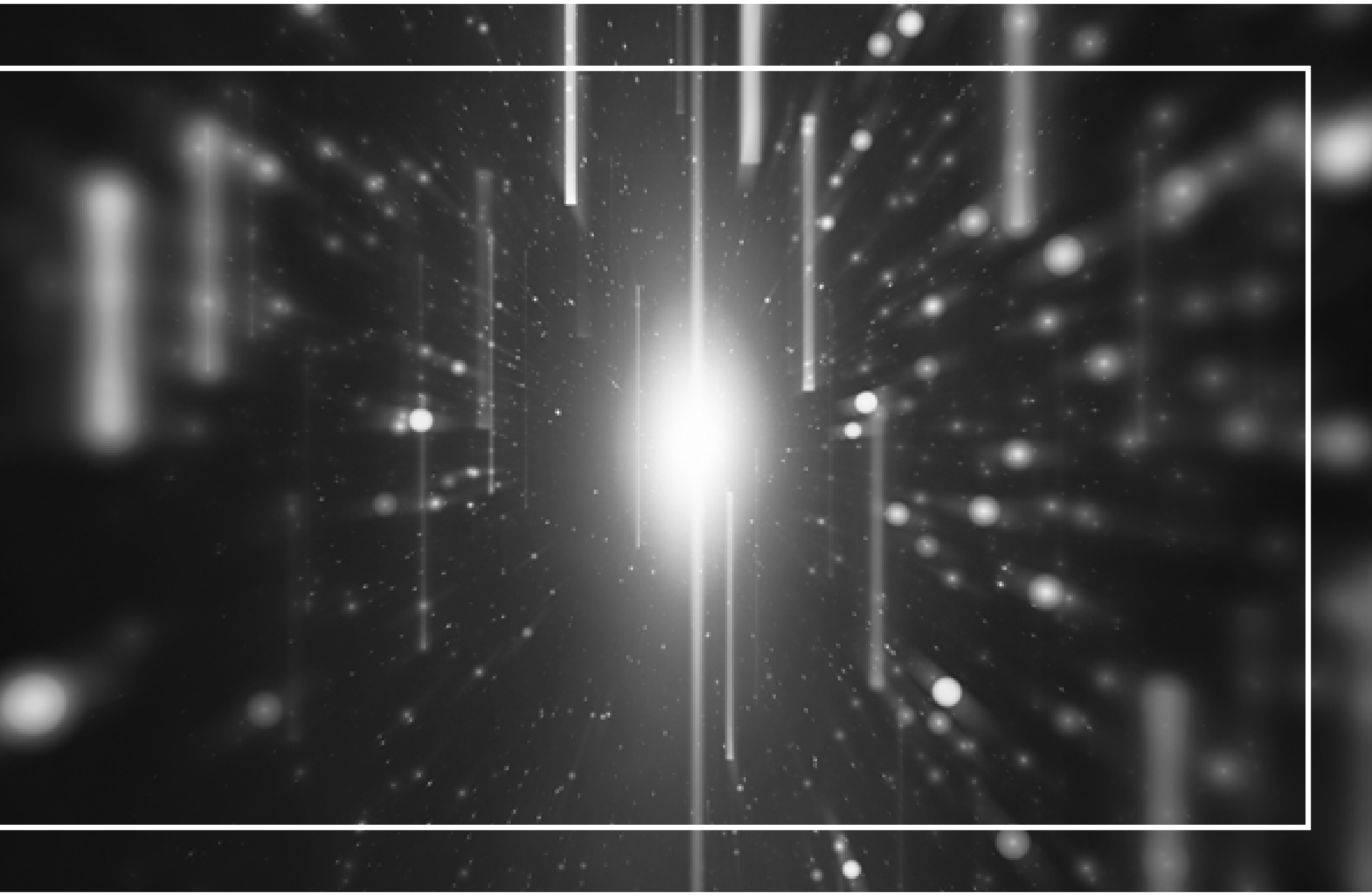
BENCHMARKING MOBILE BANKING IN SWITZERLAND TODAY

CAPCO DIGITAL SWITZERLAND



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INTRODUCTION

Technological innovation is taking place across all industries and financial services is no different. In this cut-throat consumer-focused age, convenience is a key differentiator and smartphones are providing the solution to many of life's tasks for this very reason.

Increasingly, people want the choice of being able to use their mobile to bank. We're now in an era where days can pass without cash passing through our hands and face to face interactions are optional. Across some parts of Europe, physical banking branches are closing or consolidating their services in favor of more digitally efficient (and sometimes cheaper) alternatives. However, reports show that Switzerland's consumers have been slow to adapt to a digital mobile-first mindset in banking. But will this always be the case?

We wanted to shed light on the rise of mobile banking apps available to the Switzerland banking segment today and how industry players are using mobile to go-to market and above all, how they are delivering.

ABOUT OUR STUDY

In 2020, Capco Switzerland conducted a review of 16 banks' mobile apps. The banks we reviewed included:

- Five Swiss banks (two of which are global and three that are tier-one category)
- Three European tier-one banks
- Three UK tier-one banks
- Five challenger banks: Monzo, N26, Revolut, Starling Bank and Zak.

Capco measured the mobile apps' functionality and usability against 30+ app features across seven categories: payments, assets, cards, personal finance management, notifications, customer support and usability.

These mobile banking features ranged from the more commonly seen mobile banking features, such as balance display and transaction history, to more niche offerings, such as appointment booking and budgeting.

