

Mahindra Satyam

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Mobility in Financial Services – A New Range of Possibilities

Mobile technologies bring with them several unique characteristics based on the complex mobility ecosystem and the ever-expanding device capabilities. Understanding the diverse challenges and taking a first-mover advantage of the opportunities presented by mobility and other closely associated emerging technologies will provide excellent opportunities for financial institutions to reconnect with their customers and drive revenue growth in the near future.

CHANGING CUSTOMER AND EMPLOYEE PREFERENCES

Increasing penetration of mobile technology in society is creating opportunities for financial services firms to engage with their customers and employees in new ways. A large number of financial services firms across the world have started leveraging this trend. While a majority of firms are focusing on consumer mobility, i.e., mobile as an alternative channel to engage customers, some firms are recognizing that

enhancing consumer experience also requires empowering the employee, in other words, co-evolving enterprise mobility with consumer mobility. This is not only increasing investment in mobility, but is also creating new challenges for CIOs of financial firms.

The technology standards and stakeholder needs around mobility are redefining traditional parameters on the employee angle while the consumer angle has always been growing on the level of difficulty to measure and manage.

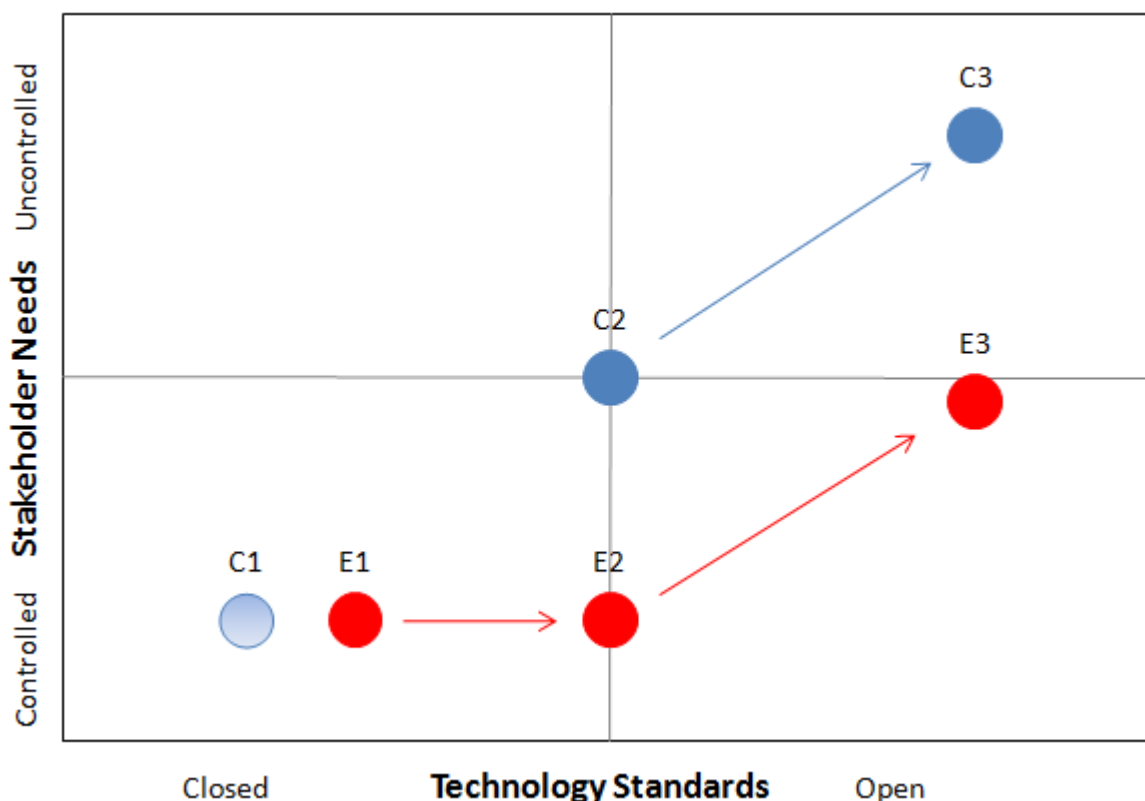


Figure 1 Preference Matrix for Consumers and Employees

Indicator	State of Preference – Financial Institution Perspective
C1	Ideal consumer state from FI perspective – Controlled technology standards cater to clearly known customer needs. However, this situation never existed in practicality since every consumer has always acted on free-will.
C2	Reasonably manageable consumer state – FIs could drive consumer preferences through appropriate marketing and delivery of pre-built products and services. An example is a standard mobile banking application for all consumers working over WAP. Quickly becoming a thing of the past.
C3	Extremely complex consumer state – Highly prevalent in today’s market scenario. An example is the insatiable need for custom-built mobile applications that leverage the native capabilities of a device.

Table 1 Consumer Preferences and the FI Perspective

Indicator	State of Preference – Financial Institution Perspective
E1	Ideal employee state from FI perspective – Controlled technology standards cater to clearly known employee needs. Though still a possibility, FIs have realized that the option limits employee performance drastically.
E2	Reasonably manageable employee state – Many FIs are currently managing known set of employee needs through a balanced use of closed and open standards of technology.
