



# Best Practices for Moving Mobile Forward:

Using Mobile Deposit to  
Boost Mobile Growth



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People are generally resistant to change.

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People are generally touchy about their money.

Put these two truths together and it's easy to see why it's difficult to get account holders to adopt new ways of banking. So as a marketer, no matter how much you talk about the convenience of mobile banking and mobile deposit, adoption is slow.

# 50%

of consumers under age 54

# 60%

of consumers under age 34

**consider mobile deposit to be**

**“Must have!” or**

**“Nice to have!”**



## The good news is that mobile adoption is trending upward:

According to a recent Federal Reserve report, 43 percent of all mobile phone owners with a bank account had used mobile banking in 2015, up from 39 percent in 2014 and 33 percent in 2013.<sup>1</sup> In addition, 51 percent of mobile banking users deposited a check electronically using their mobile phone camera in 2014, up from 38 percent in 2013.<sup>2</sup>

It's no surprise that younger people comprise the largest group of mobile users. Recent findings from FindABetterBank indicate that well over 50 percent of consumers under age 54 consider mobile deposit to be a “must have” or “nice to have” feature. The numbers skew even higher in the youngest set: Over 60 percent of consumers under age 34 consider mobile deposit to be a “must have” or “nice to have” feature.<sup>3</sup>

That said, financial institutions shouldn't underestimate the value of Baby Boomers as a ripe target for mobile banking. Baby Boomers are increasingly tech-savvy. They are also reaching retirement age in record numbers, freeing them to travel — a perfect set of circumstances for mobile services.

### Mobile Deposit → Mobile Banking

While the general trend of growing mobile adoption is indeed good news for financial institutions seeking to engage account holders and decrease costs, the pace is frustratingly slow. And there's an urgency

to spur mobile adoption — and particularly mobile deposit adoption — because as we know from traditional checking and deposit accounts, “how you pay is where you bank.”

In other words, an account holder's transactional accounts indicate primary financial institution status. Where and how they interact with their funds via deposits and payments — those are the hooks that lead to deeper account holder engagement and satisfaction, and greater profitability.

### What we see is that mobile deposit is actually a gateway to mobile banking.

We know that:

- Consumers want their checks deposited for safekeeping.<sup>4</sup>
- 43 percent of mobile deposit users choose mobile deposit as their top mobile feature, with nearly twice the ranking of other mobile features.<sup>5</sup>
- Mobile deposit is not only an effective acquisition tool, but perceived as a high-value sticky feature. Account holders who use mobile deposit are less likely to change banking relationships.<sup>6</sup>

<sup>1</sup> Federal Reserve Consumers and Mobile Financial Services, March 2015

<sup>2</sup> Ibid

<sup>3</sup> [FindABetterBank](#), The Importance of Mobile Check Deposit by Age, 2017

<sup>4</sup> AlixPartners: Press Release, “Remote Deposits via Smartphones is Revolutionizing How Consumers Bank,” September 2011

<sup>5</sup> Ibid

<sup>6</sup> Mitek Systems, Inc., “Mobile Deposit: Why Now and How,” 2012

## Moving the Needle on Mobile Deposit

To grow their base of mobile deposit users, financial institutions must educate and create awareness of the real value of mobile banking while simultaneously lowering barriers to adoption.

### Here's how:

#### 1. Make it a priority.

There are many good reasons to make mobile deposit a priority for your institution. Start by following the money: According to the Federal Reserve, the average mobile deposit costs 14 cents versus \$3.75 in branch and 60 cents at an ATM.<sup>7</sup> Next, look at customer satisfaction: 81 percent of mobile deposit users say they are “extremely” or “very” satisfied with their bank, compared to 72 percent for non-mobile deposit users.<sup>8</sup>

#### 2. Embrace “access everywhere.”

Mobile deposit also allows financial institutions to protect and expand market reach and spend more in-branch time on high-value customers who need personal attention. For community banks and credit unions, a comprehensive mobile banking program including mobile deposit can attract new account holders who otherwise might switch to larger financial institutions for more convenience and services.

Moreover, a recent Novantas survey notes that, when it comes to “perceived convenience,” the importance of branch-centric factors — such as proximity of branch locations — has declined precipitously in the last three years. In this survey, consumers report that a financial institution’s digital capabilities are now even more important than its physical network. In fact, perceived convenience is now the strongest driver of initial consideration for financial institutions.<sup>9</sup>

#### 3. Change their minds.

Many account holders don’t know what they’re missing. They simply don’t yet recognize the convenience of not having to physically go somewhere to deposit funds.

