



MOBILE BANKING IN THE WORLD: A STUDY ON THE PRESENT STATE OF MOBILE BANKING IN THE WORLD, AND A PEEK INTO THE FUTURE.

Sia Partners has conducted a benchmark of 79 worldwide mobile banking applications, which sheds some light on the future of Digital Banking.

To shed some light on the current and future state of mobile banking in the world, Sia Partners has conducted a benchmark of 79 mobile banking applications across 7 European countries¹, as well as Hong Kong, Singapore and Canada. The benchmark relies on the scoring of 80+ criteria and provides more clarity on the tops and flops in the market, in terms of both functionality offered and user experience.

Methodology

A worldwide acceleration in Banking Digitalization

Following the launch of European Neobanks and PSD2 in Europe, client expectations have changed.

Digitalization of banking across the globe is accelerating as a result of a multitude of factors – emergence of new technologies, evolution of client expectations, regulatory revisions, market entry of new actors and stakeholders, and the availability of a host of Digital Wallets and other non-banking apps. Consequently, mobile banking applications have recently taken over branches and online personal banking websites as the main channel for customer interaction. The main drivers for this fast evolution are the successful market entry of so-called “Neobanks” like Revolut and N26, “Virtual Banks” like ZA Bank in Hong Kong, and a trend towards open banking and platforming based on Open API technology across the world.

This benchmark was conducted in the second quarter of 2020, with over 80 criteria included in the analysis. The same criteria are used to compare apps across the world. Only a couple of criteria are “local features” specific to a given country.

50 criteria relate to features or functionalities allowing the user to conduct specific daily banking actions, whereas another 30 criteria relate to user experience. Features are organized in categories, i.e. “Standard functionalities” including features and settings management relating to cards and the various products offered by the bank, “Payments”, “Advice & Customization possibilities”, “User Support” and the aforementioned “Local Features”. User experience (UX) criteria categories include “Simplicity”, “Navigation” and “Look & Feel”.

In order to guarantee comparability and a transparent scoring, the scores go from “0 – Null: The evaluated item is not provided in the app”, to “3 – Excellent: The evaluated item is included in the app and is fully effective”.

Apps have been tested both on Android and Apple devices, and app store ratings are included in the global score. Although this brings in subjectivity inherent to online customer feedback, the thousands of ratings of an app make it a relevant metric to include.

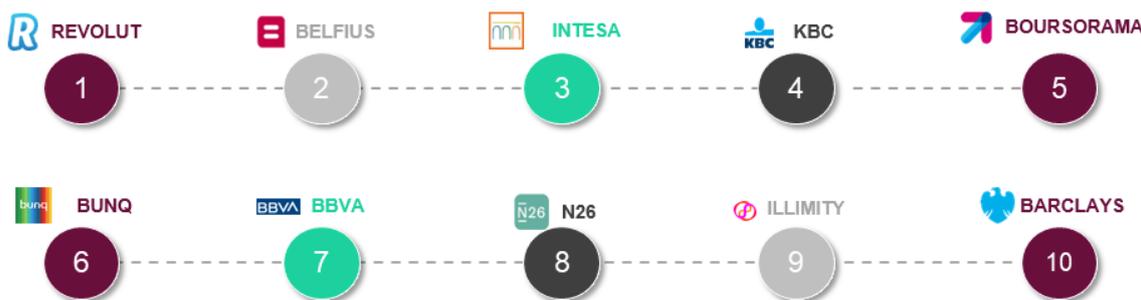


¹ Belgium, France, the Netherlands, Italy, the UK, Luxembourg and Spain.

