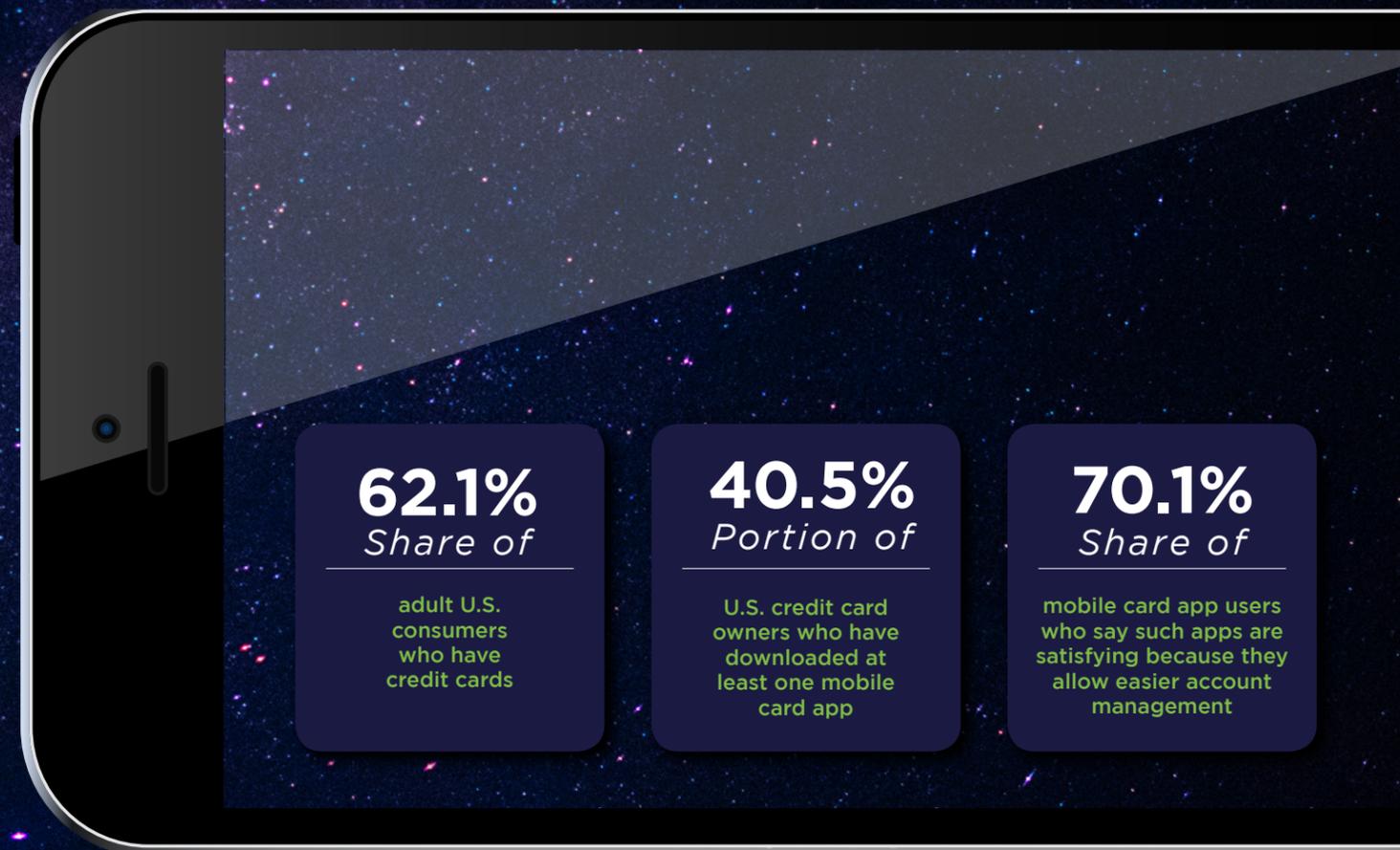


Bridging The Gap:
**MOBILE CARD
APP ADOPTION**
REPORT



The Bridging the Gap: Mobile Card App Adoption Report, a PYMNTS and Elan collaboration, seeks to better understand how consumers use credit card apps and the features that could further enhance their appeal. The report is based on a survey of nearly 2,000 U.S. consumers.

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Introduction

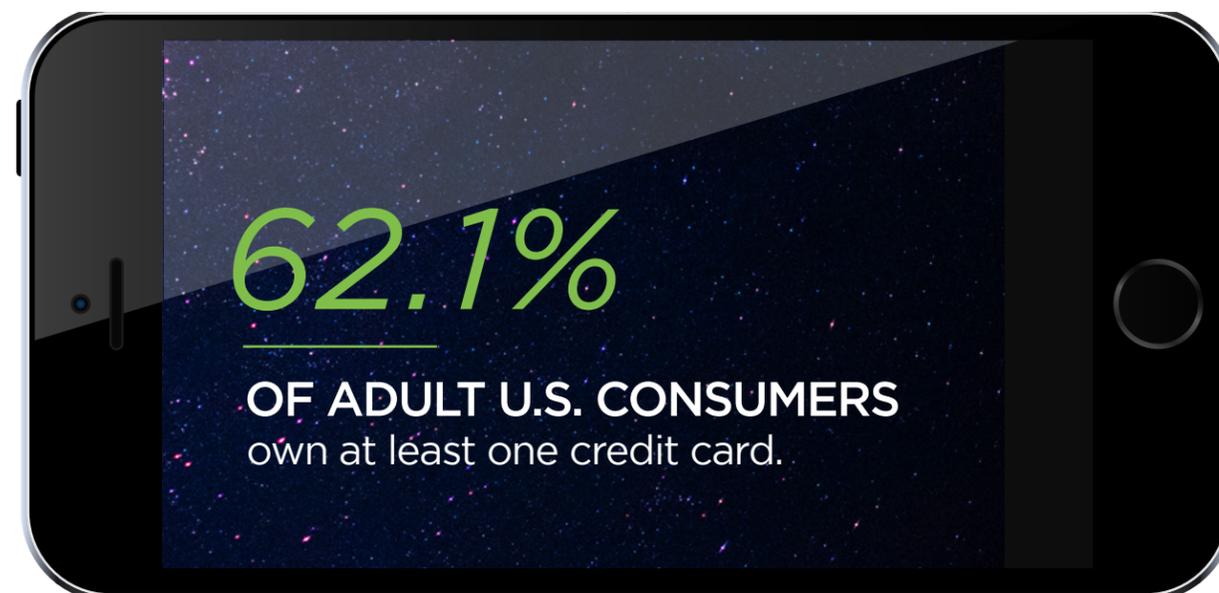
Credit card issuers do a lot to push their products to the top of consumers' wallets, offering promotional interest rates, rewards and slick card designs. These options may appeal to consumers, but one aspect of the card experience could prove even more compelling: mobile apps.

