

## AURIGA PERSPECTIVE

# The smartphone is the bank

## *Mobile is about more than technological innovation*



Vincenzo Fiore  
Auriga

**We need standards that will promote greater interoperability, security, and consumer acceptance for mobile wallets**

Mobile technology is increasingly taking centre stage today as an alternative means to connect and interact with content and clients. There is, therefore, a growing need for organisations to consider even more closely their customers' behaviour and needs – as well as the capabilities of advanced mobile technologies – when devising their mobile strategies. The *Bulletin* has spoken to Vincenzo Fiore, CEO of Auriga, in order to get his perspective on the role of the mobile channel as part of banks' multichannel strategy.

**Bulletin (B):** What are Auriga's views on the role of the mobile channel for the delivery of banking services?

**Vincenzo Fiore (VF):** When we look at the mobile banking market, we see two distinct trends. On the one hand there are significant investments being made in new mobile-enabling technologies. In parallel with this technical effort, we are also seeing increased business innovation as banks and service providers continue to research the most valuable mobile services. This is where Auriga fits in – helping our banking customers to grow their businesses through the practical application of advanced technology.

From a technology perspective, there have been many exciting innovations in mobile banking. The high-profile investments being made by Visa, MasterCard, Paypal and others are rightfully attracting media attention. It is also interesting to see how contactless cards are transforming the retail landscape in readiness for mobile payments using NFC-enabled phones. Another interesting development is the use of secure account-based payments. For example, Auriga is already integrated with the MyBank solution for instant SEPA credit transfers managed directly from the phone. Auriga's own mobile wallet is also attracting a lot of interest. Clearly mobile will have a dramatic impact on how banking services are delivered.

However, it is important to remember that just as

consumers do not want to have multiple physical cards in their wallets, neither do they want a mixture of wallets on their phone. Innovation and choice are very healthy but we also need greater vendor cooperation and standardisation to help accelerate consumer acceptance of mobile banking services. We have seen how standards like EMV and WOSA XFS created the interoperable foundations that made chip card and ATM technologies more accessible. This kind of standardisation does not stifle innovation and competition, it actually accelerates it. In Auriga's view we need the same for mobile wallets – standards that will promote greater interoperability, security, and consumer acceptance.

Business innovation is also set to continue. The real business challenge is not about technology, it is about learning how to use the technology to promote growth and to identify new competitive advantages. There is already good mobile technology available that allows interested banks to cheaply and quickly conduct live pilots to accurately determine the most attractive mobile services. This level of detailed knowledge is not something that can be guessed or bought from a vendor 'out of the box'.

The most important point to remember is that the mobile evolution is not going to happen – it is already happening. The proactive banks that are trialling mobile services are learning valuable business intelligence about the gender, age, and cultural preferences of their customers. Those banks that continue to sit on the sidelines face a very real risk of falling behind and may simply not learn fast enough to compete effectively. As the saying goes, "you have to be in it to win it".

**B:** What advice would you give to a bank that may be considering a new or enhanced mobile banking service?

**VF:** A successful mobile strategy is about how the consumer benefits from the mobile experience and

how banks can use mobile services to enhance the services they provide through all of their delivery channels. The real secret is to allow consumers to interact with their bank the way they want to - with as few restrictions as possible.

Today's smartphone user is already very comfortable with that technology and has easy access to an extensive range of intuitive services. When a bank fails to meet a consumer's needs, the consumer can easily switch to a competitor's mobile application. Consumers will only stay loyal to their bank if they are provided with convenience, simplicity and genuine value.

Security is a very important aspect of mobile services. Consumers have to believe that mobile services are secure or they will not use them. Many of Auriga's bank customers have successfully addressed this need for consumer comfort by introducing smartphone-based authentication within the home banking channel. This was an easy step for the banks to take and it has resulted in a win-win success for both the banks and the consumers. Not only are these banks seeing a dramatic reduction in fraud, but the consumers have learned to associate the smartphone with enhanced security. This increased consumer comfort has in turn lead to the increased use of a variety of mobile services.

Enhanced home banking security is just one example of a practical and popular mobile banking service. At Auriga, we strongly believe that the right mobile service makes everything else work better. It is already possible to receive alerts, order services from the local bank branch, perform non-card cash withdrawals, manage accounts, and pay for goods directly from a smartphone. If a bank wants to set itself a winning target for the ultimate mobile experience, then Auriga's suggestion is: don't think about mobile as a new channel, rather start thinking 'the smartphone is the bank'. Many consumers are already thinking this way.

**B:** The possibilities for mobile banking are

certainly very exciting. How do you suggest banks implement their mobile services as part of their multichannel strategy?

**VF:** It is important that banks start with a very realistic assessment of where they are today. Some of Auriga's customers are well advanced with their multichannel banking strategies. We also have some customers that are taking their first steps. However, they have all benefited from focusing their IT investments on multichannel-enabled solutions. So, my first suggestion is to stop investing in solutions that perpetuate a fragmented services approach and rather invest in multichannel systems that facilitate the ultimate consumer experience.

Whether a bank is looking to add mobile services throughout its services portfolio or start with a simpler project, there are a few important factors to consider when choosing a software platform.

A multichannel system must be able to easily share the same data and business rules across multiple touch points. This requirement places a high demand on the system's ability to scale, its reliability and its ease of integration with legacy applications. Service-oriented architecture (SOA) is ideally suited to these types of design challenges and is a well-proven approach.

Understandably, banks also want to know that the investments they are making today can keep pace with tomorrow's needs. Our WinWebServer (WWS) services hub prolongs the useful life of legacy applications by facilitating the rapid deployment of new services and by taking full advantage of emerging opportunities like mobile banking services.

Lastly, I would stress the importance of your partner's experience and expertise. Building the ultimate services facilitator is not just a question of architecture or proven software components. Banks also need the help of an experienced partner with a proven track record of implementing and maintaining complex banking systems. ■

**Don't think about mobile as a new channel, rather, start thinking 'the smartphone is the bank'**

**Banks need an experienced partner with a proven track record of implementing and maintaining complex banking systems**

