Misunderstood Millennials: Have Financial Institutions Got it Wrong?

An Osterman Research Survey Report

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EXECUTIVE SUMMARY

Millennials – those aged 18 to 34 years – have been the target of financial services providers for as long as they have been recognised as a category. To date, however, efforts to attract them have been largely unsuccessful. The causes for this have been explored in some depth, but as yet no real insights have been translated into a successful business strategy for financial institutions.

This survey of 1,001 UK Millennials conducted by Osterman Research found that financial institutions have been focusing their marketing efforts on the wrong segment of this demographic. Younger millennials – those aged 18 to 22 years – are not yet financially independent. A growing number of Millennials are living at home with their parents[1], many are still paying for education, and they are generally more concerned with entertainment and paying rent than in financial services. It's only when Millennials reach 29 to 34 years that financial services become a necessity. This, combined with the fact that Millennials in this age group are becoming occupied with the "busy-ness" of life – such as advancing in their careers, purchasing homes and starting families – makes them a prime market for a variety of financial services.

In short, financial institutions that market to younger Millennials are aiming their marketing efforts in the wrong place and to the wrong people.

IMPORTANT FINDINGS

These are the important findings from the research conducted for this report:

- **Younger Millennials are not focused on financial services**
  Forty-eight percent of younger Millennials are concerned about paying for their education, whereas only 19 percent of older Millennials are focused on this activity. Conversely, 43 percent of older Millennials are concerned about saving money to purchase a house, but only 30 percent of younger Millennials express this concern. Moreover, 34 percent of older Millennials seek to save money for their retirement years, but only 24 percent of mid-range Millennials and 18 percent of younger Millennials consider this to be a high priority.

  The increased cost of education and housing has meant that younger Millennials are more concerned with paying off student debt and affording a place to live than with their financial future. This changes as people get older, join the workforce and develop savings goals and habits. Older Millennials have more disposable income and so are more focused on their futures, saving for homes with ever-increasing prices and planning for a retirement without state pensions.

- **Mobile is a more important channel for older Millennials**
  Older millennials are five percent more likely to use their phones to apply for services or purchase goods than younger millennials, but more than one in five older Millennials make at least one purchase on their mobile per day, compared to 12 percent of younger Millennials.

  Counterintuitively, mobile is more important for older Millennials than for young Millennials. Perhaps due to their increased disposable income, spending via mobile is more frequent than for the latter group.

- **Security, not convenience, is a major concern for older Millennials**
  Forty-three to 46 percent of older Millennials say that worries about ID fraud or data security prevent them from making transactions on their mobile device, compared to 33 percent to 39 percent of younger Millennials. Eighteen to 24 percent of younger Millennials cite convenience factors as a barrier to usage compared to 16 percent to 26 percent of older Millennials.

  This increase in spending is not without caution. As Millennials progress through the workforce, concerns about convenience are replaced by fears of fraud. Older millennials place a greater emphasis on data security and ID fraud than their younger counterparts.

- **The mobile camera is very important for older Millennials**
  Fifty-five percent of younger millennials see the camera function as a very or the most important function of their mobile device compared to 73 percent of older Millennials. If

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[1] http://visual.ons.gov.uk/living-with-parents/

their mobiles could only do one thing, 23 percent of older millennials would prefer to communicate using the camera compared to 17 percent of younger millennials.

Again, going counter to expectations, older Millennials are more connected to their mobile phone cameras than their younger counterparts.

- **Older Millennials want to use photos an identity method to allay security fears**
  Older millennials are around 25 percent more likely to use their camera to fill in personal information or verify their identity using a selfie or a photo of their ID documents.
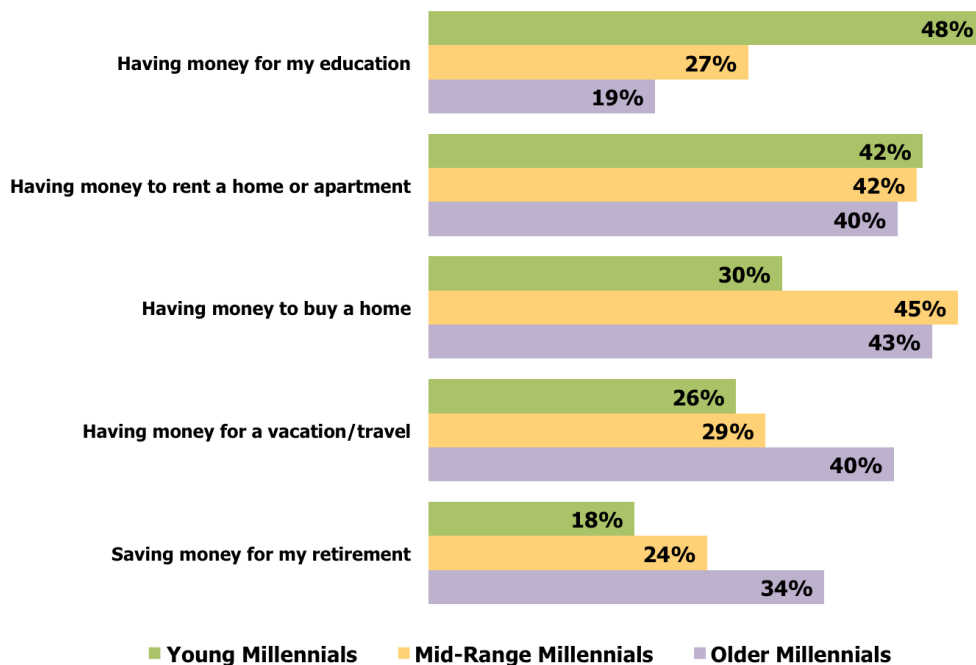
  Older millennials' comfort with and reliance on the camera function has meant that they see photos as an ideal way of overcoming fears of security breaches and making mobile financial services more convenient. This, combined with their propensity to purchase goods and apply for services via mobile could point the way to combining both security and convenience for this generation.

SURVEY FINDINGS

YOUNGER MILLENNIALS ARE NOT FOCUSED ON FINANCIAL SERVICES

As shown in Figure 1, younger Millennials place a much higher priority on having funds available for education purposes than mid-range or older Millennials. However, as Millennials age and as their discretionary income increases, their attention turns increasingly to priorities like saving money for a home, having money available for travel, and saving for retirement.

Figure 1
Importance Placed on Key Financial Activities by Millennials' Age
Percentage Indicating a High or Very High Priority

Having money for my education
- 48%
- 27%
- 19%

Having money to rent a home or apartment
- 42%
- 42%
- 40%

Having money to buy a home
- 30%
- 45%
- 43%

Having money for a vacation/travel
- 26%
- 29%
- 40%

Saving money for my retirement
- 18%
- 24%
- 34%

■ **Young Millennials**   ■ **Mid-Range Millennials**   ■ **Older Millennials**
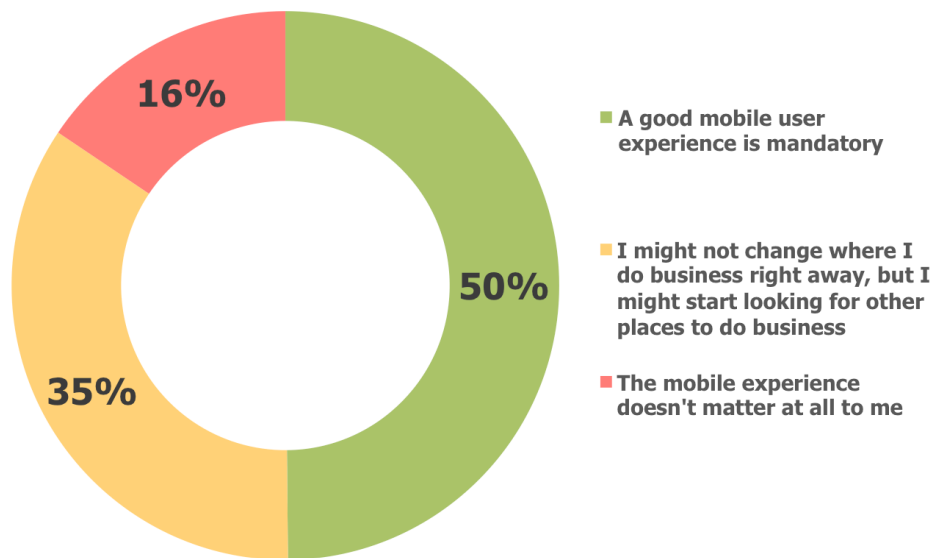
Source: Osterman Research, Inc.

These findings are consistent with what we would expect from Millennials as they get older, become established in their careers, and take a more active view of the future in the context of saving for retirement. This also means that older Millennials will be more focused on financial products than their younger counterparts.

A GOOD MOBILE EXPERIENCE IS ESSENTIAL

Eighty-five percent of UK Millennials say that a good mobile user experience is important or essential in order for a bank, retailer or other entity to do business with them, as shown in Figure 2. The strong implication for this large majority of Millennials is that a poor user experience will have serious and lasting negative implications on their likelihood of doing business with an entity that offers an inadequate mobile experience.
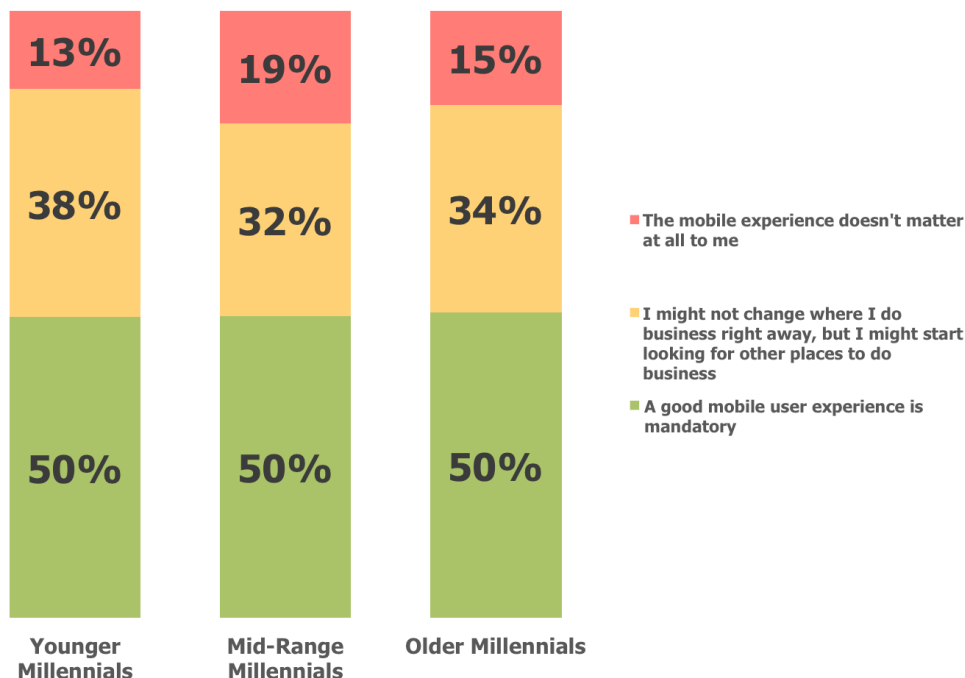
Figure 2
Millennials' Desire for Engaging With Banks, Retailers and Other Businesses From Their Mobile Devices

- A good mobile user experience is mandatory
- I might not change where I do business right away, but I might start looking for other places to do business
- The mobile experience doesn't matter at all to me

Source: Osterman Research, Inc.

We found some interesting differences between UK Millennials on this issue based on their age. For example, we found no statistically significant difference between younger, mid-range and older Millennials with regard to their focus on the importance of a good user experience being mandatory to keeping their business – all three age groups were nearly identical at 50 percent, as shown in Figure 3. However, we discovered a slight increase in the proportion of mid-range Millennials who might not necessarily demand a robust user experience, but will consider it as a key factor in their long-term decision to do business with a firm.

Figure 3
Importance of the Mobile Experience by Millennials' Age

Legend:
- The mobile experience doesn't matter at all to me
- I might not change where I do business right away, but I might start looking for other places to do business
- A good mobile user experience is mandatory

Source: Osterman Research, Inc.

BRITISH MILLENNIALS ARE FREQUENT MOBILE PURCHASERS

As shown in Figure 4, 17 percent of UK Millennials make a purchase or conduct some sort of transaction using their mobile device at least once per day, and eight percent do so multiple times per day.

