



Who Uses Mobile Payments?

Survey findings on consumer opinions, experiences

The Pew Charitable Trusts

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Acknowledgments

The project team thanks Steven Abbott, Sultana Ali, Jennifer V. Doctors, David Merchant, Mark Wolff, and Clifford Zukin for providing valuable feedback on the report, and Dan Benderly, Sara Flood, Molly Mathews, and Andrew Swift for design and Web support. Many thanks to our other former and current colleagues who made this work possible.

Overview

Mobile payments technology allows customers to make online and point-of-sale purchases, pay bills, and send or receive money from their smartphones via the Web browser, an app, or a text message.¹ Mobile payments use has become widespread: Forty-six percent of U.S. consumers report having made a mobile payment, which translates to approximately 114 million adults.² Expansion in the use of mobile payments over time has corresponded with an increase in smartphone ownership. In 2011, 44 percent of cellphones were smartphones.³ By 2015, the share had increased to 76 percent.

This chartbook presents findings from a nationally representative telephone survey that examined consumers' opinions, experiences, and expectations of mobile payments. The survey followed focus groups that Pew previously convened as a first step in understanding consumers' views on the potential benefits and risks of mobile payments. Specifically, this chartbook reports statistics on consumers' awareness and perceptions of mobile payments technology, their usage and motives for use, and any barriers to usage. The key findings are:

- Mobile payments users—consumers who have made an online or point-of-sale purchase, paid a bill, or sent or received money using a Web browser, text message, or app on a smartphone—are more likely than nonusers to be millennials or Generation Xers, live in metropolitan areas, and have bank accounts and college or postgraduate degrees. Of these demographic categories, age is the most predictive of mobile payments use, particularly as it relates to smartphone ownership. (See the appendix for the demographics of mobile payments users and nonusers.)
- Making a purchase through a smartphone Web browser or downloaded app is the most common mobile payments activity.

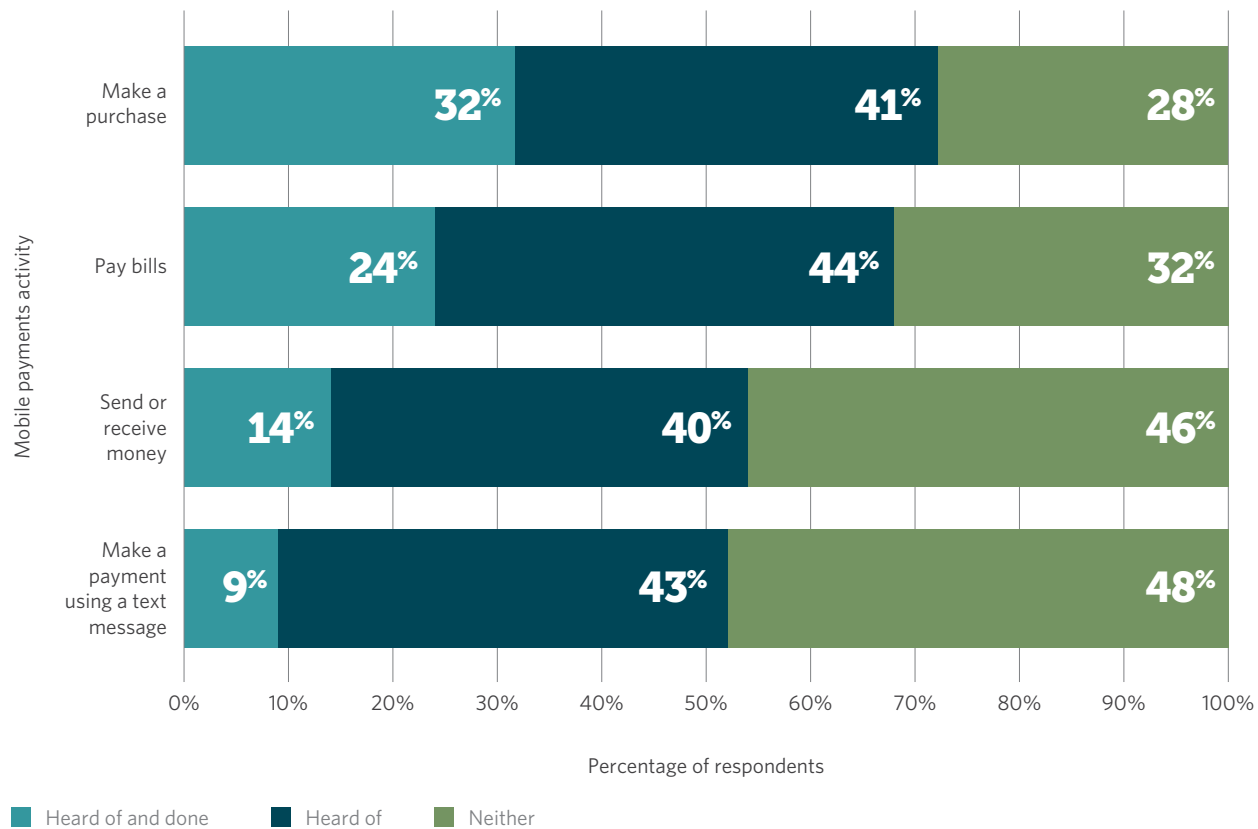
- Consumers see a number of benefits to using mobile payments, particularly receiving alerts, electronic receipts, rewards, discounts, and help with budgeting.
- Consumers often don't know how mobile payments compare with other payment methods in terms of convenience, cost, privacy, and security.
- Barriers to usage include concerns about the safety of mobile payments technology, which might result in identity theft or the loss of funds, and poor compatibility with cash-based transactions.
- Consumers want the data they generate by use of mobile payments to be secure and protected and access to it to be limited across entities, from phone carriers to app developers and advertisers.

The charts that follow delve into these findings and highlight the advantages that consumers associate with mobile payments usage and the barriers that may prevent people from adopting or safely using this technology.

