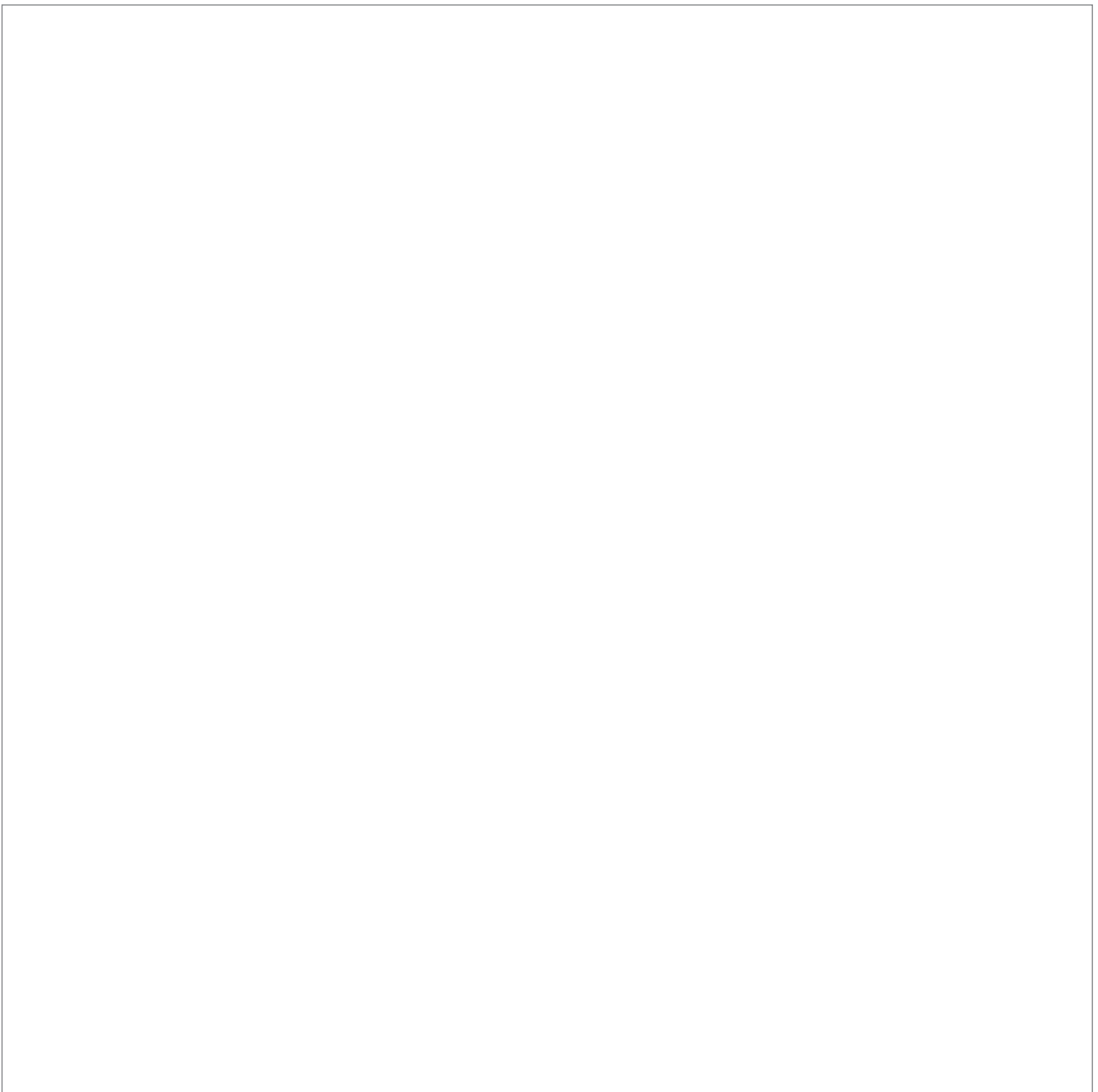




White Paper

The Rise of the Mobivore: Serving the Mobile-Only User



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The steady growth in smartphone usage means more and more consumers are using their mobile devices to access digital services. In fact, a growing number of consumers are using only their smartphones to go online, forgoing other devices such as desktop or laptop computers and tablets. Many digital businesses are successfully serving these mobile-only users—or “mobivores”—but financial institutions could do more to provide a compelling user experience for this market segment. To retain and attract mobile-only consumers, financial institutions must think differently about the mobile channel.

