

Mobile Challenges in Retail Banking

Solutions to :



Increase efficiency



Reduce mobile development costs

Mobile Challenges in Retail Banking

Solutions to reduce costs and increase efficiency

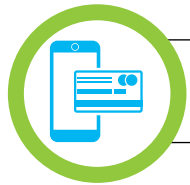
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Current situation and challenges

Mature digital operating model: 4 major benefits

Transition towards the new digital model

About TRASY







Introduction

Banks – especially retail banks – are at a turning point and they need to rethink their business model if they want to survive. Technology evolution and the mobile revolution have changed consumer behaviour and forced banks to embrace the Digital Transformation.

TRASYS can guide retail banks through this transformation by helping them to adopt a unified strategy and use cross-platform development. In this way, banking organisations can save 50% on their mobile development costs.

An overview of the benefits:




-  Reduces time to market in a quickly evolving digital world.
-  Deals with multiple mobile devices and their specific technologies.
-  Keep costs under control.
-  Leverages the mobile devices to capture additional client data and client behaviour.



Current situation and challenges

Over the last five years, most banks have invested in mobile projects. However, budgets have been limited and there has been no long-term vision. These first projects were primarily considered a proof of concept or a must-do.

A typical bank has three types of mobile applications:

-  Mobile banking
-  Mobile payment prototype
-  Mobile devices for staff

Current situation and challenges

Challenges of each mobile application

1. **Mobile banking apps** offer clients remote access to all banking functions. For these apps to be widely adopted, they need to be available on all existing mobile operating systems. However, most banks have decided to launch their initial versions on only one type of device and extend it to other devices later.

Bearing in mind that the number of devices, operating systems, configurations, etc. is growing rapidly, banks will see an explosion in their development costs if they keep the same organisational structure and development model.

2. **Mobile payment apps** are a new way of making payments using a mobile phone. This business will grow significantly over the next few years but today it still lacks standards, interoperability and merchant adoption. Most banks consider developments in this area as 'innovation' or 'research & development' and not a priority – they go far beyond meeting regulatory deadlines.

3. **Mobile devices for staff** involve internal projects that give employees mobile access to their software environment. The integration with existing business systems is the biggest hurdle to this access. Today, banks provide a specific mobile device to their staff, which makes the app development easier as the number of platforms is limited. While the BYOD (bring your own device) trend is reducing hardware costs, it makes integration and support considerably more complex.



COST EXPLOSION

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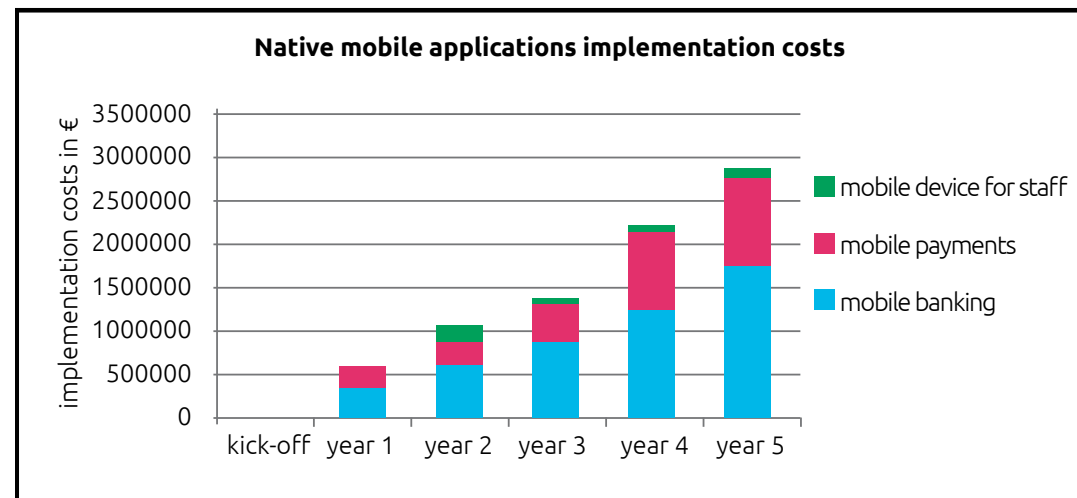


Implementation costs for native mobile applications

Nowadays, all these mobile projects are usually handled by different business departments and often by different IT people working with external partners. This makes monitoring projects, financial control and the pooling of assets even more complex. In addition, since both the Chief Marketing Officer (CMO) and the Chief Information Officer (CIO) departments are heavily involved, each with their own objectives and ways of working, it also slows down the creation of a unique corporate vision of mobile projects.

Implementation costs

TRASYS has analysed the costs of developing these three mobile applications and found that they increase exponentially over time, as shown in the graph:









Mature digital operating model: four major benefits

When we talk about mobile projects, there is a clear dichotomy between the device itself – with all the apps, the customer journey and possible applications – and the core systems that perform the operations. The current operating model is not suited to the customers' increasing demands related to mobile apps. The mobile revolution is forcing banks to rethink the way they face these new challenges and increase their maturity level. This will impact their organisation, roles, responsibilities and technologies.

