

# J.D. POWER

Banking Industry Insight

August 4, 2020

## COVID-19 Effect: Australians Increasingly Self-sufficient with Banking and Payments, Receptive to Digital Channels

- *More than one-quarter (27%) of Australians say they will use branches less often even when in-person interactions are safe, up from 20% two months ago.*
- *One-third (33%) of Australians use mobile and online tools to do more of their banking, up from 30% two months ago.*
- *Almost one-third (31%) say they are avoiding cash due to fear it may spread the virus and 23% are using ATMs less often to also avoid spreading the virus.*
- *38% of Australians are using contactless credit cards to make purchases in store more often and 24% are using mobile payments (Apple Pay, Samsung Pay, etc) more often.*
- *More than one-fifth (21%) are very likely to select an online bank without branches for their next every day or savings account.*
- *After the pandemic is over, 6% of Australians plan to switch banks to one that has better mobile capabilities.*

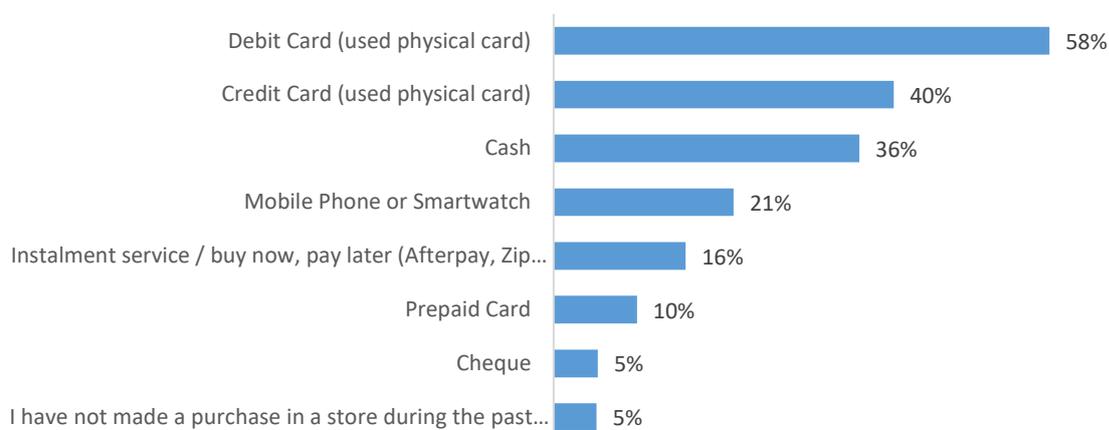
As COVID-19 cases surge in Victoria and N.S.W. and social distancing is set to remain for the foreseeable future, the pandemic is affecting how Australians carry out their banking and payments, adapting behaviour to limit in-person interactions.

To gain a deeper understanding of Australians' changing banking and payments habits and how these have developed as the pandemic progresses, J.D. Power has conducted a pulse survey of 1,957 Australian adults. Following are the key findings.

