

## MOBILE BANKING QUANTIFIED

MARCH 8, 2017

Daniel W. Latimore  
SVP, Banking

Credit Union Analytics Summit  
Bellevue, Washington

# Contents

1.	The Mobile Context	2
2.	Mobile Banking at Credit Unions and Banks	7
3.	FI Mobile Adoption	10
4.	Customer Utilization	15
5.	Mobile Features	20
6.	Feature Lift	30
7.	Customer Satisfaction	33
8.	Market Share	38
9.	Implications	41

# | The Mobile Context

# Customer Satisfaction is, for the first time, the top priority for retail FIs

What are your institution's top strategic retail banking priorities?

Customer relationships (satisfaction, NPS, client loyalty, etc.)

70%!

Sales results

41%

Operating cost reduction

34%

Regulatory compliance

32%

Fraud/risk management

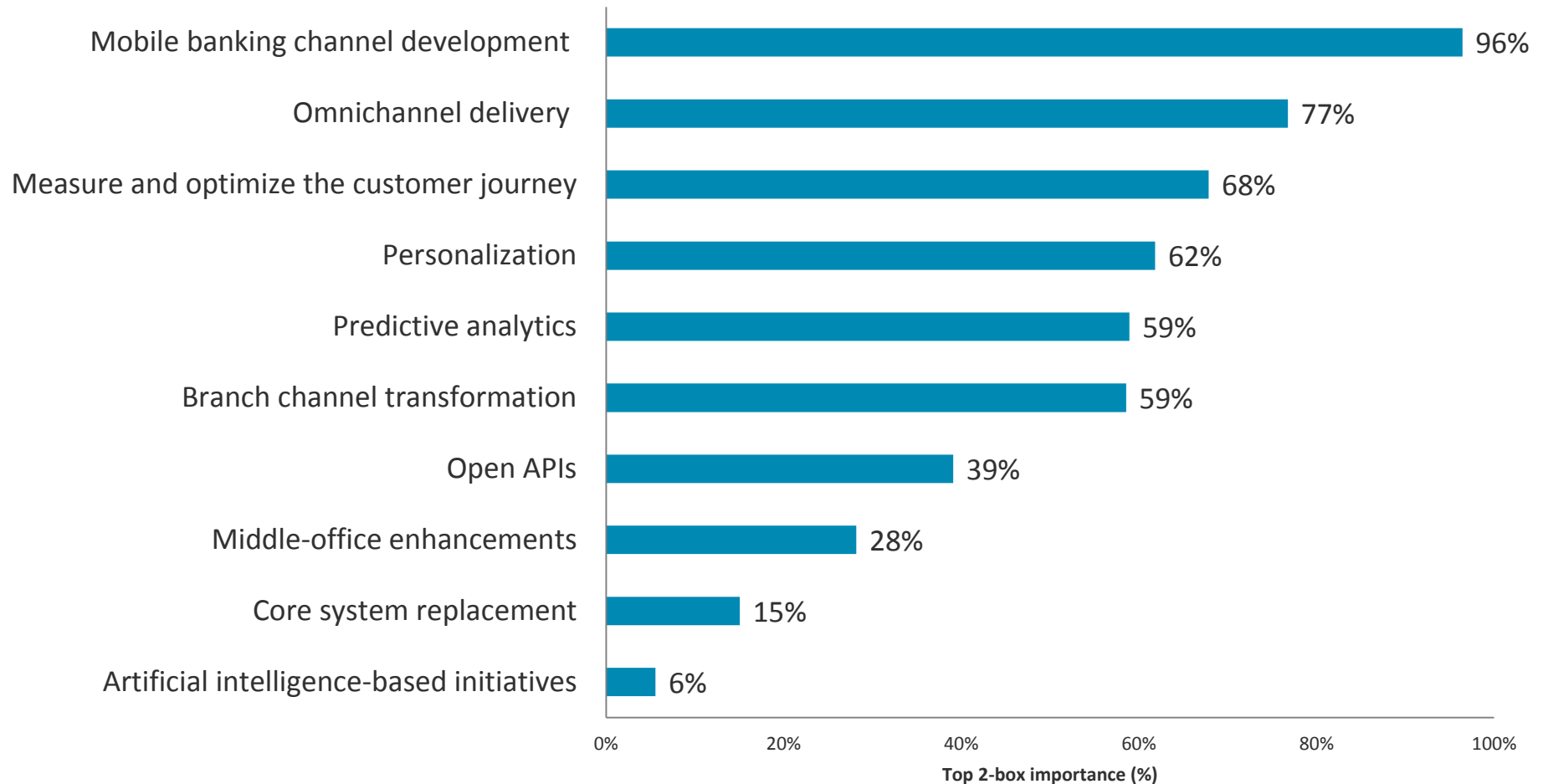
23%

0% 10% 20% 30% 40% 50% 60% 70% 80%

% rating #1 or #2 priorities

# Mobile and OmniChannel are the top priorities, followed by measuring and optimizing the customer journey

How important are each of the following initiatives or technologies in delivering your top priorities in the previous question?

