## DON'T CALL US, WE'LL CALL YOU...

Technological advances are sometimes the offspring of necessity, as the saying goes. In light of the industrial revolution, gaining steam as it were, the invention of the cotton gin seems to us now a foregone conclusion. Other inventions of the time, however, flowered in a way their inventors did not suppose. One such invention, the telephone, became universal in a manner not initially suspected by Bell. Most late 19<sup>th</sup> century embodiments of the idea concerned *two* devices connected by wires. The purchaser would acquire the devices and have them installed at fixed endpoints. Permanent, point-to-point communication was the goal. Therefore, most of the technological advancement of early telephony had to do with converting sound to electrical signals and back again, not how the devices were connected.

The environment of the telephone's application, however, generated a new necessity to interconnect many devices to make communication more useful, and the exchange was born. To their credit, Bell, Edison and others quickly understood the primacy of networking and they applied their efforts there. As a result, the advancement of handset design slowed. In fact, the carbon transmitter used in the mouthpieces of early telephones remained largely unchanged for decades.

We are again at such a point with the mobile telephone. Originally conceived and designed as an analog device, radio telephones had little or no computational logic installed. However, digital technology miniaturized and much of the functionality of the "cell" phone, with its signal switching and tower-to-tower "handover", became possible on a large scale. Soon, microprocessors themselves became small and cheap enough to place into a phone, and further advances such as 2G digital communications in the middle 90's became a part of the landscape.

Adding microprocessors, however, was a bit like opening Pandora's Box. Small, fairly powerful computational devices were now in the hands of millions of people, and these devices could communicate to remote computers via a vast network. The potency of this infrastructure was almost immediately recognized by strategists in several industries, not the least of which was financial services. The problem for these entrepreneurs and forward-thinkers, as it was for Bell and Edison, was to create a paradigm for this technology that could be appreciated by the average consumer. Unfortunately, as it was at the turn of the century it is today: An existing application of a *similar* technology was adopted as a model, but that model didn't fit. The telegraph, with its fixed stations connected by lines, seemed the obvious way to deploy the technology of the telephone. The personal computer, with its browser-based interface allowing a user to find, connect to, and interact with data, is the exemplar used by almost every application of mobile banking and payments today.

Unfortunately, the telegraph model obscured the networking potential of the telephone, and the PC is doing the same with mobile. While it may be a tautology to say that a mobile phone's primary value is mobility, the idea is oddly lost on most providers and deployers of mobile financial services. Over the past year, the ability to determine an account balance or view statement items, essentially PC banking tasks, has been announced for mobile with great fanfare. It has even led to the nine-figure sale of an early mobile banking vendor.

But what have we really accomplished? No competent practitioner in the field would claim that a mobile phone, with its drastically limited human interface, is any serious threat to the PC as a financial management tool. And what of the ability to see your account balance anywhere, at anytime? It is hard to conceive of consumers walking through their daily lives thankful for the option to perform basic banking or bill payment at the drop of a hat. In fact, non-voice use statistics clearly indicate that consumers are mostly thankful their phones have the ability to *entertain* them. The dullness of banking may be a truism, but certainly no one looks for fun there.

So what of mobile? For those organizations looking to enhance their customer relationships, it is better to give than to receive. That is, we should look to *push* information to our customers when circumstances dictate, not try to *pull* them into using their phones like a PC. Mobility has been made manifest by small computational devices that *are always with us* and *always on*. Those of us in data and decision-oriented businesses can now involve our customers in temporally meaningful ways. Situation and resolution can be made coincident, or nearly so.

Two models have emerged that demonstrate this. Already widely used in the airline industry, notifications and alerts involve customers with current information when that involvement is of greatest value. Notifications, in particular,

provide information to customers that is timely, personal, and *not* directly actionable. For instance, airlines routinely inform their customers via SMS or other mobile means that an upgrade has cleared. The information is timely in that it reaches the customer while he or she is likely to be directly involved in the information's context, such as getting ready to head to the airport a few hours before departure. It is personal, in that the upgrade is of direct importance to the customer. It is not information that has broad, undifferentiated meaning to a large number of people. Finally, an upgrade does not expect, nor require, a response from the customer.

Why notify a customer of an upgrade? First class awaits, regardless of the prior awareness of the fact. As it happens, airlines notify *because* of that prior awareness. Knowledge that, for the next five hours, I will be enjoying a free cocktail while stretching my legs and advancing my elbows, opposed to having my knees in my face, is pleasant knowledge indeed and very likely to improve my countenance and my affinity to the carrier. The same applies to financial services: Knowledge the check has cleared, the bill has been paid, or the order has shipped imparts a peace-of-mind, no small value when it comes to people and their money.

Alerts are the same as notifications, with the addition that they require action. The action is expected either inside or outside the mobile channel. Again, airlines show us the way with gate change and flight delay alerts. The former requires action outside of the mobile channel: walking to the new gate while abandoning the old. The latter may require action within the channel, if an option to take a different flight is coincidentally offered as a means of resolving difficulties caused by the delay. In both cases, the airlines require a timely response from the customer; it is the very reason for alerting them via mobile.

There are many possible applications of this idea to financial services, some of which are accomplished, inefficiently, via other means today. One example concerns alerting a cardholder to the fraudulent use of their credit card. As a rule, issuers would rather inquire as to the legitimacy of a particular charge directly with a customer instead of declining it at the point of sale. Unfortunately, there has not existed a reasonable means of doing so until now. Another example is with impending deadlines for bill payment. One of the fastest growing remittance transactions is online debit, employed without PIN, to make an immediate or *expedited* payment. The STAR System ATM and POS network makes such a transaction available to billers allowing their customers to make payments over the phone or Internet for bills due now. The transaction is so popular among certain demographics that billers have been able to surcharge customers for the privilege. Of course, if you do not know your bill is due today, an expedited payment is of little value. However, in conjunction with an alert, the value is obvious.

If we are able, then, to reject (or at least resist) the model of the PC, how should we approach these mobile devices that penetrate at least 80% of the population, and therefore are likely to be in our customers' hands? Consider the following:

- Can we positively influence a customer's state-of-mind? Where in the lifecycle of interactions with our customers can we provide *timely* and *personal* information that will *benefit* them? It is important that *all* three of these conditions be satisfied. Missing even one can cause a notification to devolve into an unwelcome annoyance, as many email notifications have become and are now rightly considered by consumers to be "spam".

- Is there a *decision* or piece of *information* we need from the customer *soon* in order to serve them better or delight them? If we can keep our customer from stepping into a hole, they will be all the more thankful for it. We can expand the idea further to offers for sale, assuming as we do that a customer will benefit from our product. But we must be very careful. Telemarketing has so ruined outbound telephony as a legitimate customer communication tool in banking that it is hardly used today.

It didn't take long for Bell and Edison to see the rise of the exchange as the central value proposition and business model for telephony. The same will surely be true for early adopters in mobile. Recently, Citibank announced that although it came out of the gate strongly with a mobile solution that hearkened to PC banking, it is now partnering with SK Telecom to broaden its approach. For the rest of us that must make as good a decision as possible the first time around, alerts and notifications give us the opportunity to leverage mobile for what is: A powerful new way to reach our customers with something they'll want to hear.