## Australians adapting their payment habits

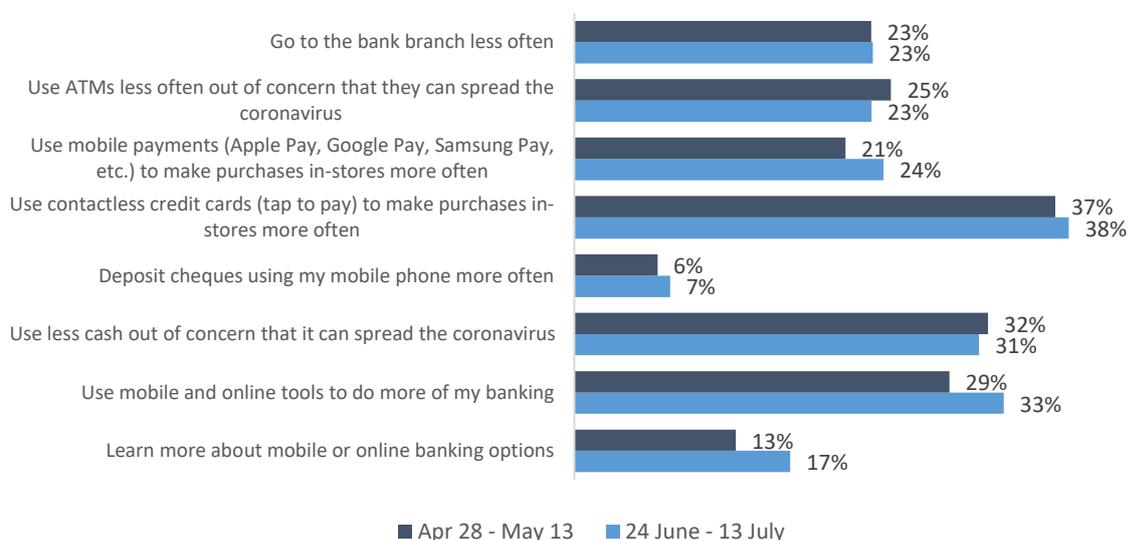
Debit cards are the most favoured payment method for in-store purchases, used by 58% of Australians in the week of the survey, followed by credit cards (40%). Despite many stores discouraging or refusing cash payment to protect staff from the spread of COVID-19, 36% of Australians have paid using cash in a store during the past week. Australians are embracing newer payment types, with 21% of Australians using a mobile phone or smartwatch for in-store purchases and 16% choosing to pay using a buy now, pay later instalment service (Afterpay, Humm, Zip Pay, etc.).

### Which of the following have you used to make a purchase in a store during the past week?



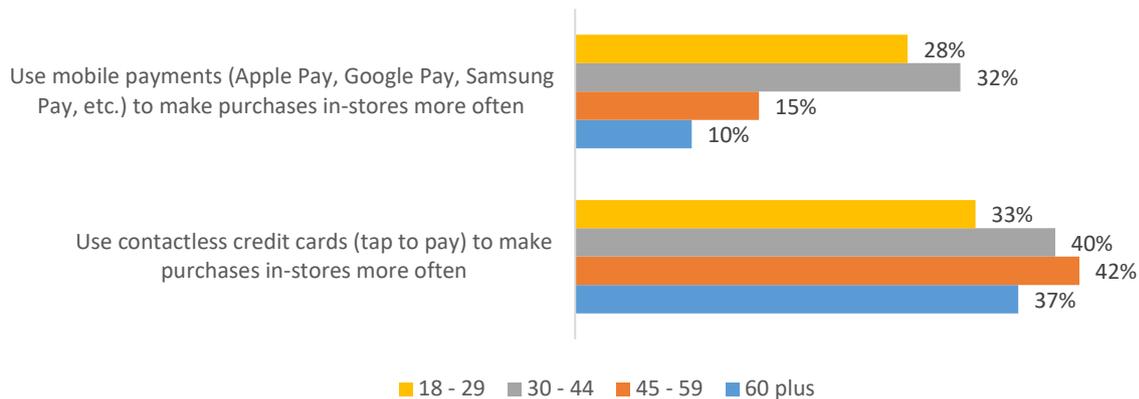
Australians are avoiding cash, with 31% using it less often out of concern that it can spread COVID-19. Australians are increasingly adopting contactless payment options for purchases in-store, with 24% using mobile payments (Apple Pay, Google Pay, Samsung Pay, etc.) more often than before the pandemic and 38% using contactless card payments more often.

### Which of the following changes to how you bank and make payments have you made or plan to make due to the coronavirus crisis?



In an attempt by retailers to limit the spread of COVID-19, many stores are currently not accepting cash payments. The tap-and-go payment limit was lifted to \$200 in mid-April to help customers avoid typing in their PIN. With these initiatives in place, all age groups have increased their use of contactless credit cards and younger Australians, in particular, are increasing their use of mobile payments for in-store purchases. Nearly one-third (32%) of customers aged 30-44 are using mobile payments more often than before the pandemic.