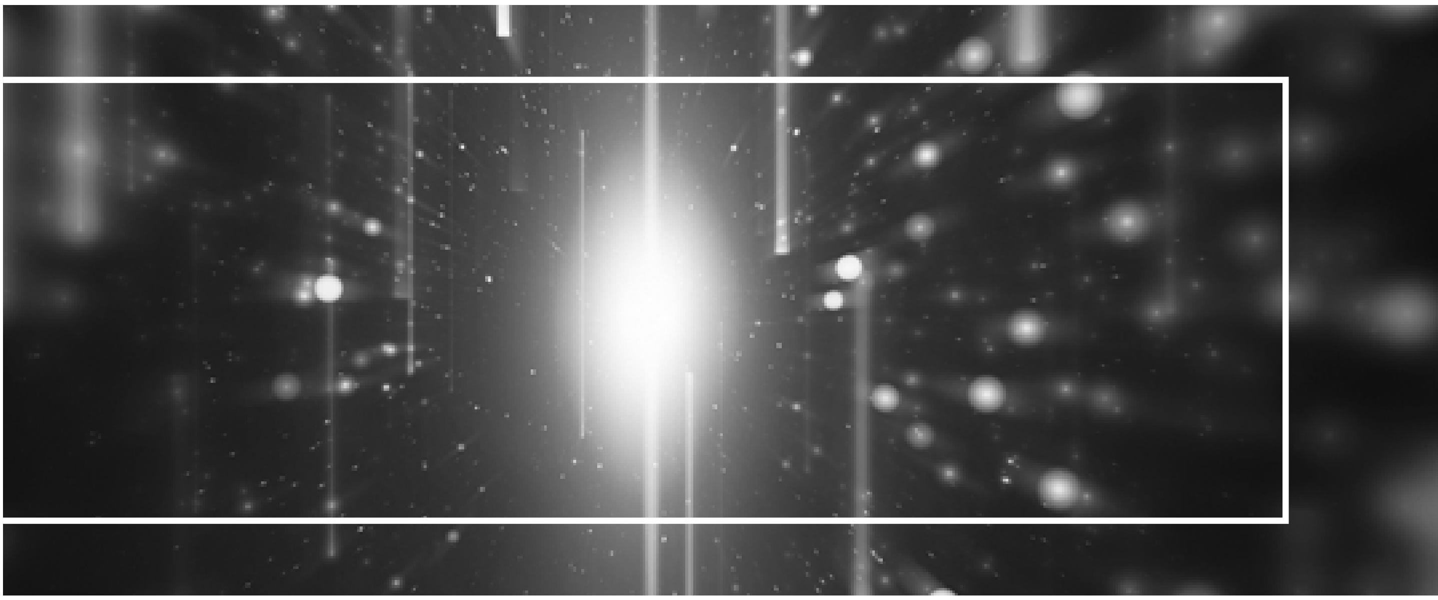
The banks were then grouped into three categories, Swiss banks, European banks and challengers; and rated. Capco gave each of the three types of bank a percentage of fulfilled potential in offering the full spectrum of the suggested best practice functionalities.

KEY FINDINGS

In evaluating the most common mobile banking apps available to the Swiss market, we have made the following key observations:

- While the user experience for their banking apps may be lacking, **Swiss banks are outshining other European banks for payment functionality and coverage of PFM and notification features.**
- **Allowing customers to manage their cards is the most neglected app feature** for Swiss and European incumbent banks today.
- **Challengers came out top in terms of usability,** however, they tend to fall behind traditional banks when it comes to feature sets beyond best practice features.
- **Incumbent banks need to transform their product / service offering portfolio and pricing model** to keep challengers at bay.
- When it comes to product offering, **the 'less is more' approach could be key for Swiss banks.**
- Today's retail banks offerings tend to fall into one of the following four distinct models, 1) a mix and match offering, 2) stacked bundles, 3) loyalty banking and 4) consumption-based banking. We observe that **the most common offering types, mix and match and stacked bundles, are failing to capture customer's needs.**
- **Banks need to put in place a digital pricing strategy** founded on the following four pillars:

    1. A strong focus on meeting customers' evolving needs, interests and loyalty
    2. Customers must be able to primarily interact with products and services via digital channels
    3. Products should be made available immediately as part of a seamless onboarding process
    4. Products should be able to be consumed independently and flexibly (e.g. location and time).



MOBILE BANKING IS REACHING A NEW THRESHOLD

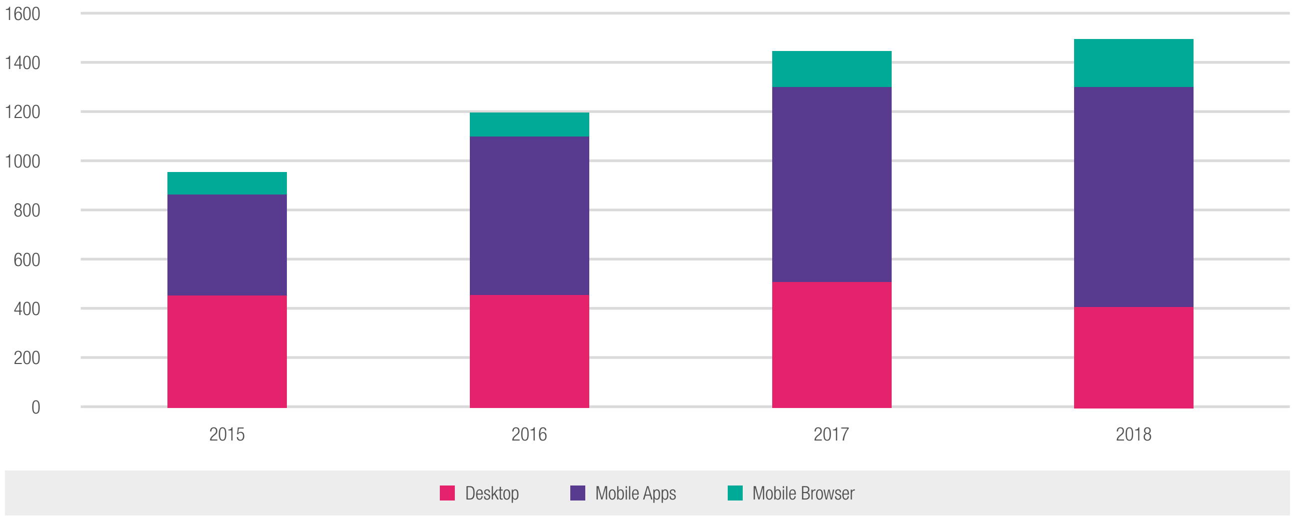
When did you last use your mobile banking app? For most people in Switzerland, the answer to this question is never. More than half[1] of digital banking customers in Switzerland don't use the mobile app of their traditional brick and mortar bank, and of the ones that do, few use the app regularly.

Despite this trend, neobanks are gaining traction in Switzerland, with Revolut recently reporting more than 250,000 customers.[1] This is no small feat in Switzerland - given its population of eight million, and it puts the British challenger bank in the same league as many regional banks in Switzerland, in terms of raw customer base. Considering all these factors, where is mobile banking heading in Switzerland, and how are traditional Swiss banks positioning themselves?

