Mobile Banking
Enhancing Your Customers’ Experience

An Experian Perspective
For today’s tech-savvy consumers, banking is no longer a place you go. It’s a thing you do. Banks have worked hard to provide convenient online and mobile tools to make everything from checking balances to making deposits at home or on the go a simple and seamless process for their customers. Mobile conveniences help banks deepen relationships with customers and create a bond based on trust and anticipation of their financial services needs.

Safety concerns that once deterred consumers from trusting mobile banking are a thing of the past. Consumers now see mobile banking as a way to receive fraud alerts at their fingertips 24 hours a day.

Despite the utility of mobile services, financial services marketers need to continue seeking the best ways to increase monetization in the mobile banking channel, whether through driving acquisitions or nurturing deeper customer relationships with additional services and offerings.
Multiple Devices — Single Experience

A consumer’s experience with his or her bank’s mobile platforms is becoming increasingly important. While still a relatively small share of retail spending, ecommerce sales for Q2 2013 reportedly were up 18.5 percent from Q2 2012, the largest year-over-year increase since 2007.

In 2013, about 74,000 new consumers used mobile banking per day.

Consumers have been moving away from the personal computer to connected devices. Citing industry research, the Consumer Financial Protection Bureau (CFPB) reported that in 2013, about 74,000 new consumers used mobile banking per day. Similarly, the Federal Reserve reported that one-third of cell phone users and more than half of smartphone users took advantage of mobile banking. Forward-looking banks have an incredible opportunity to increase the amount of relationship touch-points they have with their customers dramatically — to introduce a wider array of banking products to their customers via mobile.

Studies show profitability can increase by about 25 percent when a customer goes from a bankcard-only relationship with his or her bank to using two or more additional products.

• The customer’s total annual spend can increase by 40 percent.
• His or her 90-day delinquencies can decrease by 90 percent.
• His or her bankcard balance can increase by 75 percent.

Consumers are using not only their smartphones but their tablets as well. Initial tablet adoption was slow at only 5 percent in 2011 but increased to 34 percent in Q1 2013. More consumers are using tablets as replacements for personal computers, considering them a more convenient alternative to browse, conduct business and enjoy entertainment.

Consumers expect their online banking experience to be consistent, regardless of device or location. According to a recent survey, 98 percent of mobile banking consumers move between multiple devices within the same day.

Utilization of Mobile Banking

Customers with a Bankcard and Two Products

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<td>1/3 cellphone users</td>
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<td>Bankcard balance can increase by 75%</td>
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1Experian Decision Analytics, A mobile-centric approach to customer acquisitions, 2013, p. 2.
Confident and Connected — Millennial Lending
Another important story for financial services marketers emerges when considering smartphone user demographics. According to Nielsen, 61 percent of North Americans use smartphones. Seventy-eight percent of millennials — 25- to 34-year-olds — and 75 percent of 18- to 24-year-olds use smartphones. Studies conducted by the Census Bureau indicate that 21- to 23-year-olds comprise the largest age group using smartphones in America.

Millennials have matured into adulthood and ushered in what some are calling “The Digital Age.” They’ve begun to establish a new normal that banks will need to address in order to stay competitive in the decades to come.

21- to 23-year-olds comprise the largest age group using smartphones in America.

Millennials have grown up with technology. In order to gain their banking loyalty as they enter their peak earning years, banks must meet their high digital expectations by treating mobile as a full-service channel.

However, millennials don’t trust banks easily. This group came of age during the financial crisis and has struggled since 2008 to get a foothold. Due to the actions of previous generations that affect them today, some millennials feel a sense of betrayal. Loyalty will be hard won; the relationship needs to start from the ground up.

One way to win their loyalty is to provide them with a path to a bright credit future through education and coaching. What better way to win their trust than to meet them on their preferred channel: mobile?

Even if they don’t qualify today, it doesn’t mean they won’t qualify tomorrow. Some customers from this group will stay with you simply for the convenience of your mobile banking tools or the prepaid card that can help them build good credit habits. Two years from now, however, these same customers could qualify for credit and become lifelong customers.

Transparency is also vital for building a relationship with millennials. They need to be able to see their credit score, credit report and any offers available to them all within their banking application.

Banks that don’t keep pace in the mobile space will lose market share in the coming years as mobile usage among millennials continues to skyrocket.

Fast Facts!3
Meeting today’s consumer expectations

48% of consumers feel frustrated, annoyed and believe “the company doesn’t care about my business” when a site doesn’t work well on a mobile phone.

