

## *Letter from Industry*

### **Inspiring mobility for banking enterprises**

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#### **1 Introduction**

Mobile banking is taking the world by storm, accounting for over 590 million users worldwide, which is expected to double to exceed 1 billion by 2017. Today consumers will not bank with a Bank that does not have internet banking. Tomorrow consumers will not bank with a Bank that does not have mobile banking.

In order for banks to create a successful mobile banking strategy, banks need to do more than just provide their internet banking on the mobile phone. They have to focus on innovation and user experience to deliver leading edge mobile banking applications.

This article describes how banks in Asia Pacific have leveraged innovation and user-experience to differentiate themselves from their competitors.

#### **2 Mobile Banking Landscape**

Mobile technology is forcing banks to rethink how they engage with their consumers. While this technology provides a tremendous opportunity for banks to enhance their interactions with their customers, it has also given rise to a number of new competitors like Telco's and direct banks, which continue to leverage the ubiquitous presence of mobile phones to offer financial services directly to customers.

In recent years, a number of banks in Asia Pacific have invested in mobile in the race for a mindshare among increasingly technologically savvy customers. The mobile channel ranks as the number one priority for most banks.

In mature markets like Japan, Korea, and Singapore, banks are active in driving more innovative services to the mobile channel to differentiate themselves, while in emerging markets like the Philippines and Indonesia, the focus is more on capturing a larger customer pool by offering remittance and payment services.

There have been mixed results in mobile banking deployments in Asia, from highly successful initiatives like DBS Singapore, that was ranked number 1 by MyPrivateBanker in its Mobile Apps for Banking Report 2013, Axis bank that was voted "Best Financial Services Mobile Application" at the 2013 Mobile Web Awards and United Overseas Bank (UOB) that took top honors for its mobile app at this year's Asia Banking & Finance Retail Banking Awards, to others in the region, offering only basic mobile banking apps to complete their channel offering.

### **3 Innovation helps banks stand out from the crowd**

When Banks think of mobile banking services, the important thing to keep in mind is that it is the consumer that is “mobile” not the phone, i.e. the consumer who is on the move and that mobile services have to be contextual to where the consumer is and the phone becomes a means of engagement with the consumer.

It's important then, that banks look at what relevant services can they provide to consumers on-the-move. These could include services like location-based marketing that offers the right deal to the right customer at the right time, mobile payments at retail outlets or innovative financial transactions services like mobile cash that allows consumers to withdraw money from ATM's using their mobile phone. By leveraging the power of mobile phone, banks have an opportunity to provide innovation in their financial products and services.

Using lending as an example, although many banks provide basic loan calculators on their mobile apps, some banks have gone the extra mile to innovate. For instance, the Commonwealth Bank of Australia (CBA) in their mobile banking app allows consumers to use the camera on their phone to point to a property, to see if it is for sale, get more details on it and calculate whether they can afford it or not. The beauty of this app is that it allows the bank to be an active part of the consumer's financial decision process to buy a property, rather than after the fact when they have made a decision and are out hunting for the lowest rate loan.

Banks are also integrating social media in their mobile strategy. Asia has a very high social media adoption rate with countries like Thailand, Indonesia and Philippines ranked with a higher index than the worldwide reach of social networking sites, according to digital analytics company, comScore. Consumers, especially young people, use social media apps on their phone extensively. This presents an opportunity for banks to become part of consumers' digital lifestyles, by offering services like social payments, to help build relationships with consumers early on in their banking lifecycle.

Beyond services, Banks are effectively using the mobile for new customer acquisition – both for retail and business customers. While banks invest heavily in marketing to new customers, opening an account can often be a tedious process that must be done at a branch leading to a low conversion rate even for customers that are interested in the banks' services. Banks are now leveraging the mobile to ease the account opening process by allowing submission of all necessary documents as images and filling all necessary forms through their mobile app. This is a game changer for foreign banks in a country that may not have the same branch and distribution network as the local banks of that country.

### **4 Improving the user experience**

The importance of the user experience provided by the mobile banking service cannot be undermined. A good mobile banking user experience is simple, intuitive and contains relevant features for the customer.

User experience starts with making common transaction simple, like log in, balance enquiry, funds transfer etc. One of the banks in Singapore found their mobile adoption increased significantly when they allowed users to log in for enquires with 1FA rather than 2FA which is required for financial transactions. Another bank made it easier to do a funds transfer by allowing its mobile banking customers to simply send money to the recipient's mobile number.

User experienced can be enhanced with personalization – this can be bank-led or

user-led. As an example of bank-led personalization, Axis Bank in India launched its mobile banking apps with individual designs and services for its youth, mass and high net worth individual markets. The apps were extremely well received by their customers and have become a new benchmark for mobile banking in India.

Ultimately, it is about understanding the target audience for each service, and knowing what appeals to them. Where the service is targeted at high-end customers with interests in investment products, the application interface should differ from how it would be for young adults with different banking needs.

Other banks offer personalization features that put the user in control. Maybank Singapore allows customers to personalize their mobile banking app with their own pictures and frequently used services. Another local bank in Singapore allows users to customize their pre-login menu so that they can rapidly access their preferred services.

In conclusion, while technology offers a broad spectrum of possibilities for banking services - innovation with the customer in mind is imperative. Most consumers have become increasingly disengaged with their banks as they hardly visit a branch anymore, let alone know their banker. The mobile platform gives banks an opportunity to re-engage with their customers. A successful mobile strategy is one that ensures that the service fits and exceeds customer expectations.