The State Of Mobile Banking 2012
by Benjamin Ensor, Tiffani Montez, and Peter Wannemacher,
August 13, 2012 | Updated: August 24, 2012

KEY TAKEAWAYS

Mobile Banking Will Soon Be Mainstream
Fueled by the adoption of smartphones and growing supply of mobile banking, the use of mobile banking has grown steadily over the past few years. We expect the number of US mobile banking users to double in the next five years and reach 108 million by 2017 -- 46% of US bank account holders.

Everyday Banking Relationships Are Moving To Mobile
Consumers are progressing from simply checking their account balances or locating an ATM to making bill payments or transferring money to other accounts on their mobile phones. As that happens, mobile banking is displacing use of other channels like branches and online banking.

Digital Banking Leaders Face Many Big Barriers
Building mobile banking is more complex than building online banking was a decade ago. eBusiness executives face familiar challenges like changing customer perceptions, securing budget, and measuring success as well as new ones like managing the rapid pace of change, device fragmentation, and rising development costs.

Mobile Banking And Mobile Payments Will Steadily Converge
Banks need mobile banking to provide a platform for mobile payments and to protect their retail payments businesses from digital disruption.
The State Of Mobile Banking 2012
Landscape: The Mobile Banking Strategy Playbook
by Benjamin Enser, Tiffani Montez, and Peter Wannamacher
with Sabine Poltermann, Myriam Da Costa, Thomas Husson, Julie A. Ask, and Denée Carrington

WHY READ THIS REPORT
Mobile banking continues to gather momentum across developed countries, fueled by rising smartphone use and the steadily improving supply of mobile banking from banks in North America, Europe, and Australasia. As consumers become more familiar with mobile banking, their use of it is progressing from simple functionality like account balances and ATM locators to transactions like bill payments and account transfers. We expect mobile banking to grow strongly over the next few years, but digital banking teams will have to overcome many challenges to achieve that growth. This landscape report forms part of our mobile banking strategy playbook and is intended to help eBusiness and channel strategy professionals understand the most important trends in retail mobile banking in developed economies.

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Notes & Resources
This analysis is based on conversations with eBusiness and channel strategy executives responsible for mobile banking and uses data from Forrester’s Technographics® surveys. We also interviewed a number of mobile banking vendors.

Related Research Documents
The State Of Mobile Banking In Europe 2012
July 17, 2012

2012 Mobile Trends For eBusiness Professionals
May 2, 2012

The State Of Canadian Mobile Financial Services: 2011
August 10, 2011

The State Of US Mobile Banking: 2011
May 10, 2011
THE CURRENT STATE OF MOBILE BANKING

Mobile banking is the biggest innovation, or cluster of innovations, in retail banking in years, arguably in a century. In developing economies that lack a dense infrastructure of branches, ATMs, and fixed-line telecoms, mobile banking is bringing millions of people into the formal banking system for the first time. In developed economies, the impact is lesser but still profound because we believe mobile banking will become the primary way many, perhaps most, customers interact with their banks. In this report, we look at the state of retail mobile banking today, focusing on the developed economies of North America, Europe, and Australasia.

Nearly All Large Banks Offer Mobile Banking On Multiple Platforms

We reviewed 59 retail banks in developed economies across the globe and found that almost all large banks, and many smaller ones, now offer a range of basic mobile banking functionality, such as access to account balances and recent transactions, through a range of different platforms including SMS, mobile-optimized websites, and mobile applications (see Figure 1). Specifically, we found that:

- **Most banks have both a mobile website and apps on different platforms.** Nearly three-quarters of the banks we reviewed offer both a mobile-optimized banking website and mobile banking apps, and many of them also offer SMS alerts. Until 2010, many banks had only developed applications for Apple’s iOS devices, but many now have native apps for the three largest smartphone user bases: iPhone, Android, and BlackBerry. A diminishing number of banks, frustrated by the high costs of native app development and maintenance, rely on the Web and hope for relief via HTML5 or the promise of responsive design.²

- **Tablet development is high priority.** With the tablet market exploding, digital banking teams are working hard to develop offerings for this new touchpoint.³ In Forrester’s 2011 executive survey, 94% of eBusiness professionals at financial services firms included tablets in their mobile strategy, and more than 50% of eBusiness executives in financial services said that they plan to build a tablet app or tablet-optimized website in 2012.⁴

- **There is a trend toward one app per platform.** eBusiness executives are torn between developing one “fat” app with extensive functionality or developing a “family” of apps for specific functionality. For now, the majority of banks have chosen to offer one fat app, but there are plenty of exceptions. Germany’s Sparkassen, Scotiabank in Canada, and ABN Amro in the Netherlands have all developed a variety of apps for different customer segments ranging from branch finders and payment apps to brokerage apps and mortgage finders (see Figure 2). Many banks, such as Union Bank of California, also have separate mobile services for small business customers. Spain’s la Caixa offers a particularly wide range of apps via its CaixaMóvil Store, letting customers carry out an array of actions such as topping up mobile phone credit, buying cinema tickets, and buying stocks.⁵
### Figure 1 The Mobile Banking Offerings Of Leading Banks

<table>
<thead>
<tr>
<th>Country</th>
<th>Retail bank</th>
<th>Offer SMS alerts</th>
<th>Offer mobile banking application(s)</th>
<th>Mobile-optimized website</th>
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Source: Forrester Research, Inc.
**Figure 1** The Mobile Banking Offerings Of Leading Banks (Cont.)

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<th>Country</th>
<th>Retail bank</th>
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<td>Wells Fargo</td>
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Source: Forrester Research, Inc.
Banks Are Using Mobile Apps To Offer More Functionality

Almost all banks now offer basic day-to-day functionality like balance and recent transaction overviews, transfers between a customer’s own accounts, and alerts through both mobile apps and mobile-optimized websites. Many digital banking teams are developing a range of additional functionality, such as access to a wider range of accounts, particularly credit cards; push alerts; and full transaction histories. In particular, many are using mobile apps to take advantage of phone hardware features like cameras, augmented reality, and global positioning system (GPS) locators to offer a wider range of functionality. Leading banks are using mobile banking to:
- **Help customers find branches and ATMs.** Location-based ATM and branch finders are becoming so common that they are almost a standard feature of mobile banking apps. Many banks have used augmented reality to make it even easier for customers to find the right place. Some banks are going further. Bank of America provides ATM locations, branch services available (by branch), and appointment scheduling through its iPhone app.

- **Make bill payments easier.** A growing number of European banks like Handelsbanken in Sweden, la Caixa in Spain, and Rabobank in the Netherlands make it easier to pay bills by using the camera on a smartphone to scan details from a bill.

- **Simplify deposits.** No mobile banking feature has received more attention in the US since its introduction than mobile remote deposit capture (RDC). The process of depositing a check simply by using a phone’s camera to take snapshots of both sides of it has captured the attention of mobile bankers young and old who are looking to avoid a trip to their local branch. Mobile remote deposit capture is offered by more and more US banks like Chase, Citibank, ING Direct, USAA, and U.S. Bank, as well as a few banks elsewhere like Spain’s Banco Sabadell (see Figure 3).

