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The Mobile Finance Report 2019

A Global Benchmark of Banking and Payment Apps

Introduction

Mobile has created radical innovation, with a fundamental shift taking place in personal finance. "Mobile banking has disrupted traditional banking to an extraordinary extent over the past two years," says Monty Munford, venture partner and tech speaker, and traditional banks are only catching up to the digital revolution. Here are three quick takes on the state of modern finance everyone needs to know:

1

The Unbanked Are Hotspots of Growth

Mobile has opened personal finance to the world's unbanked. A massive 143 million mobile money accounts were opened in 2018 globally, according to mobile trade body the GSMA. These users were concentrated in Southeast Asia and Africa, areas with few banking options. While there's still room to scale — 1.7 billion adults remained unbanked — reaching them remains a challenge, with infrastructure and local regulation slowing progress.

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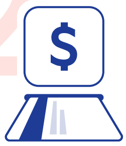

Meet the Neobanks

Neobanks are new contenders that offer online-only services that skirt regulation by partnering with established institutions. Neobanks create an edge with superior data and analytics capabilities to build deeper relationships with customers. Traditional banks are mobilizing to compete: "We have already started to see impact with several established banks launching services to defend against upcoming virtual banks," says Deniz Guven, CEO of Standard Chartered's Virtual Bank.

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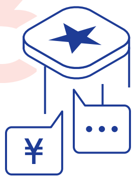


Super Apps Gain Traction as Payments Soar

Another revolution is happening, with payment apps primed to become the new way to pay. Physical currency is disappearing as people handle more transactions with their phones. Asia has given rise to the "super app," which combines aspects of social media with the ability to transfer money. The West is only just catching on.

"Apps have transformed the customer experience and received huge investment. Over the next decade, Finance app companies will be here to stay, but may be the subject of disruption themselves as more players come into the market. Consequently, customers will become more discerning, and it may be factors such as secure mobile cybersecurity that prove to be more important when choosing a mobile money app."

Monty Munford
Venture Partner, BC7,
The Economist Contributor and Tech Speaker

The Mobile Finance Report 2019 equips marketers with the data they need to boost their results and plan for the future. For the first time, Adjust and App Annie collaborate to reveal Finance apps high-growth markets, and the metrics marketers must grasp to acquire high-value audiences and keep them coming back.

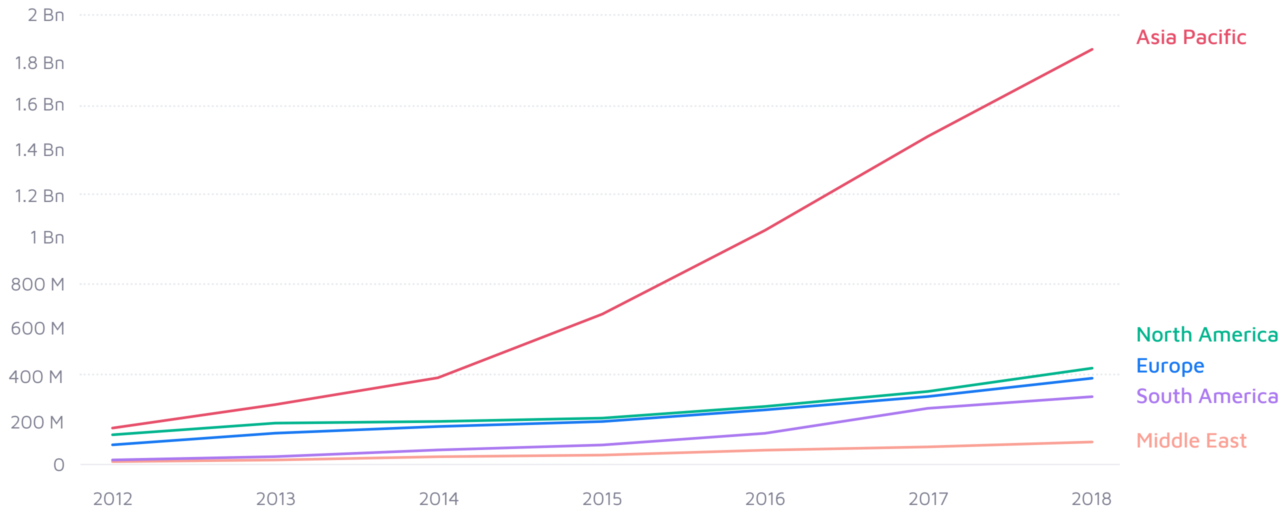
Contents

Finance App Growth Is Strongest in APAC

App Annie data reveals Finance apps are on the move in APAC. But it's not the only region showing an increase as other markets also see a significant uptick.

Asia's Finance App Growth Has Been Exponential

Finance App Downloads, 2012-2018



The growth of Finance apps is a global phenomenon. However, it's APAC that's leading the trend. A review of app download data shows APAC has been gaining astronomical momentum — with downloads jumping from 383 million downloads in 2014 to reach a massive 1.8 billion in 2018.