Marc Andreessen, the founder of Netscape and partner at Andreessen-Horowitz (a16z) famously coined the phrase, 'Software is eating the world[2].' This axiom has been extended recently by another a16z partner, Benedict Evans, that 'Mobile is eating the world[3].' Indeed, mobile internet usage is growing, and has, as of 2018, started to eclipse desktop usage of the internet. In the United States, almost two-thirds of all internet usage now happens either in mobile apps or through a mobile browser, up from about 50 percent[4] just over four years ago.

MOBILE IS EATING THE WORLD

Billion Minutes Online - United States

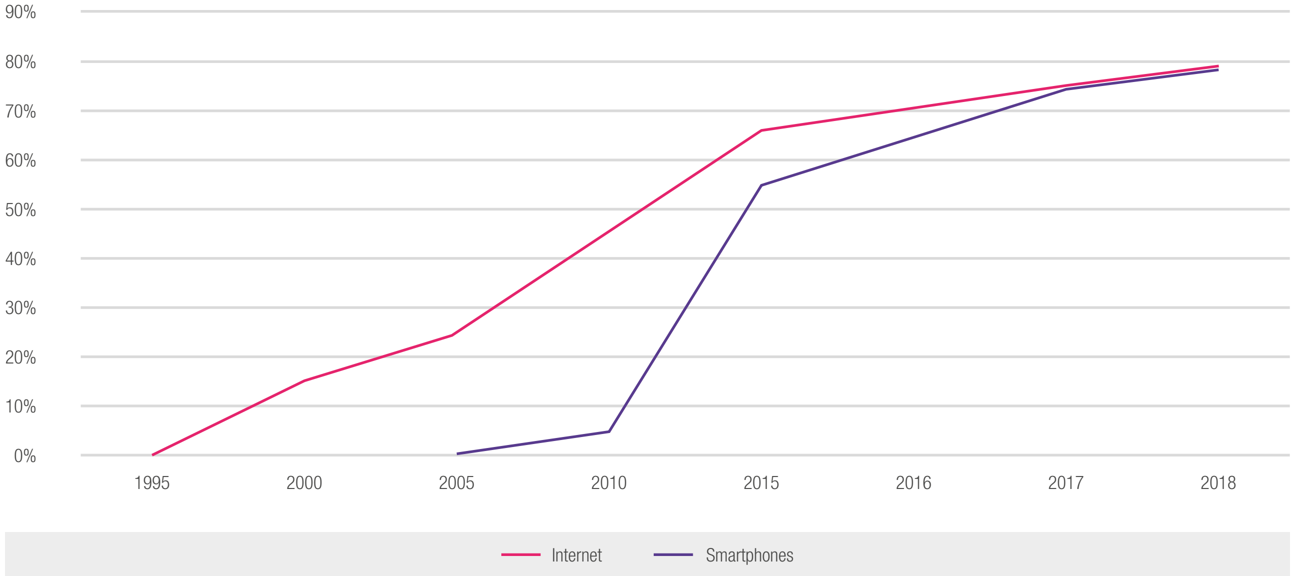


1. https://www.handelszeitung.ch/unternehmen/revolut-hat-plotzlich-massiv-mehr-kunden-der-schweiz
2. https://www.wsj.com/articles/SB10001424053111903480904576512250915629460
3. https://www.ben-evans.com/benedictevans/2016/12/8/mobile-is-eating-the-world
4. https://www.comscore.com/Insights/Presentations-and-Whitepapers/2018/Global-Digital-Future-in-Focus-2018

Today, access to the internet and smartphones are synonymous with one another. Almost all new internet users globally first get access to the internet through a smartphone. For adults worldwide, internet access means smartphone access.[5] At the beginning of this decade, the main channel for gaining internet access was through desktop, with more than 90 percent of traffic coming from accessing the internet through a regular web browser on a desktop platform.[6]

INTERNET ADOPTION IS NOW SYNONYMOUS WITH SMARTPHONE ADOPTION

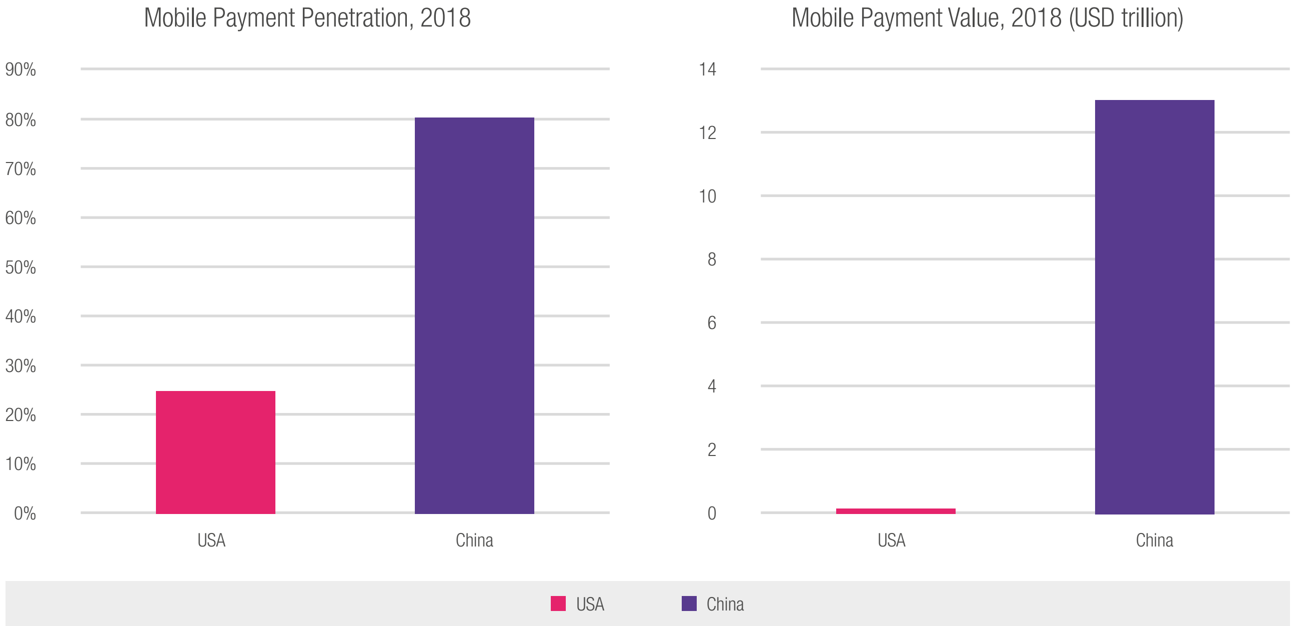
Adults with Internet & Smartphone Access - Worldwide



As a result of the proliferation of mobile platforms, the trend toward mobile banking services has made its mark on financial services as well. Providing a mobile app has become a staple for a bank's channel offerings. Within the payments space, a stunning trend has emerged in Asia. In China, for example, more than 80 percent of internet users also use mobile payments. This development is reaching, with some lag, Europe and North America too. More than 30 percent[7] of internet users use mobile payment solutions. The contrast becomes much starker in transaction volumes.