In Bridging the Gap: Mobile Card App Adoption, a PYMNTS and Elan collaboration, we surveyed nearly 2,000 United States consumers across a range of demographic groups to better understand their mobile credit card app use, the key app functions they want and the features they find most compelling.

Mobile credit card apps are issuer-specific smartphone apps that let consumers view balances and credit card

activity as well as service their accounts by making payments, redeeming rewards or setting travel notifications. Our analysis reveals that consumers are increasingly tapping these apps to enhance and augment their credit card use.

PYMNTS' research shows that 62.1 percent of adult U.S. consumers own at least one credit card, and 40.5 percent of those owning credit cards have downloaded at least one mobile card app, which means there are more than 102 million app users. Consumers are putting mobile credit card apps to work rather than leaving them idle, as our findings reveal that 60.7 percent of those who have downloaded the apps use them a couple of times per week, and within this group, 29.4 percent use them at least once a day.



Key Takeaways:

A majority of consumers already use mobile card apps, and many are avid users.

Our research shows that 53.3 percent of all respondents have downloaded mobile card apps, with 77 percent of those aged 18 to 24 doing so. Consumers who have such apps tend to use them frequently, as 60.7 percent report doing so at least a couple of times per week. Our findings show that 84.7 percent of regular card app users — those that use them at least once per week — say they are “very” or “extremely” satisfied with them.

Transaction alerts and fingerprint login options are the most compelling card app features.

Mobile card apps are in many ways ideally suited to delivering greater financial management and control, allowing consumers to access real-time information while avoiding fine print or password hassles. It is perhaps not surprising that the “stickiest” app features capturing interest are those that capitalize on smartphones’ built-in capabilities. These include real-time transaction alerts, cited by 21.1 percent of respondents as the most important mobile card app feature, and fingerprint login, cited by 19.2 percent as the same.

Such features may be particularly compelling but are by no means the only ones consumers value. Consumers look for a host of “standard” functions in mobile card apps, illustrated by the 68.3 percent of respondents who cited the ability to view credit card statements as important. The next most

popular feature is being able to view recent card activity, cited by 65.6 percent of respondents.

Consumers want apps that will enable greater spending control and make card management more convenient and easy.

Mobile card apps serve three vital purposes: They help consumers manage their accounts, provide convenience and enable controlled spending. Our research shows that 70.1 percent of respondents’ leading reason to use card apps is facilitating account management, followed by 63.3 percent who cite the desire for convenience. The third most-reported motivating factor is spend control, as 56.9 percent of consumers indicate they use apps to monitor and control their card use.

Younger consumers are the most enthusiastic about mobile card apps.

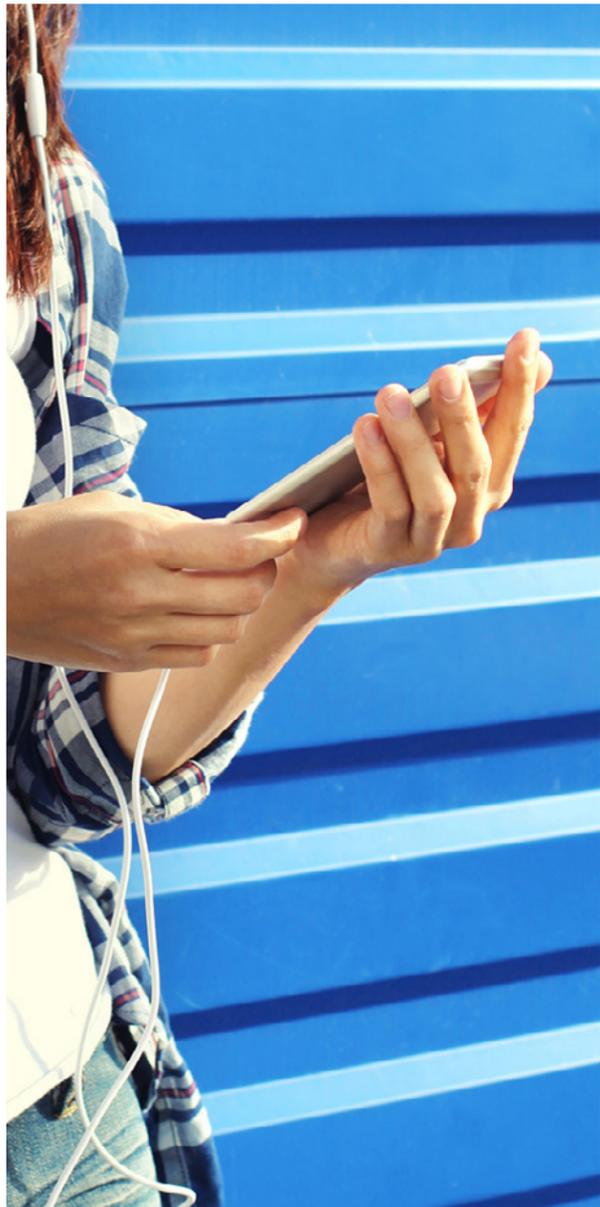
Our analysis shows that 90.4 percent of Gen Z consumers have downloaded card apps, while only 50 percent of baby boomers and seniors have done so. Younger consumers also report being more enthusiastic about numerous app features such as fingerprint login options, which 28.5 percent of Gen Z respondents consider the most important app feature.

These insights suggest that mobile card apps could potentially become as ubiquitous as physical cards if they can satisfy users’ desires for control, convenience and functionality.

