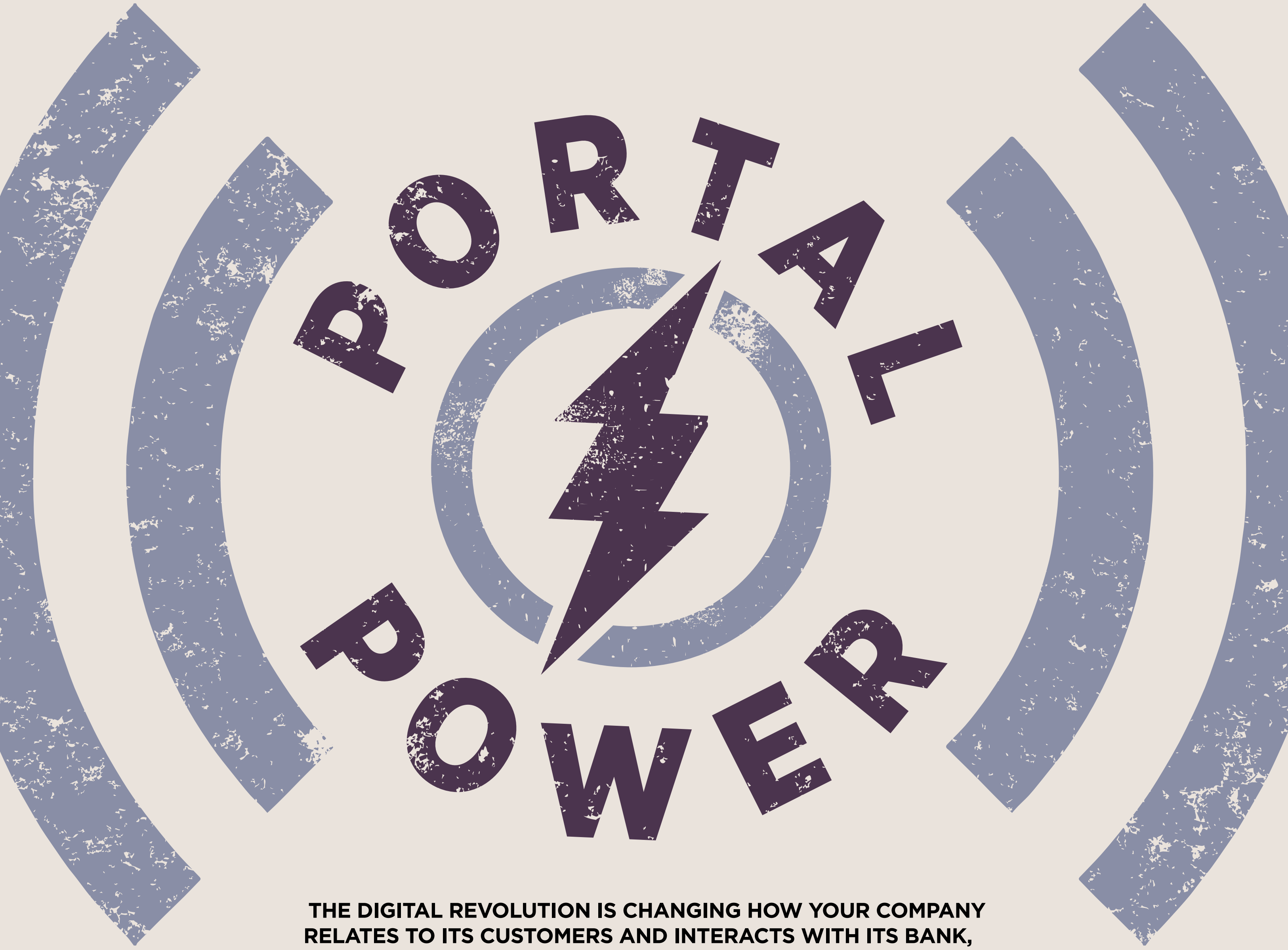

THE DIGITAL REVOLUTION IS CHANGING HOW YOUR COMPANY RELATES TO ITS CUSTOMERS AND INTERACTS WITH ITS BANK, SAY IAN CHITTICK AND EIMEAR O'CONNOR

By the end of 2014, at least 1.75 billion people (nearly a quarter of the world's population) are expected to own at least one smartphone, according to research by eMarketer. Meanwhile, a report from Juniper Research has found that the value of global payments that are made through mobile devices will reach around £507bn this year – a staggering rise of nearly 40% year-on-year.

Digital, and particularly mobile, technology is transforming the way that today's consumers are interacting with their banks, with the suppliers of their goods and services, and with each other. They expect to do their banking, pay their bills and make purchases wherever and whenever they want. This means being able to use their smartphones for everything from buying a bus ticket to receiving an insurance claim. It's a trend that is set to accelerate further in the coming years.