Figure 1

Most Consumers Have Made or Heard of Making a Payment Using a Smartphone

Use and awareness of mobile payments



Many consumers, including a large number who have never made a mobile payment, have heard of different mobile payment activities, such as using a smartphone to make online or point-of-sale purchases or pay bills.

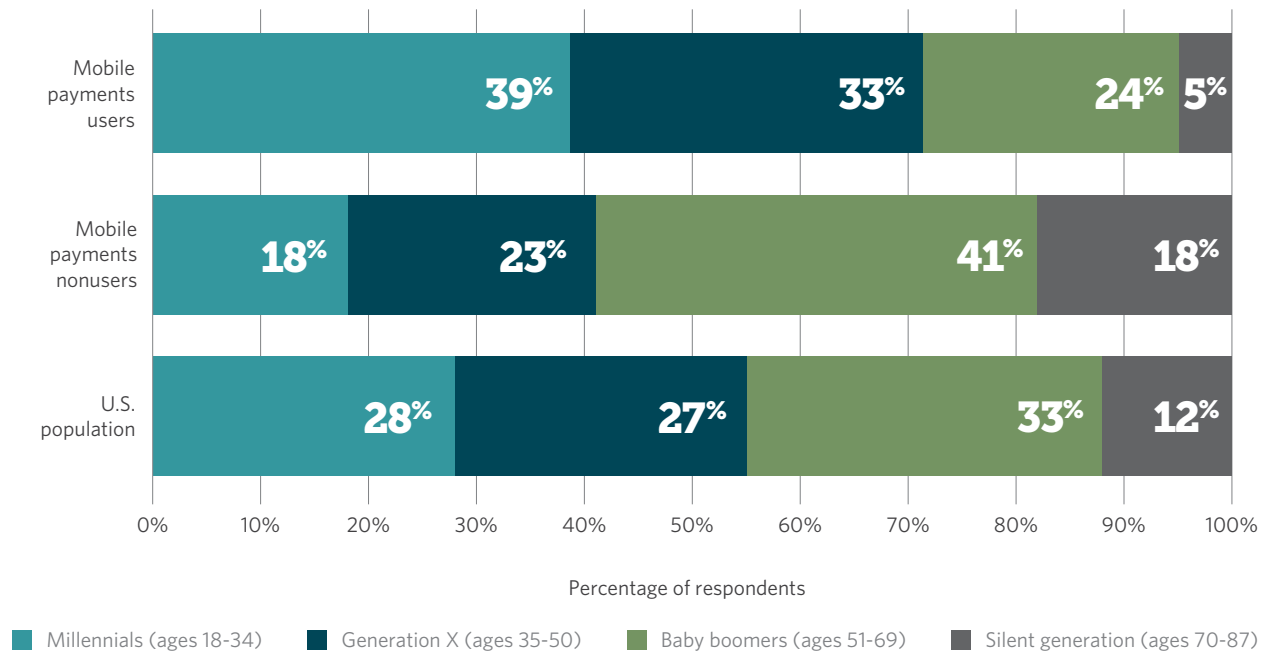
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read you some things that people might do with smartphones. For each, just tell me whether you have heard of this, heard of and done, or neither." Data may not total to 100 percent because of rounding.

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Figure 2

72% of Mobile Payments Users Are Millennials or Generation Xers

Mobile payments user status by generation, compared with the total population



Mobile payments users are consumers who have made an online or point-of-sale purchase, paid a bill, or sent or received money using a Web browser, text message, or app on a smartphone. Users are more likely than nonusers to be millennials or Generation Xers, live in metropolitan areas, and have bank accounts and college or postgraduate degrees. Of these demographic categories, age is the most predictive of mobile payments use, particularly as it relates to smartphone ownership.⁴

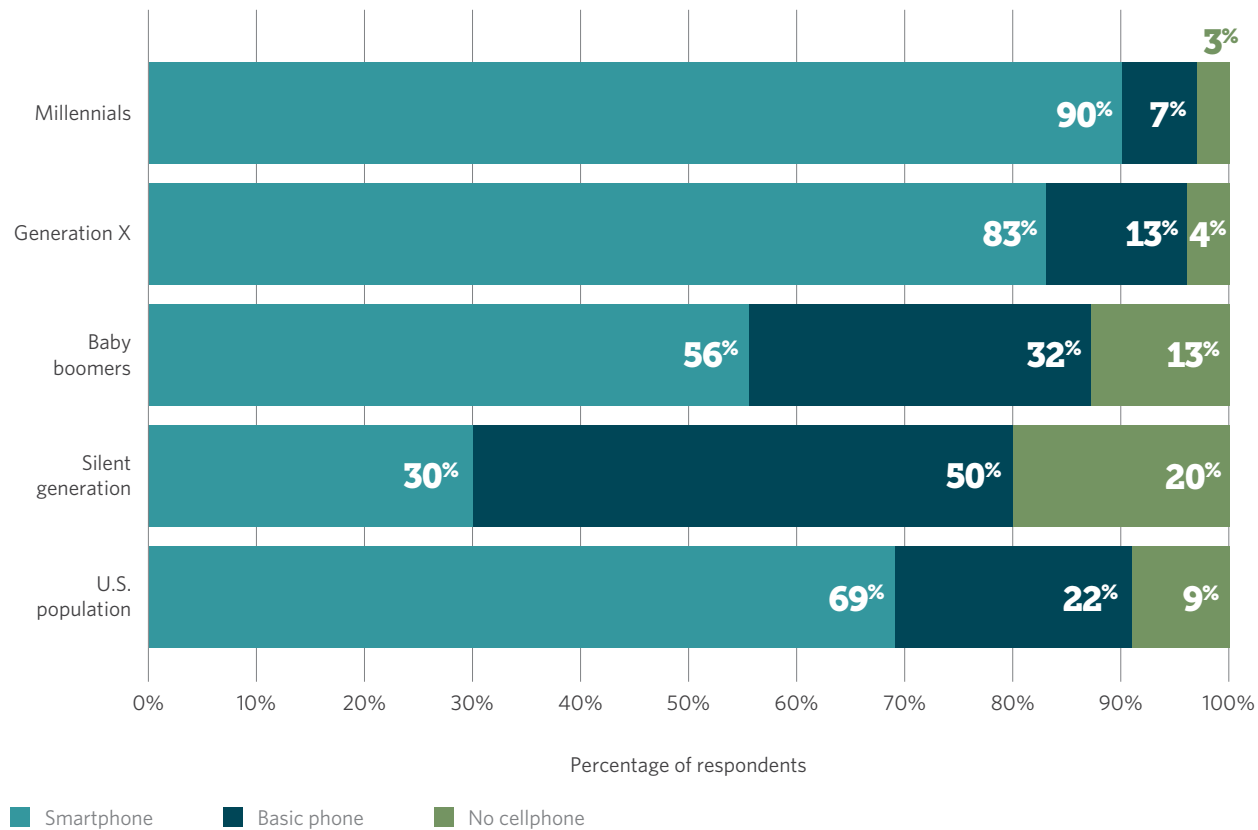
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read you some things that people might do with smartphones. For each, just tell me whether you have heard of this, heard of and done, or neither." User status varied by generation at the 99 percent confidence level. Ages are as of 2015. Data may not total to 100 percent because of rounding.