This growth spurt dovetails with 2018 GSMA data which reports 90 million new accounts were opened during this period in the APAC region alone. A key driver is the expansion of mobile money and apps that can deliver it into places banks have never been before. Another factor is the rise of super apps across APAC. These apps offer a portal to a mix of services, often bundling messaging and marketplaces. China, which is home to the super apps WeChat and Alipay, is naturally the biggest driver of mobile money uptake in the region. Its growth is closely followed by India.

APAC isn't the only region to watch. Elsewhere, Finance apps are poised for supercharged scale. An examination of app downloads for Europe and North America reveals that Finance apps have reached a comparable level to APACs level in 2014. It's very much the quiet before the storm, but our data suggests Finance apps around the globe are on the cusp of exponential growth.

Mobile Payments on the Rise in the U.S.

A recent report by eMarketer shows that appetites for mobile payments are on the rise, helped along by the release of Apple Pay. Overall, the total number of people using mobile payments in the U.S. will grow 9.1% to 64.0 million. "That represents nearly 30% of all US smartphone users," they say.

Another factor that supports this swift uptake of Finance apps: demographics. Millennials are far more focused on using Finance apps to plan their future and manage their money than any other age group. Millennials are also 2.5 times more likely than Baby Boomers and 1.5 times more likely than Gen Xers to switch banks, particularly if banks can't keep up with their needs. However, going mobile is a great way to improve the retention of your customers.

App Annie data, which shows the average number of Finance app downloads per user, highlights some of the countries where marketers can tap into a growing appetite for Finance apps.

Country	2017	2018	2019(F)	Average
China	7.1	7.5	6.8	7.2
South Korea	3.8	3.9	4.0	3.9
Brazil	1.9	2.2	2.9	2.3
India	1.4	1.9	2.3	1.9
Indonesia	0.8	2.0	2.6	1.8

Significantly, for downloads by user, China (the only country on the list that doesn't include Play Store downloads) is the clear number one, maintaining its lead since 2017. It's followed by South Korea, an edge that can also be linked to user preference for multiple accounts. In fact, The Economist points out that "in South Korea, the average adult has 5.2 bank accounts and 3.6 credit cards."

This is far more than other countries, where the habit of having multiple accounts is not the norm. For this reason, South Korea represents an interesting if somewhat challenging market, where marketers can get a true sense of cultural differences and learn how to drive lasting app engagement in a country where consumers are spoiled by choice. Brazil and India also see a relatively high level of installs, indicating they are markets full of potential.

Acquiring Mobile Users Is Cheaper than Brick-and-Mortar

According to a report by Liftoff and Leanplum, the average cost per install for a Finance app was $6.93. While registering ($25.73) and activation ($37.05) were higher, the cost to acquire a mobile user is far less "than the $60-70 it takes to acquire a customer offline."

Mobile Banking Cashes in on Customer Loyalty

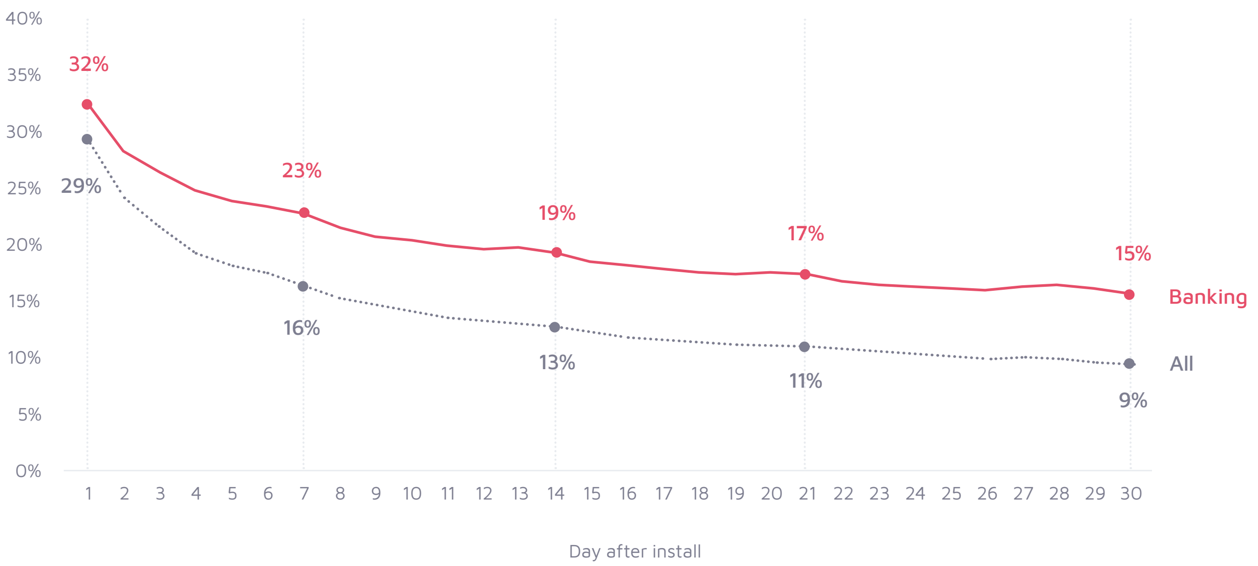
Customers expect fast, fluid online experiences that fit seamlessly into their everyday lives. This is pushing banks to offer customer-focused service and improved products to meet their needs. It's a strategy for success, as Facebook IQ found that "some 40% of 18-to 34-year-olds agreed they would prefer to conduct all retail banking actions online, without needing to go to a physical branch." The message to marketers is clear: if banks can't match expectations, users are sure to churn.

