

What's Next In Mobile Banking: Seven Indispensable Features Coming To US Banking Apps

TREND REPORT

The Emerging Services And Features That Customers Will Come To Expect On Mobile Banking Apps

Summary

Today's banking customers do more, want more, and expect more on their mobile apps. Meanwhile, banks have an ever-growing list of possible features to add to their apps. It is the difficult but mission-critical job of digital leaders to identify the features that will become must-have — the ones that will enable increased engagement and growth. Our new research predicts which mobile banking services will soon be table stakes. This report

gives digital leaders an overview of what customers will want and come to expect on mobile apps in the coming years.

Customers Do More, Want More, And Expect More On Mobile Banking Apps

The last two years have seen a dramatic surge in digital banking, accompanied by a shift in what customers do, want, and expect on their mobile apps. Our research shows that banking customers:

- **Do more.** Since the onset of the pandemic, mobile banking has become increasingly popular. Research data shows that in 2019, less than half of US online adults had done their banking on their phones in the past month. Just two years later, that number had jumped by 10 percentage points (see Figure 1). Three different banks we interviewed for this research cited internal data showing major jumps in the share of customers using mobile, the frequency of app usage, and the breadth of functionality types being used by mobile banking customers. According to Sonali Divilek, head of digital products and channels at Chase, “The pandemic absolutely led to a sharp acceleration of mobile banking. Consumers who hadn’t tried mobile banking [or certain app features] began doing so regularly, and now that they’ve tried them, they are not going to go back.”
- **Want more.** As mobile banking adoption continues to grow, consumers continue to demand more from their banking apps. For example, 2022 data shows that 56% of US online adults with a bank account said they want “to see all of my financial account information organized in one place” — and 68% of Millennials want this option. As Michelle Moore, head of digital at Wells Fargo, explains, “It’s important to see mobile banking as much more than just checking balances. In the future, I (the customer) will go to my mobile banking app so I can see what I can do better and differently.”
- **Expect more.** Before the pandemic, many bank customers were okay with needing to call a bank or walk into a branch to complete some financial activities. Research data shows that pre-pandemic, 20% of online adults with a bank account even

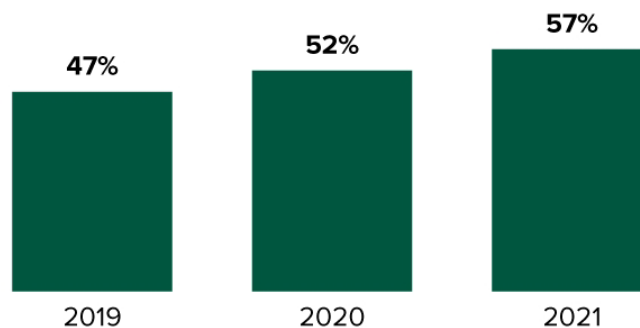
preferred visiting a branch to do their banking. By 2020, their expectations had started to rise: That year, half of all US online adults with bank accounts said they “should be able to accomplish any financial task through a mobile device.” Their expectations have only risen since: 54% now expect to be able to complete any financial task via mobile. Among Millennials and Gen Zers, more than two-thirds of bank customers have this expectation (see Figure 2).

Figure 1

Mobile Banking Adoption Continues To Grow

“In which of the following ways have you done your banking in the past month?”

(Percentage of respondents who have banked on their smartphones [via a mobile app or website] in the past month)