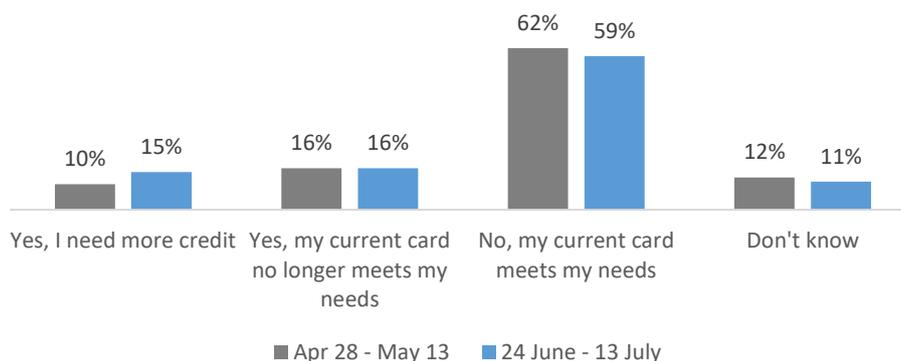
### Which of the following changes to how you bank and make payments have you made or plan to make due to the coronavirus crisis?



More than one-third (36%) of cardholders are spending less on their credit card since the pandemic began. Credit cards are used by 29% of Australians more often for online purchases than prior to the pandemic and by 28% to buy more household necessities.

Less than one-third (31%) of cardholders plan to acquire a different credit card. This is driven by 16% saying they are holding a credit card that no longer meets their needs and 15% who need more credit (up from 10% two months ago<sup>1</sup>).

### As a result of the coronavirus crisis, have you or do you plan to open a different credit card?

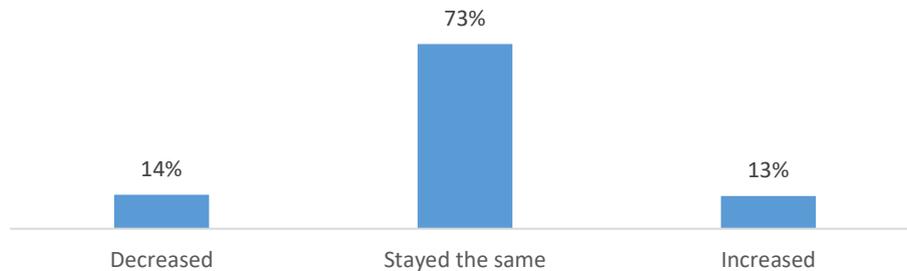


Nearly one-fifth (19%) are unable to make the minimum monthly payment on their credit card since the pandemic began, while 15% carry a balance from month to month, up from 12% two months ago.

<sup>1</sup> J.D. Power Australia Financial Services COVID-19 Pulse Survey April 28-May 13, 2020

Since the start of the pandemic, the overall value of credit cards has fallen for 14% of cardholders, with altered spending habits effecting the value of rewards and benefits offered by the current card they hold.