Main takeaways

A European global Top-10

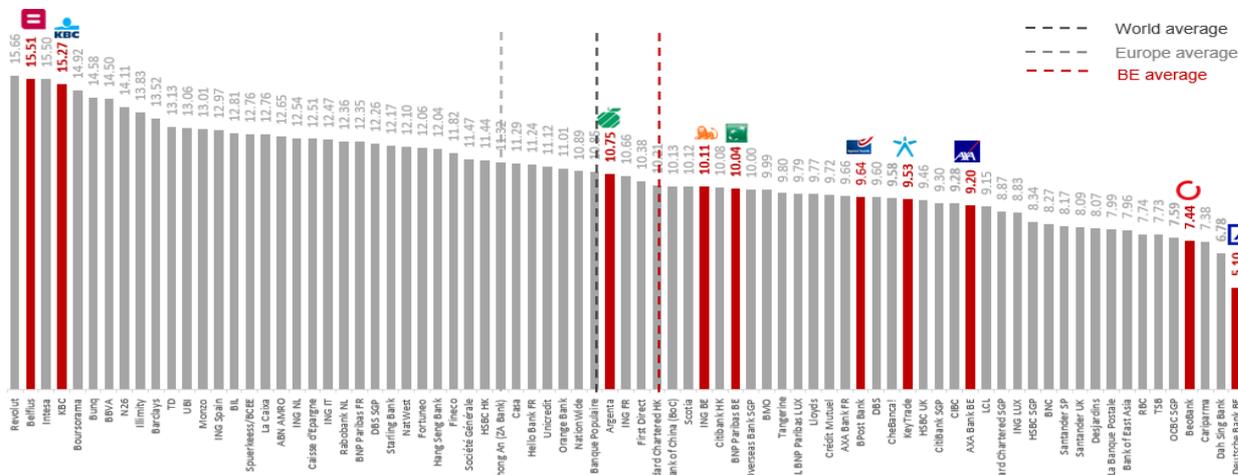
The global top-10 of the sample examined is fully composed of European-based Neobanks and European-based banks. The main drivers for this are the recent market entry of the first and the reaction of the latter to this new competition, as well as the preparations made for Open Banking following PSD2's entry into force.



These two factors, as well as the more general evolution of technology and customer expectations in a competitive European banking market, have recently resulted in major investments in the mobile channel. In fact, offering one of the best mobile apps in a market does not only result in a considerable competitive advantage today, but is also a must-have for mitigating the risk of customer disintermediation by both new entrants and historical competitors.

A focus on Belgium

Belgian banking are very dispersed in the global ranking which explains the national average behind European and worldwide averages. Belfius and KBC both perform among the best banking apps worldwide. Their scores are very close to each other and KBC filled the gap progressively. Even if ING is still far from the top players, with its new app, ING made a lot of progress, offering a much better user experience than before and slightly extending its range of digital services. While BNPP is above the national average regarding functionalities, the app is still behind regarding the UX. On the contrary, while Argenta, Keytrade and Axa bank offer a good UX, they stand below the national average in terms of functionalities. Despite their respective efforts these last months, Bpost, Beobank and Deutsche Bank are all below the average for both UX and functionalities. Bpost is not that far from the averages and could easily fill the gap.



What are the key differences between European and Asian apps?

All in all, the edge European apps still have on their Asian counterparts is mainly explained by a broader catalogue of functionalities, which are easier to use and more often customizable. They also typically offer better in-app advice, for example on investments and banking products. However, the Hong Kong and Singapore apps score better on Payments and on 'Local Features'. Compared to Europe, which has a unified payments market built around SEPA4, Hong Kong and Singapore are well-connected global platforms, but are also quite independent. Both cities have implemented instant payments solutions based on a link between bank accounts and phone numbers, called FPS in Hong Kong (Faster Payment Scheme) and FAST in Singapore (Fast and Secure Transfer). These functionalities are often well-integrated into the mobile banking apps, significantly simplifying payments. Moreover, integration with ancillary applications for P2P (Peer-to-peer) and POS (Point of Sales) payments is well-developed too, and so are various other payments methods based on QR-codes, Apple/Google/Samsung Pay etc. Multi-currency accounts are also a plus that most European apps do not provide. Finally, it is worth noting that European apps tend to score higher in app stores than their Hong Kong and Singaporean counterparts.

Conclusion

In recent years, the mobile banking application has rapidly become the single most important channel between a bank and its customers. While this is a global evolution, there are still notable differences between different regions of the world. However, these are bound to decrease as banking as a service becomes increasingly global. In Europe, PSD2 and the arrival of Neobanks have resulted in massive investment in mobile banking applications, including from incumbent banks. As a result, many traditional banks in Europe now have a modern, state-of-the-art app that can easily seduce their youngest and most tech-savvy customers. This will become increasingly crucial for a bank to defend their market share effectively against Neobanks and new entrants from Big Tech, FinTech and other non-banking players. Sia Partners helps its banking clients to improve their mobile application and digital offering. If you are interested in further details on the results of this benchmark or on digital banking strategy, please feel free to contact the authors listed below.

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