Mobile Banking ~
Smart & Secure

This whitepaper is an extract from:

Mobile Banking
Handset & Tablet Market Strategies 2013-2017
1. Mobile Banking Defined: Introduction

1.1 Services and Devices

Juniper Research defines mobile banking as the ‘the provision of banking services to customers on their mobile devices’. Explicitly we refer to this as predominantly ‘the operation of bank current and deposit or savings accounts’, encapsulating services such as deposits, withdrawals, account transfers, and balance inquiry. However, we identify in the report in more detail that the scope of mobile banking is extending rapidly to further types of financial products and services.

Given the technological advancements which have revolutionised mobile communications over the past 12 months, Juniper Research outlines the ‘mobile device’ as including all handheld mobile units supporting mobile telephony and mobile data communication (including smartphones and tablets). Specifically, this classification includes low cost phones, feature phones, smartphones, and tablet devices. Yet this excludes a number of mobile and handheld units with an alternative primary function such as entertainment, for example, digital music players, portable games consoles, or GPS enabled mapping devices.

1.2 Additive and Transformational Banking

There are two types of mobile banking services: additive and transformational. The following table summarises the two categories.

<table>
<thead>
<tr>
<th>Developed &amp; Developing Countries</th>
<th>Additive Banking: Existing bank customers</th>
<th>Transformational Banking: New banking customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greater channel choice &amp; increased convenience</td>
<td>Reaching the under-banked &amp; unbanked</td>
</tr>
</tbody>
</table>

Source: Juniper Research
2. Mobile Commerce

2.1 The Big Picture

Mobile banking forms an essential component of the overall mobile commerce industry, wherein the two are closely inter-related. Empowering users to make account transactions whilst on the move, mobile banking enables supplementary mobile commerce actions to be undertaken as a function of a mobile wallet. Equally, a consumer adopting the mobile phone to make payments reinforces a mutual mentality in which individuals increasingly consider the device as a comprehensive financial tool, and subsequently naturalises its use for ancillary payment actions such as banking. For example, although making a contactless NFC payment for a train or metro ticket is not mobile banking, the recurrent act of paying with a mobile device allows the customer to become more comfortable, and to then find related and additional transactions a more efficient undertaking via their mobile.

mCommerce (mobile commerce) is essentially the process of buying and selling of goods and services through a mobile phone or other handheld wireless devices. mCommerce has been dominated by digital goods stored on the device itself, offering the simplest commercial model and driving its early adoption. ‘Digital goods’ is a diverse category of paid-for content that includes ringtones, logos, wallpapers, music downloads, ticketing, games, and infotainment services amongst others.

However, driven by the growth of smartphones and the development of mobile applications, the scope of and therefore revenue return on mobile commerce has expanded significantly over the past twelve months. mCommerce now embraces the purchase of physical goods (retail), multiple types of ticketing, coupons, and vouchers as well as a range of types of mobile financial services including banking, both in developed and developing countries.

3. How is Mobile Banking Delivered?

Mobile banking services are data-centric which essentially means that we exclude voice-based telephone banking services, including IVR (Interactive Voice Response) services. From a technology viewpoint, mobile banking is delivered in three main ways:

- Messaging-based, predominantly SMS but also USSD
- Mobile browser-based
- Downloadable application: most commonly smartphone but also other types such as STK (SIM application toolkit) and Java

Most banks have at least one mobile messaging offering. Yet a number of the larger banks are now confidently deploying a combination of two and even all three of these technologies, particularly where there is significant smartphone penetration.

4. Mobile Banking Information Service Users

For the purposes of this whitepaper we will assume for practical purposes that all mobile banking users will access these ‘Push’ services, and so the figures presented in Figure 1 also equate to the total number of mobile banking users globally.

Juniper Research forecasts that over 590 million mobile phone users will have made use of their mobile devices for banking information purposes by the end of 2013.
The technology is proven and currently available in most regions of the world, reinforced by exceptional consumer demand, especially within the developed regions. We are forecasting this figure will exceed the 1 billion mark globally by 2017 at a CAGR of 18% over the forecast period.

**Figure 1: Total Mobile Phone Users (m) Who Use Mobile Banking Information Services Split by 8 Key Regions 2017 – 1 Billion**

Source: Juniper Research

---

**Order the Full Report**

**Mobile Banking: Handset & Tablet Market Strategies 2013-2017**

**The Research**

- Available in [pdf](#) and [Excel](#) format

- **Written for all the players involved in the mobile banking value chain, including banks and financial institutions** - you will find our report provides the background knowledge and forecasts you need to understand the underlying trends in the mobile market affecting Mobile Banking

- **Our most detailed research into the banking sector yet.** Containing all key regional forecasts, the report provides you with an in-depth analysis of the core reasons behind the growth in mobile banking such as increased tablet usage and transformative and branchless banking in both developed and developing economies.

- **Gain key insights** into how leading banks are incorporating mobile into their distribution channel strategies and understand the strengths and positioning of other key market players, their products, capabilities and future potential

**What’s New in this Edition?**

- **New Tablet mBanking Forecasts**
- **Additional forecast breakdowns** allowing you to compare the prospects of delivery mechanisms such as Messaging, Browser and Apps for “Push” Mobile Banking Information Services and “Pull” Mobile Bill Payment and Presentment Services.
- **Country level data** for the US, Canada, UK, China and India is also available in the [Interactive Forecast Excel](#)
Key Questions the Report Answers:

1. How many mobile handset users will use their mobile devices for mobile banking information services over the next five years?
2. How will increased tablet usage impact on mBanking adoption?
3. What are the benefits of a multichannel mobile banking strategy?
4. How is the consumer adoption of mobile banking channels changing over the forecast period?
5. What are the opportunities for transformative and branchless banking within developed and most particularly developing economies where there are large populations of underbanked and insubstantial banking infrastructure?
6. How are leading banks incorporating the mobile into distribution channel strategies?
7. What are the primary business models for mobile banking service providers?
8. What are the trends, drivers and constrains affecting the development of the market?

Juniper Research Limited

Juniper Research specialises in providing high quality analytical research reports and consultancy services to the telecoms industry. We have particular expertise in the mobile, wireless, broadband and IP-convergence sectors. Juniper is independent, unbiased, and able to draw from experienced senior managers with proven track records.

Publication Details

Publication date: October 2012

Author: Nitin Bhas

For more information, please contact: Michele Ince, General Manager michele.ince@juniperresearch.com

Juniper Research Ltd, Church Cottage House, Church Square, Basingstoke, Hampshire RG21 7QW UK

Tel: +44 (0)1256 830001/475656

Fax: +44(0)1256 830093

Further executive briefings and whitepapers can be downloaded at www.juniperresearch.com