



DIGITAL ADOPTION

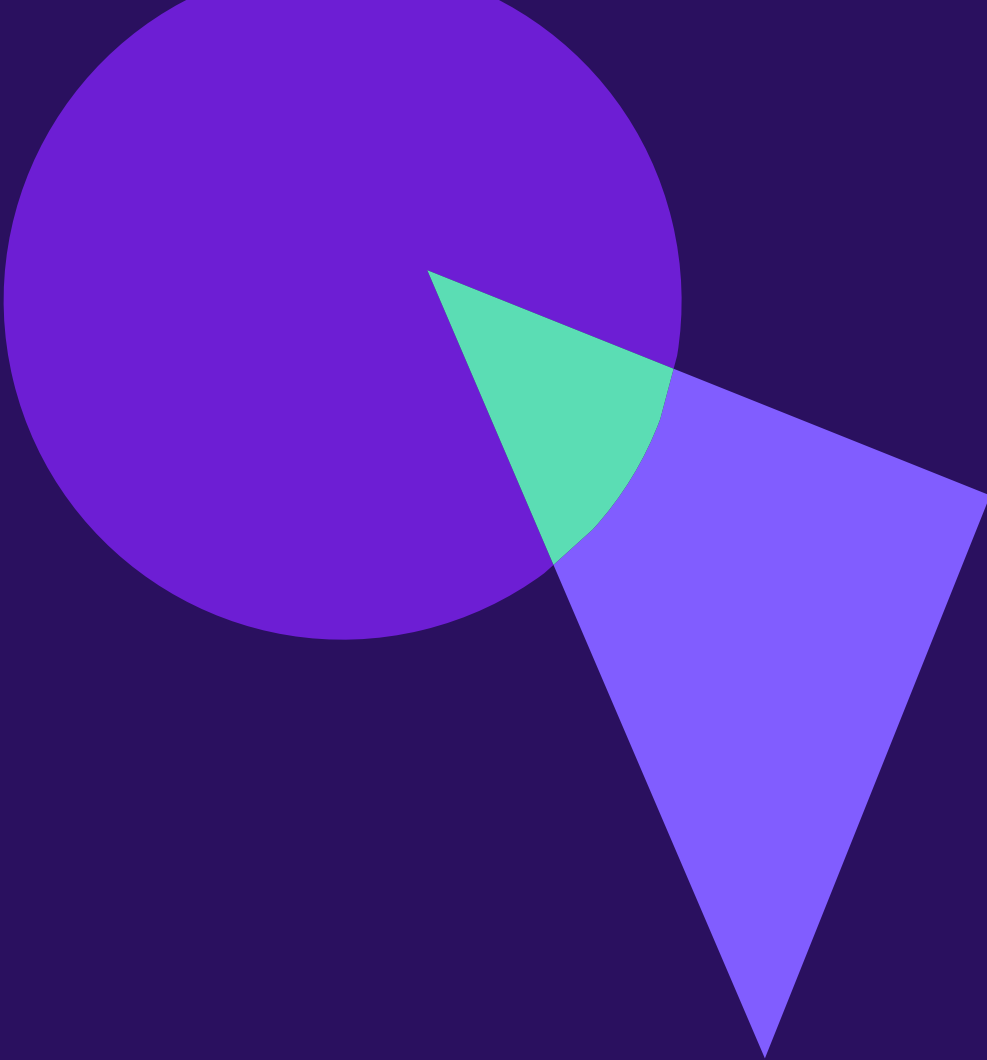
March 4, 2019

Executive Summary

Generation X and Boomers Account for 50% of first-time P2P users



- Digital Payments Adoption Study ("study") found that 50% of first time P2P users are aged 45 and older. Not just for younger generations, older generations are trialing P2P because of growing confidence and trust in digital payments.
- Consumers above the age of 45 have overcome their skepticism of P2P and are beginning to trial digital payments as part of their changing mobile and online banking behavior.
- Generation X and Boomers have a high degree of trust in their financial institutions. The increase in trial can be attributed to solutions, such as *Zelle*, being included within the banking apps these consumers are comfortable using.
- Fifty-two percent of Generation X and 46% of Boomer respondents said that they "trust" P2P payments, and are interested in using available solutions.
- Seventy-six percent of Generation X and 74% of Boomers surveyed ranked "offered through a financial institution they use" as a top reason to trial P2P payments.