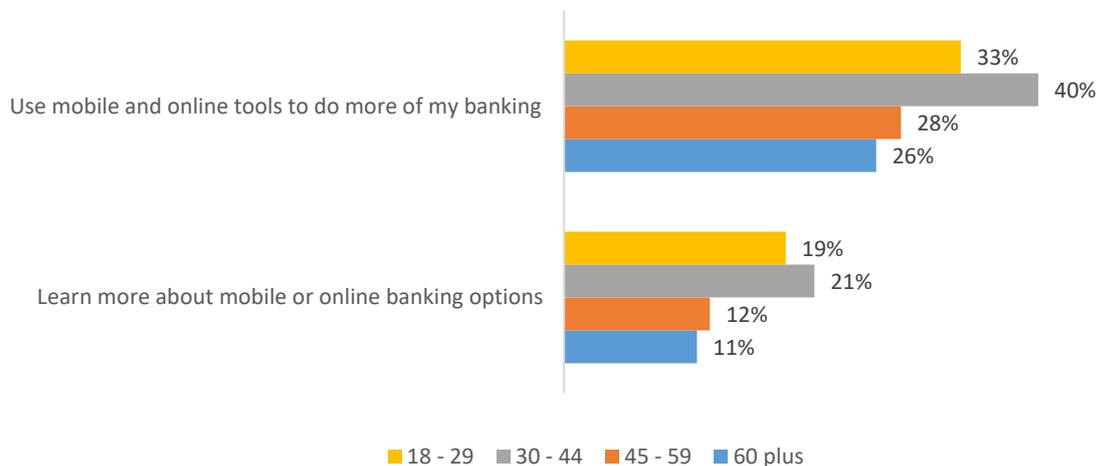
**How has the overall value (e.g. benefits, rewards, terms) of your primary credit card from changed since the start of the coronavirus crisis?**



**Digital usage and adoption**

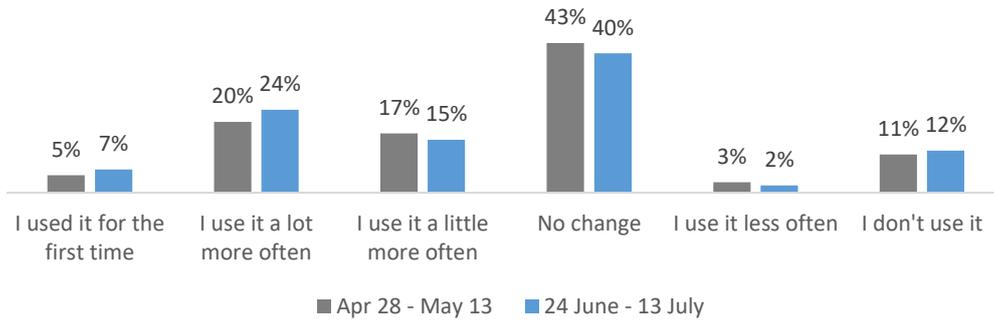
As a result of the pandemic, 33% say they use their primary bank’s mobile and online tools to do more of their banking, up from 30% two months ago. Increased usage is strongest among younger Australians, with 40% of adults aged 30-44 using mobile and online tools to perform more of their banking since the pandemic’s start.

**Which of the following changes to how you bank and make payments have you made or plan to make due to the coronavirus crisis?**



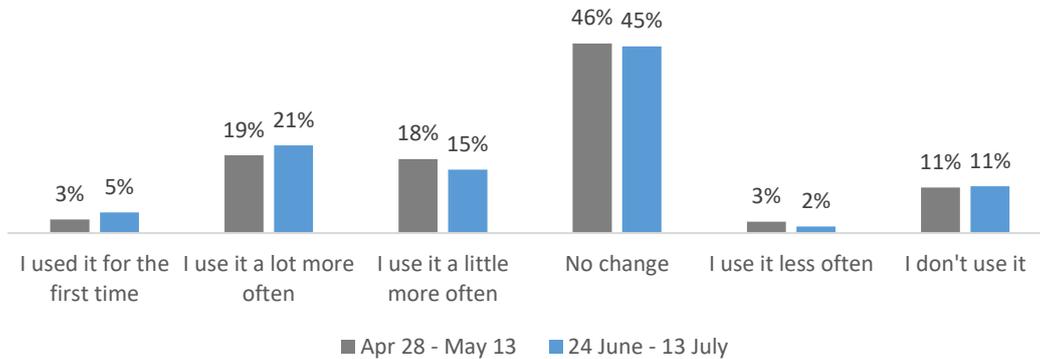
Mobile app usage has increased, with 24% using their primary bank’s app more often, up from 20% two months ago.