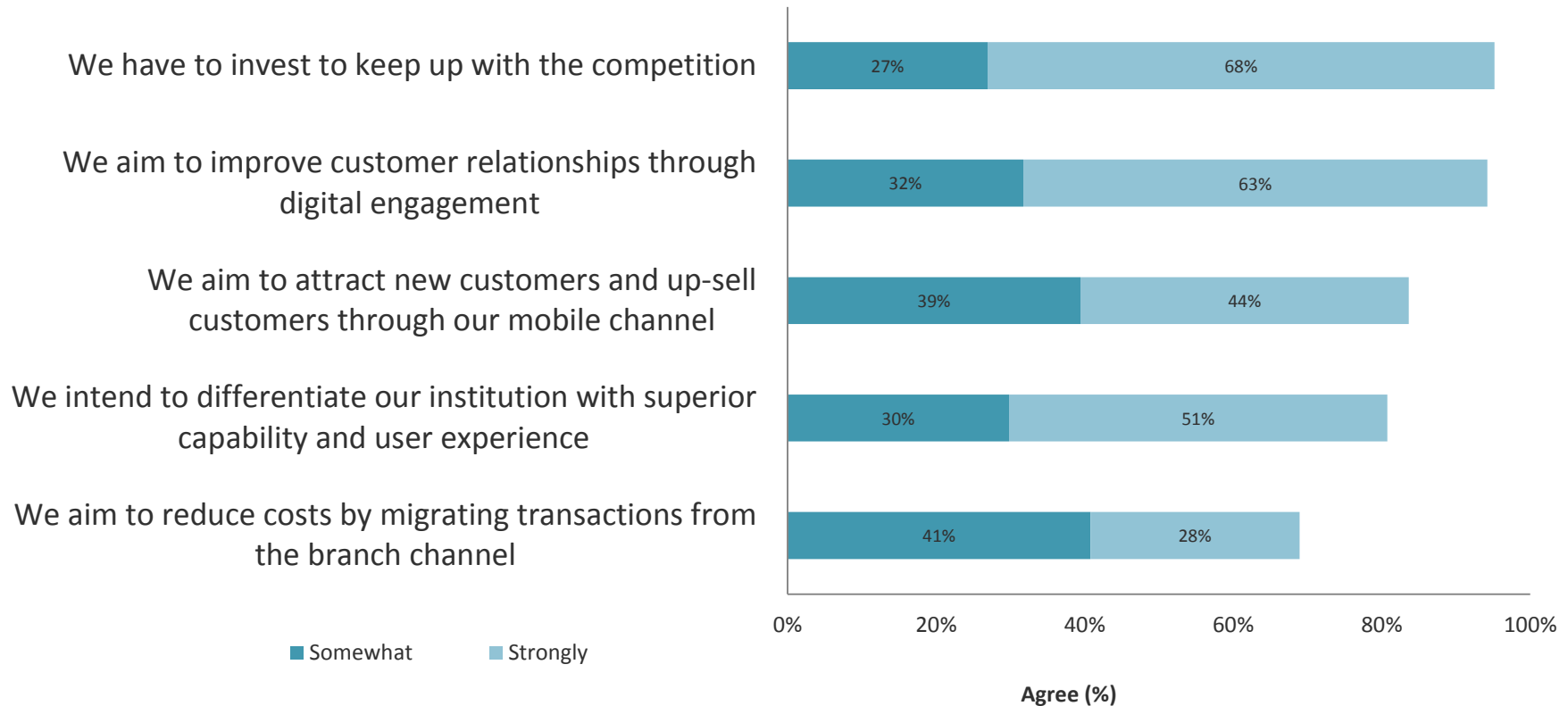


Source: Celent NA RB Technology Survey 2016, n = 112 (Tab 5)

