The Financial Express Thursday, December 10, 2009 Page 4

of a dozen of hard nosed eagles. once by our educated society as charity? Should not the damage 50% reduction by 2020 of

Mobile phone banking technologies

Customer retention is a key area of competitive advantage and competition for banks, it is all about the customer experience and they are competing on that and mobile technology is just one more tool to help them win that war. And that is true globally, writes **Tapan Kanti Sarkar**

BANKS everywhere in the world are searching for ways to harness the power of the mobile phone. And with a large proportion of the nearly four billion mobile phones globally found within Asia, they are already seeing greater impetus for mobile platform development in the region.

Lenders are downplaying large, time-consuming and capital-intensive projects such as wholesale core banking replacement, and putting a premium on recognizable, customer-facing initiatives with the potential to build revenue more quickly. Emerging markets are thus far proving to be among the most fertile grounds for mobile technology expansion.

Customer retention is a key area of competitive advantage and competition for banks, it is all about the customer experience and they are competing on that and mobile technology is just one more tool to help them win that war. And that is true globally.

As financial services institutions scramble to cater to shift in information technology (IT) investment priorities that has come with the evolution of the financial crisis, much is being made of possible opportunities in mobile technology. Solutions providers insist that it is more than just hype. Banks globally are taking notice of this challenge and looking to build their own mobile capabilities to uphold competitiveness.

We are hoping that the slowdown in discretionary IT spend that has placed an emphasis on client-facing technologies will give a lift to mobile phone banking technologies.

Weak fixed infrastructure makes emerging markets prime territory for mobile platforms. People need to make payments, and mobile technology can lay the groundwork, particularly where existing internet services are less mature. underscoring its value in these areas juxtaposed to those where different channel options abound.

In markets like South Asia where regulations prohibit mobile phone operators from entering the financial services space, banks have had greater autonomy with regards to developing their own banking mobile platforms.

But in other parts of Asia, banks are weighing their investment needs as they face intensifying capital pressures on top of potential market competition from mobile phone operators.

According to a study commissioned by Sybase 365 in June 2008, approximately 86% of banks are thought to be launching or making a vendor decision related to mobile payments, with the minimum function being the ability to transfer money between accounts.

Australian Banks, for example, are shifting focus to mobile payments given that a quarter of the market now makes payments with PayPal. Other vendors are expecting similar openings in the retail and corporate arena as the battle for customer loyalty heats up, which could have potentially significant bottom line implications.

A huge chunk of the world's handset market includes the unbanked, opening the door to remittance and payments business growth in geographies such as southeast Asia. Opportunities for mobile phone manufactures may yet translate into business for banks as well.

The Philippines is clearly one example of a high demand mobile market, whereas in Singapore many people have a high speed internet connection in their home already.

There are a series of tentative moves to introduce mobile banking, In Singapore, OCBC Bank and Standard Chartered Bank are among the few lenders that have gone live, while Citi Bank is launching a service of its own.

Maybank in Malaysia and Bangkok Bank in Thailand have also recently introduced new mobile banking services, though they remain exceptions to the rule in their markets.

Vendors argue that time is on their side, however, as banks in developed and developing markets alike are pressed to protect their customers bases and offer new services.

With big revenue yielding IT projects on an indefinite hold for most financial institutions, will no doubt be anxiously hoping that meaningful projects actually do materialise beyond what the market is seeing today.

The writer is Executive Vice President, Head of Information Technology, NCC Bank. He can be reached at e-mail: tapankantisarkar@hotmail.com