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## **МОБИЛЬНЫЙ БАНКИНГ**

### **MOBILE BANKING**

Nowadays most banks are interested in developing and implementing modern banking technologies. There is a high demand for mobile banking. Let's consider the numbers: there were about 400 thousands describers of mobile banking in the USA in 2007 and 3100 thousands in 2008! Scientists predict that the number of global mobile banking transactions will rise from 2.7 billion in 2007 to 37 billion by 2012. Juniper Research states that 816 million consumers will use mobile devices for banking services by 2012. [1] Mobile Banking in Russia is much younger: banks started providing mobile services in early 2000s. Unfortunately, in our country there is no accurate aggregate data on the number of users of mobile services ( approximately 2-4 million users), however the Russian market of mobile banking is measured in monetary terms. According to M Forum Analytics, sales of Russian market of mobile banking and Internet banking in 2008 were about 20.4 billion rubles - 54% more than in a previous year.[4] Turnover of Russian market of mobile banking and mobile payments in 2011 exceeded \$ 1 billion. In 2012 its turnover could reach \$ 10 billion, and in 2013 if the economy is stable, it can grow up even more.[5]

In this article we'll describe the main features of current mobile banking and try to predict trends of its further development.



**What is it?** Mobile banking is not just another opportunity to check your balance or learn credit card debt, as many people think. This technology involves much more opportunities for its users. For convenience, they can be divided into several groups:

- Account information (checking account history, alerting on account activity, monitoring term deposits, getting an access to card/loan statements, insurance policy management, balance checking, PIN provision, etc.);
- Payments, Deposits, Withdrawals, and Transfers. (fund transfers, micro-payment handling, mobile recharging, bill payment processing, Peer to Peer payments, withdrawal/deposit at banking agent(due special SMS));
- Investments (portfolio management services, real-time stock quotes, personalized alerts and notifications on security prices);
- Support (status of requests for credit, including mortgage approval, and insurance coverage, check (cheque) book and card requests, exchange of data messages and email, including complaint submission and tracking, nearest ATM Location);
- Content Services (general information such as weather updates, news, loyalty-related offers, location-based services).

**And it's only the beginning!** Some countries like Japan are trying to transfer the remaining banking services into the mobile platform, which will allow citizens to buy stuff and services anywhere using only a mobile phone. But it is now possible only in high-tech countries where people trust mobile technologies. Unfortunately, Russia

isn't in that list.

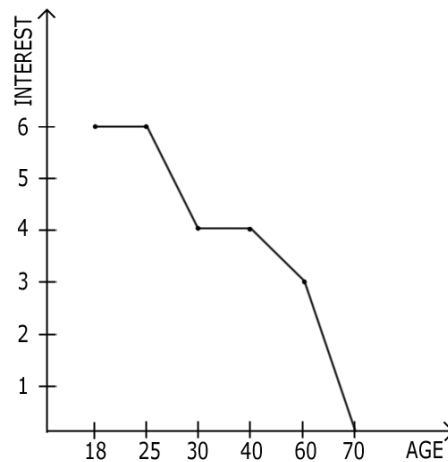
However, Russian banks have also introduced similar services too. Sberbank and Visa International have started a program, which will allow Russian m-banking to reach the international level in the closest future. [2]

The main feature of the project is a high level of security, special software will allow users to follow instructions on their phone screens to make payments to participating merchants wherever their phones work. Now this service is operating only with some merchants who are already a part of Sberbank's network, like cable television channel NTV-Plus, but in future customers will be able to use this payment in all businesses that accept Visa cards.

**Troubles that m-banking faced in Russia.** It turned out that only large Russian banks such as Alfa-bank, Zabsibkombank, Bank Moskwa, and some others can develop this technology effectively. Lots of smaller banks just can't afford it. Let's look at Tyumen banks. According to the research I carried out, m-banking is poorly developed in our city - only a few banks are able to offer this service to their customers. There are two main barriers blocking the introduction of this technology:

- M-banking requires a really expensive equipment to operate properly. It includes expenses, associated with new necessary contracts with local mobile operators.
- Small- and medium-sized banks don't have enough customers, who will support this idea. According to the survey (figure 1) clients with a great amount of money on their accounts(from 35-60 y.o.) fear that this new technology is vulnerable against thieves. However, this innovation has

received 100% support of young people, who, unfortunately, don't have enough money on their bank accounts.



(Pic. 1) Customers' interest

I asked 6 people from each category if they would use mobile banking service and why. All respondents aged 18-25 will definitely use it because it's simple and convenient. Two people from 30 y.o. category said "No" because they didn't need it but they wouldn't be afraid of using it if necessary. However, two 40 and three 60 year old respondents were strongly against mobile banking until it proved to be safe.

It's obvious, that banks won't invest large sums of money in the technology that hasn't shown itself as a trend in Russia. Therefore, we can't expect mobile banking in Tyumen to develop rapidly until there is a dramatic increase of customers' demand and trust.

**Future vision.** Mobile banking in high technological countries such Japan is more developed than in other countries. You can pay for a few services by touching a special panel with a telephone. It's exactly the same feature, which Bank Moskwa in cooperation with Moscow Metro wanted to create in Russia too.

But how can this technology be improved? Scientists predict such course of events for the next 10 years[3]:



a Mobile bank will automatically send notification to its owner with information about which local bank ATMs he could use his phone at to withdraw cash from his current account without incurring charges.

- A Customer will receive multichannel alerts whenever a transaction will be made on his account that exceed his personally set limit for notification.
- There will be voice activation as part of protection software.
- Apps will be faster and much more comfortable.
- But the problem of differences in platforms and OSes will not yet resolved.
- It will be easy to transfer money from one account to another and take a loan.
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Scientists suggest that mobile banking is gradually replacing other methods of banking services. And this will finally lead to virtualization of banks.

**Conclusion.** Mobile banking is a promising banking technology, which will improve the usability of banking services. It will reduce maintenance costs of customer service stationary points as well. Unfortunately, this technology is still not widespread in Russia. However, most banks are interested in its implementation that will allow mobile banking to develop really fast in the coming years. This is the next step in the evolutionary way of offering banking services: from queues in bank offices and ATMs to SMS payments and mobile banking. And it is also one of the first

attempts to “virtualize” a banking system.

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