

P E R S P E C T I V E

## Taking Mobile Banking Corporate



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It's ironic that in a world that has gone mobile, corporate treasurers and CFOs are still tethered to their desks because they need computer access to issue approvals using corporate Internet banking.

While consumer mobile banking has soared in recent years ever since the smartphone arrived on the scene, its corporate cousin is yet to take off. However, according to various industry participants, there is significant untapped demand for corporate mobile banking, as those finance professionals who use mobile banking in their personal lives – not just on mobile phones but on a variety of devices including tablets – want the same convenience at work.

This optimism is corroborated by a recent survey of 267 bankers, in which over 40% of respondents said that they would likely use corporate mobile banking to check account balance or transfer funds. The treasurers among them were even more enthusiastic – more than half said that they would be interested in advanced corporate mobile banking functions including transaction approval and payment initiation, and more importantly, a sizeable number were willing to pay for these facilities.

All of which naturally leads one to ask why corporate mobile banking isn't a raging success yet. The single largest reason behind the poor adoption of corporate mobile banking is a serious concern about data security. But now it is hoped that improvement in the security perception, convenience, experience and consequent adoption of consumer mobile banking will rub off on the corporate version to give it a fillip in the near future.

### What is Corporate Mobile Banking?

Corporate Mobile Banking is currently an abridged version of Corporate Internet Banking. Some banks have developed in-house solutions to enable their corporate customers operate company accounts using mobile devices to fulfill a variety of functions including transaction approval, fund transfer, balance check and wire payment. It is easy to see that these solutions improve productivity by providing finance and

treasury executives access to critical information and tasks even when on the move.

Independent technology vendors of consumer mobile banking applications have only now started to explore this space with the expectation that the trend of equipping company executives with smartphones and tablets will favor the adoption of corporate mobile banking – yet in its infancy – in the not too distant future.

Most solutions offer popular functions such as basic account operations (balance check, transfer, approval etc.), alerts about important events as well as two-way messages that can be used to initiate action, and exception management to allow 'out of the way' approval. Of these, approvals and alerts on critical events such as inward and outward payments and 'out of office' delegation of authority are the most preferred.

The above functions may be augmented with advanced features like vendor payment facility, accounts payable and receivable information viewing, transaction hold and release, cash and treasury management services and reporting, electronic invoice generation over a tablet device, payroll processing and "positive pay decision" to confirm or deny the payment of checks after viewing their scanned images on mobile. Although the majority of banks offer only basic corporate mobile banking functions, studies indicate that the higher screen resolution and optimized experience of tablets will encourage the usage of advanced services in future.

### Modes of Corporate Mobile Banking

Although individual consumers use mobile banking in a variety of modes including SMS, USSD, Browser-based and Downloadable Apps, only the last two are relevant to the corporate version. It is most logical for banks to start with the browser-based version, because they can leverage their existing Internet banking infrastructure, technology, processes and security mechanism to launch a corporate mobile banking offering. Besides cutting investment and lead time, this arrangement also allows banks to apply the same multi-factor authentication used

in corporate Internet banking on the mobile to give it additional safety.

While downloadable apps are easy to use and obviously superior from a user experience point of view, they have certain drawbacks such as the storage of data on the mobile device for meta caching, which increases the risk of data theft. Therefore, banks offering this service must ensure that such data is completely cleared once the application is closed.

### Challenges of Corporate Mobile Banking

Undoubtedly, countering the negative security perception of corporate mobile banking remains its biggest challenge. In this case, security fears related to ID/data/device theft are much higher than in consumer mobile banking, given the volume and sensitivity of exchanged data, and the impact that any lapse could have on the bank and its corporate users. The heightened standards of risk management and regulation in the aftermath of the financial crisis have turned banks even more cautious about adopting corporate mobile banking.

Another challenge is providing a holistic view of the global accounts for large multi-national corporates.

The multiplicity of mobile devices and operating systems is also posing a challenge to the creators of corporate mobile banking offerings, who must not only provide functional, easy to use and secure, but also device agnostic solutions.

### Key Success Factors

Banks can hasten the adoption of corporate mobile banking by leveraging their existing corporate Internet banking offering – that their customers are accustomed to – to provide a similar, seamless experience on tablets, smartphones and other mobile devices. A browser-based mobile banking service usable on tablet devices is more likely than downloadable apps on smartphones to succeed with corporate users who are comfortable with mobile devices but less so with specialized apps. Last but not

least, the mobile banking solution must be workable on a wide range of devices and platforms.

It is vital that banks create awareness about the strong security features of mobile banking, especially its robust data transmission and authentication mechanisms.

Banks can further improve the efficacy of corporate mobile banking by integrating it with their customers' ERP systems.

Although corporate mobile banking is a potential source of revenue for banks, they must price it attractively. It has been observed that corporates who say that they are willing to pay for a corporate mobile banking facility in research surveys, frequently back off when they actually need to make that decision.

It is also important to target this service at the right users within the right companies. Vendors believe that the sweet spot is in the small and mid-sized corporate user segments. Banks must identify the executives with the greatest need for corporate mobile banking and tailor their solutions to the typical actions – like issuing approval or interacting with the bank's Relationship Manager – that need to be performed by these executives while on the go.

### What Lies Ahead

Market watchers feel that consumers' need for anytime, anyplace access to various services will also seep into their corporate life. And as companies continue to invest in the latest gadgetry – smartphones, tablets and that which is yet to come – to improve executives' business productivity, the outlook seems positive for corporate mobile banking, which has had a slow start thus far.

Indeed, major technology vendors seem to agree with this assessment, and most of them will have a smartphone-based corporate mobile banking offering in place at the end of this year. What they need to do to ensure its success is convince prospective customers about its safety, enable it to work on a range of devices, especially

tablets, and ensure that it has all the features that finance and treasury executives would need when they are away from the office.

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