- **Enable person-to-person payments.** Many banks like Spain’s BBVA, Wells Fargo in the US, Australia’s ANZ, and Canada’s CIBC have developed peer-to-peer mobile payments, including using bar codes to send money, sending money to a phone number or email address, and sending codes for cash to be withdrawn from an ATM (see Figure 4). In the UK, Barclays Bank has launched an iPhone app called Pingit that lets users send and receive money through their mobile phones and pay small businesses. In Spain, Bankinter and several other banks let customers send money to any mobile phone that the recipient can then withdraw as cash from any ATM, without a credit or debit card, using only the code received via SMS.

- **Offer mobile money management.** Banks like France’s Société Générale and Boursorama, Germany’s Sparkassen, and PNC in the US have introduced mobile money management features to help customers manage their money better. Société Générale has a “fuel gauge” on the home screen of its iPhone and iPad apps, giving customers a simple way to see whether they are on track with their monthly budget. Australia’s Westpac has a similar feature in its Cash Tank app.

- **Test mobile contactless payments.** Banks like Bank of Montreal and BNP Paribas are testing mobile contactless payments based on the Near Field Communication (NFC) standard, for instance at unattended points of sale like parking meters or vending machines (see Figure 5).

- **Help customers find new homes.** Commonwealth Bank of Australia’s Property Guide app uses augmented reality to help home buyers understand the properties around them with insights that overlay on the building image. Other banks, like the UK’s Halifax, are starting to develop similar apps.
- **Enable direct interaction with advisors.** Société Générale makes banking more personal by facilitating direct contact with bank advisors through a mobile app message inbox (see Figure 6). New Zealand's Kiwibank offers click-to-chat through its iPhone app; customers who want human help can just push a button in the app to initiate a two-way chat with an agent.\(^{14}\)

- **Present sales and marketing messages.** A few banks like Deutsche Bank and Berliner Sparkasse in Germany, Bankia in Spain, and Credem in Italy use their mobile banking app main page or a dedicated tab with product information to sell products to existing customers.\(^{15}\) USAA dedicates an entire category of its main navigation panel to product information and includes details, comparisons, and a cross-touchpoint call to action on its iPhone app.

*Figure 3* Facilitating Check Deposits From Anywhere Is An Important Feature In The US

![Facilitating Check Deposits From Anywhere Is An Important Feature In The US](image-url)
Figure 4 Various Forms Of P2P Payment Have Emerged

P2P payments using quick response (QR) codes

"Scash" lets a smartphone owner transfer money to another smartphone owner without needing an account number. The receiver generates a QR code that is scanned by the payer. The money is transferred immediately.

Source: KBC Belgium iPhone app

Source: Forrester Research, Inc.
4-2 P2P payments via cash machines

Hal-Cash lets customers send money to any mobile phone. Recipients can withdraw it instantly at an ATM of any of the financial institutions associated with the system, including Bankinter, Bancaja, and ING Direct in Spain.

Source: Hal-Cash website

Source: Forrester Research, Inc.
Figure 4 Various Forms Of P2P Payment Have Emerged (Cont.)

P2P payments via phone number or email address

Wells Fargo’s Send & Receive Money service lets customers make payments to other Wells Fargo and Bank of America customers via online and mobile banking using an email address or a mobile phone number.

Source: Wells Fargo iPhone app

Source: Forrester Research, Inc.
Figure 4 Various Forms Of P2P Payment Have Emerged (Cont.)

P2P payments via “bumping”

Two ING customers who have the iPhone app installed on their phones can “bump” their phones together to transfer money.

Source: Bump Money iPhone app

Source: Forrester Research, Inc.
Commonwealth Bank’s Kaching facilitates a variety of payments

Commonwealth Bank’s Kaching for iPhone lets customers pay anyone by using their mobile number, email address, or Facebook friends list. Kaching also lets customers pay without cash or cards but with a mobile contactless payment anywhere that MasterCard PayPass is accepted.

Source: Commonwealth Bank of Australia kaching iPhone app
Figure 5 Banks Like BNP Paribas Have Launched Apps For NFC Payments

BNP Paribas launched “Kix,” a contactless payment app for customers who own an NFC phone. The BNP Paribas Kix application works with the French Cityzi NFC service now live in Nice and Strasbourg and being rolled out in Marseille, Caen, Lille, and Bordeaux as well as other parts of France in 2012. For purchases of less than €20, no pin code is needed.

Source: BNP Paribas website

Source: Forrester Research, Inc.
Some banks like Société Générale allow clients to contact their advisor directly though their mobile services. The mobile app has an inbox for messages.

**Figure 6** Société Générale’s Mobile Inbox

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**Mobile Banking Adoption Has Taken Off**

Mobile banking finally began to take off following the introduction of smartphones in 2007, and the number of mobile banking users has increased steadily over the past few years.16 Today 13% of North American and around 9% of European mobile phone owners use mobile banking regularly.17 We surveyed 17,533 Western European, 8,203 US, and 273 Canadian mobile phone owners about mobile banking and found that (see Figure 7):
■ National differences are substantial. While overall mobile banking use in North America reached double-digit numbers, there are strong differences in adoption between countries in Europe. In countries with high adoption of smartphones and availability of lower-cost data plans like France or Sweden, mobile banking apps are more widely used. Factors like Internet adoption, availability of affordable data plans, smartphone penetration, and the availability of traditional banking channels like branches and ATMs all influence the use of mobile banking.

■ Customers are using both mobile websites and apps. The type of mobile banking that people use partly depends on what type of phone they have and what their bank offers. Like overall adoption, it varies by country. In the US, 65% of mobile bankers use mobile Internet websites and 45% use apps, with some customers using both. In Canada, 79% of mobile bankers use mobile websites. In Europe, mobile banking apps are most popular in Sweden and France, where banks have been relatively quick to launch apps. SMS alerts still the most common type of mobile banking in Europe and are particularly popular in Spain and Italy, but they have never been as popular in markets like the US or Canada.

■ Mobile banking attracts upmarket customers. Mobile bankers in North America and Europe are typical early adopters. They are slightly younger, high-income, experienced online users who embrace technology. Some 71% of North American mobile bankers own a smartphone. The same parameters, such as age, income, and technology optimism, that drove the adoption of online banking over the past decade drive consumers today to check their bank account balance from a mobile phone. Apart from attracting higher-income groups, mobile services like SMS alerts can also attract customers who do not own a PC.
**Figure 7** Mobile Banking Adoption Has Reached Double-Digit Numbers

### 7-1 North America leads in the adoption of mobile banking

> “Have you used mobile banking in the past three months to check your bank account balances, view transactions, or transfer money to another account using a mobile phone or other mobile devices?”

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<td>9%</td>
</tr>
<tr>
<td>US</td>
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<tr>
<td>Western Europe (EU-7)</td>
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Base: 17,533 Western European adults (18+) with a mobile phone; 8,203 US adults (18+) with a mobile phone; 273 Canadian adults (18+) with a mobile phone

Source: European Technographics® Benchmark Survey, Q2 2011; North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada)

### 7-2 The types of mobile banking used by North American mobile bankers

> “In which of the following ways have you used mobile banking?”

