

## 'Challenges for lenders' with mobile banking

Banks must keep up with technological developments to make it easier for their customers to use mobile banking while regulators have to overcome concerns about privacy and security, says professional services firm KPMG.

In a new report that has implications for SA's banks, KPMG said last week that the rapid adoption of mobile banking was changing relationships among banks, retailers and telecoms providers.

It was also presenting new challenges on how to profitably grow market share and continue to be relevant to customers, said KPMG in the report based on a study of the views of 9600 respondents from 31 countries, including SA, on technology and its effect on consumers.

The first such study was carried out in 2006, when the majority of the respondents said they had no access to mobile banking, while those who did were reluctant to use it. But this has changed dramatically over the past five years, KPMG said.

First National Bank (FNB) and Absa are almost neck and neck as market leaders in mobile banking, with a combined customer base of more than 6-million, followed by Standard and Nedbank.

FNB has extended its mobile banking service to four African markets and is the market leader in Botswana, CEO for Africa Danny Zandamela said recently.

"The banking industry ... was somewhat slow to adopt online payments and - as a result - lost their share of this growing market to companies such as PayPal," read a joint foreword to the study by Sean Collins, KPMG's global chairman for telecommunication and media, and Mark Larson, the global chairman for retail.

"What (is) more, banks are now seen as being somewhat new entrants into the online and mobile markets and will need to reassert their security and privacy leadership in order to build trust with consumers online."

Business and regulators would have to evolve to meet the changing demands of consumers.

"New business models often spin off supportive ecosystems and upstart competitors that are important to the continued vitality of the technology industry," they said. "Regulators must ensure that the rules promote privacy, while still providing the flexibility for companies to innovate."

Local banking experts say the development of mobile banking is presenting new challenges such as how to harmonise regulations governing telecoms and banking companies, and how to deal with concerns about money laundering in SA and across borders.

KPMG said more than half of the respondents in Africa and elsewhere had used mobile banking services in the past six months. "Of the respondents who had not used mobile banking, almost half (48%) cited this as a barrier to their own personal adoption of mobile banking."

Source: *Business Day*