THE CURRENT
STATE

OF THE
MARKET

The current state of the market



Financial innovations often face early difficulties, and consumers' slow adoption of the personal credit card illustrates this. It has taken almost 70 years for the technology to find use among most adult U.S. consumers, and our research indicates that 62.1 percent of them now own at least one credit card.

Mobile card apps have gained remarkable traction in a comparatively short time span, however. **Our analysis shows that 40.5 percent of the nation's consumers – 102 million – have downloaded such apps.** This adoption rate suggests that mobile apps are providing value and points to a significant growth opportunity, as more than 53 million cardholders have yet to access such offerings.

TABLE 1
The U.S. credit card and app market
 Share of consumers who own and use credit cards or card apps

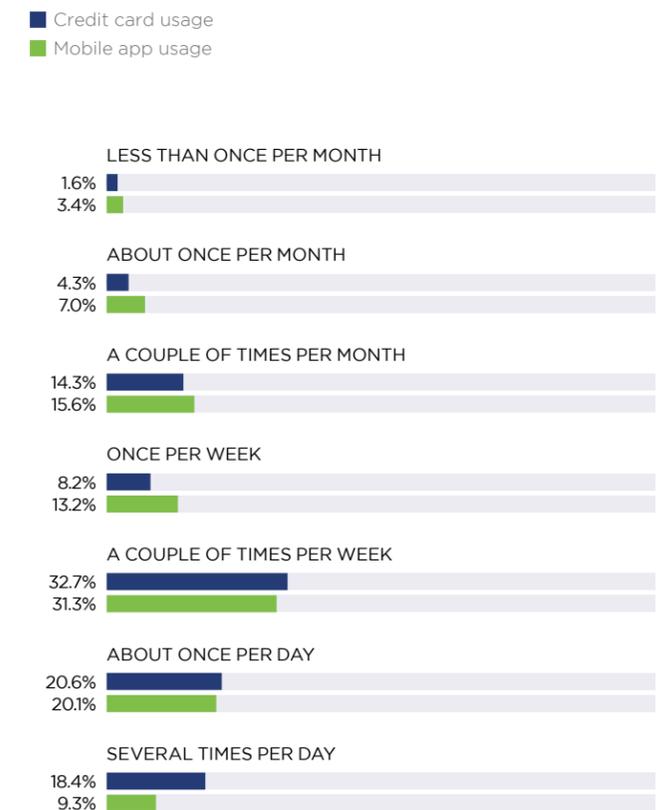
CRITERIA	Number of consumers (in millions)	Portion of U.S. adult consumers
U.S. adult population	252.0	100%
Credit card owners	156.5	62.1%
Downloaded mobile card app	102.0	40.5%

Downloading an app is not the same as using it, but our research shows that consumers utilize mobile card apps regularly. PYMNTS' analysis reveals that 60.7 percent of consumers who have such apps use them at least a couple of times per week on average, while 20.1 percent do so once per day and 9.3 percent use the apps several times each day. **We found that app utilization corresponds closely with card use, suggesting that consumers are accessing mobile solutions as extensions of their physical cards.**

Consumers are doing more than just using their apps to occasionally check account balances. PYMNTS' research indicates that 32.7 percent of consumers use their cards a couple of times per week, while 31.3 percent say the same about their card apps. A similar pattern emerges among the 20.6 percent who use their cards once per day on average, and 20.1 percent reported using their mobile apps with the same frequency.



FIGURE 1
Frequency of mobile app and credit card usage
 Consumers' use of credit cards and mobile card apps, by frequency



Mobile card app users – especially frequent users – are satisfied with the technology. Our research illustrates that 84.7 percent of respondents who use such apps at least once per week say they are “very” or “extremely” satisfied with them, and 78.6 percent of infrequent users say the same.

Mobile card apps appeal to consumers for three primary reasons: They simplify users’ account management, increase convenience and improve spend management.

Our research finds that 70.1 percent of consumers say using card apps makes account management easier. This compares to the 63.3 percent who say the apps make account management more convenient and the 56.9 percent who say such apps help them control their spending.

These findings suggest that mobile card apps are already satisfying consumers’ desires but that there appears to be considerable room for growth. After all, 53 million cardholders have yet to try mobile card apps, and some current users are not committed to those they have.

FIGURE 2
Consumers’ satisfaction with mobile card apps
 Share of “very” and “extremely” satisfied mobile card app users, by usage frequency