- Mobile Internet site: 79% (US), 65% (Canada)
- Mobile application: 36% (US), 45% (Canada)
- Received text (SMS) alerts: 17% (US), 27% (Canada)
- Sent bank a text (SMS) message: 9% (US), 15% (Canada)
- Other: 7% (US), 5% (Canada)

Base: 1,390 US online adults (18+) and 1,096 Canadian online adults (18+) who are mobile phone owners and mobile bankers (multiple responses accepted)

Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2011 (US)


**Figure 7** Mobile Banking Adoption Has Reached Double-Digit Numbers (Cont.)

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<th>Mobile banking attracts an upmarket audience</th>
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<td>Smartphone ownership†</td>
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<tr>
<td>Uses mobile Internet daily†</td>
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</table>

Base: 11,238 North American adults (18+); 19,569 Western European adults (18+)

*Base: respondents online monthly or more
†Base: respondents with a mobile phone

Source: European Technographics Benchmark Survey, Q2 2011; North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada)

**Consumers Primarily Use Mobile Banking For Information**

Popular mobile content and services have common characteristics: They are timely, are location-relevant, require little input, and produce clear output. People use mobile banking first and foremost for day-to-day banking needs that are relevant anywhere and anytime like checking their account balance. How people use mobile banking depends on which type of mobile banking they use, what type of phone they have, what country they live in, and what functionality their bank offers. Customers who use mobile apps or mobile-optimized websites are, not surprisingly, much more likely to use their mobiles for a wide range of tasks than those who only receive SMS alerts.20 Although mobile banking use differs substantially by country, and bearing in mind that few banks offer a full range of functionality, overall we found that Net users who use mobile banking (see Figure 8):

- **Almost all use mobile banking to check balances and recent transactions.** Checking account balances and recent transactions are the most commonly used functionality among mobile banking users. Consumers also appreciate and use mobile access to their credit card balance as more banks like Citibank, ING, and NatWest incorporate credit card information in their mobile banking services (see Figure 9). As mobile bankers are able to bank from anywhere, they are usually more frequent banking users than PC-only bankers.
- **Use their mobiles to transfer money.** About one-third of all mobile banking users have transferred money between their own accounts. Canadian mobile bankers are more likely to use transactional mobile features than their counterparts in the US. Transferring money to others, like family and friends, is more common among Europeans than among US online mobile bankers, probably partly because many Americans still rely on checks.

- **Are using their mobiles to pay bills.** Mobile bill payment is increasingly popular, with 27% of US online mobile bankers using their mobile phone to pay bills — slightly more than the proportion of European mobile banking users who have done so. Until recently, most mobile bill payments included cumbersome processes for setting up new payees that were not optimized for mobile. New mobile app features — like automated bill pay, scanning bills, or paying your credit card bill from a mobile phone — have helped drive adoption of mobile bill payment.

- **Receive an array of timely alerts.** Many mobile banking users receive alerts triggered by either their account balance or individual transactions. Alerts are particularly popular for online mobile bankers in Italy, Spain, and the UK, where a large proportion of those who use any form of mobile banking only receive SMS alerts. Alerts both reassure customers and help reduce fraud, as transactions are sent instantly, enabling customers to take action immediately.

- **Are using their mobiles to manage their investments.** Many retail banking customers hold investments with their main bank, particularly outside the US. Some of these customers are starting to use mobile banking to do things like check the value of their investment portfolio, look up stock prices, and buy and sell stocks and bonds.

- **Are making less use of other customer service features.** Far fewer customers use other customer service features like blocking lost or stolen cards or getting in touch with customer service — partly because few banks offer these features and partly because these interactions are simply much less common than routine interactions like making payments and checking transactions.
**Figure 8** Day-To-Day Banking Tasks And Alerts Dominate Mobile Banking Use

### US mobile banking activities

“Which of the following features have you used through your primary bank’s mobile banking?”

(Through a mobile website, a downloadable app, or SMS text messaging)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction history</td>
<td>61%</td>
</tr>
<tr>
<td>Balances from all my accounts in a single consolidated view</td>
<td>45%</td>
</tr>
<tr>
<td>Transfers between my accounts at the firm</td>
<td>31%</td>
</tr>
<tr>
<td>View of my current available credit (for a credit card)</td>
<td>29%</td>
</tr>
<tr>
<td>Bill pay</td>
<td>27%</td>
</tr>
<tr>
<td>Alerts that notify me of changes to my accounts</td>
<td>21%</td>
</tr>
<tr>
<td>Alerts that notify me of security concerns</td>
<td>20%</td>
</tr>
<tr>
<td>Transfers to my accounts at other firms</td>
<td>9%</td>
</tr>
<tr>
<td>Transfers to other people’s bank accounts</td>
<td>8%</td>
</tr>
<tr>
<td>Transfers to other people without knowing their bank account information</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: 1,354 US online adults (18+) with a banking provider who own a mobile phone and are mobile bankers

Source: North American Technographics® Financial Services Online Benchmark Recontact Survey, Q3 2011 (US)
Figure 8 Day-To-Day Banking Tasks And Alerts Dominate Mobile Banking Use (Cont.)

What have you used mobile banking for in the past three months?

- Checking my account balance: 90%
- Checking my recent transactions: 62%
- Transferring money between my own accounts: 36%
- Paying bills: 19%
- Transferring money to others (e.g., family/friends): 24%
- Receiving account alerts (e.g., low balance): 16%
- Receiving transaction alerts (e.g., large payment): 14%
- Topping up my mobile phone credit: 10%
- Looking up location of nearest ATM and/or bank branch: 13%
- Getting information about financial offers or products: 5%
- To get in touch with my bank’s customer service/an account manager: 4%
- Blocking (lost, stolen) cards: 4%
- None of these: 3%

Base: 680 online European adults age 16+ who use mobile banking and access it through a mobile application; 1,165 online European adults age 16+ who use mobile banking and access it through a mobile internet site (multiple responses accepted)

Source: European Technographics Financial Services Online Survey, Q4 2011
Figure 9 ING Delivers An Overview Of Multiple Accounts, Like Credit And Savings, In One Place

MOBILE BANKING MARKS A FUNDAMENTAL STRATEGIC SHIFT

Mobile banking is the most important strategic change in retail banking in years. While almost all digital banking executives realize the strategic significance of mobile banking, many retail banking board members don’t yet. We believe that ubiquitous mobile banking will mark a bigger shift for the industry than home-based online banking. Here’s Forrester’s view on why getting mobile banking right is critical:

- **Mobile Internet use is exploding.** We expect the number of smartphone owners to grow to 218 million US consumers by 2017, and two-thirds of European mobile users will own a smartphone by the end of 2016. Rising mobile Internet use means many more people will start using mobile banking in the next five years.

- **Mobile banking is displacing other banking channels.** The simplicity and immediacy of mobile banking mean that it is displacing online banking for routine banking tasks like checking balances and making payments. Some leading banks have already seen the number of mobile
interactions overtake the number of online interactions. Although tablets complicate the picture, many bank eBusiness executives report the emergence of a new group of customers: mobile-only customers who have stopped using both branches and online banking from a PC or never used online banking in the first place. Even mobile bankers who still use online banking from a PC have reduced the frequency of online banking. A mobile-only relationship means these customers are no longer exposed to a bank’s marketing messages in its branches or on its website.

