

THE ART OF THE POSSIBLE IN MOBILE BANKING

BUILDING BETTER RELATIONSHIPS AND SELLING MORE
EFFECTIVELY



ANALYST TAKEAWAY

Banks should devote attention and resources to effectively selling products to customers via mobile. Counterintuitively, this means they need to focus on developing relationships rather than selling specific transactions.

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KEY RESEARCH QUESTIONS AND ANSWERS

1

How should banks think about mobile in the context of relationships and sales?

Customers spend increasing amounts of time on mobile and learn from nonbanks what to expect; banks must make mobile a critical element in their relationship-building strategy.

2

What does the Mobile Relationship Maturity Model tell banks?

Most banks are mobile beginners; they have significant work to emulate best practices from other industries and develop mobile into a useful relationship and sales tool.

3

How should banks use mobile to improve relationships and increase sales?

Banks should learn from other industries and start with the relationship in mind. Simplify and present a tailored user experience, and design processes for mobile.

FINDINGS

This report focuses on banks¹ using mobile specifically as a relationship-building and sales tool. Celent provides a strategic path for banks that want to use mobile more effectively.

- Banks need to catch up with the top mobile apps in use today; they must also focus on being able to deliver what customers will expect three to five years from now. Today's top 25 apps (Figure 1) are dominated by social media and entertainment sites.
- Banks should devote attention and resources to effectively selling products to customers via mobile, the way Amazon has via Facebook. Banks selling via mobile should approach the challenge in a structured way across a three-stage process. Banks should:
 - Familiarize consumers with their brand, begin to educate them about specific offerings, and generate positive associations with that brand. The consumer's current relationship with a bank and the mobile property type they use to interact with it matter in determining how this should be done.
 - Ensure the customer progresses along the intent path by determining customer needs; demonstrating how to meet those needs; and creating some urgency to begin the purchase, recognizing that timing is highly variable. Mobile's immediacy is an advantage here: the bank can be on hand in the moment with helpful, compelling information and it can pre-empt the customer's desire to shop by presenting them with timely and efficacious offers.

¹ A quick note on usage: in this report, Celent will use the term "bank" to refer to retail banks and credit unions, despite their many and obvious differences; it's simply easier.

- Strive to bring the customer easily to the purchase point; eliminate closing friction; and fulfill brand promise. This means taking the customer *exactly* where they need to go and if possible, prefilling information from existing data (for current customers) or third party data and asking for confirmation.
- Celent’s Mobile Maturity Model (Table 1) can help banks to deliver the full potential of mobile sales moving from beginner to advanced in development.

FACTS

- eMarketer estimates that customers spend nearly three hours per day on their mobile device, more than on their computers.²
- 47% of Millennials noted that someone else’s following, liking, pinning, or tweeting info on social media had helped introduce them to a brand.³
- In April 2015, Google announced that “Google Search will be expanding its use of mobile-friendliness as a ranking signal.”
- An Oliver Wyman survey of retail banking customers found that mobile had the highest “delight rate” among all channels,⁴ suggesting that banks can build on the goodwill the mobile channel generates

RECOMMENDATIONS

Awareness / Brand Building

- Increase focus on outside interfaces to raise awareness (i.e., talk to customers who aren’t actually shopping).
- Target ads using information available from the hosts of outside interfaces.
- Find ways to entice potential customers to visit the bank’s mobile site or download the app (e.g., contests and giveaways) to engage more deeply with them and enable seamless sales experiences.

Intent

- Leverage third parties to understand product needs.
- Be entertaining.
- Feed relevant information.
- Create urgency.
- Strive to avoid being shopped: be the only offer the customer ever considers.

Purchase

- Simplify.
- Leverage mobile-specific capabilities during the account-opening process to do the work for the applicant (camera, device as authentication factor, biometric ID).
- Use taps; avoid typing.

General

- Build from a foundation of customer experience, rather than bank product or organizational siloes.
- Develop a robust partnership with the nonbank sites where customers spend their time.