Base: 4,599; 11,652; and 10,154 US online adults

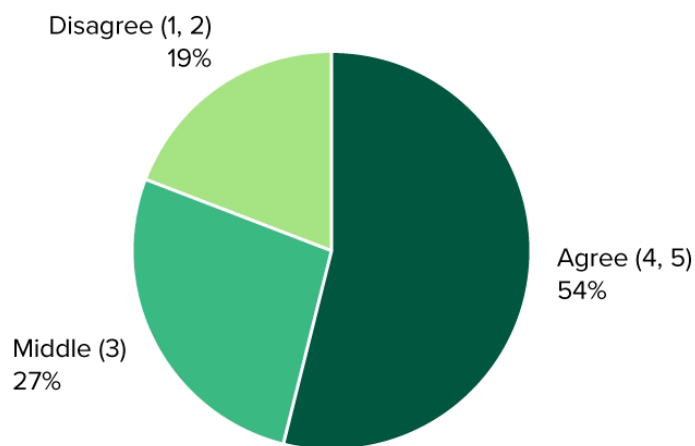
Figure 2

Banking Customers' Expectations Have Risen

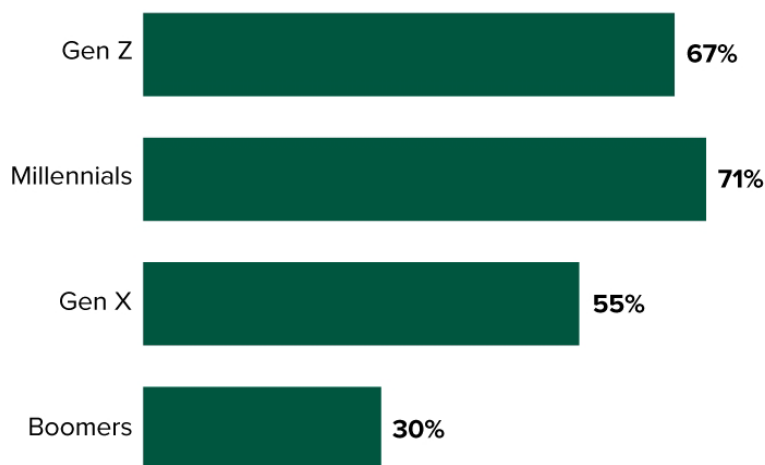
“Please indicate how strongly you agree or disagree with each of the following statements.”

(Responses on a scale of 1 [strongly disagree] to 5 [strongly agree])

“I should be able to accomplish any financial task through a mobile device.”



(4, 5 selected on a scale of 1 [strongly disagree] to 5 [strongly agree])



Younger consumers are more likely to believe they should be able to accomplish any financial task through a mobile device.

Base: 1,005 US online adults

Most Customers Think Their Primary Bank's App Is The Same (Or Worse) Than The Competition

The lack of differentiation in banking is well-known among bank executives, and widespread parity in digital offerings has been the norm for years. This sameness is evident in the 2022 research. When we surveyed US banking customers, we found that:

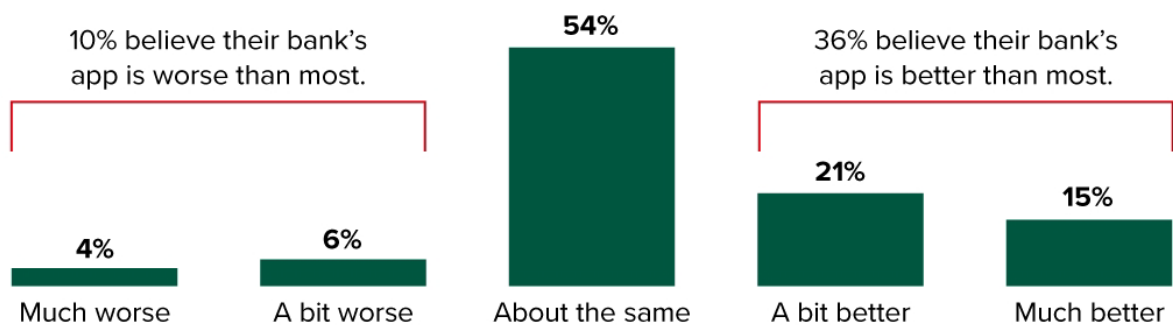
- **The majority say their primary bank's app is the same as other brands' apps.** Nearly two-thirds of US online adults who are banking customers say their primary bank's mobile app is the same or worse than other banks' apps (see Figure 3). This lack of differentiation threatens to inhibit a bank's ability to drive business growth, and the threat will only get stronger as mobile's role in people's lives increases. Sathish Muthukrishnan, chief information, data, and digital officer at Ally told us, "Mobile is now at the center of many interactions and many banking relationships. As a digital company, we have the ability and the responsibility to provide a better mobile experience that treats each customer like they are our only customer." Some banks are achieving this, but the data shows too many are still designing mobile experiences that seem indistinct to users.
- **In a world of "same-same" mobile banking, some customers are considering nonbanks.** More than four in 10 US online adults who are banking customers (44%) say "I'm willing to use a company other than a bank to manage my money." Among Millennials, 58% express this willingness to experiment with nonbanks. This could signal danger for traditional banking providers who now compete against a new crop of direct-to-customer fintech brands that are stronger on differentiation: Past research has shown that incumbent bank brands typically rank in the worst quartile among US brands on differentiation, while challenger brands typically operate in the highest quartile.
- **Mobile differentiation has become critical to retention, engagement, and advocacy.** Banking relationships are inherently quite sticky, but to drive growth, a bank needs to do more than just keep customers from leaving: Sustained, profitable growth stems from ever-deepening relationships where the customer puts more money with a bank, gets new products, and turns to the provider when they need advice. Georg Ludviksson, CEO and cofounder of Meniga, sees mobile banking becoming "the platform where leading banks — working with fintechs and others in