"Taking a consumer-first approach to finance is the next evolution," says Vishal Korlipara, Growth Marketing Manager at app company Credit Karma. With this in mind, we draw from our data to provide marketers a benchmark of current banking app performance. Use this as a guide to set realistic expectations for user retention cycles and gauge the impact of paid promotion on your campaign results.

Banking Apps Have the Best Retention Around

All retention curves across all app categories drop after Day 1. However, Adjust data shows the fall is not so far for Banking apps. In fact, Banking app retention rates exceed the rates for all other apps at every stage of the curve.

Global Banking App Retention Rates, H1 2019



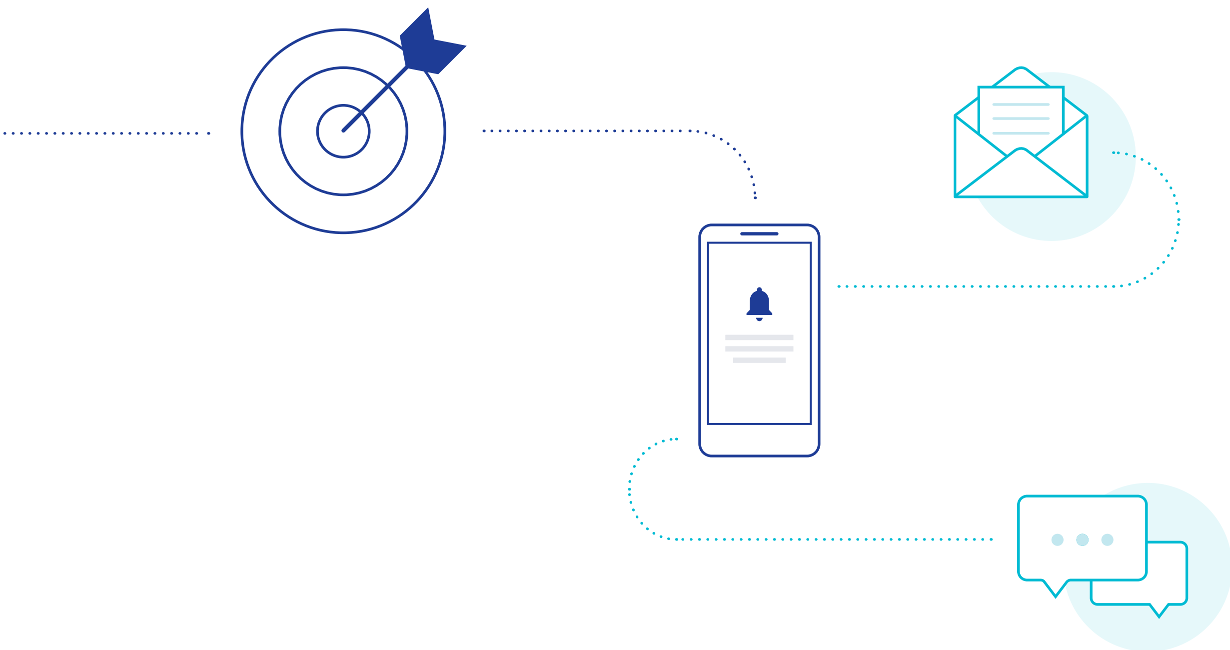
KEY FINDINGS

- Adjust's data shows retention rates are relatively high across the cohort. Nearly one-third (32%) of users return on Day 1, and 15% are still using the app by Day 30. Compared to 15 app verticals, Banking apps come in a strong third, with a Day 30 retention rate that trails News (18%) and Music (17%).
- Notably, the retention curve is relatively flat, indicating that Banking app performance is far more consistent — and less erratic — than many other app verticals. Banking apps lose only 53% of users between Day 1 and Day 30. By comparison, Casual Games — a fast-moving app vertical primed to shed users over a short period of time — loses 78% of users in the same period.
- The shape of the retention curve for Banking apps reveals ample opportunities to re-engage and retarget users who are showing signs of lapse.

Improving retention starts with activation. Anatoliy Rogalskiy, CMO of Ukrainian-based monobank — a mobile-only bank with 1.5 million active customers — outlines a strategy you could apply to improve conversions and drive users to register a new account.

> "Our strategy is simple. We try to get customers on board and then immerse them via our own communications. First, we've improved the number of registrations via text and email, reminding lapsed users to complete their registration. Once a user registers, we use an in-house algorithm to track which channels each user prefers to be messaged with (such as email or in-app messaging) which leads to more effective communications for each user."

