

Consumers enamored with mobile banking, experts say

November 29 2013, by Claudia Buck

Snap, tap and done. That's the catchy mantra of mobile banking, increasingly touted by financial institutions as a way to oh-so-easily pay bills, check balances and deposit checks from your cellphone. And consumers are heeding the call.

Walk-in, online and ATM transactions are leveling off as U.S. consumers' preferred methods of banking, but on-the-go [mobile banking](#) is having a [growth spurt](#).

"Yes, it's an explosion," said Mary Monahan, executive vice president and mobile research director for Javelin Strategy & Research in Pleasanton, Calif. According to Javelin's most recent report, 1 in 4 mobile phone users were doing mobile banking in 2012.

"Smartphones are our security blanket. We're looking at them over and over," Monahan said. "If there's a sale at Nordstrom, you want to check your bank balance when you're on the go ... not go back home and call up something. That's what's driving this."

Banks and credit unions say they're simply responding to what customers want.

"It's all consumer-driven. If you have a banking account, there are certain types of transactions that are abundantly more convenient done from your bedroom in your bunny slippers," said Doug Johnson, vice president of risk management at the American Bankers Association in

Washington, D.C.

Internet banking - where customers manage their financial life from their home computer or laptop - has been widely used for years. According to a July 2012 ABA survey, 39 percent of U.S. consumers surveyed said they "most often" managed their bank accounts via the Internet, either from a laptop or home computer. That was followed by visits to bank branches and ATMs.

But all three of those have largely stayed flat in recent years, while cellphone banking has nearly tripled as the preferred method - growing from 3 percent in 2010 to 8 percent this year. In a recent Pew Research Center study, the number of bank-by-cellphone Americans nearly doubled in the past two years.

The push from Internet to mobile banking got started with "money monitoring," which allows consumers to use their phones to look up a bank balance, see whether a check cleared or get text alerts if an account is running low.

"Now consumers want more: money movement, which is where banks are right now," said Monahan. Financial institutions that don't offer that capability - especially mobile check deposits - will lose customers, she said.

The hottest feature that more banks are pushing these days is the ability to deposit a paper check by cellphone. In recent months, there have been a handful of new TV ads by Wells Fargo and others. In one, a stylish young woman deposits a check - by phone - while getting a salon pedicure.

Nicole Quinonez, a Sacramento, Calif., lobbyist who doesn't have financial clients, said she's been using her Golden 1 Credit Union mobile

deposit application for about a year and loves the convenience. The 30-year-old said she rarely goes into a bank because her paycheck is direct-deposited. "So when I do get a paper check, I don't like making a special trip to the bank just to deposit it."

Instead, using the mobile app on her phone, she snaps a photo of the check right at her desk. Typically, it's a seamless transaction, she said, although sometimes the process can be a little "finicky," if the check image isn't readable for some reason.

Financial institutions like Wells Fargo and Sacramento-based SAFE Credit Union say their customers are jumping in. In some cases, banks have been startled by the eager rate of acceptance.

Last December, based on customer requests at bank branches and call centers, SAFE launched its "MyDeposit" mobile app, but was not expecting any immediate embrace of the new technology.

Instead, Tarrah Palomino-Prim, SAFE's assistant vice president of Web services, said she was shocked by the number of instant adopters, even in the first 30 days. "It exceeded our expectations considerably and spoke to the pent-up demand for this particular service," she said.

With 18,200 users, Palomino-Prim said, mobile phone deposits are one of the top three digital product launches in the credit union's history.

Wells Fargo says its customers are equally enthused. "Our customers love mobile deposit. The convenience of depositing a check right from their kitchen table is a 'wow' moment for them," Brian Pearce, the head of Wells Fargo's digital group, said in an email.

Since its national rollout of mobile banking for Android, BlackBerry, iPhone and Windows phones in November 2012, Wells Fargo has seen

as much as 20 percent monthly growth in active users, Pearce said. Currently, he said, Wells Fargo users are depositing more than 2 million checks a month using their smartphones. Overall, mobile banking is "the fastest-growing channel" in Wells Fargo history, growing twice as fast as online banking, he said.

More than 53 percent of the country's 5,800 commercial banks now offer some form of mobile banking. Given the continuing rapid rollout by banks of all sizes, that could hit nearly 75 percent within the next year, said the ABA's Johnson.

The only banks that might not jump on the mobile-banking bandwagon, Johnson said, are those in rural areas or those with limited audiences, like small, agriculture-related banks, where consumer demand is not as high.

In a 2012 survey of major banks, the vast majority - 87 percent - said customer loyalty - known as "stickiness" - is the biggest motivator in mobile banking. In other words, they hope that offering more banking-on-the-go features will ensure that customers stick with them.

It's also cheaper. According to a Javelin Research study, the average cost of a bank teller transaction is \$4.25, compared with 10 cents for the same transaction done on a mobile device.

One of the biggest cellphone banking worries - among consumers as well as some banks - is safety. To reassure consumers, the ABA and others say that many of the same safeguards built into Internet banking on a computer apply to your smartphone. Additionally, the check image is not retained on a user's phone and is encrypted when transmitted to the financial institution, say experts.

As with Internet banking, using your mobile phone requires precautions.

Consumers should keep a password lock on their smartphone. If your phone is lost or stolen, report it immediately to your phone carrier and financial institution.

"We have not seen the prevalence of security issues (with smartphones) as we've seen in the desktop (computer) environment, which is more mature so there's a richer minefield for criminals," said Johnson. But as mobile banking grows, "it's incumbent on us to build more protections."

Ironically, mobile banking means you will wind up with a bunch of paper checks, compared to deposits made at an ATM or with a bank teller. In a digital world, Quinonez said, that's the "weird" part of depositing checks by phone: You're still holding the paper check. She files them for 30 days until her next bank statement, then shreds them.

Tristan Brown, a law school graduate and legislative intern at the California state Capitol, said he's never been concerned about safety issues when doing mobile banking on his iPhone. The 30-year-old, who's been depositing checks to his Capital One account for about a year, calls mobile deposits "a life saver" for the speed and convenience.

"Nothing is foolproof, but digital encryption is pretty darn good. ... I don't lose a wink of sleep knowing I sent a picture of a check over the Internet to my bank," he said.

Overall, in a world where people are constantly snapping and posting photos with their smartphone camera, using it for daily banking is a natural evolution.

"People have such an affinity for their personal phone," said SAFE's Palomino-Prim, "that taking it into their financial life is not that big a stretch. It feels pretty natural to people."

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