Mobivores have high expectations for their smartphone user experience, and to succeed in this 24/7 environment, financial institutions must carefully examine how the mobile-only user accesses financial services. Financial institutions can no longer consider mobile as simply an add-on channel; rather, they must address the needs of a segment that is simply not interested in other channels.

Who are mobivores? Although mobile-only users skew younger, mobivores cross generations and socio-economic segments. According to a [2013 Pew Research Internet Project report](#), 50 percent of teen smartphone owners use the Internet mostly on their cell phones, as do most young adults and low-income adults. However, mobile-only usage is not limited to these demographics, as one-third of all mobile Internet users mostly use their cell phone to go online, according to a [2013 Pew Research Center study](#). As increasing numbers of consumers use their smartphone to confirm travel, shop and socialise, these numbers will no doubt increase.

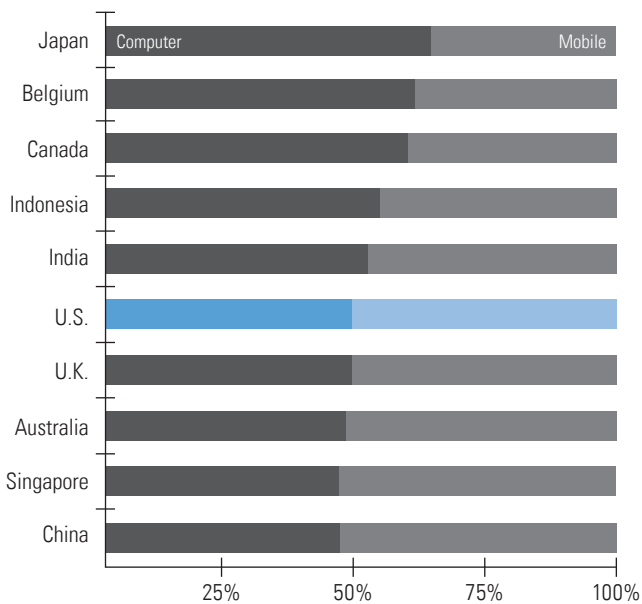
As the number of mobile-only consumers grows, so does the number of consumers seeking a mobile-only banking experience. Javelin Strategy & Research estimates 63 percent of mobile consumers will be mobile bankers by 2018. It can be estimated that a third to a half of these consumers would be mobivores, if true mobile-only functionality was available to them. According to a 2014 study by [Bain & Company](#), mobile banking interactions now make up about a third of all interactions—more than any other channel, including online, automated-teller machines and branch visits.

Bain & Company also reports mobile banking represents more than half of all digital bank interactions in Japan, Belgium, Canada, Indonesia and India (see Figure 1). Given these current results, what will the world look like in the coming years?

However, many financial institutions, especially in the U.S., have limited greater adoption of mobile-only banking by making it impossible or nearly impossible. These banks and credit unions still require branch visits or online banking for tasks that could be mobile-only, such as signing certain forms or adding a new biller.

Figure 1: Mobile Banking's Global Surge

Total digital bank interactions, computer vs. mobile, 2014.



Source: Bain & Company, 2014

Regulatory and compliance concerns may be responsible for some resistance to providing a mobile-only experience, especially in the U.S. These issues should be worked through so as not to derail financial institutions from acting quickly to provide the innovative mobile-only functionality more and more consumers are looking for.

Rise of the Smartphone Impacts How Consumers Go Online

If it seems as if everyone around you is looking at their smartphone screen, it's with good reason. According to the 2014 Fiserv Consumer Trends Survey, more than 60 percent of Americans own a smartphone. In 2014, the Pew Research Internet Project found 63 percent of adult phone owners use their phones to go online, and 34 percent of these consumers go online mostly using their phones instead of a desktop or laptop computer.

Mobile banking growth parallels the surge in device ownership and usage. The number of mobile bankers in the U.S. increased 40 percent in the past year, a gain of 27 million mobile bankers, according to Javelin Strategy & Research.

Traditional banking experiences, such as branch visits, online banking and call centres, do not meet the needs of many mobile-first or mobile-only consumers, who want to use mobile devices for more than quick, task-oriented activities. Instead, this market segment expects to find the same or similar functionality on their mobile devices that they would find on a desktop and a seamless user experience, while utilising the unique attributes of the mobile device. Quite simply, financial institutions must consider that unlike most consumers who want to use multiple banking channels, mobivores only care about what is available on the mobile channel.