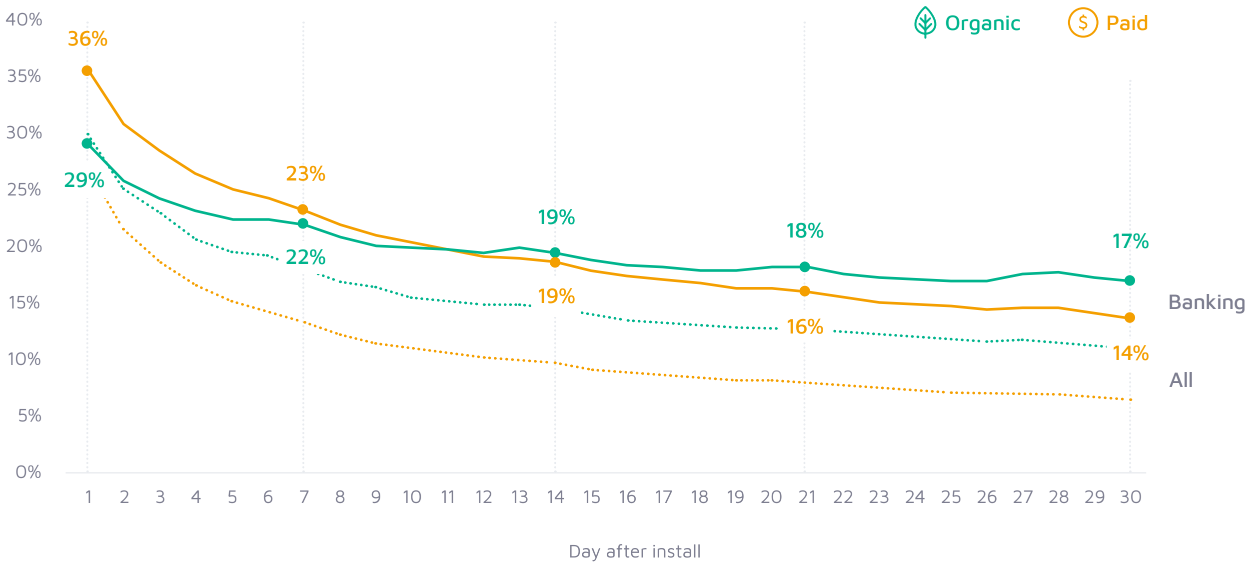
Anatoliy Rogalskiy
CMO, monobank



Differences Between Organic and Paid Performance Are Slim

Overall, retention rates for banking apps are robust. Split the retention data according to how the user was acquired — paid advertising or organic word-of-mouth — and interesting differences emerge. In our previous App Trends report, we reported that organic users tended to retain better at all stages within our cohort. The question remains: is it the same situation for banking?

Retention Rate by Source, Banking Apps vs. All Verticals, H1 2019

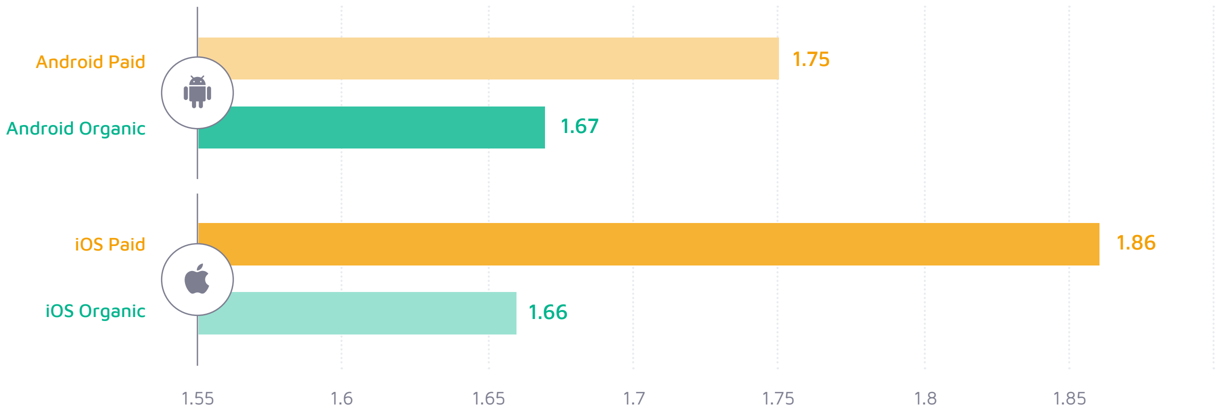


KEY FINDINGS

- Adjust data reveals that paid banking installs perform better than organic within the first seven days of installs. This suggests users are more engaged after they click through. This high level of engagement is likely linked to ongoing (and effective) campaigns and efforts that drive customer connection and activation.
- Further along in the retention curve, paid loses its edge to organic to tie at 19% by Day 14. But from Day 14 to Day 30, paid users drop off faster — dropping 26% of users vs. 11% of organics.
- Whether from paid or organic sources, banking app users retain at rates that are consistently and significantly higher than the global average for all other apps combined.

While all Banking apps users are loyal, an examination of session data reveals users have different behaviors depending on the device they use and the source of the install (paid and organic).

Global Banking App Sessions by Platform and Source, H1 2019



Paid users trigger more sessions per day, and iOS users lead with 1.86 sessions per user, per day, compared with Android (1.75 sessions per user per day). Organic users trigger activity at a similar rate, hovering around 1.65 sessions per day on both platforms.

This frequency of banking app sessions provides ample opportunity for marketers to engage and re-engage users, delivering campaigns that communicate features or encourage deeper interaction with the app. Either way, marketers that use data to match their approach with their audience can expect to drive positive results.

