

Online and Mobile Banking – Improving & Bridging the Digital Channels

While online banking remains an important and relevant channel. In many ways it is becoming legacy when compared to mobile banking. Without a doubt, mobile banking is table stakes right now for credit unions. Every credit union must be focused on their mobile banking strategy and working hard to deliver a full featured mobile platform. Without these concerted efforts, credit unions will certainly lose members, especially younger members who want to do everything on their mobile devices.

There are many ways to expand mobile features and functionality: alerts, rewards, coupons, etc. Mobile transactions are beginning to surpass online transactions in some categories and this trend will continue. To achieve these goals, credit unions must partner with vendors that can deliver integrated omni-channel solutions that support various form factors such as smartphones, tablets, and even wearable's such as Google Glass.

Perhaps the most exciting area of mobile banking is the realm of mobile payments and mobile wallets. Host card emulation (HCE), a part of near-field communication (NFC) technology, is especially promising. HCE is an affordable software-based way to handle mobile transactions – one that importantly bypasses the secure element in the phone that is controlled by the telecommunications carriers. HCE not only frees credit unions from dependence on the phone's secure element, it also lowers costs by removing the need to pay fees for access to the phone. Finally, HCE allows credit unions offering mobile payment and loyalty services to provision user credentials from a remote server rather than store them on the secure element in the user's phone.

Another hot topic right now is EMV migration. This is due to the upcoming EMV deadlines mandated by the card networks, as well as the big headlines generated by data breaches. EMV is an older technology - it has been around since the 1990s - that certainly serves its purpose in helping to reduce card-present fraud, but it will have little effect on card-not-present fraud. In fact mobile payments and mobile authentication may quickly bypass expensive EMV card rollouts. In addition to transforming Point of Sale environments, mobile banking is also coming to ATMs. Pre-staging transactions on the mobile device before arriving at the ATM and card-less ATMs that avoid skimming issues are two examples that come to mind.



Pradeep Moudgal
Director

Mobile banking services are helping credit unions retain members and gain new ones as well as reduce costs. The next phase in the evolution of mobile financial services to include mobile payments is in a nascent stage at most financial institutions in the global financial services industry. These financial institutions are ready to transition their current mobile service offering by providing additional payment services. Forward thinking credit unions would be well advised to ride this wave and work diligently to improve their mobile banking and payments infrastructure and offerings.



Pradeep Moudgal has over 25 years of experience in commercial and small-business banking, private banking, marketing, product development and management specializing in treasury management, cards and merchant services, international banking and lending services. Prior to joining Mercator, Moudgal was head of global cards and merchant services at Silicon Valley Bank, executive vice president at Lions Consulting Services, a vice president for U.S. Central Federal Credit Union, a director of corporate banking for Corillian (Fiserv) Corporation., a vice president for Provident Bank (PNC Bank) and a vice president for First Commerce Corporation (JP Morgan Chase).