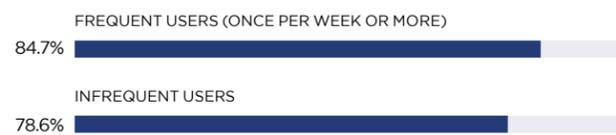
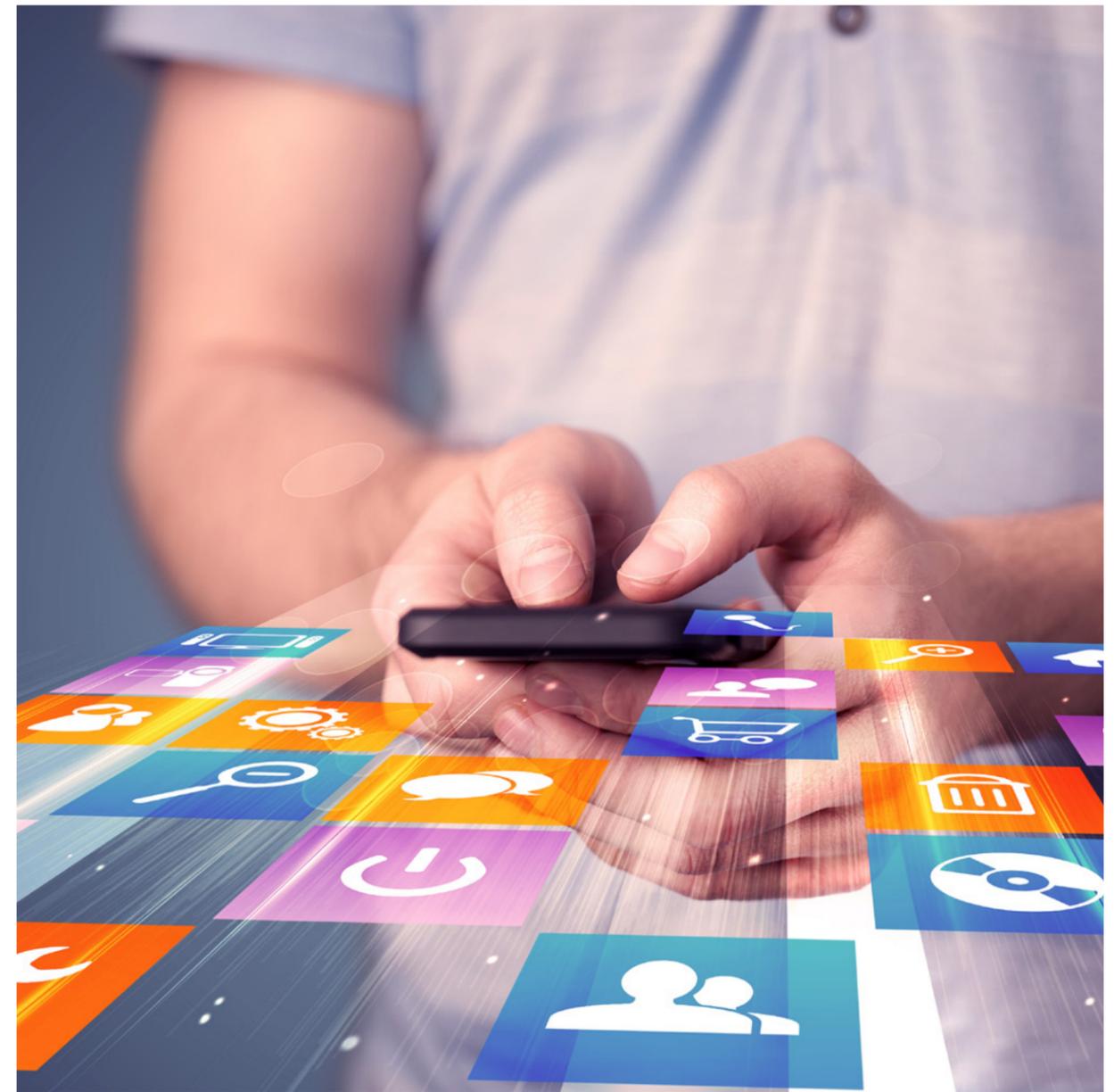
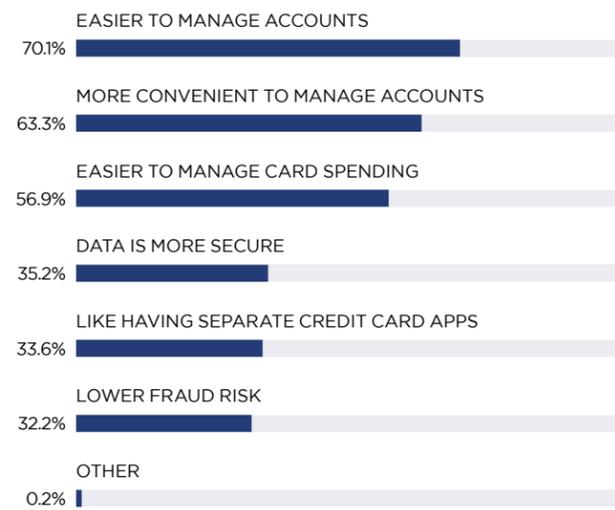


FIGURE 3
Consumers’ reasons for mobile card app satisfaction
 Share of respondents expressing satisfaction with mobile card apps, by reason



STANDING OUT IN A

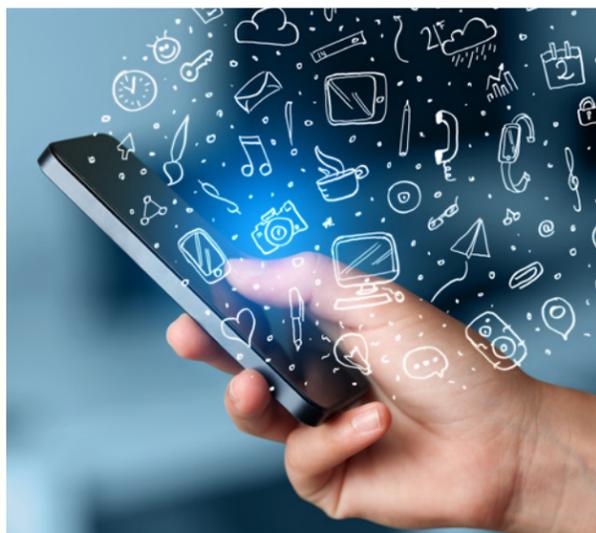
CROW

DED

FIELD



Standing out in a crowded field

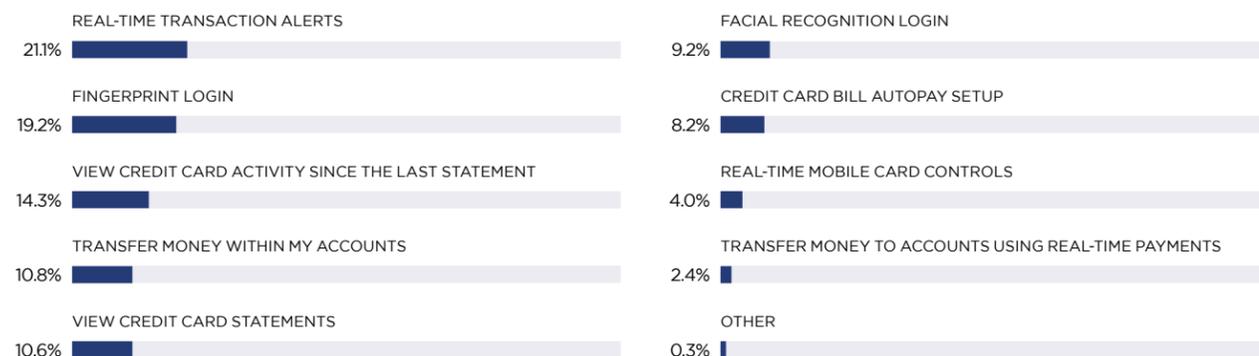


Identifying standout use cases and features is crucial to driving new technology adoption. It is hard to imagine finding a new location today without the aid of a smartphone's GPS, and such features become indispensable to consumers, making older methods seem intolerable. Two features in the mobile card app space appear to have this potential: real-time transaction alerts and fingerprint login options.