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Figure 3

Nearly 7 in 10 Adults in the U.S. Own a Smartphone

Mobile phone ownership by generation, compared with the total population



Getting a smartphone is the most common catalyst cited for adoption of mobile payments technology, and millennials and Gen Xers are far more likely than those from older generations to own smartphones.⁵ The majority of basic phone owners (77 percent) say they are unlikely to buy a smartphone in the next year, meaning the age gap in smartphone ownership will probably persist. Smartphone ownership also varies dramatically by annual household income. Only 53 percent of consumers earning less than \$25,000 annually own a smartphone compared with 81 percent of those earning \$50,000 or more annually.

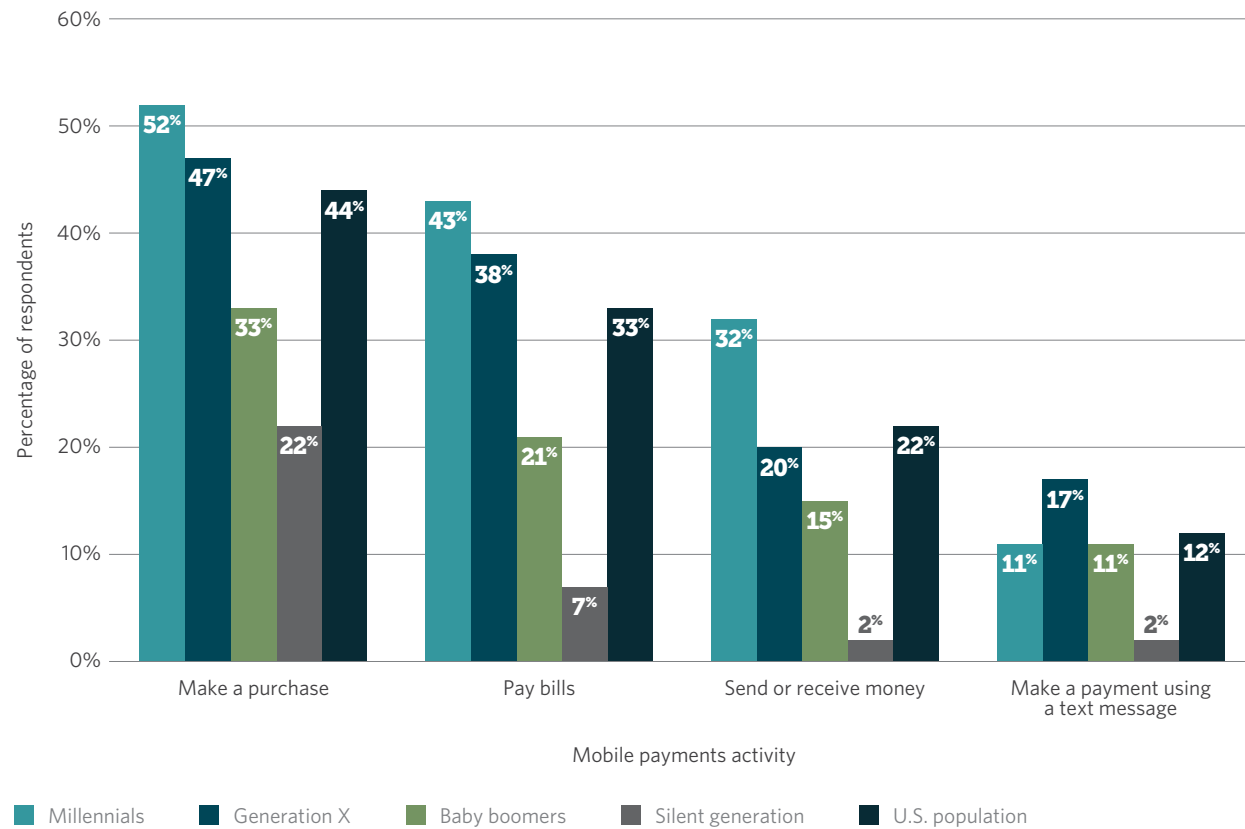
Note: Results are based on 2,010 survey participants. Respondents were asked, “Do you have a cellphone, or not?” and “Is your cellphone a smartphone?” Phone ownership varied by generation at the 99 percent confidence level. Data may not total to 100 percent because of rounding.

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Figure 4

Making a Purchase Is the Most Common Mobile Payments Activity Across Generations

Mobile payments use among smartphone owners, by cohort



Mobile payments use varies by type of activity and with age, with more millennials having used their smartphones to make a purchase through a smartphone Web browser or downloaded app than to send or receive funds. Overall, few consumers make payments or donations by sending text messages. PayPal’s smartphone app is the most commonly used, ahead of Google Wallet, Apple Pay, and the Starbucks and Dunkin’ Donuts apps, and millennial and Gen X smartphone owners are more likely than those from the baby-boom or silent generations to have used these apps, except for Dunkin’ Donuts.