Figure 4
Frequency of British Millennials' Purchases or Conducting Transactions From Mobile Devices
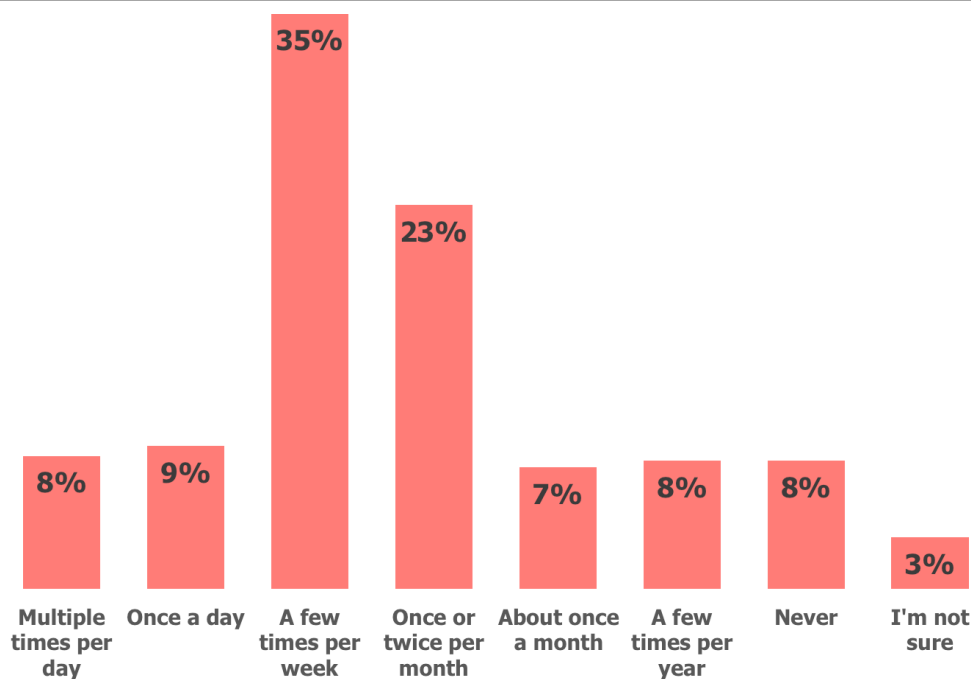
Source: Osterman Research, Inc.

UK Millennials are frequent purchasers using their mobile devices and they do so more as they age. As shown in Figure 5, 45 percent of younger Millennials make a mobile purchase at least a few times per week, increasing to 53 percent of older Millennials. However, older Millennials are also the most likely never to use their mobile device to make purchases.

Figure 5
**Frequency of UK Millennials' Mobile Purchasing/Transaction Activity by Age**

Activity	Younger Millennials	Mid-Range Millennials	Older Millennials
Multiple times per day	6.2%	7.6%	10.5%
Once a day	6.2%	8.2%	11.8%
A few times per week	32.2%	40.9%	30.3%
Once or twice per month	27.5%	20.3%	21.1%
About once a month	8.7%	7.9%	4.9%
A few times per year	9.0%	6.5%	7.6%
Never	5.9%	5.3%	12.5%
I'm not sure	4.5%	3.2%	1.3%

Source: Osterman Research, Inc.

MANY BRITISH MILLENNIALS HAVE SIGNED UP FOR FINANCIAL SERVICES USING A MOBILE DEVICE

We found that 40 percent of Millennials in the UK have signed up for a new financial services account, such as a checking account or a credit card, using their mobile device, as shown in Figure 6.

Figure 6
"Have you ever tried to sign up for a new financial services account (e.g., a checking account or a credit card) from a mobile device?"
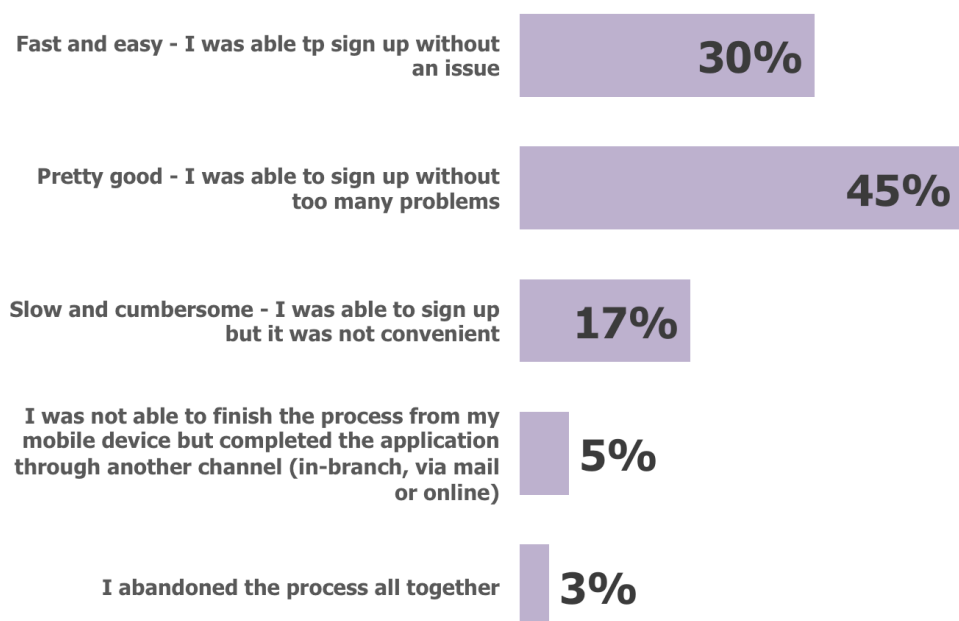

40% Yes
60% No
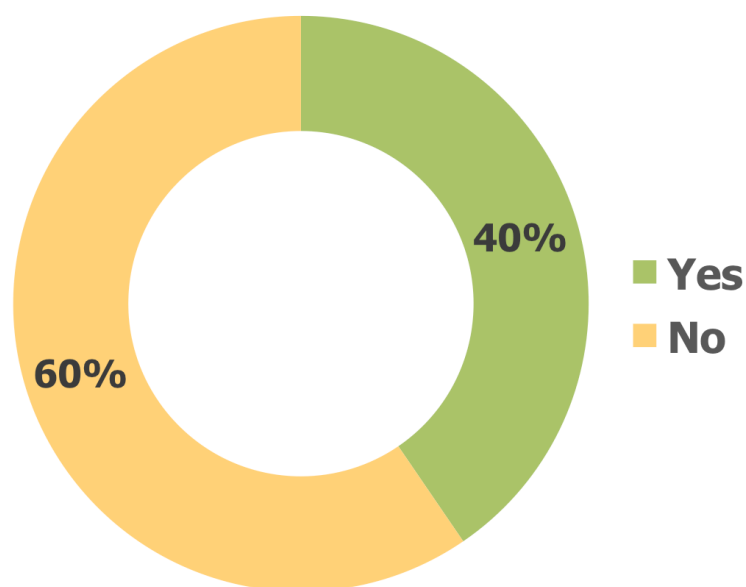
Source: Osterman Research, Inc.

Interestingly, we found that British and American Millennials have a greater likelihood to use their mobile devices for signing up for financial accounts as they get older. For example:

- **Young Millennials (Ages 18 – 22)**
  - 34 percent of British Millennials
  - 33 percent of US Millennials
  - 30 percent of Canadian Millennials

- **Mid-Range Millennials (Ages 23 – 28)**
  - 42 percent of British Millennials
  - 43 percent of US Millennials
  - 37 percent of Canadian Millennials

- **Older Millennials (Ages 29 – 34)**
  - 47 percent of British Millennials
  - 51 percent of US Millennials
  - 31 percent of Canadian Millennials

MOST FIND THE MOBILE SIGN-UP PROCESS TO BE ACCEPTABLE

Twenty-seven percent of British Millennials have found current mobile sign-up processes to be either slow and cumbersome, or so poor that they abandoned the sign-up process completely, as shown in Figure 7. This represents a major problem for businesses that offer mobile capabilities, since it means that they are losing a significant number of new customers. Moreover, business should be incorporating mobile capture – and robust capture technology – into their sign-up processes.

Figure 7
Description of the Most Recent Experience Among Millennials Who Have Tried to Sign Up for a New Financial Account

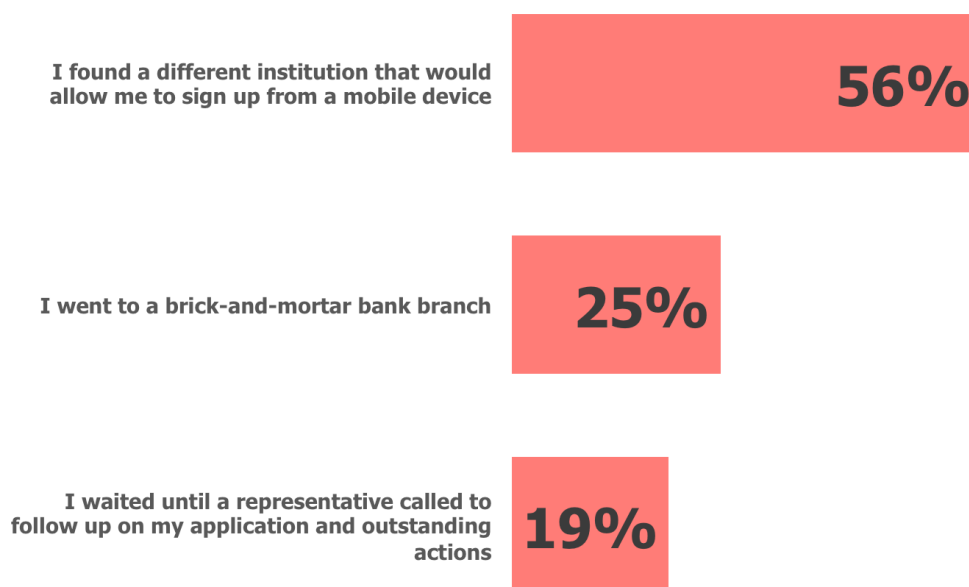|	
Fast and easy - I was able tp sign up without an issue	30%
Pretty good - I was able to sign up without too many problems	45%
Slow and cumbersome - I was able to sign up but it was not convenient	17%
I was not able to finish the process from my mobile device but completed the application through another channel (in-branch, via mail or online)	5%
I abandoned the process all together	3%

Source: Osterman Research, Inc.

We discovered that as Millennials age, they are more likely to find the financial account sign-up relatively easy: combining the top two categories in Figure 31, we found the total for younger Millennials to be 68 percent, 77 percent for mid-range Millennials and 78 percent for older Millennials.

WHAT HAPPENS WHEN THE PROCESS FAILS?

Among British Millennials who were not able to complete the sign-up process for a financial account using their mobile device, 56 percent found a different institution that would support their desired mobile experience, while 25 percent went to a traditional "brick-and-mortar" establishment, as shown in Figure 8.

Figure 8
Responses of Millennials Who Were Not Able to Complete an Application on a Mobile Device

|	
I found a different institution that would allow me to sign up from a mobile device	**56%**
I went to a brick-and-mortar bank branch	**25%**
I waited until a representative called to follow up on my application and outstanding actions	**19%**

Source: Osterman Research, Inc.

The fact that well over one-half of Millennials switched to a different institution when they were not able to complete an application on a mobile device should sound alarm bells among decision makers, since it underscores the critical importance of the mobile experience and the relative lack of brand loyalty among many Millennials. Moreover, we discovered that younger Millennials are the most likely (65 percent) to find a different institution that will permit them to sign up using a mobile device, while mid-range Millennials are the least likely (44 percent), with 50 percent of older Millennials choosing to switch.

PURCHASE DECISIONS ARE DEPENDENT ON THE QUALITY OF THE MOBILE EXPERIENCE

Forty-two percent of British Millennials have, at some point, made a purchase decision or switched a provider based on the quality of the mobile user experience, as shown in Figure 9, while a slightly higher proportion have not done so.
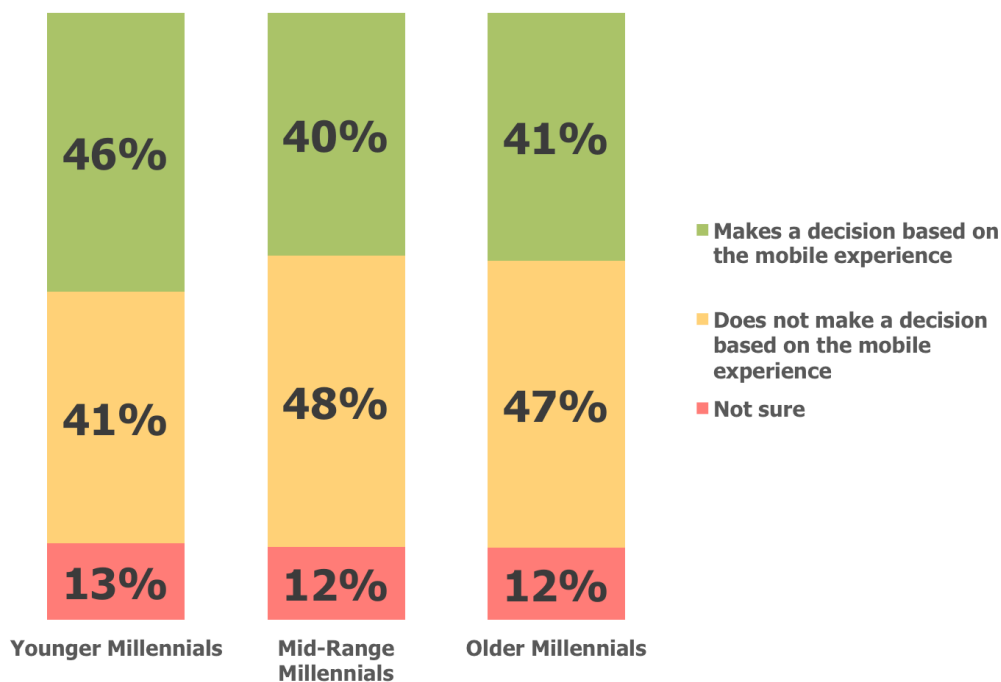
Figure 9
"Have you ever made a decision on where to spend money or switched companies based on their mobile user experience?"
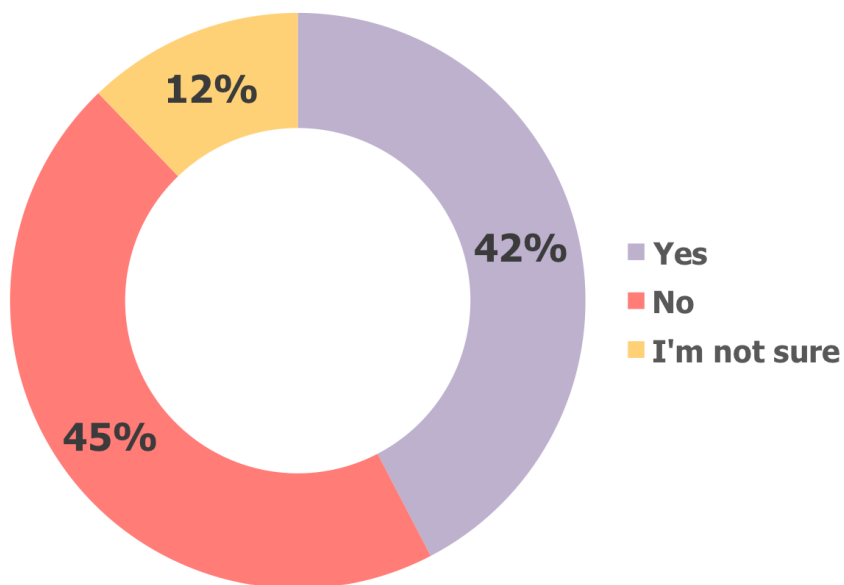
Source: Osterman Research, Inc.

