

Mobile Banking

Inside the Vault: The Future of Mobile Banking

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A number of financial institutions have dismissed (or at least deferred) mobile app access as a critical business requirement for today's consumer. However, with the ubiquity of smartphones, mobile apps have become a dominant method for accessing products and services. The future will increasingly be dependent on consumer interactions on mobile devices.

Financial institutions are faced with two choices: Bury their heads in the sand and lose business to mobile-first entrants or embrace the opportunity that is mobile and proactively build top quality apps.

Mobile pioneers have a rare opportunity to differentiate themselves from their laggard competitors –giving today's on-the-go consumers exactly what they want, quite literally, in their hands.

Introduction

Mobile has quickly cemented its central role in daily life. To understand its ubiquity, one only needs to ride public transportation. The majority of riders has a smartphone or tablet in hand and are using these devices to navigate their day: reading, watching, working, shopping, and yes, managing their money.

The Federal Reserve of the United States recently conducted a study on Americans' mobile financial habits. It found that 52% of smartphone owners with a bank account are actively using mobile banking. If financial institutions aren't putting a focus on their mobile strategy, they run the risk of alienating mobile-savvy consumers and falling behind their competitors.

When Autonomous Research surveyed 150 top-level executives and investors about the new wave of mobile technology, all were conscious of its disruptive potential, The Washington Post reported. 85% predicted it would yield selected disruption or a mix of winners and losers, while 14% felt that banks face a significant threat.

Consumers want constant access to their accounts, and the best way to achieve that is

KEY TAKEAWAYS

- Consumers are eager to embrace mobile, and if financial institutions have an app, they will use it with enthusiasm.
- Financial institutions that aren't mobile yet – which accounts for a large percentage of the industry – are cutting themselves off from a key user demographic and revenue potential.
- To encourage the adoption of mobile banking, financial institutions must qualitatively and quantitatively understand the complete customer experience.
- For many early mobile adopters usability issues, security concerns, and app latency plague both consumers and app developers.

Consider it official: mobile and consumer finance are a digital match. If you haven't united the two yet, it's time.

digitally. 62% of the globe's adult population has a bank account, while approximately 50% of the globe's population owns a smartphone. Basic math would suggest that if your organization has not yet formulated a mobile strategic plan, it would be compelled to in 2017. Consider it official: mobile and consumer finance are a digital match. If you haven't united the two yet, it's time.

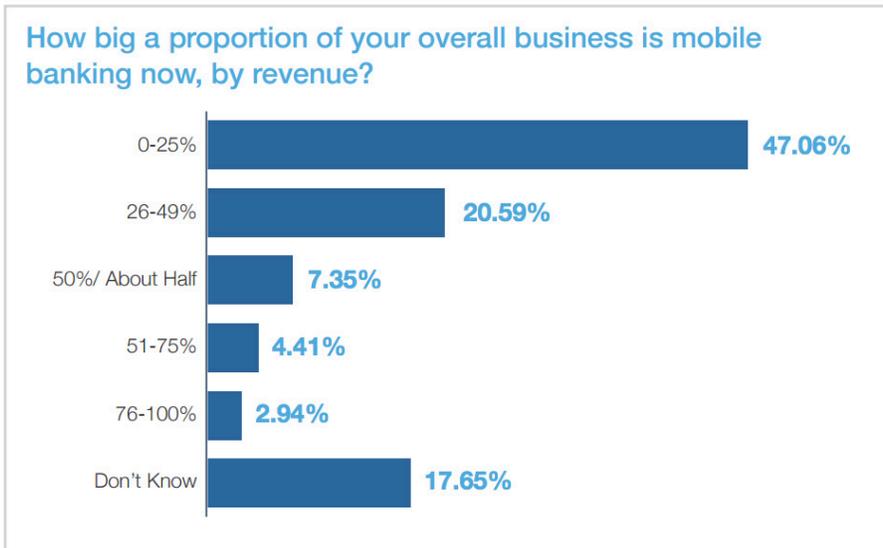
Financial Institutions and Mobile Banking

In December 2015, Aptelgent, a leading mobile app intelligence vendor, conducted a global online survey to learn more about institutional practices, concerns, and thoughts about mobile banking. Respondents came from 11 different countries, and ranged from local to regional to global banks.