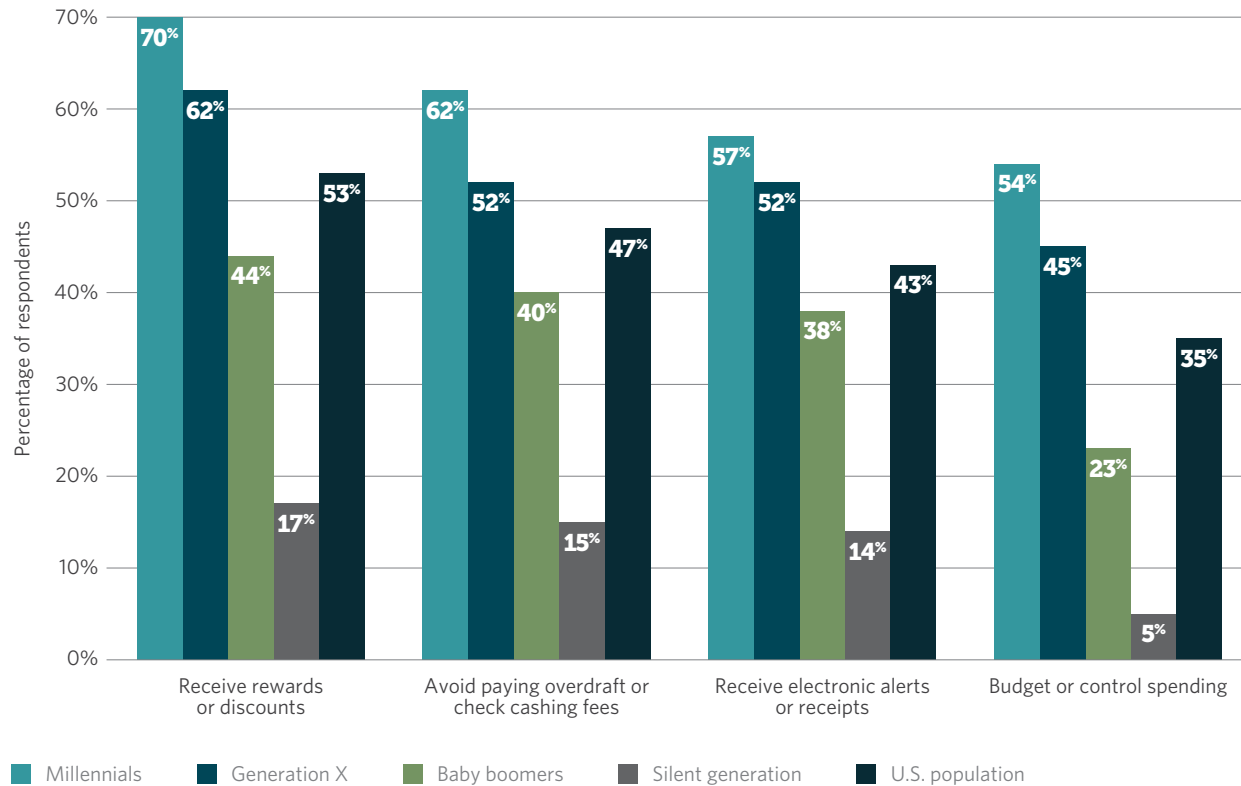
Note: Results are based on 2,010 survey participants. Respondents were asked, “I’m going to read you some things that people might do with smartphones. For each, just tell me whether you have heard of this, heard of and done, or neither.” Mobile payments use varied by generation at the 99 percent confidence level.

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Figure 5

Many Consumers Are Attracted by Mobile Payments Incentives

Interest in incentive programs, by generation



Millennials and Gen Xers in particular are motivated to use mobile payments in part because they like receiving rewards, discounts, alerts, and electronic receipts. Consumers are also interested in avoiding fees, such as overdraft or check cashing fees, and using their smartphones to help them budget. In fact, research shows that consumers are using smartphones to help with budgeting more than in previous years.⁶

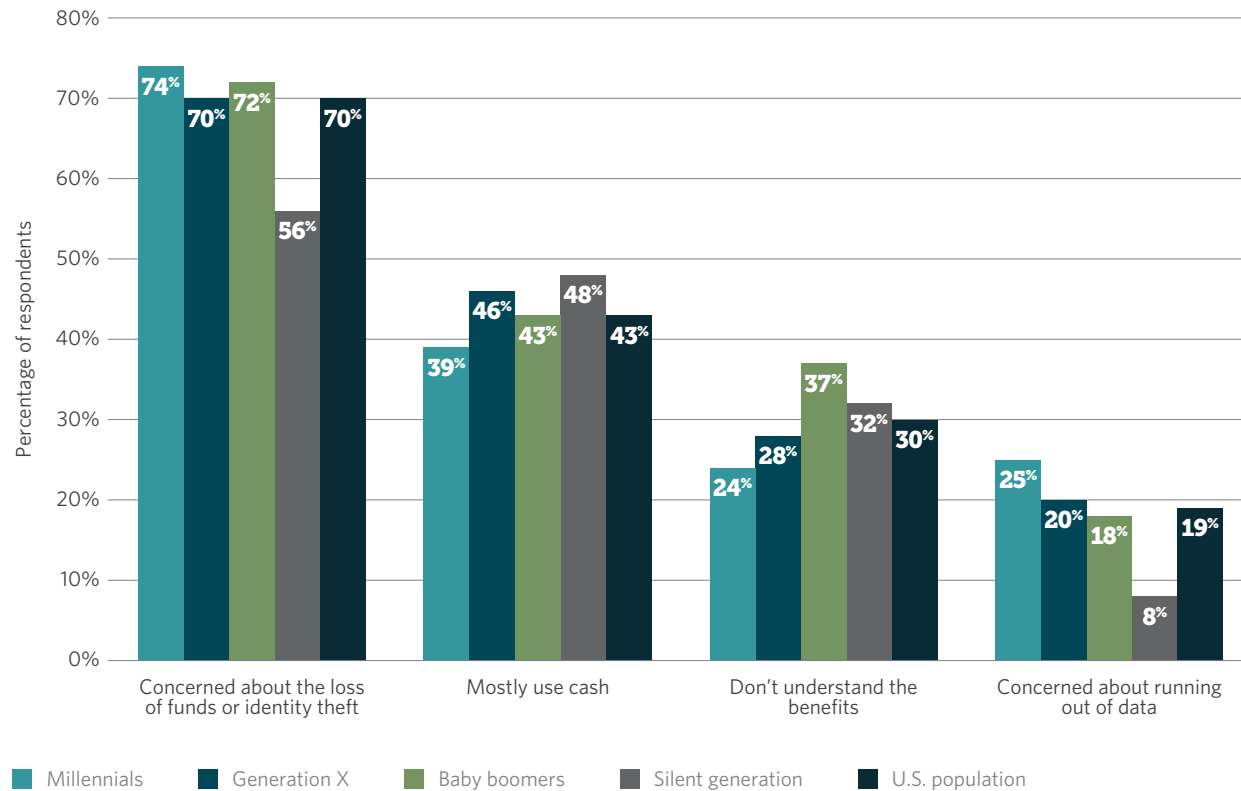
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read some reasons why people might use a smartphone to make payments or send and receive money. For each, just tell me whether each does or does not interest you." Interest in mobile payments incentives varied by generation at the 99 percent confidence level.