# Keeping up with the competition and improving customer relationships drive banks' investments in digital

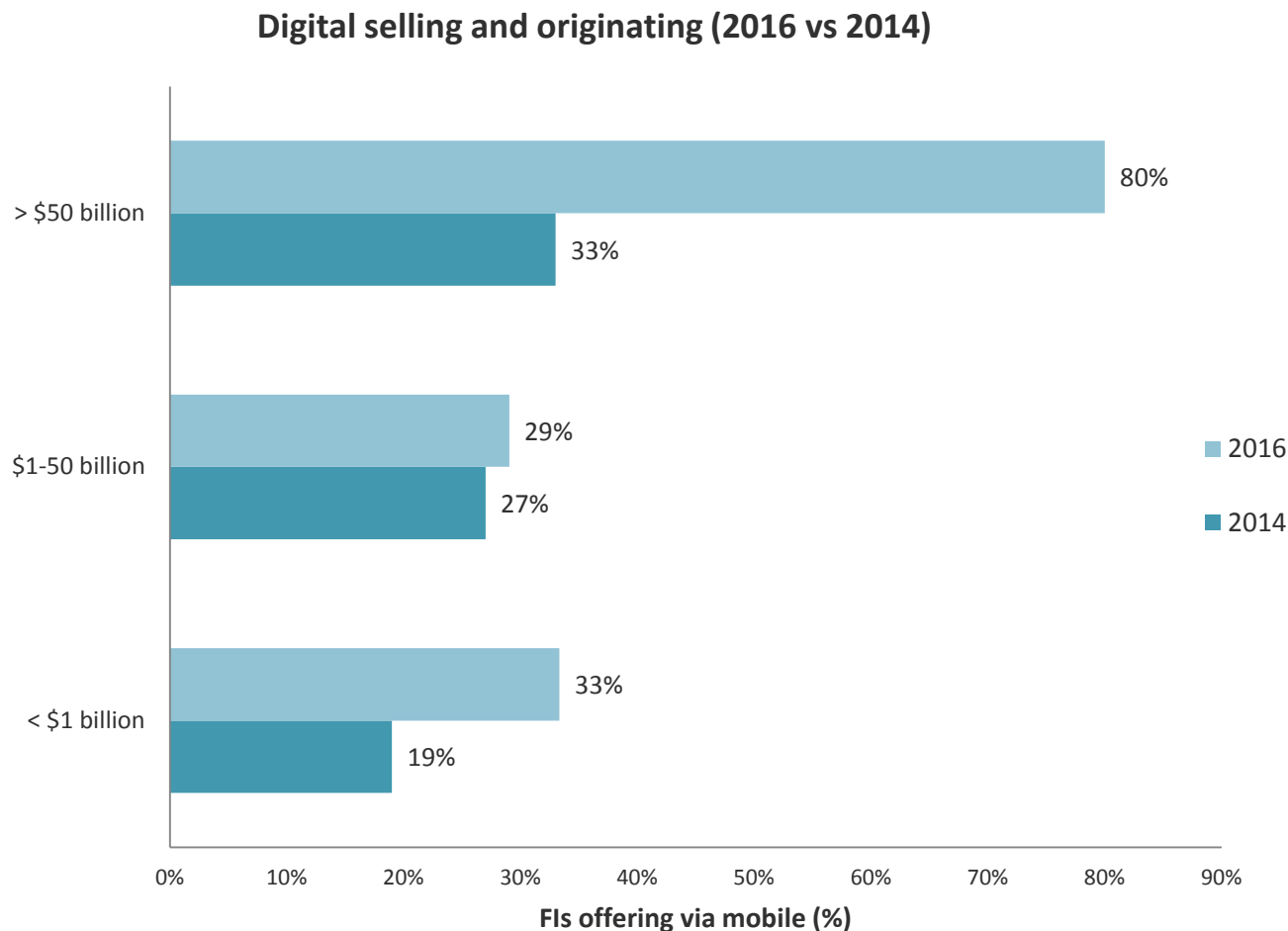
Indicate your agreement with the following statements about your investments in digital

## Attitude towards digital investments



# Large FIs have made great progress in selling digitally; smaller ones lag

Is your institution selling and originating new products digitally?



