



IDC MarketScape

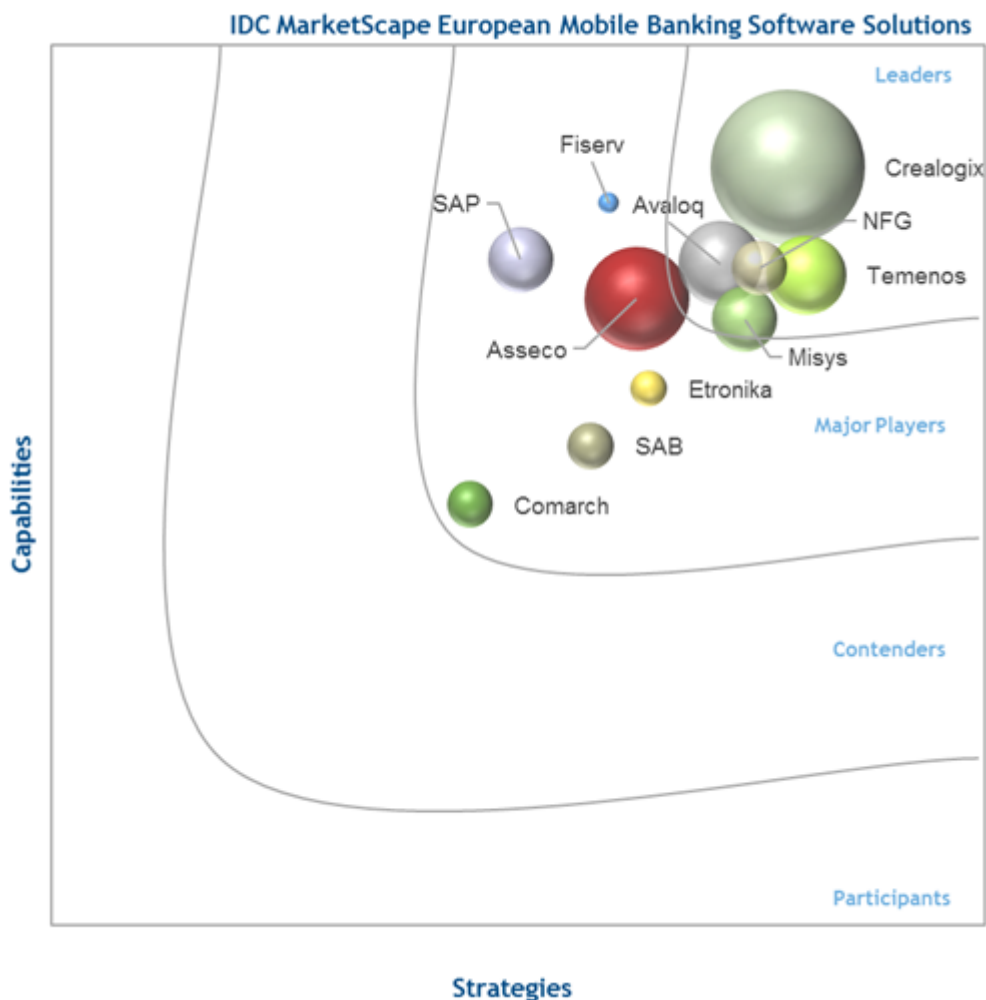
IDC MarketScape: European Mobile Banking Software Solutions 2017 Vendor Assessment

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IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape: European Mobile Banking Software Solutions 2017 Vendor Assessment



Source: IDC, 2017

Please see the Appendix for the detailed methodology, market definition, and scoring criteria.

IDC OPINION

Using the IDC MarketScape model, IDC Financial Insights compared 11 mobile banking software solutions in the European marketplace.

Mobile banking is an increasingly important part of the overall customer experience, and IDC Financial Insights believes that the features and functions currently offered by the vendors in this report often exceed the expectations of the end users, which do not tend to exploit the full feature sets that their banks' mobile apps offer. This provides a unique opportunity for financial institutions to take a more aggressive approach to mobile banking.

Mobile banking and online banking are sometimes looked at as a single solution and sometimes as a standalone offering. There is a market for standalone mobile banking offerings among banks which have separate internet banking and mobile solutions of different vintages, while there are also strong arguments for banks to take integrated mobile and internet banking offerings.

However, the mobile channel is growing in importance relative to the online channel, as smartphone usage continues to grow, and new customer experience possibilities are opening up thanks to the mobility and authentication opportunities offered by smartphones. These technologies include new-generation authentication such as voice, iris and fingerprint biometric, and GPS data.

Developments in mobile banking are therefore characterized by bringing over and adapting the best of the online experience while exploiting the smartphone as a vessel for new customer experiences. New security features such as live notifications and alerts, PFM-style budget management and advisory, new payment options, and stronger authentication will all become commonplace in the years ahead.