their ecosystems — create offerings that drive banks’ most valuable revenue streams and yield a new, stronger kind of loyalty.”

Figure 3

Most Bank Customers Think Their Bank’s App Is The Same As Other Banks’

“Overall, do you think your primary bank’s mobile app is better than most mobile banking apps, about the same, or worse?”



Base: 826 US online adults who are banking customers and use a mobile banking app

New Features Will Either Differentiate A Bank’s App Or Become Table Stakes

In our latest research, we identified and measured more than 40 different emerging products, services, and features that might find their way onto banking apps in the next three or so years. Bank executives and leaders can think of these emerging digital services and tools as ones that elicit one of two responses from customers using their apps:

- **Pleasantly surprised to discover a banking provider offers a given feature or product.** A unique, valuable new feature can do something banks rarely get to

do: delight a customer. These features eventually become table stakes, but for years, they differentiate the brand that first rolls it out. When USAA and Chase launched mobile check deposit, they were tapping into a latent demand among mobile customers. Likewise, Discover identified a mobile moment with its innovative “freeze” tool for mobile users. Over the next three years, leading banks and nonbanks will design and build (or implement) new features that help customers achieve their objectives and drive growth for the companies that offer them.

- **Unpleasantly surprised that a banking provider does not offer a feature or product.** Some emerging mobile banking features will become must-have over the next three years, just as services like mobile remote deposits and card “lock/unlock” tools have in recent years. The firms that fail to offer these services will have a harder time driving engagement, brand loyalty, and retention among customers who expect a wider array of features. As one bank executive told us, “There are initiatives on our roadmap that are there because they’ve become must-have in the eyes of customers — a mobile banking app from a national brand just needs to have them.”

Seven Mobile Banking Features Will Be Must-Have By 2025

By 2025, many or all customers will see these seven emerging features as table stakes in mobile banking (see Figure 4):

1. **Options to use rewards and points in new ways.** When US online adults who are banking customers were asked how useful they found different new and emerging mobile features, roughly one in 10 couldn’t provide an opinion on whether the feature would be useful. For those who were able to gauge usefulness, “pay with points” options within a mobile banking app topped the list overall in both perceived usefulness and willingness to try. While many banks today offer cashback deals (like Bank of America’s BankAmeriDeals) or rewards programs focused on certain spending categories, the option to “pay with points” is a relatively new concept. Discover already does this with their “Pay with Cashback Bonus” program that allows

cardholders to link their cashback bonuses at the checkout pages of Amazon or PayPal to complete a purchase.

2. **Customer-facing data management tools.** Although banks are among the more trusted types of companies overall, customers are increasingly wary of how banks manage and share their data: The 2022 research shows that fewer than half of US online adults trust their banks to keep their personal information safe. It's unsurprising then that 56% of US online adults who are banking customers with a perspective on data management tools say they would be a useful mobile feature on their bank's app. Chase leads here: Customers can easily view and manage which devices and third parties (including specific merchants, websites, and apps) have access to their financial data (see Figure 5). Likewise, Bank of America has recently rolled out new data management tools for customers, and Wells Fargo's "Control Tower" offers some of these options for app users.

