



VERICAST

THE PAYMENT PIVOT

Preparing For The Next Wave of the
Consumer Payment Experience

AUGUST 31, 2022

/ Presenter



Marsha Murphy
RVP Major Account &
Investment Services

Has deep experience working with brokerages, wealth management firms, banks and credit unions and providing strategic thought leadership for the complex customer experiences of today

Focused on:

- helping clients acquire, grow and retain customers
- improving efficiencies to increase client profitability

VERICAST



PARTNERING
TO UNCOVER
NEW PATHS
TO GROWTH

By bringing together years of history, experience and innovation, we can provide a wider array of marketing solutions and a depth of knowledge like no other — all from a single partner.

150+

That's how many years we've been partnering with clients

70,000+

Businesses big and small leverage our insights and technology to drive smarter decisions

120M+

That's how many households we connect our data to and engage with

/ Four Pivots

- > Checks vs P2P – Alternative Channel not a Replacement
- > Digital Payment Adoption is Skyrocketing
- > Cards Issuers Are Offering More Earning Options
- > Gen Z Leads Adoption of Alternative Payment Tools

/ Generational Payment Trends

- > Credit cards are the preferred payment tool among all consumers
- > Younger generations are shifting away from credit cards
- > COVID-19 accelerated the adoption of mobile payment alternatives

Source: Kantar Profiles/Mintel, July 2019, July 2020, May 2021; Payment Preferences US 2021



/ Generational Payment Trends



Gen Z Persona

- **Work:** One foot out the door.
- **Spend:** Starting to use credit cards more.
- **Invest:** Bullish on saving and investing. Open to all Crypto has to offer.



Gen Z is saving more than other generations due to market volatility

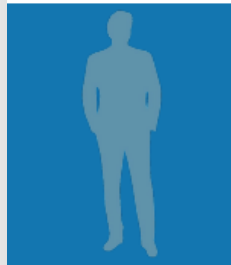


Millennial Persona

- **Work:** Ready to make a job move.
- **Spend:** Likes BNPL.
- **Invest:** Savvy Crypto fan. Bullish on saving and investing.



Millennials feel it is important that employers offer programs that help them manage their finances



Gen X Persona

- **Work:** Staying put at work.
- **Spend:** Big on credit cards.
- **Invest:** Crypto is great for 401(k). Bearish on savings and investing.



Gen Xers plan to save more due to market volatility than Boomers but less than younger generations



Boomer Persona

- **Work:** Not changing jobs.
- **Spend:** Credit card user on any occasion.
- **Invest:** Bearish on making changes to saving and investing. Little interest in Crypto.