5. https://www.comscore.com/Insights/Presentations-and-Whitepapers/2018/Global-Digital-Future-in-Focus-2018
6. https://gs.statcounter.com/platform-market-share/desktop-mobile-tablet/worldwide/#monthly-201001-201012
7. https://www.ben-evans.com/benedictevans/2016/12/8/mobile-is-eating-the-world

MOBILE-FIRST ADOPTION INDICATES SIGNIFICANT DIFFERENCES IN BEHAVIOUR & TRANSACTION VOLUMES



Chinese users transacted more than $14 trillion in 2018, dwarfing the roughly $100 million[8] of transaction volume in the United States over the same period. The key driver in this disparity is the fact that Chinese consumers can pay for almost anything through a mobile payment solution such as WeChat, including things like cars, rent and utility bills. This data showcases the increase in the relevance of mobile platforms as a channel and ongoing growth as a delivery medium for financial services. We are reaching an inflection point where mobile is becoming the predominant channel for banking globally, soon including Europe.

IS OMNICHANNEL DEAD?

Swiss banks have traditionally followed a comprehensive omnichannel or multichannel approach. Most banks center their platforms on a core e-banking solution, with other channels such as ATMs, call centers and mobile apps serving as satellites that require minimal integration. The cost of producing a seamless experience across a large number of channels remains high. Swiss banks have implemented various mandates to invest significantly to improve back-office processing to support the seamless transition from one channel to another. In theory, these efforts seem to be worthwhile; however, best practices reveal that you rarely see omnichannel approaches in a highly scalable, modern environment.

If you look to other industries, such as ridesharing, it is clear that the entire business is contingent on the existence of a mobile channel. Desktop channels are used for ancillary services such as billing and customer support – while the core offering is absent (albeit due to contextual reasons – it is unlikely that you will order

8. https://www.ben-evans.com/benedictevans/2016/12/8/mobile-is-eating-the-world

a cab while sitting at your desk). This philosophy has started to extend into financial services, with neobanks specifically. Revolut, N26, and Lykke do not provide full-fledged desktop experiences or variants suited for businesses and professional users. The primary channel is their mobile app, while other channels move into ancillary positions or are not available. It is an insightful oberservation that these best-in-class banking brands purely rely on on their mobile channel – as other channels will increasingly serve a secondary purpose.

IT'S NOT JUST APPS – IT'S THE PRODUCTS AND PRICING

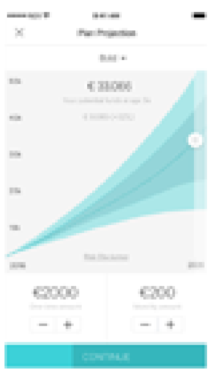
Too often, banks will focus on building a mobile channel independently from product bundling or pricing considerations. Interestingly, when surveyed, challenger bank customers indicate that the primary reason for using them is not solely based on the design or refinement of the mobile app itself. Commonly, the 'hook' is considered more important, such as access to a free account and credit card, low-fee currency exchange, availability of crypto-trading features, real-time peer-to-peer payments and spending analysis features. The user experience is a conduit to contracting, but not the initial driver for attention. As such, traditional banks need to consider their product bundling and pricing structure with equal importance when shaping their mobile offering.

THE CONCEPT OF 'ANYTIME-ANYWHERE' IS NO LONGER DEMONSTRATED IN PRACTICE[9]

REVOLUT

Mobile for B2C

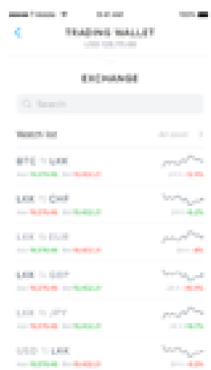
Web & Mobile for B2B



N26

Mobile
(full-featured)

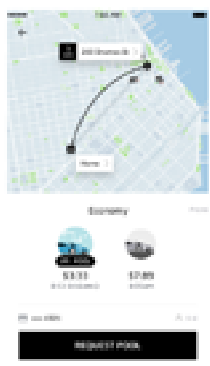
Web
(reduced feature set)



LYKKE

Mobile

Web
(dependent on mobile QR scan)



UBER

Mobile for Riders

Web for Drivers
& Rider Billing

9. Images from: revolut.com; lykke.com; Google Play Store (N26, UBER)

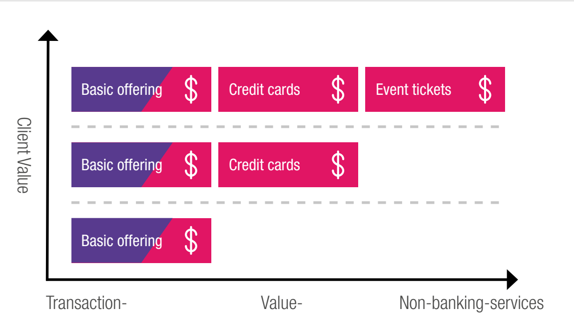
As banks move from omnichannel approaches to a needs-based tailored offering, so does their revenue model. Customers demand increased flexibility in the products they receive, requiring a more flexible approach to how products are priced and charged. This more flexible approach requires a move from product-based fees to service-based fees – often coupled with the inclusion of rewards mechanisms based on usage and customer profile.

We identified four different models that are common practice at retail banks for structuring their product offering.

