

## Customers not only like mobile banking, but expect a lot from it

The gee whiz phase of mobile banking is over, or soon will be. Customer expectations increasingly are making it as much as an expected commodity as online banking is now.

But there is a difference. The likely users of mobile banking have little tolerance for substandard delivery and limited functionality. They are the "me now" generation who already know the difference between great and poor service, and won't settle for anything less than great. While it's taken about ten years for online banking to reach its current maturity, mobile banking likely will grow up much quicker than that.

Banks that want to differentiate themselves need to get over the mere fact of offering it, and get into making their particular mobile apps really deliver what their customers want. (There are more specifics on this point in the accompanying article, "Mobile Money.")

A recent ABA survey paints a very clear picture. For several years, customers have named the internet as their favorite way of conducting their banking business, most recently growing to 39%, from 36% in 2010. Branches come in second, and dropped to 18% this year from 25% in 2010.

Most interesting is mobile banking, which rose to 6% this year from 3% in 2010. However, the key demographic of 18-34 year olds-the millennials-cited mobile as their favorite banking channel at a rate of 15%.

"The survey results show consumers have a clear preference for the speed and convenience that come with internet and mobile banking," says Nessa Feddis, ABA senior counsel.

In the mobile spectrum, financial institutions are little different than other retail industries, at least as far as service delivery goes. So that's why some other recent research may be instructive.

For example, Kony Solutions Inc., a mobile and multichannel application platform provider, found through a survey that delivering a high-quality user experience and improving mobile app performance are top business priorities in the retail world.

"From increased attention to the user experience and planning bigger investments in multichannel offerings, this report demonstrates that more organizations are adopting a mobile-first mindset," says Harold Goldberg, Kony's chief marketing officer.

Commenting on the report, Igor Stenmark, managing director of MGI Research, says, "With such a heavy emphasis placed on application performance and user experience, more organizations are realizing that a simplistic focus on just time-to-market is no longer the best approach and that a disciplined implementation of a proper mobile application framework enables companies to best meet their mobile business objectives."

Which is a long way of saying that a mobile site has to function well, and not just simply exist.

Key experience driver: speed

A lot of the recent literature focuses on the importance of customer "experience" on a mobile site. For example, says Vicki Cantrell, executive director at shop.org, "As mobile grows, so too will retailers' investments in technologies that make sense for their shoppers, but to get to that level of commitment, retailers must first take smart, calculated steps to maximize the mobile shopping experience now and in the future."

Which points to the main experiential factor that customers value most-speed.

Keynote Systems, which measures such things, looked ahead to the coming retail-rich holiday time of year and studied what factors would best enrich the mobile experience. Their conclusion: "Web and mobile site availability, responsiveness, and usability impact e-retail brand quality, user satisfaction, and sales. As user expectations for online experience increase to sub-three-second page load-across desktop, smart phone, and tablet screens-ensuring high performance means the difference between abandoned carts and record sales."

So, less than three seconds is the goal. Less than four seconds seems to be acceptable among customers, Keynote says, but good luck with that. Currently, only 18% of mobile commerce sites are even getting to six seconds or less. Network traffic and other external factors can come into play, but the goal is clear.

Major potential market: small business

There's more to providing a great mobile site than speed, however, particularly if a financial institution wants to really differentiate its offering. While speed is extremely important, so is functionality, particularly as it applies to target customer populations.

So far, mobile banking has been driven by individuals. A study by Bank of the West suggests a different large, but currently underserved, market: small businesses.

It found that 88% of small business owners use mobile technology, and 58% wish there were more mobile technologies relevant for their businesses.

"We learned...that while small business owners are not early adopters of mobile technology-they tend to wait until someone like them has bought it and endorses it-they do see its growing importance in the success of their business. Creating relevant uses that help small businesses systemize customer relationship management, marketing, and financial accounting will be critical to the growth of mobile technology in this market," says Michelle Di Gangi, executive vice president of Bank of the West.

Where there is a need, somebody will offer solutions. In a recent development along these lines, Cognizant and Monitise Group joined forces to help financial institutions "embrace the mobile channel of interaction, and develop effective and innovative mobile banking, payments, and commerce solutions."

"Mobile technology has the potential to significantly change consumer-facing industries," says Mehesh Venkateswaran, managing director, at Cognizant. "As a route to market, it reshapes the channel mix; as a computing and service platform, it redraws the ways in which businesses engage with customers; and as a new technology architecture, it creates opportunities for new products and revenues. The accent in this new world of consumer services is on true personalization, context-aware systems, and real-time services."

Alastair Lukies, CEO of Monetise, puts it succinctly: "Mobile is, without question, the channel of the future."

Sources used in this report include:

ABA Survey: Popularity of Mobile Banking Jumps

Kony's Third Annual Mobile Market Survey Finds Open Standards and Multi-Platform Support are Top Development Concerns; Growth in Hybrid Apps Expected to Outpace HTML5

Retailers' Mobile Financial Investments Remain Conservative According To Shop.org/Forrester Research Survey

Will Your Mobile & Web Site Be Naughty or Nice This Holiday Season?

Small Business Owners See Value of Mobile Technology But Are Not Compelled by Offerings-Lack of Relevant Uses May Affect Greater Adoption of Products

Cognizant and Monitise Form Mobile Money Alliance to Help Global Financial Institutions Capitalize on the Mobile Money Opportunity

**About the Author** John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication TechTopics e-newsletter. For more than two decades he has written about the commercial banking industry. In particular, he's specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA's Bankers News. You can email him at [jginovsky@sbpub.com](mailto:jginovsky@sbpub.com)