3. **Account aggregation.** Most US online adults have relationships with multiple financial services companies, and US online adults have an average of 5.7 different types of financial products. Customers are consequently hungry for services that help them view, monitor, and manage their financial accounts across different providers. Our research reveals that 50% of US online adults who are banking customers with an opinion on account aggregation view it as useful to have on a mobile banking app. Some leading banking brands — including USAA, U.S. Bank, and the neo bank Chime — offer account aggregation on their mobile apps. In the future, account aggregation will not only be a must-have feature, it will be a foundational capability that leading banks use to create more value for customers, enabling additional services like personalized advice or proactive, anticipatory notifications.

4. **Digital wallet integrations.** Nearly half of US online adults who are banking customers rate digital wallet integrations on their bank's app as a useful feature. While many banks and credit unions allow customers to use their cards on Apple Pay, most banks don't actually include a wallet integration feature on their app. As contactless payment usage continues to rise among all age groups, features that make digital wallet integration seamless will become increasingly critical. Bank of America is a leader in this space: Its app makes digital wallet usage easy to understand, quick, and painless — the bank even wove the digital wallet integration

steps into its card activation experience for mobile users (see Figure 6). This feature is part of the utilitarian but essential nature of mobile banking: As Moore from Wells Fargo put it: “Banking customers just need their app to work.”

5. **Automatic savings.** The 2022 research data shows that one in four US online adults with a bank account say they expect their bank to help them save money, and 54% say autonomous savings tools on a bank’s app would be useful. Some firms already offer functionality that determines how much a user can safely set aside roundups on purchases and options to allocate X amount of your cash each week to savings. The UK-based fintech Plum has a fun option for its users to activate “Rainy Day” savings, which will make a deposit for each day it rains in your area (see Figure 7). While having these tools on an app will be must-have, the quality will vary by app, and a key factor will be the algorithms that enable these features. As Elise Nunn, head of operations at Plum, put it: “All of our algorithms are proprietary because they are essential to our competitive advantage.”

6. **Subscription management tools.** People’s use of subscription services for anything from physical goods to streaming services is growing. Currently, 5% of US online adults are using a subscription and recurring payment management tool to manage their money. Forty-seven percent of US online adults who are banking customers perceived this tool as useful, and nearly a quarter (23%) said they would try out subscription management tools if a mobile banking app offered it. Some banks, including Huntington Bank and U.S. Bank, already do. There are also different options for banks in this space: Subaio offers white-label subscription management for banks, while fintechsDyme, Emma, and Truebill offer services directly to consumers (see Figure 8).

7. **Instant-issue, virtual cards.** While a customer would likely be able to instantly freeze or cancel a lost or stolen debit or credit card via their bank’s mobile app, they would have to wait a few days to get a replacement in the mail. To make the process less cumbersome and to solve the problem, 47% of US online adults who are banking customers would like their bank’s app to offer an instant-issue, virtual card. Very few banks currently offer this as a full service, but there are a few who offer some variation of instant-issuance virtual cards. Since 2020, U.S. Bank has allowed commercial banking clients to provide their employees with virtual corporate card access through the bank’s Instant Card app, a virtual assistant that can be

added to a browser and will create merchant-specific virtual cards, disguising your actual credit card number to help protect from potential fraud while shopping online.

Figure 4

Seven Mobile Banking Features Will Be Must-Have By 2025

“Thinking about the mobile apps you use for banking and managing your money, how useful would each of the following features or services be for you?”

