



How 'Smart' are You?: How Smart Phones and Tablets are Changing Financial Services

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Conference
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The future is here.

It's all in the numbers

500,000 IOS APPS AVAILABLE | 400,000 ANDROID APPS AVAILABLE

350M
SMARTPHONES IN USE

400M
WILL BE SOLD IN
2012



44%
USE SMARTPHONES



64%
BETWEEN 24-35
USE SMARTPHONES

US PC FELL **5%**
SHIPMENTS ↓

TABLETS MASSIVELY ERODING PC SALES

80M IPADS

WILL BE SOLD

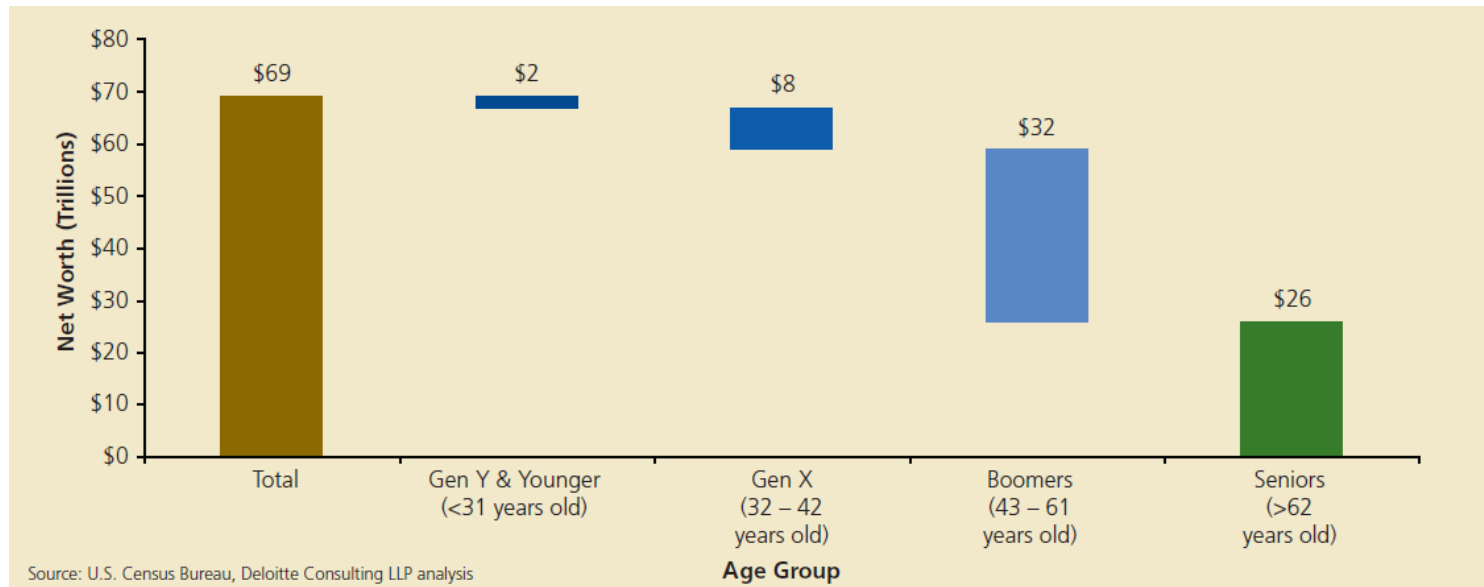
IN 2012

ONE WEEK IN 2011

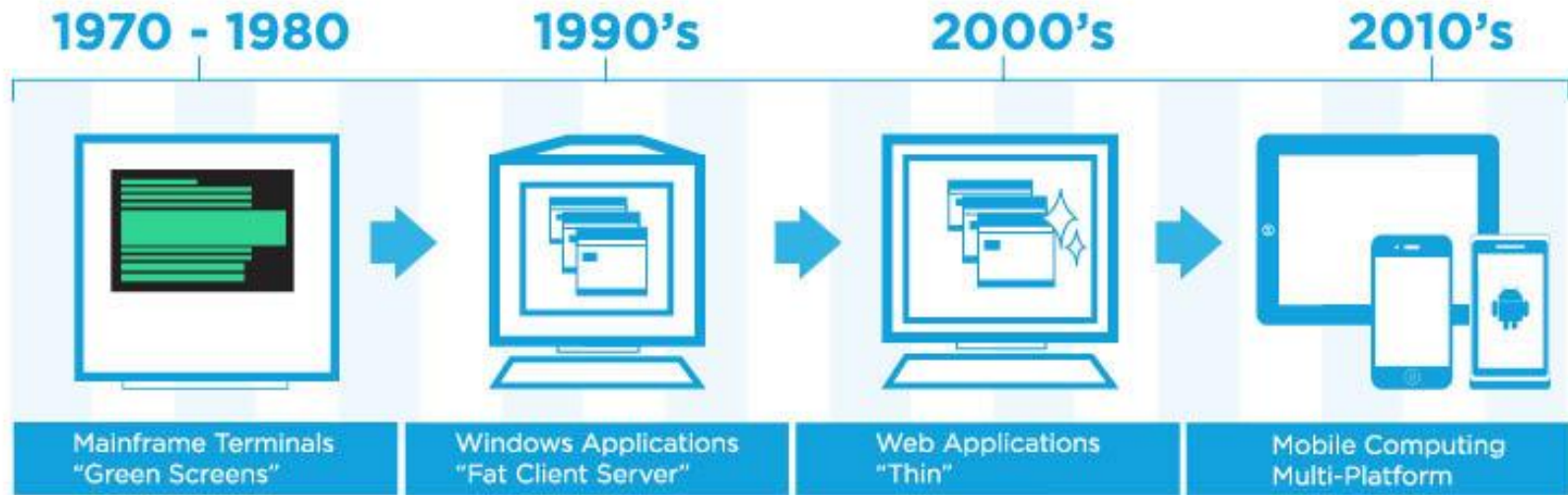
= 1,200,000,000 APPLICATION
DOWNLOADS

The great wealth transfer...and creation