Results confirmed that while mobile banking is rapidly gaining global traction among consumers, many banks aren't up to speed. It also confirmed that financial institutions' main points of trepidation match up with primary consumer concerns.

Key Takeaways

This study yielded four key takeaways



Although many financial institutions aren't yet offering a robust mobile experience, they know it will be a priority in the not-so-distant future.

While mobile banking may be a fairly new opportunity, its share of revenue is growing. 47% of the surveyed banks said that mobile banking accounts for less than a quarter of

“It’s a big opportunity for us if we can move fast enough. It’s both an opportunity and a threat.”

STEPHEN BIRD, Chief Executive Officer of Global Consumer Banking, Citi

their revenue. A pioneering 14.7% shared that mobile is now accounting for over half of their institution’s banking revenue. Furthermore, 17.6% of respondents did not have insight into how much revenue came from mobile banking.

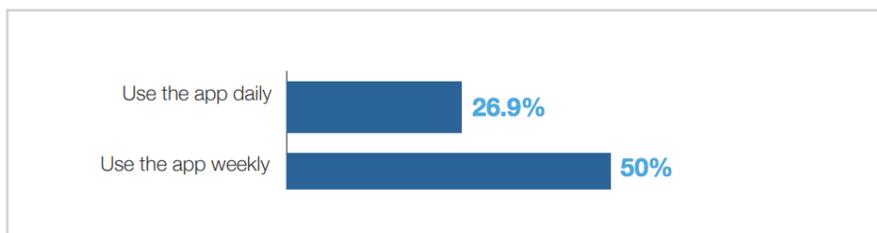
Given the broad adoption of mobile in other industries, these are curious numbers. But, that doesn’t mean mobile isn’t on executives’ radars. When asked what proportion of total revenue they expect mobile to account for by 2018, 44.1% of respondents predicted over half. Meanwhile, a stalwart 39.7% predicted it would account for over less than a quarter of their institution’s revenue.

In a recent interview with The New York Times, Stephen Bird, CEO of Citigroup’s Global Consumer Banking, discussed how mobile is changing the landscape of banking, citing it as a “pivotal point” in the industry.

Citigroup has prioritized mobile by creating a special unit, called Citi FinTech, to “spearhead the bank’s move into the future.” Their ultimate goal is to provide an Uber-like array of banking and money management services, all available from a mobile device.

Financial institutions that are dismissing mobile should take note: Consumers consider mobile a key enabler of their on-the-go lifestyle. In November of 2015, a Aptelligent conducted a separate global research study of the general public. It found that 38.7% “might” change banks if they discovered one with a mobile app or better mobile app, while 8.9% emphatically would change banks.

If financial institutions have a mobile app offering, customers use it enthusiastically.



While many institutions haven’t made the digital transition to mobile, consumers are ready for the advantages that mobile banking offers. Just over three-quarters of the banks surveyed had a mobile app. Of those, 50% of their customers are actively using the bank’s mobile app at least weekly and 26.9% are using it daily. 25% of their mobile customers use the banking app sporadically or for specific functions.

This sentiment is backed up on the consumer side. Of the general public polled, an overwhelming 85.1% have used their bank’s mobile banking app – and 66.5% of that group use the mobile app often. This findings of these study paralleled those in a similar study conducted by Bank of America, which reports that nearly 75% of all millennials access their mobile banking app several times a week, while 25% use it at least once a day.

“Their [Millennials’] relationship with the financial system is very different — it’s an electronic one, on their smartphones. That can and will be very disruptive to the banking system.”

MARK ZANDI, Chief Economist at Moody’s Analytics

Millennials, the generation characterized as “iGeneration,” are key mobile banking enthusiasts – and by studying their habits, financial institutions can understand the banking market of the [very near] future.

Qualitatively and quantitatively understanding the customer experience is crucial in encouraging the adoption of mobile banking.

Financial institutions have myriad ways of measuring the success of mobile banking. Some (13.2%) define it by net-new customers. Others (11.6%) measure it by the amount of money sent via the app each month. Still others (26.4%) go by the number of monthly mobile transactions. However, user volume seems to be the biggest success measure. A combined 80.8% of banks evaluate success based on the number of customers using the app every month and/or the percentage of customers using mobile banking.