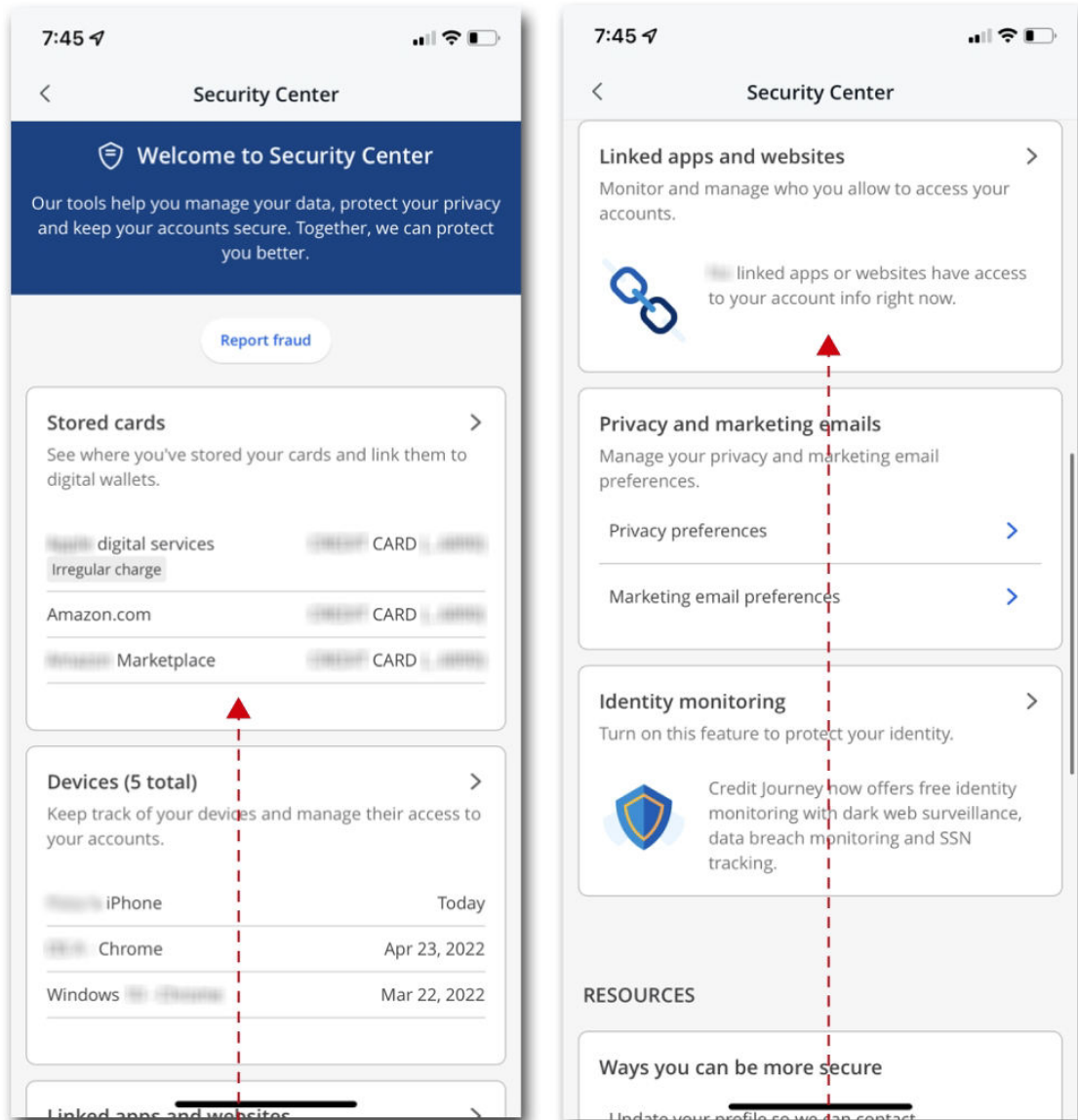
(4 or 5 on a scale of 1 [not at all useful] to 5 [very useful]; omitted respondents who said “don’t know”)