Personalization: The Key to Growth

Huge download numbers don't always translate into loyalty. Even with high retention, getting users to engage more with an app after the install is a tough challenge, especially in finance.

- Facebook IQ estimates that "there are 700 million registered mobile money accounts globally, but only 250 million active users."
- On a country level, the GSMA found that "while almost 80 percent of India's population is now banked, the country has one of the world's highest inactivity rates."
- Meanwhile, in Indonesia, "only 11% of its e-money app users are regular users," according to Think With Google.
- Finally, as mobile network Liftoff found, "it takes more than a week (7.62 days) for Finance app users to come back to the app after the install."

Despite the increase in innovations to attract banking app users in the first place, a key challenge is bridging the gap between registration and deep-funnel conversions. But research suggests there is a shortcut. Brands that pursue personalization in all they do are finding success. Boston Consulting Group estimates that "for every $100 billion in assets a bank has, it can achieve as much as $300 million in revenue growth by personalizing its customer interactions."

Personalization is powerful and marketers that harness data can unlock its potential. It's all about using analytics to anticipate user needs, defining and targeting customer segments, and building deep relationships with every single user.

Clearly, personalization is pivotal. To help marketers tackle this challenge, Adjust provides the Audience Builder, a tool that allows you to segment audiences based on the user profile you want to create, down to event-level data. With Audience Builder you can manage your retargeting efforts, sending relevant messaging to the users most likely to convert at the right moment. You only share the data you want with retargeting partners, keeping your data in your hands. Want to learn more? Contact us today.

> **"We recognize our business imperative behind connecting with diverse financial backgrounds — people who have different credit scores and financial statuses. Thanks to the Audience Builder, we understand and engage with our customers better than before and deliver them personalized experiences through our ads."**

Oktay Kalem
VP, Digital Marketing & Sales, Akbank

Mobile Payments: The Next Wave of Financial Innovation

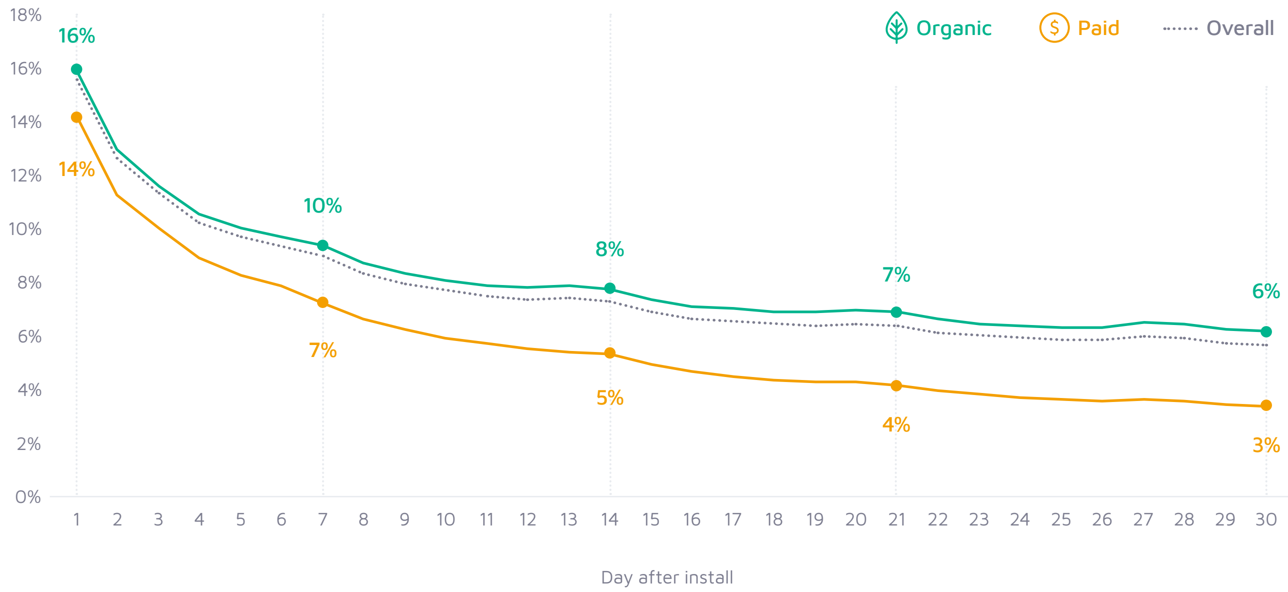
Payment apps are off to a roaring start, but it's not just their ability to streamline transactions that are winning audiences and driving results. It's the sheer variety of interactions they enable that is fueling growth and transformation in the payment landscape.

Leading the change is a new breed of payment platform providers. From China's messaging app WeChat to Southeast Asia's on-demand and multi-service app Gojek, these apps combine social, retail and financial services with their vast data sets of insights to deliver mobile consumers a single, integrated and efficient experience. Payment apps are in a prime position to push finances forward, but what's the current status quo?

Payment App Post-Install Performance Is a Challenge

Retention rates mirror consumer openness to new financial products. Basic needs, such as banking, are high on the scale — and so are retention rates. However, Payment apps, a relative newcomer, are not just addressing existing consumer needs to manage their money. They are creating new demand for new platforms that provide a wide variety of services. The question is, are retention rates for this new category of app as strong as the buzz that surrounds them? Adjust data tells a surprising story.