New User Experience Expectations

Many digital businesses and alternative financial services providers have succeeded in serving the mobile-only consumer. Facebook reports that in the U.S. alone, 38 million users only visit the site through mobile, and 45 percent of the social network's reported revenue in the third quarter of 2013 came via the mobile channel.

Alternative financial services providers, such as Moven, Bluebird and GoBank in the U.S., and Hello bank! and mBank in Europe, focus nearly exclusively on mobile banking customers. Competition for the mobile banking consumer, already fierce in the financial services industry space, will only increase.

A Different Approach to Mobile Banking

Unlike mobile-only users, most consumers are omnivores who want multiple options for financial services, and expect to interact and transact differently through each channel—mobile, online and branch—based on the unique attributes of the access device or location. Typical mobile banking interactions involve transactions that take less than 60 seconds to accomplish, or have a sense of

urgency, such as checking balances, looking at an alert and paying a bill at the last minute. When consumers were asked to list the reasons they use mobile banking, the top reasons—24/7 access and saving time—are related to accessibility and convenience, according to the 2014 Fiserv Consumer Trends Survey.

While mobile banking is usually all about quickly and efficiently completing tasks and accessing information, this doesn't necessarily hold true for the mobile-only consumer, who has a different approach and focus.

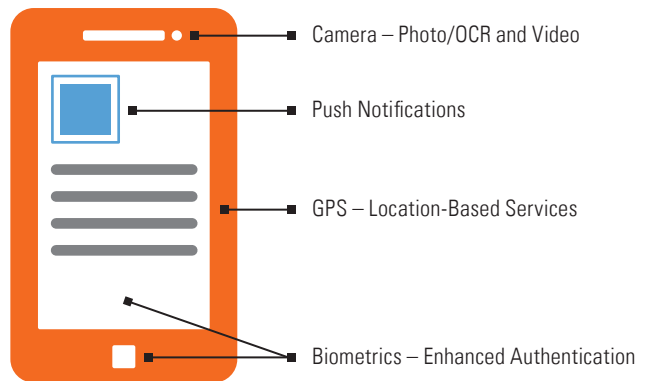
Based on more than 2,000 deployments, Fiserv estimates 15 percent of a financial institutions' mobile banking customers are mobile-only users. However, especially in the U.S. market, it is nearly impossible to complete all banking tasks through the mobile channel due to typical processes and procedures. Mobivores, who are used to mobile-only experiences in other areas of their lives, fail to see why they must complete a task or connect with their financial institution through more traditional channels (see Figure 2).

They ask:

- I want to chat with someone at the bank or send a message to my bank. Why can't I use my bank's mobile app to do that?
- Why do I have to fill in fields in a form? Doesn't my credit union have most of my data?
- If I have to sign a form, why can't I sign it on screen like I've done in other apps?
- Why can't I receive all vital communications and notifications from my bank via mobile?
- Doesn't it make sense to be able to check my balance without a password?

In the rush to develop innovative features across all channels, financial institutions may be forgetting to focus on the specific needs of the mobivore. The mobile channel enables new forms of interactivity, self-service, direct communication, and personalised services for all users, but these capabilities are especially important for mobile-only consumers.

Figure 2: Useful Smartphone Attributes for the Mobivore



Source: Fiserv, Inc., 2015

The Unmet Needs of the Mobivore

In general, the mobile banking user experience is more complex than other mobile experiences. To satisfy the mobile-only consumer, financial institutions must make the mobile banking user experience as frictionless and user-friendly as possible. For example, registration and credential management must be streamlined and take into account the way tasks are accomplished on a smartphone (see Figure 3).

Figure 3: Expectations of the Mobivore

DESIRES	INDIFFERENCES
<ul style="list-style-type: none"> • Enrollment via mobile • Needs-based authentication • Digital access to bank staff, including live chat • One-click shopping 	<ul style="list-style-type: none"> • Spending time in branches • Paper statements or forms • In-person interactions with bank staff • Being forced to another channel

Source: Fiserv, Inc., 2015

Mobivores want a full-service mobile experience that is independent from any other channel, which means financial institutions must untangle dependencies from the other channels, including online. To add a payee to mobile bill pay, a user generally has to log in to online banking, for example. Likewise, the mobile-only user never intends to visit a branch—or only will do so when forced—so is unconcerned with branch locations and “refresh-of-the-banking-store” updates. Traditional banking processes sometimes simply don’t make sense to the mobivore.

In a world that is increasingly digital and focused on efficiency, banks and credit unions must learn how to provide an exceptional customer experience and effectively cross-sell to consumers in 60 seconds or less, which is a typical timeframe of consumers conducting other mobile-centered interactions.

