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Expectations & Experiences

Household Finances

April 2016





Managing Finances in the Digital Age

With the continuing digital transformation of financial services, U.S. consumers now have more access to financial tools, providers and advice than ever before. How is this changing how people manage and move money? Are financial providers delivering services that are in step with how they live and work? What are the unique experiences valued by millennials and high-net worth families?

These are just a few of the questions covered in Expectations & Experiences, the quarterly consumer trends survey conducted by Harris Poll on behalf of Fiserv.

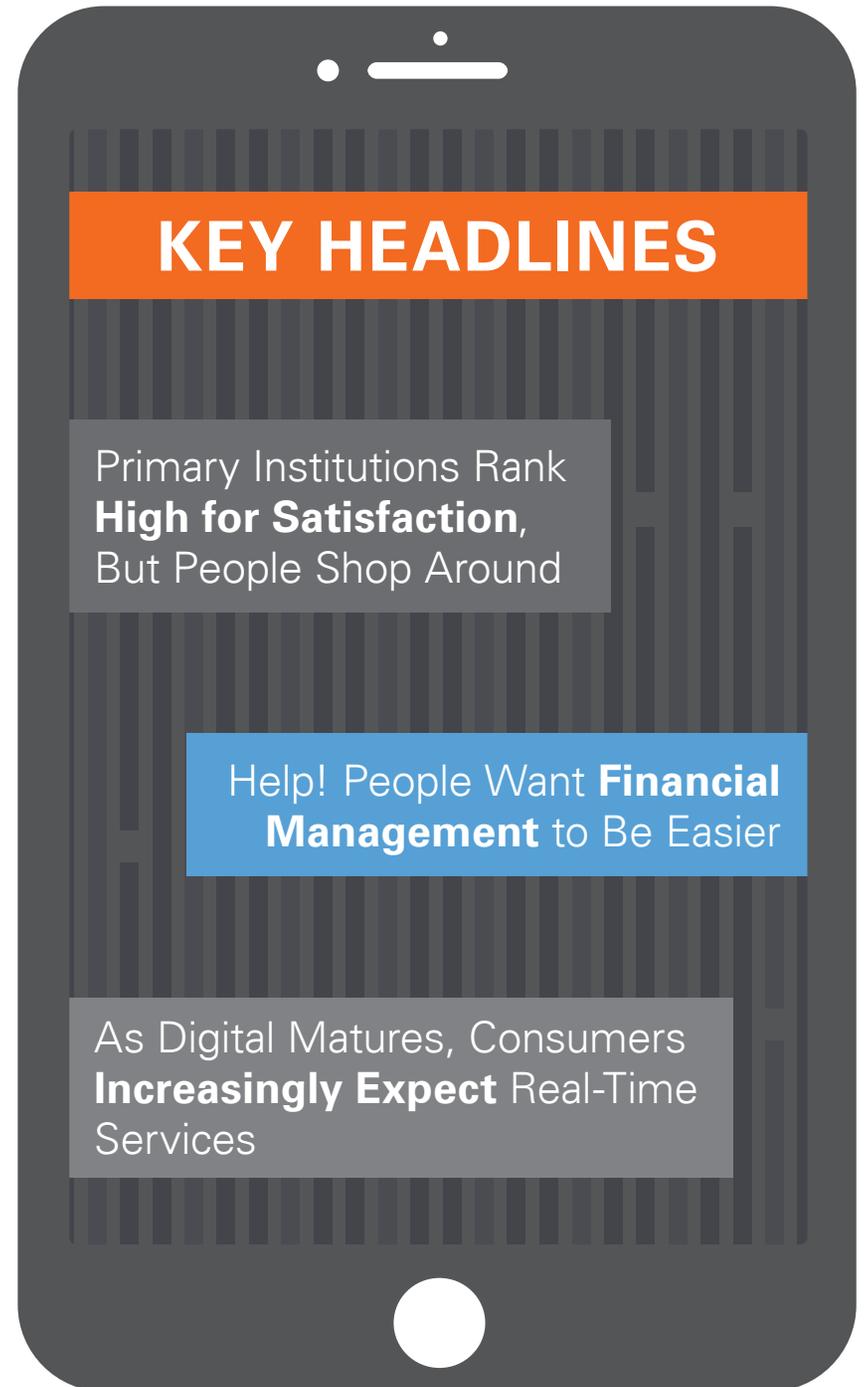
Formerly the Consumer Trends Survey, Expectations & Experiences builds on 15 years of Fiserv-sponsored survey data to understand consumer needs and help clients drive customer satisfaction, loyalty and profitability. This paper summarizes key survey results, with additional survey insights available to Fiserv clients.