- **Mobile banking is the foundation for mobile payments.** Over the next few years, Forrester believes mobile payments will disrupt established retail payment patterns. The battle to control and monetize mobile payments, digital offers, and loyalty is already underway. Firms like Square in the US and iZettle in the Nordics are rapidly addressing the lack of convenient payment options for paying small traders. Firms like Google, Isis, PayPal, and Telefónica are already offering mobile digital wallets to customers in North America and Western Europe. With some exceptions, like Spain’s la Caixa and Commonwealth Bank of Australia, many banks are only just starting to think through the implications of digital disruption for their payments businesses, let alone assemble the components of a mobile digital wallet.

**Today’s Innovations Show A Glimpse Of The Future Of Mobile Banking**

eBusiness and channel strategy executives need to prepare for a future in which mobile devices become the primary touchpoint for many younger and wealthier customers. Forrester believes that, in time, mobile banking will offer customers much more than just basic access to their accounts. Mobile devices will give customers far greater convenience through immediate control over their finances. Mobile banking will have four big components:

- **Mobile money management.** Personal financial management tools are steadily becoming more popular within online banking, but few banks have introduced mobile money management functionality to date. Postbank in Germany shows customers their income and expenses for a month and their remaining budget (see Figure 10).

- **Mobile money movement.** Digital banking executives need to work with their payments strategy colleagues to develop mobile banking as a platform for mobile payment. Executives should take inspiration from Commonwealth Bank of Australia’s Kaching iPhone app, which lets customers make a wide variety of different payments — from PayPass contactless payments at an in-store point of sale to Facebook payments. By enabling so many types of payment through a mobile phone, the bank is teaching its customers that if they want to make a mobile payment, they should use the bank’s app; it is also encouraging customers to form the habit of using their phone to move money.
■ **Mobile digital wallets.** Mobile payment is about more than just moving money using a smartphone. Leading firms like American Express are thinking through how to combine technologies like quick response (QR) codes, NFC, personal financial management, and others to convert mobile handsets into digital wallets that provide not just payments but also coupons and offers, enhanced product information, receipts, merchant-funded rewards, and loyalty points.

■ **Relevant, context-based offers.** With customers shifting to mobile banking, digital teams have new opportunities to engage with customers and use mobile context to promote relevant products and services. But hardly anyone does it. For example, just one of the four largest retail banks in the US offers any type of product research or robust cross-selling on its iPhone app. Spain’s Bankinter uses SMS banking to upsell services to its customers when they make a transaction with their debit or credit card. We believe digital banking teams should start experimenting with time- and location-triggered insurance, savings, and loan offers within mobile banking. Consider using push notification to send more personal and contextual messages to customers.

*Figure 10 PFM Functionality Like Postbank Offers Is Not That Common*

*Source: Deutsche Postbank iPhone app*  
*Source: Forrester Research, Inc.*
EXECUTIVES FACE MANY CHALLENGES TO TAKE MOBILE BANKING MAINSTREAM

Unfortunately, executing a mobile banking strategy is more complex than building online banking was a decade ago. eBusiness executives are confronted with many challenges when developing mobile banking.

The Pace Of Technological Change Creates Pressure To Move Fast

The pace of technological change, and the digital disruption it causes, continues to accelerate, often outpacing banks’ ability to keep up. Many banks are falling behind customers and competitors who are rapidly adopting new technologies. Widespread adoption of smartphones, as well as other devices like tablets, means that eBusiness executives are constantly challenged to meet customers’ rapidly evolving expectations. That puts digital banking executives under pressure and makes developing mobile propositions ever more urgent.

■ Non-banks push the boundaries for innovation. Companies in other sectors, and mobile platforms like Apple, continue to shift the goalposts with innovation. For example, Apple’s Siri voice-assisted personal assistant could revolutionize the way people interact with their mobile phones, replying to voice commands to carry out specific tasks. Independent developers are stepping up with a wide variety of mobile apps that, among other things, offer customers insight into their financial lives. New mobile services shape customers’ experiences and expectations, and they are redefining what’s possible through mobile banking.

■ Customer expectations are rising. The longer customers spend using mobile apps like Angry Birds, Dropbox, Flipboard, or Instagram, the higher their expectations of what mobile devices can deliver become. Take the growing popularity of in-app payments, for example, which make it wonderfully simple — or dangerously easy — to buy through mobile devices. Or consider PayPal Mobile, which lets users send money to or request money from anyone in the world who has an email address using a mobile. Customers are starting to expect their banks to offer the same kinds of convenience.

Lack Of Obvious Value, Security Concerns, And Cost Worries Still Hamper Adoption

Despite the rapid growth of mobile banking, six out of seven US mobile phone owners have not used mobile banking yet. These mobile banking holdouts might be interested in using mobile banking, but a series of obstacles discourages them from doing so, some of which banks can do little about. The obstacles to wider mobile banking adoption include:

■ Lack of perceived value. Many mobile banking holdouts still say that they don’t see the value of mobile banking or that they are content with existing channels like ATMs and the telephone. Many early mobile banking services were basically a copy of online banking. That was fine up to a point, but it has left customers asking why they should bother with mobile banking. Across-
the-board duplication of online banking functionality does little to distinguish mobile banking in consumers’ minds. There’s a strong need to educate customers and market mobile banking more effectively to change customers’ perceptions of what mobile banking can deliver.

- **Fears about security.** Consumers’ security fears remain one of the biggest barriers to wider mobile banking use in most countries. As in the early days of online banking on PCs, consumers are concerned with potential identity theft and fraud. With increased use of mobile devices for banking and shopping, consumer concerns about security may heighten. Banks like the UK’s NatWest have addressed those concerns by extending online banking security guarantees to cover customers using mobile banking. Wells Fargo offers best-in-class security content tailored to users of its native banking apps that is just one click away from customers before they enroll or log in.

- **The high, and uncertain, cost of mobile data.** Many mobile operators charge a flat rate for data — especially for subscribers with smartphones — but these tariffs can be expensive. Worse, many mobile operators have started to launch — or stated that they will launch — tiered data plans in some countries. That could cause confusion among customers and cause some to cut their mobile Internet use.

**Technology Fragmentation Makes Execution Difficult**

Perhaps the biggest hurdle for mobile banking strategists is the daunting prospect of supporting multiple platforms. In the past decade, nearly all Internet access came from computers. Now, new and incompatible devices are spreading by the millions. Digital banking teams have to take a succession of decisions about when the installed base for a particular device or platform becomes large enough or valuable enough to warrant development of dedicated applications and optimized websites. Executives face a series of big hurdles:

- **Device fragmentation.** There are still many operating system (OS) platforms, with little sign of consolidation. While two platforms, iOS and Android, account for the bulk of frequent mobile Internet users in most countries, other platforms like Windows 8 could yet achieve similar scale. The huge diversity in mobile handsets and operating systems makes it impossible for eBusiness teams to serve more than a fraction of their customers with a single mobile banking application. Executives are forced to choose between platforms or must spread money and other resources across multiple platforms. Facing expensive development and maintenance costs for native applications, many eBusiness executives are choosing the Web over applications to support devices with smaller market shares.

