

Treasury Management

# MOBILE BANKING FOR BUSINESSES AND CORPORATIONS

By Megan Minich, Senior Vice President  
Head of Wholesale Internet and Treasury Solutions Mobile Technologies Team



More than three and a half decades ago, legendary songwriter and rock guitarist Pete Townshend with The Who penned the lyrics to “Goin’ Mobile.” The 1971 hit song celebrates the freedom derived from mobility to move about the country and the world. Today, the mobile world Townshend wrote about is finally becoming reality.

First, laptop computers allowed us to take our files and documents with us, so we could work at home and on the road. Next, personal digital assistants (PDAs) linked us to our laptops giving us mobile calendars and contact lists. Then the Internet turned our laptops into links to our business partners – including our banks – and allowed us to communicate with these partners worldwide by e-mail. Cell phones stopped the business clock and put us within 24/7 reach of our colleagues and customers. Now, Internet connections to your banks are coming to a cell phone or PDA near you – as near as your pocket or purse.

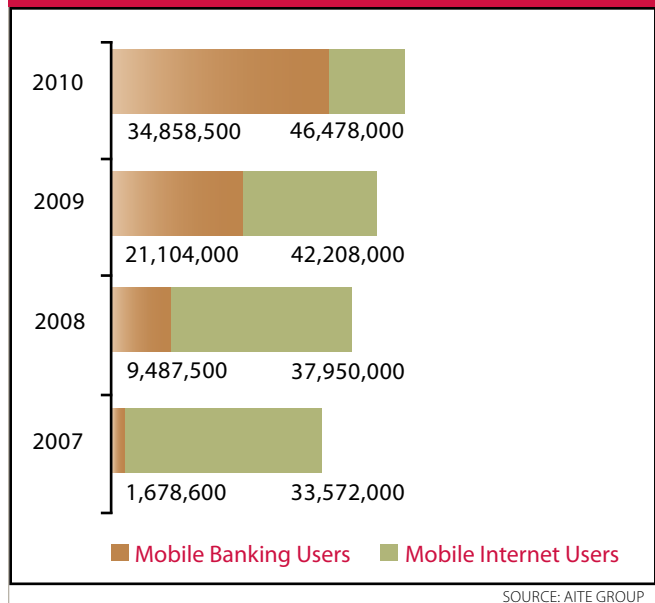
Banks want to connect with their customers through all the communications channels customers want to use. Today’s most active channels include the Internet and machine-to-machine transmissions. Channels declining in use include branches, telephone dial-up, and facsimile machines. The rising star on the horizon is the mobile channel.

### THE AMAZING MOBILE MACHINE

In 2007, the number of mobile calls will surpass that of landline calls. And, while cell phones, like landlines, were originally designed for voice communications, today that is only one of their many uses. Text communication is another. Worldwide, there are 1.4 billion Short Message Service (SMS – text message) users. The volume of text messages sent in the U.S. doubled from 2005 to 2006.

The #1 reason people purchase computers is to gain access to the Internet. With newer cell phone and PDA models, they can get Internet access at a far lower cost. That may be why, in America today, there are three times as many cell phones in use as computers, and cell phone sales are growing twice as fast as PC sales.

### MOBILE BANKING U.S. SUBSCRIBER FORECAST 2007-2010



Mobile devices also function as digital cameras, movie screens, MP3 players, wristwatches, alarm clocks, and fashion accessories.

And there’s more to come. Applications being developed can be downloaded to cell phones to increase their functionality – from ring tones and games to software that makes it easier to check e-mail accounts.

Mobile phones and PDAs are becoming do-everything devices, and the new buzzword is “convergence.” Cisco CEO John Chambers predicted that the next great wave of productivity gains will come from “unleashing the forces of collaboration” as employees begin seamlessly moving between communications systems. He forecasts that mobile tools could drive 3%-5% productivity gains over the next five years, a level of gains not seen since the advent of the Internet.

M-banking, as the technocrats call it, is in its infancy today. But it is expected to balloon from 1.68 million to 34.9 million users over the next four years.

## THE MOBILE WORKFORCE

One factor driving the development of mobile technology in general and mobile banking in particular is the increasing mobility of the global workforce.

The U.S., which currently has the highest percentage of mobile workers, will reach over 70 percent mobile workforce penetration by 2009, according to a study by analyst firm IDC. Worldwide, the mobile workforce is expected to grow by more than 20 percent, with 878 million mobile workers connected to the office by laptops, handhelds and cell phones by 2009. Within two years, corporate globe-trotters will represent more than one-quarter of the worldwide workforce.

Mobile devices let you make use of what otherwise would be downtime. You can look up sports scores from a coffee shop; peruse movie times while walking to your car, bus, or train; and check in for your flight from a taxi on the way to the airport. From a lifestyle perspective, mobile devices can be both time saving and enriching.

From a professional perspective, mobile devices can increase your efficiency and productivity by allowing you to work on your time schedule from wherever you are – across town or across continents. You can access and respond to e-mails, communicate with your staff and managers, view your calendar, and confirm appointments.

As your personal life and your work life become more and more mobile, you want and need your bank to become mobile, too.

