



Profiting from the Mobile Channel

*lessons from successful
mobile banking implementations*



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Significant Players

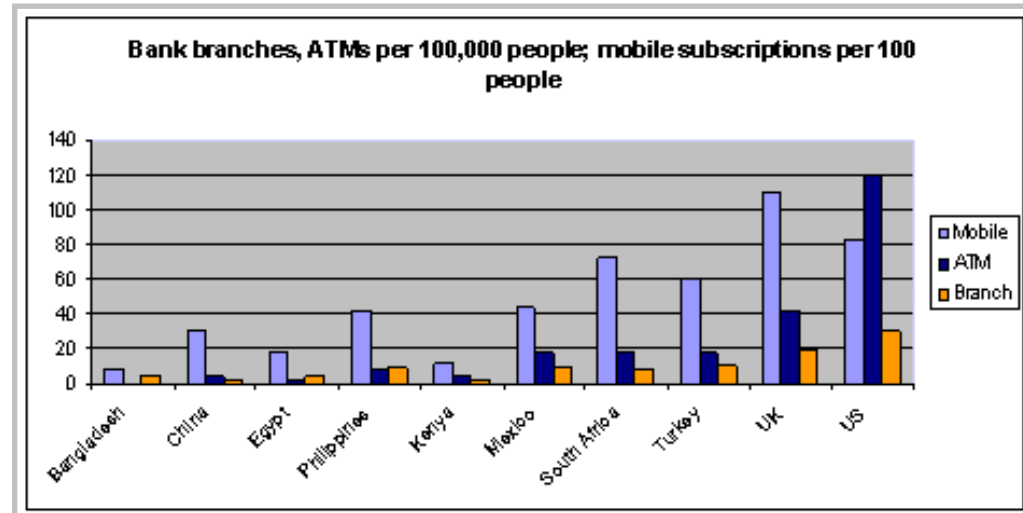
- *4 of the top 50 retail banks in the world are Australasian*

Advanced in Electronic Payments

- *New Zealand has 1 EFT-POS terminal per 35 citizens and highest electronic transaction rates in the world*

Lower Costs Structures

- *Bank Consolidation*
- *Electronic Self-Service*



About ANZ

World Top 50 bank - Global Fortune 500 Company.

2006 Metrics - Revenues (\$13b), Profit (\$2b), Assets (\$188b).

HQ in Melbourne, Australia. Retail banking operations in Australia, New Zealand and Asia