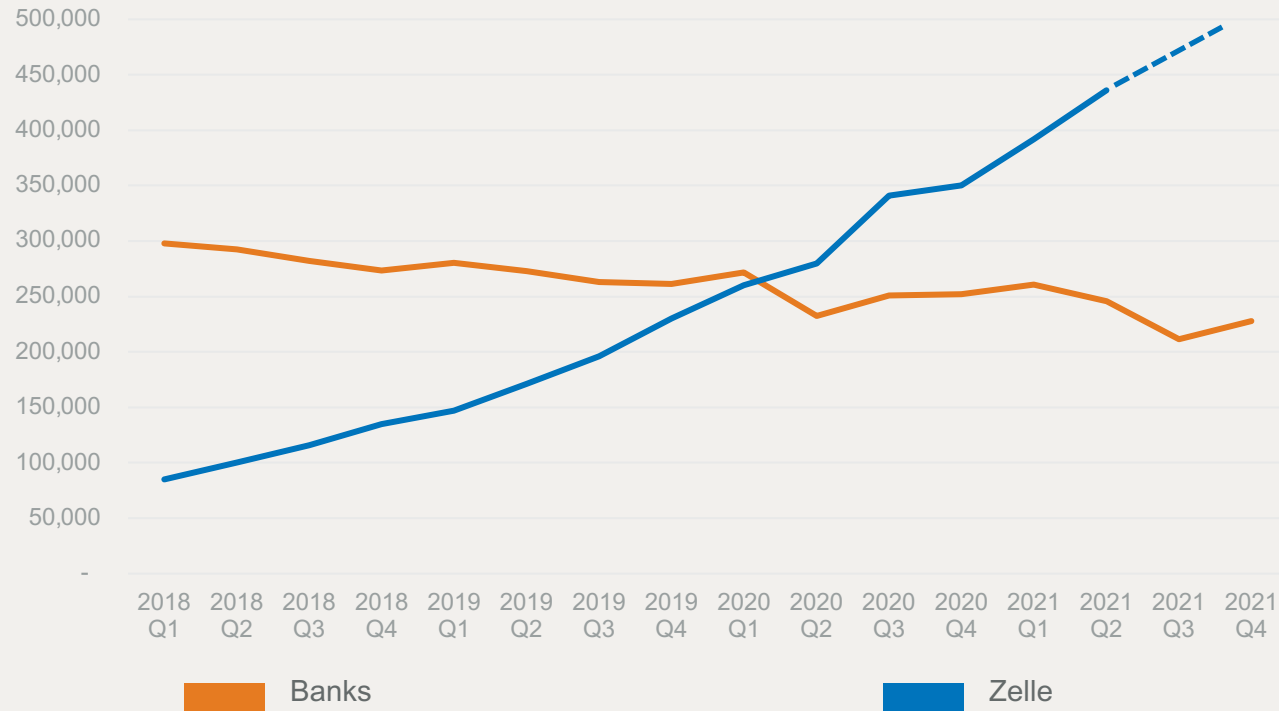


Boomers are not as focused as other generations on saving due to state of market

Source: Logica® Future of Money Study, 2022

/ PIVOT 1 – Checks vs P2P

- > Zelle® transactions are increasing, while checks continue a steady decline
- > Alternative channel, not a full replacement