## BUILDING A MOBILE BANK

Apple's iPhone proudly promises to deliver the entire Internet – not a cut down version – to you on its miniature screen. But an entire bank may not be as desirable. It's unlikely that you would want to view a 90-page account analysis statement on an iPhone screen.

The success of mobile online applications hinges on selecting and optimizing key functions and making them easy and safe to access. Working smart when it comes to mobile banking means creating a partner service that is especially designed for small screens and mobile data streams.

In building their mobile counterparts, banks are asking their customers, "What do you want to do when you're mobile? What do you need to know?" Here's what companies tell us: They want to see the big picture of their accounts – not the details. They want to be able to communicate their approvals and decisions to their bank without being tied to their desks.



## THE TOP 4 MOBILE BANKING FUNCTIONS COMMERCIAL CUSTOMERS WANT

1. Alerts and Notifications
2. Review and Approval
3. Exception Decision Making
4. Balance Information

They definitely want to know when a million-dollar wire is sent out or arrives.

Global cash managers need access to foreign exchange rates and notice of rate changes. When something as simple as an exchange rate change can affect the status of an entire business negotiation, they need to be notified of the change immediately.

Cash managers need to know current account balances and interest rates in order to decide whether to invest excess balances or use them to pay down loans. When they decide to invest, they need to be able to move the cash into investment funds immediately.

To protect against fraud, virtually every corporate treasury officer wants to be notified *before* a million-dollar wire is sent. To make sound decisions around liquidity, working capital, and interest rate and foreign exchange hedging strategies, these same officers want to know when a million-dollar wire *arrives*. Imagine you've sold a foreign exchange contract for a million Australian dollars, and your ability to deliver rests

on the arrival of a customer payment that's due today. You're in a meeting in London when the cell phone in your pocket begins to vibrate. It's a text message from your bank notifying you that the payment just hit your account. Now you can focus on your meeting.

When contactless card readers and cell phones containing near field communication (NFC) chips become as common in the U.S. as they are in other parts of the world, mobile opportunities will materialize for merchants. It won't be long before consumers will pay at the point of sale with a cell phone and redeem coupons they received in text messages. Merchants will be able to target specific customer demographics and offer virtual, cell phone-based gift cards to those targeted customers. Imagine having your prepaid branded card that can be used at any store location in your customer's mobile cell phone wallet.

### A TECHNOLOGY FOR EVERY PURPOSE

Banks have four options for communicating with you through the mobile channel. The challenge is to match the mobile media to the mobile messages.

SMS or text messaging is simple and popular. While teens are the largest drivers of SMS growth, the technology is ideally suited to pushing brief bytes of bank information out to wholesale customers. Requests for outgoing wire approvals and notifications of incoming wire receipts can be sent to you in text messages, and you can quickly text back your responses.

Wireless Application Protocol (WAP) or browser technology offers more functionality and flexibility than SMS. It allows you to access your bank's website to view intraday account balances, positive pay exception checks, and treasury management reports. Issues including slow connection speeds and high download charges can stand between you and the efficient use of your mobile device's browser. But carriers are making massive investments to bring their data transmission networks up to warp speed. At some point, the data networks used for the Internet and cell phones are expected to converge and become one and the same.

The third option, downloadable applications, has the highest security and ease of use, but requires compatibility to be addressed for every combination of handset and carrier. It will most likely be used in combination with SMS or browser technology. For example, you might receive a text alert with a link to a downloadable application.

The fourth option is voice. Customer service departments and

automated voice response units can simply call your mobile number to tell you or leave a message telling you that your decision is required or your wire has arrived. You can then go online through your mobile browser to take action.

Mobile devices won't replace PC banking connections or allow you to complete complex banking transactions. But mobile is an ideal solution for palm-sized chunks of information that need timely attention.

### THE QUESTION OF SECURITY

Is my data secure? What if I lose my phone? If you're asking these questions, you're not alone. As with any new channel, users are concerned about security. Here are some key ways banks and other mobile service providers protect customers:

- *Access Protocols* – Using secure credentials to log onto a website is critical. User IDs and passwords are standard today. With mobile devices there is the opportunity to add other types of identifying information. One-time passwords (OTPs) can be sent by e-mail or text message and used instead of token-based passwords. Every phone has a unique identifier that could be used to replace a user ID. Eventually, voice authentication will be robust enough to identify users.
- *Encryption* – Mobile networks are able to use the same security encryption protocols, 128-bit Secure Socket Layer (SSL) encryption, as the wired world. All data sent from your phone through the carrier's network to the bank is encrypted by the highest encryption standard available.
- *Data Storage on Device* – It's important that secure banking data not be stored on the mobile device. To ensure that it isn't, browser and application sessions should be set to time-out after some period of inactivity. This would require you to log on again if you put your cell phone down for some time. And, if you download an application to the device, it is important to have the capability to remotely wipe that device or remove all added programs and information. Therefore, if you lose your device, your network provider can remove all programs and associated data.

