With M-Com Deal, Fiserv Becomes Lead Vendor in Mobile Retail Banking

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Fiserv's acquisition of Mobile Commerce puts it in the lead and challenges other retail banking application vendors to speed up deals for mobile retail banking solutions and incorporate them into their solution portfolios.

News Analysis

Event

On 28 February 2011, Fiserv announced it acquired Mobile Commerce (M-Com), an international mobile banking and payments provider. The two companies have been partners since 2008, developing and delivering Fiserv’s Mobile Money (based on M-Com’s BankAnywhere solution) to U.S.-based banks. All M-Com employees will join Fiserv. Financial terms were not disclosed.

Analysis

This transaction affirms Gartner's analysis that the heated, competitive nature of the North American mobile retail banking vendor landscape and increased bank demand for enterprise (or integrated) mobile financial services solutions will spur market consolidation.

The deal also underscores our view that partnerships that provide a customer base and integrate with core banking solutions are key to success for mobile retail banking vendors. M-Com had the enterprise approach to mobile financial services applications but it needed to partner with Fiserv to penetrate North America. This deal will make it harder for other niche mobile retail banking vendors to enter North America on their own. As a result, further market consolidation or more strategic partnerships is likely.

Fiserv now becomes the lead vendor in mobile retail banking and the clear leader of enterprise mobile financial services.

Fiserv customers will benefit from this transaction via Fiserv’s resources to support mobile retail banking and payments but also integrate to channel and core banking systems. M-Com bank customers that are not Fiserv customers will benefit from the increased resources to accelerate implementation of M-Com’s product road map.
However, Fiserv faces key challenges and will need to:

- Enhance its mobile payment offering to include capabilities that it lacks, such as integration with payroll service providers, support for cash agents (who dispense and receive cash via a mobile payment system) and support of mobile point-of-sale (POS) payments.

- Extend standard functionality to address gaps in commercial banking and payments. As banks develop an enterprise mobile financial services strategy, they'll seek solutions that support mobile-based services delivery from any bank line of business (LOB), each with its specific return on investment (ROI) expectations.

- Extend software development toolkits to help banks reuse and extend specific mobile financial services capabilities to other banking applications and customize applications — especially key for banks with the IT resources capable of customizing applications for specific devices or niche customer groups.

Recommendations

Bank IT and mobile banking business leaders:

- Prioritize vendors that can support both an enterprise mobile financial services approach and a strong banking delivery application suite.

- Extend mobile retail banking evaluations to include more-traditional bank vendors as well as mobile-applications vendors. Challenge your banking application vendors to show how they can respond to this Fiserv/M-Com deal with a mobile financial services offering.

- When working with niche mobile retail banking vendors, demand that they demonstrate how they would respond to an acquisition -- in terms of delivery, maintenance and product road map -- because of the expected continued market consolidation.

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

- "The Fundamentals for Success With Mobile Financial Services" — This market framework helps ensure that decision makers planning to launch (or improve) a mobile financial service recognize the complexities and interconnectivity of the mobile financial services dynamics. By Christophe Uzureau and others

- "North American Mobile Retail Banking: Time to Migrate Toward Mobile Financial Services" — M-Com's BankAnywhere is a mobile financial services platform that can be deployed "out of the box" or as a custom solution, supporting a broad range of mobile retail banking functions. By Stessa Cohen
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