

# Engaging Financial Services Clients Through Mobile

How finance brands can create **mobile engagement**, deliver exceptional experiences, and build loyalty to increase revenue and customer retention.

## Introduction

Financial services companies face real challenges when it comes to mobile adoption. Not everyone is comfortable with using the same device they use to play games or text friends to manage their money on the move, but this barrier is fast disappearing. The increasing prevalence of powerful smartphones has made the ability to perform transactional or account management functions possible - and a requirement for the majority of customers.

Financial institutions have been making significant organisational changes to deliver the types of high-quality mobile experiences that customers expect. These actions include reassessing their compliance, security, IT infrastructure, marketing, retail processes and more. This often equates to nothing short of a digital transformation within the organisation.

In this paper, we will uncover what customers expect, examine some of the technology at financial brands' disposal, share tips for creating a mobile-first strategy, and take a look at what the future holds for digital banking and financial services.

# Customers Expect Mobile Engagement

According to a ING study, 55 percent of mobile device owners in the UK said they used mobile banking, and a further 12 percent expected to start using it within the next 12 months. In the same year, mobile was the primary method of banking for 62 percent of Americans, according to Bank of America. A 2017 FIS PACE Report noted that 70 percent of millennials said they'd checked their bank account on a mobile device in the past month.

It's clear that a robust mobile offering is now a necessity for financial institutions looking to connect with customers. So, what mobile services do customers expect from financial services brands?

## Security

According to Forrester's 2016 Global Mobile Banking Benchmark, 35 percent of adults in the UK who do not use mobile banking cite "security concerns" as the main barrier – the largest single factor cited.

## Functionality, Flexibility & Reliability

Many consumers are unwilling to relinquish any of the services or convenience they've enjoyed, such as walking into a branch to make appointments, discuss their finances, or carry out transactions. At the same time, they've also come to expect a similar (or in many cases greater) level of service and reliability in more channels - particularly digital channels.

## Omni-Channel

Consumers are omni-channel. They don't think about why there are queues in branches at lunch times and why your website can't authenticate them - they just expect you to be present at whatever time they want, via whatever channel they're using.

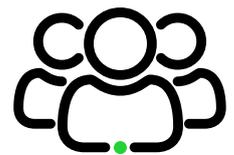
In essence, customers want seamless financial services whether they are walking into a branch, dealing with a contact centre or logging in online. When it comes to mobile, they want to use it like every other channel - on their terms. Unfortunately, many financial institutions are struggling to deliver the discrete services needed to satisfy customers. Forrester's report shows that more than a third of banks in Europe and the Americas offer mobile banking solutions with poor usability. But the problem is wider than that. Almost all institutions experience real challenges when it comes to keeping up with the pace of technical and organisational changes required to deliver truly linked customer experiences across all of their touchpoints.



**55%** of mobile device owners in the UK are using mobile banking



**62%** of Americans prefer using their mobile for banking



**70%** of millennials are checking their bank account on a mobile device

# Obstacles That Hamper Mobile Innovation

The concept of high-quality customer experiences, delivered across channels and underpinned by a single view of the customer, has been around for many years. So why are brands still struggling to connect the dots despite the ubiquity of technology that should allow this to happen? What is making it so difficult to deliver a seamless multi-channel experience to customers?

Perhaps the biggest obstacles facing existing financial services brands are legacy operational systems and processes. Financial brands have some of the most stringent security needs and some of the most onerous regulatory requirements of any industry, making it difficult to quickly implement changes.

Many legacy back office systems and customer-facing tools, such as online banking or insurance policy

management, were likely built with little input from marketers or thought toward usability - in the not-too-distant past, systems were the domain of the IT department. As these systems have aged, they have not been easy to adapt to modern customer experience standards or organisational security needs. Worse, many were built in a time

before the idea of single customer views or multi-channel communication, so they are difficult to integrate with other services and often present real stumbling blocks to organisational change.