- **The need for both apps and the mobile Web.** Consumers continue to be heavy users of both the mobile Web and apps, whether for shopping, banking, or other tasks. That means most banks need to develop both mobile Internet sites and mobile apps for multiple platforms for
the foreseeable future. HTML5 is emerging as a cost-effective technology to create good web-based experiences that work across a broad range of devices. But it’s not magic. Despite the greater cost, native applications will remain the first choice for teams focused on creating great end-to-end customer experiences.

- **The explosion of tablet use.** Even though tablets and smartphones are both touchscreen devices, consumers use them differently. Tablets offer a more feature-rich web experience than smartphones do because of their larger screen size, and they are starting to replace PC use at home. Many digital banking teams are finding that web traffic from tablets already exceeds that from smartphones as a result. Digital banking teams need to divert resources to address customers’ growing use of this new touchpoint with a distinct strategy for serving customers using tablets by developing apps and optimizing websites.

- **Rising development and maintenance costs.** The multiple versions of the same OS, different screen sizes, and the large number of devices mean that the costs of porting, maintaining, and promoting apps remain high. In fact, development and maintenance costs have increased for many companies looking both to refine customer experiences by using native device features and to develop for a wider range of devices like tablets.

- **Designing for mobile context.** Even after reviewing which devices their customers use and deciding what they need to support, executives face the challenge of designing usable services on relatively small screens that will make sense to customers in context. Digital banking teams need to work with customer experience and application development professionals to design a mobile user experience that meets customers’ needs, is easy and enjoyable, and takes into account the five dimensions of the mobile context: location, locomotion, immediacy, intimacy, and device.

**MOBILE BANKING ADOPTION WILL ACCELERATE**

After several years of high expectations, mobile banking is finally seeing sustained traction in North America and Europe. Banks have rolled out support broad enough to enable customers with nearly any mobile device to access basic banking functionality. We expect the number of US mobile banking users to more than double in the next five years to reach 108 million by 2017 (see Figure 11). Growth in mobile banking in both the US and other developed economies will be driven by:

- **Growing smartphone adoption.** Smartphone owners are more likely than other mobile phone owners to use, or be interested in, virtually all mobile financial services functionality. Growing sales of smartphones will continue to drive mobile banking trial and adoption for the foreseeable future.

- **Growing mobile Internet use.** Smartphone owners are several times more likely to use the mobile Web weekly than those with older feature phones. As smartphones with affordable data plans become more widely available, mobile Internet use will grow.
- **The availability of mobile banking.** While access to mobile banking may not yet be ubiquitous, banks have greatly expanded their support of different mobile device platforms.

- **More marketing.** As banks step up their investment in mobile banking, many are shifting budget into marketing their mobile services, both directly through advertising that specifically promotes mobile banking and indirectly through brand advertising that mentions mobile banking as a benefit of becoming a customer of a particular bank.50

- **Helpful functionality.** Digital banking teams will take advantage of mobile characteristics like simplicity, immediacy, and context to enable tasks like remote deposit capture that can't be done on a website or that just work better on a mobile phone, capturing customers’ imagination and providing enough obvious value that more customers decide to start using mobile banking.

- **Better usability.** Larger mobile phone screens and faster data speeds will make it easier for digital banking teams to offer customers a graphically rich user experience on mobile websites and via mobile apps. Quicker, easier to use, and graphically more appealing mobile banking services will encourage more people to use mobile banking.

- **Digital natives.** Millions of people use their mobile phones for everything from making notes to playing games. A new generation of digital natives are becoming first-time banking customers. These young consumers will have fewer reservations about using their phone to check their account balance, pay a bill, or make a transfer to a friend.

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**Figure 11** Forecast: US Mobile Banking Adoption, 2012 To 2017

![Chart showing US mobile banking adoption from 2008 to 2017.](chart)

Source: Forrester Research Mobile Banking Forecast, 2012 To 2017 (US)
RECOMMENDATIONS

OBSESS ABOUT MATCHING CUSTOMERS’ NEEDS TO BUSINESS OBJECTIVES

Mobile banking is not a race between banks. Digital banking teams should stop worrying about competitors and instead become obsessed about what their own customers need and value — and how to profit from meeting those needs. Retail banking markets vary substantially, and payment patterns even more so. Your strategy needs to achieve your business goals by addressing your customers’ needs. Understand their needs by:

- **Looking for problems that mobile banking can help fix.** Look for customer pain points and broken processes that mobile can help fix. Mobile devices are particularly well suited for simple tasks with few steps that people do frequently, for delivering content that matters to customers instantly, and for tasks that are relevant to where the customer is.

- **Watching how customers behave.** Take inspiration from what people are downloading and paying for from app stores to find gaps in your current functionality, such as spending logs, account trackers, budget planners, money managers, currency converters, and tax calculators.51

- **Segmenting the different types of mobile users.** Until now, mobile bankers have been typical early adopters of new technology who are keen to try out new things. In future, it will become more important to segment smartphone owners because later adopters will behave differently and are likely to be less sophisticated.52

- **Seeking direct feedback from your customers.** Banks like Banco Sabadell in Spain, Société Générale in France, and Danske Bank in Denmark seek direct feedback from customers on their websites and through social media like Facebook. While your customers won’t be able to design your entire mobile banking strategy for you, they’ll provide you with great insights into what they want and how you can improve what you offer today.

Forrester’s mobile banking strategy playbook is intended to help eBusiness and channel strategy executives plan, build, and operate mobile banking. Later research in this playbook will address how to:

- **Align your strategic plan to customer needs.** Forrester recommends the POST methodology — people, objectives, strategy, technology — for both the initial development and continuous improvement of your mobile strategy.53 Ultimately, mobile banking needs to be integrated into your multichannel strategy and needs to contribute toward overall business goals, such as profitable growth.

- **Organize for success.** Driving change across large and complex organizations tests even the smartest executives. Finding people with the skills required to develop mobile services is difficult, and developing for mobile is testing the skills and resources of many eBusiness teams.54 Digital leaders need to earn political support and build cross-functional teams to execute their mobile strategies.
Choose the right tools and technologies. Digital banking teams need to find a balance between choosing technologies that support short-term delivery needs and the longer-term strategic need to integrate mobile banking with other touchpoints. By selecting the right building blocks, banks can set a mobile banking foundation that will allow for quick reaction to evolving customer touchpoints.

Continuously improve mobile banking. Digital banking teams must change gear from running mobile banking like a pilot to becoming a mature practice that focuses on optimizing mobile banking to achieve business objectives and identifying new ways to meet customers’ needs. Leaders are considering open innovation initiatives involving employees and customers, and they are opening their mobile app to developers. For example, to help it develop new mobile services, la Caixa organized a 24-hour “FinAppsParty,” during which participants competed to create new mobile banking apps.

