BlackBerry®

THE GUIDE TO CREATING SECURE, PERSONALIZED MOBILE BANKING EXPERIENCES

Enhance customer satisfaction and increase revenue opportunities with CPaaS

Summary

The experience of waiting in line at the local bank branch for everyday transactions is a distant memory or a completely unknown experience for most of today's customers. Steady growth in the use of mobile banking in recent years has resulted in rising customer expectations of the mobile experience and increased competition among financial institutions to attract and retain mobile customers.

To succeed in this fiercely competitive market space, it's no longer enough to provide a mobile banking app that's merely functional. Users tend to shift loyalties often, so the repercussions of mediocrity are potentially significant: lost customers, lost referrals and lost revenue. Differentiation depends on giving users a superior customer experience personalized to their unique needs and communication preferences – all with the assurance of end-to-end security and proven reliability.

Customers' Growing Dependence on Mobile Banking

The worldwide trend toward mobile banking cuts across most financial institutions, from large international banks to credit unions and community banks.[1] Customers' reasons for using mobile banking apps are largely consistent: they're seeking ease, flexibility and timesavings. A Federal Reserve report found 39% of consumers cite convenience as the main reason they started using mobile banking.[2]

The Federal Reserve conducted its first survey of consumer use of mobile financial services in 2011, and usage has increased each year since then.[3] In the most recent report, 43% of mobile phone users with bank accounts and 53% of smartphone users with bank accounts said they use mobile banking. The authors predict that these numbers will continue to rise as more consumers use smartphones and/or recognize the convenience of this service, and as more financial institutions offer mobile banking.

Not surprisingly, mobile banking users tend to be younger (49% of Millennials, 31% of Gen X and 16% of Boomers use mobile banking).[4] As a generation that has grown up with ever-present, on-demand technology, millennials expect a lot from mobile banking and are highly prone to switching if they are dissatisfied. A recent Accenture study found millennials and affluent customers are the most likely demographic groups to switch banks.[5]

The growing shift to mobile and online banking has had dramatic effects on the industry, with some of America's biggest banks closing hundreds of branches in recent years.[6]

A Competitive Landscape

Since it's easier than ever to switch banks in the digital age, customer loyalty is becoming a thing of the past. An Accenture study found 45% of customers either switched banks completely or turned to new providers for additional products or services over a one-year period.[7] With multiple, similar mobile banking options available to consumers – and competitors offering hefty incentives to switch – banks must work hard to create compelling mobile banking apps that can catch, and keep, customers' attention. A 2017 survey of U.S. mobile banking app satisfaction by J.D. Power found that the competition between apps is tight: on a 1,000-point satisfaction scale, a narrow margin (32 points) separated the highest and lowest performing apps – illustrating the importance of constant innovation to keep pace.[8] Among the top-performing apps, the study found ease of use was the key differentiator.

The increasing popularity of digital-only banks and fintech companies poses a real threat to traditional banks: Accenture research found customers who switched banks moved to virtual banks most often.[9] Traditional banks must also contend with the growing number of payment systems, such as Apple® Pay.[10]

In this crowded, competitive environment, finding a way to attract and retain customers is a constant challenge for banks.

Rising Customer Expectations

Mobile banking apps are now a standard service at most financial institutions, so simply introducing a functional app is not enough: banks must offer a digital experience that goes above and beyond the rest. Consumers, especially in the younger demographic, expect a wide range of mobile banking features that enable quick, easy, enjoyable interactions and wide-ranging functionality.

Some customers perceive self-service banking as banks offloading work to customers. For these skeptics to consider mobile banking a service or benefit they want to use, apps must offer unique, value-added features. Accenture research points to "a lot of untapped digital potential" among smartphone users who still do not use mobile banking, urging banks to deliver solutions that customers notice and appreciate.[11]

Banks will realize greater adoption and usage of mobile banking by meeting – and exceeding – customers' increasing expectations. Highly satisfied mobile banking users are more likely to buy additional products and services and recommend the app, and less likely to switch providers.[12]

Security Concerns

One of the top reasons limiting customer adoption of mobile banking is apprehension about the safety of personal and financial data. In the Federal Reserve study, 73% of respondents said they did not use mobile banking because of their concern about the security of the technology.[13] It also found 42% of mobile phone users think their personal information is "very unsafe" or "somewhat unsafe" when they use mobile banking, and an additional 15% "don't know" how safe it is.

In a global survey of senior security executives in banking, respondents reported an average of 85 serious attempted cyberbreaches every year, of which 36% were successful – meaning at least some information was obtained by the hackers during the attack.[14] Further, 59% of affected banks said it took several months to detect the breach.

Even when banks are not directly responsible for customers' financial information being stolen or misused, customers may hold banks responsible and be more likely to terminate their relationship.[15] Major data breaches tend to get widespread media coverage, which can cause serious damage to a bank's reputation and encourage customers to take their business elsewhere.