For this module, over 3,000 U.S. banking consumers were surveyed about their attitudes, behaviors and habits regarding household finances. The resulting data-driven insights can help financial institutions create services that meet customers where they are and enhance the way they live and work.

Despite conventional wisdom to the contrary, a majority of consumers say they are satisfied with their primary institution. At the same, they must maintain multiple financial relationships to have their needs met. With people reporting financial management to be a time-consuming chore, juggling multiple providers only adds to the complexity. There's clear demand among consumers for advice and education to help manage and simplify their financial lives, particularly among millennial respondents.

When it comes to financial tools and services, people are clear—make it fast, easy to use and secure. Although provider websites are primarily used to track expenses and mobile banking continues to grow, many people still rely on standbys, such as branch services. The frequency of use of debit and credit far outpace other payment methods, but cash and check remain relevant for specific use cases and are more important for certain demographics.

For newer innovations, such as digital wallets and mobile payments, adoption remains modest, but there is a strong indication of interest among millennials and affluent households. Throughout the survey results, these two critical segments display more affinity for digital services—an important reason for financial providers to keep an eye on technology trends.



KEY HEADLINES

Primary Institutions Rank
High for Satisfaction,
But People Shop Around

Help! People Want **Financial
Management** to Be Easier

As Digital Matures, Consumers
Increasingly Expect Real-Time
Services

Relationships With Financial Institutions

Primary Institutions Rank High, But People Shop Around

Most American households appear to develop and maintain or grow relationships with financial institutions over time; those relationships last, on average, a decade or more. This endurance can be attributed, at least in part, to high levels of satisfaction.



Households have relationships with four financial institutions on average

76% are satisfied with their primary financial institution

More than 3 in 4 households rate their primary institution as an 8 or higher on a 10-point satisfaction scale, with more than one-quarter (28 percent) saying a “perfect 10.”

This is driven predominantly by a positive reputation and excellent customer service, regardless of the size of the institution.

Still, longevity doesn’t always translate into loyalty. Very rarely do households use a one-stop-shop approach to financial management, wherein they rely on only one institution to satisfy all their financial needs. Working with multiple institutions generally reflects a strategy intended to maximize rewards, rates and results, so households can meet their varied needs.

4 OUT OF 5 TOP REASONS

households have more than one financial institution include rewards, rates or results, specifically:

- 1 I get favorable **rates or better rewards** by using credit cards from different financial institutions
- 2 I can take advantage of **favorable interest rates** on long-term accounts at different financial institutions
- 3 I like to keep my savings account and investment account at different financial institutions because I get **better results with my investments**
- 4 I receive **multiple perks** from using multiple financial institutions

Financial Management Strategy

Help! People Want Financial Management to Be Easier

In general, managing household finances isn't an activity most households enjoy or look forward to, with the majority (60 percent) saying "managing money is something I have to do, not something I want to do." For many, it's a chore that requires time, attention and knowledge that they lack (or at least think they lack). And, the burden of financial management is heightened among parents (of kids under 18) and early millennials (ages 18 to 24).

45%  agree it's a **CHORE** thinking about how to manage their money

1 in 4



admit to not having **ENOUGH TIME** to manage their finances the way they want to



1 in 4

report often **FEELING LOST** when trying to manage their household expenses

And, there are many signs that households may need more support from the outside:

1

On average, U.S. adults rate themselves a "B" for short-term responsibilities, such as paying bills and sticking to budgets. This drops to a "C+" for long-term goals such as saving for college or retirement.

Grade Given for Financial Management (Average)

Having enough money to routinely pay bills	B
Managing household finances	B
Ability to stick with a budget	B-
Ability to save money for a specific situation	B-
Ability to save enough for college or retirement	C+

2

Nearly 1 in 2 households say they don't have anyone that they rely on for advice, and it's even higher among boomers and seniors. Further, nearly 1 in 3 households (32 percent) say they get conflicting opinions about the right way to handle their finances. This is highest among early millennials (52 percent) and late millennials (44 percent).