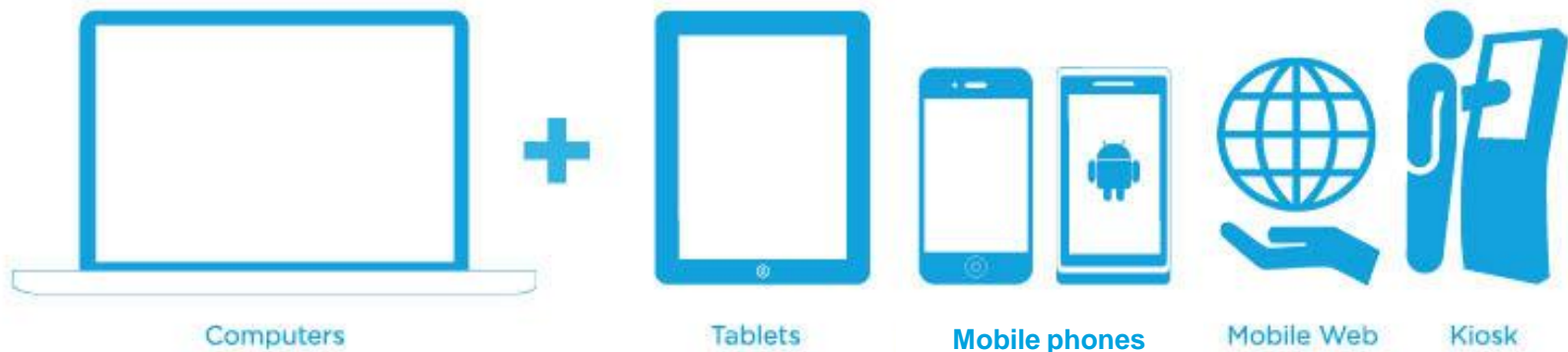
- **Baby Boomers will transfer a substantial wealth to Gen X and Gen Y**
 - In the US approximately **\$18 trillion assets** is expected to transfer in the hands of Generation X and Y from 2017 to 2052.
 - Gen X and Gen Y will be responsible for deciding where and how to invest a significant amount of capital
- **A segment of ultra-rich customers will emerge from Gen X and Gen Y**
 - Similar to the “dot- com” millionaires of the 1990s, a number of small extremely high net worth individuals will emerge from the two cohorts.



We've come a long way baby...



MOBILE IS NO LONGER OPTIONAL!



Stay competitive. Manage
risk. Grow your business.

Mobile is a game-changer...everywhere.