CHECK
DECLINE
OF
6-8%

VALUE PER
CHECK
INCREASED
5%

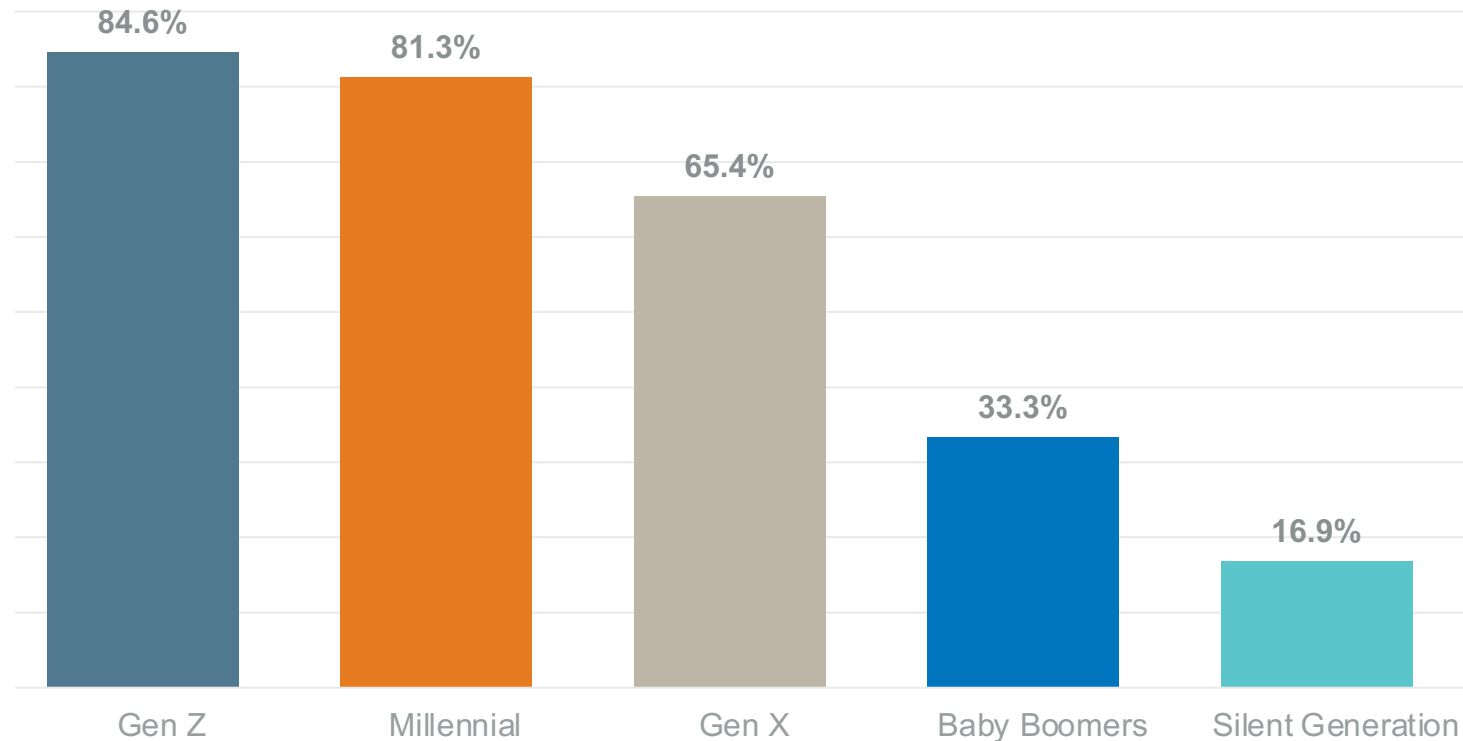
Source: Federal Reserve March 2022

Source: Vericast Data, Zelle data, Q2/Q3 2021, Zelle data interpolated due to data unavailability