**Since the coronavirus crisis began, how has your usage of your primary bank's mobile app changed?**



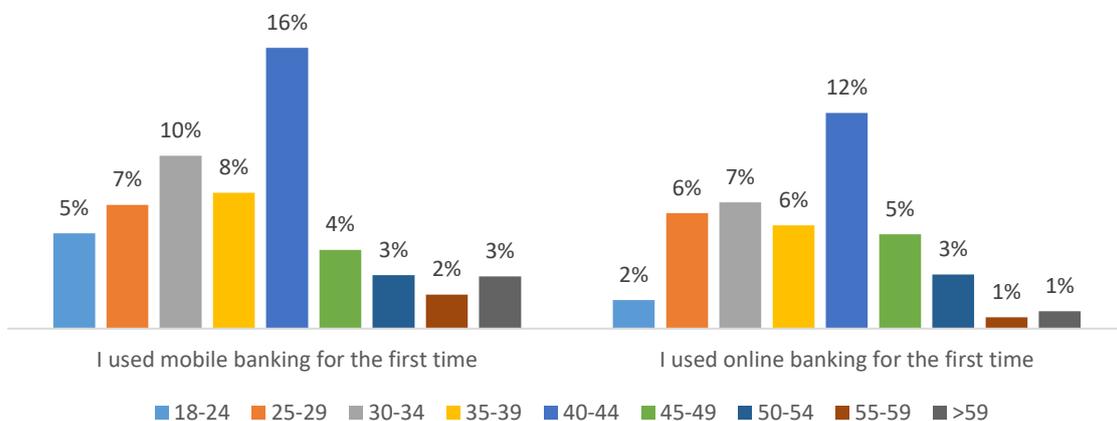
Online banking usage on a laptop or PC has increased, with 21% using this a lot more often than prior to the pandemic.

**Since the coronavirus crisis began, how has your usage of online banking on a laptop or PC with your primary bank changed?**



Among Australians using digital banking for the first time, 7% are using their primary bank's mobile app and 5% are using their bank's website on a laptop or PC. Australians aged 40-44 have increased the proportion of first-time usage well above the average across all adults, with 16% using mobile banking for the first time and 12% using online banking for the first time.

**Since the coronavirus crisis began, how has your usage of online and mobile banking with your primary bank changed?**

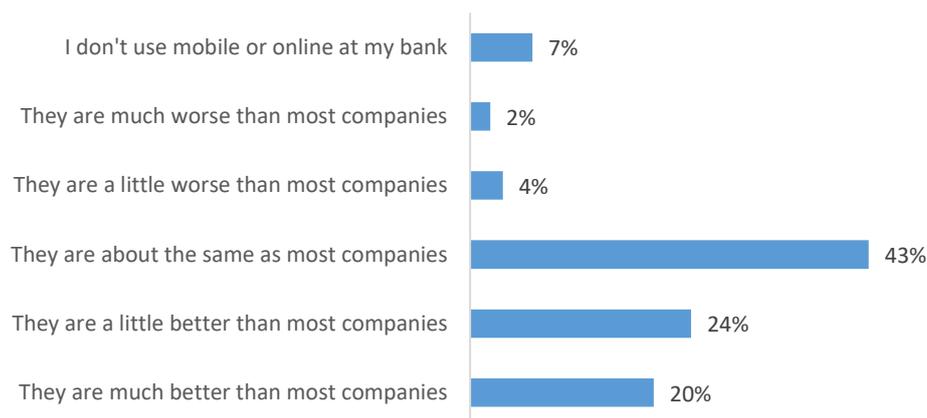


“Australians are increasingly receptive to mobile and online banking compared with at the start of the pandemic,” said Bronwyn Gill, head of banking and payments intelligence at J.D. Power Australia. “As social distancing continues, there has been an increase in first time mobile and online users, and greater frequency of use.”

