

No Boundaries: How Universal Commerce is Changing Relationships, Expectations and the Future of Banking

Whether in a restaurant, walking down the street or at work, people are engrossed in their smartphones and tablets. They are living their lives simultaneously online and offline, and moving seamlessly between the two. Universal Commerce, or uCommerce, is the concept that consumers now expect a completely integrated and seamless experience between brick-and-mortar stores and online channels. Universal Commerce also promises a unique, personalized experience wherever and whenever someone shops, from any device.

Universal Commerce dramatically impacts consumers' expectations of banks. In order to better understand how consumers are dealing with the changes in the world of payments and money management, First Data keeps a pulse through its Consumer Universal Commerce Tracker research. Wave 2 research findings (October 2012) reveal that consumers are:

- Excited by the possibilities of simplifying how they conduct transactions and manage their finances.
- Frustrated when processes to manage their money are complicated, and seek easier and better solutions.
- Unsatisfied with their banks' policies, slow pace of technological innovation, and one-size-fits-all service.
- Want personalized experiences with their financial institutions. They want to be treated as individuals and rewarded for being loyal patrons.

The Reality of Universal Commerce Today

Overall, the number of consumers embracing technological advances in payments and financial management is growing rapidly. For instance, the number of smartphone users

interested in a mobile wallet rose from 19 percent in March 2012 to 28 percent just six months later. Online banking is a service expected by 96 percent, while 47 percent of smartphone owners already use a mobile banking app. Consumers expect anytime-anywhere access to their financial information. They crave, and in some cases expect, an easier, more personal and transparent experience.

Particularly when it comes to financial management, consumers want a complete picture and absolute control. A common complaint is that financial institutions don't provide a real-time view of the funds that accountholders actually have available. They would like pending charges shown, and some have indicated that they would appreciate being able to set aside money for known monthly bills. Consumers use a variety of tools, both manual and electronic, to pay bills and manage their money. They want financial management to be easy and to take less time. They often find that new technology solutions require too much effort to set up or are no easier than what they're currently doing. Consumers are open to new methods and look forward to easy-to-use, secure solutions that provide them with a sense of control without taking so much effort.

People would like to see their banks be more in tune with their personal needs and unique situations. Sixty-five percent of those interviewed want their banks to consider their particular circumstances. Common themes from these interviews are that banks and credit unions are slow to innovate, have confusing fees and policies that benefit the institution, not them, and that financial institutions are not looking out for their customers' best interests.

No Boundaries: How Universal Commerce is Changing Relationships, Expectations and the Future of Banking

When it comes to the mobile wallet, consumers trust financial institutions more than any other channel to deliver this new and exciting technology. However, non-traditional companies like PayPal, Amazon, Apple, and Google are recognized by consumers as innovators, and could be a threat to financial institutions that are slow to take the lead and adopt new payments tools.

Building Relationships in a Virtual World

It seems that most consumers today are comfortable providing banks and retailers with their personal information if, in turn, they are provided with something of value. Forty-four percent would like to receive information from their banks about products and services that match their lifestyles. Consumers are particularly interested in incentives that acknowledge their relationship with and loyalty to their financial institution. People have come to expect generic discounts and coupons, but what they really want are offers related to their current needs and actual interests. When consumers agree to share their information, they view this as a commitment, and expect that their data is being protected, respected and used to improve their experience. Even in today's virtual world, customers want a two-way, mutually beneficial dialogue with financial institutions.

How Financial Institutions Can Drive the Universal Commerce Experience

When it comes to personal finances, consumers generally want to rely on their primary financial institution, but are increasingly aware of new alternatives. Financial institutions can solidify their relationships and relevance through some of the following ideas:

- Offer customers more options to access their accounts and control their finances. Online banking and mobile banking are must-haves in order to remain competitive, while online bill pay, personal financial managers, budgeting tools and person-to-person payment services are creative ways to demonstrate the value and convenience your financial institution can provide.
- Refine your marketing to target product promotions and make service recommendations based on consumers' habits, lifestyles and financial situations. Make sure that these offers are truly relevant and enhance the experiences.
- Acknowledge and reward loyalty. Give customers a reason to use your services and expand their relationship with you.
- Be clear about why you request personal information and how you'll use it. Provide value for the information people give and assure customers that their transactions with you will always be safe and secure.
- Take a leadership role in moving digital payment solutions forward. With 28 percent of consumers interested in mobile wallets, financial institutions can be the sector that makes this technological leap possible.

Now is the time for financial institutions to make investments in technology in order to build better relationships with consumers, meet their demands for personalized solutions and services, and remain the primary provider of financial services.

For more information, contact your First Data Sales Representative or visit firstdata.com.

beyond the transaction™