

The Demise of Mobile Banking? 22 Jan 05

It was reported this week that with DBS Bank's move to withdraw its Mobile Banking service from 1 Mar this year, Maybank will be the only bank to offer wireless banking in Singapore. Given that UOB and Citibank had pulled out of the mobile banking race back in 2001 and 2002, are we witnessing the end of wireless banking in Singapore?

While Singapore's 91% mobile phone penetration ranked behind those of Taiwan (110%) and Hong Kong (106%), it is still amongst the highest in the world. Moreover, in terms of sms (short messaging service) usage, Singapore mobile phone users clocked up 650M or an average of 172 sms per mobile phone subscriber in Nov 04 - way ahead of the 37 sms per mobile phone user in Hong Kong for the same month.

If sms usage is an indication of the sophistication of the mobile phone users, then could the lukewarm response of Singapore customers to mobile banking be attributed to the lack of attractive banking services that Singapore banks are offering their customers?

At DBS, rates information, account balance enquiry, fund transfer between own accounts and bill payment are the key features of their mobile banking service. Maybank on the other hand offers a much wider range of services including funds transfer to accounts of other banks, credit card enquiry and payment, bill payment, cheque status, stop cheque instruction and mobile (sms) alerts.

In Hong Kong, in addition to those services offered by Maybank, most banks such as HSBC, Hang Seng Bank, Bank of East Asia (BEA) and Bank of China (Hong Kong) offer securities trading as a "standard" feature in their mobile banking service. However, some market sources indicated that securities trading transactions using mobile banking typically fall behind the more common account enquiries and funds transfer services.

Except for securities trading which targets a specific customer segment, the current range of Maybank mobile banking services would more than meet the needs of the average banking customers. So why are Singapore banking customers not signing up or using more of mobile banking so that banks here could better "justify" the offering of such a service?

Look out for our next article in which we will discuss some of the probable reasons for this phenomenon.

*Sherman Tan, Principal Consultant
Innovar Pte Ltd
www.innovar.com.sg*