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## Mobile-banking apps with mobile carriers, ATM networks up the ante

by [Lynn Walford](#) \* • 17 Jun 2008

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Financial institutions are looking to mobile banking as a way to round out their banking options, providing their customers and members more convenient ways to bank. And wireless carriers are offering more ways to get on the mobile-banking bandwagon, connecting FIs to their networks.

"It's a bit of 'Gold Rush,'" said Nick Holland, a senior analyst at Boston-based Aite Group. "Mobile banking is almost not an option."

A recent study, "Usage Trends in Online and Mobile Banking: Upping the Ante," by Aite, found that mobile-banking usage in the United States is expected to grow from 4 percent in 2007 to 13 percent by 2009.

A number of mobile-banking options are now available to FIs, but Holland says the selection of one mobile-banking solution over another depends on how sophisticated an FI wants its solution to be.

Text messaging, downloadable applications and wireless application protocol (WAP), are the most common mobile-banking options.

Text messaging is the most basic, since it requires nothing more than the user's mobile number and the ability for that user to receive text messages. Downloadable applications are m-banking software programs that run on cell phones. And WAP solutions are, for the most part, downsized versions of the FI's Web site, making browsing the site from a mobile device easy.

Jeff McLaughlin is the executive vice president of mobile strategy for Monitise Americas, a downloadable mobile-app provider that recently joined the m-banking throng when it partnered with Metavante, allowing users of its application to remotely access

Metavante's NYCE ATM-network data.

McLaughlin says Monitise is not in favor of WAP mobile banking, since it can keep banking customers' information on the phone, thus posing security risks. Besides, WAP banking can also cost the customer more in data charges, because WAP requires more data downloads. And if an application is hosted by the carrier, such as is the case with "on-deck," it could take three to four clicks on the phone before the user completes his transaction.

But relying on an ATM network may not be the best long-term option, says John Pizzi, chief operating officer of mFoundry, a current leader in the mobile-banking space.

Pizzi says as competition in the mobile space heats up, limitations placed by governing bodies on ATM systems and networks could pose unforeseen problems for companies like Monitise.

For instance, customers may want more information and to conduct more functions that are not allowed over an ATM network.

"We spent a lot time developing our software and building relationships with channel partners," he said, adding that partnerships and the ability to get data directly from the banks helped to streamline the mobile-banking-development process.

MFoundry's solution works on AT&T, Verizon, Sprint and T-Mobile. MFoundry also has worked with Sprint and PayPal for MyMoneyManager — a solution that allows users to send and receive money via PayPal using Sprint phones.

But George Peabody, director of emerging technologies at Mercator Advisory Group, says Monitise's notion to use an existing infrastructure is intriguing for institutions that don't want to make huge investments in new systems.

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"Using the ATM data for mobile banking is appealing to mid-size and smaller financial institutions, and it enables them to deploy (mobile solutions) quickly," he said.

Monitise Americas is part of Monitise Worldwide, which in 2004 deployed the Monilink mobile-banking ecosystem in the United Kingdom. Since that time, Monitise has launched platforms that allow users in the U.K. to mobilely add funds to stored-value cards as well as conduct near-field payments with mobile devices.

The company soon hopes to duplicate those offerings in the United States through its partnerships with FIs.

Monitise offers a downloadable application that works with 85 percent of mobile handsets, including BlackBerry. The company has network relationships with AT&T, Sprint and T-Mobile.

"Monitise offers mobile banking for the masses," McLaughlin said. "Sometimes it can take 10 to 14 months with other mobile-banking vendors, while Monitise offers a rapid deployment of eight to 10 weeks."

The three types of downloadable mobile-banking apps are:

1. Customized applications designed to work between the bank and the cell phone carrier. Firethorn provides this type of application.
2. Applications designed to work with the core banking solutions providers, that are then adapted for the individual bank. MFoundry provides this type of application.
3. And applications that use data from an ATM network, such as the solution provided by Monitise.

According to Aite Group, the top providers of downloadable applications are Firethorn, a Qualcomm company based in Atlanta, and mFoundry of Sausalito, Calif.

Firethorn offers the "on-deck" application mentioned earlier. On-deck is an application that is offered by the cell-phone carrier on the phones it sells. The application shows up on the "deck" or screen of the phone. Carriers usually partner with banks to market on-deck solutions.

Firethorn provides a customized mobile-banking application for BancorpSouth and Cellular South, and offers on-deck applications for AT&T, Verizon and Cellular South. It currently has deals with Wachovia, SunTrust and Regions.

"We chose Firethorn because of its relationship with carriers," said Michael Lindsey, vice president of BancorpSouth, a Tupelo, Miss.-based FI with \$13.2 billion in assets. BancorpSouth began working with Firethorn in 2005 and launched its first mobile-banking app in early 2007 with AT&T.

"It's important to be innovative as a bank and work with new technology," Lindsey said. "We think that mobile banking will be able to do much more (such as payments) in the future. Debit and payments are important to us as a bank, and we wanted to make sure that companies like PayPal and Google don't dis-intermediate the bank out of the payment system."

MFoundry took a different approach.

In an effort to make the mobile-banking move easier for banks, mFoundry partnered with core solutions providers Fidelity National Information Services, PSCU Financial Solutions, ACI Worldwide, NCR Corp. and First Data Corp.

"It's definitely less of a hassle if the bank's core processor has a mobile-banking partner," said Charul Vyas, an analyst for Boston-based TowerGroup.

When mFoundry first met with City-County Federal Credit Union, it was able to show the credit union its application on a cellular phone and then come back two weeks later with an application that used CCFU's own data.

The same was true of mFoundry's mobile-banking launch with Laredo, Texas-based IBC Bank. When that program launched, mFoundry was able to tailor it to meet IBC's needs by offering mobile banking in both English and Spanish.

### **What to look for?**

Overall, each FI has to determine what solution will best meet its mobile-banking needs. But there are a few must-haves that can make the decision-making process easier.

First, Vyas recommends that banks, before they choose a downloadable m-banking supplier, look at the coverage of the mobile carriers, see if the application is already

preloaded on phones and other mobile devices, and look at the compatibility of those mobile devices that can use the application.

And, when the application can be branded with the bank's logo, even better, Vyas says.

The downloadable application also should be able to self-update — meaning software updates and additional functions and features should automatically occur, without prompting from the user, Peabody says.

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