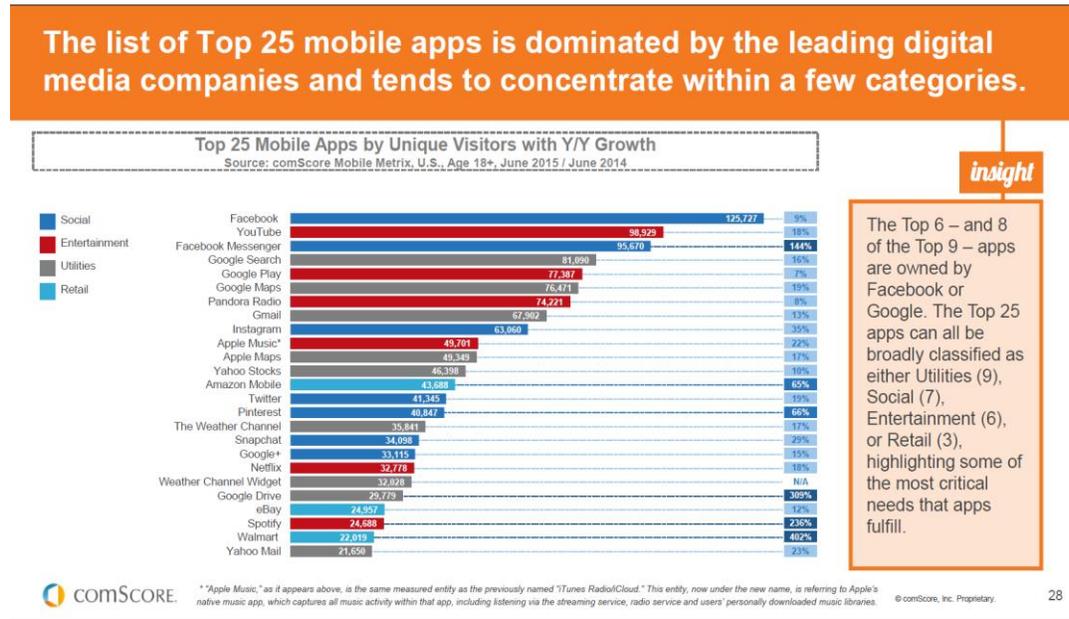
² eMarketer, April 2015 [<http://www.emarketer.com/Article/US-Adults-Spend-55-Hours-with-Video-Content-Each-Day/1012362>]. Used with permission.

³ Annalect proprietary study, February 2015: How Smartphone-Owning Millennials Expect Brands to Use Technology. Used with permission.

⁴ *Insights into Customer Hassles, Delights & Perceptions*, Oliver Wyman, 2013

SELECT VISUAL INSIGHTS

Figure 1: None of Top 25 US Apps Is from Financial Services (Yahoo Stocks Comes Closest)



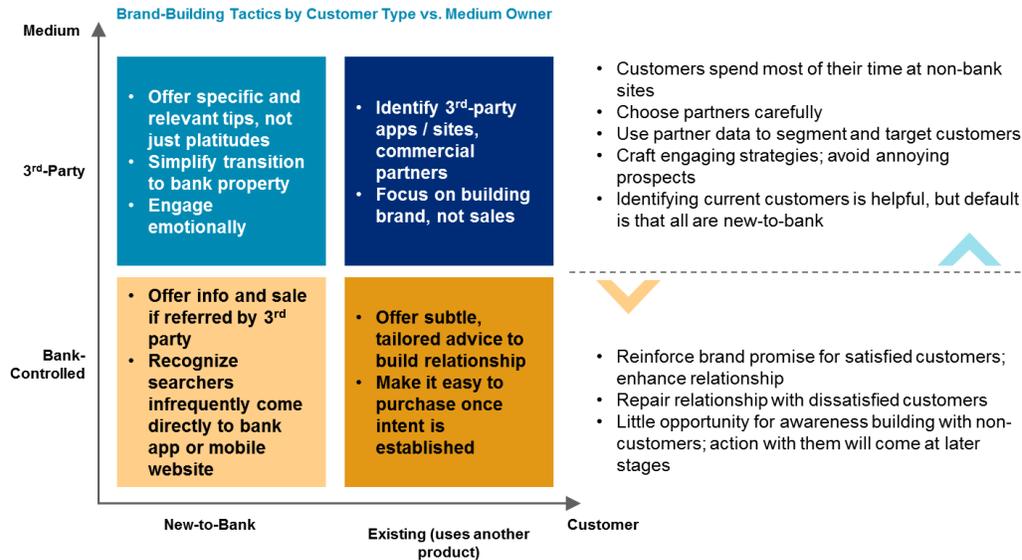
Source: comScore, *The 2015 U.S. Mobile App Report*, Used with permission.