Retail

- Mobile Commerce
- Point of Sale
- Coupons and Offers



Hospitality

- Digital Concierge
- In-Room Automation
- Tablets for High Touch Customer Service



Media

- TV Everywhere
- Social Television
- Interactive E-books



Transportation

- Navigation / Telematics
- Airline Mobile Ticketing / Check-in
- Automotive Apps



Healthcare

- Clinical Trials
- Salesforce Automation
- Tablet Electronic Records



Telco

- Content Delivery
- App Stores
- Messaging



Financial Services

- Mobile Banking / Payments
- Loyalty / Rewards Programs
- Mobile Financial Trading Systems



Public Sector

- Government to Citizen
- Smart Parking
- Education / Advocacy

How companies use mobile to grow business

Mobile Banking

	Service	Description	Adoption
Account Maintenance	Mobile Device Registration	Enroll for mobile banking and register cellular device	High
	Access Account Info	View and edit personal information account information	High
	Locate ATM / Branch	Utilize GPS-enabled Smartphone to locate ATMs and / or branches	High
	View Balance and Activity	View account balance information available through web, application, and SMS bases mobile banking	High
	View Statements	Use Smartphone screen to view paperless mini-statements	High
Transactions	Receive Alerts	Obtain account activity, balance, and / or overdraft alerts	High
	Bill Pay	Pay bills directly from their phones through EFTs	Medium
	Photo Check Deposit	Scan or take a picture of a check and directly deposit it into customer account via message to financial institution	High
	Trading and Investing	Manage brokerage accounts through web and application based software and make stocks and securities purchases	Medium
Mobile Payments	Transfer Funds(me-to-me)	Manage funds availability between accounts	Medium
	Transfer Funds (me-to-you)	Effectively pay another customer through the transfer of funds from one account to another	Medium
	Near Field Communication	Transfer funds through short-range high frequency wireless communication which enables the exchange of data between devices 4 inches apart	Medium
	In Store Purchases (P2B)	Make in-store purchase using RFID transfer	Medium
Marketing & Customer Acquisition	Micropayments	Make relatively small purchase (e.g., vending machine, parking meter, etc.)	Low
	Add Ancillary Product	Add additional accounts to their portfolio and transfer funds to them from another existing account	Medium
	Receive Product Marketing Via Email	Receive marketing, coupons, and / or financing options from financial institutions	Medium



Level of Adoption ○ Low ● High

Some benefits of a mobile program

Key Focus Areas

Enhance Core Capabilities

- Focus on easy-to-use applications that perform 4-5 transactions well as opposed to 15-20 poorly
- Improve link to customer service with “one click away” customer service representatives
- Reinforce reliability and security of mobile platforms

Expand Into Adjacent Functionalities

- Remote Deposit Capture – With certain banks leading the way and other’s duplicating functionality, large national and regional banks must focus on rolling-out reliable RDC to meet customer demand and reduce in-branch transaction costs
- Mobile Wallet – Banks looking to establish themselves as leaders in the digital economy should look to partner with early entrants into the mobile wallet space

Launch Cross Selling Initiatives

- Research and Cross-Selling – Emulate cross-selling approach of dedicating an entire category of its main navigation panel to product information including details, comparisons, and cross-touchpoint call to action on its mobile phone application
 - Customers appear amenable with 23% of smartphone owners saying they would be “likely” to “extremely likely” to research financial products via mobile and 18% express willingness to apply via mobile
- Acquisition – Roll-out ability to open accounts online as customer become more adept with technology

How to grow AND manage risk

Key considerations for risk management organizations

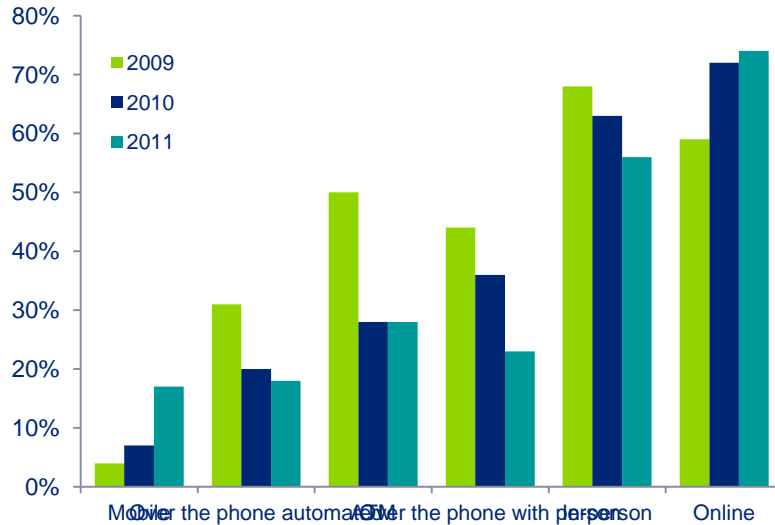
- Technology risks
 - Security and privacy
 - Personal data protection
- Regulatory concerns
- Reputational risks