That doesn’t mean that qualitative should be ignored. Customer feedback is a vital – and perhaps the most direct – way to understand an app’s effectiveness. Of the banks surveyed, 45% place great importance on customer ratings of their app (e.g. on the Apple Store or Android Store). Only 15% of the institutions surveyed completely discount customer reviews.

Speaking more broadly, customers in today’s digital world value place a very high value on convenience – and if their bank isn’t offering the easiest way to manage money, many are likely to take it personally and search elsewhere. Brian Moynihan, Chief Executive of Bank of America, recently warned fellow institutions of the risks of ignoring the mobile challenge.

Already, the landscape is changing and startups are springing up to fill the mobile void that many established banks haven’t addressed. Research firm CB Insights found that global investment in retail banking-related startups increased to nearly \$6.8 billion in 2015 – triple the \$2.2 billion invested in 2014.

When it comes to mobile banking, consumers and app developers have issues with usability and security.

Between May and October 2015, finance app loads on the Android operating system increased 47%, and in that same six-month period, finance app loads on iOS increased 13.4%. This rapid uptake doesn’t leave mFinance apps immune to growing pains. While security concerns remain the top cause for customer uncertainty, user experience issues are not far behind. Based on feedback from consumers not currently using their bank’s mobile app, the top five issues are:

1. Security concerns
2. The app is missing desired functionality
3. The app asked for too much information

“It may allow part of our industry to be forever taken away from us.”

BRIAN MOYNIHAN, Chief Executive, Bank of America

4. Customers just didn't like the app or find it useful
5. (tie) The app crashes or doesn't work consistently
5. (tie) The app is slow to load and use

This meshes with the biggest challenges that banks face when designing mobile apps. Based on feedback from banks, their top five development pain points are:

1. Security/authentication
2. Regulatory/privacy concerns
3. Customers' high expectations of speed/performance in a mobile app
4. Identity management
5. Design and ease of use across multiple screens and operating systems

Latency is a mFinance-specific problem that app developers need to be aware of.

In this “on-demand” age, latency is a huge issue. Even a millisecond of lag time between an action and a response can blight the customer experience and hurt an organization's bottom line. 48% of consumers would uninstall or stop using an app if it regularly runs slowly. Amazon famously found that if a page took just one extra second to load, it could end up costing the company \$1.6 billion in sales each year.

According to Aptelligent data, Finance apps have consistently higher average latency across all major carriers compared to other iOS apps [Fig.1]. In the United States, for instance, FiServe apps on AT&T (the world's top ranked carrier) have 137.6% higher latency than Lifestyle apps on the same carrier. To create an app that doesn't disappoint, developers need to understand and address this finance-specific latency.

Figure 1.

iOS FiServe Apps VS Shopping Apps				
Location	Top Ranked Carrier FiServe	Average FiServe Latency (in MS)	Top Rank Carrier Shopping	Average Shopping Latency (in MS)
Asia	AT&T	1022.34	Kiddi	267.03
Europe	Vodafone	604.57	Vodafone	270.01
United States	AT&T	719.95	AT&T	303.05

Android FiServe Apps VS Lifestyle Apps				
Location	Top Ranked Carrier FiServe	Average FiServe Latency (in MS)	Top Rank Carrier Lifestyle	Average Shopping Latency (in MS)
Asia	LG Uplus	492.4	Airtel	403.24
Europe	Vodafone	336.66	Orange	146.87
United States	Verizon	391.16	Verizon	204.1

This is further complicated by the global carrier landscape. While a few mobile leaders make it into the Winner's Circle across multiple locations, by and large, carrier popularity varies vastly [Fig.2]. This makes it very difficult for global organizations to manage carrier- or geo-specific issues.

Figure 2.