	Lay-person definition	‘Useful’ (4) or ‘very useful’ (5)	Example
Mobile banking feature	Pay with points	The option to use rewards or loyalty points to pay for something	58% Amazon; Bilt; Discover; PayPal
	Data management tools	The option to see how your data is being used and shared by your bank — and the ability to choose how data is being shared	56% Capital One; Chase
	Automatic savings	A tool that predicts exactly how much money you can safely put into savings, then automatically moves the money so you earn more and don’t forget	54% Ally; Chime; Chip; Digit; Plum
	Account aggregation	The option to see and keep track of your money and finances across all of your accounts at the different banks and companies you use (including other bank accounts, investments, loans, etc.)	50% Mint; PocketGuard; U.S. Bank; USAA
	Digital wallet integrations	Easily set up and manage your credit cards, debit cards, and other cards or accounts for digital wallets like PayPal, Apple Pay, Google Pay, Square, and others	49% Bank of America; Chime; Citizens Bank
	Subscription management services	A tool that helps you track, manage, and cancel recurring subscriptions and payments; some can also help you renegotiate your plan or swap providers based on your spending	47% Dyme; Emma; Mint; Truebill
	Instant-issue virtual cards	Immediately get a debit or credit card number (rather than waiting for a physical card to come in the mail) that you can use for online or mobile shopping — this could be used for new or replacement cards	47% Curve; U.S. Bank

Base: 880 to 925 online adults who are banking customers and did not respond “don’t know” for the item

Figure 5

Chase Bank's "Security Center" Allows In-App Data Monitoring



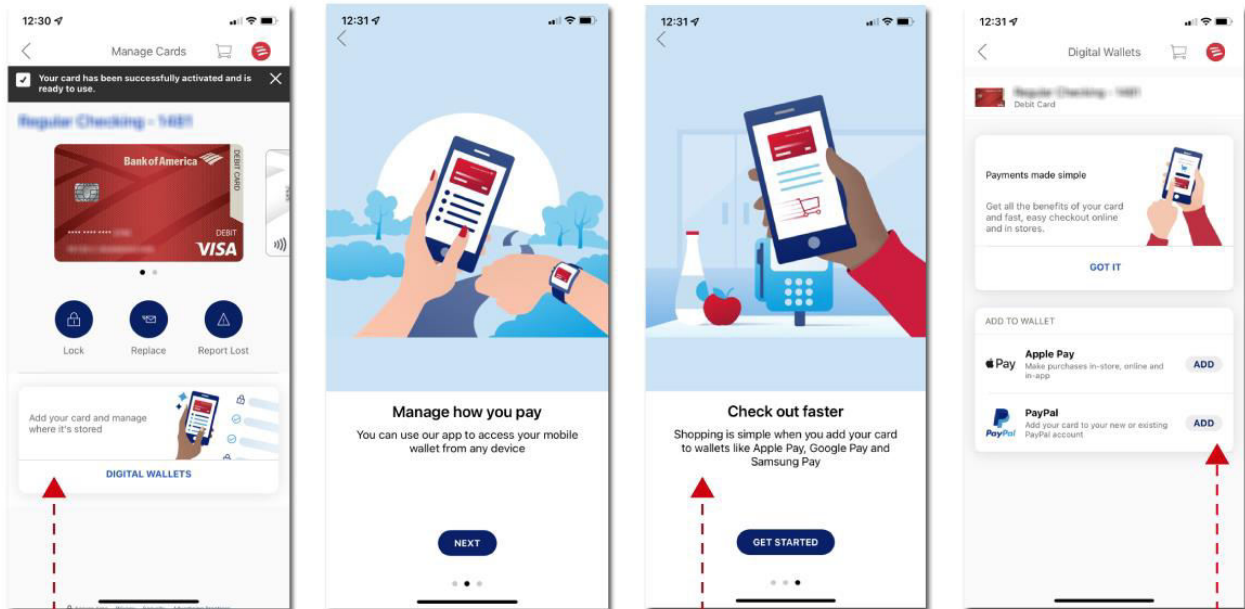
Chase's in-app "Security Center" shows the customer where their data is currently being stored and which devices have access.

A Chase mobile banking customer can also monitor which third-party apps and websites have access to their data — and the customer can revoke access within the app.

Source: Chase Mobile app

Figure 6

Bank Of America Makes Integrating Digital Wallets Easy



Once the customer has activated their new credit or debit card, they are immediately presented with a call to action to add the card to the third-party digital wallet(s) of their choosing.







The bank's app then explains the benefits of digital wallets and offers quick and convenient functionality to add card(s) to one or more wallets.