/ PIVOT 2 – Digital Payment Adoption is Skyrocketing

DIGITAL ADOPTION BY GENERATION

% OF RESPONDENTS
WHO REPORT USING
A DIGITAL WALLET IN
THE PAST YEAR



Source: Digital Wallet Adoption survey by Finder in April 2021

/ Digital Payment Adoption is Skyrocketing

MOST COMMON REASONS PEOPLE USE DIGITAL WALLETS

66%
Convenience

15 %
Greater security

10 %
Easier to track
expenditures

7.5%
Less to carry

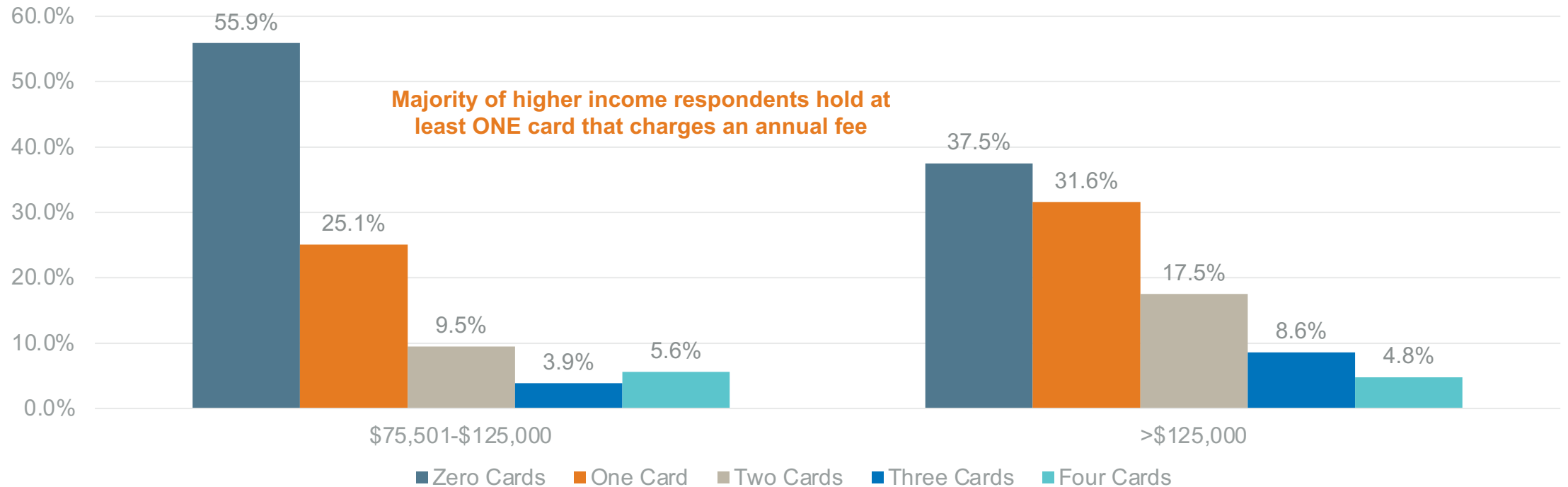


Source: Digital Wallet Adoption survey by Finder in April 2021, n=2,059

/ PIVOT 3 – Cards Issuers Are Offering More Earning Options

- > Prioritizes benefits over annual fees – 63% of higher income survey respondents would consider dropping a card over reduced benefits

Number of cards that charge an annual fee held by respondents, displayed by income level (%)



Source: S&P Capital IQ; April 2022

/ Cards Issuers Are Offering More Earning Options

- > Offers are most often presented via direct mail
 - **\$2.1 billion** was spent in direct mail credit card offers in 2021¹
- > Use social, digital and connected TV (CTV) to build awareness
 - **49%** of consumers perceive CTV ads as more relevant than traditional TV²
 - **36%** of consumers have made a financial decision based on a CTV ad³



Sources: 1) Mintel Research, Comperemedia; 2022, 2)2022 Vericast *Financial TrendWatch* report survey, n=6,798; 3) Vericast *February 2021 Consumer Survey*, n=1,004

/ PIVOT 4 - Gen Z Leads Adoption of Alternative Payment Tools



85%

use digital wallet¹



55%

use BNPL²



39%

use P2P apps³



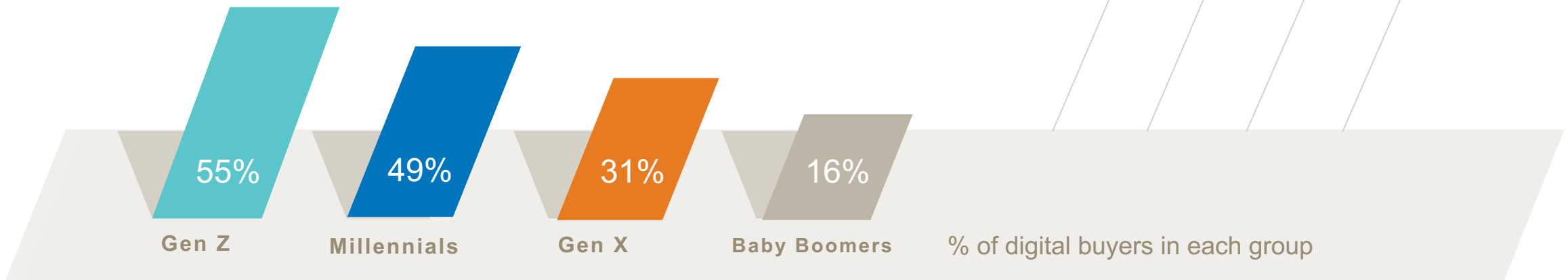
37%

prefer to use
cash in-person⁴

Sources: 1)Deloitte, "Merchants getting ready for crypto survey," June 2022; 2) Finder.com, "The rise of digital wallets, July 2021; 13) nsider Intelligence, "Gen Z buys into buy now, pay later," June 2022; 4) Logica, "Gen Z Is Buying See How They Pay Report," 2022

/ Gen Z Leads Adoption of Alternative Payment Tools

U.S. BUY NOW, PAY LATER (BNPL)
User Penetration, By Generation, 2022



Sources: Insider Intelligence, "Gen Z buys into buy now, pay later," June 2022

/ Conclusion

- > When it comes to payment tools, consumers crave more:
 - *More options*
 - *More convenience*
- > Generational payment preferences are key to understanding how to appeal to various consumer segments
- > As the trajectory to a cashless environment continues to expand, issuers should consider two key areas:
 - Safety and privacy
 - Generational attitudes toward using cash



THANK YOU

VERICAST

QUESTIONS?

marsha.murphy@vericast.com

- > Scan the code to view the video
**Holiday Season Advice for
Banks and Credit Unions**