We found that UK Millennials are slightly less likely to make purchase decisions or switch providers based on the mobile user experience as they get older. For example, 46 percent of younger Millennials make purchase decisions based on the mobile user experience compared to 40 percent of mid-range Millennials and 41 percent of older Millennials, as shown in Figure 10.

Figure 10
Millennials' Decision Making for Spending Money or Switching Providers Based on the Mobile Experience

46%	40%	41%
41%	48%	47%
13%	12%	12%
Younger Millennials	**Mid-Range Millennials**	**Older Millennials**

- Makes a decision based on the mobile experience
- Does not make a decision based on the mobile experience
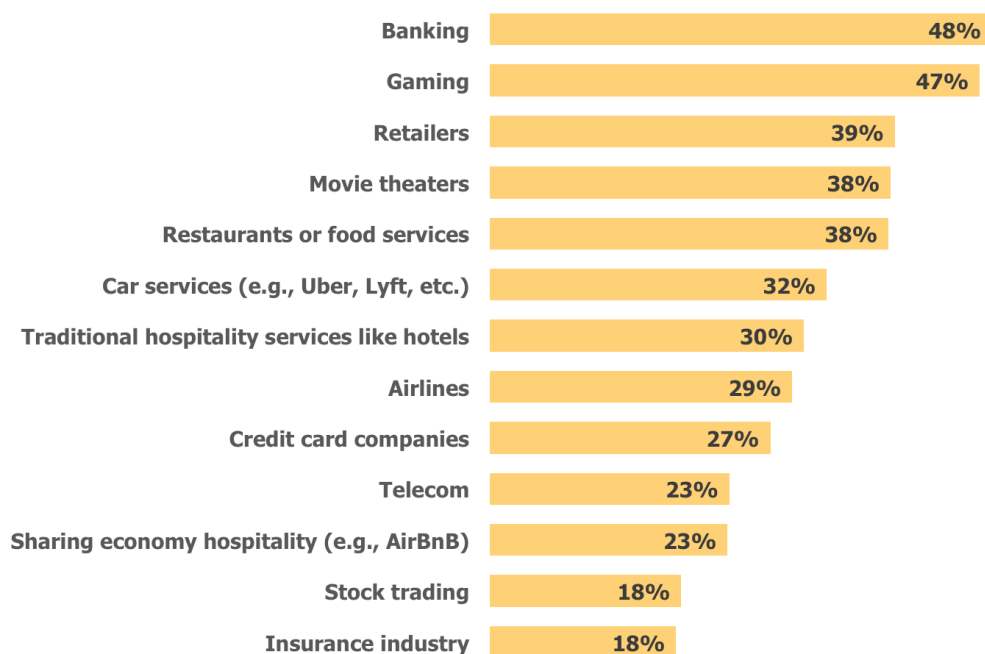- Not sure

Source: Osterman Research, Inc.

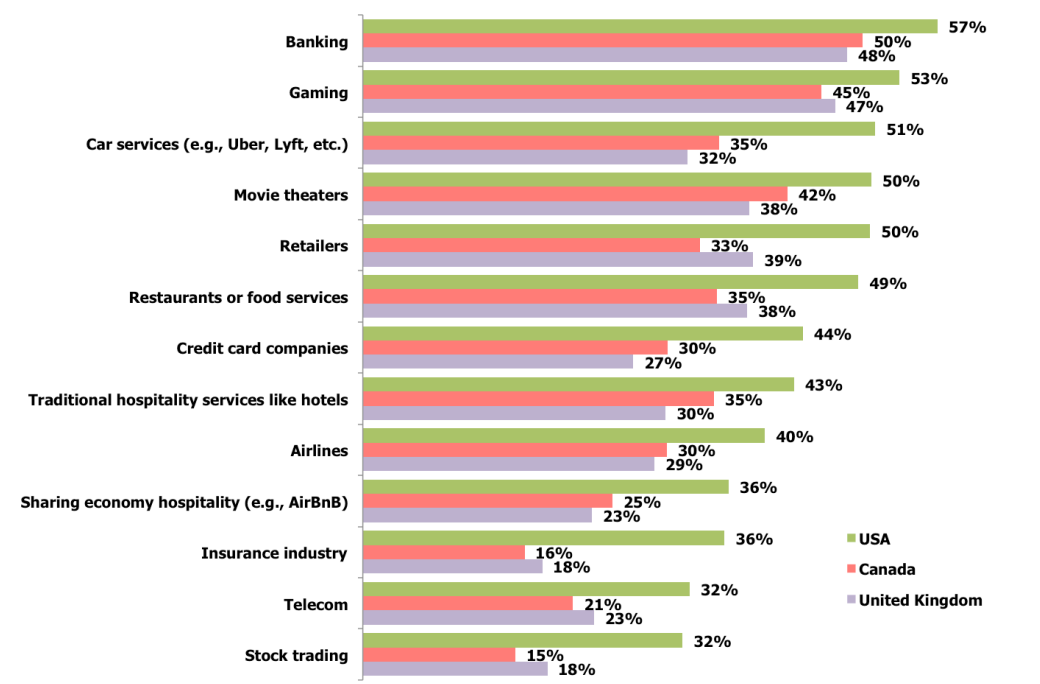## BANKS' MOBILE EXPERIENCE IS VIEWED FAVOURABLY

As shown in Figure 11, the banking industry is considered by British Millennials to offer the best mobile experience in the context of convenience, functionality and security: 48 percent rate their mobile banking experience as "good" or "excellent". Those industries ranked lowest are among the more traditional ones, including stock trading, insurance and – somewhat surprisingly – the sharing economy. The perceptions of Millennials in the various geographies surveyed is shown in Figure 12.
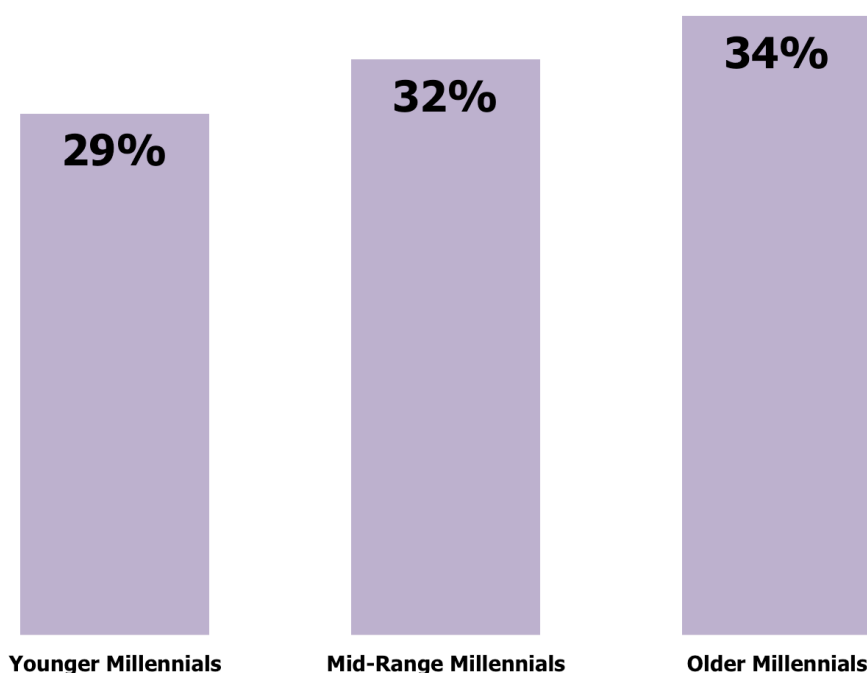
Figure 11
Perceptions About Various Industries in Terms of Their Mobile Experience in the Context of Convenience, Functionality and Security
Percentage Responding Very Good or Excellent

Industry	Percentage
Banking	48%
Gaming	47%
Retailers	39%
Movie theaters	38%
Restaurants or food services	38%
Car services (e.g., Uber, Lyft, etc.)	32%
Traditional hospitality services like hotels	30%
Airlines	29%
Credit card companies	27%
Telecom	23%
Sharing economy hospitality (e.g., AirBnB)	23%
Stock trading	18%
Insurance industry	18%

Source: Osterman Research, Inc.

Figure 12
Perceptions About Various Industries in Terms of Their Mobile Experience in the Context of Convenience, Functionality and Security – by Geography Surveyed
Percentage Responding Very Good or Excellent

	USA	Canada	United Kingdom
Banking	57%	50%	48%
Gaming	53%	45%	47%
Car services (e.g., Uber, Lyft, etc.)	51%	35%	32%
Movie theaters	50%	42%	38%
Retailers	50%	33%	39%
Restaurants or food services	49%	35%	38%
Credit card companies	44%	30%	27%
Traditional hospitality services like hotels	43%	35%	30%
Airlines	40%	30%	29%
Sharing economy hospitality (e.g., AirBnB)	36%	25%	23%
Insurance industry	36%	16%	18%
Telecom	32%	21%	23%
Stock trading	32%	15%	18%

Source: Osterman Research, Inc.

We discovered a tendency for ratings of "very good" or "excellent" for various providers to be higher among older UK Millennials than among their younger counterparts. For example, averaging all of the "very good" or "excellent" ratings for the industries shown in Figure 22 revealed a mean of 29 percent among younger Millennials in the United Kingdom, 32 percent among mid-range Millennials and 34 percent among older Millennials, as shown in Figure 13. We found similar trends in Canada and the United States.

Figure 13
Overall Perception of Industries' Mobile Experience by Millennials' Age Group
Percentage Responding Very Good or Excellent

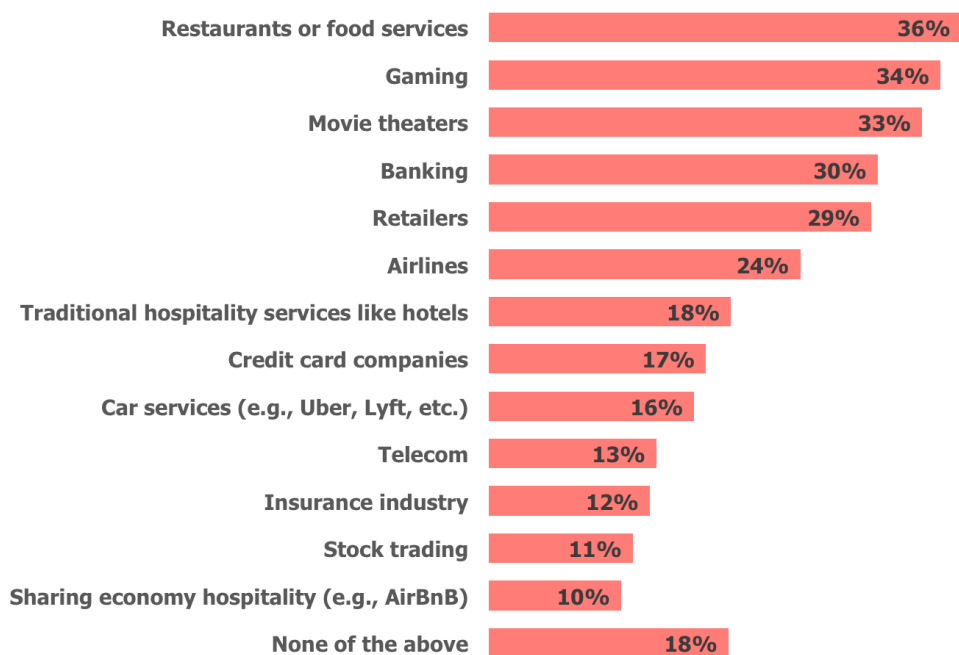|		
29%	**32%**	**34%**
Younger Millennials	**Mid-Range Millennials**	**Older Millennials**

Source: Osterman Research, Inc.

