



Six Keys to Driving up Adoption for Mobile Banking

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Banks that want to maximize their return on the dollars they invest in the mobile channel must focus on maximizing the percentage of customers who adopt and use the product. Here are half a dozen practical ways to do that.

Mobile banking is becoming a standard offering for financial institutions of all sizes. Mobile deployments grew by 44% in 2008 and are expected to double in 2009, according to Aite Group LLC, a Boston-based research firm.

In addition, TowerGroup, a Waltham, Mass., research firm, estimates that the number of active mobile-banking users will grow from 10 million in 2009 to over 53 million in 2013, representing a compound annual growth rate (CAGR) of 51.8%. A forecast from Javelin Strategy & Research, Pleasanton, Calif., is even more optimistic, projecting 108 million mobile-banking customers by 2012.

Given the enormous potential at stake, selecting the right mobile-banking solution is obviously an important strategic decision for any financial institution. A crucial factor in this choice is customer adoption.

Regardless of whether mobile banking is intended to lower costs, reduce fraud, increase offer acceptance, enhance acquisition, or improve retention, a strategy for maximizing adoption and usage should be the fundamental consideration. Here's why: The return on investment that a

financial institution sees from mobile banking will directly correlate with the percentage of customer enrollment and usage of the solution.

To maximize adoption and usage, financial institutions should ensure that their mobile-banking solution includes the following six key drivers:

1. Target 100% Coverage: Financial institutions should make their mobile banking solution available to all customers by opening enrollment to multiple channels, not just online banking.

Most mobile-banking solutions today involve extending services to online-banking (OLB) customers as a next step in the evolution of the self-service business model. For many mobile-banking solutions, the only enrollment vehicle is through the use of existing credentials on the financial institution's OLB Web site, which automatically restricts mobile banking to OLB customers.

The inherent problem is that this approach is much too limiting. According to *Online Banking Report*, "Online banking has reached the point in the adoption curve where the overall market growth is relatively flat." Indeed, OLB adoption among U.S. households has hit a plateau, leveling off at the low-to-

mid 30% range for four years running. Even if recent reports showing a modest uptick in OLB usage are true, it would be logical to assume that most financial institutions would still be, at best, in the 40% range for OLB enrollment.

Financial institutions relying on this approach risk never climbing over the adoption wall intrinsic with OLB. In fact, with mobile-banking adoption rates for this approach typically topping out at 10% to 20% of OLB users, financial institutions counting on an OLB-dependent strategy can realistically expect to reach only 4% to 8% of their total customer base.

To maximize adoption and usage, financial institutions should enable enrollment through multiple channels, including online, branch locations, contact centers, ATMs, Interactive Voice Response (IVR) systems, or directly on a mobile device.

2. Enable Customers to Personalize Mobile Banking: Financial institutions should select a solution that allows customers to fit mobile banking with their personal and professional lifestyles. Because mobile offers the greatest level of personalization of any banking channel, customers should be empowered to tailor their mobile-banking experience to suit their own preferences.

An effective mobile solution gives customers the flexibility to perform mobile banking their way, so that it seamlessly aligns with their personal habits and meets their individual

needs. Allowing customers to conduct mobile banking on their own terms builds stickiness and drives loyalty, leading to higher retention.

3. Optimize the Customer Experience: Financial institutions can do this by delivering valuable, personalized content via real-time alerts and empowering customers to instantly and seamlessly resolve issues directly on the mobile channel.

Banks can notify customers that their balance is low, their checking account is overdrawn, or a bill payment is due, for example. And they can provide the ability to respond and instantly take action.

These alerts create mobile “conversations” that can provide value to customers and therefore accelerate adoption. Javelin recently noted that financial institutions “able to provide time-sensitive, actionable alerts that affect account status will experience higher adoption of the mobile channel and give customers the control they desire.”

In 2007, the mobile-banking “triple play” was introduced, defined as messaging, mobile Web, and client applications on a single, unified platform. This is now universally recognized as a standard requirement for any mobile-banking solution. The challenge for banks that offer the triple play, however, is that many solutions typically require customers to clumsily jump between the three modes.

For instance, if a customer receives an alert via short-message service (SMS) notifying her of an overdrawn account, she would need to text a long command string via SMS, or switch to a mobile Web or client application, to transfer funds. These interactions can be awkward and inefficient and they hamper customer adoption.

By contrast, the future of mobile banking is the concept of triple-play convergence: combining the three modes of mobile banking into one interface and delivering a much more streamlined and integrated customer experience. With such convergence, a customer can receive an actionable,

overdrawn-account alert and instantly transfer funds by responding directly to the alert, all without leaving the rich interface of a hybrid client application (a minimal downloadable container application that uses mobile-Web content and push-notification services).

While the underlying technology for triple-play convergence is extremely complex, it is completely transparent to the customer, who is exposed only to the simplicity and efficiency of the interaction.

Empowering customers to quickly and easily resolve issues and conduct transactions will optimize the customer experience and maximize adoption and usage.

4. Extend Mobile Across the Organization: The mobile-banking solution should be extensible to multiple lines of business at the financial institution, enabling the organization to leverage the mobile channel across different products and departments. This will expose the power of mobile services to an even broader audience and increase adoption.

The solution should include a universal mobile-communication platform, which is capable of wide, horizontal scalability across many different devices, protocols, carriers, and applications, while integrating with the back-end system at the financial institution. By not trying to reinvent the wheel, a financial institution can dramatically lower its total cost of ownership and reap a faster return on investment.

5. Continuously Measure And Improve Adoption: An often-overlooked requirement for maximizing mobile-banking adoption and usage is the ability to easily and comprehensively manage the implementation, track the results, and adjust accordingly. The solution should provide user-management and reporting tools that will empower financial institutions to ensure a continuously positive customer experience and maintain a high level of customer satisfaction. This in turn will lead to higher adoption and usage.

6. Use Adoption Best Practices:

Financial institutions should have a methodology in place that distinctly identifies the adoption levels necessary to achieve ROI targets and a clearly defined action plan to meet those goals. Best practices include:

- ▶ **Goal Setting:** Develop the implementation plan and determine the success criteria, including the adoption levels that are required to successfully meet ROI targets.

- ▶ **Project Team Building:** Identify the key stakeholders for the project team, define their roles and responsibilities, and establish the sequence of actions required to attain adoption goals.

- ▶ **Marketing Content:** Develop relevant marketing materials (Web pages, demos, FAQs, etc.) as quickly as possible. Providing these materials early in the process shortens the implementation time and improves the adoption rate.

- ▶ **Training:** Set up training programs, product documentation, and demonstration materials to ensure that all pertinent staff personnel are properly trained and can confidently provide customers with correct information.

- ▶ **Ongoing Reviews:** Financial institutions should meet regularly with their solution provider to review their progress on achieving their desired adoption levels and meeting their ROI targets.

Inasmuch as the magnitude of ROI is directly correlated to adoption and usage, banks and credit unions should choose a solution that follows the six key drivers for optimizing adoption.

Targeting 100% coverage, personalizing mobile banking, optimizing the customer experience, extending the mobile solution across the organization, continuously measuring and improving adoption, and using best practices will ultimately result in a high return on investment. **DT**

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