



Project Completion Report

Mobile Banking stages a remarkable come-back

By STEPHAN BUSE and RAJNISH TIWARI

HAMBURG (Jan. 2006): Mobile Banking, conducting of bank business via mobile devices such as mobile phones, has staged a remarkable come back. Rising from the ruins of a failed first stint it has surprised many pundits busy writing its obituaries.

As a latest study by Chair of International Management at University of Hamburg (UHH) reveals, Mobile Banking is slowly but surely showing signs of a healthy recovery not only in Germany but worldwide. The study titled "THE MOBILE COMMERCE PROSPECTS: A STRATEGIC ANALYSIS OF OPPORTUNITIES IN THE GERMAN BANKING SECTOR" examined the viability of mobile financial services on both national and international level.

Empirical surveys of more than 450 potential customers and over 50 banks worldwide revealed that Mobile Banking has gained increasing acceptance amongst various sections of the society in previous years. The reasons for this growth can be traced back to technological and demographical developments that have influenced many aspects of the socio-cultural behaviour in today's world.

While the need/wish for mobility seems to be the driving force behind Mobile Commerce, the launch of UMTS technology has provided Mobile Commerce with the necessary verve, says DR. STEPHAN BUSE who led this extensive study together with MR. RAJNISH TIWARI.

This study, part of a research project to examine the prospects of Mobile Commerce, was primarily concerned with the scope of mobile financial services, which build a cornerstone of Mobile Commerce. Mobile Banking, the primary research object of this study, consists of the following sub-applications:

- i) Mobile Accounting
- ii) Mobile Brokerage
- iii) Mobile Financial Information

The empirical survey of the customer acceptance conducted under the ambit of this study detected a large-scale customer interest in Mobile Banking. The customer interest and the

willingness to pay however varied for individual services and target groups. For instance, over 92% of all survey participants were willing to remit money and conduct transactions via mobile phones. Nearly 60% of survey participants were even willing to pay extra fee in order to utilise mobile remittance facilities. On the other hand, services perceived to be complicated, and thus requiring expert opinion, received a relatively poor response, e.g. the option of subscribing insurance policies via mobile devices was rejected by almost two-thirds of the participants.

According to authors such responses underscore the necessity to design products in strict adherence to the needs and wishes of relevant target customer groups. Mobile Banking seems to have reached a stage to transcend from being a technology-driven product into a business-focussed customer service.

The study comes to the conclusion that Mobile Banking presents a sizeable opportunity for banks to retain their existing, technology-savvy customer base by offering value-added, innovative services and to attract new customers from corresponding sections of the society. The customer survey provides evidence that such sections in the meanwhile include the affluent and financially relevant groups of the society. Time seems to be ripe to convert this non-negligible customer interest into business-driving customer demand. A proactive attitude on the part of the banks seems to be therefore recommendable.

Many banks in Germany and indeed across the world have already come to regard Mobile Banking as a necessary tool for thwarting negative differentiation vis-à-vis rivals and to foster/retain an innovative image. This self-reinforcing dynamism is expected to gain currency in near-future so that Mobile Banking services could soon advance to a standard product – on the lines of Online Banking – offered by more or less each and every bank.

For more information please consult:

http://www1.uni-hamburg.de/m-commerce/banking/index_e.html

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