

Debate: This House believes that mobile financial services is for transactions only

Proposer: Tim Jones, non Exec director of Capital One Bank (Europe) and former CEO of Simpay

Opposer: Jon Prideaux, former Exec VP Visa

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Tim Jones opened the debate by giving a run down of the role of the mobile phone. We have all got them and we don't leave home without them. It is now the fundamental device that drives social interactions in the modern world. Financial services operators need to stay focussed on customers and their needs not on the technology.

Mobiles have limited use; they are not PCs. The combination of our eyesight and the small screen imposes limitations. In addition there are reliability or restriction limitations such as when you are on a train in a tunnel or on an aircraft. He then explained the rising popularity of beep and go such as Oyster card over the traditional card insert mechanisms. The drive for mobile innovation has been coming from Asia with Europe following and the Americas lagging behind. Europe and Asia think of mobiles as smart telephones whereas America thinks of everything as a PC.

When text was first introduced it was to enable the operator to send you a message telling you there was voice mail. Children then realised they could send text to their friends and it has mushroomed from there. Cover innovations were invented by Nokia, your phone can look like a furry toy if you wish. Tim predicts that beep and go is going to be huge. QSR Quick Service Restaurants are the last hold out of cash but they will fall to beep and go.

For the banking industry mobile is used as a secure communication device to authorise payments. For anything complicated the internet will be used, the internet doesn't have the same degree of distraction, PCs are not in tunnels. Mobiles may have a role but they won't be prime. Unless you can bundle the credit card in with the phone the mobile it is not there to do complicated things.

Jon Prideaux for the opposition opined that mobiles and PCs are on a collision course. The PC has been getting smaller and mobiles getting smarter. For example the mobile text now gives info, results, weather etc. The first main PC application was email, then followed by web site info with the third wave being commerce. Commerce is now hopping on the mobile bandwagon. He believes the combined mobile/PC is the future. Music is now a wallpaper to your life; news is now listened to not just read. Peoples' lives have become faster and more complex. Who now will get up from watching TV and go to their PC rather than just use the mobile device if they can?

Financial Service products fall into two categories those that are bought and those that are sold. Those that are sold need a sales force. Those we need, we buy, such as a current account. Mobiles offer a convenient channel for the consumer. You can either listen or switch off or maybe need prompting. The devices are converging. People are now doing PC like stuff on their mobiles. Jon said he had actually bought a life insurance policy on a mobile half way up a mountain as he realised the risks he was running being there. Mobiles will be used for complex products. Why isn't it happening today? Because it has a little way to go.

Tariffs have a big impact on service usage growth. The static internet took off, when “all you can eat” tariffs were introduced. Open platforms are necessary for entrepreneurs to invent new products and services. Last year Paypal introduced mobile financial services. It is part of a multi-channel strategy and people will live multi-channel lives.

Tim also commented on the unnecessary risks being run because of legacy infrastructure. For example there is no real need to provide a merchant with details of your account. Both the merchants request for payment and your authorisation could be met in the sky i.e solely at the bank or credit card companies operation.

The proposal was rephrased to that of believing “**mobiles form a critical part of transaction facilitation**”. This was carried unanimously..

A supplementary proposal “who believes a complex transaction can be done through a mobile phone at some time in the future” was carried quite convincingly but not unanimously.

This demonstrated the extent to which the FS club audience is of the “never say never” category or has just seen too much innovation in the working lives to be sceptical of anything that might evolve.