Source: Celent NA RB Technology Survey 2016, n = 87 (Tab 20)

© CELENT

# Mobile Banking at Credit Unions and Banks



CELENT

FI Navigator

## MOBILE BANKING QUANTIFIED

COMPREHENSIVE BENCHMARKS FOR US VENDORS AND INSTITUTIONS

Dan Latimore  
Bob Meara  
Stephen Greer  
November 2016

Powered by  
FI Navigator

*This report comprises Celent  
analysis of proprietary data  
assembled by FI Navigator; they  
have collaborated to prepare it.*

Overview

Celent and FI Navigator have collaborated to leverage a proprietary data capture methodology to produce unprecedented insight into the state of US retail mobile banking entitled “**Mobile Banking Quantified**”. Research differentiators include:

- **Participant Coverage:** > 6,000 FIs & ~50 vendors
- **Span & Timeliness** –three (3) yrs monthly data;
- **New Metrics** – FI & vendor mobile benchmarks

MBQ is a comprehensive review of the current state and evolution of US retail mobile banking. After an overview of the entirety of its table of contents, we’ll take a couple of quick dives into institution and vendor analytics.

## Methodology: Turning Unstructured Data into Insight

- Unstructured data is the exhaust or waste product of the internet
- FI Navigator has developed proprietary data collection capabilities to convert that data into comparable, structured data
- To process the harvested data into comparability, we developed multi-layered algorithms to facilitate:
  - institution matching;
  - app typing;
  - vendor identification;
  - feature identification & classification;
  - Installs and enrolled customer estimation;
  - other logic necessary to construct its U.S. mobile banking app database
- The resulting data & analytics cover:
  - nearly 20,000 mobile apps;
  - offered by over 6,000 financial institutions;
  - spanning nearly three years by month
- The integration of this previously unavailable data with mobile-independent regulatory data yields great insight into mobile banking performance. The data is updated on a monthly basis with regular additions of apps and analytics

# | FI Mobile Adoption

# | Customer Utilization

# Mobile Features

# Basic Banking for All Financial Institutions

	< \$100M	\$100M - \$500M	\$500M - \$1B	\$1B - \$10B	\$10B - \$100B	> \$100B	Grand Total
	1,801	3,342	847	819	70	20	6,899
View Account Balances	99.9%	100.0%	100.0%	99.9%	98.6%	100.0%	100.0%
Transaction History	91.2%	94.7%	97.3%	96.9%	97.1%	100.0%	94.4%
Intrabank Account Transfer	95.9%	99.6%	99.9%	99.8%	97.1%	100.0%	98.7%
ATM/Bank Location	71.5%	82.5%	84.9%	91.1%	95.7%	100.0%	81.1%
Surcharge-Free ATM Locat..	7.4%	4.8%	7.4%	11.6%	5.7%	10.0%	6.6%