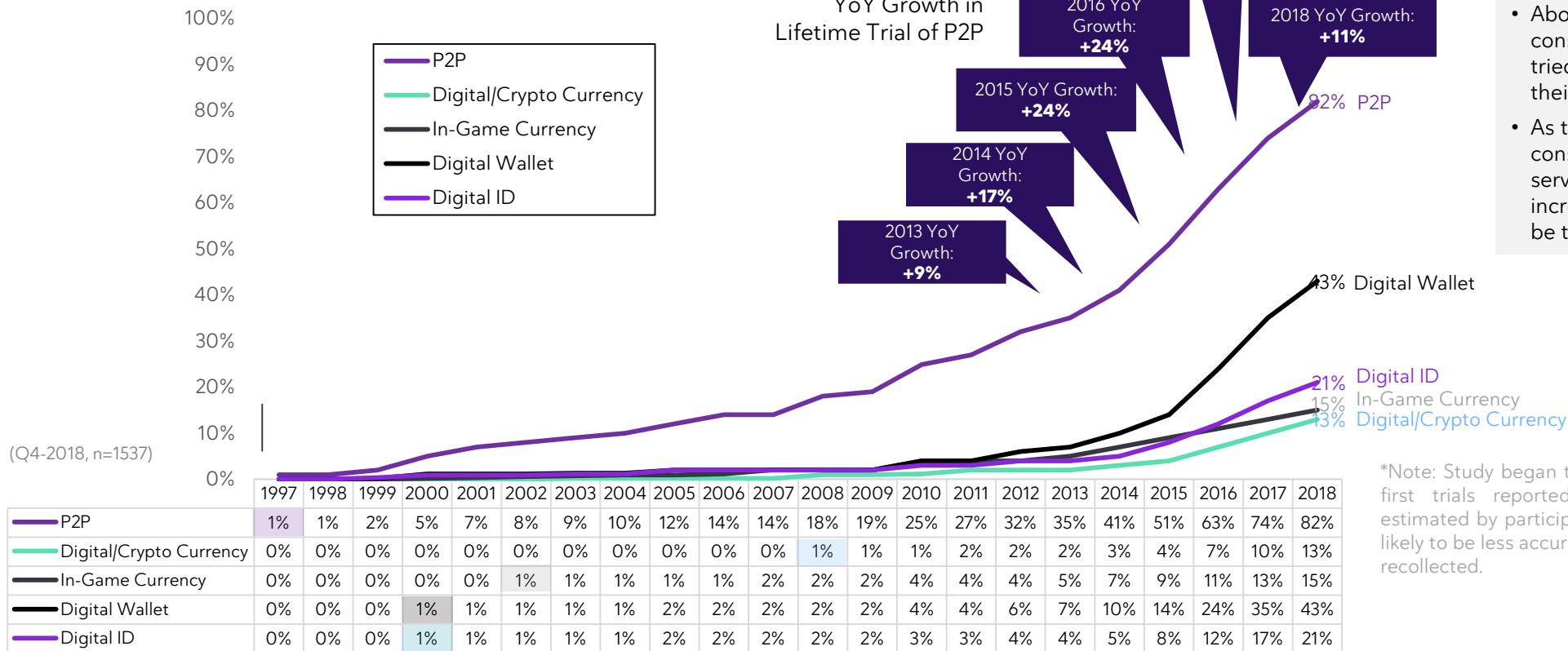


Key Findings

EMERGING TECHNOLOGY

The majority of U.S. online consumers have trialed P2P services

Life-Time Trial of Technology % Reporting Year of First Usage



- About 8 in 10 U.S. online consumers report having tried P2P technology in their lifetimes.
- As the majority of U.S. online consumers have trialed a P2P service, YoY growth of incremental lifetime trial may be tapering.

