

The Return of Mobile Banking?

By Sherman Tan

A Bank in your pocket

In Mar this year, May Bank became the only bank in Singapore that offer mobile banking after DBS pulled out its old WAP-based mobile banking service. This leadership position was challenged recently by OCBC when it announced in mid-Oct that it has partnered with StarHub to offer mobile banking and payment service from Nov 05. OCBC also became the first bank in SE Asia to use the i-mode platform that was developed by Japan's NTT DoCoMo.

Promoting it as "A Bank in your pocket", OCBC is using the secured mobile-internet platform to offer several financial transactions including funds transfer and bill payment as well as account enquiry and details of latest financial transactions. In contrast, May Bank's mobile banking service is largely an account enquiry service.

Targeting at its internet banking customers, OCBC's mobile banking service could be motivated by the fact that 98.1% of the Singapore population has a mobile phone and nearly 24M sms messages were sent and received every day in Aug 05 – one of the highest in the world! With greater access speed to support content download, lower handset cost and higher security provided by 3G mobile technology; OCBC must have assessed that it is the right time to stake its position to re-introduce mobile banking in the country.

The early days

For mobile banking to be successful, all banks know that mobile payment and financial transactions are the key success factors. Looking back, several forms of mobile payment methods were introduced from 2001. Besides some form of mobile payment offered by banks such as DBS Bank, other mobile payment solutions that were piloted include TeleMoney and YW8 services. The latter offered by NETS.

With low take up rate and utilisation, these mobile payment services have since been discontinued. Some of the earlier inhibitors and hurdles were the need for subscribers to use special and expensive handsets, pre-registered for the services, use a different set of login credentials which were either cumbersome or difficult to remember. Besides bandwidth and software glitches on handset, another consideration is the form factor; ie the limitation of screen size to display information in logical format.

Other than technology related issues, the lack of merchants for subscribers to make payment to, these subscribers ended up transferring funds between their own accounts or make periodic payment to only a handful of merchants or billing organisations. With irregular usage, the initial lure soon worn off.

The form factor of the mobile phone will always be much smaller than the LCD panel of the notebook or PC monitor, banks offering mobile banking or mobile payment service should recognise that there is a limit to what mobile banking can do. Designing mobile banking as a subset of their internet banking service and leveraging on the established internet banking portal for more complex services is the first logical step to take. With sufficient security infrastructure in place, allowing their internet banking users to use existing login credentials for mobile banking service will bring down the inertia and facilitate take up rate.

Looking ahead

Banks can take another step further by “exporting” their customers’ existing internet banking configuration such as favourite accounts for funds transfer, regular bill payment organisations, and default account for transfer, etc to their mobile banking service.

Fees and charges aside, with these pre-configuration set for their customers, usage of the new mobile banking service will be a breeze. Tying up with content providers to offer meaningful and useful contents that appeal to the mobile user lifestyle; mobile banking could move away from the often perceived dull and structured banking service to become part of the mobile user’s banking companion.

Given that there are about 50,000 3G users in Singapore in end-Aug 05 and projection to reach 80,000 by end 2005, the potential 3G user base is still a small one in the country. Coupled with the need to use the DoCoMo i-mode handset for OCBC’s mobile banking service and the offering is limited to subscribers of only 1 telco; the road ahead for the bank is not going to be a smooth one but at least, the direction is clear.

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