

Banking on apps

Easy, convenient and secure-to-use apps can make mobile banking a seamless affair

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SA FE, secure banking available whenever, wherever through customers' mobile devices—a dismal scenario in India, but not quite in an emerging country like Bangladesh which has mind boggling mobile transactions. Consider the money transfer statistics emanating from India's beautiful neighbour in the East: 350,000 domestic and international transfers take place per month, and international remittances of approximately \$200 per transaction are undertaken in a safe, fast and affordable manner. Using mobile banking services, a staggering 500,000 utility payments transactions are executed every month, thereby saving valuable time for the subscribers and avoiding loss of daily wage earning and travel costs. It almost seems unnecessary to carry a wallet anymore, at least in Bangladesh.

The global mobile banking industry is expected to reach 1.1 billion customers by 2015. In contrast, India's mobile population might be growing at a rapid pace, estimated to be over 873 million strong, but the percentage of these connections using banking services on the mobile is dismal. About 51.4% of nearly 89.3 million farmer households do not have access to any credit either from institutional or non institutional sources. Majority of the rural population don't have a deposit account which means that they do not have access to basic financial services. The thought is to reach all segments of people and it is neither feasible nor viable to build bank branches in each corner. The reach with partners like mobile network operators will help banks have business correspondent networks for cash-in/out requirements of consumers.

With the continuing rapid penetration of mobile phones and the growing need for real-time cashless payments, mobile commerce and the idea of mobile banking is quickly gaining popularity. "India is going through the most exciting times of the telecom revolution, as is evident from the Reserve Bank of India's (RBI) decision to allow mobile operators to facilitate financial transactions," says Manoranjan Mohapatra, CEO of Comviva, a mobile software maker. "The government's target of achieving 100% rural teledensity by 2020 will also be a catalyst for financial inclusion," he adds.

The government and the Reserve Bank of India have been emphasising on financial inclusion and enabling basic banking and financial services reach the vast majority of the population. With the mobile phone being the most ubiquitous device, the regulator along with various stakeholders have been working to leverage this medium. In India, 21 banks have started providing mobile banking services. India has just 240 million individuals with bank accounts, 20 million credit cards, 88,000 bank branches, and 70,000 ATMs. Of the households without a bank account, 42% have at least one mobile phone.

As mobile apps become more sophisticated, mobile banking can also become a more convenient alternative to online banking. "With India being a price sensitive market, it is essential that the application should have a value proposition for the consumer," says Srinivas Nidugondi, vice-president (mobile financial solutions), Comviva.

"If we have an application which urban consumers are comfortable to use but general consumers on the road are not, then it loses out the value proposition for them," he adds.

According to Srinivas, a mobile app should be such that it can be easily accessed from a basic to high-end smartphone. While short messaging service (SMS) and interactive voice response (IVR) based solutions are best applicable to the unbanked and unorganised sector, the more organised and mature sectors can utilise the mobile services that are based on mobile applications or Web browser, and near field communication (NFC), a functionality wherein you only need to tap to connect.

Comviva has developed the mobiquity solution not only to bring greater convenience to banked customers but also to extend mobile financial services to a wider base of users by enabling affordable, simple and convenient access to financial services over the mobile.



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"There are many millions of customers who are using our platform across the world with tens of millions transaction from a basic banking services outreach," Srinivas says.

A recent report by Boston Consulting Group (BCG) says that mobile banking in India is set to generate fee-based income of ₹20,250 crore over the next five years, mainly driven by lower transaction cost, favourable regulatory environment and Unique Identification (UID) project. By 2015, \$350 billion in payment and banking transactions could flow through mobile phones, compared with about \$235 billion of total credit and debit-card transactions today. The largest share of mobile transaction is expected from remittances of urban workers to their families in rural centres, expected to be \$70 billion annually in the next four years.

While the number of customers actively using mobile banking has not yet reached critical mass, the building blocks for having a strong and robust systems have been put in place. And, useful and convenient mobile banking apps that allow customers to check bank balances, make payments, transfer funds and find their bank's nearest ATM on-the-go, can certainly give a fillip to this convenient form of banking.