E3	Complex employee state – FIs have recognized the situation where employees bring their own mobile devices, but are yet pondering on the level of open source adoption for concerns of security. Though employee needs seem to be drifting towards an uncontrolled state, FIs are clear in establishing the line of control over what needs could be met through which channel.

Table 2 Employee Preferences and the FI Perspective

Mahindra Satyam has been closely observing and addressing the challenges that CIOs are facing in integrating mobility into their IT landscapes, both from the perspective of financial services firms and also from the perspective of communication technology providers such as the mobile device manufacturers and telecom network operators.

A very strong perspective is emerging from this experience that co-evolution of consumer and enterprise mobility will transform the outsourcing and offshoring ecosystem of financial institutions. The implication is that CIOs and CXOs will be forced to take a much deeper look at their partner ecosystem in shaping their mobility strategy.

ADDING THE GEN-C MIX

Many studies have proved that Gen Xers outpace Boomers and Seniors in the adoption of technology innovations such as mobile internet, and Gen Yers in turn outdo Gen Xers. Gen Cs add a whole new dimension. These consumers have never lived in a world where both their needs and the technology choices could be controlled to even a small extent by a product vendor or service provider. Even when it is about financial solutions, Gen Cs decide what exactly they want as well as which means and channels would suit them. After making these choices, they look for financial institutions that address these needs in the way they prefer. This is drastically different from the traditional methods of selling for FIs, where consumers browse through a list of available offerings and select what best suits them.

NEW CHALLENGES, NEW POSSIBILITIES

Mobile technologies bring with them several unique characteristics. One set of characteristics emerge from capabilities of the device and its proliferation among different customer segments, and the second set emerge from the ecosystem of players that exist to enable mobile communication. This creates opportunities and challenges.

Consumer and enterprise mobility applications pose these new challenges to CIOs:

- Creating a strong business case that is compelling to the stakeholders / ecosystem

(beyond the financial firm). In certain cases the use case may involve creation of a new business model.

- Conceptualizing solutions that are highly device agnostic (work on different devices), context aware (sensitive to device) and lighter.
- Creating delivery models that can give time to market & cost advantages. Development and testing applications with location based features may have inherent limitations that may not be amenable to offshoring and also may involve new players and contracts.
- Leveraging the power of analytics and cloud. Fragmented or immature analytics or enterprise information systems can limit the benefits of mobility.