SUPPLEMENTAL MATERIAL

Methodology
For this report we have drawn on a number of different Technographics surveys to provide a more global perspective on mobile banking.

The European Technographics Benchmark Survey, Q2 2011 surveyed 22,501 respondents in the eight markets of France, Germany, Italy, the Netherlands, Poland, Spain, Sweden, and the UK. This survey is based on adults ages 16 and older. Taylor Nelson Sofres (TNS) weighted the data by age, gender, region, education, and income to demographically represent the adult European population per country. TNS conducted the fieldwork in February, March, and April 2011 and motivated respondents with various incentives. For results based on a randomly chosen sample of this size (N = 22,501), there is 95% confidence that the results have a statistical precision of plus or minus 1.1% of what they would be if the entire adult population of Western Europe had been polled. This confidence interval can widen to 3.1% when the data is analyzed at a country level.

Forrester conducted the North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada) from May to July 2011 among 10,802 US households and individuals ages 18 and older. Fieldwork in Canada was delayed due to a national postal workers’ strike and was completed in October 2011 with a sample size of 436 Canadian respondents. For results based on randomly chosen samples of these sizes (N = 10,802 in the US and N = 436 in Canada), there is 95% confidence that the results have a statistical precision of plus or minus 0.9% of what they would be if the entire population of US households and individuals ages 18 and older had been surveyed and plus or minus 4.7% of what they would be if the entire population of Canadian households and individuals ages 18 and older had been surveyed. Forrester weighted the US head of household data...
by age, gender, household income, household size and composition, education level, region, and market size (combined statistical area). The weighting criteria for the US individual respondent data included all of the above with the addition of employment status. The survey sample size, when weighted, was 8,454 US respondents at the household level and 10,802 US respondents at the individual level. Forrester weighted the Canadian head of household data by age, gender, household income, household size, province, city size, and age/presence of children. The weighting criteria for the Canadian individual respondent data included age, gender, household income, household size, province, city size, and employment status. The survey sample size, when weighted, was 386 Canadian respondents at the household level and 436 Canadian respondents at the individual level. The sample was drawn from members of TNS's panel, and respondents were motivated by a sweepstakes drawing.

Forrester’s North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2011 (US) was fielded in September 2011 to 8,266 US online users ages 18 to 88 as a subsegment of the North American Technographics Online Benchmark Survey, Q3 2011 (US, Canada) population. For results based on a randomly chosen sample of this size (N = 8,266), there is 95% confidence that the results have a statistical precision of plus or minus 1.1% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 8,204. The sample was drawn from members of MarketTools’ online panel, and respondents were motivated by receiving points that can be redeemed for a reward.

Forrester’s North American Technographics Financial Services Online Survey, Q4 2011 (US) was fielded in October 2011 to 4,505 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 4,505), there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,504. The sample was drawn from members of MarketTools’ online panel, and respondents were motivated by receiving points that could be redeemed for a reward.

Forrester’s North American Technographics Finance And Customer Experience Online Survey, Q4 2011 (Canada) was fielded in October 2011 to 5,502 Canadian individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 5,502), there is 95% confidence that the results have a statistical precision of plus or minus 1.3% of what they would be if the entire population of Canadian online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult Canadian online population. The survey sample size, when weighted, was 5,302. The sample was drawn from members of MarketTools’ online panel, and respondents were motivated by receiving points that could be redeemed for a reward.
The European Technographic Financial Services Online Survey, Q4 2011 surveyed 14,000 respondents in the seven markets of France, Germany, Italy, the Netherlands, Spain, Sweden, and the UK. This survey is based on online adults ages 16 and older who are members of the Ipsos-MORI online panel. Ipsos weighted the data by age, sex, online frequency, and hours spent online to demographically represent the online adult European population per country. Ipsos fielded the survey in October 2011 and motivated respondents with various incentives. For results based on a randomly chosen sample of this size (N = 14,000), there is 95% confidence that the results have a statistical precision of plus or minus 1.0% of what they would be if the entire online adult population of Western Europe had been polled. This confidence interval can widen to 2.2% when the data is analyzed at a country level.

Forrester’s North American Technographic Retail Online Benchmark Recontact Survey, Q3 2011 (US) was fielded in September 2011 to 3,850 US online users ages 18 to 88 as a subsegment of the North American Technographic Online Benchmark Survey, Q3 2011 (US, Canada) population. For results based on a randomly chosen sample of this size (N = 3,850), there is 95% confidence that the results have a statistical precision of plus or minus 1.6% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 3,847. The sample was drawn from members of MarketTools’ online panel, and respondents were motivated by receiving points that could be redeemed for a reward.

Notes For All Technographics Surveys
Please note that weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in either mail or online panels or because of weightings applied to make those samples representative of a country as a whole.

Please note that the samples provided by Ipsos, MarketTools, and TNS are not random samples. While individuals may have been randomly sampled from the relevant panel for each particular survey, they have previously chosen to take part in the panel.

Finally, please note that respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online. The data for all online surveys is weighted to be representative for the total online population on the weighting targets mentioned, but this sample bias may produce results that differ from Forrester’s mail benchmark surveys.

How To Get More Technographics Data Insights
Forrester’s Technographics surveys include many additional questions and parameters by which you can analyze the data contained in this report. If you wish to subscribe to Forrester’s Consumer
Technographics services, please contact your account manager or data@forrester.com. If you are an existing Technographics client, please contact your data advisor at consumerdataadvisor@forrester.com. We can provide additional insights about:

- **Demographics**: age, gender, household size, education, income, financial assets, employment status, and marital status.

- **Financial behavior**: ownership, researching, and buying of financial products; use of online and mobile banking; use of and interest in payment systems.

- **Brands**: banks, insurance companies, and other financial services companies.

- **Attitudes**: technology attitudes, proprietary Technographics segments, and consumer attitudes toward financial services.

**Companies Interviewed For This Report**

We would like to thank the individuals from the following companies and others who generously gave their time during the research for this report.

- American Express
- eLeader
- iDa Mobile
- IND Group
- Intelligent Environments
- Misys
- Monitise
- Nice Systems
- Sandstone Technology
- Telefónica

**ENDNOTES**

1 While many other retail banking innovations — like credit scoring, plastic cards, ATMs, online banking, and microcredit — have brought great convenience to millions of people and increased efficiency in the banking industry, we believe mobile banking will ultimately make a greater difference to the lives of far more people than any other banking innovation of the 20th century because it has the potential to give hundreds of millions of people access to banking and payments systems for the first time or at a far lower cost.

2 Responsive design simplifies many of the challenges that eBusiness teams face today with their web technology architecture by providing a single code base for all web experiences. At the heart of responsive design lies a new feature in CSS3: “media queries.” Media queries empower web developers to apply a specific style-sheet to a page based on the screen size (sometimes referred to as a viewport) of the touchpoint. Subsequently, they can support multiple touchpoints, screen sizes, and orientations from a single set of web templates simply by developing the appropriate styling conventions for each touchpoint via CSS3. See the July 12, 2012, “Understanding Responsive Design” report.
3 Forrester expects that one-third of US adults will have a tablet by 2016. Source: Forrester Research Consumer PC And Tablet Forecast, 2011 To 2016 (US).