THE DESIRE FOR SOME INDUSTRIES TO BE MORE MOBILE-FRIENDLY

As shown in Figure 14, 30 percent of Millennials want banks to adopt more mobile functionality, despite the fact that banks already rate highest for providing a "good" or "excellent" mobile experience, as shown in Figure 22. This indicates that among all of the transactional experiences that are possible using a mobile phone, banking is arguably the most important.

Figure 14
Industries That Millennials Wish Would Adopt More Mobile Capture Functionality

Industry	Percentage
Restaurants or food services	36%
Gaming	34%
Movie theaters	33%
Banking	30%
Retailers	29%
Airlines	24%
Traditional hospitality services like hotels	18%
Credit card companies	17%
Car services (e.g., Uber, Lyft, etc.)	16%
Telecom	13%
Insurance industry	12%
Stock trading	11%
Sharing economy hospitality (e.g., AirBnB)	10%
None of the above	18%

Source: Osterman Research, Inc.

Car services like Uber and Lyft, as well as sharing economy hospitality services like AirBnB, were infrequently cited as needing more mobile functionality by UK Millennials. We interpret the desire for more mobile functionality among restaurants, gaming providers and theaters, to be indicative of a current lack of mobile capture functionality in these industries, with significant room for improvement. The opposite is true for new services like Uber and AirBnB, which are focused heavily on the mobile experience and have already satisfied a significant proportion of the demand that exists for mobile functionality.

SECURITY TRUMPS CONVENIENCE WHEN CONDUCTING MOBILE TRANSACTIONS

When conducting transactions on a mobile device, 58 percent of Millennials consider security to be more important than convenience, while another 25 percent view both as equally important, as shown in Figure 15.

Figure 15
Millennials' Preferred Balance Between Security and Convenience
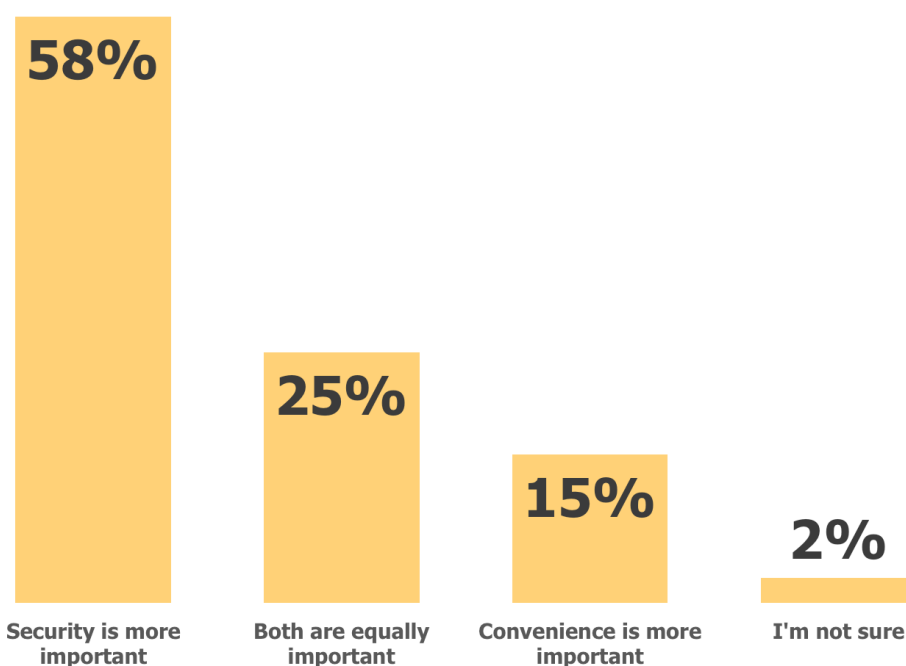
Source: Osterman Research, Inc.

The survey revealed that, unlike their American counterparts, as British Millennials age their view that "security is more important" increases, from 55 percent for young Millennials to 58 percent for mid-range Millennials to 62 percent for older Millennials; and that the importance of convenience correspondingly increases.

SECURITY CONCERNS ARE A BARRIER TO GREATER MOBILE USE

As shown in Figure 16, the primary barrier that keeps British Millennials from using their smartphones more frequently to conduct transactions or make purchases is a concern about the security of their data when doing so, noted by 42 percent of survey respondents. Closely related as a key barrier is a concern about identity fraud, mentioned by 37 percent. Technical barriers, such as the length of time a transaction takes on a mobile device or mobile platforms' inferiority to an in-person experience, are decidedly less important.

Figure 16
Barriers That are Preventing Millennials From Using Their Smartphones More to Conduct Transactions or Making Purchases

Barrier	Percentage
Concerns about the security of my data	42%
Concerns about identity fraud	37%
The mobile user experience is not as good as the desktop experience	26%
There are too many apps to download	25%
It takes too long	20%
The mobile user experience is not as good as the in-person experience	19%
I can't accomplish the tasks I need to perform on a mobile device	18%
There are too many steps in the process	18%
None of the above	9%
I'm not sure	5%

Source: Osterman Research, Inc.

We discovered that British Millennials' concerns about the security of their data are lower in the United Kingdom (42.4 percent) than in Canada (49.0 percent), and only slightly higher than in the United States (42.2 percent), and that Canadian Millennials are most likely to view concerns about security and identity fraud as barriers to increased use of their mobile devices for purchase or transaction activity. Interestingly, we found that British and Canadian Millennials become more concerned about security and identity fraud as they get older, but American Millennials less so.

MILLENNIALS HAVE MAJOR CONCERNS ABOUT IDENTITY FRAUD

As shown in Figure 17, 43 percent of British Millennials are "very concerned" about the potential for identity fraud, while another 44 percent are "somewhat concerned". Only a small fraction of Millennials are not at all concerned about the issue.

Figure 17
**Level of Concern About Identity Fraud**
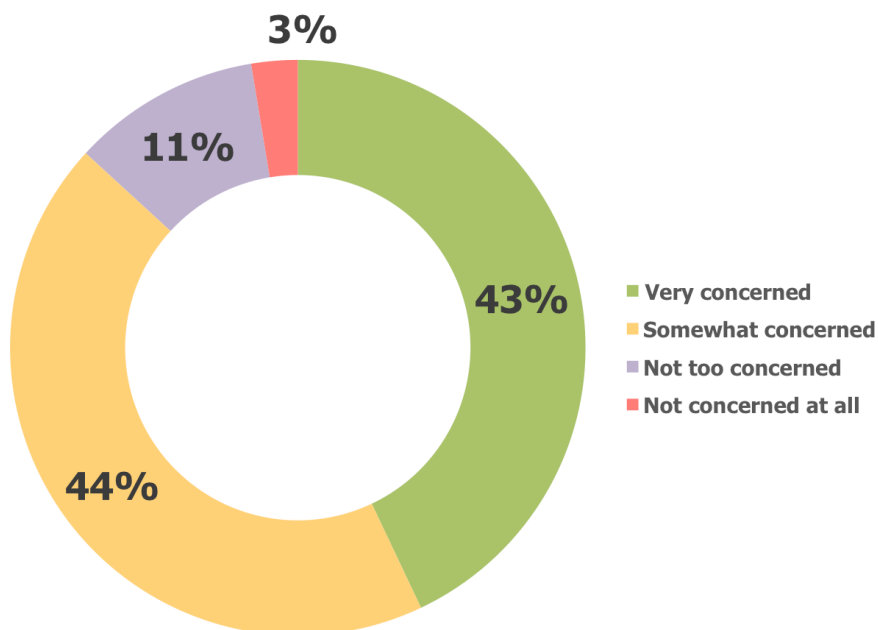
Source: Osterman Research, Inc.

We found that as British Millennials get older, the proportion of those who are very concerned about identity fraud increases (growing from 41 percent for younger Millennials to 45 percent for older Millennials).

MOBILE DEVICE CAMERAS ARE KEY FOR UK MILLENNIALS

The camera on a mobile device is a very important function for 51 percent of UK Millennials, but 24 percent say it is the most important function, as shown in Figure 18.

Figure 18
Importance of Mobile Devices' Camera Function

14% It's the most important function
51% It's a very important function
29% It's a somewhat important function
6% It's not an important function
1% I'm not sure
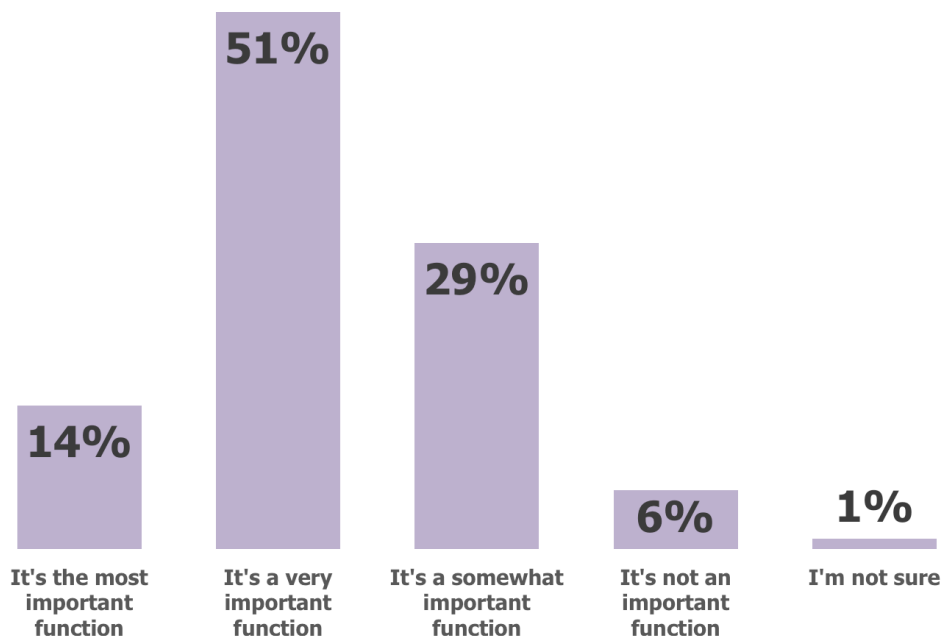
Source: Osterman Research, Inc.

Of particular interest was the fact that the proportion of Millennials in the UK who indicated that the mobile device camera is "the most important function" increases as Millennials get older (growing from 11 percent of younger UK Millennials to 15 percent of older Millennials). Conversely, those who indicated that the camera is only "somewhat important" or "unimportant" decreases as Millennials age (from 44 percent of younger UK Millennials to 27 percent of older Millennials), as shown in Figure 19.

Figure 19
Importance of Mobile Devices' Camera Function by Millennials' Age

Legend:
- It's the most important function
- It's a very important function
- It's a somewhat important function
- It's not an important function
- I'm not sure

Younger Millennials: 11%, 44%, 36%, 8%, 1%
Mid-Range Millennials: 15%, 52%, 27%, 5%, 1%
Older Millennials: 15%, 57%, 24%, 3%, 1%
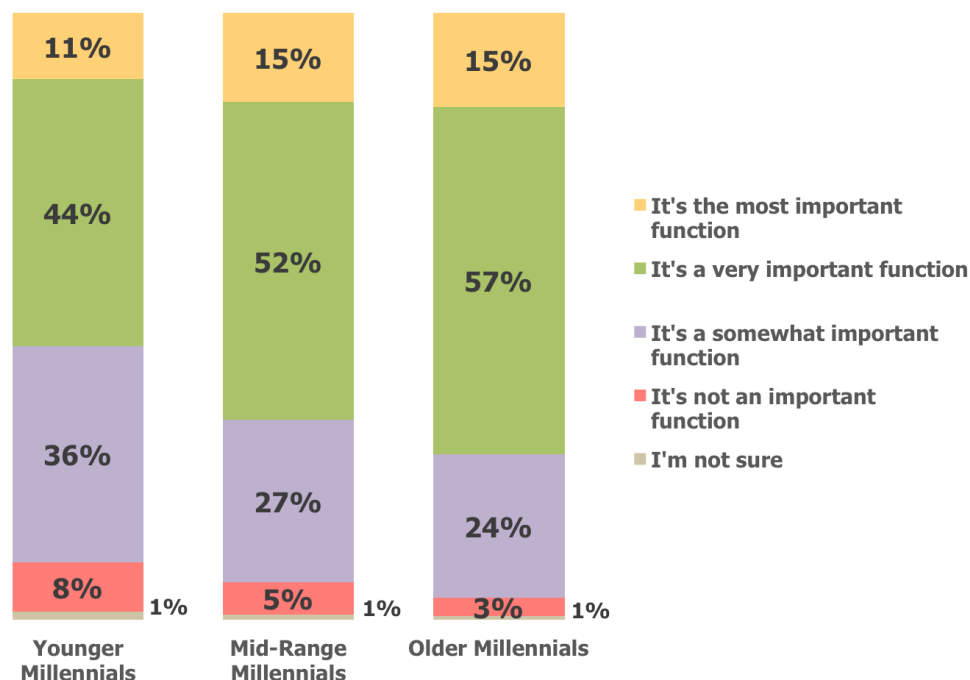
Source: Osterman Research, Inc.

