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Mobile Banking breaks through 6 million user milestone 6 months ahead of Internet Banking

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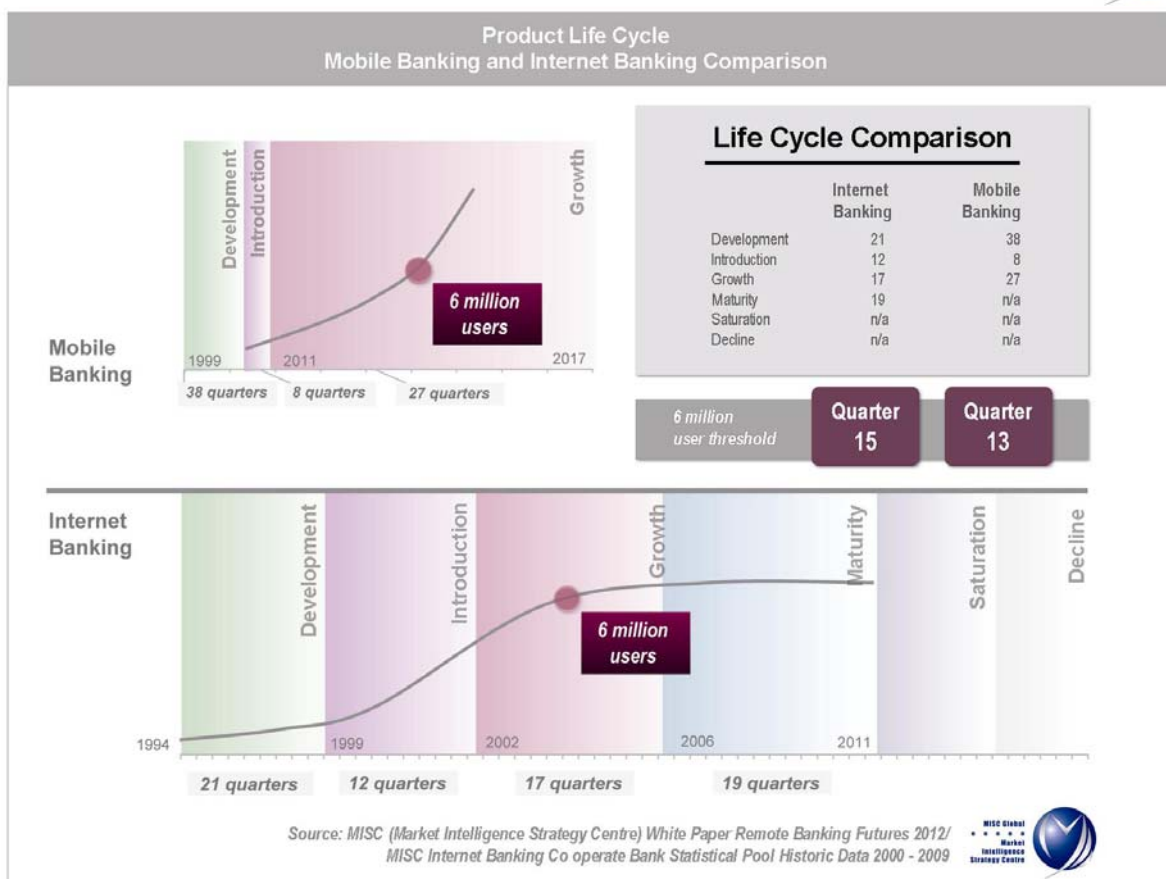
Mobile Banking breaks though 6 million user milestone 6 months ahead of Internet Banking