Bridging Mobile and Physical Channels

To ensure the mobile banking experience meets the needs of the mobile-only user, financial institutions can look to several innovative solutions and capabilities. Designed to impact all users, these capabilities are especially important to the mobivore.

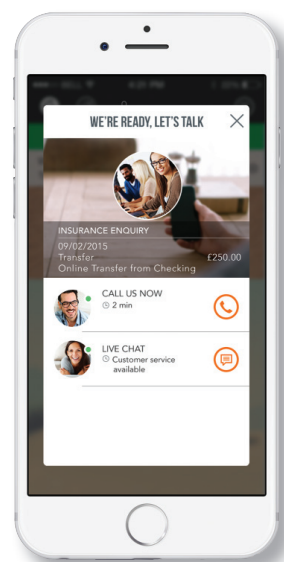
Device-based digital enrollment enables a user to use the mobile channel to set up digital credentials, including passwords and preferences, which are specifically tailored for mobile.

Biometrics options, such as fingerprint and voice recognition, enhance the authentication process, providing quick, secure access and eliminating multiple login credentials.

Pre-login balance options enable a user to reveal account balances without entering a password and logging in to a financial institution app. By swiping a bank logo on a phone, for example, a customer may reveal one or two account balances.

Secure messaging, live chat and click-to-call options offer convenient, real-time connections with a representative of a bank or credit union when it’s needed (see Figure 4).

Figure 4: Mobivores Want to Make Real-Time Connections



Source: Fiserv, Inc., 2015

Personal digital bankers focus solely on digital banking users and can greatly improve a mobivore’s experience. These specialised representatives help build important relationships between the mobile-only user and the financial institution, emphasising the essential human connection. Kiwibank in New Zealand enables personalised customer care through its mobile banking application. Customers can contact a named bank representative at any time for assistance on any matter. While still enabling self-service, Kiwibank’s customers can easily reach a live customer representative using their mobile devices.

Location-based offers for retail purchases take advantage of the unique location capabilities of smartphones. Financial institutions can use this functionality to quickly and efficiently market to mobivores in the short time they typically spend on a bank’s mobile

app. Using location-based technology and transaction histories, financial institutions can push contextual and relevant offers to consumers (see Figure 5).

Figure 5: Quickly and Efficiently Market to Mobivores With Location-Based Offers



Source: Fiserv, Inc., 2015

Mobile-based loan applications enable users to select from various loan types within an app and complete an application on a mobile device. For example, America First Credit Union (AFCU) [enhanced its mobile app](#) so members can select from five different loan types within the credit union's app, each of which links to an application. If interested in a car loan, a member can use a smartphone camera to scan a vehicle's VIN to see its retail and trade-in value. The member can then use the app to search for a vehicle in the area using a built-in location tool, view pictures of available vehicles, and then tap through to get directions to the dealership.

Mobile photo bill payment captures and automatically populates essential bill information by taking a picture of a paper bill stub. In some cases, customers can also snap a picture of the funding source such as a check,

debit or credit card. This eliminates the need to tap in a large amount of information on a small mobile screen, saving time and avoiding frustrating input errors.

Bridging mobile and physical channels will be increasingly important to all consumers, while also offering important advantages for financial institutions. A 2013 study by Javelin Strategy & Research found mobile transactions are the least costly to complete, at an average of just 10 cents per transaction. Because the mobile channel is the most cost-effective way for financial institutions to serve customers or members, encouraging the use of mobile banking has the potential to increase efficiency and profitability.

Targeting the Mobivore

Consumers are used to frictionless, innovative mobile experiences, whether managing travel, shopping, sending photos or making social connections, and they now expect the same quality user experience from mobile banking. Enabling compelling mobile financial services requires discipline, planning, preparation and a sustained investment of both time and energy. Mobile banking can no longer be perceived as an extension of online banking, or a short-term "check-the-box" investment for financial institutions.

If financial institutions fail to quickly address the mobile channel and the growing number of consumers who are seeking a mobile-only experience, they will more than likely be left with fewer customers. From video stores to the United States Postal Service, there are many examples of organisations that are struggling because the world is adapting to a new and different model.

To target the mobivore, financial institutions should invest in the mobile user experience and create the architecture necessary to enable these consumers to be mobile-only users. Most importantly, financial institutions must deliver the best, most compelling user experience possible, no matter what channel or device the consumer chooses.

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