What Customers Want: Secure, Personalized Mobile Banking

Many banks are boosting their investment in mobile technologies, but only some are strengthening relationships with customers. Two key factors drive adoption of mobile banking apps: trust and an exceptional user experience.

First, a customer must have full assurance that an app will secure their privacy and assets against all threats. Second, once they begin using the app, they must encounter a seamless, efficient, user-driven experience that delivers all the features they need – and more. To sustain this positive customer experience and meet users' evolving expectations, innovation is vital.

Research shows that the most successful mobile banking apps build their entire strategy around enhancing the customer experience.16 Cost savings and revenue increases are still priorities, but they do not drive the process.

For high customer adoption of mobile banking, banks must deliver an experience that customers control.17 A personalized experience means customers can do everything they need to do in exactly the way they want to do them. This requires versatile communication capabilities that enable:

- Human-to-human interactions (such as real-time chat, voice and video)
- Human-to-machine interactions (such as chat bots)
- Machine-to-machine interactions (such as AI predictive analytics that deliver location-based alerts or suggested user actions)

Customers appreciate live chat, for example, because it can make interactions with a bank less formal and time-consuming than a phone call or branch visit, but there are many other possibilities for leading-edge communications in a mobile banking app.

Artificial intelligence (AI) in apps: The Future of Mobile Banking

Intelligent mobile banking apps with embedded AI can provide customers with a next-generation user experience, enabling automated transactions and personalized customer support, advisory services, financial planning and reminders. A 2017 global retail banking trends report found the use of big data, AI, advanced analytics and cognitive computing was the #2 trend identified by respondents (barely behind #1 – improving the customer experience).[18] According to Accenture research, 46% of consumers would be willing to bank using robo-advice in the future, with millennials and affluent customers most open to the idea.[19]

What Banks Want and Need: Easy Integration of Interactive Communication into Mobile Banking

While personalized communication capabilities are critical to customer satisfaction, banks have their own requirements when it comes to implementing those features. They want solutions that offer easy, seamless integration into existing business processes. Banks also need any solution to support future business transformation, allowing them to scale quickly and introduce new mobile banking offerings.
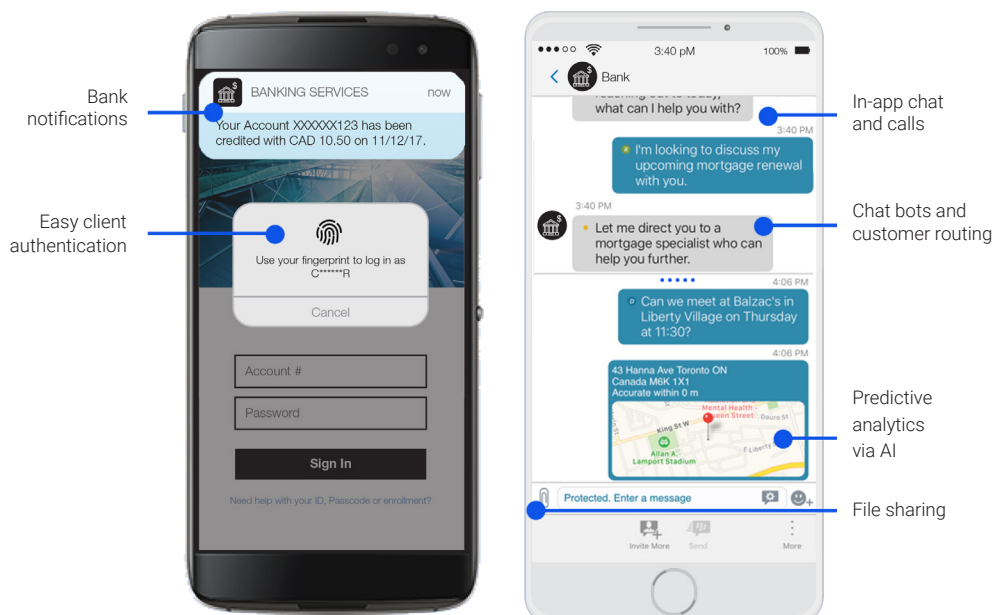
Potential Gains for Banks with Secure, Personalized Mobile Banking

When banks provide customers with secure mobile banking apps that offer an outstanding customer experience, there are multiple potential benefits for the institution. J.D. Power research shows an immediate increase in overall customer satisfaction when customers use mobile banking, and this impact increases even more when mobile banking provides a highly satisfying experience.[20] Banks with the most userfriendly and functional mobile platforms have a significant competitive advantage in customer acquisition and retention.[21]

Mobile banking also tends to optimize cross-selling and revenue. A recent study found mobile banking customers have more product holdings (such as accounts, credit cards, mortgages, etc.) compared to branch-only customers, and bring 72% more revenue.[22]

Next-generation, Future Proof Banking App

Bank notifications

Easy client authentication

In-app chat and calls

Chat bots and customer routing

Predictive analytics via AI

File sharing

The BlackBerry CPaaS Solution – BlackBerry Spark Communications Services

BlackBerry® Spark Communications Services – the secure CPaaS (Communications Platform as a Service) from BlackBerry – enables easy, seamless integration of enterprise-grade communication and data-sharing capabilities directly into your Android, iOS and web mobile banking apps. This IP-based cloud communications platform allows you to create powerful new mobile banking experiences designed to boost customer engagement and loyalty.