In order for banks to streamline all their mobile initiatives, they need to adopt a mature digital operating model. But first it is important to define new roles and responsibilities so that the organisation can:

-  Reduce time to market in a quickly evolving digital world.
-  Deal with multiple mobile devices and their specific technologies.
-  Keep costs under control.
-  Leverage the mobile devices to capture additional client data and client behaviour.

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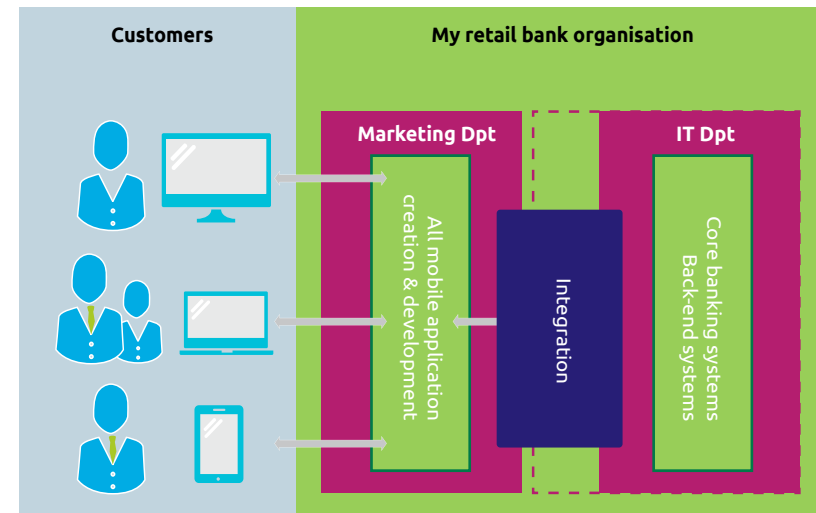
FRAGMENTED INITIATIVES

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Prerequisite: new roles and responsibilities

At TRASYS we strongly believe that the role of the marketing department will evolve to include new responsibilities. The Chief Marketing Officer (CMO) needs to be in charge of all customer-facing products such as advertising, brochures, mobile apps and websites. At the IT department, the Chief Information Officer (CIO) should be responsible for providing a solid integration layer with documented and secured access to the back-end systems.





Benefit 1

Reduce time to market

At the executive level, there is often some tension between the CMO and CIO. As the consumer always wants 'more' and 'faster', marketing people keep pushing for new developments, new corporate images and new apps to be delivered in the shortest possible time. This philosophy is completely different from the one governing traditional IT core business developments, which are huge projects that are implemented in a highly complex environment and need to be rigorous and faultless.

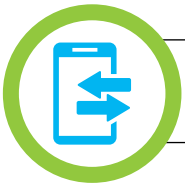
All developments for mobile devices should be seen as 'marketing products'. Not only do mobile apps interact with back-office systems and core banking applications, but they also have to be agile, proactive, easily adaptable and stylish, all within a highly secure end-to-end perimeter.

ALL AT THE SAME TIME

Not only do mobile apps interact with back-office systems and core banking applications, but they also have to be agile, proactive, easily adaptable and stylish, all within a highly secure end-to-end perimeter.

Assuming that a set of web services is available from the back-end systems, shifting the development of these user-facing apps to the marketing department will lead to drastically reducing the time to market of new products and services.

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DEVELOP ONCE
 The main costs for banks when developing apps result from the multiplicity of platforms and the increasing number of devices.
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Benefit 2

Dealing with multiple mobile devices and their specific technologies

The main costs for banks when developing apps result from the multiplicity of platforms and the increasing number of devices. Cross-platform development for mobile apps allows designers to build the app once and deploy it on all devices, offering a single user experience. The key advantage of this concept is that it lowers the development costs of applications that have to be deployed on many devices. The disadvantage, claim developers, is that it is difficult to replicate the same level of intuitiveness, look and user experience compared to native development.

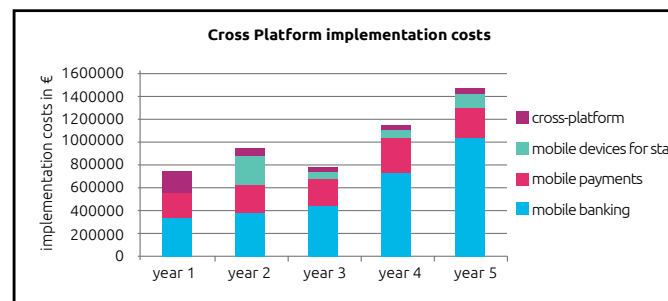
Based on a study by the research and advisory firm Forrester, TRASYS prepared a cost projection for using IBM's cross-platform development tool IBM MobileFirst. In addition to costs related to mobile banking, mobile payments and mobile devices for staff, TRASYS added the costs related to using, training for and licensing the IBM technology.

As the graph shows, there is an initial investment for the technology and the implementation costs increase with the number of devices

and operating systems supported. Depending on the size and internal processes complexity of the bank, amounts can vary a lot, but we are confident that the ratios will remain the same.