Source: Bank of America's mobile app

Figure 7






“Rainy Day” Savings With Plum

Turn these on to make Plum deposit more...

 <p>Automatic Plum's algorithm analyses your income and expenses to calculate what you can safely set aside, without leaving you short.</p>	 <p>Round Ups Get Plum to round up your past week transactions to the nearest £1 and transfer the spare change.</p>
 <p>Weekly Depositor Decide how much you want to set aside each week and Plum will automatically take care of the rest for you.</p>	 <p>52 Week Challenge Starting with £1, each week we'll increase your deposits by £1 until you reach £52 in the final week of the Challenge. That's £1,378 in a year 🤖</p>
 <p>Rainy Days Once activated, Plum will make a deposit for each day it rains where you live.</p>	 <p>Pay Days The best time to stash money is when you first get paid. Tell Plum the amount and we'll set aside a lump sum automatically.</p>

← **Change Moisture**

Adjust how much I should transfer:

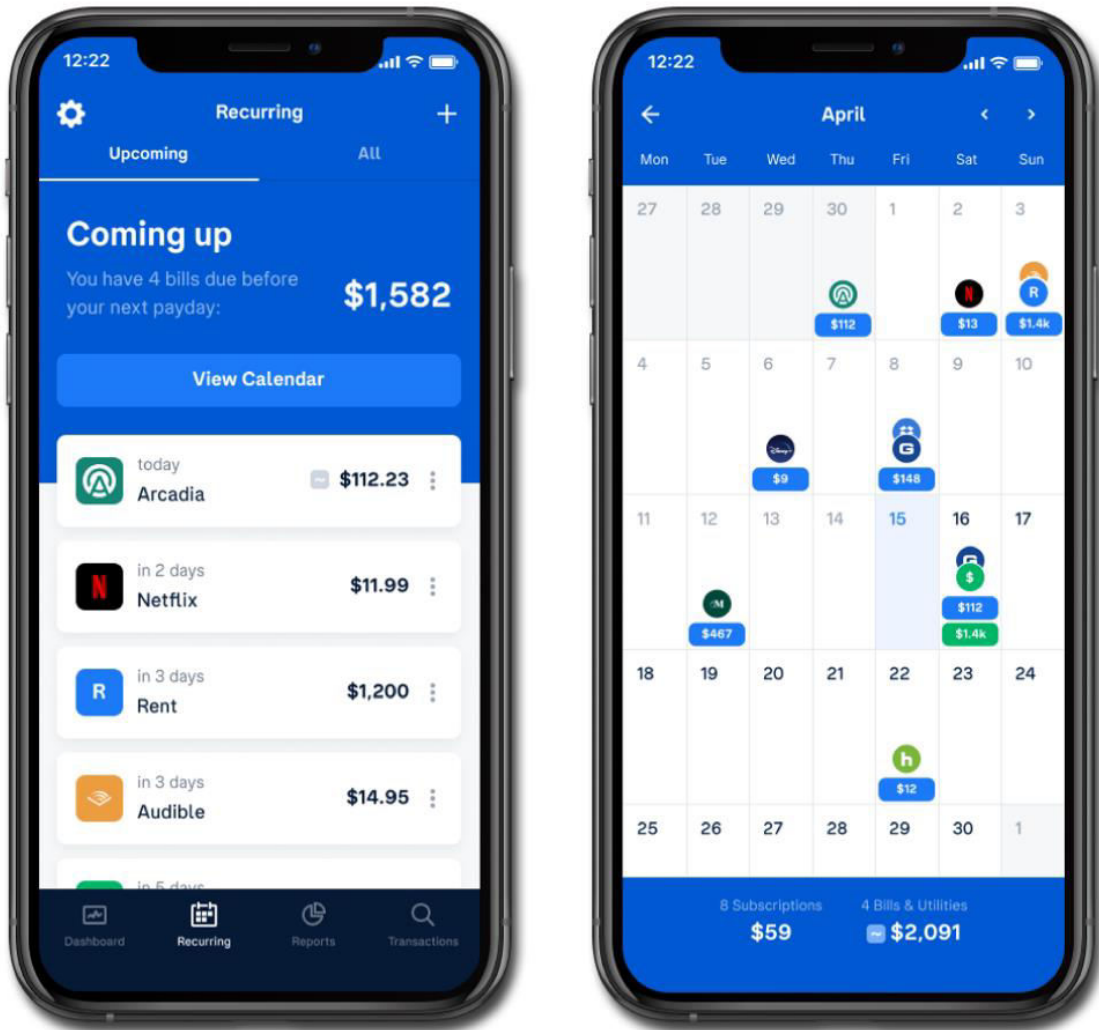
-  **Make it rain** £20
-  **Cats and dogs** £10
-  **No shower needed** £5
-  **Slightly spitting** £2
-  **A bit damp** £1