Our research shows that 21.1 percent of app users think real-time transaction alerts are the most important feature, and 19.2 percent feel the same about fingerprint login functions. These features top a list that includes facial recognition login options, fund transfer capabilities and real-time mobile card controls.

FIGURE 4
Mobile card apps' most important features

Share of respondents citing select features as most important, by feature



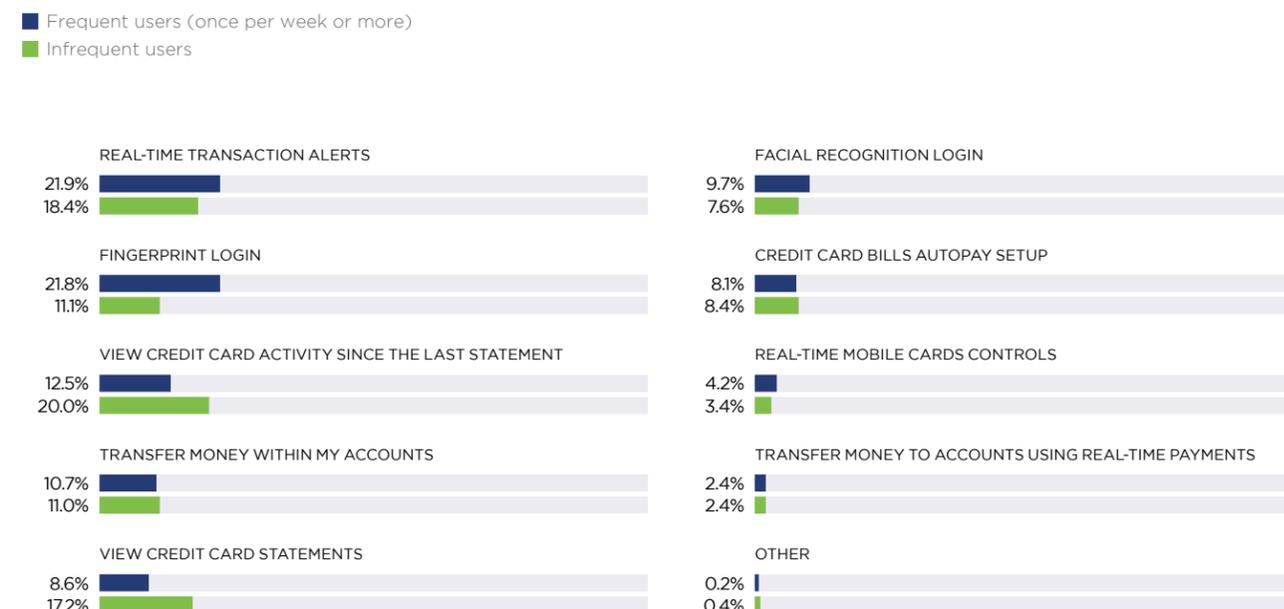
Real-time transaction alerts and fingerprint login functions stand out for another reason: Frequent mobile card app users favor them to a considerably greater degree than infrequent users. This distinction is important, and developers would be wise to heed enthusiasts' preferences. They know what they like, after all.

Our analysis reveals that 21.8 percent of frequent mobile card app users regard fingerprint login capabilities as the most important feature, nearly double the share of those who rarely use such apps. The share of regular users who

feel real-time transaction alerts are apps' most important feature is 21.9 percent, compared to 18.4 percent for infrequent users.

This data does not mean that a mobile app will entice consumers simply by offering a fingerprint login option, however. It instead reflects that consumers are searching for multifunctionality in card management, and several features emerge as compelling for consumers facing a range of options.

FIGURE 5
Respondents' most important mobile card app features
Share citing select features as most important, by app usage frequency



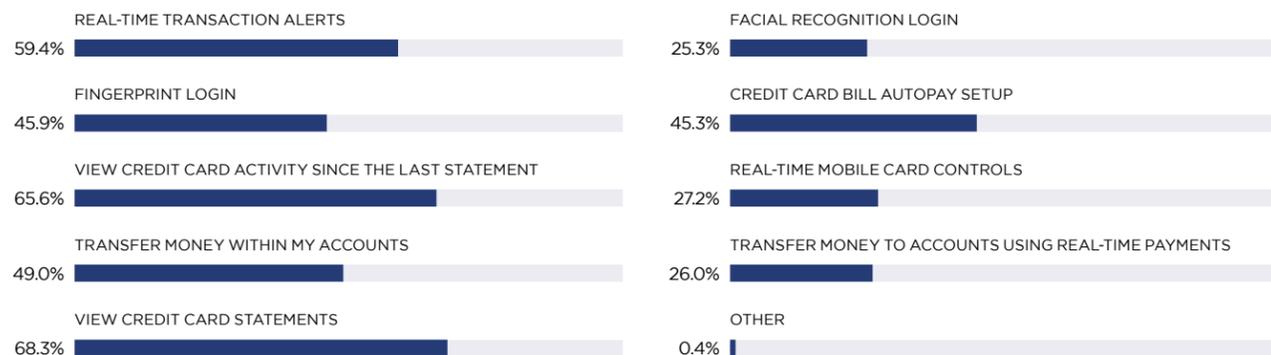


Our research shows that 68.3 percent of consumers consider the ability to view credit card statements to be a “very” important card app feature, making it the most-cited option. Next most cited is viewing card activity that has occurred since the previous statement, named by 65.6 percent of respondents as “very” important.

These features may not appeal to technology aficionados the way fingerprint login capabilities and transaction alerts might, but their broad appeal reflects these functions’ importance and practicality. They allow consumers to immediately access vital account information instead of waiting for mailed monthly statements.

