



#Millennials the next #MobileDisruptors

Research Report

Submitted by:

Zogby Analytics

Jonathan Zogby – Chief Executive Officer

John Zogby – Senior Analyst

Chad Bohnert – Chief Marketing Officer

Zeljka Buturovic – Survey Statistician

Marc Penz – Systems Administrator

September 2015

Zogby Analytics

901 Broad Street

Utica, New York 13501

zogbyanalytics.com

Executive Analysis

The word that sets Millennials apart from all other age cohorts is *technology*. It's not that we all don't live with new technologies but that this youngest adult cohort has never known anything but new technologies, changing technologies, adjustment, adaptation, re-learning, new adaptation, teaching to their parents and teachers, then more new technologies.

The Mitek and Zogby Analytics poll of 18 to 34-year olds who have smartphones does nothing to contradict this assumption. Even before we look at the results, the sample itself tells the story: Millennials with smartphones represent 86 percent of all in this age cohort. That is a figure from our colleagues at Pew Research and it is from 2014 – meaning that the growth trajectory probably continues.

The 2014 Mitek Millennials survey found that their desire to do everything on their mobile devices had the influence to be a commerce disruptor. This year, Mitek and Zogby Analytics revisited Millennials' mobile preferences and found that this trend is not only accelerating, but they now want to digitize all commerce through their mobile camera.

This year Mitek and Zogby Analytics are unveiling findings from new research of more than 1,000 Millennials showing their current mobile commerce preferences, their biggest hurdles and what they expect in the future. What started with the selfie has evolved to commerce: from banking, to shopping and to peer-to-peer lending. The findings show that 96 percent consider the camera crucial to their smartphone and 68 percent say that they would rather snap a picture than ever have to type something.

So what does the survey tell us?

Top findings include:

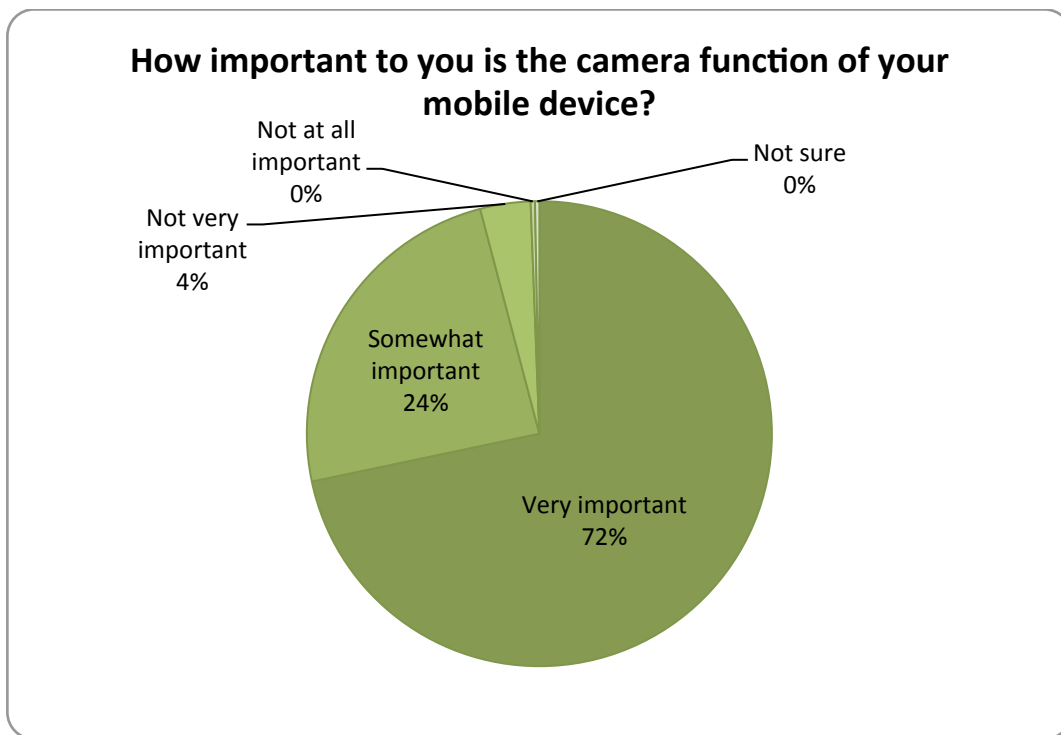
1. Almost all (96 percent) say their mobile camera function is either very or somewhat important to them. Sixty-one percent of the sample of the Mitek survey told us they would fix the camera "immediately" and nearly 50 percent said that their smartphone was "practically useless" without a camera.
2. More than two in three of these folks (68 percent) prefer to use the camera for mobile capture instead of ever manually typing information on their mobile device. More than four in five (83 percent) say that mobile capture will be part of all transactions in the

next five years.

