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Tech Front

What's In Your e-Wallet?

Smart Phones Integrate Customer Banking Experience

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SPECIAL TO THE COMMERCIAL RECORD

A perfect storm of change is disrupting the way we pay for goods and services and manage our financial information, transforming commerce and raising consumer expectations.

Today, consumers increasingly expect a payment experience that seamlessly crosses online and offline channels. They use multiple information sources to make buying decisions, and expect an integrated experience that's timely and consistent wherever they are at any time – a concept First Data calls Universal Commerce.



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The primary factor driving these new expectations is unprecedented access to information and technology. For example, a man who wants to buy his wife a camera for her birthday might ask his social networking contacts for recommendations and read reviews on a digital photography website. He might go to a local camera shop to check out the models he's considering. While he's there, he might use his mobile phone to compare prices at other stores.

Those same capabilities and expectations are transforming consumers' expectations of their financial services as well. Where banks used to control the financial experience, with consum-



ers accepting a set package of services, now consumers define the financial features and controls they want to manage budgets, access their money and minimize fraud. Access to information and the ability to manage funds has expanded beyond traditional “bankers’ hours” to be available around the clock.

To stay relevant, financial institutions must deliver simple, integrated experiences that are fast and consistent. Consumers now expect the best offers and service, delivered in the most convenient and personalized way

Mobile Wallets: The Point of Arrival

The explosion of smart phone adoption in recent years is facilitating the rise of this integrated consumer experience while providing a new channel for financial institutions large and small to communicate with their customers. The mobile connection allows financial institutions to optimize how existing services are delivered, create unique combinations of existing services, and create brand new services.

For many, the ultimate vision for fulfilling the

promise of the integrated consumer experience revolves around the mobile wallet. The contents of the leather wallet are migrating to mobile phones, enabling personalized commerce anywhere, any time. Mobile wallets can contain mobile tickets and receipts, as well as coupons and offers. They can also contain personalized account information and enable payments through bar codes or near-field communication (NFC).

The heart of the mobile wallet is the mobile handset itself. Differences in handset hardware are adding complexity to the goal of creating a consistent user experience for mobile commerce. Some come equipped with mobile commerce enablers such as NFC capability and/or a secure element – a secure smart card chip inside the phone that is used for storing and accessing ac-

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count information – while others do not.

As a result, a combination of technologies, including NFC and contactless readers at the point of sale, 2D barcodes and cloud services, are commerce-enabling a wide landscape of phones. As these technologies progress, they are providing a bridge toward a consistent user experience.

What Should Financial Institutions Do Now?

Mobile commerce is set to have a profound effect on consumers, their shopping and financial services experiences, and the companies they interact with. Financial institutions can get in

early and help shape that future. Here is what we advise financial institutions to be thinking about now:

Stay up-to-date on the innovations that are transforming payments and commerce. Understand the opportunities and risks.

Incorporate mobile into your strategy. A holistic strategy that includes mobile is critical, so you can present an integrated experience to your customers. Understand what your customers are doing in your mobile app vs. your website vs. your branch. Ask what other mobile apps your customers are using. Use the knowledge you have of your market to determine your vision for your custom-

ers in a mobile world. Develop a timeframe and roadmap to “go mobile.”

Determine whether there are additional services you should offer. To facilitate universal commerce interactions between consumers and merchants, new and enhanced financial services are critical. Consider contactless-enabled cards; virtual card issuance and provisioning (TSM services); payment enablement; offer and loyalty enablement; account access and lifecycle management; integrated online banking; alerts, controls and other self-service capabilities; and integrated communications.

Highly personalized customer interaction today presents a new opportunity and competitive challenge. Tomorrow’s solutions must be secure and relevant at a minimum. But to be successful, they must also be immediate and convenient, and they must put control in the hands of the consumer. ■

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