FIGURE 6

Mobile card app features respondents view as important
Share citing select app features as “very” important, by feature

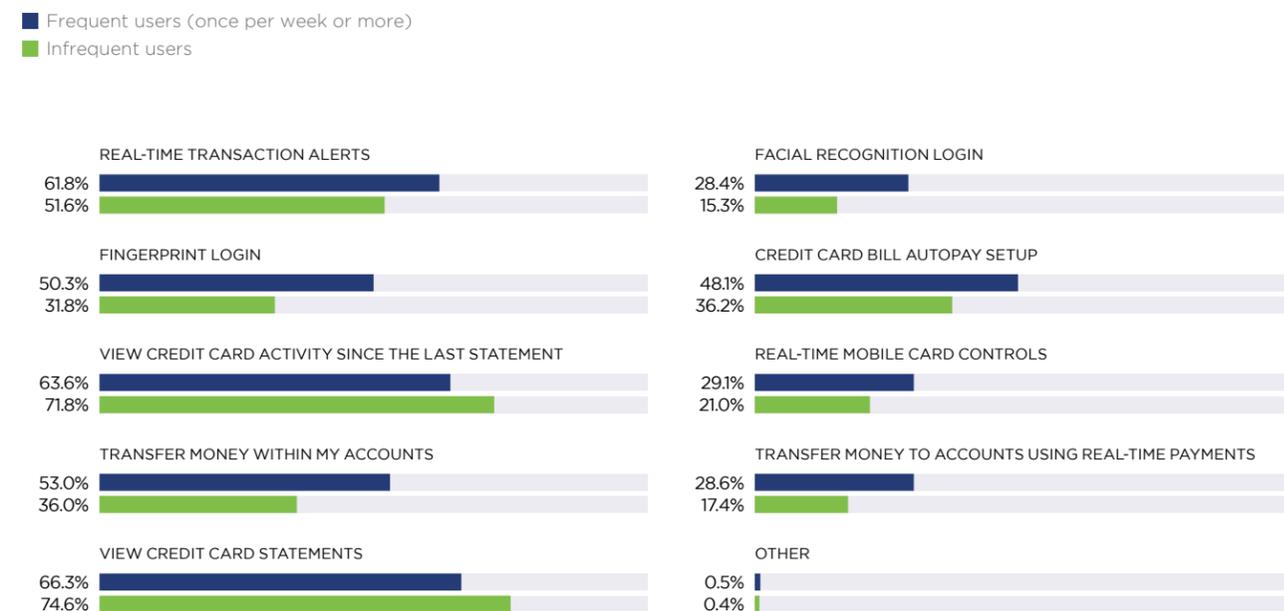


We find that both frequent and infrequent app users share similar attitudes toward high-priority features, despite a few key differences. The former group cites viewing card statements and monitoring recent account activity as card apps’ most important features, at 66.3 percent and 63.6 percent, respectively. They appear less enthusiastic

about these features than infrequent users, however, and frequent users have greater interest in a broad range of functions. This interest includes transferring funds between accounts, cited 53 percent of frequent app users as a “very” important feature.

FIGURE 7

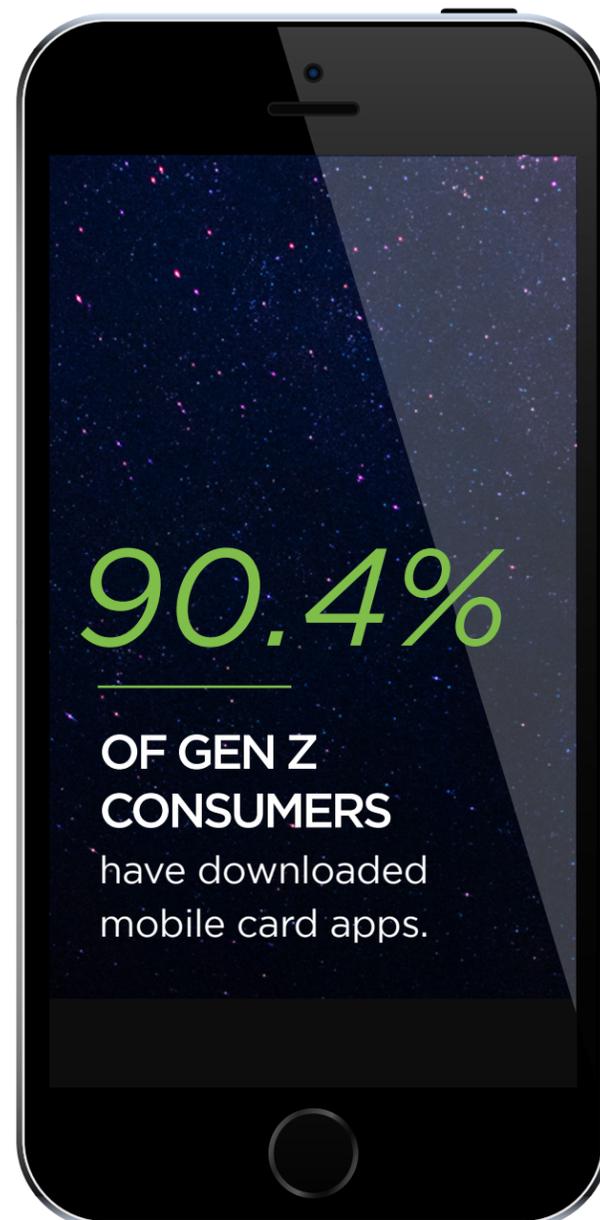
Mobile card app features important to respondents
Share citing select app features as “very” important, by app usage frequency





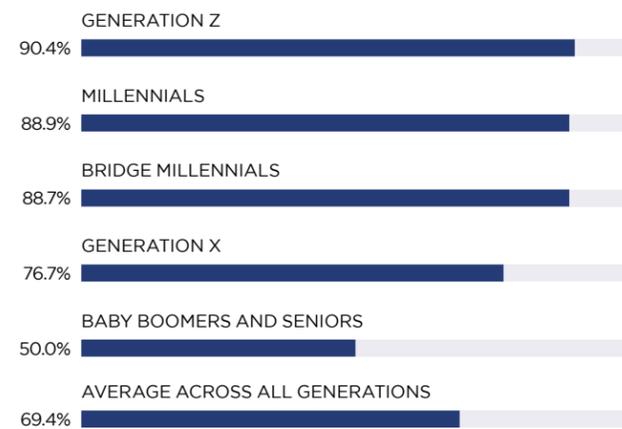
DEMOGRAPHER **APHIC**
DIVE

Demographic dive



Gen Z and millennial consumers have grown up with the internet and smartphones at the center of their lives, and they utilize these technologies to accomplish myriad tasks. They are accustomed to managing their finances with such solutions, perhaps making it no surprise the youngest consumers are by far the most enthusiastic adopters of mobile card apps. Our research shows that 90.4 percent of Gen Z consumers have downloaded mobile card apps, and only 50 percent of respondents aged 55 and older have done the same.