TAKING SELFIES IS COMMON AMONG MILLENNIALS

As shown in Figure 20, 17 percent of UK Millennials take five or more selfies on a typical day, with three percent taking 20 or more per day.

Figure 20
Number of Times British Millennials Take a Selfie on a Typical Day

- 20 or more times per day: 2.9%
- 10 to 19 times per day: 4.7%
- 5 to 9 times per day: 9.9%
- 1 to 4 times per day: 12.8%
- A few times per week: 21.7%
- Once a week: 11.2%
- Once a month: 12.9%
- Once or twice a year: 8.5%
- I don't take selfies: 15.5%
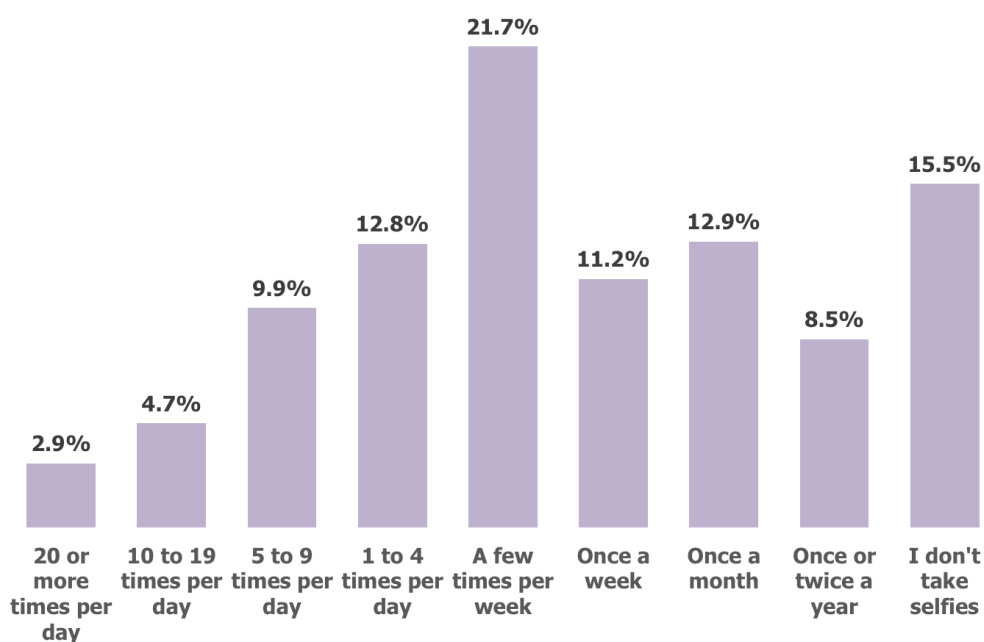
Source: Osterman Research, Inc.

We discovered some interesting differences among Millennials in the context of their taking selfies based on geography and age:

- Americans are much more likely to take selfies than their Canadian or British counterparts: 29 percent of Americans take five or more selfies per day compared to 17 percent of Brits and only eight percent of Canadians.

- The propensity for UK Millennials to take selfies changes relatively little as they age, growing from 18 percent of younger Millennials who take at least five selfies on a typical day to 19 percent for older Millennials, as shown in Figure 21. In the United States, the proportion of Millennials taking five or more selfies per day increases across the different age groups, whereas among Canadian Millennials, it decreases as they age.

Figure 21
Number of Times British Millennials Take a Selfie on a Typical Day by Age

Selfie Frequency	Younger Millennials	Mid-Range Millennials	Older Millennials
20 or more times per day	4.2%	1.8%	2.6%
10 to 19 times per day	5.0%	3.8%	5.3%
5 to 9 times per day	9.2%	9.4%	11.2%
1 to 4 times per day	13.4%	12.9%	11.8%
A few times per week	22.1%	24.7%	17.8%
Once a week	12.6%	12.1%	8.6%
Once a month	12.9%	12.1%	13.8%
Once or twice a year	6.7%	10.6%	8.2%
I don't take selfies	13.7%	12.6%	20.7%

Source: Osterman Research, Inc.

SELFIES ARE VERY IMPORTANT TO MOST MILLENNIALS

UK Millennials' primary application for selfies is to save them for future use, and secondarily to post them to social media, send them to others, or use them to verify their identity as shown in Figure 22.

Figure 22
Purposes for Which British Millennials Use Selfies

Purpose	Percentage
I save them	30%
I post them to social media	29%
I send them directly to friends and family	23%
I use it to verify my identity	7%
I use it to enroll in new accounts or services	5%
I delete them without ever doing anything with them	3%
I use it to authorize purchases	3%
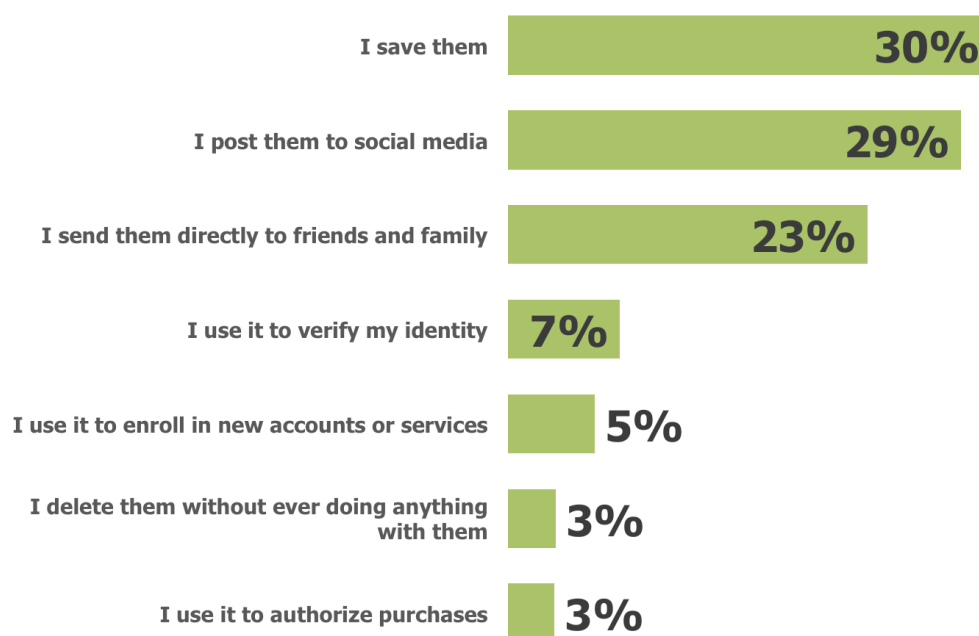
We also discovered that as UK Millennials age, they are generally more likely to use selfies for purposes of identity verification, purchase authorisation, and (at least slightly) enrolling in new accounts or services, as shown in Figure 23.

Figure 23
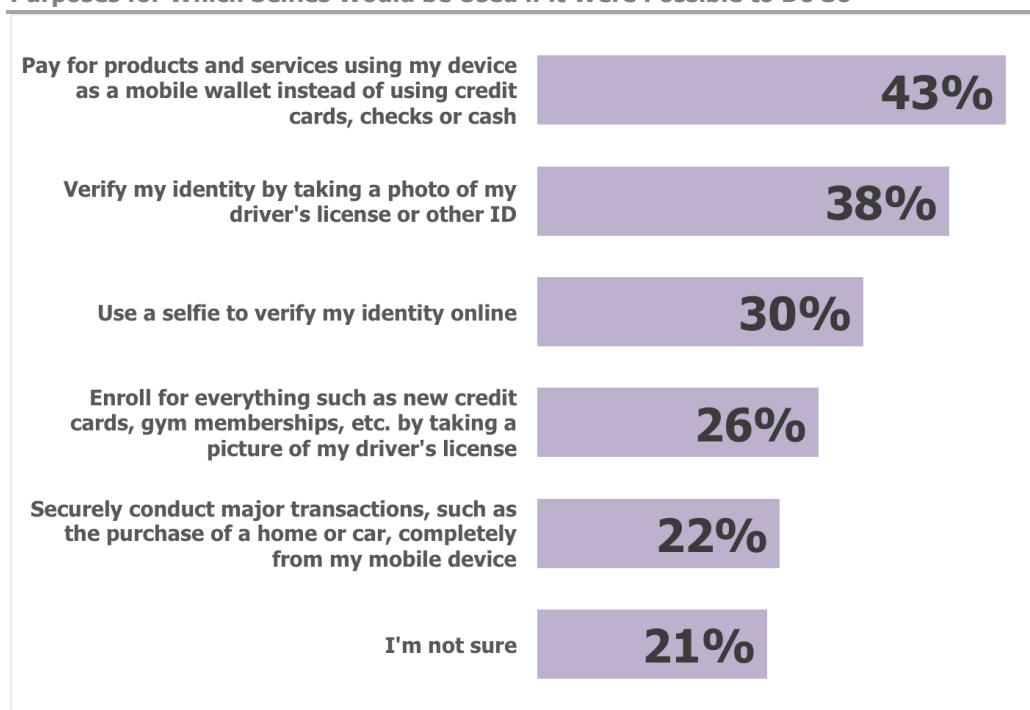**Purposes for Which British Millennials Use Selfies by Age**
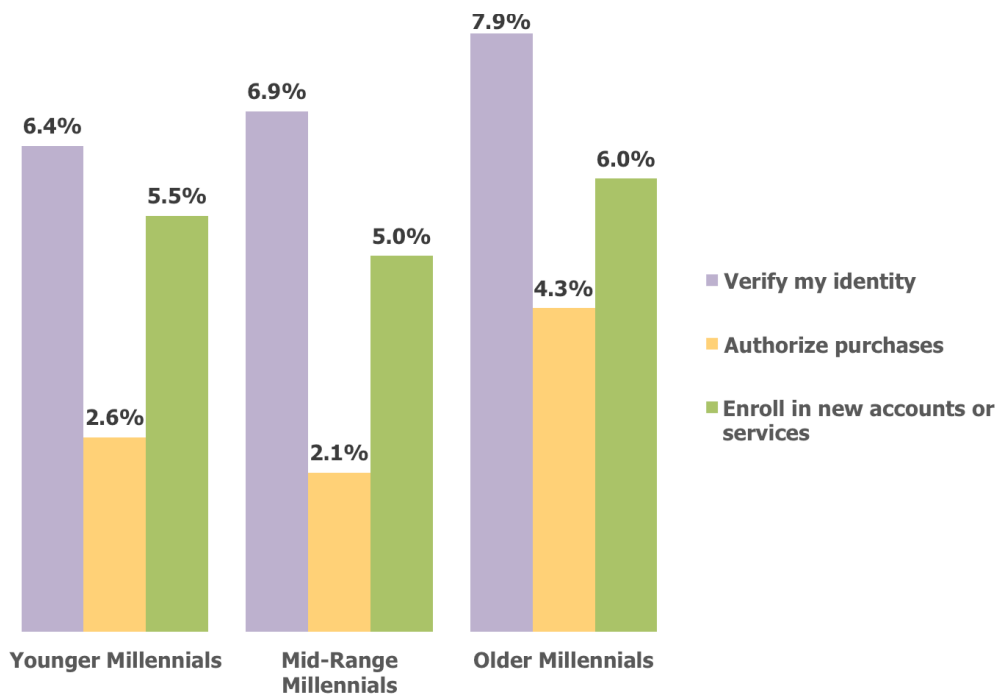
MILLENNIALS WOULD LIKE TO DO MUCH MORE WITH SELFIES THAN IS POSSIBLE FOR THEM TODAY

As shown in Figure 24, Millennials in the UK would like to use selfies for a wide variety of purposes, most notably paying for products and services, verifying their identity by taking a photo of a government document like a driving licence, and using a selfie to verify their identity online.

Figure 24
Purposes for Which Selfies Would be Used if it Were Possible to Do So

Pay for products and services using my device as a mobile wallet instead of using credit cards, checks or cash	**43%**
Verify my identity by taking a photo of my driver's license or other ID	**38%**
Use a selfie to verify my identity online	**30%**
Enroll for everything such as new credit cards, gym memberships, etc. by taking a picture of my driver's license	**26%**
Securely conduct major transactions, such as the purchase of a home or car, completely from my mobile device	**22%**
I'm not sure	**21%**

Source: Osterman Research, Inc.

The data in Figure 10 stands in stark contrast to the transactional activities carried out by UK Millennials today. For example, while 43 percent of Millennials would like to authorise purchases for products and services using their selfies, only three percent do so today; 38 percent of Millennials would like to verify their identity using selfies, but only seven percent do so today, as shown in Figure 25. This indicates a significant, unmet demand from Millennials in the UK who want to use selfies for a greater variety of commercial and other transactional activities, if only they were permitted to do so.