3. Mobile means money for businesses racing to capture Millennials, with 42 percent of the survey respondents making decisions on where to spend money or switching companies based on what organizations allow them to accomplish with a mobile device (up 6 percent from the 2014 survey). Also in the 2014 survey, more than half of respondents said they would pay for goods using their mobile device. This year's survey found that Millennials have moved beyond wishing, with 86 percent making purchases/conducting transactions from their smartphone, with 11 percent doing so daily. Twenty-eight percent of Millennials want to enroll for everything from a new credit card, to a gym membership by taking a picture of their driver's license.
4. Mobile banking was the gateway snap that introduced Millennials to mobile capture. Sixty-eight percent of Millennials say they received their first exposure to mobile capture (taking a picture with a smartphone for data extraction purposes) using mobile deposit. Banking is also the top industry where Millennials wished there were more mobile capture functionality (40 percent) and a trend emerged showing that the more money Millennials' make, the more they want mobile capture. Last year, only 34 percent of Millennials had deposited a check by taking a picture with their mobile smartphone camera and this year 54 percent report making mobile deposits.
5. Thirty percent have never abandoned a mobile data entry process, but of those who have, the primary reason was that the function was "too slow" (31 percent). It appears that these are not just smartphone users, they are actually *SMART* smartphone users. A majority (54 percent) said that security trumps convenience when using a mobile device and 86 percent are willing "to take a few additional steps to verify (their) identity when opening an account or enrolling in a new service".
6. When it comes to providing proof of identity, 61 percent prefer the fingerprint, while they'd also accept newer forms like facial recognition (32 percent) or voice recognition (29 percent), or the old signature validation (21 percent).
7. This cohort frequently makes transactions and purchases via mobile sites or apps – 49 percent at least a few times a week, 72 percent at least monthly (cumulatively) and only 11 percent claiming never. Just over half (51 percent) use what is known as a "mobile

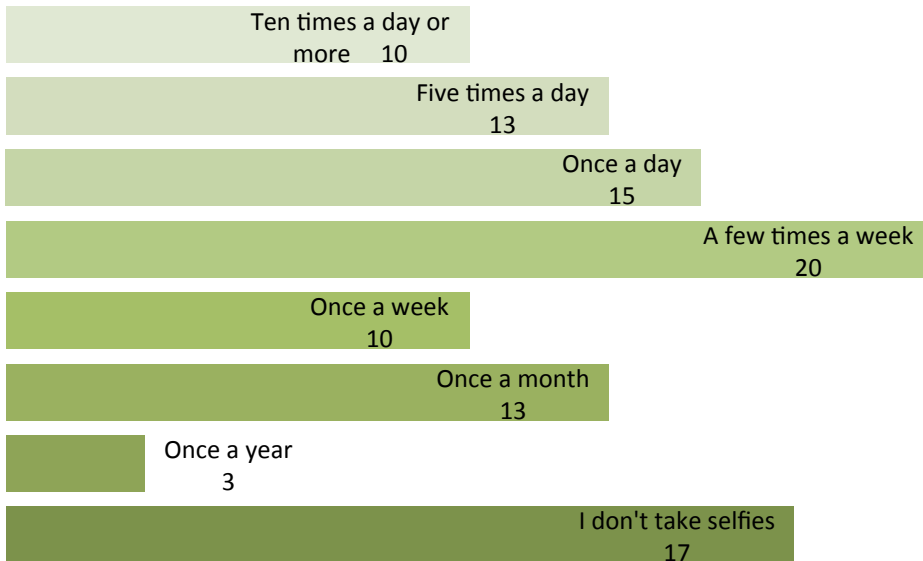
wallet”, instead of credit cards, cash, or checks). When asked what they’d like to do in the future: 19 percent said pass funds between friends by taking a picture of their debit cards; 21 percent said they’d like to establish a budget by taking a picture of their paycheck, bills, and bank statement to allocate where funds should be distributed; 39 percent said they would like to verify their identity with a digital ID instead of showing a driver's license during in-person transactions. At least three in ten use mobile capture for retail loyalty programs, credit card signups, health care, insurance payments, and education.

8. Three in five already feel comfortable using mobile devices for exchanging money with friends – both sending (61 percent) and receiving (63 percent). This includes 83 percent who said they were comfortable sending at least \$500 this way and 48 percent (cumulatively) who are fine sending at least \$100. Their top concern with this method of exchanging money with friends has little to do with the personal reluctance: 67 percent worry about the money getting to the person it’s intended for.

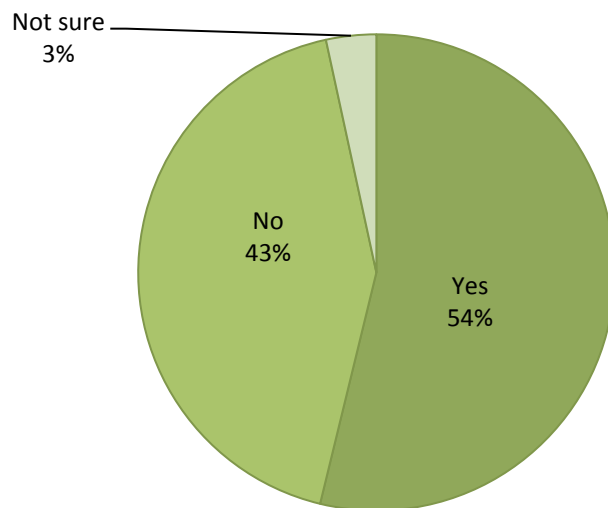


If your smartphone camera wasn't working, how would you react?	
	Percent
Immediately get it fixed – “without the camera the device is practically useless”	32
Immediately get a new phone – “without the camera the device is practically useless”	15
Immediately get a new phone with an even better camera– “any excuse for an upgrade!”	14
Eventually get it fixed – “like a cracked screen, I can live with it for a while”	21
Eventually get a new phone – “I can live with it for a while and will wait for a free upgrade”	10
Eventually get a new phone, with an even better camera – “I can live with it for a while if my next smartphone will have a better camera”	5
I wouldn't care if the camera was broken	2
Not sure	2