40% of consumers will turn to a competitor’s site if yours is not mobile-optimized.

1 in 6 people switching banks say a poor mobile banking experience prompted them to shop for a new bank.

The Challenge

The real challenge is to get beyond the race to meet basic expectations and start using the unique features of the mobile platform to acquire new customers and deepen wallet share. Consumer culture has changed over the past decade. Consumers have grown weary of interruptive, generic direct mail campaigns and advertising messages. They expect to be courted via highly personalized offers.

Invitation-to-apply campaigns aren’t as effective for banks anymore either. Though they once brought in a high number of good customers, they’ve proven much less potent, even costly, leading to high charge-off rates and increasing declines.

The proliferation of consumer data has made the ability to make personalized offers online a possibility, but there isn’t more potential for true one-to-one interaction anywhere than in mobile.

Once authenticated, a customer’s personal data can be pulled from your customer relationship management (CRM) database to deliver the right offer to the right customer at the right time. Even more exciting is the potential for location data to trigger personalized offers when they’re most likely to be well received.

The tools are available today to generate new revenue streams via mobile and to connect with qualified and verified customers and prospects and make in-the-moment offers on their terms.

To implement an effective mobile platform, important questions must be addressed, such as:

• How do I keep up with rapidly changing technologies in a mobile ecosystem with multiple platforms and hundreds of device configurations?
• How do I verify identity?
• How can I reach customers and prospects with offers based on physical location?
• How do I maintain both a smooth customer experience and manage risk?
• What kinds of compliance requirements will I need to meet that are specific to the mobile channel?

Empowering the Consumer

The benefits your customers enjoy when you stay a step ahead of fraud include:

• Confidence in a secure mobile experience.
• Peace of mind, knowing that real-time alerts will keep them abreast of any irregular activity on their accounts.
• More mobile banking options available as innovations in security evolve.

Advances in Fraud Protection

Security is the New Currency

The industry has struggled with consumer apprehension over the security of mobile banking and ecommerce. Continued increases in mobile banking and retail spending indicate a positive shift in consumer confidence. However, as ecommerce volume gains share, fraud has kept pace. Banks are taking responsibility for keeping fraud in check by ensuring the identity of the device and the consumer.

Unique mobile capabilities can further solidify a bank’s relationship with its customers by using push notifications and alerts to alleviate security concerns. Conversely, customers are highly likely to switch banks if, at any point, there is a loss of trust in the financial institution’s ability to protect its customers via mobile.

Today’s rigorous device and consumer authentication measures ensure that every transaction is initiated by the right consumer, is executed correctly, and protects both the bank and the consumer against loss.
Acquisitions

Mobile uncovers unique opportunities for financial services marketers to grow their portfolio of loans by thinking differently about the front end of the acquisitions funnel. More so than expanding existing acquisitions strategies or finding new advertising channels, mobile offers ways to provide targeted, customized marketing messages that appeal to a single shopper — a marketing segment of one.

Eight out of 10 retail shoppers research products and prices on their mobile devices while in-store. Through mobile-specific tools such as location-specific SMS (Short Message Service) messages, in-app targeting and QR codes, credit issuers have an opportunity to drive awareness of capabilities and deliver relevant offers to customers while they shop.

Cross-sell/Up-sell

On average, 40 percent of mobile users actively look for deals or promotions from their bank or compare interest rates. Customers know they have a better chance of being accepted when they apply for credit from their current bank. Why rely on impersonal invitations to apply (ITAs) when you can make prequalified offers in real time while your customers are logged in to your mobile app conducting their daily banking business?

ITAs have high charge-offs and negatively impact risk. Prescreen and prequalification offers involve a soft inquiry that doesn’t affect consumer credit. Consumers can receive an offer via mobile to find out what they qualify for, can provide their consent and are presented with offers that they’re most likely to be approved for. All of this happens in seconds.

Credit decisioning no longer requires a long, drawn-out process. Today, it can happen faster than it takes to complete a simple mobile transfer or deposit a check. Experian alone conducts 200 million transactions per year, each one taking an average of 0.5 second for response, with an average uptime availability of 99.995 percent.

Empowering the Consumer

The benefits your customers enjoy when you optimize your mobile acquisitions strategy include:

- A positive first impression via mobile, showing your commitment to providing powerful, convenient, innovative banking tools.
- A banking relationship based on anticipating an individual’s needs and reaching out at the right time to meet them.
- Valuable offers for all customers, which includes some underbanked consumers whose entire digital experience is mobile because they don’t own a computer.