*Note: Study began tracking in Q4-2018. Year of first trials reported prior to this date are estimated by participants based on memory and likely to be less accurate as further back dates are recollected.

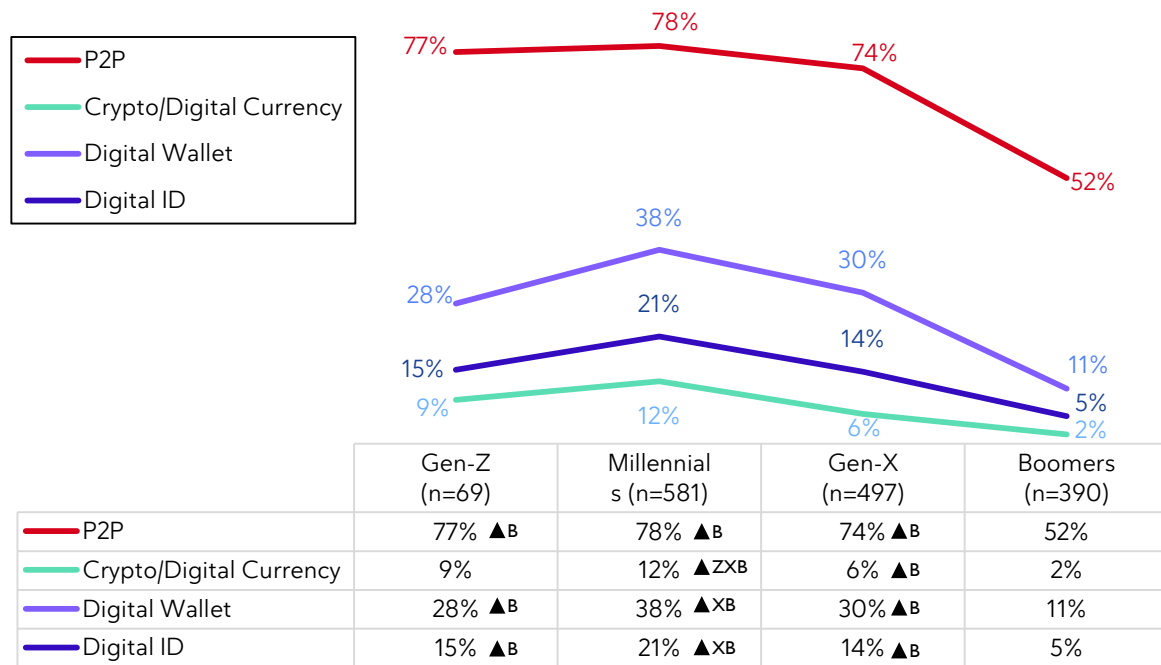
▲ Denotes significantly higher than comparison cut at 95% Confidence Level. YoY calculated as follows: $((\text{Incidence Trial Current Year} - \text{Incidence Trial Prior Year}) / (\text{Incidence Trial Prior Year}))$. Q100. Have you, personally, ever used any of the digital payment or identity technologies listed below? Please read each description carefully before answering. Please select all those you have used. Q199. We are interested in mapping out the progressions consumers take through using different types of digital technologies... please enter the four-digit year you **first used** each technology to the best of your recollection. Please see Appendix for detailed description of digital technologies shown to consumers during interviews.

EMERGING TECHNOLOGY USAGE

Millennials lead for active usage of digital technologies measured

Active Usage

Q4-2018: Past 30-Day Usage of Emerging Technologies
Base: Total Online US Consumer (n=1537)



- Usage of emerging digital technologies appears to be the province of Millennials, who tend to lead the generational cohorts in active usage of established (P2P) and emerging (digital ID) technologies. Boomers, on the other hand, lag significantly behind.
- Among the 18 to 21 slice of Generation Z who participated in the initial wave, many have not yet had the opportunity to establish post-college behaviors (46% reported themselves as students). However, the fact that 77% report current usage of P2P technology is suggestive of an established comfort level with the technology they will carry forward.

▲ Denotes significantly higher than comparison cut at 95% Confidence Level | Source: Q101-Q105.