Retail Customers - 4m in Australia, 2m in New Zealand



Two Ways to PROFIT



The Business Case for Mobile Banking

1. Additional Service Revenues

- *\$0 - \$5 per month (M-Com customer data)*

2. New Transactional Revenues

- *\$0 - \$3 per transaction (M-Com customer data)*

3. Offline Channel Migration Cost Savings

- *\$20-30 per annum per offline consumer (M-Com customer data)*

4. Enhanced Retention

- *85 to 93% retention for Gen Y consumers (M-Com customer data)*

5. Targeted Acquisition

- *75% of Gen Y see it as part of their criteria (Celent 2007)*

Stakeholders in Mobile Banking



Marketing / Products - *New Revenue and Differentiation*



Channels / Distribution - *Lowest Cost Channel Migration*



IT / Infrastructure - *Low Complexity and Operating Costs*



Payments - *Integration and Leverage to Ongoing Revenue Streams*

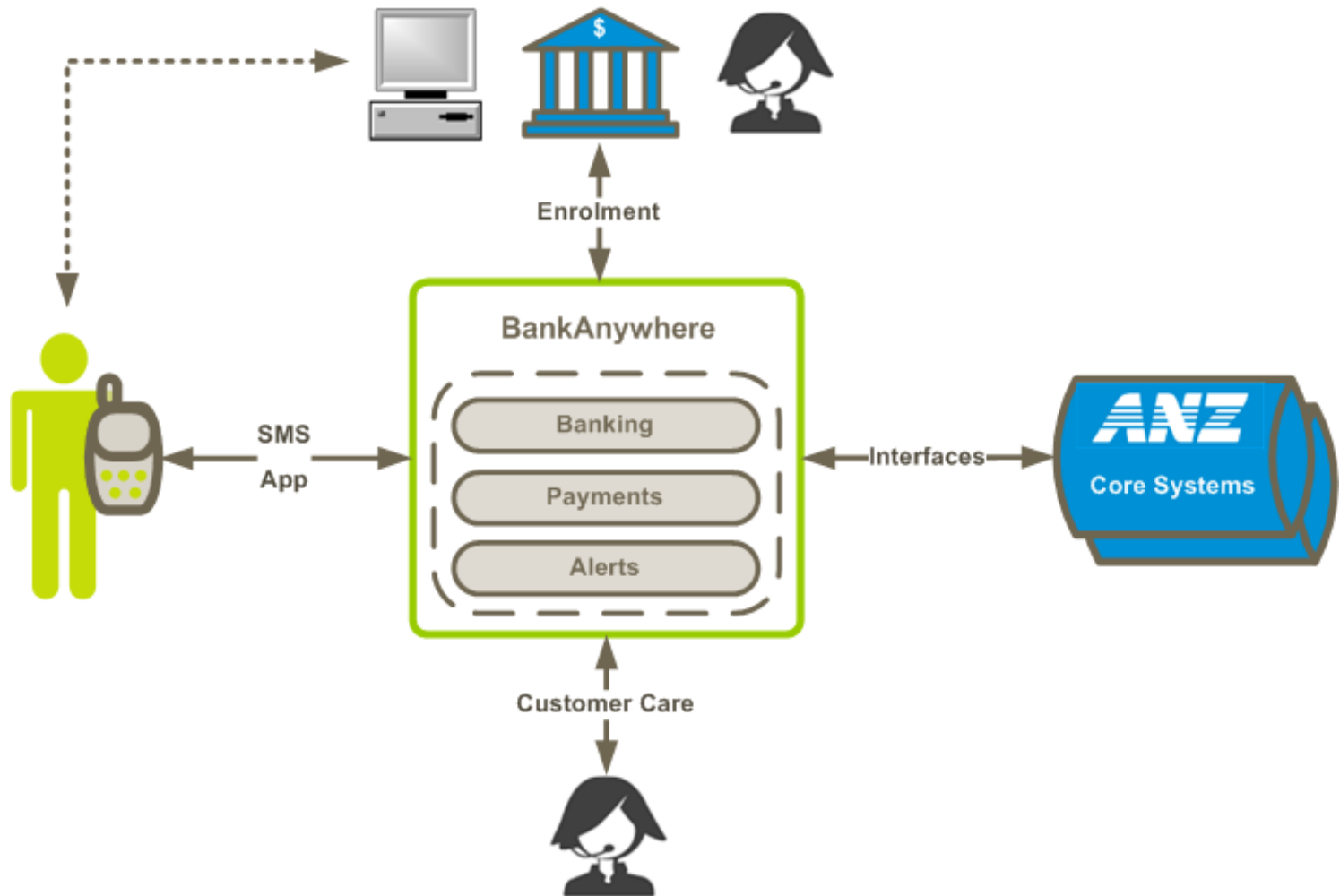


Operations - *End to End Superior Customer Experience*



Retail / Branch - *???????*

Solution Overview for ANZ



Revenue from the Mobile Channel



ANZ TXT Banking

Fees and charges

For **just \$2 a month** you can use TXT Banking and M-Banking to check your balances and view mini statements. You can also use M-Banking to transfer money between your ANZ accounts and to make a Pay Anyone payment to any New Zealand bank account. Extra fees apply to receive Account Alerts.

Monthly access fee:	TXT Banking only	\$2.00
	M-Banking only	\$2.00
	Both TXT and M-Banking	\$2.00
Account transfers:	normal transaction fees	
Pay Anyone:	normal transaction fees	
Account Alerts:	to set up a new alert	Free* (or \$5.00)
	to change or cancel an alert	Free* (or \$5.00)
	to receive an alert	25c each

ANZ

Mobile Banking FAQs

General help

Security help

Registration help

Technical or equipment help

Terms and conditions

How much does Mobile Banking cost?

It's free to register for Mobile Banking and there's no monthly fee.

- login to Online Banking each month and earn up to 10 free txts for alerts and Mobile Banking
- otherwise, balance request txts cost 25c each

Your mobile provider's txt charges will be charged to your mobile account or debited from your prepay balance. Contact your provider for details on their fees and charges.

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How will Mobile Banking transactions show on my statement?

Mobile Banking transactions and fees will show on your nominated account's transaction list as follows.

- Each txt balance enquiry will show on your statement as 'Mobile Banking balance' with the 25c fee alongside.