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Figure 6

Concern About Safety Is the Biggest Obstacle to Mobile Payments Use

Barriers to use, by generation



Consumers cite a variety of barriers to mobile payments use; the most common is concern about safety, specifically the risk of identity theft or loss of funds. Some obstacles vary by generation, with older consumers being less informed about the benefits of mobile payments and millennials being especially concerned about running out of data on their phone plans. The use of cash to make payments is cited across generations as a barrier, because cash cannot be easily loaded onto a smartphone. Cash is still a very common payment method, and consumers average about 8.5 retail cash purchases a month.⁷

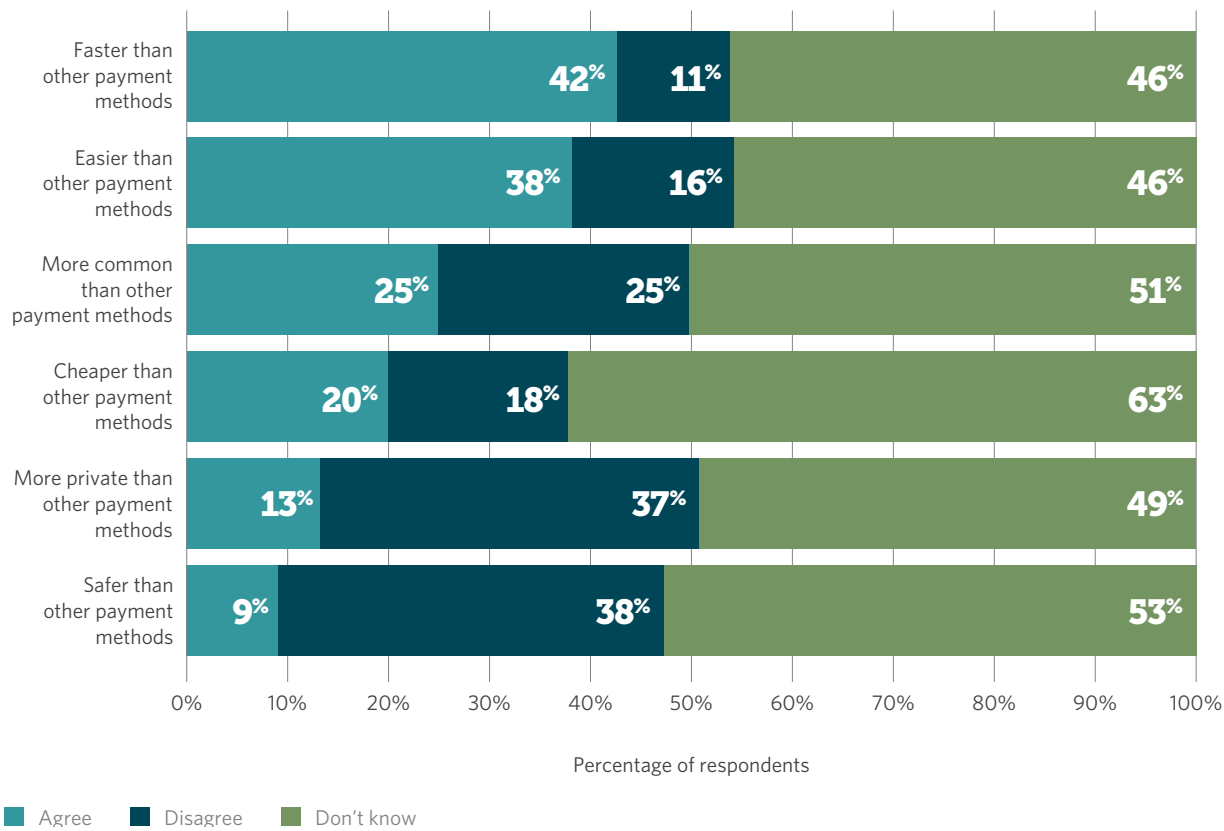
Note: Results are based on 2,010 survey participants. Respondents were asked, "Now, I'm going to read you some reasons why people might not use a smartphone to make payments or send and receive money. For each, just tell me if each is or is not a reason for you." Barriers to mobile payment use, with the exception of mostly using cash, varied by generation at the 99 percent confidence level.