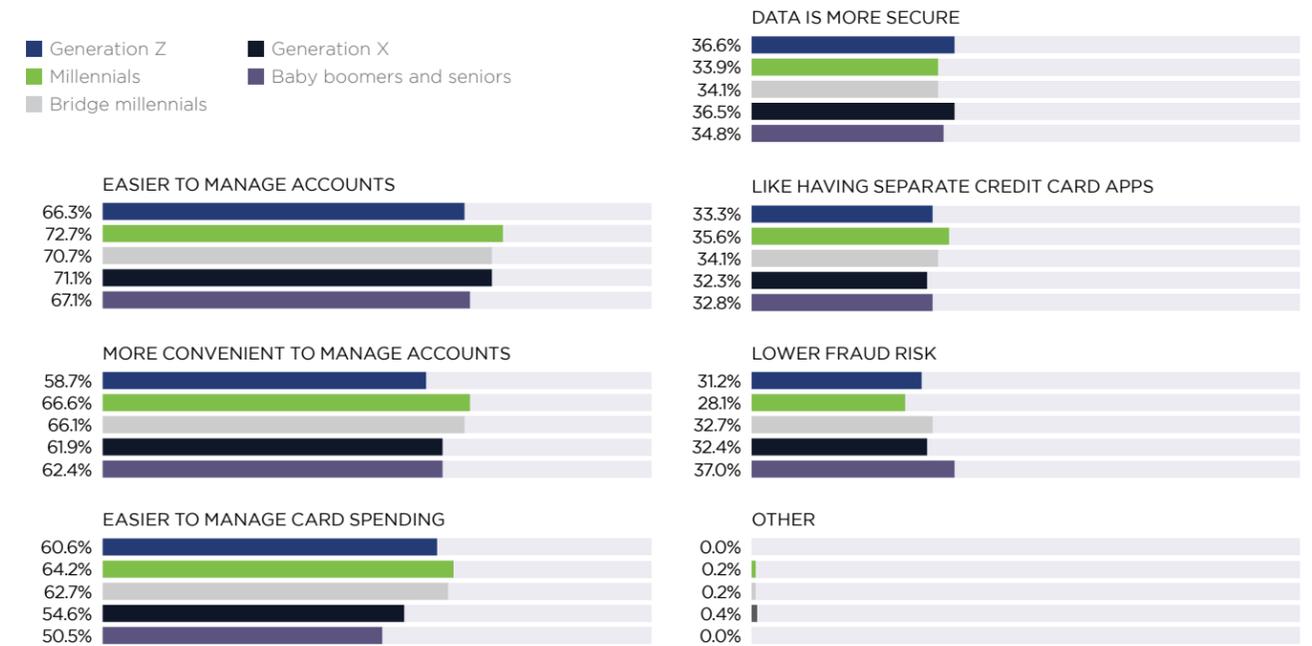
FIGURE 8
Mobile card app downloads across generations
 Share of respondents who have downloaded mobile card apps, by generation



More than two-thirds of all respondents believe mobile card apps can help them more easily manage their accounts, but interesting generational differences emerge when examining other motivations for using such apps. Our research shows that younger consumers are particularly interested in using card apps to manage their spending, as 64.2 percent of millennials and 60.6 percent of Gen Z respondents indicated this as a reason for their app satisfaction, suggesting that consumers gaining their financial footing may regard card apps as important tools to keeping their budgets in check.



FIGURE 9
Generational motivations for using mobile card apps
 Share of respondents citing select reasons for being satisfied with apps, by generation



Our research reveals even more dramatic generational differences when we examine certain mobile app features' appeal. This is particularly evident when analyzing fingerprint-based login interest, as 28.5 percent of Gen Z consumers view it as the most important feature and just 15.2 percent of those aged 55 and older say the same. This reflects contrasting attitudes toward privacy and biometric technology, which older consumers may be less willing to trust.

Our research shows that younger consumers are clearly leading the way in using mobile card apps, and these early adopters' technological habits could soon spread far and wide.