If the application is built within this cross-platform development tool and deployed to many different devices and operating systems, any changes,

upgrades or maintenance have to be performed only once, and they can be deployed automatically using best-of-breed, end-to-end security. This is a major advantage for CMOs as it drastically decreases the time to market of any changes made to the customer-facing apps.



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COST CONTROL
 Investing 33% more upfront
 can save you 50% on your mobile
 development costs!
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Benefit 3

Keeping costs under control

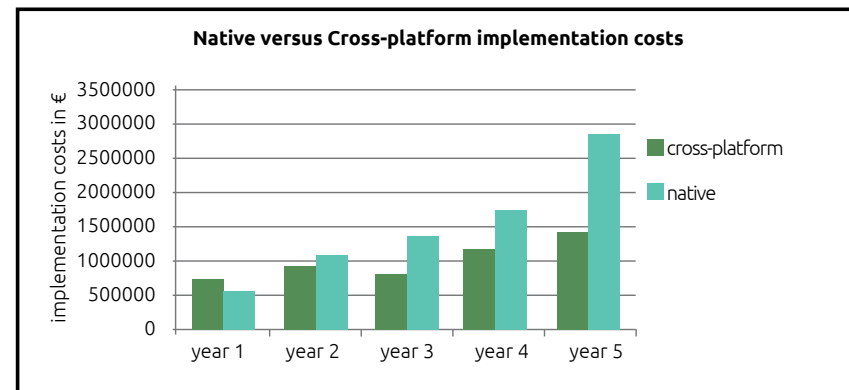
The mature digital operating model brings tremendous benefits. By taking a closer look at the technology side, we can see clear evidence of a huge return on investment.

TRASYS has calculated the costs of native development (an application developed for use on a particular platform or device) versus cross-platform development. The results are shown in the next graph.

Although using a cross-platform development tool requires a higher upfront investment compared to developing natively (about 33% more expensive), the benefits are already tangible in the second year the investment is largely reimbursed by the third year. In subsequent years, the native development costs are double those of cross-platform development.

The conclusion: investing 33% more upfront can save you 50% on your mobile development costs!

For a medium-sized bank, the benefit after three years is half a million euros, including the investment. After five years the cost savings are an estimated 3 million euros based on real costs of 5 million euros.



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CLIENT DATA
 Mobile applications are among the most important sources of information about consumer behaviour.
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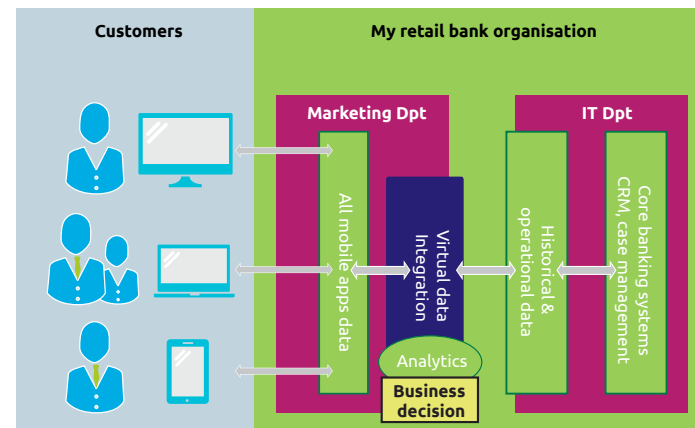


Benefit 4

Leveraging mobile devices to capture additional client data and client behaviour

In today’s digital world, knowledge is key. This knowledge is based on data from different sources and mobile applications are among the most important sources of information about consumer behaviour. In this operating model, the marketing department will be at the intersection of data coming from mobile devices and data coming from back-office systems: CRM, case management, archives, etc. These data can be linked with external sources such as social networks and independent providers such as Bloomberg, Reuters, ...

Good data with powerful analytical tools will provide more accurate guidance for making business decisions and give the bank a considerable competitive advantage over its competitors.





SHARED DELIVERY CENTER

Offering the best solution in terms of quality, expertise, flexibility & costs.



TRASYS' mobile solutions

TRASYS supports IT in large organisations with the deployment of mobile solutions by delivering cross-platform mobile development, deployment, management and support capabilities.

By integrating mobility in the IT architecture and governance, we ensure interoperability between mobile applications and legacy systems, fast and incremental deployment and delivery of a new level of customer experience.

In addition, TRASYS' Mobile Apps Development Factory allows customer to share best practices and developers and smooth down peaks and drops in application development workload. We propose a shared delivery center of outcomes-driven practitioners offering the best solutions in terms of quality, expertise, flexibility and costs.



About the author

Christophe Patris is Solution Line Manager at TRASYS, in charge of mobility solutions. He helps our clients to take the next step in reducing mobile development costs and increasing efficiency of mobile workers.



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About TRASYS

TRASYS is a €70 million+ IT solutions & services company that helps customers in government, manufacturing, energy & utilities and financial services to tackle business-critical and transformation challenges. Operating throughout Europe and headquartered in Brussels, TRASYS prides itself on getting IT done and empowers customers to increase business agility and enhance operating efficiency.

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