Just because I can, doesn't
mean I should...does it?

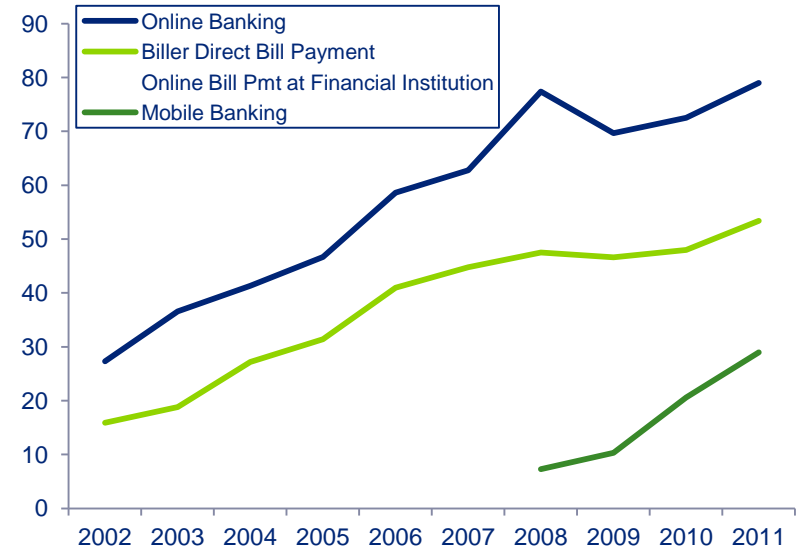
Using mobile to your advantage

Shift Away from Bank Branches



Source: North American Technographics Financial Services Online Benchmark Survey, 2011

Online / Mobile Banking Expanding

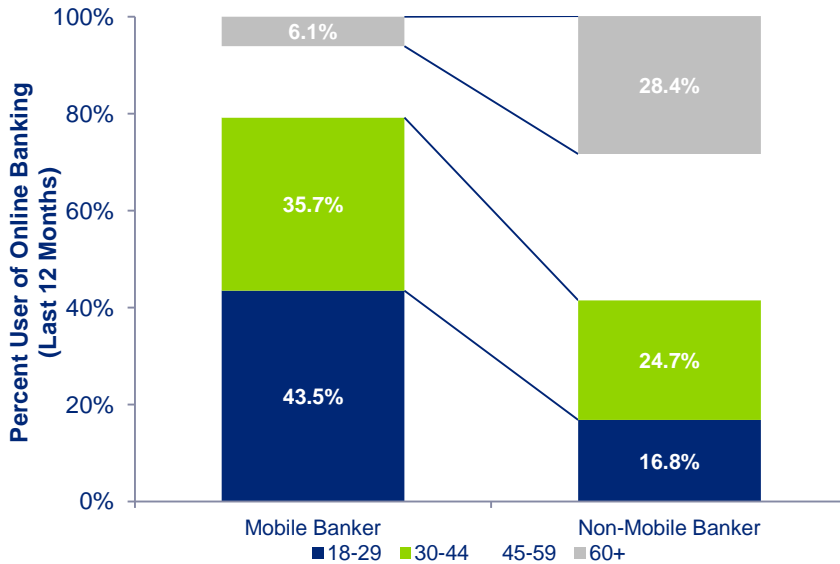


Source: Fiserv – “2011 Fiserv Consumer Trends Survey: Financial Services Continue the Digital Shift; Mobile via Forrester Research Mobile Banking Forecast, 2010 to 2015 (data for 2010/11 projected)

Mobile is the new normal.