Global Payment App Retention Rates, H1 2019



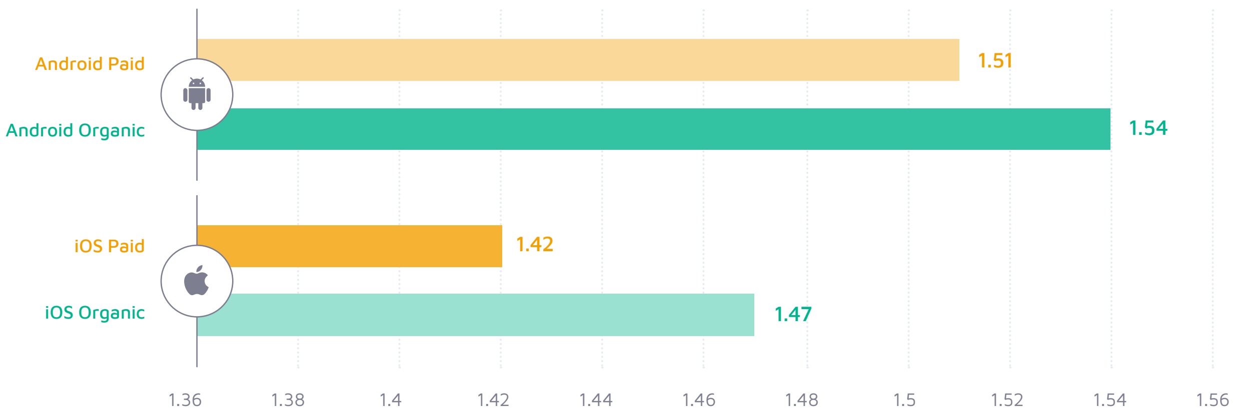
KEY FINDINGS

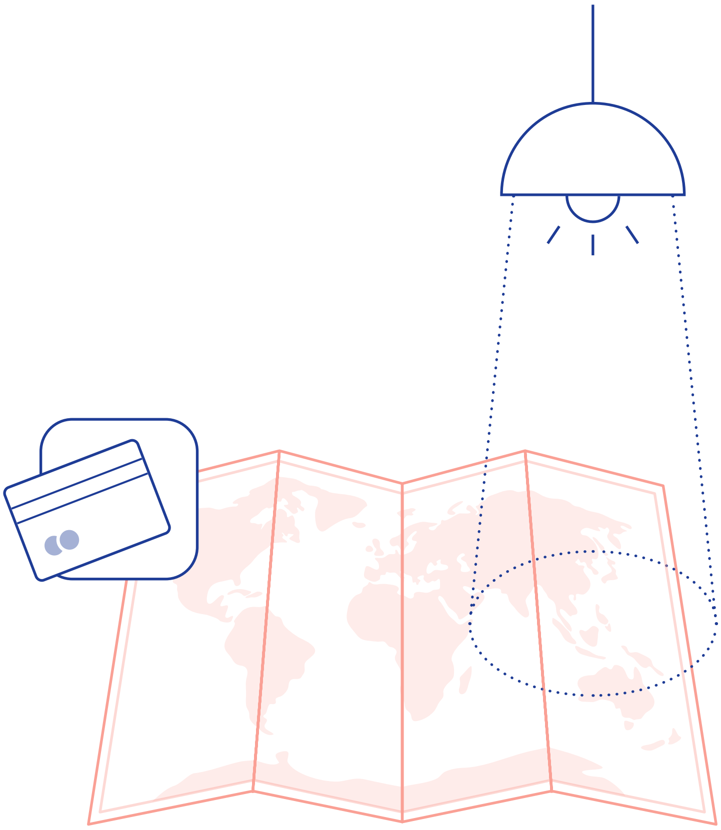
- Adjust data shows that global retention rates for Payment apps are lower than other applications. This performance strongly suggests marketers must make a greater effort to engage users and educate customers about the value they offer.
- Winning users is an uphill battle — even if marketers invest in paid campaigns to do it. Indeed, paid performance is low throughout the retention curve, as paid-for users are noticeably disloyal.

Clearly, Payment apps have a hill to climb when it comes to improving retention — and the hardest part may be the effort required to change current consumer attitudes. To complicate matters, such apps are not just competing with market rivals; they are working to switch dependence (even preference) on cards and cash.

It's here that personalized messaging and marketing to address specific customer segments and needs could make a difference. Delivering notifications for account balances, as well as pairing campaigns with dynamic experiences and creatives based on user preferences, for example, ensure your customers return to your app again and again.