This is not just a systems issue. In the UK, some banks, pension funds and insurance providers have existed for (quite literally) hundreds of years. Even those with comparatively short histories often span decades. This can often lead to the development of fixed hierarchy and organisational silos, further hindering change.

## Mobile Channel Choices

A snapshot of some of the key communications technologies and platforms in use by brands today.



### SMS (Short Message Service)

You have been able to send and receive SMS messages on a mobile phone since the early 90s. Perhaps the most universal non-voice communication method, SMS doesn't require consumers to have a particular type of handset, or specific software such as an app. It doesn't even require that they have particularly good mobile reception. This low barrier-to-entry for brands and consumers alike makes SMS hard to beat in terms of reliability and simple ubiquity.



### RCS (Rich Communication Service)

RCS brings rich media to text messages. Whether it's sending emojis and stickers, or maps and even complex media, such as bank mini-statements, RCS allows brands to offer customers a real-time branded personal assistant. RCS has been around since 2007, but is growing in popularity since Google announced it will be used as standard for Android phones. Google is already building its business messaging platform for RCS, working with early access partners, including mGage, to explore the opportunities.



### Push

Push notifications, delivered via native applications, allow for high-quality, fully brand-controlled mobile experiences. Brands can reach app subscribers across their entire lifecycle, with promotional messaging, transactional alerts (such as low balance notifications) and general notifications. The downside of apps is that they can be expensive to maintain, requiring regular updates and specialist development resources per-platform. This is a burden, particularly for financial services brands that need to devote significant time and resources to security and compliance.



### 3rd Party Platforms: Over-The-Top (OTT) Messaging

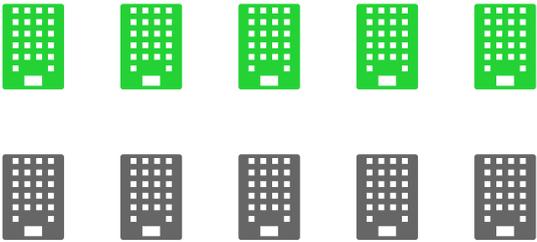
Consumers use Twitter, WhatsApp, Facebook, Instagram, Snapchat and many others as part of their daily life, so it makes sense that they would want to interact with financial brands through these channels. Differing security requirements and operating models for each platform can make implementing OTT a challenge for brands, but the benefit is that it can both connect them with new customers and reduce costs.



Nearly **90%** of consumers want to message with brands

**70%**

of consumers think SMS messages are a good way for brands to get their attention



But only **48%** of brands are equipped to message with customers

**64%**

of consumers prefer texting to voice as a customer service channel

## Brands Exploring Mobile Engagement Innovations

While many financial service providers are struggling to integrate customer-facing engagement into their current systems, a few are leading the way. Forrester highlights BBVA in Spain and Lloyds Bank in the UK as mobile banking standouts in Europe that offer a wide range of cutting-edge features supported by good user experiences - these include the ability to execute most types of transaction digitally, optimised native apps for all platforms, SMS customer service channels.

For financial institutions like these that embrace innovation and invest in mobile technology, there's a real opportunity to stand out in a crowded marketplace and become a preferred brand for the next generation of financial services customers.

The willingness to adopt new technology, particularly in mobile, can also help brands stay relevant and connect with customers. A good example of this is emojis - the fastest growing communication method ever - that greatly enhances the mobile messaging experience.

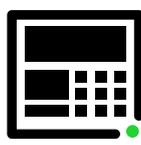
In fact, the customer appetite for mobile-first financial services is such that we're seeing challenger banks such as Atom, Monzo and Revolut come into market and quickly gain traction based largely on delivering high-quality mobile customer experiences. These experiences offer better UX, closer channel integration and greater functionality. These banks have the ability to build fully-integrated systems and processes from the ground up - they were fit-for-purpose from the beginning - giving them a distinct competitive advantage.



**Service Satisfaction**



**Check Balance**



**Cardless Withdrawal Request**



**Appointment Confirmed**



**Forex Currency Available**

There are other, focused opportunities to use technology to gain a competitive edge for existing institutions not looking to make sweeping changes. One such technology is using chatbots for automating customer service. This makes it possible to support more customers with fewer staff in the customer's channel of choice and at a faster rate.