Figure 25
Purposes for Which Millennials Currently Use and Would Like to Use Selfies

Legend:
■ Currently Use
■ Would Like to Use

- Authorise purchases: 3% / 43%
- Enroll in new accounts and services: 5% / 26%
- Verify identity: 7% / 38%
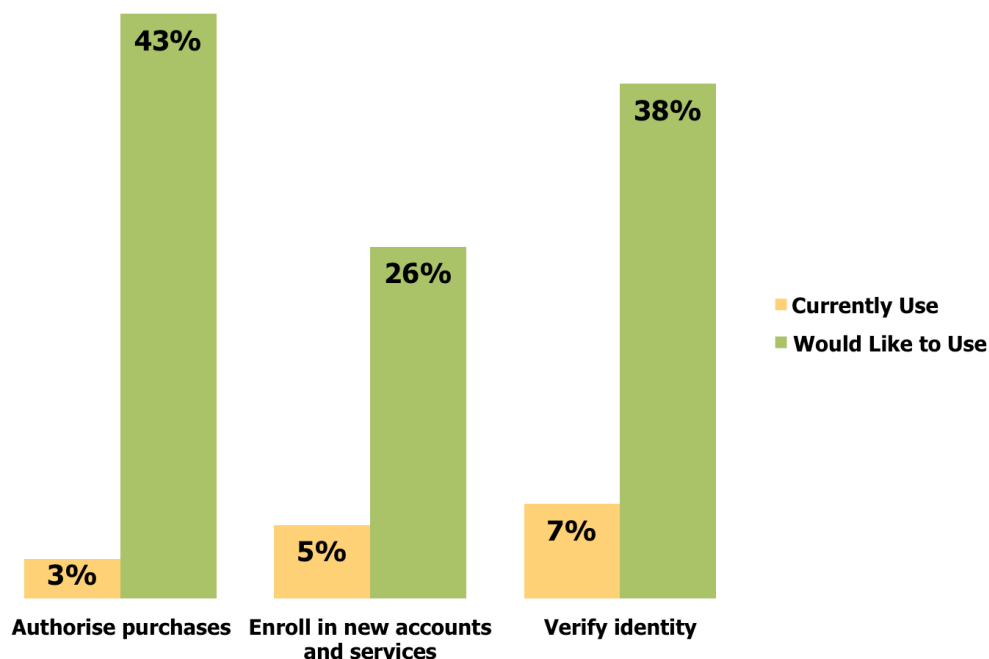
Source: Osterman Research, Inc.

WHAT IS THE MOST IMPORTANT FUNCTION OF A SMARTPHONE?

While the telephony function of modern smartphones is rarely touted as the preeminent feature of these devices when hardware and software vendors introduce new offerings, 40 percent of UK Millennials would choose the ability to make and receive telephone calls if they could do only one thing on their smartphone, as shown in Figure 26. The next most important function would be the ability to communicate only with full words and sentences (e.g., text), followed closely by the ability to take photos to communicate and interact with others.

Figure 26
"If you were able to do only one thing on your smartphone, what would you want that thing to be?"

- Make/receive telephone calls: 40%
- Communicate only with full words/sentences (no emojis or images): 22%
- Take photos to communicate and interact: 20%
- Use it as a virtual wallet with payment platforms like Apple Pay or Samsung Pay: 9%
- Read, but not interact with, social media and mobile websites: 8%
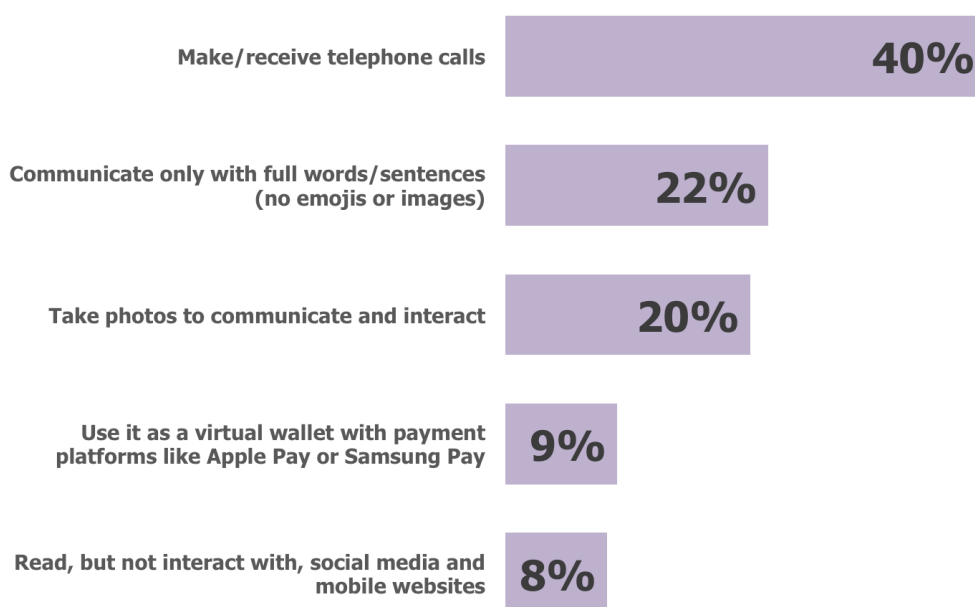
Source: Osterman Research, Inc.

MILLENNIALS WANT TO USE THEIR MOBILE CAMERA FOR FINANCIAL TRANSACTIONS

Our research found that a reasonably significant proportion of British Millennials (13 to 34 percent) are highly interested in conducting a variety of financial transactions using the camera function on their mobile device, most notably using it to transfer funds, enrolling for new accounts and applying for new credit cards, as shown in Figure 27.

Figure 27
Millennials' Interest in Using a Mobile Device Camera to Conduct Various Activities
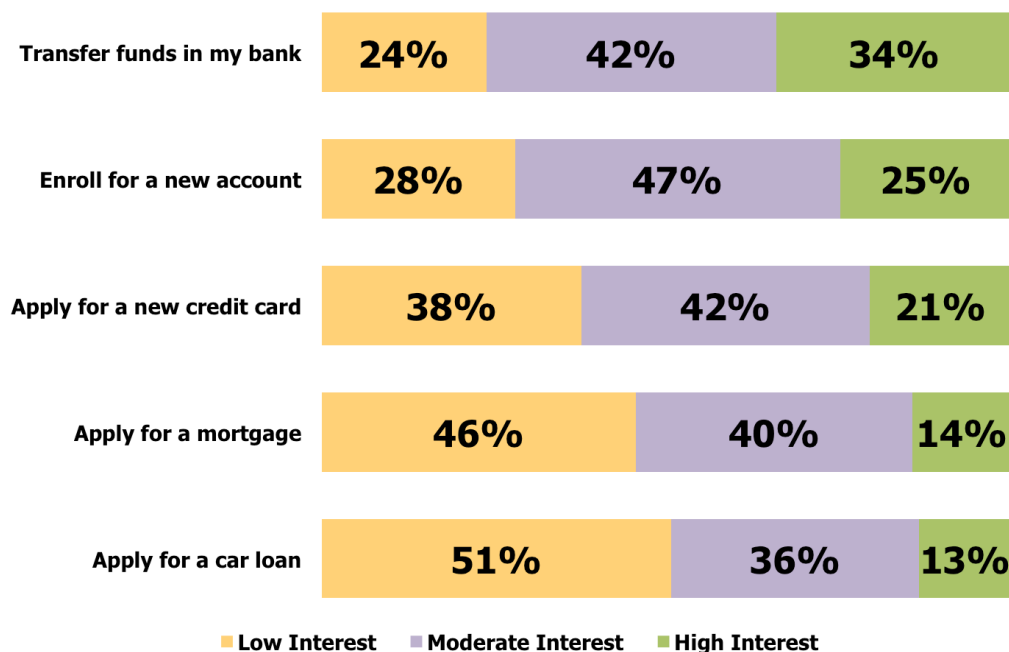
Source: Osterman Research, Inc.

We found that US Millennials expressed the highest level of interest for using their camera functionality to carry out financial transactions, averaging 37 percent "high interest" across the five types of transactions noted in Figure 28 compared to 21 percent for both Canadian and British Millennials. We also discovered that as British Millennials get older, their interest in using the camera functionality for conducting financial transactions increases significantly, from 17 percent of younger Millennials to 22 percent of mid-range Millennials and 27 percent of older Millennials as shown in Figure 28.

Figure 28
Millennials' Interest in Using a Mobile Device Camera to Conduct Various Activities as They Age
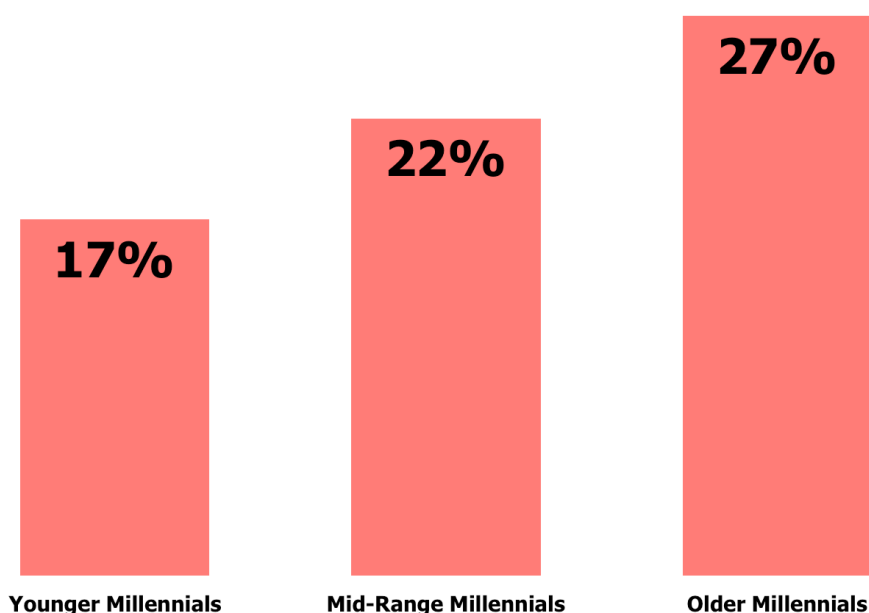
Source: Osterman Research, Inc.

PROBLEMS ABOUND WHEN LOGGING INTO ACCOUNTS FROM MOBILE DEVICES

As shown in Figure 29, Millennials have experienced a variety of problems when logging into an account using their mobile device. Most common are typing in a password incorrectly (59 percent), the need to answer personal questions to confirm identity (53 percent), and forgetting a password (51 percent).

Figure 29
Events That Millennials Have Experienced When Logging Into an Account From Their Mobile Devices
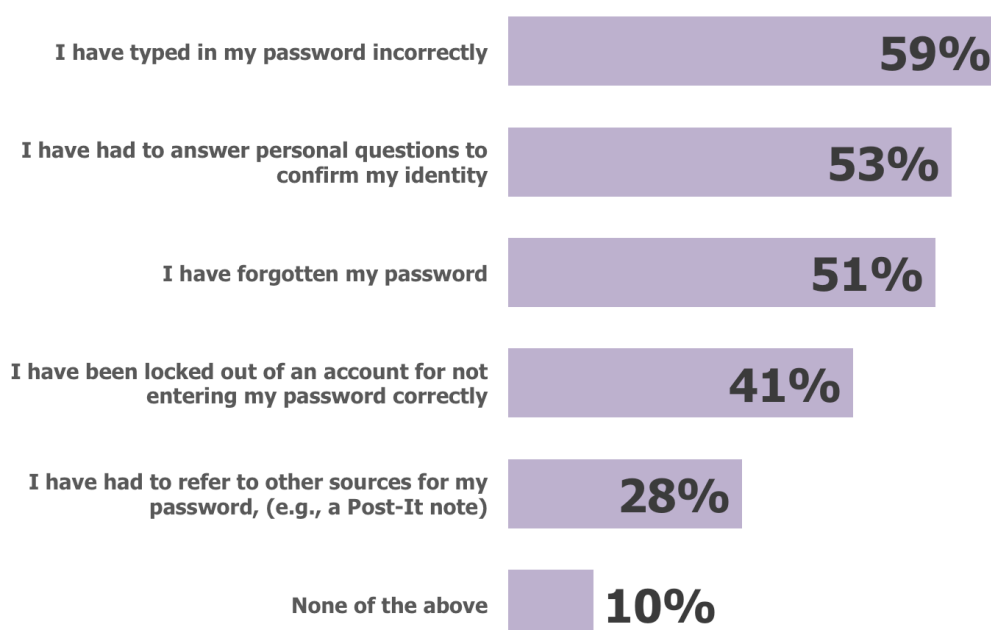
Source: Osterman Research, Inc.

British Millennials are somewhat less likely to forget their password or type it in incorrectly as they get older, as shown in Figure 30.