Similarly, we expect adoption to reach 30% of European adults by the end of 2016, up from 4% at the end of 2011. Source: Forrester Research Digital Devices Forecast, 2011 To 2016 (Europe).

4 Source: Q4 2011 Global Mobile Maturity Online Survey.

5 CaixaMovil Stores offers 55 mobile apps.

6 For example, Deutsche Postbank’s iPhone app provides an ATM locator showing customers the nearest ATMs where they can withdraw cash for free and helps them get there.

7 USAA was the first bank in the US to offer remote deposit of a check, by taking a photograph of both sides with a phone from within USAA’s mobile application. The service lets customers deposit checks from all around the world without relying on postal systems.

8 In 2009, USAA pioneered mobile remote deposit for its members. Two years later, the mobile deposit service — which is a part of a larger mobile strategy — has exceeded all expectations. The mobile deposit service has seen large-scale adoption and, even more importantly, has moved deposits away from the more costly mail channel. See the November 3, 2011, “Case Study: USAA Makes Mobile Remote Deposit A Core Mobile Offering” report.

9 Pingit launched in February 2012. Although intended primarily as a mobile payment app, Pingit does let Barclays customers see their account balances. Since May 2012, customers have been able to use Pingit to pay small businesses. More than 5,700 small businesses have registered for Pingit. For more information, please visit the Barclays website (www.barclays.co.uk/pingit/).

10 This service, called Hal-Cash, was introduced in 2005. It is owned by six Spanish banks: Bancaja, Banco Popular, Banesto, Bankinter, Caixa Galicia, and Cajamar. Customers can send money to any mobile phone in Spain and to customers in certain other countries. For more information, please visit the Hal-Cash website (http://www.h alcash.com/en/whatis/).

11 For more details, please visit Société Générale’s website (https://particuliers.societegenerale.fr/essentiel_quotidien/banque_distance/services_mobiles/application_iphone.html).

12 Mobile phone makers have begun to add NFC chipsets to their devices. We believe a poor out-of-the-box experience and lack of consumer education, coupled with lack of contactless infrastructure, will inhibit growth in the short term. While Forrester does not believe that mobile contactless payments will become mainstream in the next few years, we believe that banks should prepare for NFC in the context of wallets.

13 Commonwealth Bank of Australia is generating 1% of its overall mortgage leads by using mobile augmented reality (AR) within a homebuyer’s research application to enhance its home-buying service. See the December 22, 2011, “Case Study: Home Buying With Mobile Augmented Reality” report.

14 Any Kiwibank customer can seek human help, provided they are already registered for Internet banking. Once the request is received, Kiwibank assigns an online relationship manager who will reply within 24 hours or set up an appointment for the customer with someone who can. For more information, please visit the Apple App Store (http://itunes.apple.com/nz/app/kiwibank-mobile-banking/id504216653?mt=8).
To make use of the full marketing potential of mobile banking, digital banking executives should go beyond the simple product campaigns, product pages, and calculators that some pioneers have already implemented and start experimenting with time- and location-triggered insurance, savings, and loan offers. See the April 5, 2011, “The Time Is Right To Start Experimenting With Mobile Banking For Marketing And Sales” report.


By “regularly,” we mean having used mobile banking in the past three months to check bank account balances, view transactions, or transfer money to another account using a mobile phone or other mobile device. Owing to the variety of different types of mobile banking — particularly SMS alerts, which some people do not consider to be mobile banking — survey responses about mobile banking use are prone to significant variation based on the exact wording of the question. Source: European Technographics Benchmark Survey, Q2 2011; North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

In France, 8% of online adults with a mobile phone use a mobile banking app compared with 4% in Italy. See the July 17, 2012, “The State Of Mobile Banking In Europe 2012” report. Source: European Technographics Financial Services Online Survey, Q4 2011.

One of the reasons for high SMS alert use in Southern Europe is that it is common for banks in Italy and Spain to confirm transfers like credit card payments with SMS messages to mobile phones. Source: European Technographics Financial Services Online Survey, Q4 2011.

Few SMS-based mobile banking services enable any type of transactions, such as account transfers or other payments.

Most of the “big five” banking providers have now launched mobile offerings, and clients are responding. Consumer adoption of mobile banking in Canada has risen sharply from just 1% in 2008 to 9% at the end of 2010. Adoption of mobile investing, mobile trading, and mobile insurance, however, remains scant. See the August 10, 2011, “The State Of Canadian Mobile Financial Services: 2011” report.

Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2011 (US); European Technographics Financial Services Online Survey, Q4 2011.

Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2011 (US); European Technographics Financial Services Online Survey, Q4 2011.

Source: European Technographics Financial Services Online Survey, Q4 2011.

See Forrester's forthcoming research on mobile wealth management.

We expect that smartphone ownership will continue to grow rapidly across Europe and reach 67% of mobile phone owners by the end of 2016, while mobile Internet use will rise to 54% of mobile phone owners by 2016. Source: Forrester Research Mobile Adoption And Sales Forecast, 2012 To 2017 (US); Forrester Research Mobile Adoption Forecast, 2011 To 2016 (Western Europe).
The benefits of mobile banking, like simplicity, immediacy, and context, mean that it will eventually displace online banking for frequently used day-to-day banking tasks like checking account balances, viewing transaction histories, making transfers, and paying bills. See the December 23, 2010, “Mobile Banking Will Displace Online Banking For Routine Interactions” report.

Although far fewer customers use mobile banking, many banks report that customers who use mobile banking interact with their bank much more often, both because mobile banking encourages interaction and because the most active customers have the most incentive to adopt mobile banking.

With the success of disruptors like Square and PayPal in mind, see the October 27, 2011, “The Disruptor’s Handbook” report.

Mobile digital wallets will combine product discovery (such as coupons and offers) with enhanced product information (such as bar code scanning), mobile payments, digital receipts, and loyalty rewards. This marks the start of a major disruption in retail payments. PayPal’s iPhone app is already one of the most popular finance apps on iTunes in many countries. See the May 27, 2011, “Google Wallet Is Not About Mobile Payments” report.

Payments are a complex business, and the inter-relationships and cross-subsidies between the payments parts of banks’ businesses and the savings and loan parts are difficult to disentangle, even before considering the different dynamics of retail, small business, and corporate customer segments. As a result, few banks have a clear and complete map of the payments flows through their businesses — or the resulting costs and revenues. Nor do many know precisely which parts of a bundle of services their customers most value.

The Kaching app enables multiple types of payment, including transfers between a customer’s own accounts, transfers to other accounts, bill payments through Australia’s BPay service, MasterCard PayPass payments at the point of sale (using an iCarte case, not an integrated NFC chip), payments to friends through email addresses and mobile numbers, and even payments through Facebook. We believe that this is an important step toward providing a true mobile digital wallet and goes further than most other banks have gone. For more details, please visit the Commonwealth Bank of Australia website (http://www.commbank.com.au/mobile/commbank-kaching/what-is-kaching.aspx).