Top FiServe Apps Globally		
Location	iOS Top 3 Carriers	Android Top 3 Carriers
Asia	1. AT&T 2. Airtel 3. Verizon	1. LG Uplus 2. Olleh 3. SK Telecom
Europe	1. Vodafone 2. Telecom Italia Mobile 3. Three	1. Vodafone 2. Movistar 3. Mobistar
United States	1. AT&T 2. Verizon 3. Sprint	1. Verizon 2. T-Mobile 3. AT&T

Three Focus Areas to Bring Your Mobile Banking up to Speed

The data speaks for itself: it's time to define, invest, and execute your mobile banking strategy. To do it right is no small undertaking. Financial institutions must walk a tight line; they have to combine the most stringent security measures while also providing a cutting edge consumer experience.

Required security measures can quite literally be a burden. If developers do not code them

Unfortunately, consumers aren't sympathetic about this issue. The majority don't understand the complexity of delivering an app across various OS versions and carriers; they simply want a great mobile experience. Companies are left with a prodigious task: Manage a series of challenges internally, while presenting a seamless app to customers.

properly, the result is latency, which can cause app crashes, longer than acceptable hang times, and ultimately, user frustration.

It's a daunting task to take on alone. Aptelligent's mobile intelligence platform can help institutions deliver a seamless, stable, and secure mobile experience. Top financial institutions around the globe, including Bank of America, Capital One, Fidelity, PayPal, and Ally Bank use this platform to access business-critical mobile insights in real-time. By investing in mobile strategy, a financial leader in Spain successfully incorporated hybrid and native technology to deliver a "seamless user experience for customers," while a large US bank was able to reduce its app's crash rate by 90%.

Aptelligent makes mobile accessible. Revolutionize your mFinance offering by zeroing in on three key areas:

App Insight

An app has a plethora of moving parts, and understanding each one is crucial. Aptelligent goes beyond standard crash reporting to provide you with a "responsiveness" score that combines key metrics like app load time and crash rate so that you can understand the overall health of your app.

The average app contains >6 third party APIs. Aptelligent's "Service Monitoring" feature allows you to understand the performance of these APIs – and in turn, understand user experience within your app.

Finally, with "userflows" you can connect your users' mobile experience to your bottom line. Aptelligent's userflows enable you to focus on the most pertinent transactions, troubleshoot problems quickly, and deepen engagement.

User Insight

Not all users are weighted equally. To build the most successful app possible, product managers need to focus on their most profitable users. Aptelligent's "Userviews" feature gives you the ability to understand user experience right down to the individual – without betraying any sensitive data. Discover where they ran into an issue, and whether this represents an isolated incident or a wider issue.

Competitive Insight

There are currently 3.1 million apps in the Apple and Google app stores – but 80% of a mobile user's time is spent in the top four apps. See how you stack up the industry with Aptelligent's "Benchmarking" feature. From the category and the global level, compare crash rates, latency, and other critical metrics that indicate how much improvement is required to stay ahead of the competition.

Conclusion

Over a third of the world's population owns a smartphone – and in the next four years, that piece of the pie will expand to 70%. Meanwhile, 88% of today's customers do their banking via a screen (computer, smartphone, or tablet). Given that smartphones and tablets are already displacing PCs for routine banking interactions, it's clear that the future

lies in mobile. Depending on the approach you take, this can be a threat or an opportunity.

Bank of America, the nation's second largest bank (and an Aptelligent user), seized the opportunity and proactively pursued their mobile strategy after witnessing a "shift in consumer behavior patterns away from branches and towards more self-service." In the past two years, it markedly downsized its physical footprint – a 15% reduction in employees and a 10% reduction in branch locations – in favor of ramping up its digital presence. Clearly, this strategy working as Bank of America now has more than 18 million active mobile banking users – a number that is growing by over 5,000 users per day. In 2015, they reported the biggest annual earnings in nearly a decade.

Will you be a leader or a laggard in the banking of tomorrow? The choice is clear. Blaze ahead with your mobile capabilities and you can bank on success.

About Aptelligent

Aptelligent is the App Intelligence company trusted by the largest mobile apps in the world. Aptelligent's software provides actionable mobile app insights to improve digital business on iOS, Android, and Hybrid apps. Product managers and developers use Aptelligent's insights to diagnose app performance issues that impact user experience. The platform collects and analyzes app performance issues and connects problems to key business metrics. Mobile teams also have access to Aptelligent's big data platform, as well as industry and app benchmarks. Aptelligent is based in San Francisco.

Learn more at www.aptelligent.com.

FOOTNOTES

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