Mobile and digital banking are also a growing area of attention for core banking software suppliers. These suppliers have been building out their mobile capability in recent years through acquisition or organic development. Just as European banks must decide whether to have distinct online and mobile solutions, so they will increasingly be able to choose between having an integrated end-to-end banking solution which encompasses core banking and digital channels, or integrating mobile or digital banking offerings with a third-party core system.

The strategic direction of the financial institutions should dictate how they address their consumer digital interactions.

The vendors in this IDC MarketScape have proven themselves as worthy solutions. Most have been in business for many years and have weathered the economic storms.

The IDC MarketScape methodology usually dictates that revenue is the proxy measure for market share which is represented by the size of the bubbles in the MarketScape chart. Revenue from this business segment was in some instances a small fraction of the overall revenues of the companies involved in the MarketScape. For this reason, the size of the bubbles is a representation of relative customer numbers rather than revenue.

These software solutions were most often delivered as a hosted, ASP, or cloud platform. However, some vendors do provide a more traditional premise-based software-licensed model.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This section discusses the process used to include solutions and provides explanation on the list of vendors included in this report as originally considered but not included. For the purpose of this report, mobile banking was defined as software or a service that allows a bank or credit union's customers to interact with their financial institutions using a mobile device with a downloaded application, an SMS solution, or a mobile web-designed product. We required that the vendors have a specific European strategy and that they provide IDC Financial Insights with relevant references or information in the form of an RFI. Those vendors which responded to the RFI but were unable to provide a reference were marked down in the final chart. The solution must also be sold directly to a bank or credit union as a service or a software solution, not as a toolkit.

Vendors and solutions included in this IDC MarketScape are:

- Asseco: Digital Edge Mobile
- Avaloq: Avaloq Digital Suite Mobile Banking Solution
- Comarch: Comarch Smart Finance
- Crealogix: CLX.Mobile Banking
- Etronika: BANKTRON Mobile Banking
- Fiserv: Mobiliti
- Misys: FusionBanking Essence Mobile
- NFG: iBanking Mobile
- SAB: Your Portal Mobile/Your Mobile App
- SAP: SAP Omnichannel Banking
- Temenos: Temenos UXP/Temenos Channels

Vendors and solutions considered but not included in this IDC MarketScape because they did not fully meet the criteria as defined previously include:

- ACI
- Backbase
- BSS
- CR2
- FIS
- Infosys
- Kony
- Monitise
- Oracle
- Sopra
- TCS

ADVICE FOR TECHNOLOGY BUYERS

Mobile banking is finally considered mainstream. After a few false starts, it is clear now that mobile banking is on pace to match, if not exceed, the penetration of online banking. Mobile banking will achieve this level of penetration in a shorter period than online banking did, but that does not mean mobile will be fully embraced by the end users.

At this point, most (but surprisingly not all) financial institutions are beyond their first introduction of mobile banking. Many are now looking at either replacing or renewing their current mobile banking offering. When thinking about a new mobile banking solution, there are some things that could influence a buyer regarding its overall levels of success. Some of the attributes are:

- Should the institution run mobile banking as a standalone platform, or does it require a connection to online banking?
- Does senior management look at mobile banking as a defensive position or strategic expansion?
- What are the features that the customers are asking for? Are the vendors ahead of customer expectations?
- How should SLAs be structured and pricing be established?
- How successful has the vendor been in implementing its solution with banks running the same core platform?
- How is the vendor investing its research dollars with regard to mobile banking?
- How can the customer experience be improved beyond just the mobile banking product?
- Should the institution still be looking at mobile banking still as a three-pronged solution with SMS, browser-based, and downloaded application?
- Should tablets have a separate application other than their smaller-screen mobile devices, or should there just be one app that can properly detect the device and provide an optimized experience?

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape.

NFG

According to IDC Financial Insights' analysis and buyer perception, NFG, with its iBanking Mobile solution, is a Leader in this IDC MarketScape.

Product name: iBanking Mobile

Description: New Frontier Group (NFG) is a digital transformation firm which combines sales of its own software solutions with strategic consulting services across a number of verticals. For the financial industry, it offers an electronic banking platform as an omni-channel solution. As it looks to compete with the likes of Asseco and Misys, it is ramping up its investment in mobile and has partnered with a number of firms to bring wider functionality in areas such as stock trading (TradeCore) and biometric (BehavioSec). Seven banks across central and eastern Europe use the mobile solution, with a further three currently in pilot mode.

Strengths

- NFG has a strong focus on strategic consulting to help banks with digital transformation.
- It has an integrated PFM platform.
- Configuration model enables easy addition of new capabilities on the client side.
- Its road map includes experimentation with new technologies such as augmented reality, virtual currencies, wearable support, and behavior-based security.

