



How the Pandemic Changed Consumer Banking Behavior



What you Need to Know When Budgeting for a Successful Future

COVID-19 HAS RESULTED IN A MYRIAD OF CHANGES to how financial institutions do business. Between lockdowns, social distancing and fluctuating quarantine measures, banks and credit unions have dealt with branch closures, shifting hours and sudden shutdowns since the pandemic began.

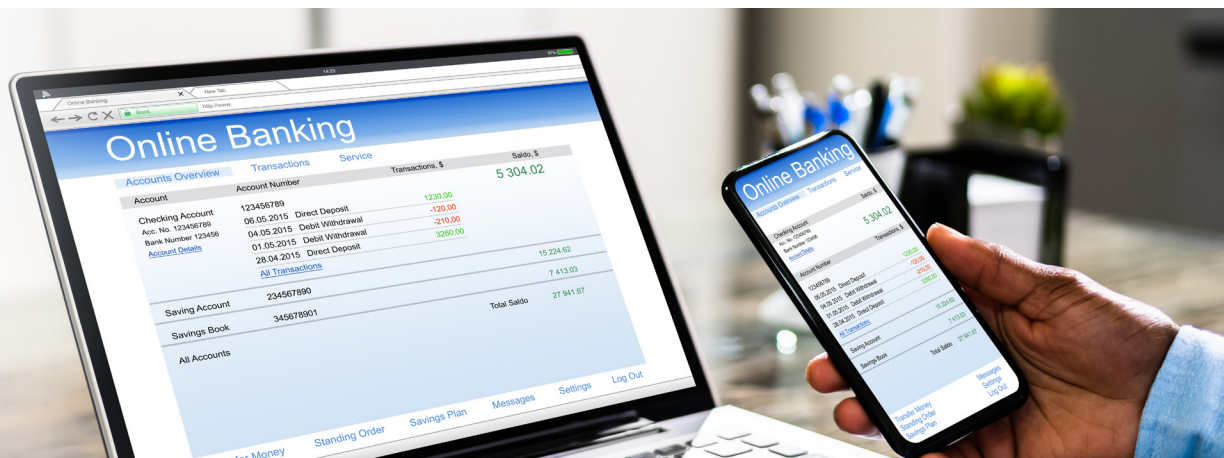
Consumers have been even more significantly impacted. Layoffs, work-from-home and homeschooling have forced people to take new approaches to everyday life. Many have turned to digital self-service options such as online grocery ordering, digital retailers and video conferencing for work.

Many of these services already existed in some form before COVID. But studies show the pandemic response accelerated adoption – often by five to ten years. The same is true for digital and self-service banking.

A Paradigm Shift in New Ways to Bank

Realizing trips to their local branches would be temporarily halted, a large percentage of accountholders immediately sought other means to manage their finances. For some, that was noting the available ATMs at their nearest “essential” business. For others, it meant finally figuring out how this whole “digital banking” thing works.

FIS studies showed registrations for mobile banking applications hit an all-time high by mid-April 2020 - 207% higher than the daily average before COVID lockdowns. Logins to mobile banking also saw an increase in mid-April of around 145%. In addition, data from Boston Consulting Group (BCG) noted over 40% of 18-to-34-year-olds were first-time enrollees to their online or mobile banking during 2020.



Digital Banking is Not the Only Change

Studies show mobile banking users are more likely to use ATMs as well. For example, a September 2020 J.D. Power study found that over half of accountholders had used an ATM or drive-thru at a branch in the last seven days.

To handle the influx of mobile users and help shoulder the burden of the typically branch-dependent, many banks and credit unions invested in interactive (ITMs) or video teller machines (VTMs) and additional stand-alone, off-premise ATMs.

These avenues were vital for providing cash throughout the pandemic, something mobile and digital banking cannot offer. While some consumers stopped using as much physical currency, the average consumer now keeps more cash on hand than they did pre-pandemic and ATM usage has increased.

- **Cash on Hand Increased** to \$74 on average, up \$20 from 2019.
- **ATM Usage Increased.** Over half of consumers used an ATM or drive-thru to get cash during the peak of the pandemic, according to a J.D. Power study.

Millennials and older Gen Z (adults, 18-34) visited ATMs more than seven times per month.

- **Cash Deposits at the ATM:** Young adults, 18-24, were the demographic most likely to deposit cash at the ATM, according to a 2021 Mercator Advisory Group report.



Where Things are Headed

The majority of consumers who used mobile banking during the pandemic (88%) plan to continue using digital and mobile post-COVID, according to a S&P Global report.

But, despite the massive growth in digital banking, over half (55%) of U.S. adults have visited a branch in person in 2021. And a large portion of those branch visitors includes Generation Z (57%) and Millennials (60%). Similarly, consumers report visiting ATMs around three times per month to deposit cash. And the average consumer visits an ATM at least four times a month to withdraw funds.

So, despite the accelerated adoption of digital banking, not every consumer intends to rely solely on mobile and online access for their financial needs. While 32% of consumers admit they will likely use mobile banking more now, around 36% anticipate returning to their usual banking habits post-pandemic.



***Consumers are looking for options.
To achieve success, banks and
credit unions need to cultivate
convenience across all platforms.***

Ultimately, what consumers are looking for are options. They want to stay safe and secure – from both online criminals and physical viral infection. While branch traffic is unlikely to see a full recovery, banks and credit unions need to cultivate convenience across all platforms.

Recommendations for **Success**

THE KEY TO SUCCESS IN TODAY'S POST-PANDEMIC WORLD is to implement strategies that provide intuitive digital banking, interactive and easily accessible self-service options, while at the same time providing consumers with branches built to deliver the services they crave.



Digital Channels & Call Centers

Continued expansion to provide consumers with the services they want in the age of COVID

Off-Premise ATMs & ITMs

Invest in off-premise options to provide services for consumers working from home



Full-Function ATMs & ITMS

Expand functionality to meet the demand for self-service options, convenience and safety

Branch Transformation

Reimagine the branch by offering more self-service options and equipment to increase teller efficiency