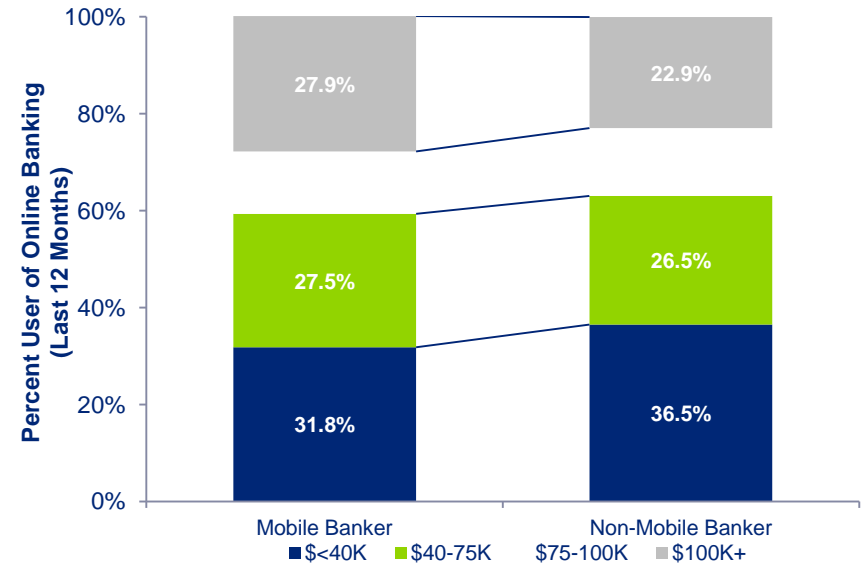
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Mobile Banking Age Distribution



Source: Federal Reserve Bank Mobile Banking Report 2012

Mobile Banking Income Distribution



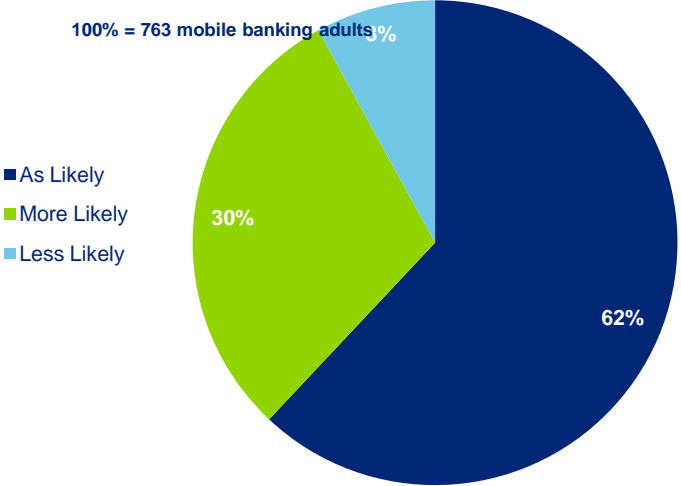
Source: Federal Reserve Bank Mobile Banking Report 2012

Get them while they're young...

Using mobile to your advantage

Increased Customer Loyalty

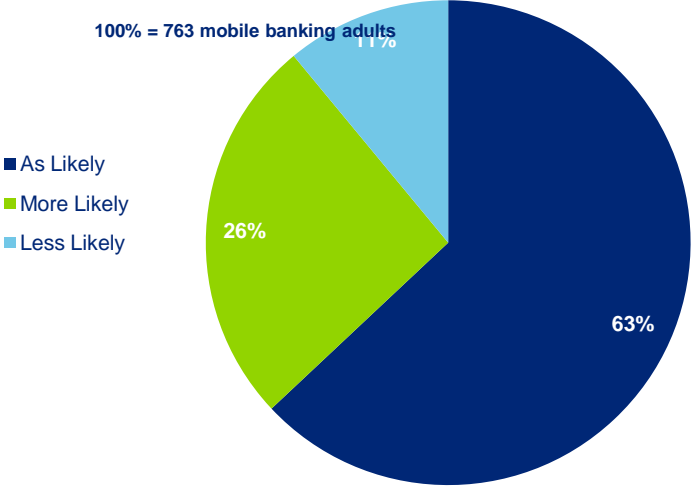
Question: Since you started using mobile banking, how likely are you to stay with the bank(s) you use for mobile banking?



Source: Forrester Research - "The ROI of Mobile Banking"

Positive Branding

Question: Since you started using mobile banking, how likely are you to recommend you the bank(s) you use for mobile banking?

