

Major European Bank Launches Successful Suite of Mobile Banking Services

Executive Summary

CUSTOMER

Major European Bank

INDUSTRY

Financial Services/Retail Banking

CHALLENGES

- Bank lagged others in offering solutions on mobile phones
- Bank not following market transition in terms of technology or customer behavior and needs
- Existing mobile services were hard to use via basic mobile browsing
- Limited number of users as a result of these conditions

SOLUTIONS

- New mobile strategy developed as part of integrated multichannel framework
- Multiplatform “killer functionalities” were defined and developed to convince customers of value
- Up-selling and cross-selling model identified as sustainable competitive advantage and key step to generate value

RESULTS

- 300,000 active clients now using mobile banking
- 30,000 downloads in first week of operating new mobile channel
- 7,000 transactions per month over mobile channel in first months

Background

The customer is a major financial services institution with retail banking operations across Europe. The bank is a major player in many developed and emerging markets.

Challenges

The bank's mobile services did not meet the institution's high standards. Clients' demands were rapidly evolving with the arrival of new mobile devices (advanced smartphones, tablets, and so forth). The bank's mobile service had originally been developed purely for phone-based access to its online banking website, and was old and difficult to use. Utilization of mobile services was therefore low, involving less than 0.5 percent of customers. Usability (for example, screen size and process flow), security concerns, and cost (especially in countries where many customers have pay-per-use contracts, making browsing overly expensive) were the typical issues limiting the number of mobile banking users. The bank feared that younger and more sophisticated customers (valuable if retained long term), who increasingly expect convenient and easy-to-access mobile banking services, would be drawn away to banks with better mobile solutions. Further, the bank had a presence in emerging countries where mobility represents a major opportunity to provide services to customers in remote areas with limited access to physical branches or ATMs.

Solutions

To help develop a suite of mobile banking services that would attract and retain customers, the bank turned to the Cisco® Internet Business Solutions Group (IBSG), the company's global consultancy. Cisco IBSG's first task was to convince the bank's management about the importance of investing in mobile banking (looking toward mobile payment opportunities in the short and long term). First and foremost, it was necessary to clarify that true mobile banking goes beyond “Internet banking over the phone”; it is a powerful channel for fast operations and, more important, a



Cisco Internet Business Solutions Group (IBSG)

channel for communication and interaction with customers, opening the door to a wide range of benefits for the bank and its customers. Mobile banking:

- Allows the bank to build closer relationships with customers
- Enables the bank to increase its level of service and add fast, new services to delight customers (immediate information, fast and convenient operations, and so on)
- Provides the opportunity for 24/7/365 cross- and up-selling based on customer characteristics and events over the mobile device, as well as other potential marketing events
- Enhances the bank's positioning and reputation for innovation
- Is a necessary first step toward achieving near-term mobile payment opportunities for banks

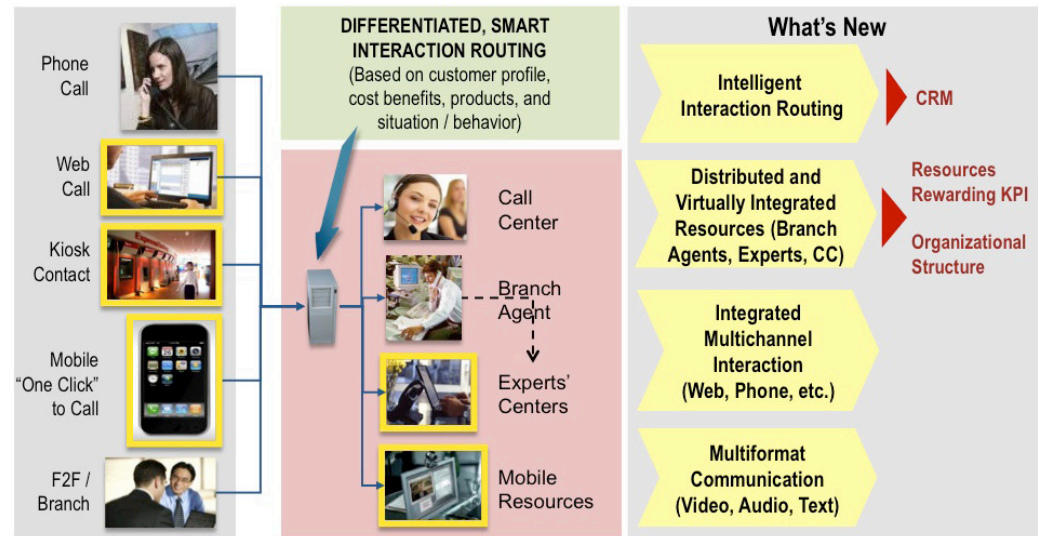
"With the proactive support of Cisco IBSG, our bank developed a full business-driven mobile banking solution that not only is allowing access to information and basic operations, but will become a strategic and innovative channel of interaction with our key clients. Results are very positive in terms of customer usage, satisfaction, and bank value generation."

**Head of ICT Innovation
Major European Bank**

Cisco IBSG's strategic roadmap outlined every aspect that could render mobile banking valuable to the bank and its customers (users' perception of mobile banking value is key to success). First, IBSG provided a benchmark based on what major, highly innovative banks around the world were doing with mobile banking to help determine how to drive value, design the solution, develop the qualitative business case, and create the implementation plan. "Killer applications" were identified as vital to capture users, providing fast, simple-to-use basic functions such as generating security tokens, checking the account/card balance, recharging the mobile phone, paying recurrent expenses (for example, utility bills), transferring money, and so forth.

