

# Online Banking

REPORT

Strategies for the Internet

SINCE 1994, THE EXCLUSIVE MONTHLY REPORT ON INTERNET BANKING PRODUCTS & MARKETS

OBR 220 & 208 (*double issue*)

## 2014 Product, Pricing & Strategy Guide

*Embracing new business models for a digital world*

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### Abstract:

Our 19th annual *Remote Banking Planning Guide* is packed with more than 1000 ideas, tactics, and tips you can use to improve the effectiveness and profitability of your online and mobile initiatives. The information is organized by product within the two major retail banking segments: consumers and small- and micro-businesses.

To help navigate the challenging year ahead, the report includes a summary of the 27 best “bang for your buck” projects for next year and beyond.

Finally, with fee revenue, or lack thereof, one of the most important online banking issues, the 2014 Planning Guide includes a 12-page section on pricing online services and transactions. Suggested fees for both consumers and businesses are presented for every online financial function imaginable.

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# Sample pages

| COMMUNICATIONS   |   |                        |
|--|---|------------------------|
| Message Planner  |   |                        |
| <p>Customers value triggered financial alerts and are far more likely to open them compared to other non-personal messages (see OBR 183 and 181/182 for more info). However, if you abuse that trust with too many off-topic or overly salesy messages, you'll be tuned out or unsubscribed to. So tread carefully as you introduce new messaging types and/or increase the frequency.</p> |   |                        |
| <p>Table 12<br/>Electronic methods for communicating financial messages</p>  |   |                        |
| Communication Type   | Comments  | Reference              |
| Direct message to user's online banking dashboard  | Great for sending confidential information, but user may not see message unless also alerted via other methods  | OBR 95                 |
| Email to user's primary address  | Still the primary communication method; however, users are less likely these days to read messages due to alert overload, spam filters, multiple inboxes and bulging inboxes; must be careful with confidential information unless using secure options (see OBR 183) | OBR 183<br>OBR 181/182 |
| Email to secondary address   | With the majority of online banking customers using multiple email addresses, users need to be able to send alerts to numerous locations  | OBR 183<br>OBR 181/182 |
| Facebook message   | Message sent to Facebook user through the Facebook platform (must be friends)   | OBR 201/202            |
| Fax  | Fading away, but still a good way to keep in touch with certain business customers  | OBR 105/106            |
| Feed (RSS)   | While it may be too small of a segment for smaller financial institutions to serve, power RSS users will appreciate receiving alerts via feed   | OBR 135/136            |
| Instant message/Skype message  | A good way to reach power users of these services (if they are willing)   | OBR 105/106            |
| Invite to chat (live)  | Customers logged in to online or mobile banking can be invited to chat. This is very obtrusive, and expensive to staff, so use it sparingly.  | OBR 191/192            |
| Push notification to iPhone (or other smartphone) app  | This capability became available in July 2009, with the release of iPhone OS 3.0; message notifications are shown on the screen (like a new text or voicemail received); user does not need to pick up the phone for them to show                                     | OBR 163/164            |
| Push notification to desktop PC widget/app   | Similar to above, an indicator on the user's desktop message; the user doesn't have to be using a browser notification  |                        |
| Text message   | The best way to reach mobile phone users right now; intrusive and still closely guarded by users; and so text messages received; so it must be used judiciously   |                        |
| Twitter (direct) Tweet   | Similar to an instant message, Twitter direct messages are a good way to reach power Twitter users (must be followed)   |                        |
| Voice message  | Still a powerful way to get the attention of customers; info must not be revealed and users may not be able to check their voice mail, so delivery time varies and cannot be guaranteed   |                        |

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STRATEGIES FOR FINANCIAL INSTITUTIONS

- Internet banking
- Mobile delivery
- Payments
- Email
- Innovations
- Online marketing
- Interactive lending

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2013 Product, Pricing & Strategy Guide

Embracing new business models for a digital world

**F**or 20 years, online and mobile solutions have been bolted on to traditional business models. The exceptions are few: ING Direct, Virgin Money, and several others.

That bolt-on strategy worked amazingly well. Major U.S. banks have lost virtually no deposit, loan or fee-income market share to upstarts in the Internet era. Robust profits allowed incumbents to build online and mobile capabilities without sacrificing their brick-and-mortar channel.

But the banking world changed in 2008. Worldwide recession, regulatory price controls, an uncertain lending environment, low rates and increased competition from VC-backed startups have all combined to make holding on to market share less certain.

We see three areas where startups could gain ground:

- **Virtual personal banker**  
Positioning: Consumer advocate in the cloud always watching over your transactions and financial well-being  
How: Mobile + P2P lend + aggregation + P2P pay + insurance + service + safety  
Who: BillGuard, Holvi, Mint, Simple
- **Virtual CPA/CFO**  
Positioning: Digital business partner supporting all financial activity and capital needs  
How: Payments + P2B lending + aggregation + UI bookkeeping/accounting + fraud protection  
Who: Kabbage, On Deck Capital, Square, Xero
- **Virtual financial advisor**  
Positioning: Personalized and highly automated mutual fund  
How: Bare bones UI + limited options + systematic savings  
Who: Betterment, FutureAdvisor, Personal Capital

These all require more sophisticated software, such as PFM modules and business management functions. It will be fascinating to see it unfold.

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