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What's Next In Mobile Banking? One CU Believes It Has Answer in Social Media

Credit Union Journal | Monday, March 23, 2009

By [Kevin Jepson](#), Technology Correspondent

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PORTLAND, Ore. — Mobile banking at [OnPoint](#) Community CU will look a little different from mobile services at other credit unions, starting with a [Facebook](#)-style user community as well as access to mobile payments technologies.

The mobile payments technology isn't just a "nice-to-have," add-on to mobile banking: it's the "endgame," according to [Jim Armstrong](#), SVP-technology. It helped convince the \$2.5-billion CU to be the first and only credit union to go with Portland, Ore.-based [Tyfone](#), a mobile financial services provider.

"We really believe the endgame is [Tyfone's](#) payment solutions," Armstrong said. "Our sources of payment revenue are being squeezed, so if we don't do something, there is the potential that that revenue will be reduced."

[Tyfone](#) announced in January that it had created the industry's first memory card that can be inserted into a consumer's mobile device and used to facilitate contactless payments between financial institutions and retailers or transportation systems.

"Members could just swipe their phones to pay for dinner," said Armstrong.

Meanwhile, MShift, which provides mobile banking to about 60 credit unions, doesn't mention contactless payments capabilities at its website. Although mobile payments are still a ways away, due to infrastructure shortcomings, consumer perceptions and the economic crisis, OnPoint thinks it prudent to prepare now. "If you're going to invest in mobile banking, you may as well build your infrastructure for payments as well," said Armstrong.

"We believe that, for our younger members, the desire to do payments is a natural extension of what they already do with their phones," he continued. Armstrong said he isn't much worried about how the mobile payments infrastructure will play out. Instead, he said he's focusing on building a good relationship with [Tyfone](#). "The biggest piece is learning how to work with an organization. We'll be able to talk to them and move forward once the payments solution is finalized."

OnPoint plans to launch its mobile banking service - and payments, for now - in the second quarter, featuring the typical list of features-bill pay, funds transfers, account history and so on, delivered via a downloadable application, Armstrong told [Credit Union Journal](#).

But what will stand out is the way OnPoint will pilot the service - by tying it into a social networking site for users, he said.

"We'll create a site something like Facebook for our mobile banking user-community," explained Armstrong. "They'll test the product and provide feedback. We'll make the feedback public knowledge and respond to it, and then we'll redesign and redefine the service on the fly. The idea is to create some buzz so that our initial hundred users want to invite four of their friends."

OnPoint's mobile banking members will be among its most profitable members, he said. "Online banking members have larger balances and fuller relationships. And data would suggest that mobile banking is a stair step up from online banking; that there will be a percentage jump compared to traditional online banking relationships. Mobile banking could be a way for us to grow deposits and fuller relationships with members who are ultimately more profitable. Mobile solutions are absolutely critical."

About 40% of OnPoint's 191,000 members use online banking, said Armstrong.

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In terms of the CU trade associations' response to the various current crises, I feel:

- They have done a very good job
- They have done a mediocre job
- There is much more they could do

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