SYKES®
for FinTech

SURVEY REPORT:

Americans' Digital Banking & Consumer Behavior Shifts in the Era of COVID-19

As the global pandemic continues to affect countless aspects of daily life, new research reveals how U.S. consumers are adapting to digital banking and mobile payments, shifts in the retail experience and more.

The Status Quo

It isn't hyperbolic to suggest COVID-19's abrupt entry into the United States upended most ways Americans live their daily lives. From shuttered businesses to stringent stay-at-home ordinances, the pandemic has changed the way we approach livelihood, social interactions and daily activities.

While Americans may be eager to return to a semblance of normalcy, many are accepting — and even embracing — certain aspects of the status quo. While a number of large e-commerce companies have already revolutionized how people shop, current social-distancing practices and work-at-home measures are shifting the way people send and receive money, manage their finances, order products and services, and even how they exercise.

In June 2020, Sykes Enterprises, Incorporated surveyed 3,000 U.S. adults to uncover how COVID-19 has affected, and even redefined, how they now approach digital banking and financial technologies. Read on to learn how these trends underscore the opportunity financial technology (FinTech) companies have to meet the needs of an evolving consumer market.

This survey largely follows a "yes"–"no" format of logic. The respondents who answered "yes" to the topic's initial question then answered a related follow-up question. Those who answered "no" were directed to the next topical question.

Mobile Banking & Mobile Payment

The future of banking was on the forefront of expert minds long before COVID-19 closed the lobbies of local branches. A **2019 Forbes article** predicted the upheaval of traditional forms of banking — a practice more or less in vogue (or at least necessary) since the 2008 global financial crisis. From back-office enablement to the abandonment of core legacy systems, the banking world has been preparing for widespread disruption.

Of course, few could have predicted the way COVID-19 would ravage American socio-economic systems. In fact, **new research by doxo** shows that 82% are worried about making ends meet until the economy begins to recover. Clearly, the pandemic hasn't been limited to economic downturn, but also the way consumers look at buying and banking.

Still, the ubiquity of fully functioning mobile banking platforms undoubtedly cushioned the blow. Americans are able to deposit checks, manage their accounts, and pay for goods and services straight from their smartphones — a flicker of convenience in an otherwise catastrophic era.

However, the usage of those mobile platforms has varied between pre-pandemic and now, as evidenced by our respondents' answers. This offers a golden opportunity for FinTech companies to take advantage of robust digital banking solutions.

Have you ever used mobile checking to deposit a check with your smartphone?

Over 62% of our respondents stated that they have taken advantage of mobile deposits, suggesting that convenience is king when it comes to receiving a paper check. Although our answer results varied little by gender, age groups varied greatly: While a significant number of respondents (74%) ages 18 to 54 have deposited a check via smartphone, only 42% of baby boomers (55+) have done the same.

Had you already used mobile checking to deposit checks before the COVID-19 outbreak?

The pandemic may have forced banks to close their lobbies, but it didn't seem to make much of a difference for mobile-deposit users. The vast majority of respondents (85%) indicated they had used mobile checking for deposits before COVID-19 arrived, while 15% indicated they started using mobile checking for the first time because of pandemic-induced banking restrictions (e.g., branch closures).

Do you use direct deposit to receive payment (from your employer, the IRS, etc.)?

Of similar note is the high number of respondents who receive check payments via direct deposit. The majority of Americans receive their checks for work and tax refunds through these means, according to our poll — nearly 85%.

For most Americans, direct deposit has been an integral aspect of how they are paid, and a familiar one long before the pandemic.

Had you already used direct deposit to receive payment before the COVID-19 outbreak?

Only 5% of those who answered "yes" to our previous question are new to direct deposit payments in the months since the coronavirus hit American soil — likely due to the pandemic's impact on brick-and-mortar banking.

While the majority of respondents have firsthand familiarity with direct deposit and mobile deposit availability — before and during the pandemic — far more spread out is the use of mobile payment apps.

Have you ever used a mobile payment app (e.g., Venmo, Zelle, Cash App, etc.) to send or receive money?

More than a third of those polled stated that they have never used a mobile payment app for sending or receiving money. And while many respondents said they use them often (32%) and occasionally (25%), it is worth following the impact COVID-19 may have on the future of contactless payments.