A second set of opportunities and challenges emerge from the ecosystem of players involved in mobile communication. Apart from device manufacturers like RIM, Nokia and Motorola, there are others like mobile network operators (MNOs – O2, Vodafone, BT, AT&T), providers of mobile operating systems (Microsoft, RIM), mobile applications (Oracle, SAP and other VAS providers), device & systems management solutions (HP, Sybase), and mobile platforms & integrators (HP, IBM, Sybase). The market is still maturing and there is no clear leader or clustering of major players. And with a range of partnerships emerging in this space it can soon become a very strong source of complexity for financial firms. Some of the challenges that CIOs face in this regard include:

- Whom do they work with? Should they engage the MNOs and expect them to manage the complexity of the rest of the ecosystem? For instance, security which is a very fundamental concern in mobility may be better addressed by MNOs.
- On the other hand working with a MNO can create a lock-in. So, should firms look at network agnostic players or services?

PROBABLE DIRECTION OF EVOLUTION

Given the above characteristics and possibilities, we believe that mobility will drive some fundamental changes in the way it is designed and managed. Our predictions on the nature of this evolution are:

- The focus on innovative use cases and business models will be at the heart of the design of mobility solutions, and this will force together strong collaboration of business and IT and the wider ecosystem (consumers, employees and partners).
- Innovative use cases of consumer and enterprise mobility will rely a great deal on the real-time analytics capability. Since

mobility and analytics are pervasive (cross functional), new governance models will emerge around mobility and analytics.

- Cloud solutions and embedded security will play a critical role in rapid expansion of mobility solutions.
- Mobility will force the convergence of IT & Communications Technologies and will play a strong role in the sourcing strategies of financial services firms. CIOs will need sourcing partners that are immersed in these ecosystems and are able to effectively integrate solutions of key players in the ecosystem into meaningful value propositions.

Most of the current mobility experiments executed by FIs involve different technologies, a host of vendors and a variety of markets. However, wide spread use of mobility and the clarity on real business impact are yet to be established. Each of the four technologies namely mobility, analytics, cloud and security have implications across the entire enterprise and cannot be handled effectively in a piecemeal approach. More fundamentally, mobility will change a financial institution's outsourcing model due to the involvement of a wider mobile ecosystem.

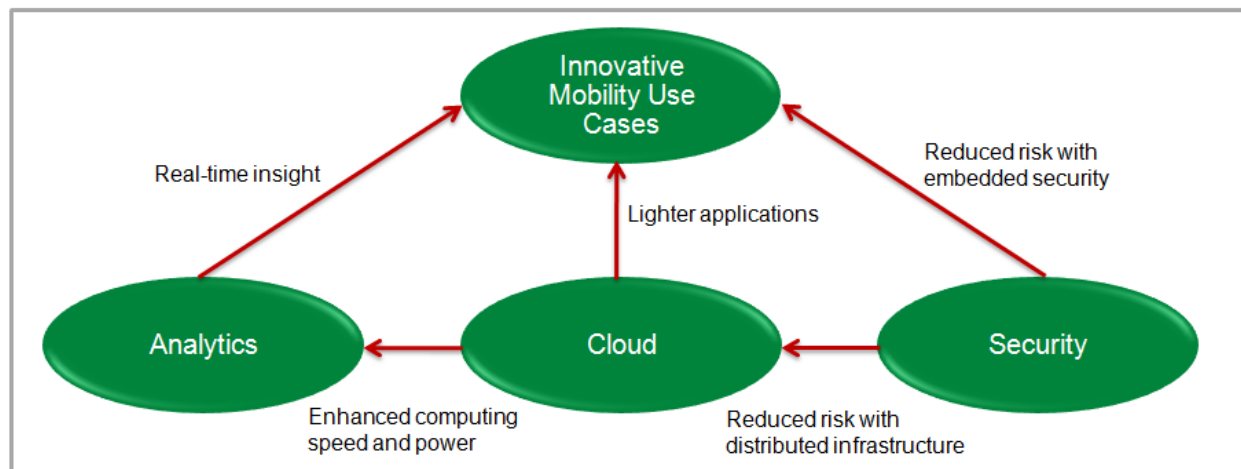


Figure 2 iMACS - integrated Mobility, Analytics, Cloud and Security

SAMPLE SCENARIOS

Mahindra Satyam has been leveraging the unique characteristics of a mobile device such as local computing power, two-way communication, voice and data capability, and location information to design innovative applications for financial firms. For instance, we delivered a road-side assistance solution for a leading insurance company by leveraging the power of mobility and location intelligence. The mobile application uses location intelligence to automatically call for assistance. This along with analytics capabilities are used to deliver timely services.