Last year Royal Bank of Scotland piloted a chatbot named "Luvo" based on IBM's Watson platform. When customers contacted support through the bank's site, Luvo was able to answer basic questions and pass on any queries it was unable to take care of to a human "colleague." RBS's plans for the project include enabling it to interpret customer sentiment and alter responses based on whether it's dealing with a happy customer or a frustrated one. The end goal is to create a chatbot that is essentially invisible, where automated interactions are indistinguishable from talking to a real person. When chatbots are integrated into multi-touch communication and customer service channels (such as SMS), the possibilities are endless.

## Creating a Strategy for Success

Mobile engagement can play a key role in delivering excellent customer experiences, but its implementation requires a meticulously planned strategy, that goes beyond mobile and integrates all aspects of a company's systems. A holistic approach that incorporates mobile as one part of larger engagement strategy provides the best path for success.

### Integrating Mobile into your Entire Company

Compelling customer experiences are underpinned by an integrated approach. This applies to both systems and your organisation as a whole. Modern consumers expect brands to serve them with one voice. In technology terms, this means integrating mobile with other core technologies. If a customer makes a deposit in a branch, they expect their online account to immediately reflect this transaction.

It's also important to consider mobile as a core part of your company's wider operation. You need to break down silos in your organisation and make sure that all relevant departments are involved in your mobile strategy. This is important because mobile is now (or will become) the key platform for customer interaction, so integration in every facet of your organisation is paramount. According to Forrester, one of the common practices shared by banks that are market leaders in mobile integration is building a strong relationship between their customer experience, digital business strategy and technology management teams.

### Diagnosing Pain Points in your Customers' Journeys

In order to improve your customer engagement, you first need to understand how they are currently interacting with your brand – and where there is room for improvement. Asking the right questions can help you to build a literal map of customer journeys and identify areas for improvement. Questions might include:

- Where do customers come into contact with your brand?
- What journeys do they take?
- How are you measuring and monitoring customer experiences across every touchpoint (and not just mobile)?

Asking these questions might lead to basic answers such as "we're not providing an easy way for customers to authenticate when on mobile," or to further questions such as "if queues in branch are long, what other options are we giving our customers?". If the answers to questions like these aren't explicit, consider your mechanisms for gathering feedback - mobile surveys, or even advisory panels can help pinpoint issues with your customers' journeys.

### Deploying Technology Based on Customer Journeys

When you've identified your customers' journeys and the opportunities for improvement, you can deploy technology to enhance these experiences. For example, SMS is often a faster approach for account enquiries or setting appointments. During busy periods, such as weekday lunchtimes, branch staff (or billboards/ads/apps) can direct customers to SMS-based chat services for these customer service tasks and deliver successful outcomes before the customer has even left the branch.

## Finding Partners to Improve your Mobile Strategy

Focus on what you're good at. Whether it is designing innovative financial products or services or creating great customer experiences, devote your time and resources to these areas and find partners to deliver expertise where you need it. For example, if you discover a need for OTT or RCS messaging capabilities while researching customer experiences, consider both the cost of creating (and maintaining) in-house services. Identifying partners with fully-featured APIs, security credentials and existing relationships with messaging platforms is the most efficient way to revitalize your mobile strategy.

## The Future of Mobile Banking & Financial Services

We've discussed what brands should be (and are) doing to build mobile strategies that increase customer engagement and loyalty. But mobile is a fast-moving platform with innovations happening on a regular basis - even brands that are currently at the leading edge of mobile strategy can fall behind if they are not monitoring and reacting to innovations. Here are a few themes that brands need to follow as mobile finance evolves:



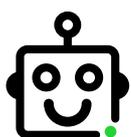
### Cash (or Lack of It)

The need for physical currency will decrease as mobile technology continues to become readily available, low-cost and seamless. The Bank of Finland predicts that their country will be cash-free by 2029 and many other countries are on a similar path. As contactless becomes the preferred method for physical payments, the inexorable link between money and mobile will be cemented.