Figure 30
Problems That Millennials Have Experienced When Logging Into an Account From Their Mobile Devices, by Age of Millennial
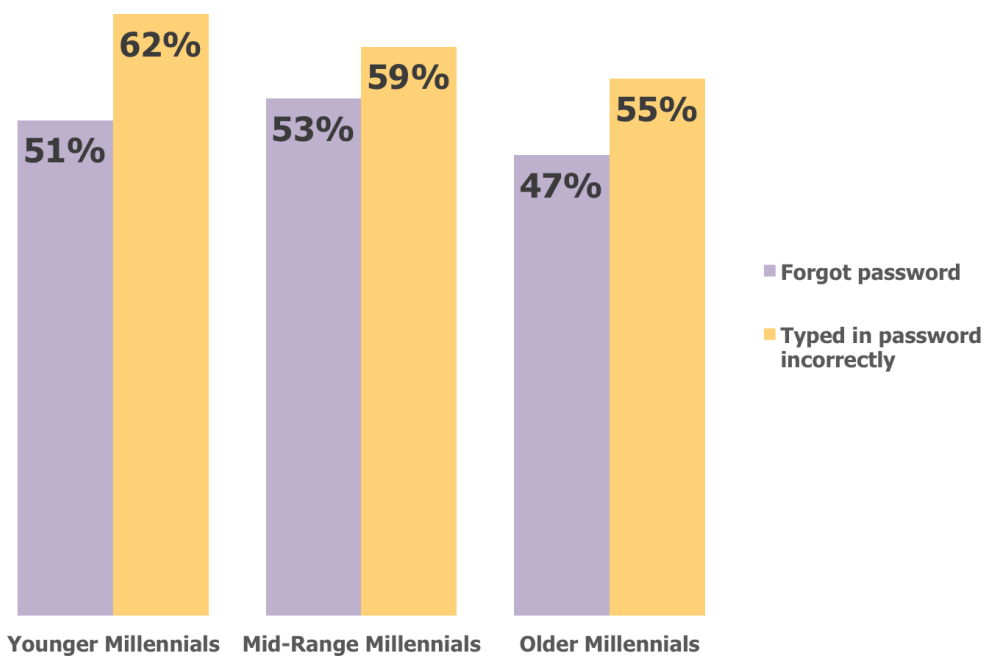
Source: Osterman Research, Inc.

PASSWORDS ARE A PROBLEM FOR MILLENNIALS

Ten percent of Millennials report that they must "constantly" re-confirm their identity because they have forgotten their password, while another 26 percent must "frequently" do so, as shown in Figure 31.

Figure 31
Frequency With Which Millennials Must Re-Confirm Their Identity Because They Have Forgotten Their Password
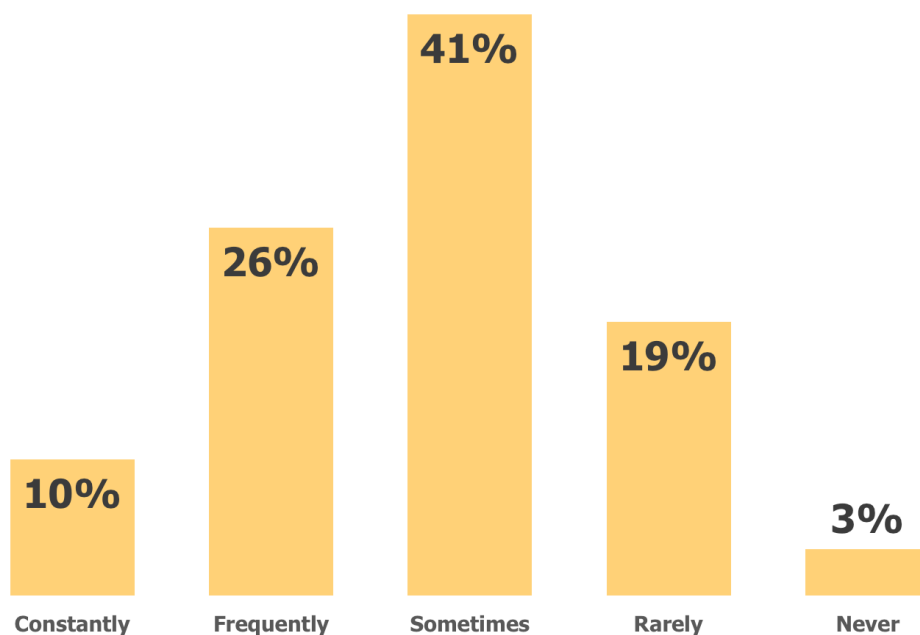
Source: Osterman Research, Inc.

Consistent with the data in Figure 30 that shows Millennials forgetting their password or typing it incorrectly less often as they age (dropping from 51 to 62 percent for younger Millennials to 47 to 55 percent for older Millennials), we found that British Millennials must "constantly" or "frequently" re-confirm their identity slightly less often as they get older (11 to 26 percent for younger Millennials, 10 to 26 percent for mid-range Millennials, and eight to 26 percent for older Millennials).

UK MILLENNIALS WOULD LIKE TO PROVIDE PERSONAL INFO VIA PHOTOS

We asked Millennials to rank order four key activities from 1 (most interested) to 4 (least interested) in the context of using mobile images for purposes of verification when completing forms asking for personal information, verifying identity, logging into various sites or making payments. As shown in Figure 32, we found the greatest level of interest in using mobile images of formal documents, such as a driving licence or passport, to provide personal information. Millennials are least interested in using an image of their credit card as part of a payment process.

Figure 32
Activities in Which Millennials Would be Interested
Ranked From 1 (Most Interested) to 4 (Least Interested)
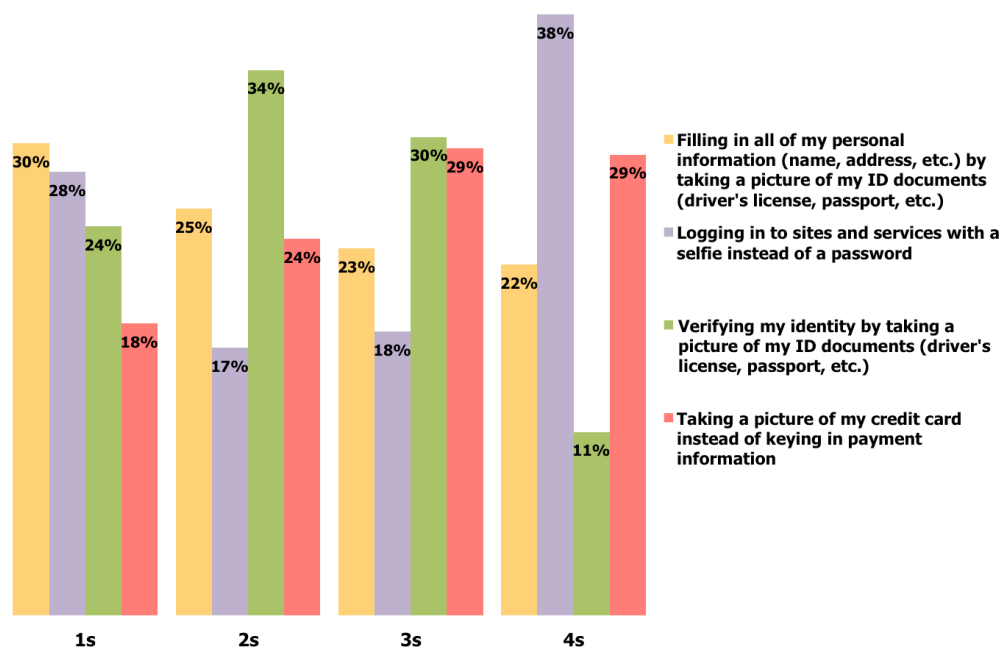
Source: Osterman Research, Inc.

COMPLETING APPLICATION FORMS IS A COMMON TASK

During the previous 12 months, 90 percent of British Millennials had completed one or more applications using either paper or online forms, as shown in Figure 33. UK Millennials commonly complete forms – 34 percent have completed five or more forms during the previous 12 months.

Figure 33
Applications That Millennials Have Completed During the Previous 12 Months Using Either Paper Forms or Online

Bar chart values:
- None: 10.3%
- 1 or 2: 29.4%
- 3 or 4: 26.5%
- 5 or 6: 14.2%
- 7 or 8: 5.5%
- 9 or 10: 3.6%
- 11 or more: 10.6%
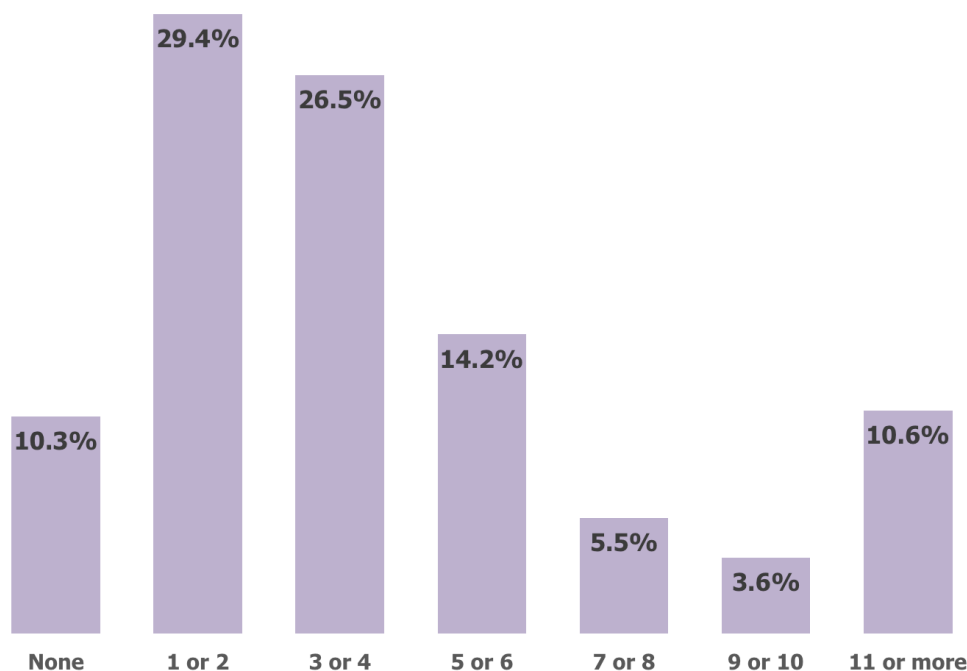
Source: Osterman Research, Inc.

Our research found that among those who have completed at least five forms during the previous 12 months, UK Millennials complete more forms as they age: 30 percent of younger Millennials completed five or more forms during the previous 12 months compared to 33 percent of mid-range Millennials and 39 percent of older Millennials.

MANY WOULD PREFER TAKING A PICTURE INSTEAD OF COMPLETING FORMS

Our research found that 26 percent of British Millennials have a strong preference for taking a photograph as a substitute for completing a form, as shown in Figure 34. Another 44 percent would consider this a "nice to have" capability, but do not feel strongly about it, while 23 percent prefer a more traditional, non-mobile approach to completing forms.

Figure 34
"To what extent would you have preferred to have entered your information for these applications by taking a picture with your mobile device instead of writing or typing it?"

- ■ **I have a strong preference for taking a picture instead of filling out forms**
- ■ **This would be nice to have, but I don't feel strongly about it**
- ■ **I would prefer to fill out forms the traditional way**
- ■ **I'm not sure**
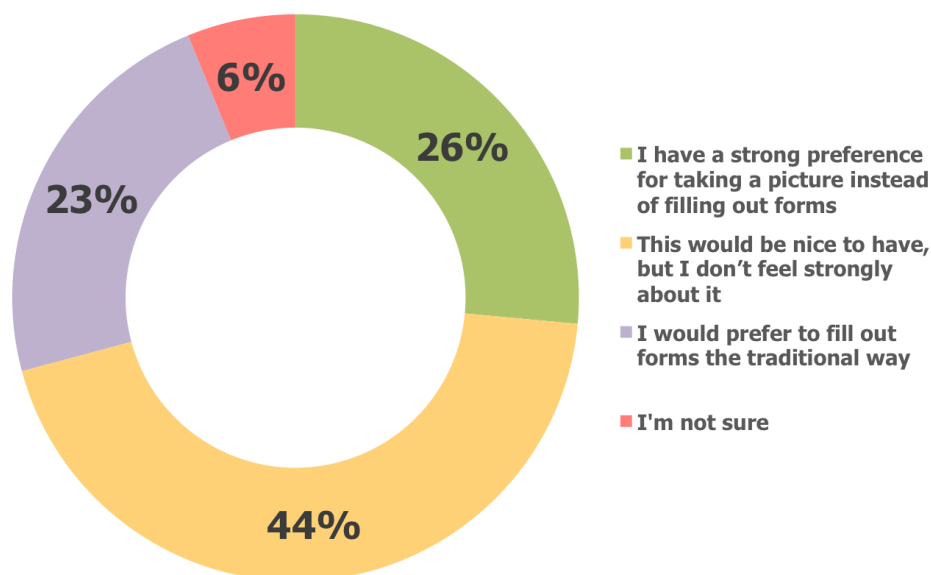
Source: Osterman Research, Inc.

We found that older Millennials have a significantly greater preference for taking a picture instead of filling out forms in both Britain (72 percent prefer to take a picture) and the United States (77 percent). Canadian Millennials have a decreasing preference for taking a picture as a substitute for completing forms as they age (dropping from 69 percent to 67 percent), as shown in Figure 35. For British Millennials, the "strong" preference for taking a picture increases significantly with age (from 20 percent to 31 percent), whereas those who express a "nice to have" desire for this capability drops from 50 percent to 40 percent.