Fees

Txt-Banking

Txt-Request fee (includes the sent and return text and is charged to your nominated account) (first month is free)	25 cents per text
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The text cost charged by your network provider applies in addition to this fee and is charged to your mobile phone account or deducted from your Prepay balance (currently 20 cents per text). This cost is not included in promotions or special pricing.

M-Banking

Monthly M-Banking fee (charged to your nominated account) (first month is free)	\$2.00
Alert Service fee	25 cents per alert
One-off payment fee (charged to the account you are paying from)	25 cents per payment
Alert Set-up fee via M-Banking	waived
Alert Set-up fee via staff	\$3.75

The data cost charged by your network provider for downloading and use of the application applies in addition to these fees and is charged to your mobile phone account or deducted from your Prepay balance. The charge will depend on the data plan or WAP charges from your network provider – see the Telecom and Vodafone websites for more details.

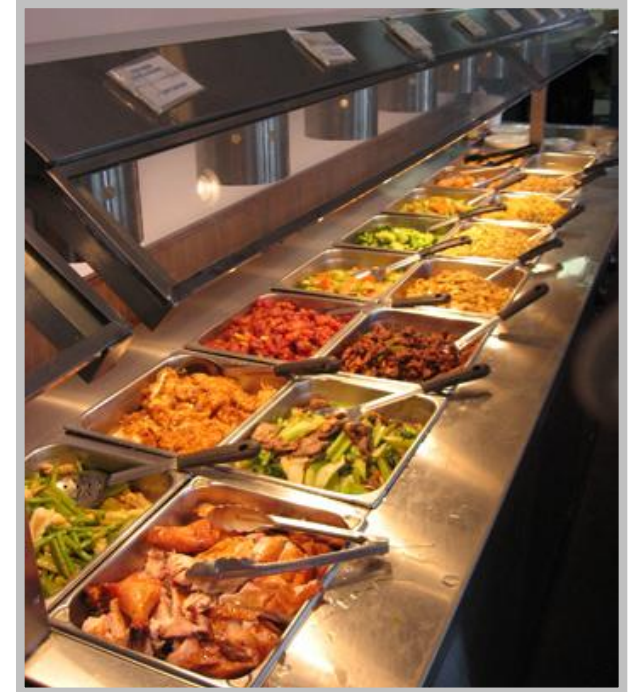
National Bank

Westpac

Cost Reduction through the Mobile Channel



- Channel Migration
- Self-Service
- Operational Processes
- Automation
- Customer Retention



The Role of the Branch in Mobile Banking?



- **Selling the Benefits**
- **Distributing Collateral**
- **Educating Consumers**
- **Enrolment and Activation**
- **Managing Preferences**
- **Customer Care**
- **Suggesting Enhancements**

M-Com's Advice to US Banks

Mobile is NOT Online

- Different customer segments, different habits
- 40% of mobile banking consumers not online

Financial Services is NOT simply Banking

- Consumers want new services, not just replication of existing ones

Mobile = Service Channel \pm Payment Instrument

- Consumers expect convergence > banks must develop roadmap to mobile payment models

Standalone Technology is Costly

- Mobile channel must be integrated into existing bank technology and process assets, including branches

NOT SMS vs WAP vs App

- Consumers want whatever suits them and their device (*think; online banking, instant messaging, email, chat, etc.*)
- >30% use more than one access mode

Consumers Will Pay for Convenience

- Mobile can be marketed as a premium channel
- Mobile can increase value of existing products and services

Questions, Discussions and Compliments





Pedigree

- M-Com has been focused on mobile banking and mobile payments since 2000.
- Founders and management team from the payments industry - experts in understanding the business of payment and banking technology.
- Blue Chip / Fortune 500 Customers -ANZ, Washington Mutual, GE Money, Westpac.

Innovation (World Firsts)

- Real-time mobile credit card payment application.
- Real-time EFTPOS style debit payment through SMS.
- 'Triple Play' mobile banking product.
- National mobile payment infrastructure (any bank, any mobile network, any mobile technical channel).
- Multi-bank, multi-currency, multi-jurisdiction mobile banking implementation.

Geography

- Sales and Marketing HQ - Atlanta, GA
- Research and Development HQ - Auckland, New Zealand
- Customers in the USA, New Zealand, Australia, Middle East, Asia and Canada.
- Global partner of Microsoft.
- US partner of Fiserv under label 'Fiserv Mobile Money'