

Local cell phone banking on the rise

Cell phone banking in South Africa has more than doubled in one year and usage is to climb even more sharply in the coming year.

This is according to the Mobility 2007 study by technology research firm World Wide Worx.

World Wide Worx's latest study of mobile technology and commerce in South Africa, conducted in partnership with First National Bank (FNB), was released in Johannesburg on Tuesday.

In the consumer phase of the project, a survey among urban cell phone users, 17% of respondents said they had used their cell phones for banking services, compared to only 8% of urban respondents in 2006, reports Southafrica.info.

The numbers were even more dramatic when cell phone users were asked about their intentions for next year, with an additional 24% expected to begin using cell phone banking.

"It's been many years in the making, but we finally see evidence of cell phone banking maturing in the South African market.

"Acceptance of the channel across all market segments is significant and accelerating. In the mainstream market, in particular, the latest figures illustrate that it is now the most used electronic banking channel among FNB customers in this segment," said FNB Mobile and Transact Solutions head Len Pienaar.

With FNB Cellphone Banking now recording one million transactions per month, Pienaar believes the secret to success in the industry lies in strategy development.

"To date, FNB has focused on getting the African cell phone banking market established by addressing customers' concerns around simple registration, ease of use, and affordable access to the service and security.

"Through this exercise, we are turning the improved market awareness of cell phone banking into customer behaviour that embraces it as a convenient banking channel."

An unexpected finding of the research was that the likelihood of using cell phones for banking services increases with age, in contrast to the usage of most advanced cell phone functions going down as users get older.

"Urban cell phone users aged from 46 to 55 years are twice as likely to use cell phones for banking as those in the 19 to 24 age group," said Peter Searll of Dashboard Research, which conducted fieldwork for the study.

"This may be counter-intuitive; until one considers that more economically able consumers would be more likely to embrace most forms of financial service. This is backed up by the fact that, after 55, people are less likely to use cell phone banking."

There are substantial differences in cell phone banking from region to region, with Gauteng province residents being the most likely to use the channel, as well as the most likely to take it up in the future.

There is also a big gender gap, for now. In 2007, men dominated cell phone banking, with 20% of male respondents versus 15% of female respondents having already used the channel.

However, in 2008 the numbers will begin balancing out, with the same proportion of men as women intending to take it up.

Mobile commerce, purchases and payments via a cell phone, has also increased significantly in South Africa, from 7% of urban cell phone users last year to 12% this year.

However, most of these purchases were for prepaid airtime top-ups, which are simple to do on a cell phone, as opposed to product or service payments.

Despite this, future prospects for mobile commerce are bright: 58% of respondents were aware of the possibility of payments by cell phone, compared to only 32% in 2006.

"This does not mean mobile commerce will take off at the same rate as cell phone banking," said World Wide Worx MD Arthur Goldstuck.

"Just as cell phone banking only began showing substantial growth when it became extremely simple to use, so mobile payments must first overcome numerous obstacles, including access to the service and ease of use. But the research shows that, if the channel gets it right, the market is ready."

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