

# Online Banking

Strategies for the Internet

REPORT

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

OBR 207 & 208 (*double issue*)

## 2013 Product, Pricing & Strategy Guide

*Embracing new business models for a digital world*

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### Abstract:

Our 18th 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 25 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 2013 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 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 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 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 phone (like a new text or voicemail received); user does not have to use a browser or 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 or the phone for them to show	
Text message	The best way to reach mobile phone users right now; intrusive and still closely guarded by users; and a 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 receive their voice mail, so delivery time varies and cannot be guaranteed	

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STRATEGIES FOR FINANCIAL INSTITUTIONS

Internet banking

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2013 Product, Pricing & Strategy Guide

Embracing new business models for a digital world

For 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 startups 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: Kabonge, On Deck Capital, Square, Xero
- **Virtual financial advisor**  
Positioning: Personalized and highly automated mutual fund  
How: Bare bones UI + limited options + systematic savings  
Who: Betamount, FuturaAdvisor, 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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