A BANK'S OFFERING CAN BE STRUCTURED INTO FOUR DISTINCT MODELS (1/2)

Typically a paid-for product | Typically a free product

1. Mix and match offering (e.g. PostFinance, SGKB, Migros Bank)



Model description

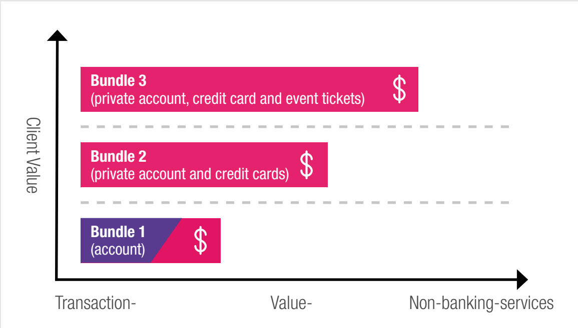
Bank's POV

- A bank's core offering typically consists of a payment account with a fee
- Over time a variety of additional products and services have been developed to complement the payment accounts
- These products and services cover transaction services (e.g. credit cards) to concert tickets

Client's POV

- Customers need to dedicate personal time to identify the offerings that appeal and suit them best
- The customer interaction is typically transactional without lifecycle management

2. Stacked bundles (e.g. UBS, ZKB, Revolut)



Model description

Bank's POV

- Banks have defined bundles which include a range of services dedicated to specific target client groups
- Within the premium bundles additional fees might apply and there is always the option to subscribe to additional products or services

Client's POV

- Customers need to take the decision which bundle matches best their personal situation at a specific point in time
- Customers identify themselves stronger with the dedicated bundles and react better to tailored marketing

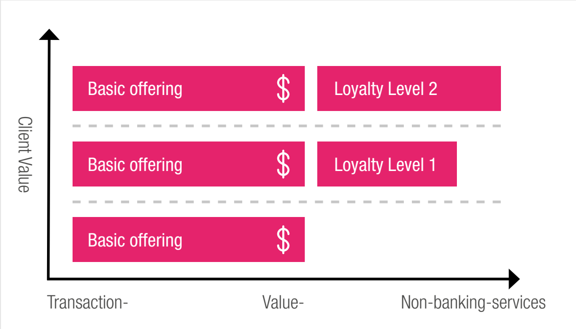
1. **Mix and match offering:** Providing a paid basic offering with additional products available on-demand. You generally see this model in pure-play private client-focused retail banks.

2. **Stacked bundles:** Predefined bundles of products offered in tiers, with more comprehensive tiers costing more than lower tiers. The lowest tier is often free, while higher tiers incur fees. This is the other most common model seen across large retail banks that aim to simplify their marketing proposition and attract large swaths of new customers with a free offering.

A BANK'S OFFERING CAN BE STRUCTURED INTO FOUR DISTINCT MODELS (2/2)

Typically a paid-for product | Typically a free product

3. Loyalty banking (e.g. National Australia, DKB)



Model description

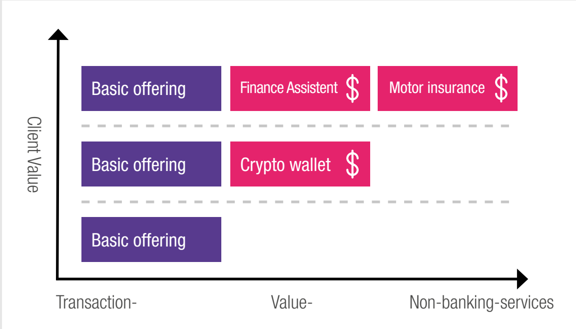
Bank's POV

- Banks offer a basic package that is comparable to a bundle
- With increased activity (x amount of cash income) or achieved goals (x number of trades) better conditions start to apply or bonus points can be collected and redeemed for banking products

Client's POV

- Customers are incentivized to be familiar with their banks' offering and feel rewarded for their loyalty
- Customers receive tailored benefits which are in line with their selected bundle

4. Consumption-based banking (e.g. George)



Model description

Bank's POV

- Banks profit from a high standardization of their basic offerings
- By providing additional bolt-on products and services, banks can better ascertain their customers points of interest and leverage this information for marketing
- Revenues are fluctuating but are overall increasing

Client's POV

- Customers are free to create their personal package with the highest value for them
- "Pay what you need" offers higher satisfaction and a higher adoption rate for new services (trial and error)

3. **Loyalty banking:** Providing a paid basic offering with additional tiers of products and services provided for free based on loyalty and usage – similar to airline reward tiers. This model is often seen with regional banks or banks with low differentiation to improve retention and share-of-wallet.

4. **Consumption-based banking:** A free basic offering with fees charged for additional services, either in a tiered system or on a pay-as-you-go basis. This model is most typical for challenger banks such as George.

CAPCO'S 2020 EUROPEAN MOBILE BANKING BENCHMARK

We reviewed 16 banks across Europe and Switzerland, spanning both traditional and challenger banks. We assessed each of their mobile apps with access to 'real' accounts and real data based on usage from real users that we assembled into a test panel. Our selection criteria for these banks were based on a sample of Capco clients, leading banks by customer base and challenger banks based on venture capital funding. We aimed to analyze how these banks compare in terms of product models and features offered. In total, we reviewed six European incumbent banks, the top five Swiss banks, and five leading European challenger banks.

Based on a broader review of Capco clients, we assembled a baseline set of functionalities commonly seen within mobile banking apps. We often observe banks aiming to expand their business models with innovative niche functionality. However, as our study shows, most banks still have some glaring gaps when it comes to offering a comprehensive yet basic set of features that clients would expect today. Our aggregation reveals the most common features in retail banking that banks should discuss as a core part of any mobile banking app. Figure 7 shows this assembled list.

BEST PRACTICE FEATURE SET BASED ON GLOBAL REVIEW - "GLOBAL MINIMUM VIABLE PRODUCT (MVP)"

We then reviewed the 16 banks against the feature set illustrated above. The results on **functionality** can be summarized as follows: Across the 16 banks assessed, coverage of functionality is distinct across the three groups (European, Swiss and Challenger banks). The graphs indicate the percentage of fulfilled potential in offering the full spectrum of the suggested best practice functionalities.

