



## Economic Review

# Mobile Banking Use and Consumer Readiness to Benefit from Faster Payments

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Consumers who are younger, higher income, college-educated, or employed are the most ready to benefit from faster payments.

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The U.S. payments industry is currently implementing faster payments that will enable consumers and businesses to send and receive payments almost instantly at any time of day, any day of the year. Mobile banking in particular may allow consumers to realize the full benefits of faster payments. As a result, a consumer's use of mobile banking is a good indicator of their readiness to benefit from faster payments.

Fumiko Hayashi and Ying Lei Toh examine which consumer characteristics are associated with mobile banking use as well as what other factors may influence consumer readiness. They find that banked households that are younger, higher income, college-educated, employed, or that occasionally use alternative financial services are significantly more likely to have used mobile banking for transactions. Their results suggest three additional factors may influence consumer readiness to fully benefit from faster payments: the availability and cost of digital infrastructure, the availability of mobile banking and its transaction functions, and consumers' perceptions of and savviness with mobile banking and related technologies.

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Ying Lei Toh is a senior economist in the Economic Research Department at the Federal Reserve Bank of Kansas City. Ms. Toh joined the Bank in 2018, after earning her Ph.D. in Economics at Toulouse School of Economics (TSE), France. She also holds a M.Sc. in Economics from TSE and a B.A. (with Honors) in Economics from Nanyang Technological University, Singapore. Her research focuses on the digital economy---particularly, the issues of consumer privacy, data protection and cyber security---and the payments market.