With fewer visits to a branch, 17% of Australians want to learn more about mobile or online banking options, up from 12% of Australians two months ago. Still, 12% of Australians had trouble figuring out how to do something on their bank’s website. There is a role for banks to educate customers in the use of digital banking, as 15% of Australians say they would like to receive information from their primary bank regarding how to access accounts through mobile and online banking and 17% saying they have received this information. Not all banks are providing the information that is needed by customers. Of the Big 4 banks, 17% of Westpac customers would like to receive this information— but only 9% say they have received the information.

Australians were mostly positive when asked about their primary bank’s mobile and online offerings compared with other companies, with 20% saying they are much better; 24% saying they are a little better and 43% saying they are about the same.

### How does your primary bank's mobile and online offerings compare to other companies you deal with?



Not all customers of the Big 4 banks are impressed with their bank’s digital offering. While 21% of CommBank customers say their mobile app was much better than other companies they deal with, only 10% of Westpac customers said the same thing.

For those still using cheques, depositing these with a teller inside the branch is preferred by 37%, with 34% choosing to use an ATM and 25% using their mobile phone to deposit their cheque. While 10% of customers said they would like to receive information from their primary bank on how to deposit cheques using their mobile phone, only 6% said they have received this information.

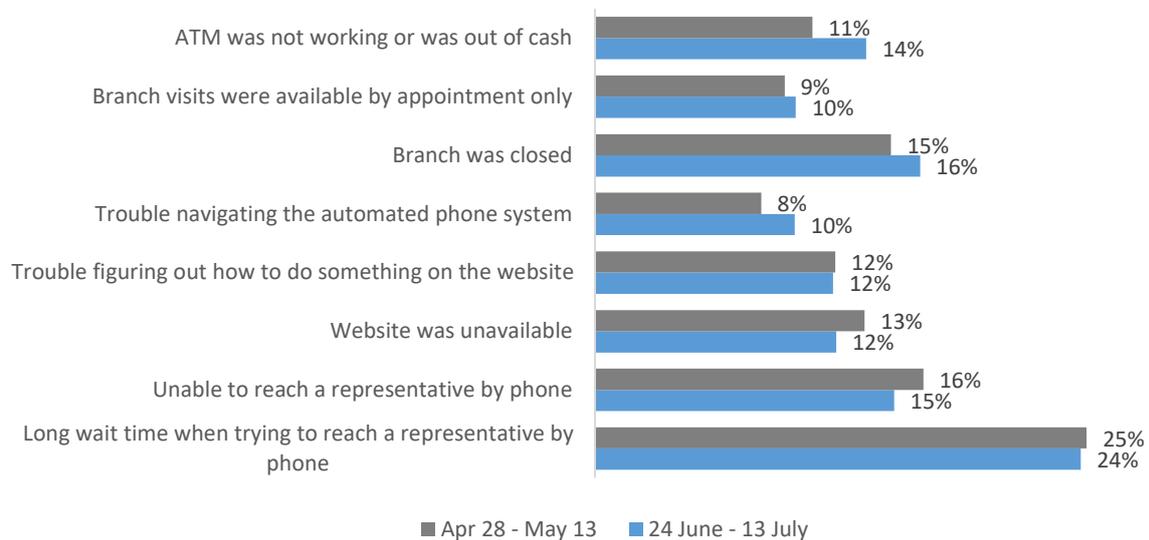
## Bank customers seeking self sufficiency

### Challenges remain

Customers are continuing to face challenges as they undertake their banking, although there has been a slight improvement in the call centre experience. Long wait times when trying to reach a

financial services representative by phone is the experience of 24%, easing slightly from 25% two months ago. Still, 15% say they are unable to reach a representative by phone, down from 16% two months ago.