BEST PRACTICE FEATURE SET BASED ON GLOBAL REVIEW: 16 BANKS ACROSS 3 GROUPS

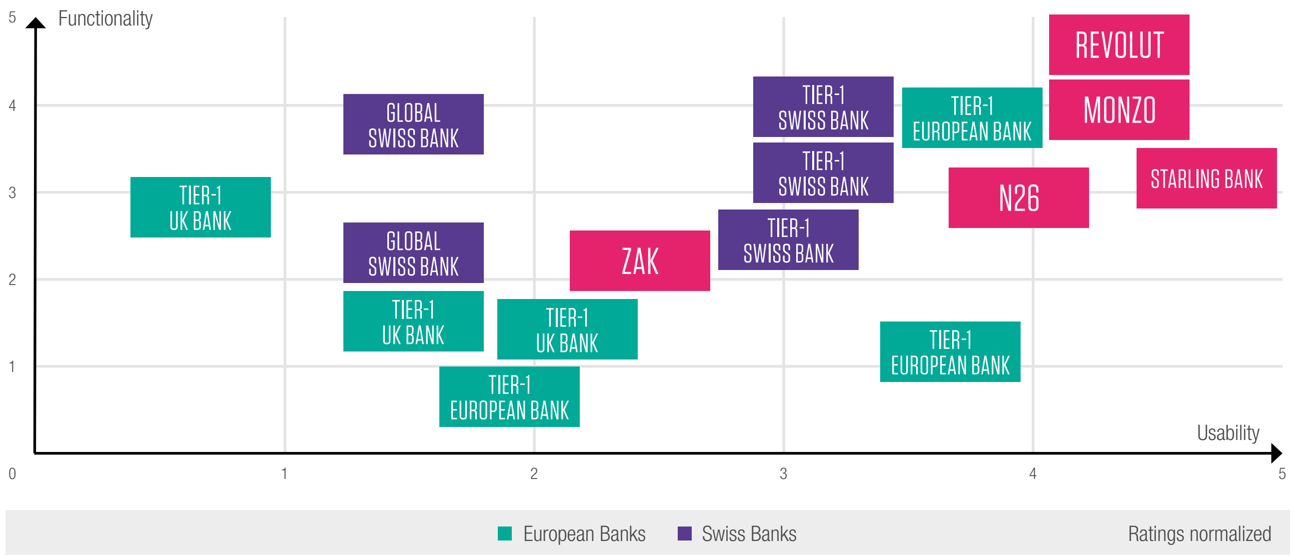
1. **Challenger banks are especially strong around card management features,** allowing customers to block and unblock cards instantly. Additionally, allowing customers to view their PIN or manage security is the most neglected feature among incumbent banks in Switzerland and Europe.

2. **Swiss banks are especially strong on payment functionality.** While they might not provide the ideal user experience, the breadth of payment types and freedom to configure is very high compared to simplistic, SEPA-oriented functionality in Europe. It is arguable if a 'less is more' strategy would be beneficial to Swiss banks.

3. **Swiss banks outshine European banks in coverage of personal finance management (PFM) functionality and notifications.** Switzerland's prime position in offering PFM functionality is due to PFM being a standard feature by most Swiss banks. This is also true for notifications because the security concerns of Swiss retail customers is comparably higher and more transparency on account activities expected.

We further examined the usability of all mobile banking apps and placed all banks on a normalized scale of 1 to 5 for both usability and functionality. We identified three clusters of banks.

EVALUATION BASED ON FUNCTIONALITY & USABILITY



1. **Challengers.** N26, Starling, Monzo, Revolut and a Tier-1 European Bank. These banks empirically confirm why they attract large amounts of customers and media attention. They outshine on usability, while functionally, they are often behind a traditional bank's feature set. These banks often implement cutting-edge technological frameworks, e.g., native implementations based on the latest programming languages.

2. **Functional Champions:** Zak, Global Swiss Bank, Tier-1 European Bank, Tier-1 Swiss Bank, Tier-1 Swiss Bank. This group stands out through strong functionality and competitive usability. They cover more than most challenger banks in terms of products and services but don't provide the best user experience. They are often held back by technological constraints that have been worked around as best as possible.

3. **Laggards:** Tier-1 UK Bank, Tier-1 UK Bank, Tier-1 European Bank, Tier-1 UK Bank, Tier-1 Swiss Bank, Global Swiss Bank. A group of banks that offer too little in terms of functionality – often basic account features with limited actionable scope – and basic usability. These apps also often have with dated technology, e.g. hybrid apps based on older programming frameworks that have been deemed unfit for the latest devices and experiences.

This clustering provides a clear view of potential strategies for each of these groups.

As challengers, there is a clear push towards expanding functionality. Since these banks come from a highly scalable, startup-oriented mindset, they often neglect regional or national specifics, such as Swiss payment slips or a high reliance on cash in German-speaking Europe.

The functional champions need to push for modernizing their technology platform to enhance usability, as their product offerings are mostly beyond what most customers need.

As laggards, they need to think strategically about what the mobile channel represents for them before deciding on any set of core functionality. Further, it is clear that going forward, regional banks cannot afford to stay on top of technological frameworks that evolve so rapidly. One option to consider is turning to off-the-shelf vendor solutions that offer more functionality with less flexibility.

When taking a closer a look at the data, a more detailed picture emerges as to why the banks landed on the scale where they did.

Category	Payments	Notifications	Assets	Cards	PFM	Support	Usability
European banks	64%	33%	63%	42%	33%	56%	66%
Swiss banks	90%	72%	75%	30%	67%	53%	66%
Neobanks	73%	72%	75%	75%	87%	47%	87%
Overall	75%	58%	70%	48%	60%	52%	73%

In our review, specific outliers in the data included the low availability of notifications functionality in European banks and the weak integration of card services in Swiss banks, while outperforming on the payments front. It is notable that when functionality was missing, this was often due to its presence in a different channel, such as a separate app for managing credit cards. We consider this as a downside for a mobile offering, as customers tend not to understand the reasoning between different apps and make no distinction between a current account and its associated debit or credit card. It is also worth observing the individual ratings per bank, allowing them to identify certain outliers.

