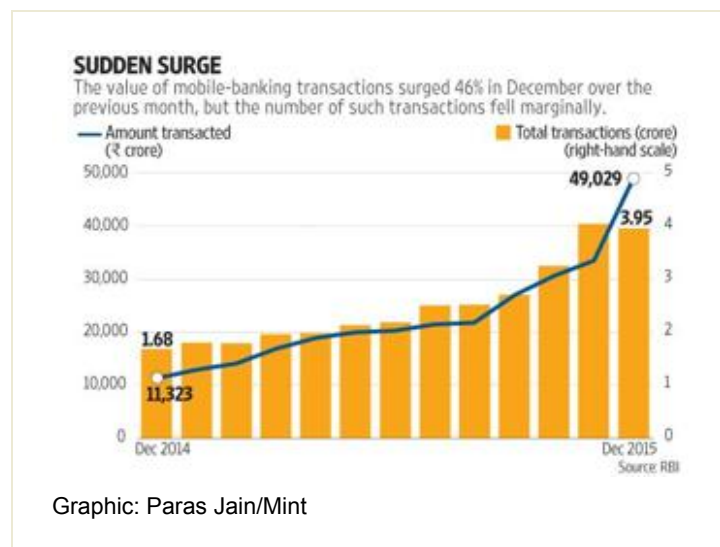


Mobile banking sees dramatic surge in India

Amount transacted in December 2015 rises more than fourfold from year-ago period; focus on corporate clients



Mumbai: The value of transactions concluded over smartphones surged in recent months as banks encouraged businesses to manage their finances using mobile phones and mobile usage among retail customers expanded rapidly.

The value of mobile banking transactions jumped 46% to `49,029 crore in December from the previous month, according to Reserve Bank of India data.

The value of such transactions surged 82% over the September-December period, the RBI data showed.

Bankers attributed the surge to an increase in the number of corporate customers transacting on their phones, along with the continued growth in retail mobile banking transactions driven by the adoption of smartphones across the country.

“Our economy is now graduating into an interaction-based economy.

Customers are highly concerned about the time and expense related with making transactions at an outlet or a branch,” said Alok Shende, the founder-director and principal analyst at Ascentius Consulting, a technology and analytics consultancy.

While mobile recharges, bill payments, money transfers and purchases on e-commerce websites dominate the retail transactions that take place on the mobile platform, large-value transactions by corporate clients have resulted in an increase in the amount transacted through the phone, bankers said.

On a year-on-year basis, the amount transacted in December 2015 rose more than fourfold from the `11,323 crore transacted in the year-ago period.

For State Bank of India (SBI), the average size of a banking transaction on its mobile platform has jumped fivefold since the bank introduced two applications for its corporate customers.

SBI unveiled State Bank Anywhere-Saral for the SME sector (small and medium enterprises) in May and State Bank Anywhere -Corporate for its larger corporate customers in October, leading to an increase in the average transaction value.

“We have about half-a-million corporate banking customers on our web banking platforms, and we want to bring most of them on mobile by September,” said Manju Agarwal, deputy managing director for corporate strategy and new business at SBI.

At present, about 25% of SBI’s retail customers on web banking also transact through their phones, Agarwal said. SBI aims to increase this to about 50% by the end of the second quarter of 2016-17.

Private sector lender Axis Bank Ltd, which introduced two mobile applications for its corporate banking client in October, allowing them to conduct foreign exchange-related and trade finance-related payments on the phone, has also seen a surge in the number of corporate clients using the mobile banking platform.

Axis Bank has about 2.4 million customers who actively transact on the mobile platform, which also includes its SME clients.

“In case of SMEs, the business owners are usually very involved with the day-to-day transactions, and therefore need the mobile applications, which allow them to manage money on the go. This is the space that banks need to be in,” said Rajiv Anand, group executive and head (retail banking) at Axis Bank.

The private sector lender’s average mobile transaction size stands at more than `11,000 currently, Anand added.

In December, Axis Bank saw more than six million mobile banking transactions worth `6,268 crore.

One of the main challenges in bringing corporate clients to mobile banking services is the two-person approval system that companies have for financial transactions, bankers said.

With banks coming up with better proprietary technology, they have been able to overcome this challenge, allowing for more coordinated transactions among different users from the same company.

HDFC Bank Ltd, which reported more than 3.9 million transactions worth `8,717 crore in December, is also working on pushing its corporate clientele to shift to the mobile platform.

Nitin Chugh, executive vice-president and head of digital banking at HDFC Bank, said that the private sector lender has been conducting sessions with its corporate clients trying to explain how moving from web to mobile will help in conducting cost effective and timely transactions. "At a ticket size of about `34,000-35,000 per transaction, we are already higher than most of our industry peers, when it comes to mobile," Chugh said. "By bringing in more corporate clients, we can increase this number further. We are working on introducing more user intuitive services for web and mobile so that customers can have a better experience."

While larger corporate transactions are pushing up the ticket size, the number of transactions is also continuing to rise driven by increased adoption of smartphones.

The number of mobile banking transactions has risen from 16.8 million in December 2014 to 39.5 million in December 2015, according to RBI data.

"As customers use more smartphones and mobile connectivity improves, we will see banks trying to come up with more effective applications in the market. This will boost the number of transactions and the value involved," said Axis Bank's Anand.

At ICICI Bank Ltd, the focus remains on the fast-growing retail segment. It reported the second largest number of mobile banking transactions.

According to Rajiv Sabharwal, executive director of ICICI Bank, most of the lender's corporate customers transact only on the web, while the adoption of mobile transactions among retail consumers has picked up. Retail mobile transactions will lead the way with more smartphones in the market, he added. "While the bank's overall transactions have been rising by 20% a year, we have seen mobile transactions rise by a much higher margin over the last 18-24 months. The average ticket size now stands at about `15,000 per transaction. Our aim is now to get more customers on this platform and try to customize services depending on individual customer profile."

According to Sabharwal, the growth in smartphone sales over the last three years has resulted in this increase in mobile banking. Smartphone sales in India are expected to rise to 160 million in the year ending 31 March 2017 from 100 million in 2015-16 on the back of falling prices and a shift from feature phones to smart devices, industry association Assocham said last week.