In the September quarter 2012, mobile banking # has now won favour with more than 6 Million Internet Banking users. While it previously took Internet Banking some 15 quarters to pass the 6 million users level, Mobile banking has taken 13 quarters to achieve the same milestone. These industry wide measures emanate from the Market Intelligence Strategy Centre (MISC), recently released, white paper titled *Remote Banking Futures*, which finally measures mobile bankers who are driving the next banking phenomena. This paper analyses, for the first time, the fast emerging, previously unqualified **Mobile banking sector. The MISC group, which launched the *Internet banking Co operative Bank Statistical Pool* back in 2000, now draws on the historic Internet banking data to assess the comparative speed of Mobile banking up take. The two statistical data sets the group has assembled, present a life cycle picture of both technologies, revealing that, not only has mobile uptake been faster on a straight time line basis, but also Mobile banking is now fast approaching the Growth life Cycle stage quicker than was the case for Internet banking, more than a decade earlier. Commenting on its white paper released today, Market Intelligence Strategy Centre (MISC) says that a confluence of unique factors has brought about this rapid uptake.

THESE INCLUDE:

- *The already high Internet Banking Penetration (which is now an established alternative to branch banking for more than 20 million adults).*
- *The presence of several advanced technologies including the iPhone WI Fi and 3G.*
- *And better broadband affordability making the mobile banking experience more affordable.*

This latest white paper research of Market Intelligence Strategy Centre (MISC), comes at a time when successive Android app upgrades have been deployed by, Commonwealth Bank, St George Westpac, National Australia Bank and ANZ and person to person payments have developed rapidly, largely though the efforts of ANZ and Commonwealth.



MISC classified Mobile banking as encompassing all mobile devices including Tablets even though in the latter case access is often via the web, direct to the Internet Banking service and often not app based.

Preferred starting Points in time line:

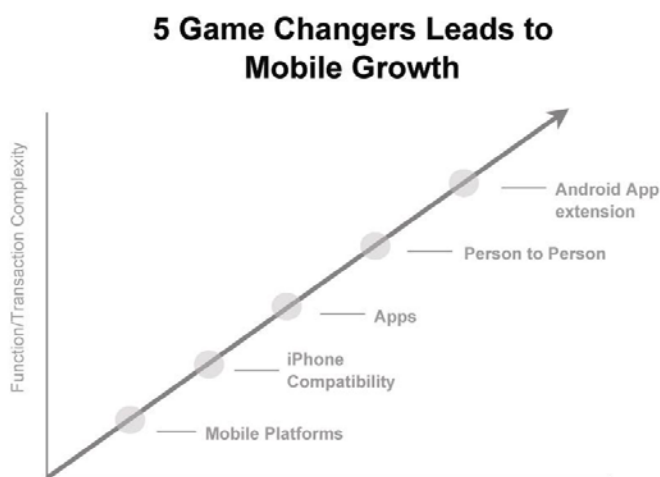
MISC further notes, that while a primitive form of Mobile banking (either SMS or WAP based) was evident as early as 1999 and 2000, it was not until 9 years later, (especially iPhone technology) when the take up actually began in earnest. This later starting time frame was similar to the patterns evident for Internet Banking. The first Internet banking service of sorts, and the more primitive, was launched by Advance bank (now St George) in May 1996. This initially provided account viewing. While various expanded forms were evident by 1999 it was not until usable browser standards eg Netscape, became widely accessible that Internet Banking take up can be realistically considered started. After the Westpac browser based online banking launch in 1998 this phase was starting to be in play by June 1999. No coincidentally, the MISC Cooperative Internet Banking Pool that monitored the growth of the industry for its first decade, began its industry collection by June 2000. The result says MISC, is that comparable time lines from which the speed of take up can more realistically be compared, are June 1999 for Internet Banking and June Quarter 2009 for Mobile banking. Some 15 quarters later Internet Banking reached 6 million users by December quarter 2002. By June 2012 Mobile banking had captured more than 6 million users just 13 quarter thereafter.