FUNCTIONALITY RATING PER EXAMINED BANKING APP

Bank	Payments	Notifications	Assets	Cards	PFM	Support	UX
Global Swiss Bank	86%	100%	100%	50%	100%	33%	55%
Global Swiss Bank	86%	80%	75%	0%	0%	67%	55%
Tier-1 Swiss Bank	100%	100%	75%	0%	33%	33%	70%
Tier-1 Swiss Bank	79%	60%	50%	50%	100%	33%	75%
Tier-1 Swiss Bank	100%	20%	75%	50%	100%	100%	75%
Tier-1 European Bank	79%	0%	50%	0%	67%	0%	60%
Tier-1 European Bank	71%	60%	50%	75%	100%	100%	85%
Tier-1 European Bank	71%	40%	50%	0%	0%	67%	85%
Tier-1 UK Bank	36%	0%	50%	50%	0%	67%	65%
Tier-1 UK Bank	50%	20%	75%	75%	0%	33%	55%
Tier-1 UK Bank	79%	80%	100%	50%	33%	67%	45%
Zak	79%	60%	25%	75%	33%	33%	70%
N26	79%	60%	50%	50%	100%	67%	90%
Revolut	71%	80%	100%	100%	100%	67%	90%
Monzo	64%	80%	100%	75%	100%	67%	90%
Starling Bank	71%	80%	100%	75%	100%	0%	95%

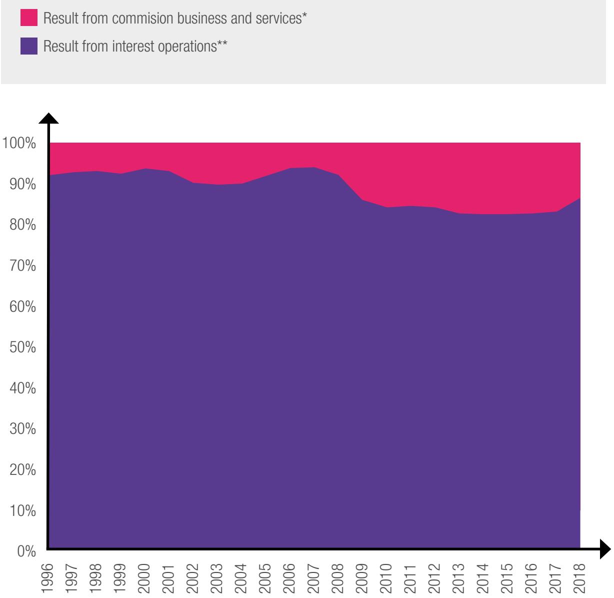
Notably, most negative rating impacts were in the area of notifications, cards and PFM. That said, it is essential to note that these areas in our framework were more demanding than what most banks would consider adequate. Notifications include the ability to not only receive information via push notifications but also interact with notifications to execute payments and authorize online purchases (3-D Secure). Within cards, the simple presence of a card transaction list is not considered a feature. Instead, our framework expects the ability to actively manage card features, such as blocking/unblocking, PIN viewing and ordering new cards. Within PFM, most banks have some form of categorization, but often provide little to no analytical tools to drill into the data.

DIGITAL PRICING STRATEGY

Most banks have great potential to improve their pricing strategy in order to increase revenue with their digital services. However, they need to rethink their pricing and offering from bottom-up for long-term profitability. So far, only a few banks succeeded in monetizing their digital services and get customer buy-in.

A LOW INTEREST ENVIRONMENT IS DRIVING A CHANGE IN RETAIL BANKING BUSINESS MODELS

Illustration for Swiss banks (source: SNB)



* Net result from interest operations - Gross result from interest operations - Interest and discount income & net result from interest operations - Gross result from interest operations - Interest expense

** Result from commission business and services - Commission income from other services & result from commission business and services - Commission expense

Rationale

Observed trends:

- **Lower interest rates:** Interest rates have dropped from 7% in 1989 to 1.9% in 2006 for the 12-month LIBOR, putting pressure on banks' core interest-focused business model volume increased by 17% between 2008 and 2018 with lower margins (source: SNB)
- **Swiss big banks** are facing declining results from overall interest and commission business (as opposed to Raiffeisen banks with increasing results on interest business)
- **Growing product and service portfolio:** Over time banks have expanded their product and service offering across other services such as credit cards, insurances etc. and in the process have succeeded in expanding the share of commission income
- **The rise of bundles:** To simplify the product and service expansion, fixed bundles have been designed to provide a simplified facility for cross- and upselling the product and service portfolio

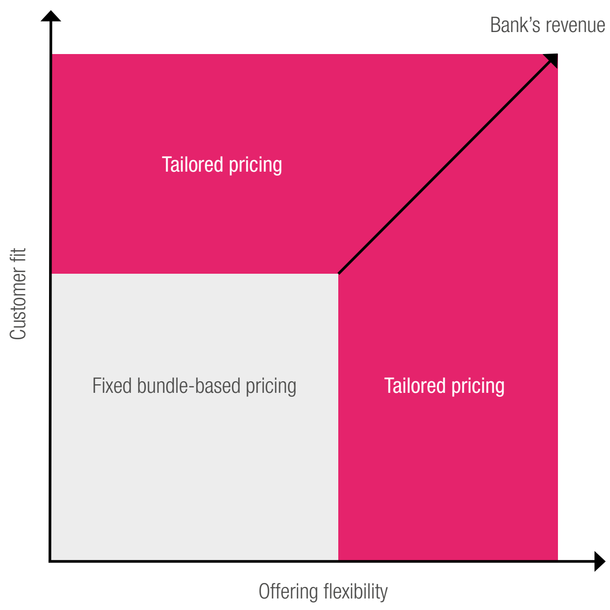
Outlook:

- **Automotive industry:** While the automotive industry started out with one product in one color, the industry has transformed to offer customers a multitude of configurable and combinable options available both offline and online
- **Continued low interest rates:** In the face of continued low interest rates, the importance of the commission income business will only increase for banks
- **Transformation:** To succeed in this environment and to defend their business against challenger banks, incumbent banks need to transform their product / service offering portfolio and the associated pricing – much akin to the automotive industry over the past twenty years

Traditionally, retail banks have relied heavily on net interest income to subsidize their product and service offerings. In today's low-interest environment across North America and Europe, we are starting to see a paradigm shift away from this traditional retail business model. Increasingly, banks have to focus their efforts on boosting their commission income from products and services. Customers, however, are not accustomed to paying for digital offerings. This, in turn, puts pressure on banks to answer the question of "How can we price our products and services in an appealing way to customers to increase our profits from retail banking?"