# Enhanced Banking for All Financial Institutions

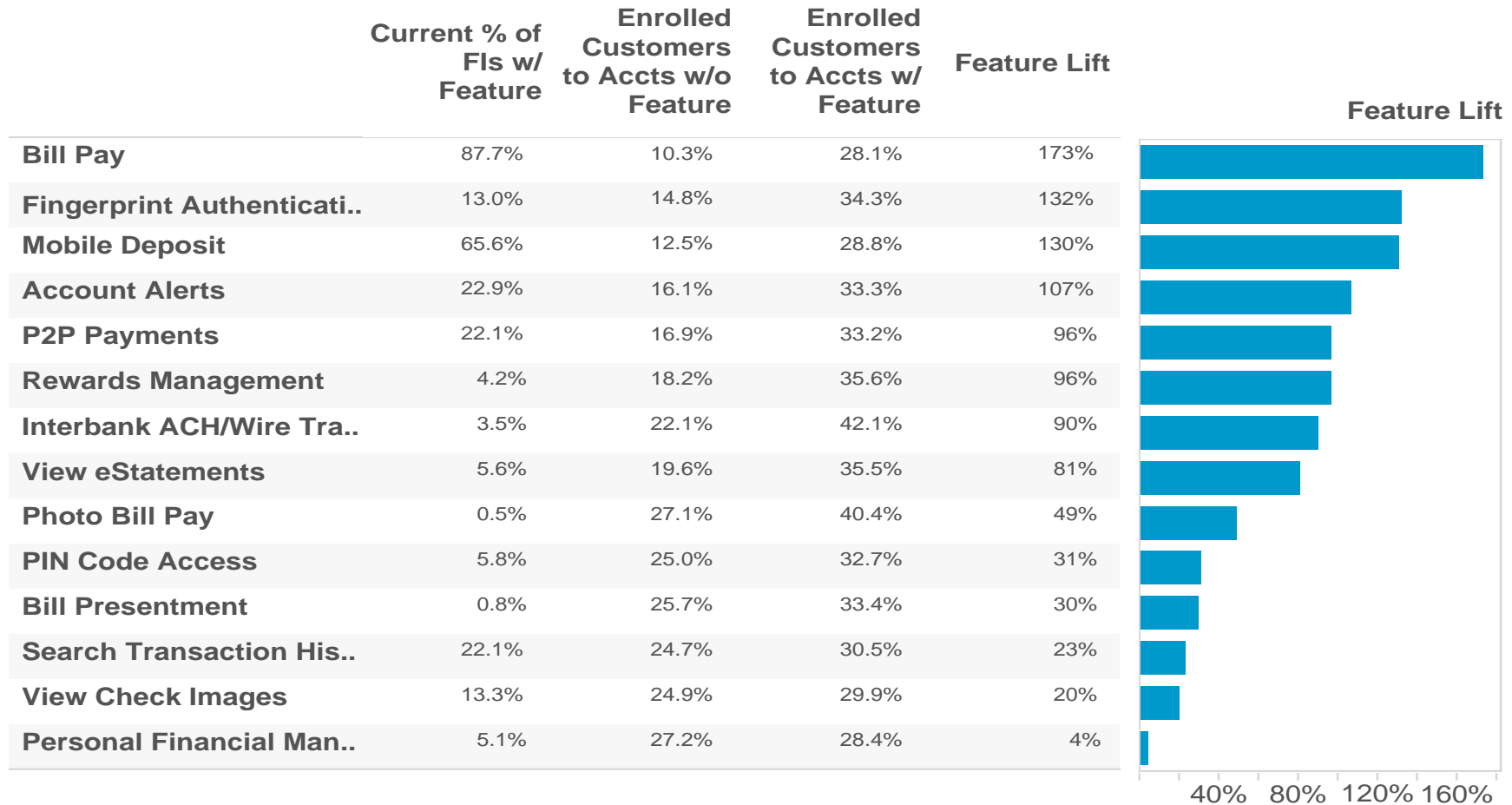
	< \$100M	\$100M - \$500M	\$500M - \$1B	\$1B - \$10B	\$10B - \$100B	> \$100B	Grand Total
	1,801	3,342	847	819	70	20	6,899
Search Transaction History	12.3%	25.5%	24.3%	25.4%	35.7%	50.0%	22.1%
View Check Images	13.5%	10.6%	13.0%	19.9%	48.6%	65.0%	13.3%
View eStatements	2.9%	4.4%	8.6%	11.2%	15.7%	70.0%	5.6%
Personal Financial Manage..	4.1%	4.6%	4.6%	8.5%	11.4%	25.0%	5.1%
Rewards Management	0.8%	3.1%	6.8%	11.4%	11.4%	60.0%	4.2%

Source: FI Navigator Dataset; September 30, 2016; Celent analysis

# | Feature Lift



# Current State of Feature Lift – All Mobile Features



Source: FI Navigator Dataset; September 30, 2016; Celent analysis

## 5 | Customer Satisfaction

# Key Points

- 1** Customer satisfaction as measured through app ratings has no current correlation to asset size
- 2** Outside of the smallest segment of institutions (less than \$100 million in assets), credit unions had slightly higher overall app satisfaction
- 3** Banks with more mobile banking features had greater customer satisfaction (up to a point)
- 4** Megabanks (>\$100 billion in assets) were the only segment to improve in customer satisfaction over the past three years
- 5** Credit unions have seen a decline in average app rating of 0.11, while banks have seen an increase of 0.48 since June 2013

| Market Share

# Key Points

**1** Market Share reflects a vendor's share of the defined market. The defined market can be client count, app lifetime installs, enrolled mobile banking customers, or deposit accounts.

**2** Fiserv's acquisition of ACI Worldwide's community financial services business reinforces the market leader's position; it has almost twice as many FI customers as number two FIS

**3** The market for banks is relatively consolidated: the top three serve 69.5% measured by institution count

**4** By comparison, the credit union market is more fragmented: just 42.4% of CUs partner with the top three vendors

**5** Using enrolled customers to measure market share produces only one significant change in the top five: Monitise replaces Jack Henry, reflecting its high average client size (it ranks 29th by FI client count). Fiserv holds 30.7% of enrolled customers.

|Implications

## What should credit unions do next?

- 1 Devote time and effort to increasing adoption**
- 2 Consciously adopt features by aligning them with your strategy**
- 3 If near the end of a contract, proactively re-evaluate your vendor**

# Thank you!

Dan Latimore  
SVP, Banking

**CELENT**

[dlatimore@celent.com](mailto:dlatimore@celent.com)

@danlatimore

<http://bankingblog.celent.com/>