Figure 35
Preferences for Completing Forms by Millennial Age
Percentage Indicating a Priority or High Priority

Activity	USA			Canada			United Kingdom		
	18-22	23-28	29-34	18-22	23-28	29-34	18-22	23-28	29-34
I have a strong preference for taking a picture instead of filling out forms	22.9%	37.0%	42.2%	21.7%	20.9%	17.9%	20.2%	28.8%	31.3%
This would be nice to have, but I don't feel strongly about it	50.5%	39.8%	37.6%	47.3%	43.3%	48.9%	49.6%	42.4%	40.5%
I would prefer to fill out forms the traditional way	21.1%	15.4%	14.2%	26.2%	31.5%	27.3%	24.1%	22.1%	22.7%
I'm not sure	5.5%	7.8%	6.1%	4.8%	4.2%	6.0%	6.2%	6.8%	5.6%

Source: Osterman Research, Inc.

MANY MILLENNIALS ABANDON LONG SIGN-UP PROCESSES

Twenty-one percent of British Millennials frequently consider signing up for something, either from a computer or at a physical location, but then abandon the process because they feel it would take too much time to do so, as shown in Figure 36. Another 52 percent indicated that this happens occasionally.

Figure 36
"Have you ever considered signing up for something from your computer or at a physical location, and then decided not to because of the time it would take to complete the application?"

Legend:
- Yes, this happens a lot — 21%
- Yes, this happens occasionally — 52%
- No — 19%
- I'm not sure — 7%
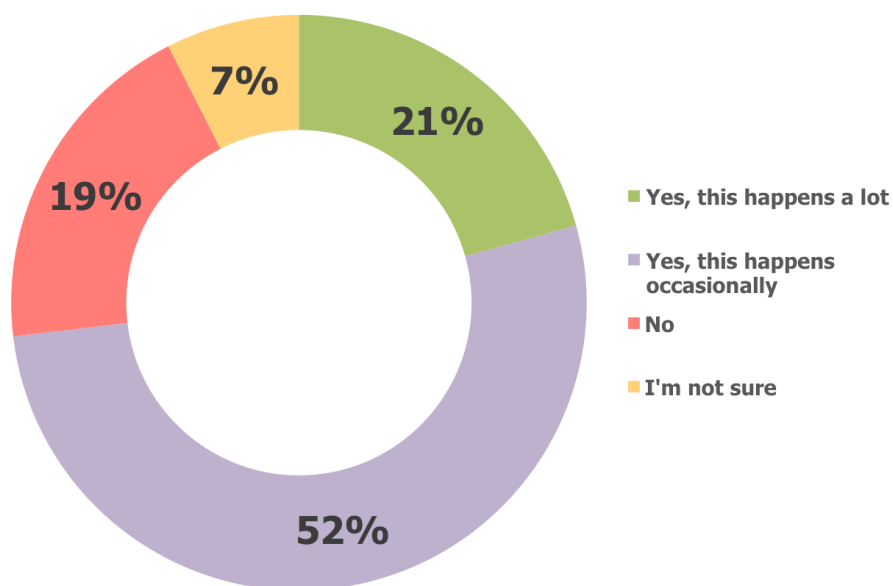
Source: Osterman Research, Inc.

Interestingly, there is a trend for Millennials frequently to abandon sign-ups because of time constraints as they get older, as shown in Figure 37: 19 percent of younger Millennials in the United Kingdom will frequently abandon the sign-up process, but 22 percent of older Millennials frequently do so, with similar trends occurring in Canada and the United States.

Figure 37
**Proportion of British Millennials Who Frequently Abandon the Sign-Up Process**
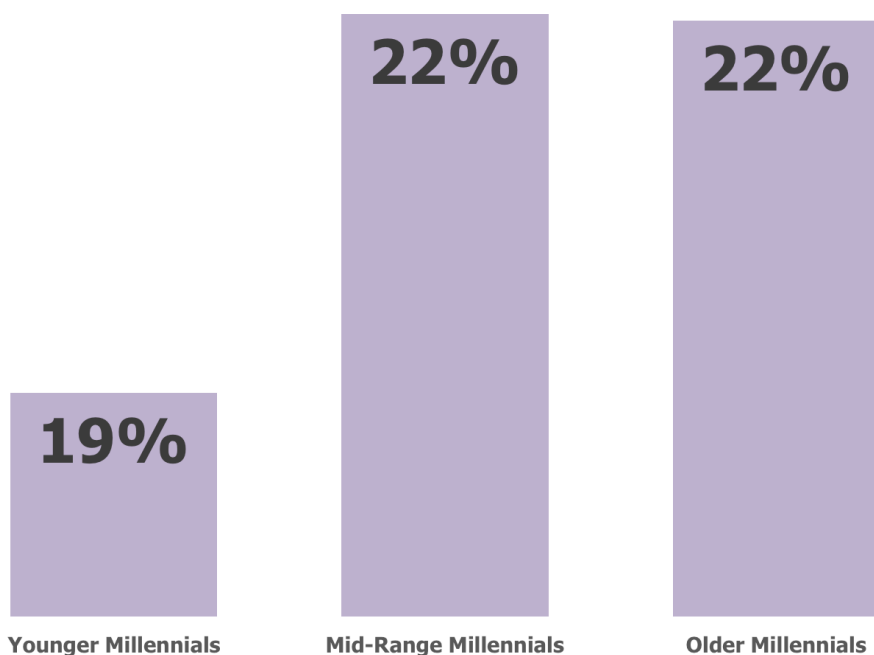
Source: Osterman Research, Inc.

MANY WOULD PREFER TO USE PHOTOS TO CONFIRM THEIR IDENTITY

While 35 percent of Millennials would prefer to take a photograph of themselves in order to confirm their identity instead of answering knowledge-based questions, a plurality (40 percent) would prefer the more traditional approach of answering questions, as shown in Figure 38.

Figure 38
Millennials' Interest in Snapping a Photo of Their ID Instead of Answering Knowledge-Based Authentication Questions
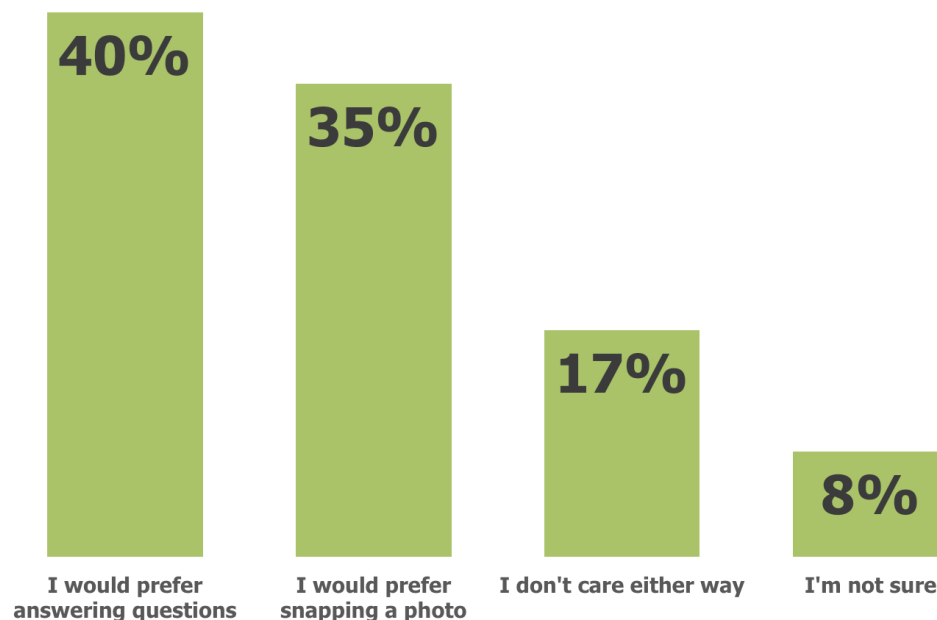
Source: Osterman Research, Inc.

US Millennials are much more open to the notion of using a photograph for purposes of confirming their identity than are Canadians or Brits. For example, among US Millennials, 34 percent of younger Millennials would prefer to snap a photo of their ID compared to 43 percent of mid-range Millennials and 48 percent of older Millennials. On the other hand, in Canada only 36 percent of younger Millennials want to snap a photo compared to 33 percent of mid-range Canadian Millennials and 30 percent of older Canadian Millennials. British Millennials did not show the same trend, ranging from 32 percent for younger Millennials, 38 percent for mid-range Millennials and 36 percent for older Millennials.

ABOUT THE SURVEY

Osterman Research conducted an in-depth survey among Millennials on behalf of Mitek. In order to qualify for the survey, respondents had to be between the ages of 18 and 34 and had to be a user of a smartphone. A total of 3,010 online surveys were conducted among Millennials in the United States (1,005 surveys completed), Canada (1,004) and the United Kingdom (1,001) during August 2016.

For the British responses, the distribution of age ranges among those surveyed is in Figure 39 and was segmented by:

- Younger Millennials – 18 to 22 year olds (35.7 percent of total respondents)
- Mid-range Millennials – 23 to 28 year olds (34.0 percent)
- Older Millennials – 20 to 34 year olds (30.4 percent)

Figure 39
Distribution of Respondents Ages
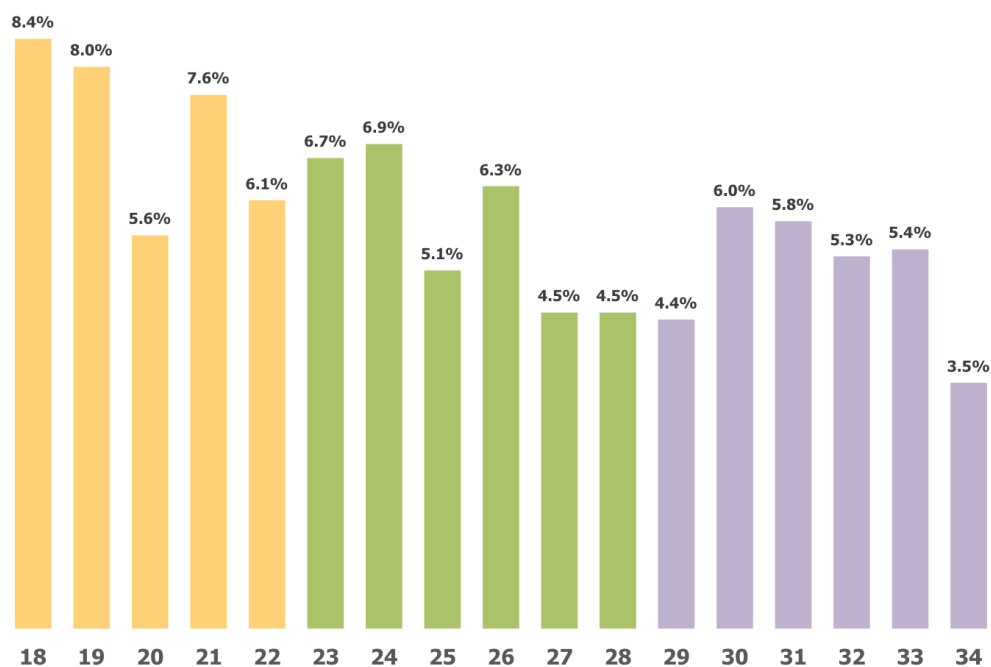
Source: Osterman Research, Inc.

The distribution of respondents' genders was split evenly between males and females, as shown in Figure 40. Although respondents were given the opportunity not to identify their gender, none refused to do so.

Figure 40
Distribution of Respondents' Genders
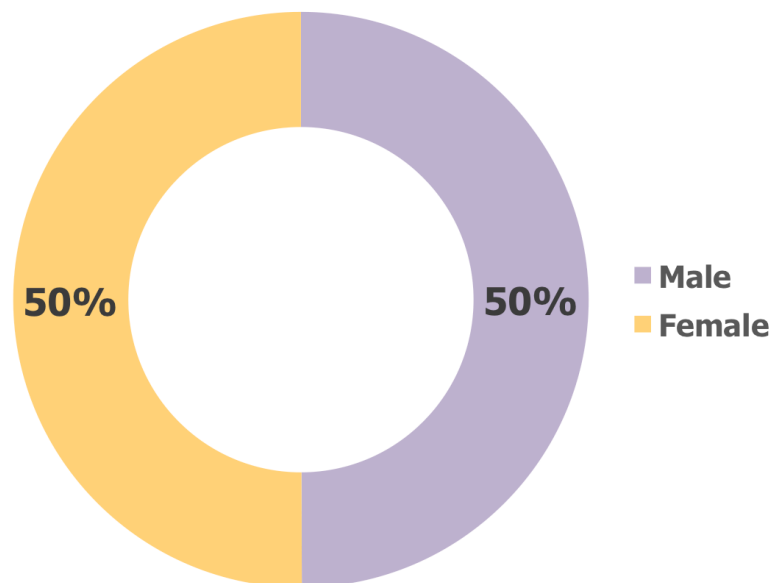
Source: Osterman Research, Inc.

ABOUT MITEK

Mitek (NASDAQ: MITK) is a global leader in mobile capture and identity verification software solutions. Mitek's ID document verification allows an enterprise to verify a user's identity during a mobile transaction, enabling financial institutions, payments companies and other businesses operating in highly regulated markets to transact business safely while increasing revenue from the mobile channel. Mitek also reduces the friction in the mobile users' experience with advanced data prefill. These innovative mobile solutions are embedded into the apps of more than 5,200 organizations and used by more than 70 million consumers for mobile check deposit, new account opening, insurance quoting, and more. For more information, visit www.miteksystems.com.

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