

Credit Union Times

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Mobility Matters – Tracking the Mobile Banking Revolution: Online Only

Credit Union Mobile Banking Debut of the Week: “Our goal is simple: we are creating services to attract Gen Y,” said Kabir Laiwalla, CEO of Platinum Federal Credit Union, a \$35 million institution based in Liburn, Ga.; it has around 6000 members. Laiwalla said Platinum has closed two branches in recent years – “We just did not see the potential to grow membership in those areas.” But, between mobile and online banking, “we can bring services to our members wherever they are.”

Platinum implemented a Sharetec mobile banking app, said Laiwalla, who explained that Platinum also runs on a Sharetec core. “I wanted to stick with one company. If we have a problem, it is their problem to fix,” he said. He added however that rollout was frictionless, without problems, and within a few weeks of introduction more than 12% of Platinum’s home banking users had signed up for mobile banking.

Right now the app offers limited services – balance checking and transfers between Platinum accounts – but by the end of March Laiwalla said he hoped to have also introduced mobile bill pay.

Either way, he stressed, Platinum had no choice but to introduce mobile banking. As Baby Boomer parents tried to enroll their adult children in Platinum, the children were balking – “but there’s no mobile banking!” Now that he has handled that complaint, Laiwalla said he is hoping to see a surge in young adult usage.

Remote Deposit Capture Redux. Get used to

that headline, you will be reading more about RDC because this may be the hot issue in today’s mobile banking. Today’s topic: to charge or not, a debate that exploded at the mid-March BAIPayments Connect in Las Vegas. On one side: Darcy Samson, a vice president at U.S. Bank, which currently charges RDC users 50



cents per transaction (“The price of a stamp and envelope,” said Samson). On the other side: just about everybody else on the panel, which included executives from Chase, BMO Harris Bank and Rockland Trust.

The usual argument is that RDC saves a financial institution plenty – it in effect outsources scanning of documents to the end user who does it for free – and therefore it is pennywise but pound foolish to look to collect a few dimes on every transaction.

The U.S. Bank counter-argument: RDC is a value add for consumers, it’s cool, and, insisted Samson, her institution does not believe the small charge has hindered adoption.

Bottom line: as more credit unions wrestle

with paying for RDC – which is not cheap, although nailing down precise numbers is slippery and elusive (a 50 cent per transaction charge from vendors appears to be in the ballpark) – passing along costs to users may be an option.

PayPal Here. Say goodnight, Square. Goodnight, GoPayment. PayPal, the 900-pound gorilla in innovative payments, now has announced PayPal Here, a tiny dongle that plugs into a smartphone and lets small merchants and casual businesses take credit cards, exactly the niche that had been targeted by Square. GoPayment, via Intuit, is another player.

Details about Here are scarce, but PayPal has indicated it will impose a fee of 2.7% per transaction, which puts it in the same bracket at Square (2.75%) and GoPayment (2.7%).

One wrinkle: PayPal is promising immediate availability of funds in a user’s PayPal account. That raises a very high bar.

The Fed on Why Mobile Banking is a Must: One in five mobile phone owners accessed banking services via a mobile device in 2011 and another 11% say they want to. That is the headline out of the Federal Reserve’s recent mobile banking survey.

The biggest obstacle to mobile banking adoption: “Concerns about the security of the technology were the primary reason given for not using mobile payments (42%) and the second most common reason given for not using mobile banking (48%),” said the Fed. ■