Power your Mobile Banking app with a Proven, Secure Communications Infrastructure

- BlackBerry has proven expertise in secure communications and 80+ security certifications
- BlackBerry is experienced in providing an infrastructure that protects over 100 million users globally and billions of chats and calls per day

With BlackBerry® Spark Communications Services, **you can offer customers:**

Rich communication features & strong authentication
- Offer customers much more than basic chat
- Deliver innovative, customized experiences, such as one-tap support, voice calls, face-to-face video communications, and personalized AI chat bots
- Support connections between humans, machines and connected devices in the Internet of Things (IoT), such as peer-to-peer communications and data streaming, machine-powered notifications, predictive analysis and alerts via connections to business systems
- Provide simple, secure access control through customers' existing mobile banking identity

The assurance of high security and privacy

- Build customer trust in the protection of their critical information on your app
- Get end-to-end government-grade encryption (FIPS 140-2 validated), for data both in transit and at rest
- Keep all communications secure: messages are digitally signed, encrypted and subject to integrity signature checks

Reliable delivery

- Give customers proven communications capabilities in their mobile banking app, wherever and whenever they need them
- Leverage the resilient BlackBerry IP-based infrastructure, offering reliability even in areas with low performing-networks
- Safeguard against traditional network outages and spikes

For Financial Institutions, BlackBerry® Spark Communications Services can:

Increase revenue opportunities

- Boost customer engagement by providing a full set of compelling capabilities
- Build customer trust and loyalty, which can lead to increased use of banking services and referrals
- Provide premium offerings that can create new revenue streams

BlackBerry

Enhance banking competitiveness

- Introduce new real-time services and capabilities that transcend the status quo
- Use analytics on app usage (such as time spent on each mobile banking feature) to help make better digital investment decisions

Enable transformation with easy business integration

- Power next-generation interactions between customers and mobile and web banking apps
- Support today's and tomorrow's innovations

Stand apart, with BlackBerry® Spark Communications Services

The mobile banking space will only become more aggressive and congested in the years ahead. To thrive in this market, banks must create secure, personalized, innovative mobile experiences for their customers.

With complete end-to-end encryption, rich and varied communications features, and reliable data delivery, BlackBerry® Spark Communications Services allows you to build mobile banking apps that stand apart from the competition.

Sources

[1]http://banking.com/analysis/mobile-apps-for-community-banks-in-search-of-business-value/

[2]https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-_201603.pdf

[3]https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf

[4]http://www.jdpower.com/press-releases/jd-power-2017-us-retail-banking-satisfaction-study

[5]https://www.accenture.com/t20160609T222453__w__/us-en/_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf

[6]http://www.businessinsider.com/bank-branches-around-the-world-are-shrinking-in-favor-of-digitalmodels-2016-10

[7]https://www.accenture.com/t20160108T051903__w__/us-en/_acnmedia/PDF-3/Accenture-Strategy-Win-Win-Banking-Self-Service.pdf

[8]https://thefinancialbrand.com/66006/mobile-retail-banking-application-satisfaction-study/

[9]https://www.accenture.com/t20160609T222453__w__/us-en/_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf

[10]https://www.theglobeandmail.com/report-on-business/banks-racing-to-ward-off-mobilecompetition-from-apple-and-google/article24814040/

[11]https://www.accenture.com/t20160108T051903__w__/us-en/_acnmedia/PDF-3/Accenture-Strategy-Win-Win-Banking-Self-Service.pdf

[12]https://thefinancialbrand.com/66006/mobile-retail-banking-application-satisfaction-study/

[13]https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf

[14]https://newsroom.accenture.com/news/accenture-report-banks-confident-in-cybersecuritycapabilities-but-lack-of-real-world-testing-leaves-gaps-in-their-defense.htm

[15]https://www.ftc.gov/system/files/documents/public_comments/2016/10/00062-129181.pdf

[16]https://www.accenture.com/t20160108T051903__w__/us-en/_acnmedia/PDF-3/Accenture-Strategy-Win-Win-Banking-Self-Service.pdf

[17]https://www.accenture.com/t20160108T051903__w__/us-en/_acnmedia/PDF-3/Accenture-Strategy-Win-Win-Banking-Self-Service.pdf

[18]https://thefinancialbrand.com/62858/2017-top-banking-trends-predictions-forecast-digital-fintechdata-api/

[19]https://www.accenture.com/t20160609T222453__w__/us-en/_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf

[20]https://thefinancialbrand.com/60125/digital-banking-investment-satisfaction-acquisition-branchtraffic/

[21]https://thefinancialbrand.com/60125/digital-banking-investment-satisfaction-acquisition-branchtraffic/

[22]https://www.forbes.com/sites/forbestechcouncil/