

Mobile banking, once a gee whiz feature, is becoming ubiquitous

July 30 2012, By David Ranii

Mobile banking, which not long ago was the next new thing, is quickly becoming a must-have service for banks and credit unions.

Just in the last few months, a number of [financial institutions](#) have enabled their smartphone-wielding customers to transfer funds, look up their balances, pay bills and handle other banking chores while on the go.

-Raleigh-based Coastal Federal Credit Union launched its [mobile banking](#) service to its "social media followers" in late April and broadened the service to all of its 193,000 members at the end of May. About 8,900 members had signed up as of June 24.

"We absolutely need it in this environment just for competitive reasons," said Coastal spokesman Joe Mecca. "Mobile banking is really taking off across the industry. More and more consumers are conducting business using their phones."

"One of the top questions we have been getting from members," Mecca added, "is, 'Hey, when are we getting mobile banking?'"

-Raleigh-based RBC Bank never offered mobile banking, but Pittsburgh-based PNC Bank introduced it when it completed its acquisition of RBC in March. PNC isn't sharing how many of the customers it inherited from RBC are going mobile, but Thomas Parks, retail banking regional manager, said the reception has been impressive.

-Raleigh-based Capital Bank launched mobile banking in May. Susi Winchell, regional marketing director, declined to comment or provide details, citing the plans filed by Capital Bank Financial Corp. - Capital Bank's corporate parent - to raise money through an [initial public offering](#) of stock. Shares of Capital Bank, which already are publicly traded, would convert to Capital Bank Financial shares if and when the IPO is completed.

Mobile banking got its start at the nation's largest banks and has been advancing through the ranks of regional banks and smaller community banks as the technology became less expensive and third-party vendors began offering it, said Tony Plath, a finance professor at UNC-Charlotte.

Whereas in the tech industry innovation often comes from start-ups, "in banking R&D is just too expensive for the little banks," Plath said. "So they always do a follower rather than a leader strategy."

At the moment, banks that offer mobile banking have a competitive advantage over those that don't, but that could be short-lived.

"I think we're probably two years from ubiquity, from the point where you just take it for granted," Plath said.

The attraction for banks is that handling a mobile transaction costs much less than if it's handled by a teller at a branch, he said.

Some banks that don't offer mobile banking today have it high on their to-do list.

"We're working with our vendor to offer it as soon as we can," said Scott Custer, CEO of Raleigh-based Crescent State Bank. "We believe mobile banking is an important feature and an important service to our

customers."

Coastal Federal member Danielle Cooley eagerly signed up for mobile banking the first day that Coastal made it available. She previously used mobile banking when she banked with SunTrust and BB&T.

"I (use mobile banking) because I'm a busy professional and a single mother," said Cooley, a financial adviser. "I don't have time to get out of the office and get to a brick-and-mortar branch. It allows me to deposit my checks remotely, which saves me so much time and energy."

Her sole complaint: "I just wish it took cash and could dispense cash (over the phone). That's the only way it could get much better," she joked.

Mobile banking varies depending on the bank or credit union. Services include: checking account balances; transferring funds; paying bills; reviewing past transactions; and depositing checks. The latter involves taking a photo of a check with your phone and sending it to the institution.

Also included in mobile banking is "text banking" - sending text messages to request and receive information about your accounts, such as balances and recent transactions. Unlike other mobile banking functions, text banking typically doesn't require a Web-enabled mobile device such as a smartphone. Any cell phone capable of texting will do.

Some banks and credit unions enable mobile banking via downloadable apps, while others have websites tailored for mobile access. Some offer both options.

The State Employees Credit Union has offered mobile service - the not-for-profit credit union refrains from using the word "banking" to

distinguish itself from its for-profit competitors - since late 2008 and its popularity continues to surge.

Today, more than 150,000 of its nearly 1.8 million members use mobile banking each month, up 52 percent from a year ago.

Rick Rhoads, senior vice president of e-services, said SECU's mobile service probably would be even more popular except for the growing popularity of tablet devices. Tablets are mobile devices but they can access SECU's regular online banking website, rather than the one optimized for smartphones.

Nationwide, nearly 21 percent of those who own mobile phones have used mobile banking over the past 12 months, according to a Federal Reserve Board report issued in March. And 11 percent of those who aren't banking by phone say they "definitely" or "probably" will within the next year.

Some consumers use the service as much as 60 times per month, although the median number of transactions is four or five per month. Checking balances is the most common mobile banking task.

A major obstacle to even more consumers adopting mobile banking is worries that some people harbor about security, the Fed report found.

Atlanta-based SunTrust, which has offered mobile banking since 2007, tries to allay those fears by offering its mobile customers this guarantee: "In the unlikely event that someone establishes unauthorized access to your account through SunTrust Mobile Banking, you are 100 percent covered for any funds removed from those accounts," the bank states on its website. "This reimbursement assurance includes loss of interest, insufficient funds, and overdraft charges.

Kristen Rankin, SunTrust's mobile channel manager, said the bank has never had to make good on that guarantee because there haven't been any incidents to date.

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Citation: Mobile banking, once a gee whiz feature, is becoming ubiquitous (2012, July 30)
retrieved 25 April 2024 from
<https://phys.org/news/2012-07-mobile-banking-gee-whiz-feature.html>

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