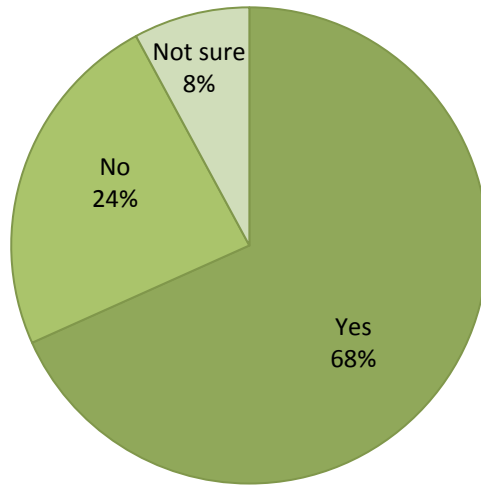
On average I take a selfie:



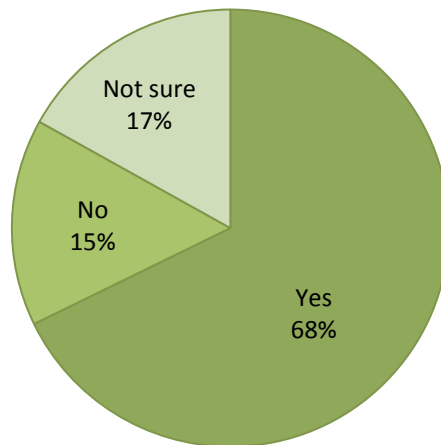
Have you ever used "Mobile Deposit" (depositing a check by taking a picture of it)?



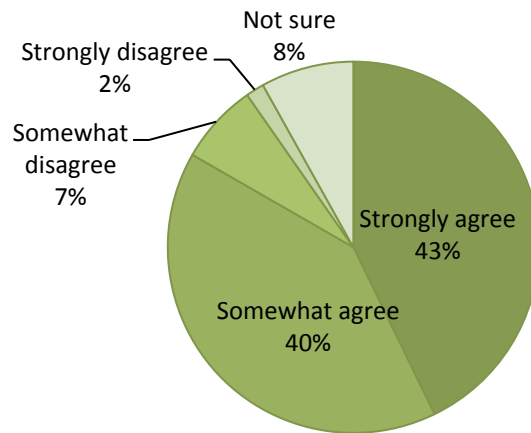
Was Mobile Deposit the first time you used Mobile Capture?



If possible, would you always use Mobile Capture (using a camera to capture information) instead of manually typing information on the mobile device)?



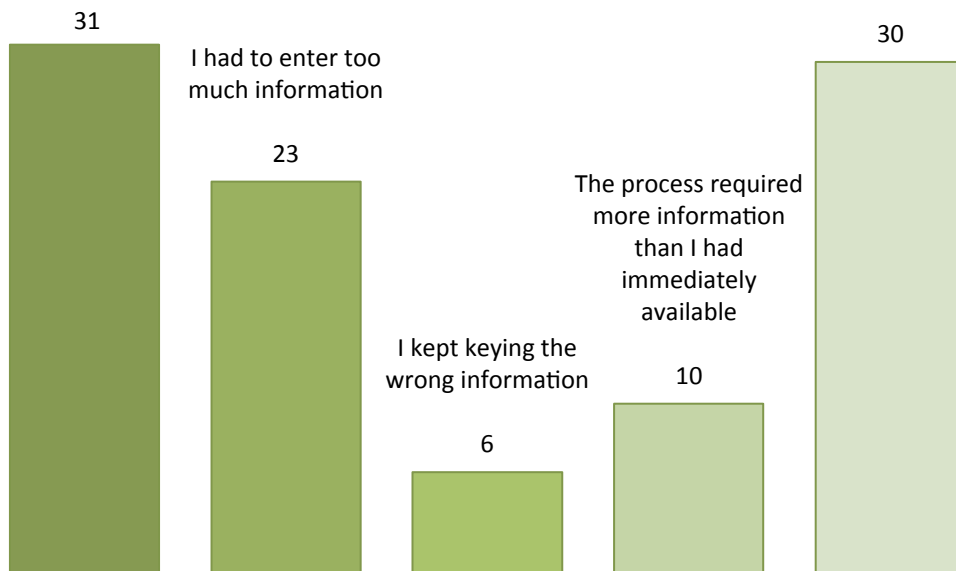
**Do you agree or disagree that in the next five years
Mobile Capture will be part of all mobile
transactions?**