Cisco IBSG's analysis determined that the real value, however, would come from making customers reachable 24/7, and providing opportunities for personal, segmented, customized interactions based on events and customer characteristics to increase sales. For instance, when a customer receives a significant quantity of money in his or her account, the bank should notify the customer that money has arrived and automatically list opportunities for investment with one-click access to an expert banker to close the deal. Mobile banking, starting as a channel to access information and quickly perform basic operations, will progressively become an expandable communications channel to reach customers immediately (when appropriate), increasing the bank's marketing effectiveness and commercial performance while lowering customers' costs by reducing connection times. This is in line with the overall multichannel strategy, in which the "intelligent banking system" could pilot the interaction toward the appropriate resources (banker, expert, contact center, interactive voice response), in the required format (audio, video, text), and extract the maximum value in the most efficient way, based on the customer's situation.

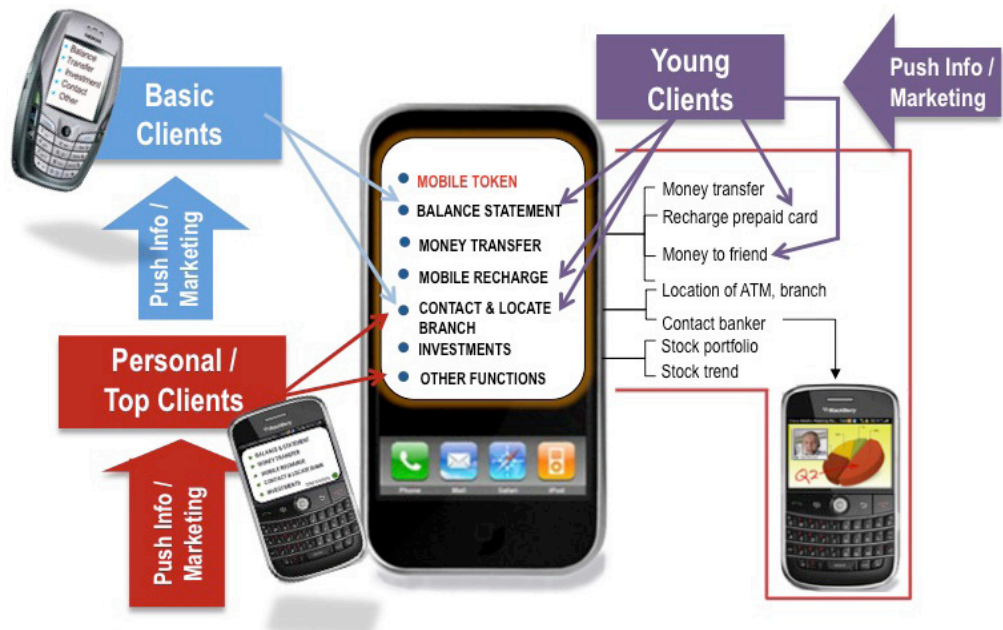
Figure 1. Mobile Banking Is a Key Component of an Integrated, Smart, Multichannel Strategy.



Source: Cisco IBSG, 2011

Cisco IBSG also advised the bank that the mobile solution should be easy to use, fast, and valuable for different segments of its customer base, going beyond the usual mobile targets of technically sophisticated customers and young people with iPhones. "One click" for information was identified as key for success, versus secure access for transaction functions. IBSG widened the field to include top-tier customers, basic banking clients, young people (with mobile phones that may not have the wide range of capabilities offered by iPhones), and more, assuring the bank's new mobile channel would have broad appeal by serving different customer segments based on their specific needs.

Figure 2. The Bank Attracted Significantly More Mobile Customers by Creating a Solution Compatible with Any Mobile Device, and by Offering Multiple Interactive Services.



Source: Cisco IBSG, 2011

Cisco IBSG determined that the technology approach should incorporate a “triple play” platform: Short Message Service (SMS), a downloadable application for every operating system, and web browsing access to services to capture every customer with the most appropriate solution, based on situation and needs. Applications downloaded from app stores, or “pushed” to target customers to increase acquisition, were essential to attract users via easy-to-use services and one-click information access.

Key marketing activities were also identified to capture clients, with clear communications regarding the value of mobile banking in their daily lives.

Results

The first few months of operation have been an unqualified success—exceeding the bank’s expectations—with a major strengthening of image (especially considering the limited effort/budget in terms of advertising and communications):

- The bank now has 300,000 clients using the new mobile channel.
- The first week saw 30,000 downloads to customers using iPhones alone.
- In the first month, there were 100,000 mobile banking services transactions.
- Over the first few months, customers generated 7,000 transactions (fast operations) per month using the security token generated via the mobile application.

Mobile banking, correctly implemented as a simple, fast, multiplatform channel aligned to the needs of each customer segment, has proven to be a significant channel to provide customer value with quick access to information and high-speed efficiency for basic operations. More important, when mobile banking is implemented within the context of an integrated and smart multichannel strategy, it is a key channel of communications, relationship building, and sales—a platform to provide higher-value services to customers and new marketing opportunities for the bank for years to come.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology. Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.



Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.

Cisco and the Cisco Logo are trademarks of Cisco Systems, Inc. and/or its affiliates in the U.S. and other countries. A listing of Cisco's trademarks can be found at www.cisco.com/go/trademarks. Third party trademarks mentioned are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (1005R)