

# Mobile banking ... what's next?



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During this last decade or so with mobile banking, we've seen a major shift in focus with regards to how banking customers interact with their banks.

At the end of the 20th century, it was still common to go to a physical branch to inquire about accounts. Many customers wrote out cheques to pay for groceries, utilities or services. Cash was king, and would still be long into the early '90s. The ATM represented the most used technology for many customers. Cellular telecommunication, as a technology, was still in its 'teen' years. Bold and adventurous, but not quite mature yet, most phones lacked internet connectivity. Internet banking had only just started to become the point of contact for a few early adopters and other tech-savvy customers.

## Computing power

Like [Moore's law](#), applicable to computing power, one can conclude that a bank customer's appetite for instant gratification doubles every couple of years.

First it was the ATM, then internet banking, as more and more customers moved away from physical branches towards new, digital channels. Building onto these trends, in the 2000s, a new channel emerged, namely, mobile banking. It progressed slowly at first, using basic technologies like SMS or SIM card-based programs. Then, as phones became smarter, wireless internet (GPRS, EDGE and 3G) allowed for WAP banking, which essentially made small web pages readable on cell phones. USSD played an important role as well, giving older phones a new lease of life. Still, the value to the customer was little, providing simple notification or transactions, but in no way replacing Internet Banking or the branch.

## Smartphones and mobile apps

Enter the smartphone and mobile apps era. As phones grew smarter and larger, and morphed into tablets with the power of a PC in your pocket, customers learned to use their phones for things other than calling or sending text messages. They started downloading apps and games, and sharing their information with the world, instantly. The phone is no longer a mere tool with which to call people - that's just a bonus.



Have we moved towards a mobile banking future? No, not really.

The banks eventually saw this as an opportunity to update their mobile banking offering and started publishing mobile banking apps, providing transactional functionality. The first mobile banking apps were basic reproductions of the old WAP banking transactions, namely, still only providing basic account details. From there the functionality started to grow, providing more and more detail. But mobile banking still lagged behind in terms of the functionalities internet banking offered.

In 2014, even though we have mobile devices twice as powerful as they were 10 years ago, many bank customers are still required to have access to a physical branch and Internet banking to have a complete relationship with their bank.

## What are banks missing?

So, what are banks missing? Why have they simply kept adding channels with mounting running costs, instead of retiring older, obsolete channels?

The answer lies in the question: What is a bank's real business? Would it be:

- To provide a place for customers to store their savings and earnings? - No, that's a result of the bank's real business.
- To provide customers with easy access to their money? - No, that's just a tool to achieve the bank's real business.
- To lend money to customers? - No, but through the bank's real business, the bank can offer credit.

A bank's real business started with the first bank ever created; with the first transaction ever performed and written down in a book or on a piece of parchment. A bank's real business is to hold and move data; data about their customers, their values, the market and the bank's own holdings. At any normal bank today, its data can be divided into two groups: accounts and customers. The accounts group holds information pertaining to transactions, balances, allowed credit and so forth. The customers group consists of personal details, relationships, interactions, and agreements of bank customers. A customer can also be a natural individual, a legal entity, an internal bank customer or business partner of the bank itself. Within any transaction or interaction - be it customer queries, market deals or credit approvals, the bank is in the business of storing and moving the data of their customers and their accounts.

## **The future of mobile banking**

If a bank customer wants to pull a statement from their account, say for the previous tax year between March 2013 and February 2014, they can try a mobile app, but it only provides a mini-statement on the account of the last five or six transactions. On a more advanced App, they could draw a provisional statement, but even then only up to 30 days ago. Looking at an older channel like internet banking, they'll find that their limit is up to six months ago. ATM statements have the same limit and, as such, they are forced back into the branch. After queuing, they're told that the online branch system can also only provide statements from up to six months ago. If they request a statement for a further period, it will have to be mailed to them. Emailed? No, normal mail, to the address in the system, which seems to have stuck on the address from at least two moves ago.

Could we consider this bank's real business a success? Have we moved towards a mobile banking future? No, not really. When it comes to the real business of a bank, we're still stuck in the 1990's - which makes the song playing on the bank's sound system "I Don't Want to Miss a Thing" so much more apt.

## **How should banks progress with mobile banking?**

But how do we move forward in mobile banking? How do we provide the customers with complete banking services on their phones?

This is achieved by first dealing with the bank's own data, data flows and processes. The bank needs to understand first what it knows, and what it doesn't know about its customers, how to get the information, what the processes are required to maintain it, and the link between the customers, their accounts and relationships. Only once this is done, can the bank create mobile banking apps that interact with its internal processes to provide complete banking interactions. Even processes that require human interaction can then be initialised from the phone, sent to the staff members, and provided back to the customer with statuses.

How would such an ideal mobile banking app look?

- The app look and feel must be consistent over all devices, transactions and accounts and, as such, not limit a customer to a specific device.
- The app must allow initialisation of all required bank interactions, i.e. anything a customer can do in the branch and on internet banking.
- The app must provide the customer with a view of the expected process undertaken, as well as statuses through each step.
- The bank must have processes in place to maintain the customer's data from all interactions on the app. For instance, if a contact number or address is changed on the app, it must be changed for the customer's whole relationship with the bank.
- Security on the app must not be an inhibitor, but an enabler.
- All of this needs to be done using the 'flash-and-flair' available on devices today. The mobile banking app would normally not be the customer's first app and, as such, bank customers would expect the same immersive experience in their banking

experience as in their entertainment.

- But the most important aspect of the app is the ability to access the bank's processes and perform those processes that would normally be reserved to the branch.

## **Consolidate data**

In the end, the challenge still lies with the bank to consolidate its data and create processes that will allow all interactions.

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