

## Mobile Payments And Futuristic Aliens

by [Steve Brown](#)

You may remember Mork & Mindy, a popular TV show from the late 1970s and early 1980s starring Robin Williams and Pam Dawber. The sitcom was about an alien from the planet Ork who was sent to Earth to observe our primitive society and report back to Orsen, his leader. The series followed the antics of Mork and his human friend, roommate and eventual wife, Mindy. Devoted fans will undoubtedly remember Mork's child like attitude, unusual way of sitting on a chair (upside down), drinking (with his finger) and his signature greeting (Na-nu Na-nu).

We could all learn a thing from Mork when it comes to having an open mind and remembering our childhood days of vivid imagination. Veteran bankers these days may feel a bit alien-like when it comes to the flood of offerings coming from the mobile technology space, but tap into your childhood, open your mind and it may actually be quite interesting to you.

Consider a recent study on mobile payments and fraud that found nearly 67% of respondents actively supported the mobile channel last year, up from 59.9% in 2012. Another 23% said they plan to support mobile by yearend, according to the report from CardNotPresent.com, Kount and The Fraud Practice.

Mobile sales are also becoming a larger percentage of a merchant's business. The number of merchants that earn 20% or more of their business through mobile sales more than doubled to 21% in 2013, according to the report.

It's a good start, but even the staunchest mobile enthusiasts recognize that we're still in the early stages of what mobile has to offer. Today, many potential users are holding back largely due to concerns over fraud risk and information safety. Down the road, however, as organizations clamp down on security and these fears abate, the sky's the limit.

What does this mean for banks? To begin with it means getting started (if you haven't already), on implementing a mobile strategy. Banks need to figure out what's in it for them, how to deliver results and what partners to work with. There's certainly a risk to taking a prolonged wait-and-see approach, and smart banks are in the throes of figuring out a risk-reward balance they can live with.

As you're going through the analysis, consider the potential first-mover advantage. Recent research by Bain & Co. provides some food for thought, particularly in the area of digital wallets, where banks could find themselves successful competing against the likes of Google and others.

Interestingly, in the markets Bain surveyed, consumers said they expect banks to provide their digital wallet and they trust banks more to do this than other types of companies - including retailers, start-ups or related technology providers. Banks could use the trust card to their advantage in developing and marketing their own digital wallet. Not doing so could be a missed opportunity to build customer loyalty, acquire affluent new customers and become the provider of choice, Bain notes.

Eventually, it's inevitable that more consumers will turn to mobile and new merchants will come up to speed. By getting a jump start while mobile is in its early stages, banks have an opportunity to define who they are and what they want to be. It needn't take an alien in an egg-shaped spaceship to

convince banks that even things that seem completely foreign can eventually take off here on Earth. Enjoy the exploration, have fun imagining what your bank can look like 20 years into the future and enjoy the ride in your own technology rocket ship as you explore the galaxy of technology in banking. Maybe Mork was onto something those many years ago.

## **BANK NEWS**

### **Regulatory Pressure**

A CB Resource survey finds 36% of community bank executives surveyed say the regulatory environment is their biggest challenge.

### **Same Day**

The Fed has thrown its weight behind a banking industry push to settle electronic ACH payments the same day they are initiated.

### **Low Delinquency**

The ABA reports consumer delinquencies fell in Q4 to a record low, as consumers continue to clean up their financial position.

### **Productivity Impacted**

Research by the National Small Business Association of small businesses and taxes finds: 53% of business owners say the administrative burden of doing taxes is their biggest challenge; 47% say it is paying the taxes due; 60% spend more than 40 hours on federal taxes; 40% spend at least 2 full workweeks on federal taxes and 12% do their taxes themselves.

### **Less Small Biz**

Research by the Kauffman Foundation finds 476,000 new businesses were started each month in 2013, a 7% decline from 2012 and a 12% drop from 2011.

### **Jobs**

Looking around the world at a few other economies, we note the U.S. has 6.7% unemployment rate compared to Europe at 11.9%, Greece (27.5%), France (10.8%), Italy (12.7%), Germany (5.2%), Australia (6.0%), Japan (3.9%), U.K. (7.1%) and Canada (6.9%).

### **More Than Tech**

IBM surveyed Chief Information Officers (CIOs) and other executives at companies worldwide and found: 80% of CIOs plan to digitize their front offices in the next few years to deliver a better customer experience; the same percentage plan to use more analytics and implement leading-edge technologies to better understand and sync up with customers; 84% plan to invest in mobility solutions and 64% will spend on internal collaboration and social networking.

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