### Which of the following have you recently experienced with a financial institution?

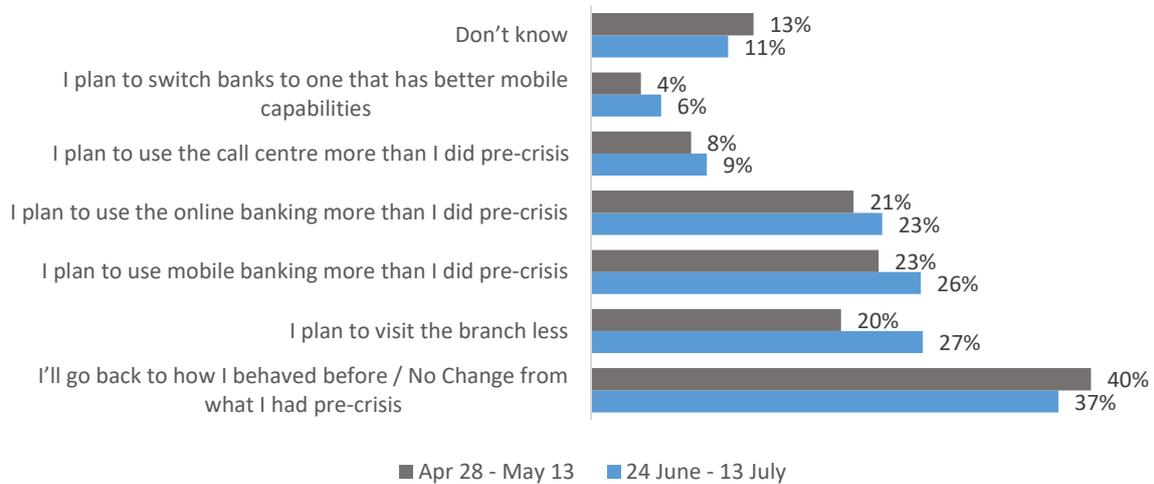


### Reliance on the branch is being replaced with self sufficiency

As the pandemic continues, indications are increasingly showing that banking will have a smaller reliance on in-person interactions beyond the end of the pandemic. More than one-quarter (27%) say they plan to use branches less often after the pandemic is over and it is safe to have in-person interactions, up from 20% two months ago.

An increasing proportion of Australian bank customers plan to continue with greater usage of digital interactions. More than one-quarter (26%) plan to use mobile banking more than they did pre-virus, up from 23% two months ago. Similarly, 23% plan to use online banking more, also up from 21% two months ago.

**After the coronavirus crisis is over and it is safe to have in-person interactions, what are your plans for interacting with your primary bank compared to before?**



After the pandemic is over and it is safe to have in-person interactions, 6% of Australians plan to switch banks to one that has better mobile capabilities.

More than one-fifth (21%) of Australians say they are “very likely” to select an online bank without branches for their next everyday, savings or money market account, with 24% saying they are “somewhat likely” to do so.

“With avoidance of the branch due to social distancing and lengthy call centre wait times, it’s not surprising that bank customers are increasingly turning to digital channels to undertake their banking,” Gill said. “Banks need to empower customers through communication and support that boosts customer knowledge of digital tools available. It’s an important time for banks to check in on the relative merits of their digital capabilities, with customers placing more importance on this when choosing a bank.”

**Methodology**

This J.D. Power Banking Industry Insight is based a survey of 1,957 Australian adults from June 24 through July 13, 2020.

**Find out more**

This J.D. Power Banking Industry Insight was authored by [Bronwyn Gill](#), head of Australia Banking and Credit Card Intelligence at J.D. Power. Please contact us at the numbers below to connect with Ms. Gill, or to learn more about the underlying research.

**Media Contacts**

Bronwyn Gill, J.D. Power; Sydney, Australia; 0452-605-946; [bronwyn.gill@jdpa.com](mailto:bronwyn.gill@jdpa.com)  
 Geno Effler; Costa Mesa, Calif.; 714-621-6224; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)