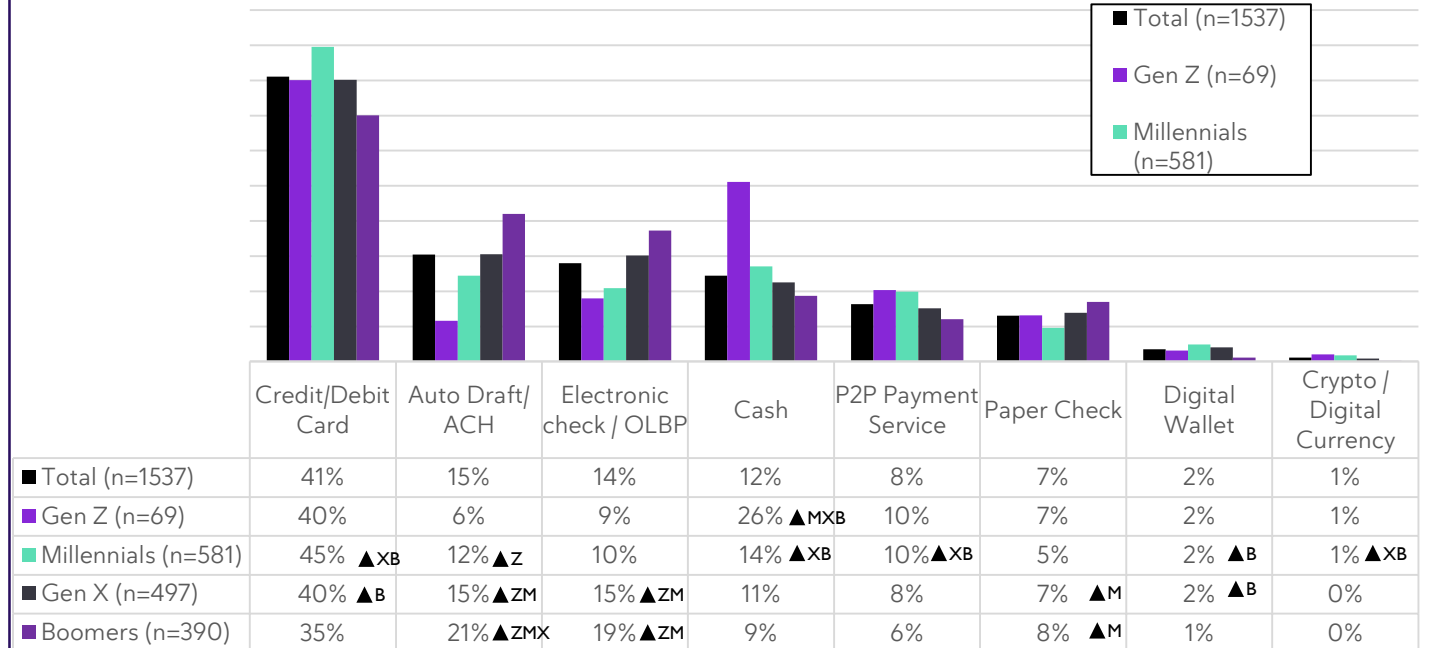
PAYMENT VEHICLES

Millennials use P2P for more of their payments than Boomers or Gen-X

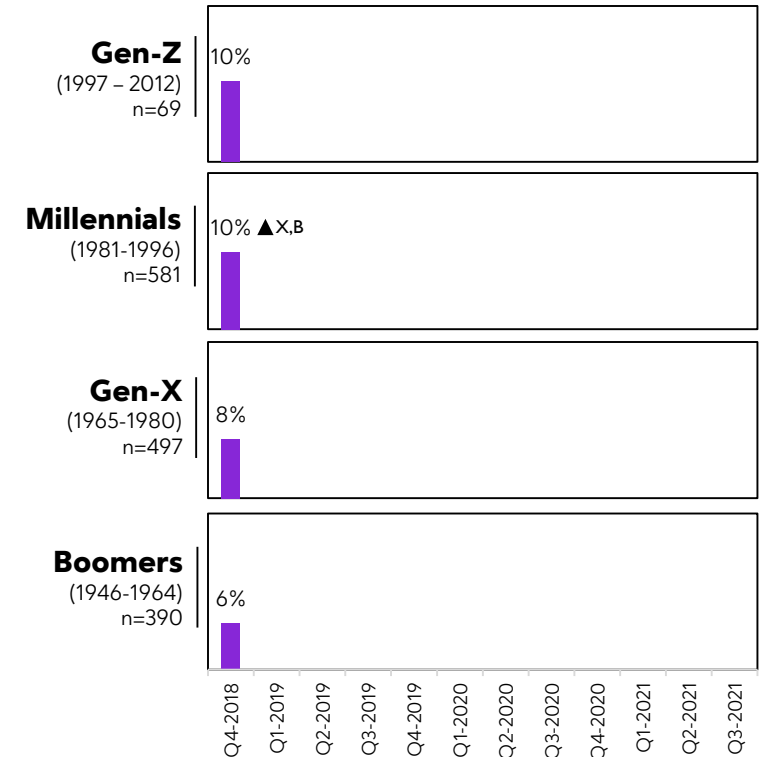
- The 18 to 21 Gen-Z segment, about half of whom are students, typically use cash for a significantly higher % of their past 30-day payments when compared to other generational cohorts. Preference for auto-draft appears associated with generational cohort, with adult Gen-Z least likely to leverage (6%) and Boomers most likely to leverage (21%). Boomers make a lower volume of P2P payments when compared to Millennials (6% versus 10%).