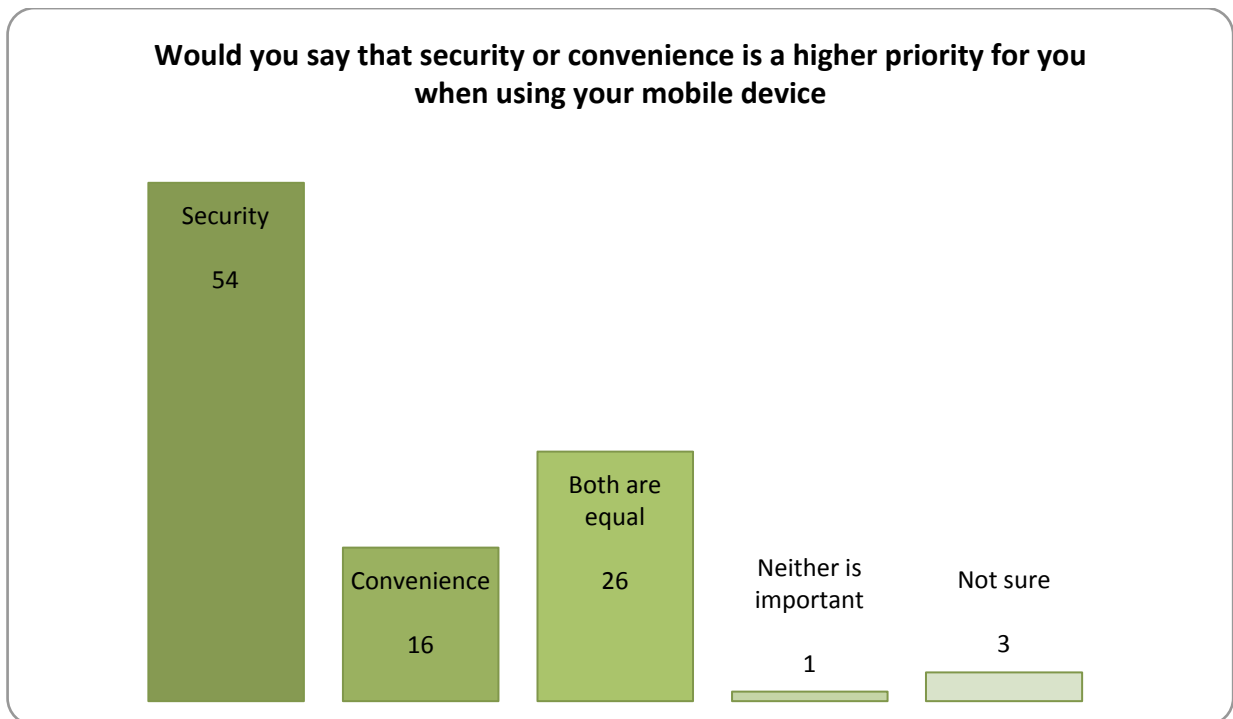
**If you have ever abandoned a mobile data entry process, what
was the main reason?**

The process was so slow on my mobile device that I gave up

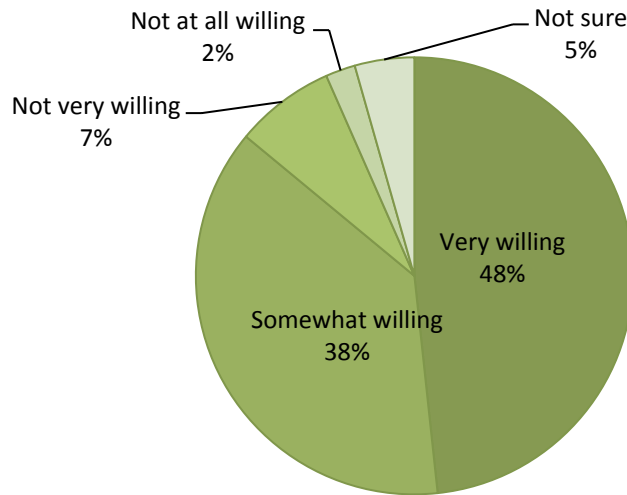
I have never abandoned a mobile data entry process