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Figure 7

Consumers Don't Know How Mobile Payments Compare With Other Payment Methods

Perceptions of mobile payments



Nearly half of respondents say they don't know whether mobile payments are faster, easier, or more private than other transaction types, and even more do not know if mobile payments are more common, cheaper, or safer. Reducing this uncertainty, especially about the safety of the technology, could increase use.⁸

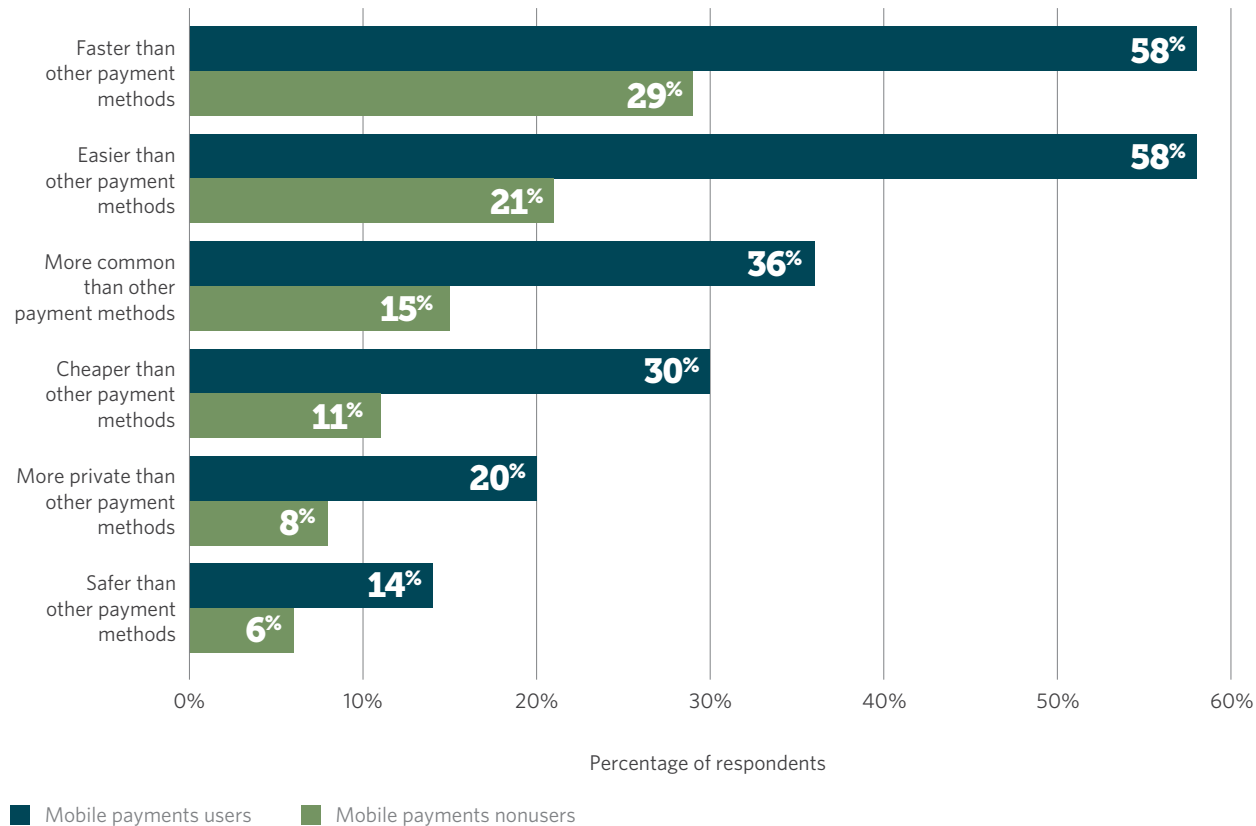
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read a list of six statements about mobile payments. For each, just tell me if you agree, disagree, or don't know. Using a smartphone to make payments or send and receive money is ..." Data may not total to 100 percent because of rounding.

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Figure 8

Users View Mobile Payments More Favorably Than Nonusers

Perceptions of mobile payments, by user status



Mobile payments use is related to more favorable perceptions of the technology in terms of convenience, cost, privacy, and security. Users agree more often than nonusers that mobile payments are faster, easier, more common, cheaper, more private, and safer than other payment methods.

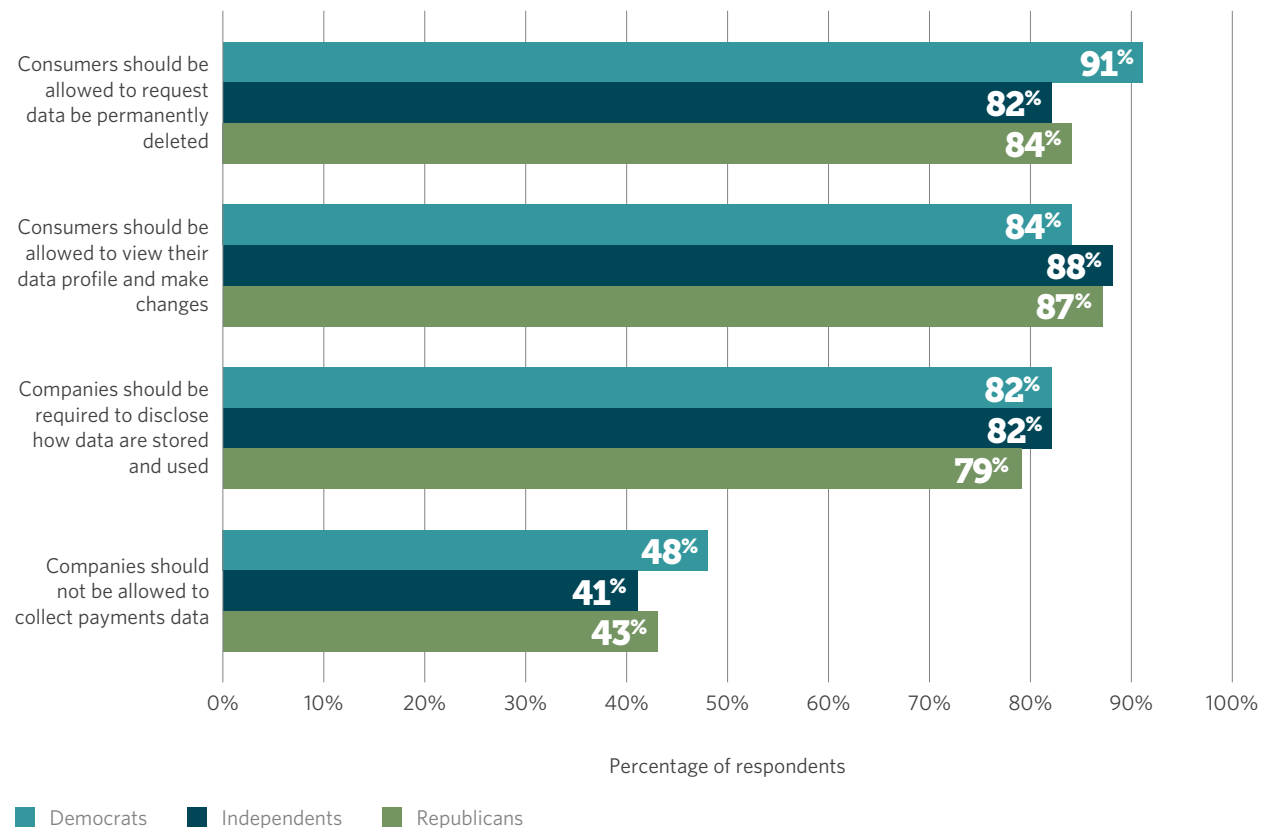
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read a list of six statements about mobile payments. For each, just tell me if you agree, disagree, or don't know. Using a smartphone to make payments or send and receive money is ..."
Perceptions of mobile payments varied by user status at the 99 percent confidence level.

