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Executive overview

Return on investment in the strategic mobile channel

An independent Tower Group study, commissioned by Accenture.

A young woman uses her credit card to purchase an expensive flat screen television at a major electronics store. Because the purchase exceeds €500, she immediately receives an SMS alert from her bank to verify the transaction. After confirming her purchase, she receives another SMS message from her bank with an offer to put the purchase on a revolving credit line. Being a bit apprehensive about making such a large purchase and coming close to her credit card spending limit, she accepts the offer feeling good that her bank is partnering with her to improve security and managing her finances.

The example above is an actual mobile marketing interaction, in fact two interactions and four to five messages, initiated by a domestically focused, Western European bank with approximately €55 billion in assets. This offer enjoys a 1.4 percent conversion rate with virtually no significant deployment costs. A conventional direct mail program would require significantly more financial and human resources, be less targeted and more rigid, and might result in a 2 percent conversion rate. Mobile offers, when done properly, precisely target a need at the instant it is most relevant to the consumer, and therefore more likely to be accepted. Perhaps more important, the consumer actually appreciates the offer because she recognizes its relevance compared to the blanket, generic offers that typically bombard most consumers. In a nutshell: mobility enables immediacy; immediacy enables relevancy.

Although many financial institutions recognize some value in a basic mobile banking offering, and the inherent future value of mobility, many do not recognize the more immediate benefits that can be derived from deploying certain emerging mobile capabilities today. Many financial institutions are, in fact, actively pursuing and developing new capabilities in this nascent channel, and more importantly, enjoying very positive financial outcomes. To better understand how leading financial institutions are leveraging the mobile channel, Accenture commissioned TowerGroup to study the mobile banking programs at 10 innovative financial institutions across the globe. The case studies provide an overview of the mobile programs, key insights, best practices, adoption rates, future plans, and economic results (where available) for each institution. The case study package also

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includes general observations gleaned from common themes across the institutions as well as a mobile maturity model that is used to map the progress of each institution's mobility program.

In developed economies in North America, Europe, South Africa, the Middle East, and South Asia, TowerGroup discovered a number of mobile initiatives which provide exceptional and differentiated customer service while generating very positive returns on investment. Banks across the spectrum from those with an initial, basic mobile deployment to those that have added advanced capabilities on top of an existing mobile infrastructure find that mobile initiatives produce exceptional results at reasonable investment levels. Perhaps most interesting is that several institutions that deployed additional mobile capabilities on top of their existing mobile infrastructure reported project ROIs of over 300 percent.

Mobile initiatives that provided the most value include third party non-financial content, person to person (P2P) payments, stock trading, remote deposit capture, mobile device subsidies, and transaction authorizations among others. In addition to the specific mobile initiatives explored in the case studies, TowerGroup uncovered a number of common elements of the more successful mobile programs, including:

- Measurement matters:
 - Measuring outcomes is key to the development of impactful future initiatives;
 - Channel economics are important, but understanding the economic impact on the entire customer relationship is critical;
 - Measurement enables "stakeholding", which avoids the risk of mobile being seen as only reducing costs or generating fees (which ultimately stifles usage.)

- Minimizing fees drive greater engagement from customers, which will be critical for future opportunity capture:
 - Cross-selling of both financial and non-financial products;
 - Reaching the underbanked, the next generation of mobile users, who otherwise may not ever become bank customers;
 - Orchestrative lifestyle management—preferences, content, information.
- Banks can be successful being technologically strong or functionally strong—but the pacesetters are both. Leaders continually monitor and leverage handset functionality evolution.
- The mobile channel is still early in its maturity, but must be recognized as an integral delivery channel, with dedicated, passionate support structure.
- Staff engagement was widely cited as critical and a far better investment than external marketing.

As part of our analysis, TowerGroup developed a mobile banking maturity model to better illustrate and compare the progression of mobile capability sophistication to the associated financial returns derived. We found that financial institutions that deploy more sophisticated mobile capabilities at the margin (on top of a solid mobile banking base offering) realized project returns of up to 600 percent. However, a solid basic mobile banking capability that is sufficiently adopted (>10 percent of customer base) also appears to provide very positive returns—reported to be a 270 percent ROI at one such institution.

The mobile banking case studies can help financial institutions gain insights on those programs and initiatives that have been successful for leading global financial institutions, recognize the tremendous potential of the mobile channel to provide highly differentiated capabilities, and realize the underlying market demand for mobile capabilities that address real client needs.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 211,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.6 billion for the fiscal year ended Aug. 31, 2010. Its home page is www.accenture.com.

Accenture commissioned TowerGroup to conduct independent research and analysis of consumer mobile practices and trends in financial services. The content of this report is the product of TowerGroup and is based on independent, unbiased research not tied to any vendor product or solution. Although every effort has been taken to verify the accuracy of this information, neither TowerGroup nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this research or any of the information, opinions, or conclusions set out in the report.



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