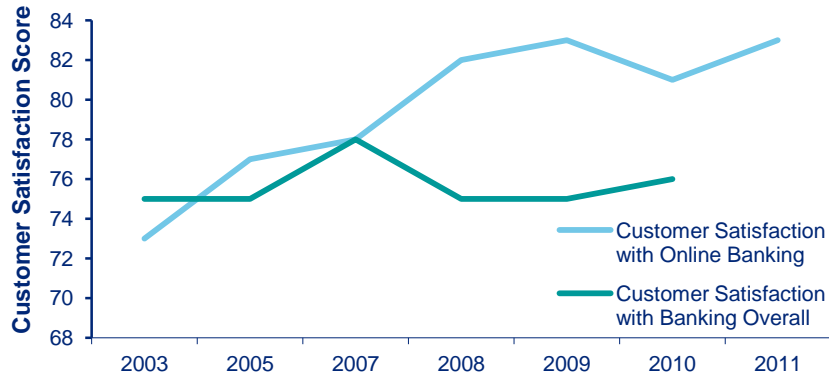


Source: Forrester Research - "The ROI of Mobile Banking"

...and they'll stay...

Using mobile to your advantage

Online vs. Overall Banking Satisfaction



Likely Future Behaviors

Likely Future Behavior/Attitude	Benefit	Highly Satisfied ¹	Less Satisfied ²	Percent Difference
Purchase More Services	Revenue Generation	64	43	44%
Use the Website as the Primary Channel	Cost Savings	89	58	47%
Recommend the Bank	Positive Word-of-Mouth	89	55	60%
Continue to Use Banking Services	Cross-Channel Customer Retention	94	67	42%
Overall Bank Satisfaction	Relationship Building and Loyalty	86	56	54%
Trust		88	54	61%

...as long as you conform to their needs.

Source: U.S. ForeSee Results 2011 Online Banking Study; Study leverages same methodology as the American Customer Satisfaction Index

1. Highly satisfied defined as individuals with an online satisfaction scores of 80 or higher

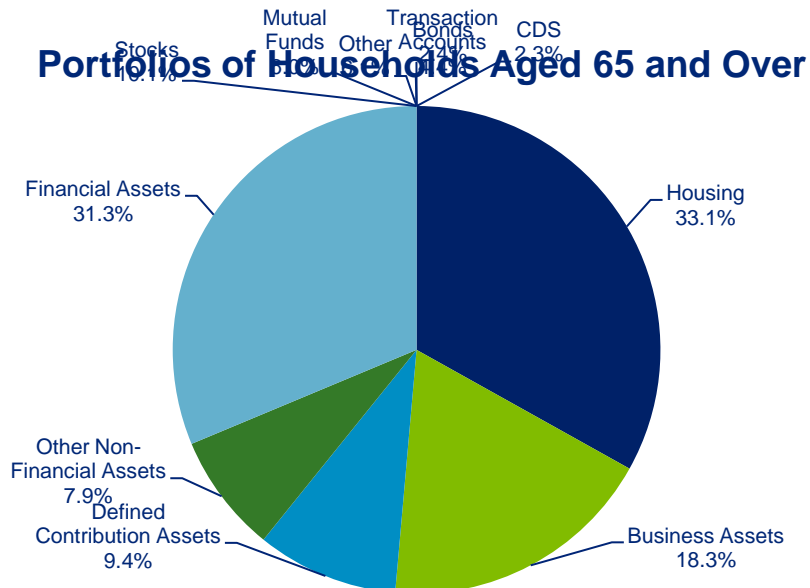
2. Less satisfied defined as those with online satisfaction scores of 69 or below

It's all about me.

Who is behind this shift?

Millennials are known for:

- Being proficient with technology, often called “Digital Natives”
- Will comprise more than 40% of the U.S. workforce by 2020
- By 2018, projected income will be about \$3.39 trillion annually
- Expected to inherit a large number of financial and non-financial assets



**Mackenzie Kirby,
Julia Kirby's daughter**

What do customers want?

Flexibility



Security



Ease of use



What is everyone else doing?

Major mobile trends...banking is just the beginning

Smart phone app capabilities

- Ability to deposit checks via a smart phone
- Locate ATMs and branches

Non bank service providers and products (eWallet)



On the horizon

How can the financial services industry lead?

How can we drive innovation?

How can we harness tomorrow's technology today?



Question and Answer



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