Figure 2: Three Stages of Mobile Path to Purchase



Source: Celent

Figure 3: Customer Type and Mobile Property Determine Brand-Building Tactics



Source: Celent

Table 1: Mobile Relationship Maturity Model: Banking

ELEMENT	BEGINNER	INTERMEDIATE	ADVANCED
TECHNICAL, BANK-ORIENTED			
Technology platform / user interface	Not yet using responsive design.	Dabbling in responsive design, but may be "channel cloning."	Responsive design from ground up, using mobile-first principles; single platform used across all digital channels.
Analytics capabilities	Rudimentary analytics bolted on for post hoc analyses.	Some analytics built into processes; feedback incorporated in days.	Sophisticated real-time analytics used to alter messages and offers in hours.
Omnichannel capabilities	App is siloed from online and mobile web.	Mobile has some hard-wired, clunky cross-channel capability.	Able to start opening an account on one channel; seamlessly finish on another.
Connectivity and modularity	Features and functionality are hardwired; changes are difficult, costly, and time-consuming to implement.	Plan established to enable more modularity, but little executed.	APIs and componentized architecture allow for quick and easy reconfiguration.
SOFT, BANK-ORIENTED			
Coordination between marketing, IT, and operations	Little coordination; siloes persist, bureaucratic rules govern interactions among groups.	Cordial relationship with ongoing communication and cooperation; tickets still submitted for new campaigns.	Frequent and ongoing communications; ability for marketers to make changes to campaigns without having to submit IT ticket.

ELEMENT	BEGINNER	INTERMEDIATE	ADVANCED
Campaign testing	Post hoc assessments.	Infrequent A/B testing.	Ongoing multivariate experiments recalibrated frequently.
Sharing of information among product lines	Product siloes communicate haphazardly; customer of one product line not known to others.	Identifying other-product customers occurs on batch basis.	Can recognize any customer of the bank in real time and tailor communications based on that product relationship, credit factors, etc.
TECHNICAL, CUSTOMER-ORIENTED			
Data entry	Existing online form used for mobile, all data entered by thumb.	Identifies as current customer and prepopulates application.	Leverages data from referring websites; uses camera and ID to populate application; minimizes data entry.
Ease of purchase	Cannot complete purchase on mobile device.	Uses combination of phone properties and redesigned processes for faster completion.	Purchase in 30 seconds with one tap.
Use of mobile capabilities (camera, geolocation)	Show location of nearby branch or ATM.	Recognize proximity of partners to push offers.	Determine location irrespective of partner presence; offer advice or products depending on context.
SOFT, CUSTOMER-ORIENTED			
Use of data to recognize customers	No use; treats every visitor as new.	Uses internal data to recognize current customers when they come from bank site.	Ports external data to recognize current customers when referred from third party site.
Emotional content	Dry, fact-based, boring, and "corporate." Messaging may be irrelevant and time-wasting, thus lowering engagement and generating feeling of "you don't know me."	Injects generalized emotion into messaging; product messages vary appropriately.	Tailors message for specific consumer and event.

Source: Celent, Facebook

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