Empowering the Consumer

The benefits your customers enjoy when you optimize your mobile customer-retention program include:

- A higher likelihood of acceptance due to prescreened offers or prequalification.
- A more positive experience when a decline becomes necessary because deals on noncredit banking products can be offered instead.
- They are in the driver’s seat, taking control of their financial lives, even on the go.
- Interactions become more personal since their identity is already authenticated.

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Your institution provides a **simple, secure, best-in-class mobile experience** for your customers while helping you deepen your relationships and access new revenue streams via mobile offers.

### Here’s how it works:
A customer logs in to your mobile app. His or her identity is already authenticated.

#### Pre-screen
- A compelling, firm offer of credit is made.
- The consumer is taken to a prepopulated credit application form. He or she submits it.
- The credit application is submitted instantly, and a credit decision is made.

#### Pre-qualification
- The customer is asked if he or she would like to see offers that are available to him or her. An option to show his or her credit score and report is also available.
- The consumer is taken to a prepopulated form asking for his or her consent to see what offers he or she qualifies for. He or she submits it.
- The best credit offers are shown. The consumer selects one.
- The consumer is taken to a prepopulated credit application form. He or she submits the form, and a decision is made.
Advantages for Retail Credit Offers
More than half of retail consumers are shopping with a smartphone in hand. A world of opportunities for in-store card acquisition opens up. A strategically placed QR code next to a highly desirable product can lead a customer to scan it and see what credit offers are available to him or her via prequalification. Location-based software on smartphones can trigger the banking application to identify the customer and deliver a personalized notification making a prescreened offer or inviting him or her into the prequalification process. It is one of the most important and unique features of the mobile experience. Marketers are only beginning to plumb the depths of the sea of opportunities it presents. Advances in fraud protection make it possible to authenticate identity and provide the safety and security consumers demand.

Imagine This Scenario
When a cashier makes a one-size-fits-all credit card offer at the point of sale, the customer is put on the spot. He or she may be surrounded by other customers in line, making it uncomfortable to process the application with the potential to be declined in front of strangers while holding up the line. What if the mobile banking app, triggered by GPS data, sent a push notification to the customer while he or she was still shopping? Making a prescreened or prequalified offer this way reduces the chance that the customer will be rejected, and he or she can go through the entire process in privacy. Upon approval, the customer can stand in line confidently and present the cashier with the new card number, receiving the benefits as part of his or her first transaction. Right there. Right then. Right when he or she needs it.

Conclusion
The mobile platform will continue to expand and grow beyond what it is today. The leading financial services marketers of tomorrow will provide enhanced protection and peace of mind to the mobile customer as well as micro-targeted prequalification and screening for loan offers. If you wait until tomorrow, you may find yourself behind the curve already. Customers expect full-service channels on their mobile devices today, and they’re willing to reject banks quickly that don’t meet these expectations.

Where do you begin? Start with a broad-based vision. Incorporate mobile into a digital acquisitions road map that spans the entire length of the customer journey. Enhance the customer experience, and generate new revenue streams to lead the next evolution in modern banking.

The Experian Difference
Experian can help you keep up with the rapidly changing technologies in mobile. We’ve done the heavy lifting. We offer the data, analytics and tools to execute a mobile strategy with information on 220 million consumers, 140 million households and 1.2 billion devices. Our proven track record will ensure your mobile banking strategies keep pace with constantly evolving compliance standards.

Verify the Identity of Your Mobile Users
Mitigate loss and instill a sense of security for your customers. Experian can help you ensure that every transaction is initiated by the right consumer, is executed correctly and protects both the bank and the consumer against loss using Experian’s PreciseID® with Knowledge IQ™ and Identity Authentication with Device Intelligence.

Make Personalized Offers Based on Physical Location
We connect the analytical environment with the operational environment to deploy quick, relevant marketing offers to new or existing mobile customers using real-time Decisioning as a Service™ (DaaS), Instant Prescreen, Prequalification, PreciseID and Experian Marketing Services.

Contact us to see how Experian’s unrivaled combination of industry expertise, strategic vision, and proven data and analytics can help you mitigate risk, maximize customer loyalty and deliver sustained revenue growth across the mobile channel, while ensuring your customers enjoy an enhanced mobile experience.

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