

# *Trent's Comments*

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## **Perspectives on Mobile Banking**

There is tremendous interest in, and demand for, mobile banking. The popularity of smart phones and tablets, combined with an increasingly mobile society, require that you provide access to banking functions via mobile devices. In analyzing mobile banking technology, I am reminded of the early days of PC and Internet Banking. In those days - amazingly more than 15 years ago - much of the “buzz” created by the vendors was around non-traditional services. The focus was on developing the bank's website as a “portal” which customers would visit for access to all manner of products, services, and information, ranging from checking balances to checking the weather. As the Internet and Web evolved, users became more savvy, ignoring the portal and opting for “best of breed” web sites, specializing in sports, business, weather, and the like.

In similar fashion, many of today's mobile banking promotional efforts are centered around the future: mobile wallet, mobile payments, etc. In contrast to the “web portal,” the potential for enhanced products and services on the mobile platform is real, but you must first start with the basics. It's important that you view your mobile banking application as an extension of your existing Internet application. Customers, by their usage patterns, have shown us over the years what they like about Internet banking. Balance inquiry, paid check inquiry (*sidebar: adding image inquiry to paid checks has probably been the most valuable feature you've added to Internet Banking*) and funds transfer. Just these three uses account for more than 2/3 all Internet banking activity. That's a good thing: customers have told us what they like.

What are some ways that mobile can enhance your customer's experience? The ability to check balances, and see what payments have cleared using a mobile phone is a big deal. Customers will quickly begin to take it for granted, but it is definitely a big deal. To add more functionality, try to envision other routine financial activities made possible via a handheld device. Funds transfer, alerts, bill payment, secondary authentication, contact-less payments, for example. Various forms of these services are available today, albeit in an uncoordinated way. I can use bar codes on my smart phone to board an airplane, pay for a cup of coffee, or gain admittance to my hotel room.

I've been nothing if not consistent over the years. One thing you'll hear me say over and over is that the battle in financial services is being fought over the profitable small business. Thus, it is no surprise to hear me say that I'm more interested in the business applications of mobile technology than the consumer ones. Banks must aggressively move to offer more and better solutions to their businesses. Secondary approval of bill payments, ACH transactions, or even wire transfers, via mobile device, will be appealing to many of your business customers, especially if their work requires travel, or keeps them in the field with projects. Thus, when evaluating mobile options, be sure to look at the business capabilities of a particular vendor.

Remember this: industry pundits and retailers have different motives and interests than you do, in terms of creating “buzz” and changing consumer behavior. While consumer products will be important (more ways to pay instead of using cash or a check) business applications will pay larger dividends in terms of strengthening your relationships with commercial accounts.

There are three primary options for delivering mobile to your customers on a handheld device: Text messaging (SMS); Mobile Web; and App-based. Let's briefly look at each.

### **SMS**

The simplest scenario, and the one that most appeals to customers who are reluctant to use more sophisticated products. Once they set up their cell phone information via a web sign up, they simply text a code to the designated number, and receive the information they asked for . . . a balance, the status of a check, etc. Nothing that identifies the user is transmitted with the requested information. Any cell phone will do, smart or not. In addition to being an important part of your mobile banking strategy, I believe that it is also the technology that may allow us to finally discontinue touch tone banking (my article about telephone banking from the Early Summer edition of this newsletter is posted on my blog [www.bankinginsights.blogspot.com](http://www.bankinginsights.blogspot.com)) The security, and ease of use of SMS mobile banking, combined with the widespread use of cell phones of all kinds, makes this a natural transition for dedicated touch tone banking customers, with proper promotion on the part of the bank. According to a recent FRB study, almost half (48%) of those who have yet to use mobile banking cite security as the primary reason. SMS is a good way to address those security concerns.

### **Mobile Web**

It's likely that some of your customers have tried to access your existing Internet banking product using the browser on their smart phone. This form of mobile banking simply provides a more mobile friendly web site for those users. For most, a dedicated App is easier to use, but this method can provide a stepping stone for users to migrate to an App based solution.

### **App Based**

Google's Android, and Apple's iPhone, and to a lesser extent RIM's Blackberry, have taught consumers how to download and use “Apps.” These specialized, intuitive programs make navigating the Internet via a mobile device much easier. Another positive is the expectation of ease of use. Virtually every App is designed for untrained users, and your banking App will be no different. Consumers have been trained to download, install, and begin using these Apps without hand-holding. This is a far cry from the early days of PC banking, when we mailed diskettes with a user manual to those brave customers who wanted to bank “on-line.”

My recommendation is to offer all three flavors, and in most cases, vendor offerings are designed that way. Next time, we'll look at more advanced mobile topics, including mobile capture, specific payments solutions, and related matters. If you want more right away, you can access my recent mobile banking webinar at <http://www.bankersed.com/tba/intro.asp>

***For now, it is very important that you have a mobile strategy. Let me know if you need help developing or refining yours.***

## ***Upcoming Speaking Engagements***

### **August 2012**

~ 8: Midwest Independent Bank *Operations Conference*

~ 24: Florida Bankers Association *Director's Conference*

### **September 2012**

~ 6: Kansas Bankers Association: *Young Bankers Conference*

~ 13: Michigan Bankers Association: *Emerging Trends in Payments Seminar*

~ 14: Maine Bankers Association: *Annual Conference*

~ 19: Missouri Bankers Association: *Compliance Conference*

### ***Another Option for Accessing My Expertise and Insights***

As long time readers know, my intent is to keep this newsletter short, and simple. To improve your reading experience, I'm beginning to move some newsletter information to my blog, which can now be reached through my recently updated web site.

[www.trentfleming.com](http://www.trentfleming.com)

In addition to easier access to my blog, my new web site now includes expanded information about my speaking and consulting services, and offers back issues of my newsletter for download in PDF format.

*That's it for this issue - please call, email, tweet or FaceBook if I can help you with these or other matters.*

*Trent's Comments* is published six times each year and provides insight into strategic topics facing financial institution executives. Please feel free to share this with your staff and colleagues. Should you not wish to receive this newsletter, simply send me an email and I will remove you from future mailings.

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