3

Over half of households view financial institutions as partners in managing their finances. In fact, households identify a wide variety of tools, support, information and strategies that would be very helpful in navigating financial management.

Household Finance Trends

As Digital Matures, People Expect Real-Time Services

Despite an increase in usage of online and mobile applications, many American households still rely on well-established tools and resources to manage their finances. Going to the branch remains the most common entry point to open a new account. In addition, checkbooks maintain a presence in American lives—though less so with millennials—as one of the most commonly used ways to track expenses and repay large debts.



49% say they use a **checkbook** to track their **finances**

Branch is still when it comes to opening a number of **accounts and loans**

#1



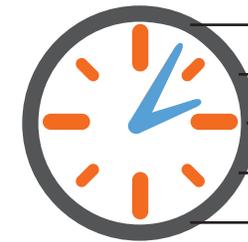
That said, the use of checks—and ATMs—has been on a downswing over the past year, while online payments have risen dramatically and mobile payments are gaining momentum. The website is by far the most common method to track and access financial information (surpassing checkbooks, brick-and-mortar and ATM).

There has been slower adoption of cutting-edge technologies such as contactless debit and credit cards and digital wallets. While these tools have yet to gain widespread traction, the qualities they embody are priorities in most households' financial management plans, especially to certain key segments: millennials and higher income households.

Must Be Fast and Easy to Use

In this fast-paced society (when information needs can often be satisfied instantaneously), consumers want the same from their financial institutions. Easy to use and faster is a familiar outcry, with the biggest demand for real-time solutions that deliver at once. For most adults (69 percent), this real time means immediately or within seconds. About 3 in 4 households—even higher for millennials—want real-time balances on all their accounts (75 percent) and instant posting of transactions (72 percent). And, those with the greatest need (who have the least confidence in their own financial management abilities or who are spending extra time trying to manage things themselves) emphasize the need for speed and ease even more.

DEFINITION OF REAL TIME



43% Immediately
26% Within a Few Seconds
16% Within a Few Minutes
11% Within an Hour
4% Within the Same Day

Must Be Aggregated and Customized

Many households want to be able to track, view and access all of their financial information in one place. Following closely after real-time access (28 percent), the second most helpful resource for managing finances is the ability to manage all financial accounts from different institutions using a single online location or app (25 percent). Nearly 1 in 4 households (24 percent) report interest in a single directory of all financial institutions and people with whom they could regularly move funds, and even more (48 percent) are interested in a “name your price” tool where they could customize their desired outcome. And, millennials lead the pack with the greatest demand for financial innovation in the form of aggregation and customization (as well as real time).

About the Survey

Expectations & Experiences is a quarterly U.S. consumer trends survey that provides insight into the attitudes, behaviors and habits of financial consumers. Each module focuses on primary issues relevant to how people manage and move money, including preference and adoption of supporting services, channels and technologies.

One of the longest running surveys of its kind, the survey builds on 15 years of longitudinal consumer survey data commissioned by Fiserv and provides financial services institutions with unique insight into consumer needs, enabling them to improve adoption of services that drive customer retention, satisfaction and profitability.

Methodology

This Household Finances module study was commissioned by Fiserv and conducted online by Harris Poll within the U.S. between Oct. 22 and Nov. 4, 2015, among 3,050 U.S. adults ages 18 and older who own a checking account with a bank, credit union, brokerage firm or other financial institution and have at least some level of involvement in managing their household finances.

The data were weighted to ensure relevant demographic characteristics of the sample matched those of the U.S. general population. All respondents (not only those who met the qualifying criteria) were weighted to U.S. Census Bureau demographic profiles for the U.S. population, age 18+ on education, age, gender, race, income, region, household size and number of hours spent on the Internet (with targets for this variable coming from Nielsen Scarborough).

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) enables clients to achieve best-in-class results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and business insights and optimization. For more than 30 years, Fiserv has been a leader in financial services technology, and today is among FORTUNE® magazine's World's Most Admired Companies and Forbes magazine's America's Best Employers.

For more information, visit www.fiserv.com.

About Harris Poll

Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, The Harris Poll has gained strong brand recognition around the world. The Harris Poll offers a diverse portfolio of proprietary client solutions to transform relevant insights into actionable foresight for a wide range of industries including health care, technology, public affairs, energy, telecommunications, financial services, insurance, media, retail, restaurant and consumer packaged goods. Contact us for more information at consumerinsightsnainfo@nielsen.com.



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