Aptly phrased by a recent **Forbes article:** "Cards are germy, cash is worse." As most retail, hospitality and food service industries look to reopen their brick-and-mortar locations — cognizant of social distancing and proper cleaning guidelines — the use of mobile payment apps may be on the rise.

However, it is not just up to brick-and-mortar facilities to prepare for this inevitability. A **recent Amex survey** asserts that as people become more accustomed to curbside pickup, in-store pickup and delivery options, a full 58% will be more likely to utilize contactless payment and pickup as part of their regular consumer habits.

According to JJ Kieley, vice president of Payments Consulting Group at American Express, "This survey tells us that U.S. consumers view contactless as faster, safer and more convenient than other forms of payments, which is becoming especially important as people are avoiding contact and are considering how to resume in-store purchasing."

Had you already used these kinds of mobile payment apps before the COVID-19 outbreak?

Not surprisingly, the majority of mobile payment app users had done so before the pandemic. However, 11% had not. Given that COVID-19 has only been in the collective consciousness for a few weeks, the spike in app usage speaks to the scope of how much the virus has affected the American way of life.

These digital banking trends were prolific long before COVID-19 and are indicative of their growth moving forward. What is far more nuanced is how people have managed their money since the pandemic.

Personal Finance & Investing

The use of cryptocurrency, personal finance apps and investment apps are far from new in the FinTech industry, but COVID-19 seems to have had a bigger impact on them than on mobile banking and payment platforms.

The future of FinTech is largely tied to keeping up with industry trends and improving user experience. According to **Nate Nead, principal at Deal Capital Partners, LLC,** traditional forms of investment banking are already being disrupted by financial technology.

From the people side of things, more advanced matching algorithms and widespread use of online platforms will likely bridge the scale and scope of those practices. While that technology was being used prior to COVID-19, our survey highlights that more people are using it now for their investment and budgeting.

Do you use cryptocurrency (e.g., Bitcoin, Ethereum, NEO, etc.) to invest, pay or transfer encrypted digital money?

While forms of cryptocurrency — particularly Bitcoin — have become commonplace in the public narrative over recent years, it has not completely taken off in use: Only 12% of our respondents have experience with it. However, the use of cryptocurrency is far more driven by demographics.

While 15% of men use encrypted digital money, only 9% of women can say the same. And while Gen Z, Gen Y and Gen X use it more commonly (15%, 21% and 17% respectively) baby boomers (just 5%) simply do not. Tech-savvy digital natives clearly have the upper hand here, but FinTech companies would be well-positioned to offer easy-to-use and clear platforms for older generations to take advantage of digital money.

Had you already used cryptocurrency before the COVID-19 outbreak

Like mobile banking users, the majority of cryptocurrency users had familiarity with it before the outbreak. Unlike mobile banking users, though, COVID-19 has resulted in a spike in digital currency usage; 21% of our respondents report they are new users, and this is of particular note for women. While only 9% of the women who responded are cryptocurrency users, 22% of those existing users say they are new users since the pandemic — outweighing male new users.

Have you ever used a personal finance/budget app (e.g., PocketGuard, Mint, Spendee, etc.) to manage your money?

While cryptocurrency may still be relatively new to many consumers, the use of finance apps in general certainly isn't. However, the position of budgeting in that larger landscape is shockingly lacking.

A staggering 75% of respondents have never used such an app, underscoring how much the FinTech industry has to gain by developing secure, easy and thorough personal finance applications. This could be particularly beneficial to baby boomers who could use an alternative to balancing their checkbook — nearly 90% have never used an app to manage their money.

Have you ever used these kinds of personal finance/budget apps before the COVID-19 outbreak?

Like the use of cryptocurrency following COVID-19, many are new users (16%).
While these numbers varied little between men and women, age groups varied greatly. While 23% of Gen Z and 18% of baby boomers indicated they were new users to personal finance and budget apps, the other age groups hovered between 12% and 16%. This highlights for FinTech companies that both baby boomers and Gen Z are more amenable to personal finance apps.

Have you ever used an investment/stock trading app (e.g., Robinhood, Acorns, Stash, etc.) to manage your money?

In an ongoing theme of app usage for digital finances, 73% of respondents have never used an app for their investments or stock trading. As the number of "no" answers increase by age (58% of millennials compared to 87% of baby boomers), the digital trading companies would be well-served to target older demographics as well as women (78% of whom also answered "no" to this question).

