

Mobile Payment is the new frontier of Mobile Banking that is worth \$650m

Banks that are focused on service level and innovation have grasped that m-banking is the way to manage all the aspects of their customers' daily lives, providing access to a broad range of financial services through several mobile devices.

Mobile Payment clearly represents a significant opportunity for Banks to create new revenue streams, being a centre-piece of a multi-channel strategy.

Several types of organisations have wanted to attack this new market, but there is still no evidence of the sharpest way to move forward. In order to maintain their competitive advantage against new players, Banks should leverage their experience in dealing with security and data protection issues and exploit the value of mobility for customers (ubiquity, ease of use, convergence). Given high ownership level of cellular phones, m-Payment is a great opportunity to win the "War on Cash", reducing cash related costs as well as enforcing anti money laundering compliance.

There is already a given demand for different m-payment use cases:

- Person-to-Person Money Transfer: funds' exchange through a brokered service provider;
- Purchase termination (C2B):
 - Proximity Payment: transactions can be concluded at both attended and unattended POS locations. The consumer uses a mobile device, as a contactless card, to interact with the POS system;
 - Remote Payment: it brings e-commerce payment experience onto mobile devices, accessing merchants' mobile sites and applications;

The next step in the evolution path will be the introduction of M-Wallet, enabling a real convergence of multiple offers on a single device: loyalty cards, m-payments, couponing and geo-positioning offers.

The key market challenge is to resolve the conflict between Finance and Telco players. Banks see in the m-payment an extremely valuable source of information on customers' spending patterns and preferences, while mobile network operators (MNOs) are starving for new data for incremental advertising revenues.

The m-Payment market appears to be wide open to new entrants, with banks having a slight edge. To survive in this market Banks have to integrate mobile into existing offerings and rebuild a loyalty and engagement strategy, based on geo-sensitive and profiled push communications

At the same time Banks should truly address the market adoption of a NFC standard based on a micro-SD architecture, that's allows them to counterbalance the overpowering strategy of new comers: Apple, Google, Paypal, Telco's and to catch new market opportunities deriving from:

- Customer Data and Ownership
- Marketing campaign
- Mobile advertising

A "wait and see" approach will let emerging providers peel consumers away from their banks. In this worst case scenario financial institutions will not only lose m-payment new revenue opportunities, but will also suffer significant damage to their current business.