However, a 2015 American Bankers Association survey indicated that of those who use mobile deposit, more than half use it at least once a month. Commenting on the association’s research, ABA Senior Vice President and Deputy Chief Counsel for Consumer Protection and Payments Nessa Feddis said, “Mobile deposit continues to attract more consumers because this bank service is incredibly convenient. In the short time it takes to post an Instagram, you’ve deposited your check.”<sup>10</sup>

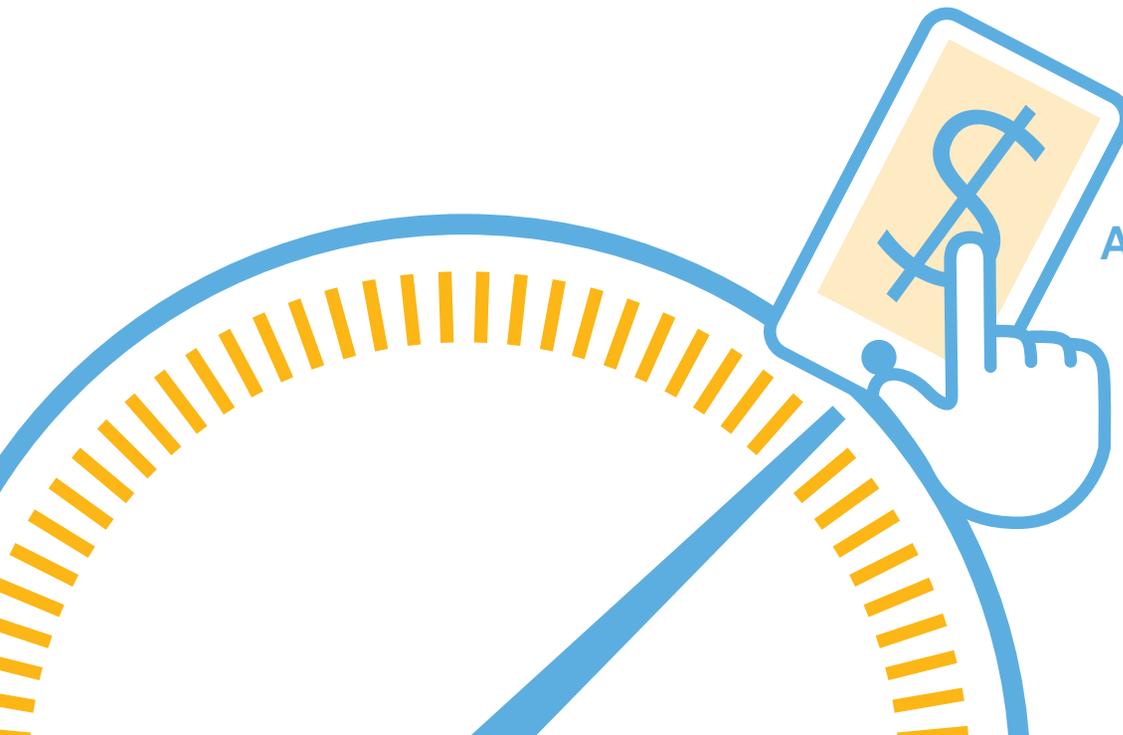
With that said, financial institutions have a huge opportunity to educate their account holders on the productivity and convenience mobile deposit offers.

<sup>7</sup> Federal Reserve Study, 2010

<sup>8</sup> AlixPartners: “Remote Deposits via Smartphones is Revolutionizing How Consumers Bank,” September 2011

<sup>9</sup> Novantas Research, “2017 Omni-Channel Shopper Survey: A Digital Inflection Point for Banking”

<sup>10</sup> Banking Exchange, “Mobile Remote Deposit Gaining in Popularity,” October 2014



**Average mobile deposit costs only 14 cents!**



Branch deposit costs \$3.75



ATM deposit costs \$0.60

## 4. Remove barriers — real and perceived.

What's standing in the way of use? For one, deposit limits are a problem. Mobile competes against branch and ATM channels that don't impose limits and have a higher proportion of funds available immediately.

Also, physical check holds create anxiety for users who think mobile deposit isn't safe or that the deposit might not go through. According to Futurion, when financial institutions ask mobile deposit users to hold onto their physical checks for 30 days or more, it creates apprehension and distrust.<sup>11</sup> Security is also a concern for hesitant account holders. Sixty-two percent of consumers with a mobile phone who don't use mobile banking are concerned about security.<sup>12</sup>

A quick way to overcome these objections is by providing notifications and confirmation that a deposit was successfully processed, which builds account holder confidence.

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## 5. Trigger usage.

Promoting trial of mobile banking and mobile deposit is key to success because trial works: The more customers integrate mobile banking into their everyday lives, the more they are likely to use it.<sup>13</sup>

Many of our clients are seeing success with incentive programs that nudge account holders toward mobile banking via mobile deposit.<sup>14</sup> These programs involve providing account holders an opportunity to make a check deposit using their smartphone. Users experience for themselves the speed and convenience of mobile deposit — and once they try it, the more likely they are to continue to use it.

Remember, old habits are hard to break, and new habits are hard to form. Mobile deposit represents a new paradigm: a way of handling funds that's so easy and convenient — such a “no brainer” — that it's a bit hard to imagine without trying it.

But given the fact that mobile deposit promotes mobile banking, which is a key to primary financial institution status, it's well worth your while to encourage mobile deposit as not just a new way to complete a transaction but a new way of banking.

*Harland Clarke is a leading provider of best-in-class marketing solutions for financial institutions. Using marketing best practices for mobile activation, Harland Clarke can help financial institutions promote the real value of mobile deposit and grow their base of mobile deposit users.*

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<sup>11</sup> Futurion, 2016 Mobile Deposit Benchmark Report

<sup>12</sup> Federal Reserve Consumers and Mobile Financial Services, March 2016

<sup>13</sup> Mintel, Mobile Banking US Report, 2016

<sup>14</sup> Harland Clarke campaign results