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Figure 9

Consumers Want Their Data Protected

Views on regulating collection, storage, and use of personal information, by party affiliation



Consumers often assume that financial institutions, retailers, and others are collecting information about them, including tracking their locations when they execute financial transactions.⁹ In the focus groups, a number of consumers expressed moderate discomfort with the sharing of their personal information.¹⁰ About 8 in 10 survey respondents, with general consistency across political parties, say that steps should be taken to regulate how data are collected, stored, and used.

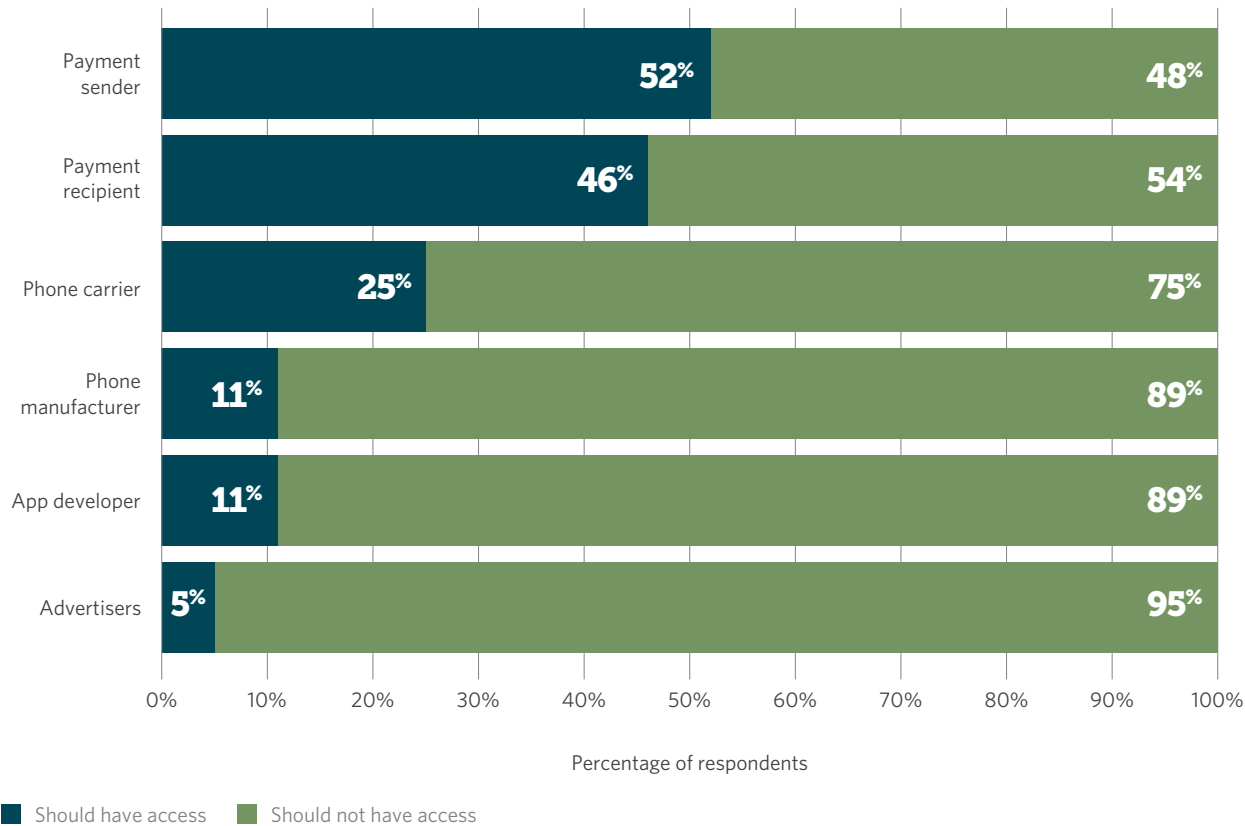
Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read you some options for regulating this type of data. For each, tell me if each is or is not something you think should be done." and "Generally speaking, do you usually think of yourself as a Republican, a Democrat, or an independent?"

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Figure 10

Consumers Think Their Data Should Not Be Widely Shared

Views on who should have access to mobile payments data



In focus groups, participants were generally unaware of which personal data are collected when they conduct mobile transactions or how those data are used.¹¹ They also did not know whether or to what extent their privacy is compromised. When asked specifically who they think should have access to these data, only about half of respondents say that the payment sender should have access, and far fewer (5 percent) agree that advertisers should have access.