Had you already used these kinds of investment/stock trading apps before the COVID-19 outbreak?

Whereas most investment app users are not new to the practice, COVID-19 has made an impact on those who are. Nearly 21% of users are new, including a higher number of women than men.

For many of our respondents, their personal finance and mobile banking habits have kept the status quo since COVID-19 hit America. What is far more telling about the state of U.S. socioeconomics is consumer behaviors during the pandemic, and what is predicted to come after.

Pandemic Consumer Behaviors

The myriad of concerns — in tandem with local government ordinances — following COVID-19's arrival emptied grocery store shelves and prevented dine-in options around the country.

Shopping and delivery services, as well as home-based virtual fitness solutions, suddenly became a major talking point. While the convenience of these services resulted in an industry-wide boom, they were never considered essential for most consumers. That obviously changed — and did so quickly.

Of course, analyzing these results in the midst of a pandemic is only part of the answer. Predicting what's to come is a more delicate artform. Still, it's not out of the realm of possibility that more consumers will turn to their smartphones for these services moving forward.

According to a recent **Retail Leader article,** 82% of consumers say they will continue to shop online even as brick-and-mortar stores open again. Whether that is due to ongoing concern about the virus, the convenience of it or a combination of both, FinTech companies would be well-served to promote those services during — and especially after — the pandemic.

Had you ever ordered groceries online or through an app before the COVID-19 outbreak?

Whereas some of our previous poll results were far less escalated due to COVID-19, online grocery shopping spiked significantly. In fact, 37% of respondents are new to this form of grocery shopping, and the practice is poised to remain after the pandemic. Experts believe that it is going to be one of the last effects of COVID-19, according to a **Winsight Grocery Business survey** — especially in the event of a resurgence of the virus. If the health crisis extends through 2021, the Winsight survey predicts that more than 60% of Americans will make the switch from in-store to online.

Have you ever ordered from a cafe/restaurant through a food delivery app (e.g., DoorDash, Uber Eats, GrubHub, etc.)?

As common as meal delivery services have become in recent years, a majority of our respondents have never used them — nearly 52%.

However, we find a disparity in the data when sorted by age group. While 69% of Gen Z, 68% of millennials and 60% of Gen X have taken advantage of the service, only 27% of people over 55 can say the same.

Despite the lower number of boomers ordering food online, it doesn't mean they aren't interested in it. According to a **survey by the National Restaurant Association,** 51% of baby boomers express interest in online food orders. Whether it comes down to ease of access, social considerations or something else entirely, FinTech companies should analyze existing apps and ensure that newly developed ones are compelling and relevant to all generations.

Had you already used these kinds of food delivery apps before the COVID-19 outbreak?

Out of our respondents, one in five are new users to food delivery apps — indicating how much Americans' dining habits have shifted from COVID-19. To compound the results from our previous question, baby boomers were, in fact, the generation most likely to be new users of the services (28%) since the pandemic arrived. The results were essentially equal by gender.

Have you signed up for any weekly/monthly meal delivery services (e.g., HelloFresh, Purple Carrot, Blue Apron, etc.) since the COVID-19 outbreak?

Perhaps of some surprise to the devotees of meal delivery services, the vast majority are not taking advantage of the service — especially with the public raids on grocery stores in March. Twelve percent of our respondents have signed up for the services since the pandemic, indicating that most Americans are either making their own meals or having restaurant meals delivered.

However, pre-COVID-19 research — along with the impacts of the pandemic itself — may indicate the rise in meal kit delivery services. According to a **February 2020 Technavio snapshot,** an estimated $15.93 billion in incremental growth is expected by 2024. If that trend continues, financial technology companies could tap into that potential.

Have you subscribed to any virtual fitness class apps (e.g., Peloton, MIRROR, Grokker, etc.) since the COVID-19 outbreak?

Across the U.S., thousands of gyms were closed due to COVID-19. Not having access to gym-based equipment drove 10% of our respondents to subscribe to virtual fitness apps in its place. Overall, 11% of men and 9% of women subscribed to virtual fitness classes, while those ages 18–44 were far more likely to subscribe to fitness apps than those 45 and up.

The national landscape has oscillated widely over recent weeks. Even while stores and restaurants reopen, health concerns and social distancing measures abound — preventing a full return to normalcy.

