

Banking Anytime Anywhere

This whitepaper is an extract from:

**Mobile Banking for Developed & Developing Markets
Strategies & Business Models 2012-2016**



Banking Anytime Anywhere

I. Mobile Banking Defined

Juniper Research defines mobile banking as 'the provision of banking services to customers on their mobile devices': specifically we mean in the vast majority of instances 'the operation of bank current and deposit or savings account', encapsulating services such as deposits, withdrawals, account transfers, and balance inquiry. However, the scope of mobile banking is extending rapidly to further types of financial products and services.

Given exceptional technological advancements revolutionising mobile communications over the past 18 months, Juniper Research delineates the 'mobile device' to include all units supporting mobile telephony as their primary function in addition to select portable machines with Wi-Fi connectivity designed principally for mobile data communication. Exclusively this classification includes low cost phones, feature phones, smartphones, and tablet devices. Yet this excludes a number of mobile and handheld units with an alternative primary function such as entertainment, for example, digital music players, portable games consoles, or GPS enabled mapping devices.

Predominantly, the full report focuses on *additive banking* as the addition of further choices or channels for banks and FIs (Financial Institutions) to serve their customers or make the banking experience more convenient for existing customers. Additive mobile banking is therefore associated with established banks using the mobile device as an extra channel to communicate with their customers and provide services over and above existing channels that include the bank branch, call centre, ATM (Automated Teller Machine) and online, as the *5th channel*. In practical terms this means enabling customers to manage their accounts via information and alerts, and to conduct account transactions from their devices. Additive banking is particularly extensive in developed nations where the banked population is approaching 100% and FIs seek to reach particular customer segments in a more effective way or offer a greater choice of services - such as Gen Y users, road warriors with smartphones, or younger bank account users who organise most of their lives on their mobile devices but who do not want to bank online. It also applies in developing nations where banks want to provide services in a more convenient manner to existing customers that are hampered by insubstantial banking infrastructure. Indeed developing nations tend to have few physical bank branches, scarce ATMs, and limited online banking access resultant of poor fixed broadband network infrastructure. Consequently, the banking population in many developing countries is limited to 30% or less.

The second category of banking is regarded as *transformational banking*. This is most dominantly deployed in developing nations boasting large unbanked populations, but nonetheless remains applicable to developed nations in reaching its underbanked segments. Transformational banking is the extension of banking services to customers predominantly deriving from the lowest strata of the socio-economic pyramid who cannot be reached profitably with traditional branch-based financial services. Typically these services exploit the ubiquity of the mobile phone and are led or fronted by MNOs (Mobile Network Operators) often in conjunction with banks to integrate unbanked populations into the formal financial

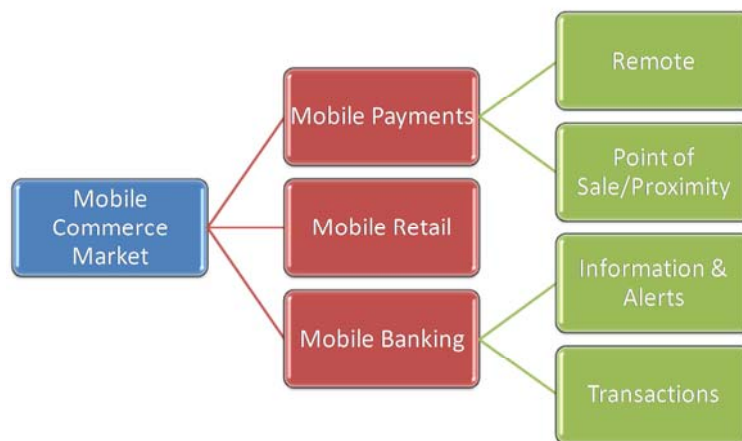
sector. Transformational banking is covered in greater depth in our report entitled 'Mobile Money Transfer & Remittances: Business Models & Monetisation Opportunities 2011-2016' published in December 2011.

2. Mobile Commerce: The Big Picture

Mobile banking forms an essential component of a broader mobile commerce industry, wherein the two are mutually constitutive. Empowering users to make account transactions whilst on the move, mobile banking enables supplementary mobile commerce actions to be undertaken as a function of a *mobile wallet*. Equally, a consumer adopting the mobile phone to make payments reinforces a mentality in which individuals increasingly consider the device as a comprehensive financial tool, and subsequently naturalises its use for ancillary payment actions such as banking. For example, although making a contactless NFC payment for a train or metro ticket is not mobile banking, the recurrent act of paying with a mobile device allows the customer to become more comfortable, and to then find related and additional transactions a more efficient undertaking via their mobile.

The following figure explains how Juniper Research segments the overall mobile commerce market.

Figure 1: Mobile Commerce Market Segmentation



Source: Juniper Research

3. How is Mobile Banking Delivered?

Mobile banking services are data-centric which essentially means that we exclude voice-based telephone banking services, including IVR (Interactive Voice Response) services. From a technology viewpoint, mobile banking is delivered in three main ways.