EVOLVING CONSUMER EXPECTATIONS LEAD TO A CHANGING FOCUS IN BANKING OFFERINGS & PRICING

Capco Illustration



Rationale

Observed trends:

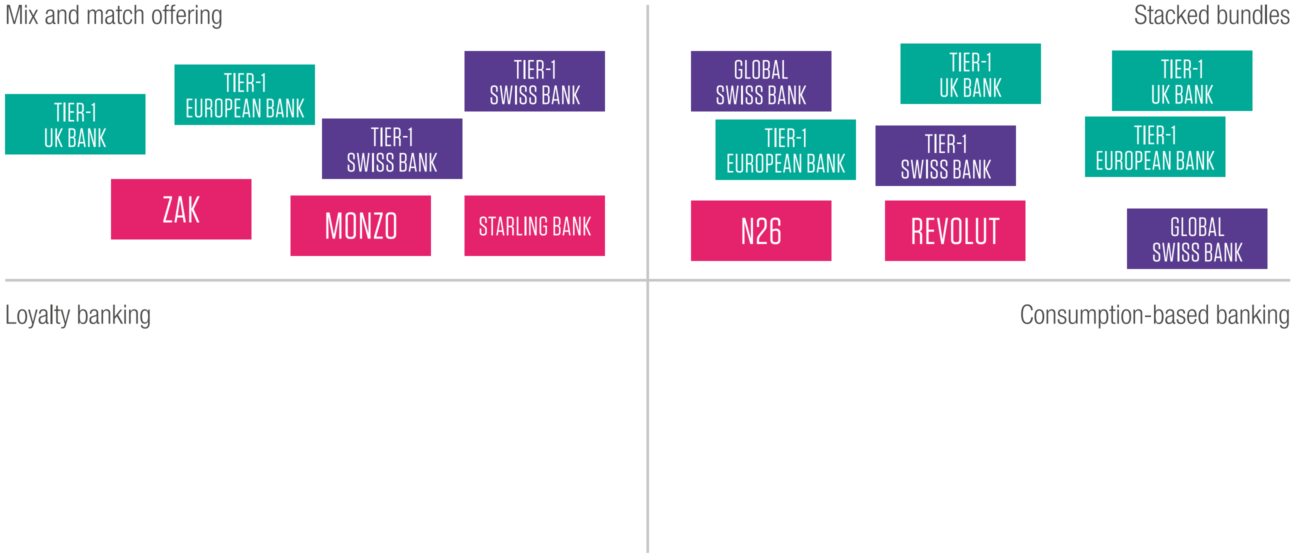
- Illustratively, a **bank's revenue** is defined as a **function** of the **bank's offering flexibility and the customer fit**
- **Fixed bundle-based pricing** is **less flexible** and fails to fully capture the customers' needs. This in turn leads to unrealized revenues for banks
- **Tailored pricing,** in turn, offers customers the **flexibility to easily choose** the products and services that best suit them; thereby **generating higher revenues for banks**
- This **paradigm shift** in pricing is best captured along **three dimensions:**

Omni-channel focused "You have access to banking whenever and wherever you want"	**Pay per product** "You get basics and you pay for additional products"	**No rewards*** "You do not get rewarded for usage and loyalty"
Human needs focused "This banking relationship should add value to your life"	**Pay per service** "You get the basics and you pay for an additional service"	**Rewards for usage** "The more you use the bank's product the more perks you get"

*Except cashback rewards

Our analysis has shown that most of the benchmarked banks continue to use traditional 'mix and match' or the slightly more advanced bundle-based pricing strategies. These fail to capture all of the customers' needs, are marketed in a similar manner across all channels, frequently relying on paper-based product contracting processes and locking customers into packages that fail to provide them with additional utility.

BANKS NEED TO REDEFINE THEIR PRICING STRATEGY TO STAY PROFITABLE



To truly embrace the shift to digital and the rise of mobile banking, first-mover banks have started to:

1. **Set-up a new digital pricing strategy** away from traditional 'mix and match' and 'stacked bundling' to 'loyalty and consumption-based-banking'. Such banking as-a-service offerings consist of a highly standardized basic offering (everyday banking) and pay per additional product and service components.

2. **Offer tailored products and services,** which are human needs focused on the customer's preferred channel. Tailored pricing offers customers the flexibility to quickly choose the products and services that suit them best, thereby generating higher revenues.

   Example: much like in the automotive industry, which started with one product in one color, the industry has transformed to offer customers a multitude of configurable and combinable options available both offline and online.

3. **Build platforms for end-to-end digital offerings** that enable banks to quickly launch new products and services in line with their customers' evolving needs and interests. This allows banks to lower their cost base and to respond to market changes in a lean and agile manner.

4. **Include data-informed customer development and loyalty programs** which reward usage and customer loyalty. This encourages customers to move their primary banking relationships and thus allows banks to fully capture their customers' banking expenditures ('earn on interaction with the bank').

   Example: Leading firms outside the financial services industry such as Apple, are successfully embracing concepts of non-transactional loyalty. Apple customers are ready to pay a substantial premium for the firm's products. Apple is renowned for listening carefully to its customers, thus creating superb, seamless digital experiences that users have become accustomed to. We wonder why banks aren't following suit.

CONCLUDING THOUGHTS

Competition in today's evolving mobile banking market is fierce, with new players entering the global stage and vying for consumers through new customer standards - convenience through the smart phone.

As our daily interactions with clients, and this survey of the mobile banking landscape of Switzerland and beyond has shown, banks cannot rest on their laurels, they have to constantly adapt their strategies for success.

Specifically, we can confirm the trend to move away from fully omnichannel orientated strategies (doing everything but poorly) to more specialized approaches (doing a few things well).

Further, we also observe that to manage technical complexity, apps are broken up into multiple, smaller apps focused on specific parts of a bank's portfolio. While this may or may not be advisable from a go-to-market perspective, it generally enhances delivery capability.

We also see a clear preference for native implementations for iOS and Android. These tend to correlate with better functionality and usability. Hybrid implementations have now proven to be harder to maintain, therefore banks must hire staff to develop and architect for efficiency.

Our final observation is the exploration of new, standalone offerings separate from the core retail package. This could be for example for small businesses or a payment-specific offering.

Going forwards, we expect there to be significant investment into realigning mobile strategies to fit the functional scope that customers want, with usability that will drive retention and cross-sales. These will be bundled with the right product strategy and built on platforms that can scale and adapt we've come to associate with challenger banks. Although the race to having the best mobile experience is well underway, its impact on profitability is yet to be seen.

Over the coming weeks, we'll continue to share our observations of the evolving mobile banking landscape and this study on Capco.com and our social media channels. In the meantime, feel free to contact me to discuss our survey findings in more detail, and to understand how Capco is helping banks to capitalize on digital innovation and consumer trends.

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ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and asset management and insurance. We also have an energy consulting practice in the US. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

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