

Featured in DTN - Tyfone Launches a Solution to Let Non-Online Bankers Use Mobile Banking

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Tyfone Inc. this week launched what appears to be the first solution from a third-party vendor that allows any consumer with a mobile device to enroll in, and then use, mobile banking directly from a handset.

The new product, which also features integration with Tyfone's near-field communication (NFC) platform for mobile payments, opens mobile banking to financial-institution customers who aren't already enrolled in online banking. Up to now, banks and credit unions have largely restricted mobile-banking capability to their online-banking base. "It's a good move," says Mark Schwanhausser, an analyst at Javelin Strategy & Research who follows mobile financial services. "It's important to do this so you can appeal to people who are not online bankers." One such constituency, he suggests, is the so-called underbanked, people who may rely on prepaid cards for account services.

A survey Javelin conducted last summer found that, among 30 major banks, 19 offered mobile banking, and only one, Wells Fargo Co., allowed customers who weren't online bankers to enroll from their mobile phones. The service was limited, however, to text messaging, Schwanhausser says. The Tyfone service features a mobile app as well as access to the mobile Web, in addition to communication via texting.

Tyfone has four financial institutions signed up for the new service so far, according to a spokesperson. Two of these have been announced, OnPoint Community Credit Union, located in Tyfone's headquarters city of Portland, Ore., and Orange County's Credit Union in California. The spokesperson won't give specifics about pricing, but says it includes a "nominal" setup fee and a per-customer fee that slides downward in tiers with larger customer bases.

While NFC is far from a reality in the United States, Tyfone says banks that want to position themselves strategically to offer mobile payments using the contactless technology will find the new service offers integration with the company's NFC technology. "They know they're going to have to enable contactless payments eventually," the spokesperson says. Tyfone [relies on micro SD cards](#), the same devices consumers use to store photos and other digital media, to embed NFC components, such as the antenna and a secure digital wallet for account details.

This differs from embedded NFC, in which such components are wired inside the device itself. Using Tyfone's approach, financial institutions "would send out micro SD cards just as they would a regular plastic credit card," the spokesperson says. In this way, Tyfone says, banks can push forward into NFC without involving wireless carriers, with which they have been at odds over revenue sharing and other issues.

Still, Tyfone's approach doesn't solve all of the issues surrounding NFC, says Schwanhausser. "The strategy is sound as a way to get around the telcos, but it doesn't solve who's going to pay for the [NFC] chips, who's going to put them in, and [customer-service] issues," he says.

As much as financial institutions might be looking ahead to mobile payments, they are more likely to stick with mobile banking for the time being, he says. "Banks are slow to move," he notes. "The whole NFC payments world is so muddled right now that most banks would look at what Tyfone has and say, 'Mobile banking has a lot of takers, but mobile payments is fuzzier.'"

The new Tyfone service works on devices running the Apple Inc. (iPhone and iPad0, Google Inc. (Android), and Research in Motion (BlackBerry) operating systems.