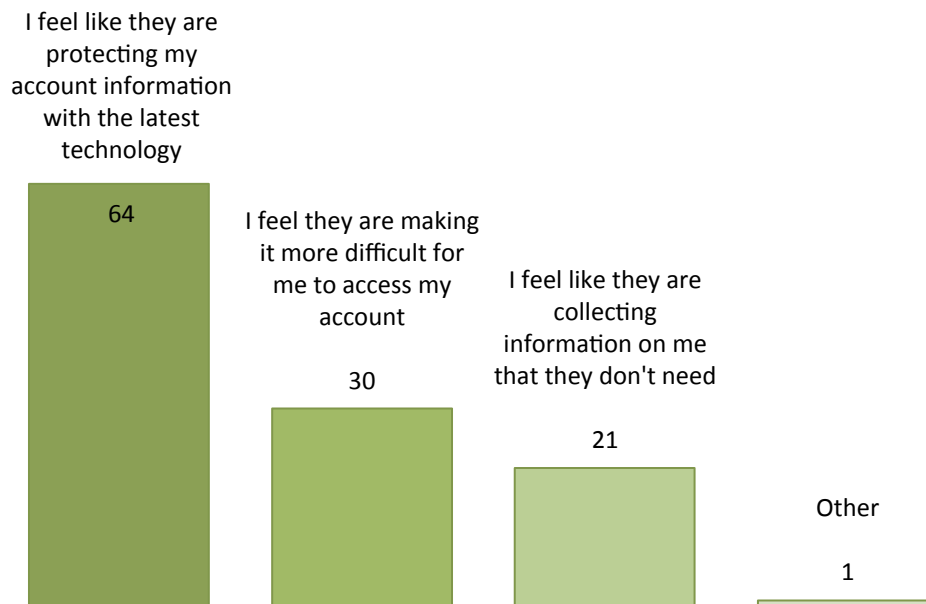
After you abandoned a mobile data entry process, what did you do next?		Percent
I was happy to access the company through another channel (went into a brick and mortar location, called customer service, or went to their non-mobile website).		41
I found a similar company/service on my mobile device that would allow me to complete my transaction.		19
I decided that whatever transaction I was trying to complete wasn't that important and just gave up.		14
I accessed the company through another channel (a brick and mortar location, called customer service or went to their non-mobile website) but was really frustrated by the experience.		14
I haven't completed my transaction yet, but I'm asking around/looking for a company that will allow me to complete this process on my mobile device.		2
Not sure		8
Other		2



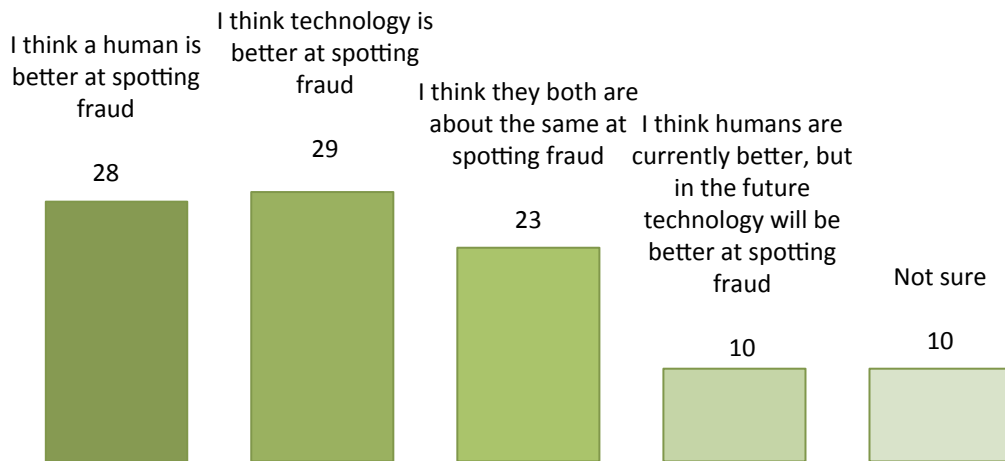
How willing would you be to take a few additional steps to verify your identity on a mobile device when opening an account or enrolling in a new service?



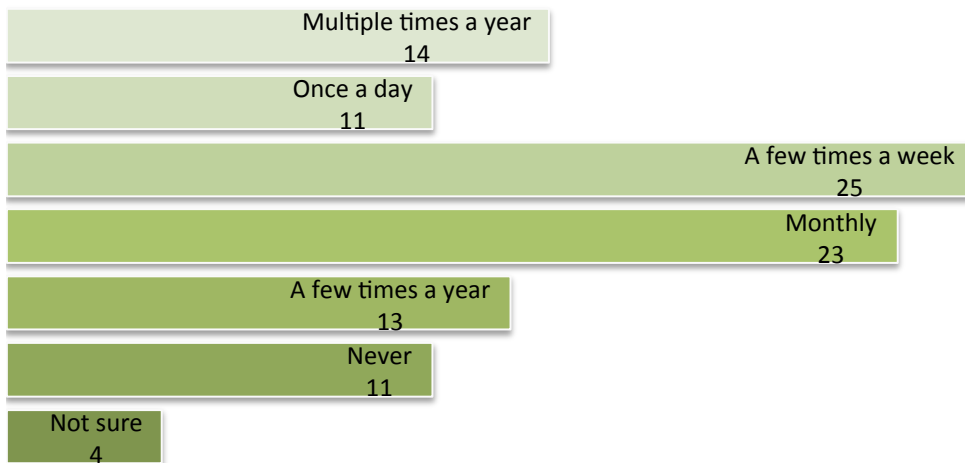
How do you feel when a company asks you to verify your identity with a picture? (Choose all that apply)



