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Banking on new technology Washington Mutual among institutions adding mobile services to directly link phones, money

Hey, wamu wants 2 talk 2 u.

Seattle-based Washington Mutual is the latest financial institution to join the mobile-banking movement, announcing on Wednesday new services that use text-messaging to help customers check account balances and view recent transactions.

Other major banks, including Bank of America and Chase, already offer mobile services. Tara Burke, a spokeswoman at Bank of America, said the company has more than 1 million registered customers and over 100,000 people use the services on peak days. BofA has 25 million consumers that use online banking services.

For banks offering mobile services, checking balances and making simple fund transfers via text message is just the beginning as cell phones evolve to be more like a desktop or laptop computer. The mainstream adoption of more sophisticated phones, as well as improvements in software to enhance Web browsing, is expected to usher in a host of new features, such as paying bills and using a handset as a credit or debit card.

"We believe that when money gets on the mobile phone, the whole perception of money is going to change," said Sam Pitroda, the founder and chief executive of Oakbrook Terrace-based C-Sam Inc., a mobile payment technology firm.

But consumer adoption in the U.S. is still in its infancy, with market research showing a high level of skepticism about security and convenience. This wariness is part of the reason banks are starting with basic, text-based services.

Matt Macomber, WaMu's senior vice president of e-commerce, found his bank's customers were interested in "check my balance and check my transaction history [on their phones]. Everything else kind of fell off after that."

Javelin Strategy & Research forecasts that, of the 87 million U.S. adults with access to mobile-banking offerings in 2008, just 27 million are using those services. In 2009, the financial-services research firm sees just 47 million of 129 million potential consumers banking on their phones.

Early adopters

Despite the relatively small turnover numbers, "the snowball has started rolling," said Mary Monahan, a partner at Javelin. Her research points to young consumers as the earliest adopters of mobile-banking services, with 82 percent of people between 18 and 34 using text-messaging. According to Monahan, 18- to 34-year-olds are also the highest adopters of smart phones, or handsets designed for more advanced e-mailing and Web browsing.

This bodes promising for the future of mobile banking, analysts said.

"Not a lot of people are even aware the services are out there," said Milton Ellis, a senior consultant in the technology group of research firm Harris Interactive. "[But] based on what we've seen, in the next year, some good amounts of people will be hopping in."

Even with faster and easier-to-use cell phone browsers, banks face challenges because Web sites have to be tailored for handsets, taking into account both the smaller screens and the need for secure transfer of data on wireless networks.

Some banks are looking at applications that download onto a cell phone. Such an initiative would require negotiations with wireless operators, which control the features that are available on handsets, over such issues as cost- and revenue-sharing, as well as liability.

"What you have is a disconnect in responsibility between the telecommunications world and the financial world as to who owns that security," said Sid Pearl, director of enterprise security at information technology consulting firm Unisys. The firm released a survey in June showing 71 percent of U.S. consumers are uncomfortable banking or shopping online using their cell phones.

Proponents of the new technology say banks have to convince consumers that the services are both safe and useful.

"People don't just wake up one day and say, 'Yeah, I'm mobile-banking today,' " said David Thompson, vice president of marketing at Novato, Calif.-based ClairMail, which provides mobile payment technology to financial institutions. "It just doesn't happen. People will mobile-bank and do mobile payments if the bank is delivering value to them. One of the cool things about the mobile phone is it's with you all the time and it's two-way."

The next step in mobile payments could be a feature where someone receives a phone alert when a new bill arrives with the choice of making a payment or requesting more information, Thompson said.

Mobile evolution

The cell phone's evolution will likely include the mobile wallet, or embedding mobile phones with chips linked to credit and debit cards, allowing shoppers to make purchases by simply flashing the phone in front of an electronic reader at a store. Some outlets, such as gas stations and fast-food chains, are experimenting with these systems, though with smart cards rather than phones.

Consumers are becoming more comfortable with this technology, said Mohammad Khan, founder and president of Santa Clara, Calif.-based ViVOtech Inc., which has electronic readers at several locations in the Chicago area. He believes mobile-wallet phones will be available by next year's holiday season.

"It's looking very, very positive," Khan said.