Global Payment App Sessions by Platform and Source, H1 2019



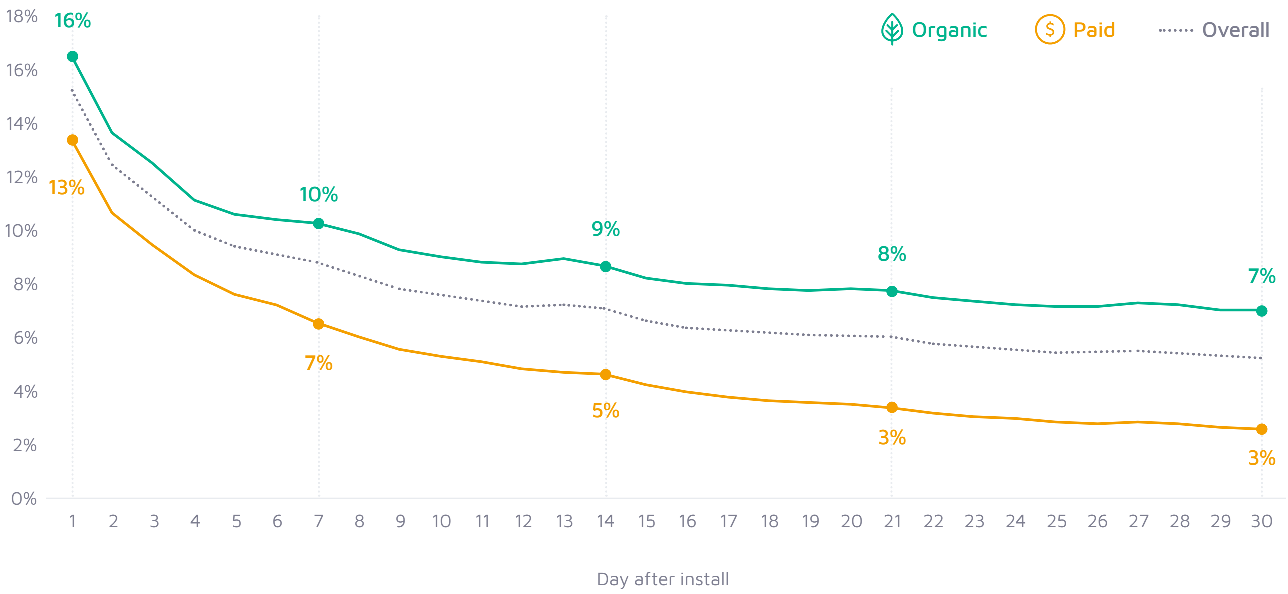


Regional Spotlight: APAC Payment Apps

It's ironic that the financial ecosystem in Asia has been shaped by players we would classify as non-banks. In China, super apps, including Tencent's WeChat and Alibaba's Alipay have become central to people's lives. From ordering a meal to hailing a ride, these apps equip users to manage (and pay for) every aspect of the daily routine. The GSMA reports Alipay alone has partnered with more than 200 financial institutions and is integrated with over 100,000 merchants outside China. Interestingly, China is also enhancing the app experience, advancing in areas such as facial recognition to streamline payments.

However, does this China-centric trend ripple across APAC? Many regions there have access to high bandwidth and many home-grown tech companies have made their mark by learning to deliver users what they want and how they want it. In regions where a significant share of the population is unbanked, it follows that these services have flourished outside of traditional financial frameworks. But do users keep coming back?

APAC Payment App Retention Rates by Source, H1 2019



A review of retention rates shows payment app performance in APAC is in line with the global average for this app category, meaning the average user across APAC is still not quite used to Payment apps in the same way Chinese users are. Adjust data also reveals the number of sessions per user per day is slightly lower (1.48) than the global average (1.72).

Changing perceptions is a big challenge for marketers across all of APAC. In a Google study, 50% of unbanked Indonesians said they don't see any benefit in using a digital wallet app. And both unbanked Indonesians (20%) and Indonesians with bank accounts (33%) said they have concerns about personal data loss and phone theft.

To combat this view and convert users, marketers need to stand out by engaging early adopters and nurturing local partnerships to reinforce their position and value proposition. Payments need to be accepted by vendors, after all. Furthermore, app companies must improve the safety features of their products to show their commitment to delivering services their customers can trust.

Improve Customer Confidence with Better Security

Capgemini Efma's World FinTech Report 2019, surveyed banks and fintech providers to find the most prevalent issues facing the financial services sector. Significantly, security tops the list. In fact, the vast majority of banks identified data security (76%), customer privacy (76%), and loss of control of customer data (63%) as primary concerns. In addition, a Facebook IQ report found that "for 60% of current account customers, trustworthiness is either the main or top criteria considered when choosing a bank or financial service."

Data breaches have also been hitting the headlines. Credit agency Equifax's landmark case in 2017 saw a fine of at least $575 Million for the loss of customer data of over 150 million people, according to CSO Online. The introduction of the California Consumer Privacy Act (CCPA), as well as further bolstering of the GDPR, means governments are more vigilant than ever when it comes to user data.

Fraud damages brands. Since a physical branch creates a sense of security and trust which mobile doesn't yet match, banks need to find new ways to boost confidence with their digital offerings. At present, they might not be doing enough. Forrester has found that the U.S. consumers view digital mobile banking as "awful at reassuring users on security and privacy." One way to earn trust is to publish your efforts to improve security.

Efforts to protect your data also safeguard your brand. It's therefore critical to combat fraud in all its forms, including bot fraud. As Forbes reports, bot fraud — perpetrated by automated software agents capable of interacting with content, advertising and offers in a human-like way — is "prevalent and pernicious." Today, bot attacks on financial services outnumber any other vertical. In fact, "financial services see a growth of 35% in mobile attacks year-on-year," according to Threatmetrix.

