

### *Online and Mobile Banking - Lowering Channel Costs & Enabling More Self-Service*

At many community financial institutions, online banking enrollment is beginning to plateau. In order to drive continued adoption of this valuable and low-cost channel, FIs must upgrade their systems. The Big 4 money center banks are constantly raising the standard of what consumers expect in both the online and mobile channels. The other three segments - super regional banks, community banks and credit unions - must find room in their budgets for improving their platforms. While the community FIs can certainly lay claim to much better community affinity, and along with this the corresponding ability to provide more personalized face-to-face service from 8 to 5, this simply is not enough to compete in the hyper-competitive 24/7 financial services marketplace.

We recommend that community FIs put PFM (personal financial management) front and center when making upgrades to their online banking platform. A robust PFM solution gives consumers the ability to manage their money in a single location, easily move money between their accounts and quickly pay bills - all of which drives loyalty, frequency of use, deeper relationships, more vigilance against fraud and more. There are so many advantages to using PFM that go beyond a simple overview of finances; for example, its powerful money management capabilities can help prevent costly overdraft situations, which reinforces trust. As for bill pay, FIs must put more focus on this practical and sticky chore right from the outset. Javelin research shows onboarding is the perfect time to help consumers sign up and get set up to pay bills. Education and marketing are critical, as are any tools that could be provided to assist in switching over from their current institution.

On the mobile front, community FIs must face the fact that we not only live in a 24/7 world but also one in which consumers expect always-on, real-time information. Batched data, stale alerts and after-the-fact offers and advice will not suffice. It would be shortsighted to forego investing in the mobile channel given the massive popularity of smartphones and younger generations' strong reliance on cell phones for everything from listening to music to moving money. Mobile banking, particularly timely, actionable mobile alerts, can help deepen relationships and drive consumer engagement. Staying in touch via the mobile channel gives consumers more control over their finances and helps FIs fight fraud and attrition.

Just as with online banking, community FIs cannot afford simply to "check the box" and say that we have basic mobile banking. They must continually look to add features and new functionality, e.g., mobile remote deposit and person to person payments. These kinds of features serve to reinforce the value of your mobile offerings and drive more usage. You should view these enhancements as good investments for the long term, not as short-term hits to your budget.



**Mark Schwanhauser**  
Senior Analyst



JAVELIN STRATEGY & RESEARCH

#### Contact Info

[www.javelinstrategy.com](http://www.javelinstrategy.com)

**Mark Schwanhauser** is a Senior Analyst—Multi-Channel Financial Services with Javelin Strategy & Research. Mark worked nearly 26 years for the San Jose Mercury News, most of it as a personal finance reporter writing about money and emerging trends in financial services and payments technology. His primary responsibility was to write news and features on topics of particular interest in Silicon Valley. Javelin has the most up-to-date information on financial industry practices, including the latest in market trends and consumer preferences. Our extensive, quantitative data combined with insider experience enables us to forecast the direction of the financial services market and make recommendations for businesses to succeed.