Q4-2018: Payment Vehicles - Past 30-Days

(Mean % of Total Paid by Vehicle Category, Past 30-Day)



% P2P Transactions (Base: Among all Online US Consumers)



Q305. Thinking of your total payments of \$[INSERT Q300 OPEN BOX VALUE] you've made in the last thirty days, about what percent of these dollars did you pay/transfer using each of the methods below?

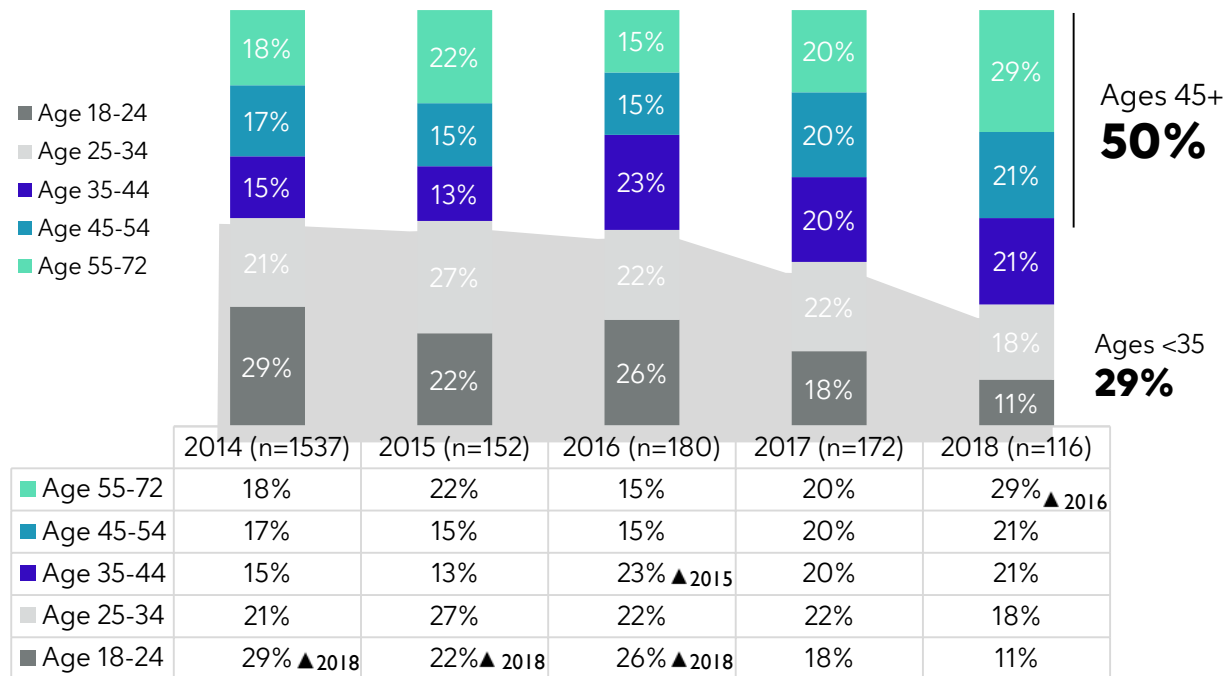
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NEW P2P TRIALS