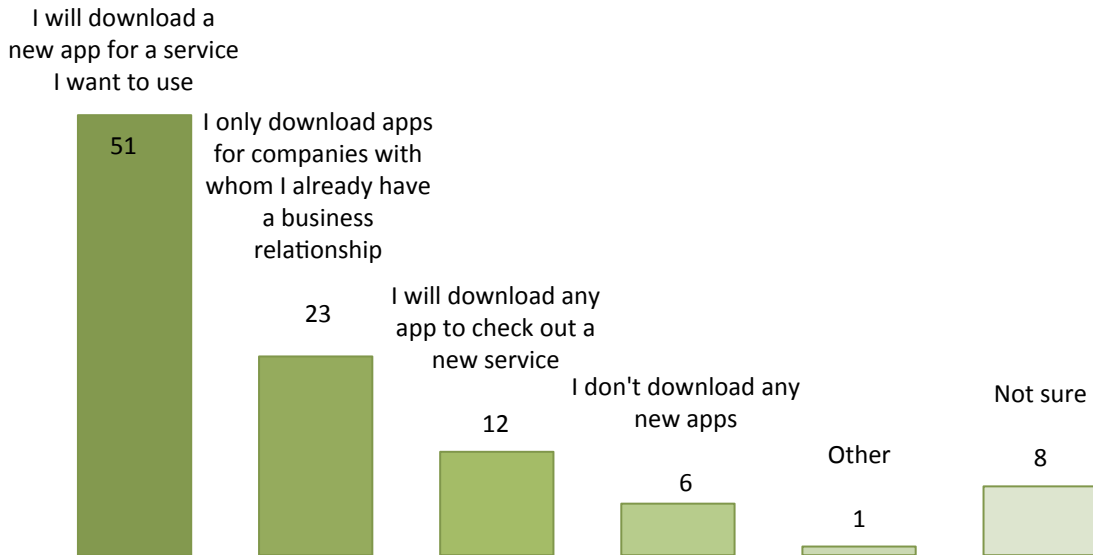
If an unauthorized user was attempting to access your personal accounts, do you think a human being (such as a call center representative) or technology (such as biometric analysis) would be better at detecting the fraudulent user?



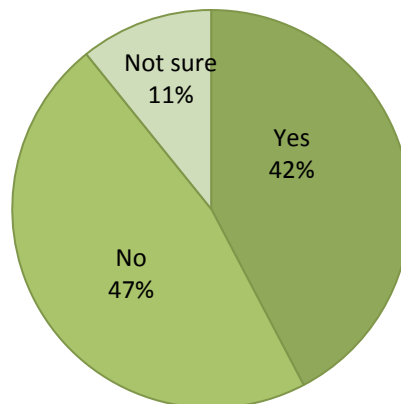
How often do you make a purchase/conduct a transaction from the mobile site or mobile app of a business on your smartphone?



Which of the following best describes your opinion about downloading a new app to unlock a new service?



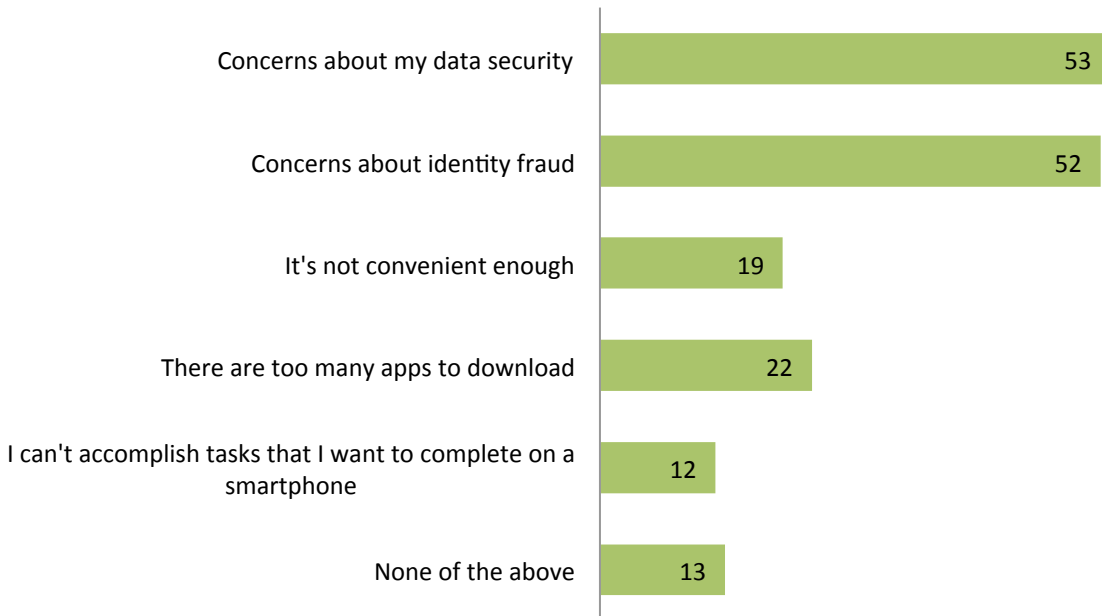
Have you ever made a decision on where to spend money or switched companies based on what they allowed you to accomplish with your mobile device (i.e. switched banks to get Mobile Deposit)?