Usage Based Insurance (UBI) is another area where an integrated approach to mobility, analytics, cloud and security will be highly beneficial. While different insurers are attempting pilot projects, a consortium that

leverages the benefits of these emerging technologies in a combined model and provides services to a large number of insurers, who in turn take the services to consumers, will be more successful.

In wealth management, Mahindra Satyam is building a prototype of a mobile risk visualization application targeted at retail investors. In the traditional system of wealth management advisory, small scale investors cannot avail professional services. The extent of the advice they could receive directs them towards a generic portfolio mix based on a group risk profile. Even after using such a service, a common feeling among investors is that the portfolio performance does not justify their risk classification. This tool will provide an opportunity for a retail investor to assess his or her risk profile independently, as well as modify

their risk profile through a simple scale and see the resultant impact to choice of investments as well as potential returns. At a larger scale, this tool will leverage cloud dynamics to increase reach and drive revenue potential based on volume.

AN EXECUTION MODEL

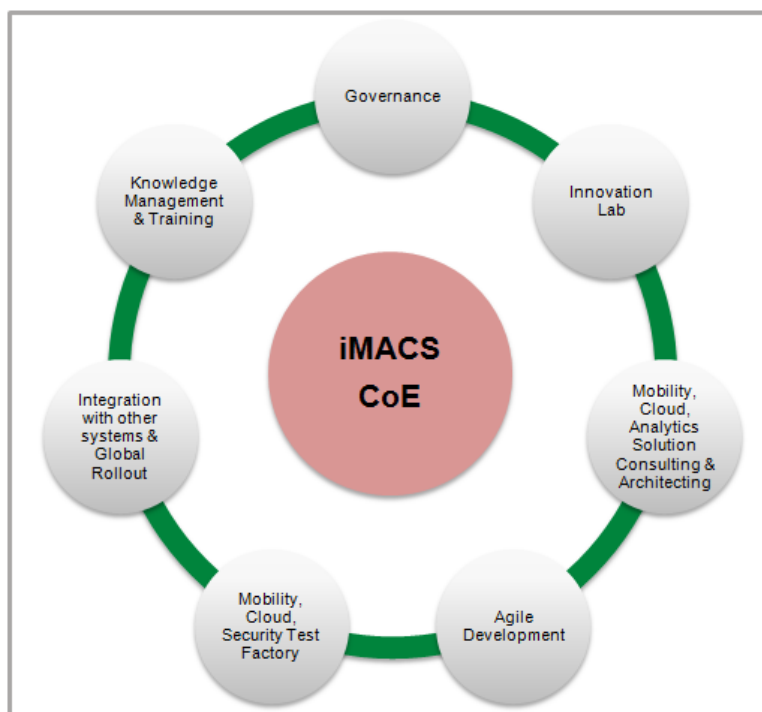


Figure 3 Emerging Technologies Center of Excellence

A "Mobility Center of Excellence" is imperative to handle the complexity in working with different Mobile Network Operators and diverse platforms as well as to manage global rollouts. Through the effective convergence of IT and Communications Technology, meaningful value propositions can be quickly created and

validated for co-evolution of customer and enterprise mobility. This holistic approach will also enable the financial institutions to derive maximum benefits out of emerging technologies.

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Mobility will drastically transform outsourcing models. A Center of Excellence approach is critical to deal with business, technology and sourcing complexities that will be brought by the mobile ecosystem.

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As an integrated Information & Communication Technologies (ICT) company, Mahindra Satyam enables financial institutions to drive high ROI from mobility. Along with Tech Mahindra, it brings together deep financial and telecom domain expertise to effectively handle the complex mobility landscape and quickly generate success across diverse business lines of financial institutions.

For more information, please visit www.mahindrasatyam.com.