Mobile banking offers an opportunity to cross-sell to existing clients and provide product information to prospects researching financial products: 23% of US smartphone owners say they would be “likely” or “extremely likely” to research via mobile the next time they shop for a financial product, and 18% express this willingness to apply via mobile. Our evaluations reveal a dearth of mobile research and cross-selling features among the top four US banks. See the April 26, 2012, “2012 US Mobile Banking Functionality Rankings” report.

Bankinter has achieved a 3% opt-in rate for its most successful offers, at a significantly lower distribution cost than established marketing channels. Source: Presentation by Nicolas Moya, General Manager, Innovation at Bankinter at The Banker’s Next Generation Mobile Banking event in London, November 14, 2011.

Digital disruption is about to tear down and rebuild every product in every industry. Thanks to digital platforms, your customers live in a world of heightened expectations and abundant options; they can get more of what they want, in more places, at more times, than ever before. Seizing this opportunity, digital
disruptors threaten to make you irrelevant by delivering a more compelling product and service experience than you can and at a lower cost, often without even knowing that they’re upending you. See the October 27, 2011, “The Disruptor’s Handbook” report.

36 Some 87% of US mobile phone owners have not used mobile banking in the past three months. Source: North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

37 For example, 36% of Western European mobile banking holdouts say “I see no value in using it” when asked why they don’t use mobile banking. One-quarter say “I can wait to access my accounts through the telephone, ATM, or the Web.” Source: European Technographics Financial Services Online Survey, Q4 2011.

38 For example, 26% of Western European mobile banking holdouts say “I don’t believe it is safe/secure” when asked why they don’t use mobile banking. Source: European Technographics Financial Services Online Survey, Q4 2011.

39 The bank guarantees that it will refund in full any money taken from an account if a customer becomes a victim of fraud when using mobile banking. Source: “Online and Mobile Security Promise,” NatWest (http://www.natwest.com/personal/online-banking/g1/banking-safely-online/security-promise.ashx).

40 Wells Fargo received the highest score in the “Trust” category in Forrester’s 2012 US Mobile Banking Functionality Rankings, with a security guarantee that is tailored to mobile banking and just one click away from mobile bankers before they enroll or log in. See the April 26, 2012, “2012 US Mobile Banking Functionality Rankings” report.

41 All-you-can-eat bundles have always had restrictions in terms of usage or have, more often than not, been capped above a certain data threshold (500 MB or 1 GB). However, depending on how good the operators are at marketing their new bundles, there is a risk that tiered data plans will create some confusion among consumers — who could cut back their mobile use, fearing a bill shock. See the December 15, 2011, “Western European Mobile Forecast, 2011 To 2016” report.

42 At the end of 2011, there were still many operating system platforms. Nokia’s strategic shift to Microsoft’s Windows eliminated MeeGo, but Symbian has not been abandoned and is still popular in phones outside the US, mostly in emerging countries. New operating systems such as Tizen, supported by Intel and Samsung, have been announced. See the February 14, 2011, “Nokia And Microsoft Tie The Smartphone Knot” report.

43 Among US online adults, 17% use mobile banking services, but only 9% have downloaded a finance application to his or her phone within the past three months. Source: North American Technographics Financial Services Online Benchmark Recontact Survey, Q3 2011 (US).

44 Strategists designing experiences for mobile phones and smartphones must decide on their development priorities across the mobile Web and applications. While some believe this is a fundamental “either/or” choice, customers are using both. The more often people use the mobile Internet, the more they download and use apps and vice versa. Despite the improvement of mobile browsing technologies, we expect mobile apps and the mobile Web to coexist. See the May 2, 2011, “Why The ‘Web Versus Application’ Debate Is Irrelevant To Your Mobile Product Strategy” report.
Many executives have been hoping that HTML5 would mitigate the challenges and costs of developing and maintaining mobile services for a breadth of devices. Adobe’s abandonment of Flash at the end of 2011, combined with support for HTML5 from heavyweights such as Amazon.com, Apple, Google, and Microsoft, increases HTML5’s potential as a solution. However, the experience and performance differences between native and web applications remain noticeable, and realizing the full benefits of HTML5 still requires device- and OS-specific optimization. See the May 2, 2012, “2012 Mobile Trends For eBusiness Professionals” report.

Forrester has written extensively about the approaches to building mobile applications, including the tradeoffs between web and native application development, along with everything that falls in between. See the January 5, 2012, “Building Mobile Apps? Start With Web; Move To Hybrid” report and see the January 24, 2012, “Here Comes The Open Web — Embrace It” report.

As tablets become more widespread, eBusiness and channel strategy executives need to optimize their browser-based websites for tablets, define a tipping point to decide when to build native tablet apps, develop services that make use of tablets’ full potential, and review whether and when to replace the tools branch advisors use today. See the April 28, 2011, “Why Tablets Like The iPad Matter To Financial Services eBusiness Executives” report.

Mobile applications continue to proliferate. But the quality of mobile user experiences ranges from pathetic to pure joy. To deliver apps your users will love, you must design a user experience that is useful, usable, and desirable and that takes into account the five dimensions of the mobile context: location, locomotion, immediacy, intimacy, and device. User experience design is the differentiator. Great mobile apps are the result. See the April 12, 2011, “Mobile App Design Best Practices” report.

In terms of mobile Internet usage, 11% of US online adults with a smartphone use the mobile Internet for more than 15 hours per week compared with only 2% of feature phone users. Source: North American Technographics Online Benchmark Survey, Q3 2011 (US, Canada).

For example, we expect interactive marketing spend by US financial firms to more than double by 2016, with mobile marketing spend growing the fastest in that time. Mobile ad spend will grow to $1.6 billion in 2016 as financial services firms drive awareness of their mobile websites and apps via display ads and capture digital leads with mobile search advertising. See the February 2, 2012, “US Financial Services Lead Interactive Marketing Spending” report.

By monitoring user feedback and tracking new finance apps, executives can get insights into how customers are using mobile devices and what functionality they may be looking for next. See the September 15, 2009, “iPhone Apps Fill Mobile Banking Gaps” report.

It is time to design specific products for the next generation of smartphone owners, who are likely to represent a less engaged, more age-diverse smartphone audience for whom usability and accessibility will become more important than ever. See the March 9, 2011, “Crafting Products For The Next Smartphone Owners” report.
Success in mobile demands a systematic approach, beginning with understanding your customers, then determining your objectives, and then executing a strategy to achieve those objectives. Only once you have completed the first three steps should you choose technologies to implement these strategies and achieve your objectives. See the May 10, 2012, "A Systematic Approach To Mobile Strategy" report and see the September 14, 2010, "POST: Developing An iPad Product Strategy" report.

eBusiness teams lack mobile expertise: 41% of eBusiness executives we surveyed say they have below-average mobile expertise, and another 29% say they are about average. See the June 2, 2011, “Mobile Channel Strategy: An Overview” report.

Product innovation isn’t just a nice-to-have; it’s a must-have, particularly in light of the rapid changes taking place at the intersection of technology and consumer behavior. Product strategists must update their closed product innovation processes with open innovation initiatives to keep pace with the rapid changes affecting markets and end user customers. See the June 11, 2012, “Revolutionize Products Through Open Innovation” report.

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