In fact, **new findings by PYMNTS** suggest that e-commerce could double by the end of 2020. The implications both for brick-and-mortar and digital forms of shopping could look drastically different than they do now — even as COVID-19 continues to wreak havoc. However, individual predictions of post-pandemic consumer behaviors vary.

Predicted Post-Pandemic Consumer Behaviors

As government restrictions ease and unemployment begins to decrease, it's an indication that Americans are eager to return to the familiarity of daily life pre-pandemic. However, worries about COVID-19's ongoing health risk and possible resurgence, along with the "new normal" many are embracing, are also indicative that post-pandemic consumer behaviors will, indeed, change.

What do you think your purchasing behaviors will look like, post-COVID-19?

While the highest number of respondents (nearly 44%) believe they will continue to purchase items online or through an app like they did before the virus, a huge number believe that behavior will increase (37%).

While those findings are roughly equal between men and women, it's primarily younger people who are more likely to embrace this transformational way of shopping. Inextricably linked to technology, these millennial preferences highlight an opportunity for retailers to analyze the in-store experience in order to incentivize brick-and-mortar shopping.

A **2019 Digital Commerce 360 article** underscores the importance of such an approach: Store-based retail companies should follow the lead of Best Buy, which has bolstered its omnichannel capabilities and ensures matching online prices. This has resulted in its brick-and-mortar locations serving as product showcases, rather than the end-all approach to purchasing.

By harnessing digitally flexible technology into existing business platforms, traditional retail doesn't have to meet its demise. And, in fact, many Americans still prefer the traditional way of shopping — or are at least amenable to a combination.

What do you think your shopping preferences will look like, post-COVID-19?

Despite the widespread embrace of online shopping — particularly in the midst of a pandemic, many Americans still believe they will rely more on the in-store retail experience — a robust 40%.

However, the proliferation of purchasing options is highly appealing: 37% will rely on online and app buying with direct shipping, and 23% will purchase online for curbside or same-day pickup. While younger people are more likely to resist brick-and-mortar, older people (45+) are overwhelmingly likely to shop the way they always have.

Even still, only 26% of those in the 25–34 age range prefer in-store retail, suggesting they are more at ease researching reviews online for the best-suited product, rather than experiencing them through touch and feel.

What do you think your preferences for payment will look like, post-COVID-19?

The U.S. has largely depended on debit and credit cards for payment for several years, resulting in a near-cashless society. According to 2018 findings by TSYS, only 14% of Americans preferred paying with cash.

However, in the two years since that survey, the preference for cash has plummeted. While it is common knowledge that cash is a notorious disseminator of germs, concerns around COVID-19 have compounded that narrative. According to our poll, only 7% will use cash alone after the pandemic clears, the majority of whom were over 45 years old.

Despite the widespread anti-cash sentiment, credit cards are less likely to be the primary form of payment. Most consumers (54%) will rely on a variety of payment options, including cash, credit cards, contactless apps and digital wallets.

What You Need to Know

Traditional forms of banking, investing, money management and shopping have been undergoing a period of disruption since smartphones became inextricably tied to American society. However, the events of COVID-19 have accelerated that disruption.

While many have yet to fully embrace digitally flexible alternatives to daily life, the pandemic brought to the forefront how necessary those advances truly are. While it is unfair to speculate how society would have managed had COVID-19 arrived 10 years ago, it is perfectly reasonable to suggest that the FinTech industry should look ahead to future potential disruptions to the American way of life.

By analyzing consumer behaviors prior to the pandemic in tandem with the shift during it, we can more accurately predict how those behaviors will manifest, regardless of America’s socioeconomic position.

Methodology

In June 2020, SYKES, through Pollfish, conducted a financial technology survey among 3,000 U.S. adults to more accurately understand their perceptions toward mobile forms of banking, payment, personal finance and investing, as well as to understand their consumer behaviors during COVID-19 and their predicted behavior when the pandemic subsides. Of our 3,000 respondents, 56% were women and 44% were male. The demographics broken down by age groups were as follows:

- **18–24 (9.8%)**
- **25–34 (17.3%)**
- **35–44 (19.77%)**
- **45–54 (16.23%)**
- >**54 (36.9%)**

About SYKES

At SYKES for FinTech, we are on a mission to make it easy for visionary, high-growth brands to be fanatical about customer success in a digital economy.