Mature consumers make up an increasing portion of new P2P trials

First Time P2P Users by Calendar Year of First Use



- While older consumers were slower to adopt P2P, as adoption has neared saturation among Millennials, a larger share of first time P2P users, or potential adopters, is made up of those in the Boomer (55+ cohort).
- In fact, about half of first time P2P users in 2018 were 45 or older; nearly a third of them Boomers (29%). This presents an inversion from first time users in 2014, where same number were 18 to 24 (29%).

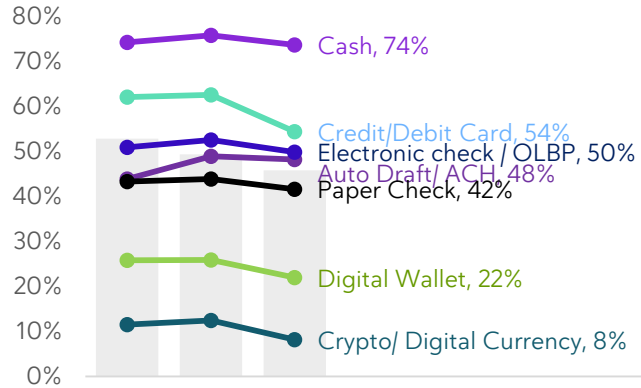
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TRUST IN PAYMENT VEHICLES

Trust in P2P is generally steady over generations; not so much for paper checks

% of US Online Consumers Reporting Trust in Payment Methods

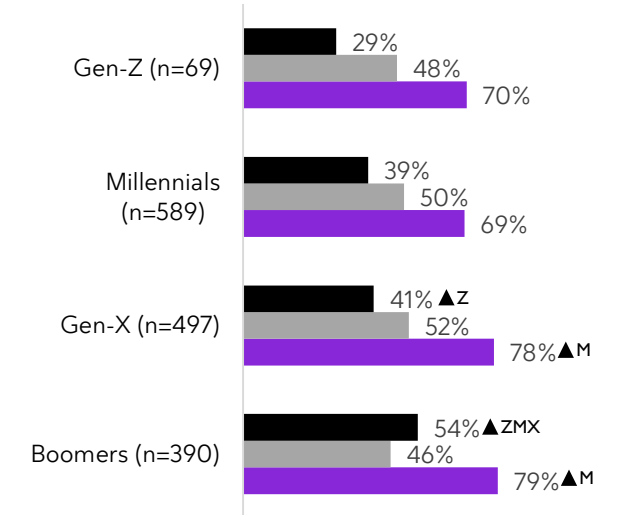
(% is value of 9-10 on 10-pt scale, where 1 is "Do not trust at all" and 10 is "Trust Completely")



- Digital wallets and crypto currencies have a lot of trust to gain before usage becomes more widespread. The future of paper checks is not looking bright; trust in checks as a payment vehicle declines sharply as age decreases. Directionally, faith in P2P as a payment vehicle is generally equal to, or greater than, that held by paper checks in all generation cohorts excepting Boomers.

Q4-2018: By generation, trust in...

(% is value of 9-10 on 10-pt scale) ■ Paper Checks ■ P2P ■ Cash



(n=500/month)

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
P2P	53%	49%	46%											
Credit/Debit Card	62%	63%	54%											
Auto Draft / ACH	44%	49%	48%											
Electronic check / OLBP	51%	53%	50%											
Cash	74%	76%	74%											
Paper Check	43%	44%	42%											
Digital Wallet	26%	26%	22%											
Crypto/ Digital Currency	12%	12%	8%											



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