once in three months	346
How often do you access account information?	
Multiple times daily	47
Daily	384
Once a week	459
Once a month	155
What is your preferred method of contact with your bank?	
Through online banking or email	392
In person at a banking center or drive thru	333
Direct phone call with bank staff	253
Mobile banking or text	67

**Table 2:** Responses to Question 1: Which products do you prefer to access account balances? Participants were allowed to choose multiple responses. Each response is tested for a difference from the sample mean and T statistics are reported in parentheses.

	N	Preferred Products				
		Datalink24	Online Banking	Mobile Banking	Phone Call	Banking Center
Full Sample						
N	1052	81	949	271	78	166
%		7.7%	90.2%	25.8%	7.4%	15.8%
By Age Group						
18-34	188	6.9%	<b>84.6%</b>	<b>59.6%</b>	6.9%	17.6%
		(0.445)	<b>(2.877)</b>	<b>(-12.531)</b>	(0.288)	(-0.736)
35-49	225	9.8%	<b>86.7%</b>	<b>37.8%</b>	8.4%	18.7%
		(-1.319)	<b>(2.019)</b>	<b>(-4.693)</b>	(-0.665)	(-1.340)
50-64	365	<b>10.1%</b>	<b>94.0%</b>	<b>15.9%</b>	7.4%	14.2%
		<b>(-2.164)</b>	<b>(-3.004)</b>	<b>(5.404)</b>	(0.016)	(0.994)
65 and older	274	<b>3.3%</b>	92.0%	<b>5.8%</b>	6.9%	14.2%
		<b>(3.200)</b>	(-1.141)	<b>(9.099)</b>	(0.352)	(0.816)

**Table 3:** Responses to Question 2: Which of the following products would you use if provided by your bank? Participants were allowed to choose multiple responses. Each response is tested for a difference from the sample mean and T statistics are reported in parentheses.

	N	Products			
		Text alerts for balances, overdraft or fraudulent items	Mobile Remote Deposit via a phone or tablet	Person to Person Transfer of funds via a text message	Online Personal Budgeting Tool (similar to Mint, Smarty Pig)
Full Sample					
N	1052	625	315	211	262
%		59.4%	29.9%	20.1%	24.9%
By Age Group					
18-34	188	<b>73.4%</b>	<b>51.1%</b>	24.5%	<b>43.6%</b>
		<b>(-4.346)</b>	<b>(-7.137)</b>	(-1.667)	<b>(-6.678)</b>
35-49	225	<b>67.6%</b>	<b>39.6%</b>	<b>26.7%</b>	<b>31.6%</b>
		<b>(-2.814)</b>	<b>(-3.569)</b>	<b>(-2.800)</b>	<b>(-2.608)</b>
50-64	365	<b>54.5%</b>	26.6%	19.2%	<b>21.1%</b>
		<b>(2.358)</b>	(1.739)	(0.519)	<b>(2.085)</b>
>65	274	<b>49.6%</b>	<b>12.0%</b>	<b>12.8%</b>	<b>11.7%</b>
		<b>(3.855)</b>	<b>(7.726)</b>	<b>(3.518)</b>	<b>(5.981)</b>

**Table 4:** Responses to Question 3: How often do you visit your bank in person? Each response is tested for a difference from the sample mean and T statistics are reported in parentheses.

	N	Frequency			
		Three times a week	Once a week	Once a month	Less than once in 3 months
<b>Full Sample</b>					
N	1052	43	261	396	346
%		4.1%	24.8%	37.6%	32.9%
<b>By Age Group</b>					
18-34	188	2.7% (0.276)	<b>34.2%</b> <b>(-3.247)</b>	36.9% (0.293)	<b>26.2%</b> <b>(2.201)</b>
35-49	225	4.5% (-0.305)	26.3% (-0.553)	39.3% (-0.512)	29.9% (1.120)
50-64	365	<b>5.8%</b> <b>(-1.991)</b>	25.7% (-0.366)	<b>33.7%</b> <b>(2.060)</b>	34.8% (-0.820)
>65	274	2.6% (1.490)	<b>16.5%</b> <b>(3.759)</b>	<b>42.9%</b> <b>(-2.011)</b>	<b>38.1%</b> <b>(-2.078)</b>

**Table 5:** Responses to Question 4: How often do you access account information? Each response is tested for a difference from the sample mean and T statistics are reported in parentheses.

	N	Frequency			
		Multiple times daily	Daily	Once a week	Once a month
<b>Full Sample</b>					
N	1052	47	384	459	155
%		4.5%	36.5%	43.6%	14.7%
<b>By Age Group</b>					
18-34	188	4.8% (-0.234)	<b>47.1%</b> <b>(-3.252)</b>	38.0% (1.790)	<b>10.2%</b> <b>(1.977)</b>
35-49	225	5.3% (-0.708)	36.4% (0.020)	40.4% (1.087)	17.8% (-1.453)
50-64	365	4.4% (0.096)	37.2% (-0.234)	44.6% (-0.358)	13.8% (0.690)
>65	274	3.7% (0.762)	<b>29.3%</b> <b>(3.077)</b>	<b>50.0%</b> <b>(-2.192)</b>	17.0% (-1.1115)

**Table 6:** Responses to Question 5: What is your preferred method of contact with your bank? Each response is tested for a difference from the sample mean and T statistics are reported in parentheses.

	N	Method of Contact			
		Online banking / Email	In person	Direct phone call	Mobile banking / Text
<b>Full Sample</b>					
N	1052	392	333	253	67
%		37.3%	31.7%	24.0%	6.4%
<b>By Age Group</b>					
18-34	188	31.7% (1.841)	30.6% (0.434)	20.4% (1.358)	<b>17.2%</b> <b>(-6.734)</b>
35-49	225	41.8% (1.580)	32.0% (-0.123)	19.1% (1.957)	7.1% (-0.514)
50-64	365	38.4% (-0.534)	30.7% (0.492)	27.1% (-1.701)	<b>3.8%</b> <b>(2.457)</b>
>65	274	36.8% (0.450)	34.2% (-0.795)	27.1% (-1.167)	<b>1.9%</b> <b>(3.600)</b>