



Cards & Loyalty

## MOBILE PAYMENT: THE NEW FRONTIER OF MOBILE BANKING

Banks that are focused on service level and innovation have grasped that m-banking is the hint to manage all the aspects of their customers daily lives, providing access to financial services through mobile devices.

Mobile Payment represents a significant opportunity for Banks to create new revenue streams, being a centerpiece of a multi-channel strategy.

Different actors have shown interest to aggressively enter this new market, but there is still no evidence of the sharpest way to move forward. In order to maintain their competitive advantage against new Players, Banks should leverage on their experience in dealing with security and data protection issues and exploit the value of mobility for customers (ubiquity, ease of use, convergence). Given Italian terrific penetration of cellular phones, m-Payment results in a great opportunity to attain the “War on Cash”, reducing cash related costs and enforcing Anti Money Laundering norms.

There is an already settled demand for different m-payment use cases:

- Person-to-Person Money Transfer: funds' exchange through a brokered service provider;
- Purchase termination (C2B);



- Proximity Payment: transactions can be concluded at both attended and unattended POS locations. The consumer uses a mobile device, as a contactless card, to interact with the POS system;
- Remote Payment: it brings e-commerce payment experience onto mobile devices, accessing merchants' mobile sites/applications.

Next step in the evolution path will be the introduction of M-Wallet, enabling a real convergence of multiple offers on a single device: loyalty cards, m-payments, couponing and geo-positioning offers.

The key market challenge is to redeem the conflict between Finance and TelCo's players. Banks see in the m-payment an extremely valuable source of information on customers spending patterns and preferences, while MNO's are starving for new data targeting and incremental advertising revenues.

The m-Payment market appears to be wide open to new entrants, with banks having a slight edge. To survive in this market Banks have to integrate mobile into existing offerings and rebuild loyalty engagement strategy, based on geosensitive and profiled push communications

At the same time Banks should truly address the market adoption of a NFC standard based on a micro-SD architecture, that's allows them to counterbalance the overpowering strategy of new comers: Apple, Google, Paypal, TelCo's and to catch new market opportunities deriving from:

- Customer Data and Ownership
- Marketing campaign
- Mobile advertising

A "wait and see" approach will let emerging providers peel consumers away from their banks. In this worst scenario Financial institutions will not only vanish m-payment new revenues opportunities, but will also suffer significant losses of current business.