



## Older generations turn to mobile banking in Maryland

By: Samantha J. Subin June 14, 2019

Mobile banking applications are on the rise across Maryland — and older generations are joining the trend.

Between 2015 and 2018, mobile banking use nationwide increased from 48% to 70%, according to a Bank of America study. While more than three-fourths of millennials and Generation Z banked on mobile devices in 2018, 67% of Generation X and 59% of baby boomers trailed close behind.

"Today's 60-year-old is a lot more than comfortable with technology than a 60-year-old 20 years ago," said Karyl Leggio, a professor of finance at Loyola University Maryland.

At Howard Bank, headquartered in Baltimore, mobile banking use grew between 35% and 37% in the last year — around 30% among baby boomers and 16% among the silent generation — Steven Poynot, the bank's chief information officer said.

"Our growth is probably happening at a higher rate in the younger generation just because they do use it more, but our boomers are comfortable with technology," he said.

Nowadays, more baby boomers are shopping online, banking and using peer-to-peer apps like Venmo, Square and Zelle than ever before. Mobile apps are increasing by 8% annually and in 2018 at least 28% of baby boomers were using them, Bank of America reported.

In 2015, 49% of 52 to 70-year-olds spent roughly 11 hours online per week compared to only 42 percent of millennials, according to a Limelight Networks user experience report.

While older generations may need an initial introduction to mobile apps and their features, they pick it up relatively quickly, said Rob DeClement, a regional executive with Bank of America in Maryland.

"What I'm seeing in Maryland is a significant growth quarter over quarter, year over year in both mobile and online adoption," he said. "It really doesn't discriminate against age."

An educated population and high median income in Maryland could contribute to higher adoption rates statewide, Leggio said.

According to the U.S. Census Bureau, the median income in Maryland between 2013 and 2017 was \$78,916. In 2017, 32% of Americans 25 years and older held a bachelor's degree or higher — a number that reached 39.7% the same year in Maryland, ranking the state fourth in the nation.

"We're on the higher income scale so we're adopting technology more rapidly than others," Poynot said. "But there are also parts of the state that are comfortable with the way they do things."

Some of these regions include Baltimore, Duane Day, head of e-services at MECU said. In 2017, the median income in Baltimore was \$46,641, the U.S. Census Bureau reported — more than \$30,000 below the median across Maryland. Today, many parts of the city and rural areas lack reliable internet service for mobile use.



An older couple pays for their purchases using mobile payment on their phone. While millennials and Generation Z have led the increase in mobile banking, older generations aren't far behind. In 2018 59% of baby boomers banked on a mobile device. (Deposit Photos)

Competition with larger banks across Maryland could be another factor forcing both local and regional credit unions to offer mobile technology in the first place. Howard Bank, MECU, Old Line Banks and other regional banks and credit unions offer mobile banking services.

"We're competing against banks much much larger than us so we have to make sure we have the technology that customers want," Poynot said. "It's to create a level playing field."

Although mobile banking is on a steady rise in Maryland, those numbers are expected to drop.

Approximately 77% of Americans own a smartphone nationwide, up 35% from 2011, according to Pew. As those numbers increase and smartphones become more commonplace, mobile banking use will grow at a decreasing rate, Leggio said.

In 2018, overall cell phone sales decreased by 4%, Samsung sales by 8% and Apple by 4%, according to a market research firm known as Counterpoint.

"Everybody has a cellphone now," Leggio said.

And as banking, shopping and other everyday luxuries move online, one thing is certain in Maryland and across the United States: adapting to mobile technology will be crucial for both older and younger generations in a cashless society — which some say is only a generation away.

"So many parts of our life now is dependent on our phone," Leggio said. "It's going to be the way that we do things."

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