

Demand for Mobile Banking: 20 Feb 05

While Singapore banks are giving up on mobile banking many of their counterparts in Hong Kong continued to offer mobile banking services. As late as Aug 04, Bank of East Asia (BEA) upgraded their mobile banking platform to become the first HK bank to offer totally "telco-independent" mobile banking services that support both 2 and 3G mobile phones and PDA devices.

Given the more fragmented & highly competitive telecommunication market in Hong Kong, banks that offer mobile banking since 1997 have to work with each telco in order to offer their mobile banking service to the subscribers of that telco. Many of these banks are still stuck with the SIM toolkit technology which requires customers to change their SIM card when they first signed up for mobile banking or whenever there are upgrades in the mobile banking service. Besides inconveniencing the customers, banks have to bear the additional cost and administrative overheads of re-issuing SIM card.

It was for these reasons, that Citibank in Singapore dropped its SIM Toolkit mobile banking and DBS Singapore upgraded its mobile banking platform to WAP in 2001 to become "telco-independent".

Notwithstanding these setbacks, HK banks continued to offer SIM Toolkit mobile banking while others like BEA is expanding its mobile banking service range to include stock trading, foreign currency funds transfers and bill payment. So, what are the demand factors?

First, Hong Kong has the infrastructure and a large base of mobile user - with more than 8M mobile units in circulation in end-Nov 04 and broadband access available to over 90% of the household, Hong Kong is one of the most connected city in world.

Although online stock trading in Hong Kong was a casualty of the dot.com meltdown in 2000-2001, online stock trading volume grew significantly since 2003. With more than 100 stock exchange participants now connected to the Order Routing System (ORS) which enabled them to offer both internet & mobile stock trading services and the influx of customers from China, trading activities have reached a state to warrant the Hong Kong Association of Online Bankers in mid-2004 to urge the Securities and Future Commission, to strengthen internet registration procedures to prevent the setting up of fraudulent trading sites.

Besides online stock trading, aiding the mobile banking take-up rate could be the availability of various mobile betting services offered by the HK Jockey Club. With 10 banks offering funds transfer services to the betting accounts via mobile funds transfer, HK customers have more "incentives" to use their mobile phones.

In Singapore, securities firms were the first to leverage on mobile technology to offer stock trading with banks following later to offer banking services separately. However, in Hong Kong, stock trading is a common feature and is integrated as part of the service menu of banks offering mobile banking.

So, it's stock trading and mobile betting the killer applications that make the difference for banks in the two cities to chart different direction for their mobile banking services?

Singapore banks that are reviewing their mobile banking plans may want to pause to examine what are the services and value proposition that they will singly or jointly with appropriate partners can hope to attract a sizeable mobile customer base to make their investment a meaningful one.

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