

A WNS PERSPECTIVE

3 WAYS TO IMPROVE THE MOBILE BANKING EXPERIENCE



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Over the past decade, mobile banking technology has established itself as a critical part of all customer-focused banking strategies. Research shows that mobile banking apps are not only enabling enhanced customer loyalty and advocacy, but are helping banks significantly reduce transaction costs as well.¹

Apps are also becoming an imperative for banks to beat disruptive competition from tech giants and FinTech startups entering the payments and peer-to-peer lending space. No wonder retail banks cite customer acquisition and retention, and disruptive competition as the primary reasons for offering mobile banking apps to their customers.²

The initial focus for banks, however, has been on entering the digital fray with a mobile app of their own so

that they don't lose customers. This has meant offering apps with basic, easy-to-use functions such as checking account balances, viewing transaction histories and paying bills. Some banks offer more advanced transactional features such as remote deposit capture and peer-to-peer payments.³ Though this shallow approach helped banks witness a surge in mobile banking adoption initially, diminishing returns in recurrent usage and stickiness have already set in.

A 2016 survey by Bain & Co., covering 137,000 consumers across 21 countries, has confirmed that the rate of growth in mobile banking transactions is now leveling off, with China actually seeing a decrease in the number of interactions per customer.⁴

This phenomenon is the result of saturation in user experience.

Banks need to recognize this ground reality as their window of innovation to drive the next phase of growth. Users are now looking beyond the basic informative features to assess whether the mobile banking app can truly replace a trip to the bank.

Also, most of the early adoption was driven by millennials and other tech-savvy customers. Banks will have to drive further growth in adoption by addressing the fears and concerns of the older and more conservative demographic. Banks thus need to look at deepening the mobile banking experience and assessing how it compares to a person-to-person interaction at the branch.

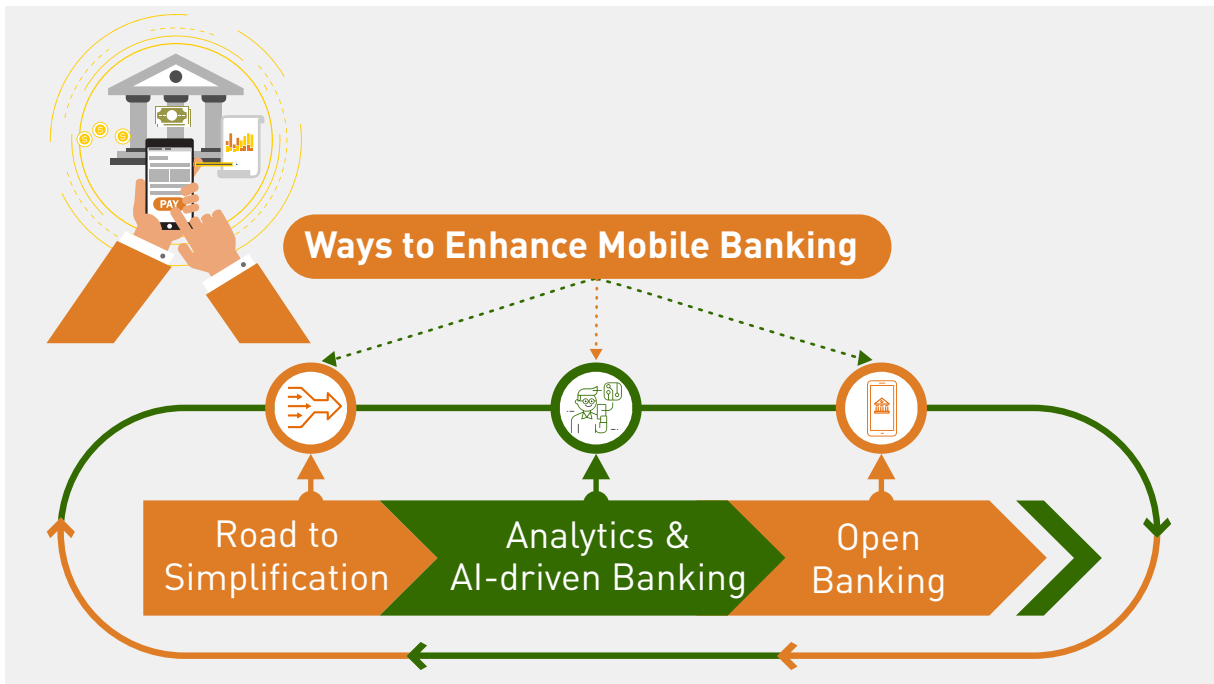
Here are three ways in which banks can re-define the mobile banking user experience to unlock the next level of value.

¹ <http://www.bain.com/publications/articles/customer-loyalty-in-retail-banking-2016.aspx>

² <https://thefinancialbrand.com/69892/mobile-banking-payments-trends/>

³ *ibid*

⁴ *ibid*



Road to Simplification

According to the Bain & Co. global survey, millennials are calling banks for support 1.7 times more than older customers aged 55 years and above.⁵ Most of these calls are for help with managing their accounts and resolving issues. This proves that despite being tech-savvy, younger customers are finding it difficult to figure out complex banking products.