Bots attack in a variety of ways:

- Bots can steal from accounts or sell credentials to fraudsters who specialize in cashing in on compromised accounts. Some extreme examples involve extorting money from the legitimate account owners
- Bots can increase friction for users hurting the in-app experience. CAPTCHAs cause irritation, but pose no real challenge to bots. Non-human traffic compromises site performance, ruining analytics data.

The threat of bots is rising with the advance of mobile and apps. Adjust has ramped up capabilities to fight them. Unbotify, an Adjust product, protects user flow to fight back against the most sophisticated robotic attacks, utilizing machine learning effectively. Users expect banks to protect them from identity thieves and fraudsters, Unbotify can offer that without any extra set-up required on your end. Contact us today if you'd like to know more.

The Future of Mobile Money

A joint report by the WARC and MMA found that consumers view financial services as “the most innovative sector in mobile.” In China, the rise of cryptocurrencies (the country is reportedly releasing a digital version of its currency) and the promise of blockchain could combine to start a revolution in the way people think about and manage money.

Financial services must brace themselves for disruption. Regulation remains a barrier, but this is changing — fast. The world could be on the brink of mobile as the de facto means of handling money. If banks don’t invest in the future, they could be left behind. Time is money, after all.

The Top Three Takeaways

Short on time? Here's The Mobile Finance Report 2019 in three points:

1

Finance Apps Retain Long and Strong

Nearly one-third (32%) of users return on Day 1, and 15% are still using the app by Day 30. Compared to 15 app verticals, Banking apps come in a strong third, with a Day 30 retention rates that trails News (18%) and Music (17%). Overall, banking app performance is far more consistent — and less erratic — than many other app verticals. More importantly, the retention curve for Banking apps reveals ample opportunities to re-engage and retarget users who are showing signs of lapse.

2

Paid has the Edge, but Organic Has the Endurance

Paid banking installs perform better than organic within the first seven days of install. Further along in the retention curve, paid loses its edge to organic to tie at 19% by Day 14. But from Day 14 to Day 30 paid users drop off faster — losing 26% of users vs 11% of organics. Still, Banking app users from both sources retain at rates that are consistently and significantly higher than the global average for all other apps combined. In both cases, better efforts to segment and engage audiences will boost performance.

3

Payment Apps Are Gaining Traction but Not Breaking Records

Global retention rates for Payment apps are lower than other applications. Winning users is an uphill battle — even if marketers invest in paid campaigns to do it. Indeed, paid performance is low throughout the retention curve, as paid-for users are noticeably disloyal.

> **"The future of mobile banking will see increased digitally born, intelligent financial services. Open banking will be critical to this service-led model, where the boundaries between brands and products will be increasingly blurred."**

Deniz Guven
CEO, Virtual Bank by Standard Chartered

Methodology

Adjust Data

Countries included

36

Date range analyzed

1 Jan – 1 June 19

Retention data is slightly affected by reattributions, which appear under the paid cohort.

App Annie Data

Apps were identified from the Finance categories in iOS and Google Play. Retail banking apps were identified as coming from organizations that are designated as commercial banks that are the primary provider of banking services.

This includes apps from banks with no physical branches, or apps that only offer a single service type.

AUTHOR

James Haslam
james@adjust.com

DESIGNER

Sarah Semple
Graphic Designer, Adjust

MEDIA CONTACTS

Lennart Dannenberg
Head of PR
lennart@adjust.com

Joshua Grandy
PR & Communications Manager, U.S.
joshua.grandy@adjust.com

Anushia Nair
Communications Manager, App Annie
anair@appannie.com

CONTRIBUTORS

Deniz Guven
CEO, Virtual Bank by Standard Chartered

Anatoliy Rogalskiy
CMO, monobank

Oktay Kalem
VP, Digital Marketing & Sales, Akbank

Monty Munford
Venture Partner, BC7, Economist Contributor and Tech Speaker

Vishal Korlipara
Growth Marketing Manager, Credit Karma

adjust

WHO IS ADJUST?

Adjust is the industry leader in mobile measurement, fraud prevention and cybersecurity. Born at the heart of the mobile economy and grown out of a passion for technology, the globally operating company now has 15 offices around the world.

By making marketing simpler, smarter and more secure, Adjust empowers data-driven marketers to build the most successful apps in the world. Adjust is a marketing partner with all major platforms, and in total, more than 28,000 apps have implemented Adjust's solutions to secure their budgets and improve performance.

Adjust recently acquired companies Acquired.io and Unbotify, and in June 2019, secured one of this year's largest funding rounds in Europe to date, raising $227 million.

If you want to learn more, get in touch.

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APP ANNIE

WHO IS APP ANNIE?

App Annie is the industry's trusted mobile data and analytics platform. App Annie's mission to help customers create winning mobile experiences and achieve excellence.

The company created the mobile app data market and is committed to delivering the industry's most complete mobile performance offering. More than 1,100 enterprise clients and 1 million registered users across the globe and spanning all industries rely on App Annie as the standard to revolutionize their mobile business. The company is headquartered in San Francisco with 12 offices worldwide.

Reach out if you want to learn more.

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