While the mobile revolution presents some interesting challenges for businesses, which must respond deftly to the rapidly evolving expectations of their customers, it also presents some great opportunities – particularly with regard to revenue generation and data exchange. The traditional view that mobile payments are only suitable for low-value transactions is changing and this is reshaping the payments landscape for consumers and businesses alike. As a result, companies need to reassess their business models and the ways in which they interact with their customers.

If a company's business model relies on the regular collection of payments from individual consumers – in the case of a utility company, for example – it needs to consider how it can give customers a choice of payment options and encourage them to move away from cash and cheques to mobile-based payments. Mobile technology is also a great way for businesses and their consumers to exchange data with each other, thus enhancing the relationship between the two parties. Again, to take the case of a utility company, it could use mobile messages to warn its customers of a likely power outage, while a consumer could use a mobile app to give a meter reading.

After bill payment and data exchange, revenue generation is the logical next step. So how can businesses enable consumers to make selection decisions more easily by using their smartphones? Options abound here, with businesses having the option to add scannable QR codes onto their corporate literature, posters or advertisements in magazines. Using a mobile device, consumers could then initiate the purchase of an item or download information by scanning the QR code. Even more significantly, companies will soon be able to track exactly where their consumers are when they are interacting with them, enabling them to make targeted offers and gain a deeper understanding of their purchasing habits. By taking this approach, companies can gain a competitive edge in a world where many consumers' disposable incomes are still squeezed.

Enter the bank

So how is the digital revolution that is taking place in the consumer world driving corporates' expectations of the parties they do business with, particularly their banks? Ultimately, we are all individuals and therefore those expectations that we have as a retail consumer – ease of access, ease of use and secure data retrieval – are replicated in our business lives.

Companies have been able to make payments electronically for many years and most payment and reporting activity that takes place between corporates and their banks is already done online. But the development of online portals will take the digital relationship between banks and their customers to the next level. While few banks offer portals at present, the roll-out of portals is a top strategic priority for most global banks and we are likely to see them become commonplace over the next 18 months to two years.

A portal is a single platform that a company can use to carry out any activity that it does with its banks. It is the digital equivalent of the high street bank branch in the physical world. The portal supports payments, FX, trade finance and corporate credit cards, among other services, all of which would have needed separate banking applications in the past. Furthermore, each of those applications would have had discrete sign-on capability with individual user names, passwords and entitlements, as well as a different look and feel and overall user experience. With a portal, users have a single point of access and a single sign-on procedure.

Once they are signed in to the portal, the user will have access to a comprehensive dashboard that is personalised according to their own entitlements. Depending on the user's entitlements, the dashboard can potentially display the company's cash balances in all the accounts across its banking group. This will give it the visibility it needs to make decisions such as moving money from an operating account to a term deposit to secure a better interest rate. Portals will be available on any type of internet-enabled device, although they will probably be more accessible via a laptop or tablet due to the larger screen size those devices have, with specific functions (such as alerts or approvals) being reserved for smartphones.

The journey of the portal is only just beginning, so while portals have the potential to offer a wide range of services in the future, they will not necessarily all be available at the start. Integrating old technology into new technology requires time and investment, but we should see banks add in activities that haven't been serviced digitally before, such as debt management and online cheque capabilities. Meanwhile, the mobile revolution is also set to influence development of treasury management systems so that they start to generate messages for delivery to tablet and smartphones.

In the past, banks have sometimes found it difficult to find and deliver services that suit mobile devices. But demand from our corporate customers is driving innovation in that area at present. We are focused on looking from the 'customer side in' rather than the 'bank side out' in order to make the services that we deliver more relevant and more personalised. At the same time, security is a top priority for us, so development in security is moving in parallel with development in multi-device technology. Welcome to the digital future: it is only just beginning.

CHASING PAYMENTS

When it comes to driving revenue, companies need to understand which barriers exist to the consumer making a mobile payment so that they can try to find ways to overcome those barriers and create a smoother payment journey.

In 2013, research by credit card verification company Jumio found that two-thirds (66%) of all purchases initiated on mobile apps and mobile websites fail at the point of checkout. This was largely due to consumers not feeling comfortable about entering their credit card information on their device or finding it too difficult to do so.

Businesses therefore need to look at how they can minimise the clicks and the key entry the consumer is required to make during the payment process to ensure that payment is completed. This includes considering how much information they can 'replay' back to the customer to reduce the amount of detail they ask the customer to provide. For example, they might store billing and delivery addresses and payment information.

Consumers want to feel confident about the payment environment that they are using. So companies need to offer reassurance that the environment is indeed secure. A good way to do this is by using a payment provider that offers a high level of security, for example, bank-grade payment capability.


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