Note: Results are based on 2,010 survey participants. Respondents were asked, "I'm going to read you a list of people who might have access to payments data. For each, just tell me if you think each should or should not have access."

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Conclusion

Age explains some but not all attitudes about mobile payments. About 90 percent of millennials and 83 percent of Gen Xers own smartphones, and individuals in these generations constitute the majority (72 percent) of mobile payments users. They are especially compelled by the option to receive rewards, discounts, alerts, electronic receipts, and help with budgeting and to avoid fees and are the most likely age groups to say mobile payments are faster and easier than other payment methods.

Across generations, concern about the safety of mobile payments technology is the biggest obstacle to use. Specifically, consumers are concerned about the potential for identity theft or loss of funds. Consumers of all ages cite the use of cash as a payment method as a barrier, because cash cannot be easily loaded onto a smartphone. And customers often don't know how mobile payments compare with other payment methods in terms of convenience, cost, privacy, and security.

The growing mobile payments market has the potential to provide a convenient, affordable way for Americans to transact and manage their money. Yet concerns and uncertainty about the safety of mobile transactions and the lack of systems for depositing cash directly onto mobile websites and smartphone apps may be holding back this technology. Addressing these deficiencies could increase adoption, allowing consumers to take full advantage of the potential of mobile financial products to deliver safe and secure transactions.

Methodology

On behalf of The Pew Charitable Trusts, Social Science Research Solutions (SSRS) conducted a nationally representative random-digit-dialing telephone survey of 2,010 adults from Oct. 2 through Nov. 3, 2015. The margin of sampling error, including the design effect, is plus or minus 2.6 percentage points. SSRS conducted 1,029 interviews via cellphone and 132 in Spanish.

Appendix

Table 1
Demographics of Mobile Payments Users and Nonusers

	Users	Nonusers	U.S. population
Observations (N)	773	1,237	NA
Banked	91(%)	80(%)	87(%)
Unbanked	9	20	13
Single	32	24	33
Married	55	53	48
Separated/divorced	10	14	13
Widowed	3	8	6
Employed	70	51	58
Unemployed	6	7	5
Not in the labor force	24	41	37
Income less than \$15,000	10	19	13
\$15,000 to \$24,999	8	16	11
\$25,000 to \$49,999	25	31	24
\$50,000 to \$74,999	17	12	18
\$75,000 to \$99,999	15	11	12
\$100,000 or more	24	11	24
White (non-Hispanic)	63	66	62
African-American	14	10	12
Hispanic	16	17	17
Other race/ethnicity	7	7	9

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	Users	Nonusers	U.S. population
Observations (N)	773	1,237	NA
Millennials (ages 18-34)	39	18	28
Generation Xers (ages 35-50)	33	23	27
Baby boomers (ages 51-69)	24	41	33
Silent generation (ages 70-87)	5	18	12
Less than high school	8	15	12
High school	31	35	33
Some college	25	25	25
College	23	16	19
Postgraduate	13	9	11
Male	47	49	49
Female	53	51	51
Northeast	18	18	18
Midwest	20	24	21
South	36	37	37
West	26	21	23
Metropolitan	85	77	80
Nonmetropolitan	15	23	20

Note: Data may not total to 100 percent because of rounding. Mobile payments users are consumers who have made an online or point-of-sale purchase, paid a bill, or sent or received money by accessing a website via the browser on a smartphone, sending a text message from the phone, or using a downloaded app. Ages are as of 2015.

Sources: 2014 American Community Survey one-year estimates (U.S. population data, unless otherwise noted); Federal Reserve Board, Consumers and Mobile Financial Services 2015 survey (rates of banked and unbanked consumers)

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Endnotes

- 1 Mobile banking—bill pay, funds transfers, and payments transacted on a smartphone via a bank’s website or app—is a widely used precursor to mobile payments; for more information, see The Pew Charitable Trusts, “Is This the Future of Banking? Focus Group Views on Mobile Payments” (January 2016), http://www.pewtrusts.org/-/media/assets/2016/01/cb_futurebankingissuebrief.pdf.
- 2 The survey found that 46.32 percent of U.S. adults have made a mobile payment. The 2014 estimate of the U.S. population age 18 or older is 245,158,000, so approximately 113,557,185.6 (rounded to 114 million) adults have made a mobile payment. Sandra L. Colby and Jennifer M. Ortman, “Projections of the Size and Composition of the U.S. Population: 2014 to 2060: Population Estimates and Projections,” U.S. Census Bureau (March 2015), 6, <http://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf>. The Federal Reserve Board found that 47 percent of smartphone owners completed at least one mobile payments task. Federal Reserve Board, “Consumers and Mobile Financial Services 2015” (March 2015), 16, <http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201503.pdf>.
- 3 Federal Reserve Board, “Consumers and Mobile Financial Services 2015,” 4.
- 4 In a relative importance analysis, age explained more variance between mobile payments users and nonusers than banked status, residential status (metropolitan versus nonmetropolitan), education, or income.
- 5 Federal Reserve Board, “Consumers and Mobile Financial Services 2015,” 4, 18; Pew Research Center, “U.S. Smartphone Use in 2015” (April 2015), 13, <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>.
- 6 Ibid.; Federal Reserve Board, “Use of Financial Services by the Unbanked and Underbanked and the Potential for Mobile Financial Services Adoption” (September 2012), 16, http://www.federalreserve.gov/pubs/bulletin/2012/pdf/mobile_financial_services_201209.pdf.
- 7 Federal Reserve Bank of Boston, “The 2013 Survey of Consumer Payment Choice: Summary Results” (July 2015), 11, <http://www.bostonfed.org/economic/rdr/2015/rdr1504.pdf>.
- 8 Federal Reserve Board, “Consumers and Mobile Financial Services 2015,” 18.
- 9 The Pew Charitable Trusts, “Is This the Future of Banking?”
- 10 Ibid.
- 11 Ibid.

For further information, please visit:

pewtrusts.org/mobilepayments

Cover photo: Getty Images

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