- Messaging-based, predominantly SMS but also USSD
- Mobile Browser
- Downloadable application (most commonly smartphone but also other types such as STK and Java)

Most banks will have at least a mobile messaging offering with some of the larger banks hedging their bets by deploying a combination of two and even all three of the technologies. Juniper Research identified during its interviewing programme that the clear trend is for banking platform vendors to go in the same direction, offering products that will cater for all three methods of access – that is effectively technology

agnostic and from the banks' viewpoint the triple play platform is advantageous because it avoids them having to switch suppliers for different technology approaches.

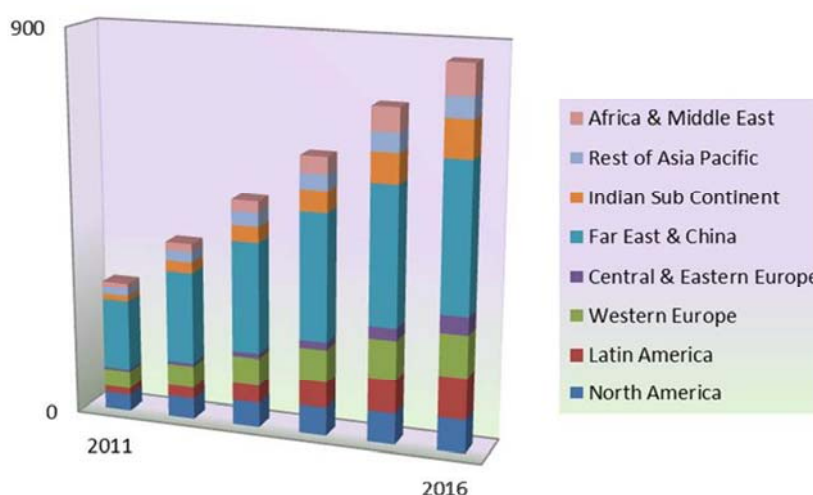
4. Market Projections

The full report provides five year forecasts for mobile banking, across eight regions of the world: North America, South America, Western Europe, Eastern Europe, Far East & China, Indian Subcontinent, Rest of Asia Pacific and Africa & Middle East. Forecasts include subscriber take up, traffic, transaction sizes and values.

4.1 Mobile Banking Information Service Users

Juniper Research is forecasting that just over 300 million mobile phone users will have made use of their mobile devices for banking information purposes by the end of 2011. The technology is proven and currently available in most regions of the world, reinforced by exceptional consumer demand. We are forecasting this figure will exceed 860 million globally by 2016.

Figure 3: Total Mobile Phone Users (m) Who Use Mobile Banking Information Services Split by 8 Key Regions 2011-2016



Source: Juniper Research

Order the Full Report

Mobile Banking for Developed & Developing Markets: Strategies & Business Models 2012-2016

- Latest Mobile Banking Platform Developments
- Unique Vendor Positioning Matrix
- Interviews with CxO Management Across the Value Chain

This industry benchmark report provides the most detailed view of the mobile banking market to date; mBanking presents a rapidly expanding opportunity to increase customer base, revenue and profit.

The Report Covers:

Full Market Re-Assessment in Light of the Global Economic Crisis and Recent Service Developments. This study charts the potential in mobile banking for significant cost-savings as well as a chance to offer an edge in a fiercely competitive market, deeply impacted by changes in the financial service industry and the explosion of smartphone application growth. Readers will receive unmatched insight into the size, scope and direction of a market moving swiftly into the emergent sector of mobile banking.

Forecasts for the Mobile Banking Market by ‘Push’ and ‘Pull’ Services. In-depth analyses of the current and projected value of the market for mobile banking are segmented by service type – ‘push’ informational banking services and ‘pull’ MBPP (Mobile Bill Payment and Presentment) services – followed by a further discussion of the comparative prospects of the complete range of delivery mechanisms: SMS, WAP and Apps. Examination of this ‘triple play’ banking solution gives readers a play-by-play breakdown of the ways in which vendors can optimise levels of customer adoption.

Four Distinct Business Models, Reflecting Key Segments of the Value Chain. These business models (bank-led, telco-led, joint venture, and third party-led) are explored in depth, delivering to readers the complete spectrum of prospective and implemented strategies and rationale across the industry.

Key Features of The Report Include:

- Focus on *additive banking* as the organic progression for established banks and FIs (Financial Institutions) gives readers an unparalleled advantage towards providing banked consumers with a more convenient and engaged experience in the developed market.
- Vendor Matrix Covering 23 Key Players – assesses the strength and positioning of each company within the mBanking ecosystem, giving readers an understanding of the product, capability and capacity of active vendors: those who are on track and those with further potential.
- Detailed Investigation of Mobile Banking Drivers & Constraints – provides readers with an unprecedented view of the factors propelling mobile banking forward, as well as the elements which could hinder the development process.

Key Questions the Report Answers:

1. How many mobile subscribers will use their mobile devices for mobile banking information services over the next five years?
2. How will increased tablet usage impact on mBanking adoption?
3. What are the benefits of a multichannel mobile banking strategy?
4. Which will be the leading global regions in the mobile banking market in 2016?
5. What are the opportunities for transformative banking within developed and most particularly developing economies where there are large populations of underbanked and insubstantial banking infrastructure?
6. How are leading banks incorporating the mobile into distribution channel strategies?
7. What are the primary business models for mobile banking service providers?
8. What are the trends, drivers and constraints affecting the development of the market?