### Regulation & Mobile Security

As legislation catches up with the digital economy, the introduction of new regulations, such as the European General Data Protection Regulation (GDPR) are already challenging financial organisations. As mobile becomes an ever-more important service channel, it's likely that legal requirements for mobile (and all) data processing & security will develop significantly. There will also be increased regulations concerning the sale of financial products and services (which are already significantly more stringent than those of most others) and the inevitable regulation that governments will seek to apply to new finance trends such as cryptocurrencies. Some of these challenges apply particularly to mobile, due to the prevalence of biometric identification, location services and varying device constraints such as screen size.



### Mobile + AI

Whether it is delivered through smart speakers, chatbots, predictive analytics or a myriad of other technologies, artificial intelligence and automation will shape the future of business. From product development to customer service and fraud detection, financial service companies are already benefitting from the application of AI. We're seeing an exponential increase in its prevalence and capability and this trend will only accelerate. The combination of automation and AI will allow finance brands to analyse their burgeoning volume of data and gain actionable insight. This, combined with the ability to interact with customers in real-time via mobile will enable brands to deliver continuous improvements that will result in quicker and more productive customer experiences.



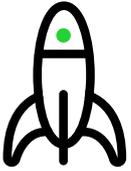
### Unanticipated Challenges

In the digital world, challenges can come out of nowhere. It wasn't so long ago that if you wanted to send money, you'd write a cheque and mail it. Now, the options available are numerous, ranging from PayPal to Barclay's Pingit. You can even send money via Gmail. OTT messaging services are also entering the market - WeChat introduced its own payments application in 2013 while WhatsApp is currently undertaking a trial of a similar system. In addition, strictly mobile applications such as Android Pay, Apple Pay have a prominent position in the payments market. Disruption is inevitable as digital technology enables brands to enter markets which have previously been the exclusive domain of finance specialists.



## Zero UX

Customers are becoming less reliant on interacting with screens, even when it comes to actions such as interacting with a brand via smart SMS or using OTT services like WhatsApp. Consumers can have text messages read to them by their car, or interact with brands via digital personal assistants such as the Amazon Echo or smart speakers. As mobile technology becomes further embedded in everyday life, touchless and even screenless interactions are inevitable.



## Agility

Talking about agility as “the future” is somewhat misleading, because it represents both the present and the future of mobile for financial institutions. As we've already discussed, technology evolves at breakneck speeds, so an organisation's ability to respond to change quickly and efficiently is fundamental to its success. In the future, these changes will manifest not just in a brand's internal systems or communications channels, but in the products and services it offers customers. The leading finance brands of tomorrow will be those that have harnessed mobile to deliver outstanding digital experiences today and are staying ahead of the latest trends.

## Conclusion

Many financial services brands understand the value of mobile engagement. By improving the experiences of their customers, brands can build loyalty and improve customer retention. However, many often fail to meet their customers' expectations due to a lack of resources, technical knowledge and/or a fully integrated mobile strategy. Brands that rise to the challenge of mobile engagement are forward-thinking, rely on partners to provide specialized expertise and have the foresight to integrate mobile into all aspects of their business.

## mGage

mGage is a global mobile engagement provider with more than 17 years of mobile CRM (mCRM) experience. Our SaaS, cloud-based technology enables brands to intelligently personalize mobile communications for the omni-channel consumer.

Through a single campaign management tool and a robust set of open APIs, our best-in-class platform powers billions of mobile messages monthly across channels including SMS, Push, social, and social messaging apps (OTT). We serve 1,000+ enterprises and are a trusted connection for more than 500 carriers across the globe.

Our expertise in the ever-changing mobile technology industry makes us sought-after experts, trusted advisors — and the go-to partner — for innovative companies that look to use mobile to their best competitive advantage.

For more information, please visit [www.mgage.com](http://www.mgage.com)

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