Today do you, or in the future will you do any of the following with your mobile device if they were possible? (Choose all that apply)

	Percent
Pay for goods using the device as a mobile wallet instead of credit cards, checks, or cash.	51
Enroll for everything from a new credit card to a gym membership by taking a picture of your driver's license.	28
Verify your identity with a digital ID instead of showing your driver's license during in-person transactions.	39
Pass funds between friends by taking a picture of your debit card and a picture of their debit card.	19
Establish a budget by taking a picture of you paycheck, your bills, and your bank statement to allocate where funds should be distributed.	21
Not sure	21

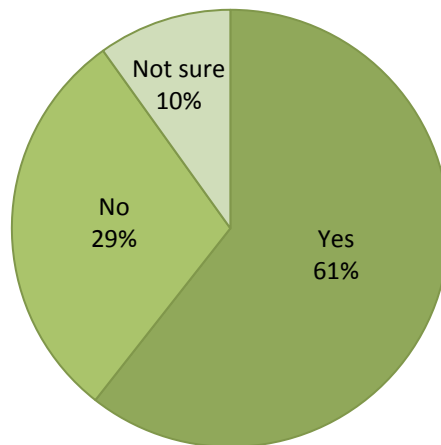
Today, which of the following barriers, if any, are stopping you from using your smartphone more? (Choose all that apply)



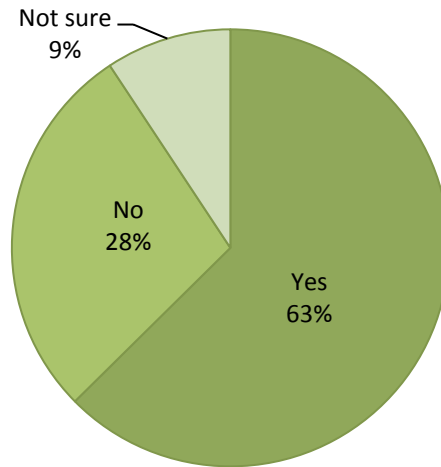
Which of the following industries do you wish would adopt more mobile capture functionality? (Choose all that apply)

	Percent
Banking – mobile check deposit, transferring funds, opening new accounts	40
Retail – sign up for loyalty programs without filling out any paperwork	30
Insurance – ability to take photos to get quotes, enroll in a plan, claims	30
Credit cards – ability to get an instant rate, conduct balance transfers, etc.	31
Healthcare – the ability to take pictures for enrollment, authentication, etc.	30
Education – enroll and pay for classes transfer funds on to meal cards all by taking a picture	27
None	9
Not sure	12

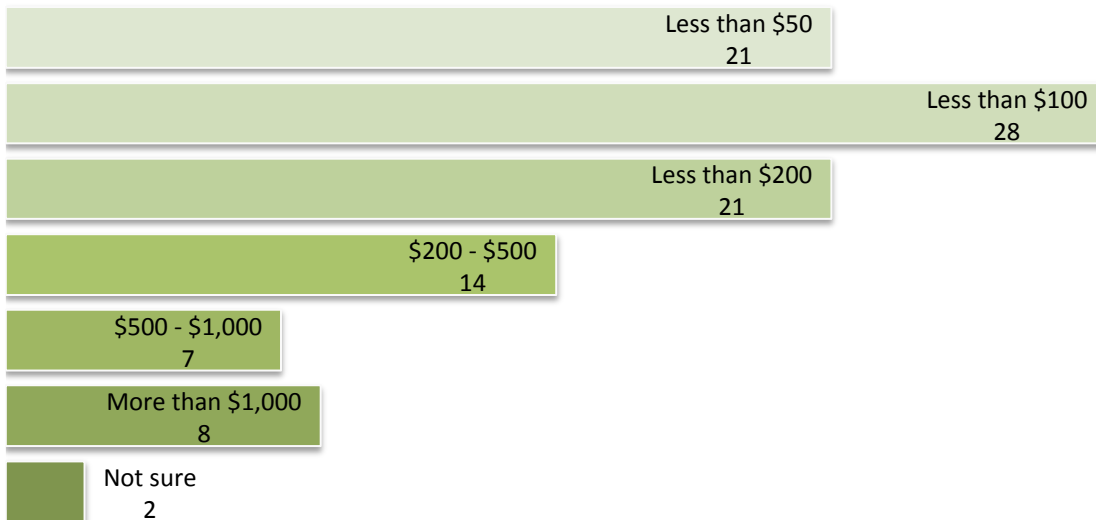
Have you ever sent, or would be comfortable sending money to a friend (or trusted individual) using a mobile device?