Milestones of growth:

Market Intelligence Strategy Centre (MISC), says that in any product’s life cycle, there is a development and introduction stage. Even though the final take up of mobile banking was faster than for Internet banking, MISC says the development stage was longer for Mobile. The development phase for Internet banking, MISC says, took some 5.5 years (i.e. from the first service to the development of a browser based systems in 1999). This compares to a much longer development phase for Mobile banking, which began in 1999/2000, when Commonwealth bank and Westpac first adopted their own form of Internet Banking and subsequent bank advances progressing up to 2009, nearly a decade later. MISC says that the introduction phase has been the critical determinant of Mobile banking success and while Mobile technology upgrades are still progressively being launched the 8 short quarters that have transpired so far compare to 12 quarters (till 2006) before that same development phase, had all but been completed for Internet banking. This, says MISC, suggest that it will not be until sometime in 2017 before Mobile completes its growth phase and enter its Maturity Cycle, which Internet banking has been embracing since 2006.

Five Game Changers: Mobile platforms, iPhone, Apps Person to Person Android Apps,

The Market Intelligence Strategy Centre (MISC) white paper *Remote Banking Futures* traces the evolution of each banks initiatives since 2009 and notes that the development of the app and multi device technology were the primary drivers of the 5 game changers i.e. growth catalysts.



Source: MISC (Market Intelligence Strategy Centre) White Paper *Remote Banking Futures* 2012



MISC says that by the end of 2009 all web enabled phones and mobile devices could access Internet Banking technology, but these were often referred to as purely lite versions, providing limited functionality, but significant alert facilities, with scaled down access to Internet banking. This phase took 5 years and take up was lacklustre. In its detailed historic research and resulting Mobile Banking Chronology MISC shows that as early as 2004 primitive mobile banking was in fact pioneered by Commonwealth Bank

and Westpac with their different Mobile banking models eg Commonwealth Bank SMS based and Westpac WAP based. Much later other regionals like Bendigo bank had joined St George (who launched in 2004) in providing a lite mobile offering by 2009.

The first game changers, says MISC, took place later, when specially designed mobile platforms began to appear in 2010 and expanded mobile functionality designed for the device, became possible. But MISC says, the more impact full development, on the back of this platform approach, came with the introduction of the first apps in 2010 by ANZ and multi device technologies. All of these were developed

to embrace the iPhone and establish pay any one functionality the early examples were those of Commonwealth Bank, St George and National Australia Bank. ANZ soon followed, supporting its earlier *Go Money* introduction, which along with Commonwealth banks *Kaching*, established a SMS based form of person-to-person mobile banking. When the Android upgrades began, on the back of some person-to-person development, they provided two defining powerful drivers. It's was ANZ *Go Money* that first offered *person to person* banking in the September quarter 2010. The Commonwealth bank *Kaching* had followed by December 2011 but it was Commonwealth who one quarter before extended the person-to-person *Kaching* offering to the Android platform. National Australia Bank and Commonwealth Bank adopted the earliest of Android upgrades by December quarter 2010 and March quarter 2011.

Future Developments

In the MISC White Paper titled *Remote Banking Futures*, MISC believes that the next life cycle phase for mobile banking, is dependant on how far up the Mobile channel has moved in the Australian banking industry development time line. Future defining moments, says MISC, will embrace remote deposits capture, remote merchant payments in the SME space, as well as a same day settlements. Further Android extension and person-to-person payment adoptions will more immediately expand the channel says MISC in 2013. Less widespread traction and take up, has yet to follow from Westpac's mobile deposits introduced in the March Quarter 2012 but says MISC, these are more likely to underpin an extended growth phase with other bank duplication. Other developments yet to have been fully played out in the mobile space include *real time credit card* processing, and further developments in the SME space, where most of the big 4 have already concentrated on SME payment technologies, to expand payment forms and same day settlements. Examples have included the National Australia banks *Pay ware sleeve*, or the ANZ *fast pay* SME offering together with Commonwealth Banks LEO development, to allow seamless multiple payment acceptance.

Background to the Development of a forthcoming Industry Collection

Note this stand alone white paper will however be considerable augmented by the imminent development of the first regular co operative industry measurement, (co coordinated by MISC) of mobile business activity and customer transaction behaviour. This industry collection, promises to establish true market share and bank-by-bank performance metrics. It is hoped that this co-operative statistical measure will dispel any inconsistent market share and growth claims so that true industry's benchmarks can be established.

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