Digital-only banks, on the other hand, offer few, simple to understand products, and have been successful in attracting customers who prefer transparent offerings. Leading banks are looking at

simplifying and streamlining their complex portfolio of offerings to reduce the number of options customers need to choose from.

Another example of simplification is transactions — customers usually have to scroll through lengthy transaction reports to search for one specific transaction. Banking apps with higher ratings are allowing customers to search for individual transactions using natural language commands and filters.

Internal banking processes are complex, and what may appear as

one transaction to the user — for example, loan approval — may involve multiple departments and workflows. When porting these offerings to the digital channel, however, banks need to present each user scenario as one seamless flow.

For example, a leading bank in the U.S., one of the few to offer loan applications on mobile, recently launched its digital mortgage service to guide customers seamlessly through the loan application process on its mobile app.

⁵ <http://www.bain.com/infographics/bank-loyalty-2016/>



Analytics & AI-driven Banking

One of the key reasons why mobile apps have been so successful across industries is their potential to drive personalization. They offer banks customer-specific data and usage patterns, opening the door for in-context service, assistance and offerings.

Banks are now leveraging Artificial Intelligence (AI), advanced and predictive analytics, machine learning and natural language processing to offer features such as bill payment reminders, spend analysis and even recommendations on monthly

savings, credit management and investments through their apps. A lot of these features leverage integrated virtual assistants with natural language capabilities.

For instance, in 2016, a North American bank launched its mobile app-integrated virtual assistant to help customers perform day-to-day transactions, save money and make investment decisions. Another retail bank in the U.S. was one of the first to enable voice-activated banking. Using the iPhone OS, customers can simply ask their app to check their balance, search

for specific transactions or make peer-to-peer payments.

Banks lose anywhere between 25 and 51 percent of secondary product and investment sales to competing banks and FinTech firms.⁶ And in close to half such cases, customers simply receive better-timed offers from competitors. Banks can leverage AI and predictive analytics to make personalized product offers within the mobile app, keeping in mind the customer's financial history and purchase behavior.

⁶ <http://www.bain.com/publications/articles/evolving-the-customer-experience-in-banking.aspx>



Open Banking

Customers now want seamless transactions and information across all their accounts and investments, spurred on by institution-agnostic offerings such as digital wallets. Open banking enables seamless transactions across accounts, and gives customers a comprehensive view of their spending. Such apps also offer opportunities for services such as instant loan approvals, as the most pertinent information regarding the customer's existing assets and loans would be available in one place.

The recently launched app of a Europe-based multinational bank is a good example of open banking. The app allows customers to sync all their accounts, get smart insights on their spending, and even make international money transfers.

One of the top features that customers look for in mobile banking is the ability to make payments across channels with ease. More than 90 percent banks already allow consumers to make payments to an existing payee, and around half allow immediate payments to a new payee or mobile

phone number. However, only 14 percent allow payments to an e-mail address and two percent using social media.⁷ The last two categories are where banks face the most competition from technology platforms and digital wallets allowing peer-to-peer payments.

Despite the slowdown in growth, the business value of mobile banking is still intact. According to a 2016 U.S. Retail Banking Satisfaction Survey, mobile banking users register up to 27 points higher satisfaction scores than non-users.⁸ Another study found that customers registered an increase of 11 percent in their product holdings with a bank within three months of adopting mobile banking.⁹

As banks continue to broaden the capabilities of their mobile apps, an increased focus on promoting these features will be required to pave the way for improved adoption. When customers visit the branch, training the front office staff to show customers how they can complete the same transaction through the app can be a great way to introduce some of the more advanced

features. Focused promotions and incentives to use mobile banking apps for certain transactions are other means of driving greater adoption.

Continued focus on ensuring simplicity and ease of user experience will become even more important as complex features are added. According to Mapa Research, around one-third of the leading mobile banking apps are phasing out older functionality even as they add new ones, in a bid to streamline the overall user experience.¹⁰

Eventually, with open banking allowing any one bank to open up transactions in other bank accounts, user experience will be the key determining factor in driving customers to a specific mobile banking app.


As mobile banking transactions taper off, banks have to innovate & enhance their apps

⁷ <https://thefinancialbrand.com/40109/best-mobile-banking/>

⁸ <https://thefinancialbrand.com/58703/mobile-banking-satisfaction-growth/>

⁹ <https://www.fiserv.com/resources/Mobile-Adoption-White-Paper-January-2016.pdf>

¹⁰ <https://www.maparesearch.com/whats-happening-mobile-banking/>



About WNS

WNS (Holdings) Limited (NYSE: WNS) is a leading global Business Process Management (BPM) company. WNS offers business value to 350+ global clients by combining operational excellence with deep domain expertise in key industry verticals, including banking and financial services, consulting and professional services, healthcare, insurance, manufacturing, media and entertainment, retail and consumer packaged goods, telecommunications and diversified businesses, shipping and logistics, travel and leisure, and utilities and energy. WNS delivers an entire spectrum of business process management services such as customer care, finance and accounting, human resource solutions, research and analytics, technology solutions, and industry-specific back-office and front-office processes. WNS has delivery centers world-wide, including China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, Turkey, U.K. and U.S.



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