"Technically, mobile devices are more secure than desktop computers," says Wells Fargo online strategist Andy Foote. "Everything you do is encrypted and, in addition, the carrier is able to filter for malicious content. Because cell phone signals are difficult to intercept and decrypt, mobile devices are a safer way to connect to the Internet than a public WiFi." For example, viruses, which are the bane of PC users, are much less common on cell phones. The reason: You're not

downloading and opening attachments on your cell phone, and attachments are the most common method of transporting malware to your PC.

Ensuring the security of customers' data is critical to banks' reputations. In the short term, we can use the same tools and concepts to secure information in the mobile world as we use in the wired world. Going forward, this new channel may offer new ways to interact securely with customers.

### ANYTIME, ANYWHERE BANKING

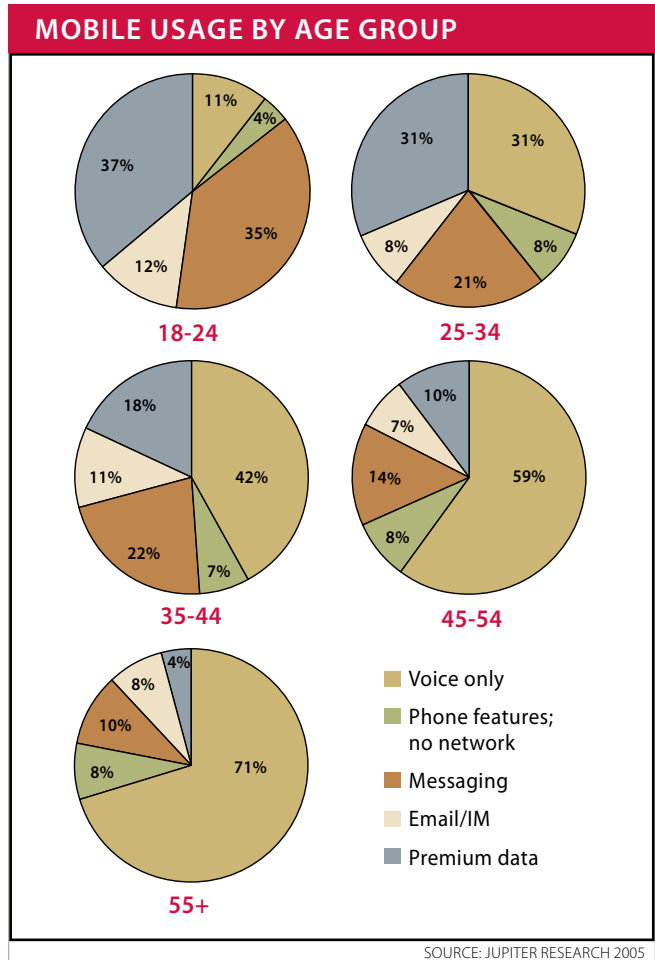
The goal of Wells Fargo Wholesale Banking is to make banking ever easier, ever more convenient for our customers. This is what led to our in-house development of the *Commercial Electronic Office*® (*CEO*®) portal, the business Internet site used by more than 70 percent of our commercial customers to access more than 50 wholesale banking services with a single sign-on. This is what drives our delivery of global services through the *CEO* portal, so you can monitor your domestic and foreign account balances and initiate international transactions from wherever you are – your office in Seattle or your subsidiary in London. Now, the goal of ever-increasing ease and convenience is driving the development of *CEO Mobile*<sup>sm</sup>, our mobile banking channel.

In April 2007, Wells Fargo launched the pilot version of the *CEO Mobile* service, which optimizes key functions of the bank's *CEO* Internet portal for mobile devices. In doing so, Wells Fargo became the first major U.S. financial services company to offer mobile service for corporate customers.

Wells Fargo's mobile Wholesale Bank is designed to push most-wanted, time-critical information out to you and to enable you to communicate your transaction decisions and authorizations back to us. This includes global account balances, intraday account activity, outgoing wire approval and release, incoming wire notification, image positive pay approvals, foreign exchange rates, and more.

The *CEO Mobile* website is designed specifically for access on mobile devices. It has very few images, no ads, and no extraneous information. The streamlined screens show only the relevant information and links you need.

The information is formatted to display appropriately on whatever device you are using. If you access the website from a standard flip phone with a two-inch screen, data may be presented to you in list form. If you access the site from a PDA device with a larger, wider screen, the same information may be presented to you in table form. The mobile channel



focuses on flexibility: giving you the information you want, when you want it, in the format that makes sense for you.

With each new release of the *CEO Mobile* service, we'll add new functionality. Based on customer feedback, we'll continue to refine and improve the user experience. As mobile technology evolves, so will our mobile product offering.

Steve Ellis, head of Wells Fargo Wholesale Services, traded his wristwatch for a cell phone clock years ago. A mobile manager himself, he understands what mobile customers need. "Our customers need to make business decisions instantly instead of waiting to get back to the office or calling someone else to complete a crucial transaction. Our mobile initiatives will extend our reach to customers and deliver information when they need it, no matter where they are," says Ellis.

The most revolutionary part of our mobile service is that there is no implementation and no set-up required. It won't be long before we're all "goin' mobile."