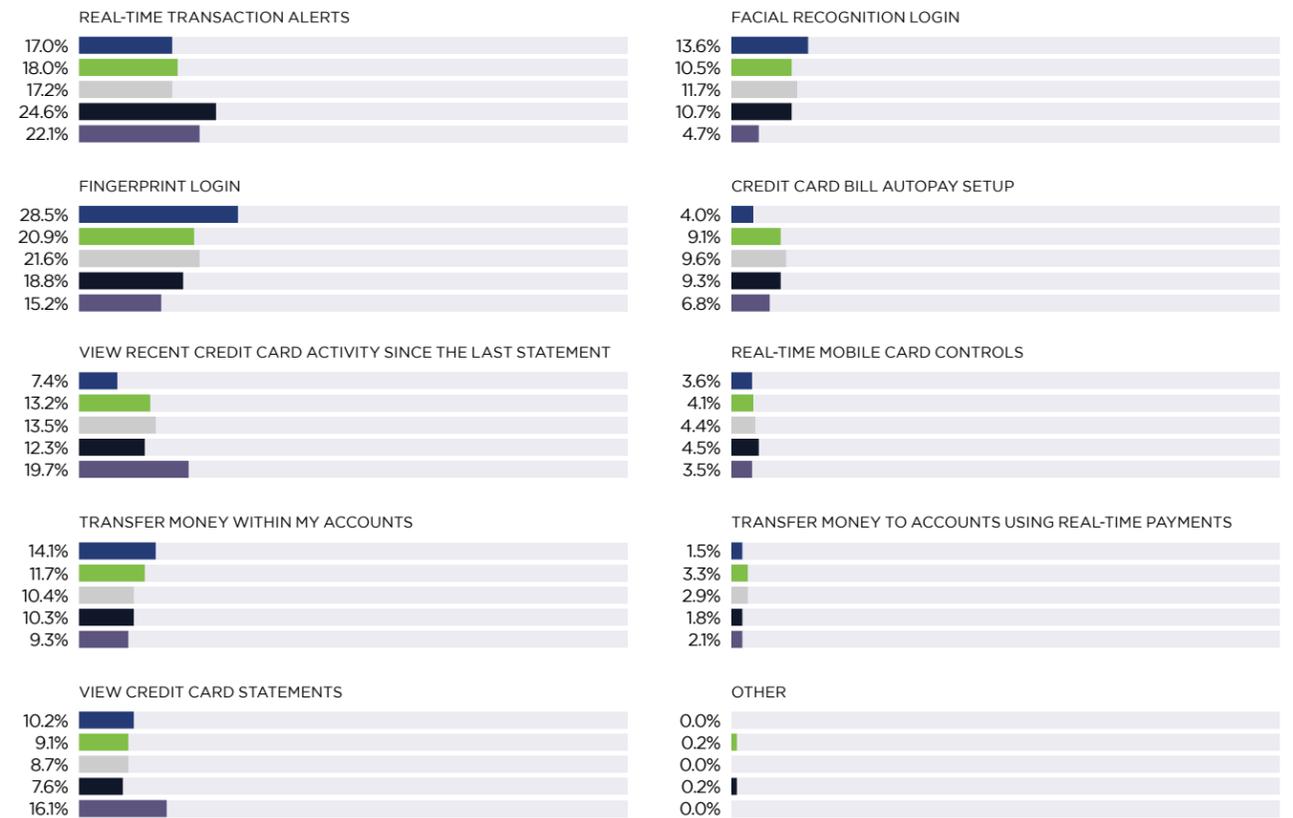
Other features do appeal more to older consumers. Real-time transaction alerts, for example, are cited by 24.6 percent of Generation X consumers and 22.1 percent of baby boomers and seniors as the most important card app function, perhaps indicating heightened concerns among these consumers regarding card misuse and fraud.



FIGURE 10

Different generations' most important card app features

Share of respondents citing select app features as most important, by generation



CONCL **USION**



Conclusion



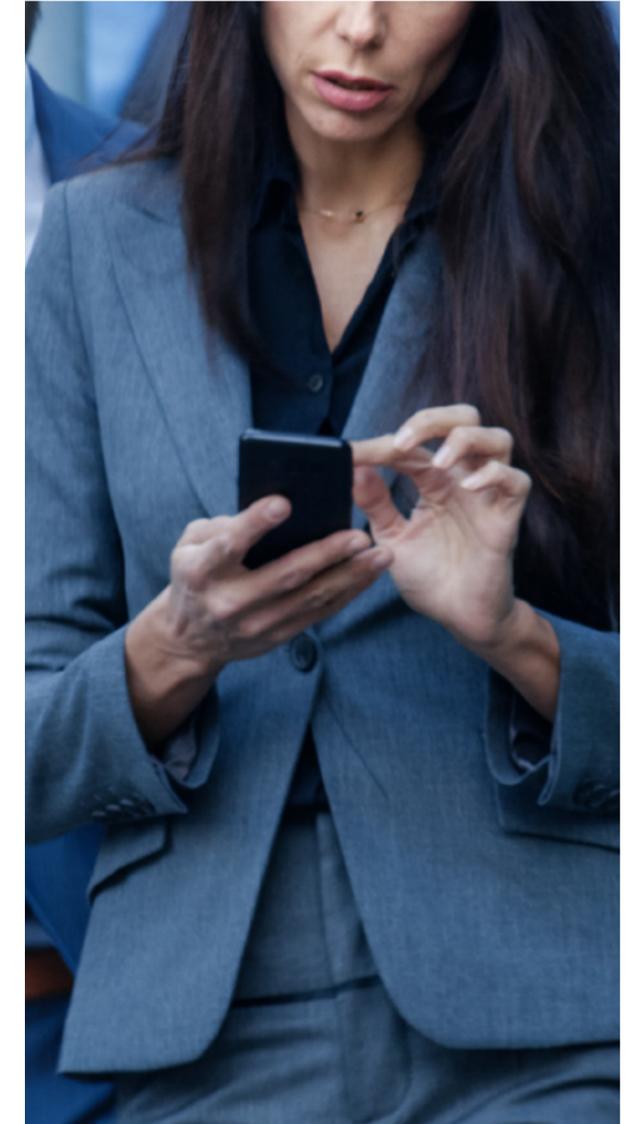
Mobile card apps may be approaching their tipping point into ubiquity, as more than half of all U.S. consumers have downloaded them and use them on a weekly or even daily basis. Consumers want more than just bells and whistles, however. They expect these apps to deliver real functionality that can help them more easily and conveniently manage their accounts as well as enable them to better monitor and control their spending habits.

Consumers consider real-time transaction alerts and fingerprint login to be among the most important mobile card app features, while access to account statements and transaction information are broadly popular functions. Younger consumers are ahead of the curve when it comes to mobile card app adoption, and they are particularly enthusiastic about features like fingerprint login. This means app providers must cater to the shifting needs of different generations if they intend to tap into this growing market's potential.

Methodology

The Bridging the Gap: Mobile Card App Adoption report was designed to determine how individuals use credit cards and mobile credit card apps. We asked respondents about their credit card usage, mobile card app usage and interest in a range of app features, among other topics.

We received 5,086 responses that were census-balanced with respect to age, education, gender and income. The final results included responses from 1,998 participants who own credit cards as well as smartphones or mobile tablets that are capable of hosting mobile credit card apps.



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Bridging The Gap:

MOBILE CARD APP ADOPTION

REPORT