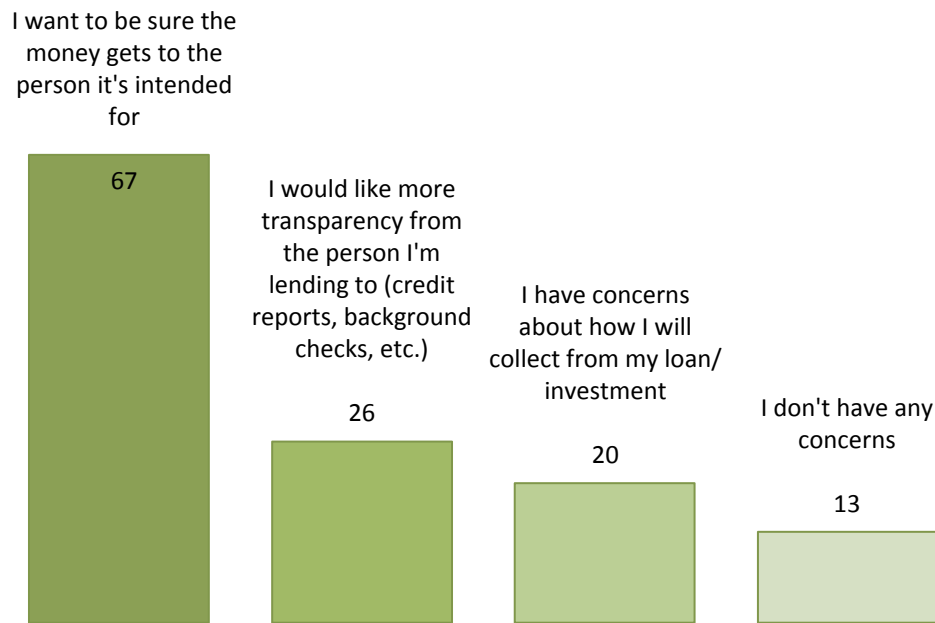
Have you ever received, or would be comfortable receiving money from a friend (or trusted individual) using a mobile device?



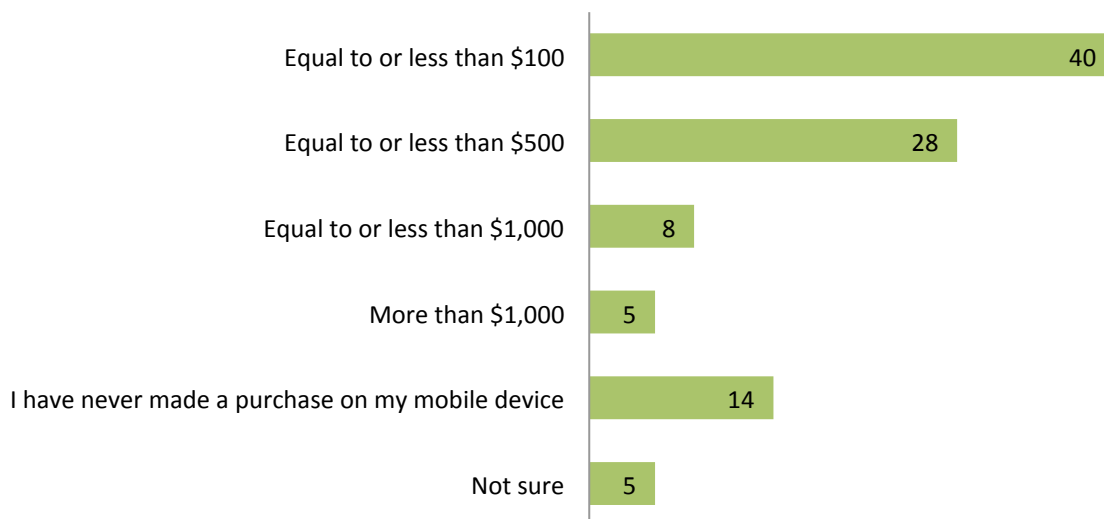
How much money are you comfortable sending to a friend (or trusted individual) via your mobile device?



**What, if any, are your top concerns for peer-to-peer lending?
(Choose all that apply)**



What is the largest purchase you have made with your mobile device?



Methodology

Zogby Analytics was commissioned by the Mitek to conduct an online survey of 1,006 Millennials (adults aged 18-34) with a smartphone.

Using trusted interactive partner resources, thousands of adults were invited to participate in this interactive survey. Each invitation was password coded and secure so that one respondent can only access the survey one time.

Using information based on census data, voter registration figures, CIA fact books and exit polls, we used complex weighting techniques to best represent the demographics of the population being surveyed. Weighted variables may have included age, race, gender, region, party, education, and religion.

Based on a confidence interval of 95 percent, the margin of error for 1006 was +/- 3.2 percentage points. This means that all other things being equal, the identical survey repeated would have results within the margin of error 95 times out of 100.

Subsets of the data had a larger margin of error than the whole data set. As a rule, we did not rely on the validity of very small subsets of the data especially sets smaller than 50-75 respondents. At that subset we could make estimations based on the data, but in these cases the data is more qualitative than quantitative.

Additional factors could create error, such as question wording and question order.

About Zogby Analytics:

Zogby Analytics is respected nationally and internationally for its opinion research capabilities. Since 1984, Zogby has empowered clients with powerful information and knowledge critical for making informed strategic decisions.

The firm conducts multi-phased opinion research engagements for banking and financial services institutions, insurance companies, hospitals and medical centers, retailers and developers, religious institutions, cultural organizations, colleges and universities, IT companies and Federal agencies. Zogby's dedication and commitment to excellence and accuracy are reflected in its state-of-the-art opinion research capabilities and objective analysis and consultation.