Plum customers can opt in to autonomous savings based on their pay day or rainy days in their geographic location. For the latter, users can choose how much to deposit based on the severity of the rainstorm.

Source: Plum website

Figure 8

Truebill Helps Users Manage Their Subscriptions



Truebill users can view their recurring subscriptions details, including charge amount and due date, in a list or calendar format.

Source: Truebill website

A Customer's Age And Willingness To Try Out New Brands Affect Demand For New Features

The degree to which a customer views certain features as valuable varies by many factors, but our data analysis revealed two that impact the appeal of most of these features:

- **Generation.** We found that younger online adults (18 to 35 years old) with a bank account dramatically overindexed compared to the general population on perceived usefulness and willingness to try mobile banking features if they were offered on their bank's mobile app. Differences in the perceived value of certain features stood out particularly strongly: For example, cryptocurrency spending and couples' money tools both skewed in favorability toward the younger cohort, each by roughly 40 percentage points.
- **Willingness to experiment with nontraditional banking brands.** Forty-four percent of US online adults who are banking customers are willing to use a company other than a bank to manage their money. This group is far more likely than the general US online adult population to perceive new mobile banking features as useful and valuable. Banks are not at risk for losing a massive share of their customers. But the data does indicate that banking providers need to design and put in place products, services, features, and experiences that help mobile banking customers in new ways, lest those customers start to experiment with alternatives that do offer the features they need or want.

Banks Need Dynamic Roadmapping To Prioritize The Right Features For Them

Even if a firm rolled out every single feature revealed in this research, it would only put them ahead of the competition for so long. Digital leaders and their teams need to embrace approaches that continuously generate new ideas and iterate in ways that allow them to adjust to change. This approach is called dynamic roadmapping, and it involves the following steps:

- **Map your customers' current and future-state journeys.** Best-in-class firms use "roadmap" as a verb, not a noun. To develop a flexible and dynamic roadmap

that will help digital teams achieve the bank's business objectives, digital business leaders need to employ methodologies like journey mapping (both current- and future-state customer journeys) and design thinking.

- **Define and articulate your bank's objectives.** Teams should use customer and business lenses that emerge from customer journey maps to evaluate the relative importance of each new digital product idea. Leading banks evaluate potential digital initiatives according to three factors: 1) customer impact (does it improve an experience or create new value for customers?); 2) business impact (does it drive additional revenue, reduce costs, or advance a pillar of the long-term business strategy?); and 3) feasibility (how will pursuing this effort affect existing resources, and are the necessary people, processes, and technologies available?).
- **Prioritize and sequence your digital initiatives.** Digital banking usually cuts through existing functional boundaries. Cross-functional ownership (and measurement) of change is vital. Roles like product manager and customer journey owner are crucial here. This is especially important as your bank embraces agile processes and cross-functional teams that colocate and co-own digital initiatives. A growing number of banks, including ANZ, Banco Santander, BNP Paribas, and Sberbank, are using the Spotify approach — typically these banks are adapting this approach for the particular needs of their organization.
- **Deliver iterative change as a series of loosely coupled initiatives.** Planning disciplines are shifting from annual to continuous as leading firms transition to a steady stream of small, continuously delivered initiatives. So don't think of digital banking as a one-off change program that will deliver some new functionality; think of it as a shift that sets your bank up to continually adapt to the future environment.