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# Global Mobile Banking Report

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Produced in collaboration with and using primary  
survey data supplied by UBS Evidence Lab

Mobile is already the largest banking channel for the majority of banks by volume of transactions<sup>1</sup> and it's growing rapidly, with an exponential increase in mobile banking users predicted over the next five to ten years.<sup>2</sup> Many established banks, with their legacy systems and complex governance requirements, are struggling to keep up with increasing demand from customers and with newer, more agile players.

Most banks are already investing heavily in mobile technology. This includes buying up small tech companies. But with demand from consumers increasing, new technological innovation emerging and with growing competition from new entrants, the pressure on banks to develop their mobile banking capability is only set to increase.

Utilising deep insights from primary survey data provided by the UBS Evidence Lab,<sup>3</sup> this report highlights key findings in the current state of mobile banking and looks to the future of the industry.





# MOBILE BANKING IS A KEY SELLING POINT FOR A GROWING NUMBER OF CUSTOMERS

WHILE A BANK'S MOBILE BANKING SERVICE IS A KEY ATTRACTION FOR A GROWING NUMBER OF CUSTOMERS, THOSE THAT VALUE IT ARE ALSO MORE LIKELY TO CHANGE BANK

Many of the large, established banks are now prioritising mobile services, investing heavily in capability and architecture as they adopt a “mobile first” strategy. At the same time, new entrants such as Atom Bank are launching with their entire businesses orientated towards the needs of the mobile consumer.

As well as investing in their own IT the large banks are acquiring tech start-ups, many of whom have acquisition as their stated exit strategy. They're also investing in incubators for small tech companies as well as working with professional services firms who are developing their support for mobile banking through investment and acquisition.

Findings from the UBS Evidence Lab revealed that while a bank's mobile banking service is a key attraction for a growing number of customers, those that value it are also more likely to change bank, perhaps because these early adopters are more open to change and innovation as well as frequently being more economically active. This adds to the pressure on banks to improve their offering in order to retain customers.

Among those consumers less willing to adopt mobile banking, security concerns are cited as the main inhibiting factor. Reassuring them, especially if there is a major security incident or data breach at some point, should also be a priority for banks.

## IT'S BETTER TO BE OPEN

TECHNOLOGY STRATEGIES THAT ARE CLOSED OR PROTECTIONIST IN NATURE SIMPLY WON'T SUPPORT THE REQUIRED PACE OF INNOVATION

Just as open source software has powered huge advances in IT, "open banking" can bring similar benefits to banks in the mobile space. This means that banking is available to consumers in a variety of channels, on all operating systems, across a number of devices including phones, tablets and wearables. Banks are publishing Application Programme Interfaces (APIs) that a broad range of third party developers can use but they need to do more and view collaboration as the standard approach to business. Technology strategies that are closed or protectionist in nature simply won't support the required pace of innovation.

There are already a growing number of examples of this openness such as the banks' cooperation with Apple Pay, which allows Apple's proprietary payment technology to share their ecosystem and a slice of the value from transactions, in return for a great customer experience at point of sale.

Barclays, whose bPay service has recently been revamped with the

launch of a wristband, a fob and a sticker that can be attached to a mobile phone, is not supporting Apple Pay from launch, but has indicated that it will introduce the service soon. In so doing Barclays is providing customers with a broad range of payment mechanisms to suit their varying needs.

Apple Pay is only one of a number of exciting new payment services. With Zapp, consumers click a Pay by Bank app symbol and this opens their bank's app on their phone. Once they're securely logged in, they can quickly complete payments, choosing which of their accounts they'd like to pay from. A number of UK banks are already signed up to deploy Zapp, which, since it uses the UK's Faster Payments infrastructure, should offer attractive commercial terms to merchants and other businesses.

If banks can perfect the consumer experience with these payments services then they can exploit opportunities, while retailers who are looking for integrated services that support their own brands on an economical basis will be willing partners.





## “LAYERISATION”

CONSUMERS WILL BE ABLE TO CHECK REVIEWS ON SOCIAL MEDIA AND THEN PAY THROUGH MOBILE BANKING IN ONE SEAMLESS TRANSACTION

**M**obile banking and payment systems will increasingly be integrated into other areas of technology so that they can play a role in all aspects of consumers’ business and leisure activities. The emergence of “layerisation” involves layers of services in which mobile banking is coordinated with Augmented Reality (AR), location based services, social media, contextual commerce and many others.

For example, as a consumer holds up their phone to a television in a store, AR will recognise it and provide relevant information including possible accessories and credit options. Consumers will be able to check reviews on social media and then pay through mobile banking in one seamless transaction.

“Layerisation” technologies that exhibit good functionality and user experience, as well as security, have been increasingly adopted by customers. In a positive feedback loop this has encouraged banks to invest further in them.



# PEOPLE NEED BANKING, BUT THEY DON'T NECESSARILY NEED BANKS

IN THE DEVELOPING WORLD MOBILE BANKING SERVICES HAVE BEEN PIONEERED BY TELECOMMUNICATIONS COMPANIES

This observation by Heather Cox, Citi's Chief Client Experience, Digital, and Marketing Officer, presents banks with another challenge. Bitcoin in particular has dramatically demonstrated the appeal to consumers worldwide of alternative stores of value. Meanwhile, pre-paid minutes on mobile phones now act as a proxy-currency in a growing number of African states where they can be exchanged for cash or spent directly. Banks have to show that their mobile banking capability provides a service that can be every bit as flexible and can even move on from current, narrowly defined notions of what constitutes currency.

Connected to this is the fact that in the developing world mobile banking services have been pioneered by telecommunications companies such as Vodacom in Africa and South Asia. These companies inevitably approach mobile banking from a different angle to that of the existing banks.





## OPPORTUNITIES FOR BANKS

AN EXCITING,  
DYNAMIC  
MARKETPLACE  
THAT IS BOTH  
FIGURATIVELY –  
AND LITERALLY –  
ON THE MOVE

**T**he success of PayPal over the last 15 years demonstrates how open consumers are to new payments systems if they're convenient, secure, reliable and seamlessly integrated into the purchase process. All these factors remain critical for the success of mobile banking services today.

Banks that embrace the mobile revolution by investing to update their systems, acquiring new tech start-ups that complement their capabilities, and who look for partnerships with a willingness to share and adopt an open strategy are well placed to succeed in an exciting, dynamic marketplace that is both figuratively – and literally – on the move.



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