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The Intersection of Financial Institutions and Technology Leaders

MOBILE BANKING

# INSIGHTS



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### Making Mobile Banking Intuitive

The mobile banking app is important to any successful digital strategy, and these products must be easy to understand and feel natural to use. An example of this could be elevating bill payment options to the home screen so customers don't have to hunt for that feature.

### KEY TAKEAWAYS

- Popular mobile apps have shifted consumers' expectations of how apps should work, look and feel, and these expectations extend to the banking sector.
- Bankers increasingly see major retailers as a competitive threat; Amazon.com and Walmart are not only exploring the digital payments space, but they also hold sway over a substantial market share.
- Intuitive design is an important concept in app development; it means that an app is easy to understand and navigate, and feels natural to use.
- One example of intuitive design in banking is the elevation of bill pay options to the home screen, so users spend fewer clicks trying to find what they've logged in to do.
- Some key indicators of whether users find the app intuitive may be fewer customer support calls, a strong app store rating or low customer attrition.

**Popular shopping, social media and delivery apps are influencing consumers' expectations in ways that matter to community banks and credit unions. Creating an effective user experience in a mobile banking app means that on some level, financial institutions have to compete on a playing field shaped by brands like Uber and TikTok.**

"Whether we like it or not, the likes of Amazon and other popular apps drive a lot of expectations for consumers," says Mark Donovan, chief operating officer at Illinois National Bancorp in Springfield, Illinois.

For its subsidiary, the \$2.4 billion INB, and other similarly situated banks, that means that intuitive design has to factor into any conversation about the bank's self-service mobile application. Intuitive design essentially means that an app feels natural to use, is easy to understand and navigate, and doesn't require the user to overcome a steep learning curve. Fundamentally, it matches the users' expectations and behaviors based on past experiences with similar systems.

Beyond shaping consumer expectations, increasingly bankers view some large retailers — ones with deep pockets that can invest in their digital channels — as competitors, especially in the payments space. Bank Director's 2024 Technology Survey found that 12% of bank leaders considered retailers, such as Amazon.com and Walmart, as a competitive threat. That's up from 5% in 2023.

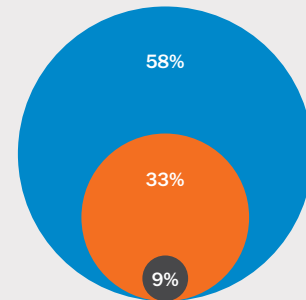
In addition to that, a majority of consumers (55%) said they used their banks' mobile app on a phone or tablet the most frequently to manage their accounts, which was significantly higher than any other channel, including branches or even online on a laptop, according to a national survey from the American Bankers Association.

Given these realities, it's safe to assume that the effectiveness of an institution's mobile app is at least a factor for some consumers when they decide where

### KEY METRICS

**Which delivery channel is more critical to your bank's growth strategy?**

Source: Bank Director's 2024 Technology Survey



- Digital and the branch are equally important
- Digital
- Branch

### What digital capabilities does your bank offer to its retail customers?

Source: Bank Director's 2024 Technology Survey

Deposit account onboarding



Person-to-person payments



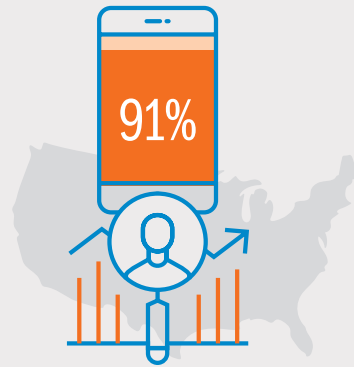
Mortgage loan applications/processing



Consumer loan applications/processing



Personal financial management



### 91% of Americans own a smartphone.

Source: Pew Research Center, data as of June 10, 2024

to bank. That means bankers like Donovan must not only prioritize security in those channels, but they also have to present a digital experience on par with retailers and big banks alike.

"That's the fulcrum you're balancing on," Donovan says. "How do you provide an almost shopping-like, enjoyable experience while maintaining security?"

### Relationship Building

Many banks and credit unions recognize the importance of providing strong digital offerings to customers. Fifty-eight percent of directors and executives who took part in Bank Director's 2024 Technology Survey said that digital channels and the branch were equally important to their strategy.

"If you think the digital experience is just about completing a transaction and not about building a relationship, you're going to miss the opportunity to engage with your customers in an entirely different way," says Allison Maddock, chief product officer with the technology firm CSI. Maddock believes

branches will continue to be important for many institutions' overall strategy, but for most, the mix between physical and digital channels will shift.

"Having a user experience based on intuitive design that enables customers to efficiently do what they need to do and recommend additional banking products is really going to be key to growth," she says.

Customers generally log into their banking app for a specific reason, says Hannah Day, senior director of digital banking with CSI. "You're not scrolling like you do with TikTok or Instagram," she says. "You want to get to that area and do that task as quickly as possible. We're in our banking app to manage our money, move our money and monitor our money, and it really boils down to those three things."

Payments are a prime example of where intuitive design plays an important role. Bank leaders who took part in Bank Director's survey indicated that payments were particularly important to their retail business. Sixty-nine percent said they offered person-to-person payments to retail cus-

tomers, and 84% believed it's important to offer retail customers real-time payments.

An early adjustment that INB made to its mobile banking app was the addition of a "quick pay" option to the app's home screen, Donovan says. Because customers commonly log on to pay bills, it made sense to elevate that function to the home screen, therefore cutting out at least two or three clicks for most users.

"It's an example of the kind of thoughtful, small improvements to incrementally improve the customer experience," he says. "One way to help customers love our app is actually to not make them spend more time in it."

### Gauging Impact

Intuitive design may sound like an amorphous concept and one that's difficult to quantify, but there are some definitive indicators bankers can look at to determine whether customers find their app to be intuitive. "One of the easiest ones is, what's your app store rating?" says Day. "How is your app performing, not only against other apps in the store but also those in your competitive space?"

For business clients, an easy indicator is the number of ACH payments initiated through the app versus in the branch or over the phone, Donovan says. For retail clients, he sees the declining number of customer support calls concerning app functionality as an indicator that it's working.

Donovan sees the connection between the app's functionality and the bank's broader strategy in very straightforward terms. INB has adopted the motto, "We make banking easy." Therefore, he reasons, the app should be easy to figure out and use.

"Banking can be unnecessarily complicated," Donovan says. "Part of our job is to help consumers, and to help people navigate and smooth out the process of whatever they're trying to achieve financially. As we've grown, technology has been an enormous lever in helping achieve that."



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