Challenges

- The corporate functionality lags the one for retail banking.
- NFG does not possess a core banking system and must compete with some vendors which do. This is potentially an extra competitive hurdle for the supplier.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed. Because mobile banking software represented different proportions of revenue for each company analyzed, it was

difficult to assign market share based on company revenue figures. In this instance, customer number was used as a proxy for market share.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

For the purpose of this European mobile banking software solutions IDC MarketScape, IDC Financial Insights defines mobile banking to include access to a customer or member's financial institution by the way of a mobile device – phone or tablet – in one of three ways:

- Downloaded application
- SMS/text message
- Web browser

All solutions in this report were primarily showcasing their downloaded application product(s). However, our research did include experiences with both SMS and web browser solutions as well.

Strategies and Capabilities Criteria

The criteria presented in this section were used in evaluating the providers listed in the IDC MarketScape Vendor Inclusion Criteria section. While these criteria are standard to the IDC MarketScape methodology, the weights reflect the determined relative importance of each criterion to the buyer of online banking solutions. Table 1 shows the weighting of the main categories between strategies and capabilities. Table 2 focuses on strategies (i.e., the building of future capabilities), while Table 3 focuses on present capabilities. Strategies and capabilities, in turn, make up the two axes of the IDC MarketScape diagram (refer back to Figure 1).

Both strategies and capabilities are divided into three main categories:

- **Offering.** The features and functions of the solution, together with the ways in which it is delivered.
- **Go to market.** The way the supplier markets, sells, and supports its solution(s).
- **Business.** The way the supplier ensures its own financial strength and ability to grow in the market.

Within each category, there are 10 points of weight to be allocated. A weighting of zero means that the subcriteria has no significant effect on buyer decision making and as such has been left out of the tables. The reader will note that current offerings, vendor road maps, customer service, flexibility, and functionality are all heavily weighted as these are highly valued by financial institutions.

TABLE 1**Aggregate Criteria Weighting for European Mobile Banking Software Solutions**

	Strategies Criteria	Capabilities Criteria
Offering	5.5	5.5
Go to market	2.5	3
Business	2	1.5
Total	10	10

Source: IDC, 2017

TABLE 2**Key Strategy Measures for Success: European Mobile Banking Software**

Strategies Criteria	Subcriteria	Market-Specific Subcriteria Definitions	Weighting
Offering strategy			
	Features and functionality	Functionality of mobile solution and road map with user interfaces and data hierarchy	5.5
	Delivery model	Flexibility of platforms and languages and if decoupled from online banking	2.5
	Future integration strategy	Strength of API strategy	1
	Portfolio strategy	Existence of a wider digital banking offering	1
Offering strategy total			10
Go-to-market strategy			
	Pricing model	Flexibility of pricing models and à la carte functionality	3
	Sales/distribution strategy	Distribution through standard sales with VARs or other partnerships	3
	Marketing strategy	Exclusive marketing resources earmarked toward mobile banking	2
	Customer service strategy	Level of support offered, and frequency and objectives of user groups	2

TABLE 2**Key Strategy Measures for Success: European Mobile Banking Software**

Strategies Criteria	Subcriteria	Market-Specific Subcriteria Definitions	Weighting
Go-to-market strategy total			10
Business strategy			
	Growth strategy	Management has a strong formula for growth for the company and one that aligns well with the market trends anticipated over the next three to five years.	3
	Innovation/R&D pace and productivity	The company's innovation model maximizes its potential to generate market value.	3
	Financial/funding model	The company's strategy for generating, attracting, and managing capital maximizes its potential for creating market value.	2
	Other business strategies	References provided for vendor analysis.	2
Business strategy total			10

Source: IDC Financial Insights, 2017

TABLE 3**Key Capabilities Measures for Success: European Mobile Banking Software**

Capabilities Criteria	Subcriteria	Market-Specific Subcriteria Definitions	Subcriteria Weighting
Offering capabilities			
	Functionality/offering delivered	Current mobile banking features and satisfaction levels	5
	Delivery model appropriateness and execution	Analyst assessment on appropriateness of delivery models offered	2
	Other offering capabilities	Number of services used and level of satisfaction	1
	Integration capabilities	Level of effort to integrate with back-end and complementary platforms	2

TABLE 3**Key Capabilities Measures for Success: European Mobile Banking Software**

Capabilities Criteria	Subcriteria	Market-Specific Subcriteria Definitions	Subcriteria Weighting
Offering capabilities total			10
Go-to-market capabilities			
	Pricing model options and alignment	Transparency of pricing models	4
	Customer service	Day-to-day support levels and satisfaction	6
Go-to-market capabilities total			10
Business capabilities			
	Innovation/R&D pace and productivity	Product road map provided and shared in a timely manner with clients	4
	Other business capabilities	Renewal sentiment and overall product satisfaction	6
Business capabilities total			10

Source: IDC Financial Insights, 2017

LEARN MORE**Related Research**

- *IDC FutureScape: Worldwide Financial Services 2017 Predictions* (IDC #US40132516, November 2016)
- *IDC MarketScape: North American Mobile Banking Payments Software 2015 Vendor Assessment* (IDC #FI255723, April 2015)

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