



**MOBILE BANKING IN HONG KONG & SINGAPORE: WHAT SHOULD HONG KONG AND SINGAPORE LEARN FROM EUROPE?**

Sia Partners has conducted a benchmark of 60+ European and Asian mobile banking applications, which sheds some light on the future of Digital Banking.

To shed some light on the current and future state of mobile banking in the world, Sia Partners has conducted a benchmark of 60 mobile banking applications across 5 European countries<sup>1</sup>, as well as Hong Kong and Singapore. The benchmark relies on the scoring of 80+ criteria and provides more clarity on the tops and flops in the market, in terms of both functionality offered and user experience.

## Methodology

### A worldwide acceleration in Banking Digitalization

*Following the launch of European Neobanks and PSD2 in Europe, client expectations have changed.*

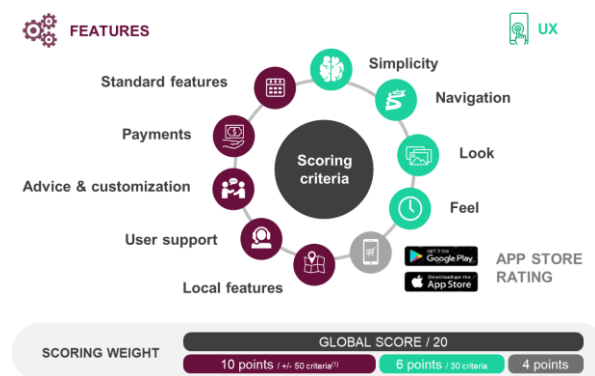
Digitalization of banking across the globe is accelerating as a result of a multitude of factors – emergence of new technologies, evolution of client expectations, regulatory revisions, market entry of new actors and stakeholders, and the availability of a host of Digital Wallets and other non-banking apps. Consequently, mobile banking applications have recently taken over branches and online personal banking websites as the main channel for customer interaction. The main drivers for this fast evolution are the successful market entry of so-called “Neobanks” like Revolut and N26, “Virtual Banks” like ZA Bank in Hong Kong, and a trend towards open banking and platforming based on Open API technology across the world.

This benchmark was conducted in the first quarter of 2020, with over 80 criteria included in the analysis. The same criteria are used to compare apps across the world. Only a couple of criteria are “local features” specific to a given country (e.g. FPS in Hong Kong or FAST in Singapore).

50 criteria relate to features or functionalities allowing the user to conduct specific daily banking actions, whereas another 30 criteria relate to user experience. Features are organised in categories, i.e. “Standard functionalities” including features and settings management relating to cards and the various products offered by the bank, “Payments”, “Advice & Customisation possibilities”, “User Support” and the aforementioned “Local Features”. User experience (UX) criteria categories include “Simplicity”, “Navigation” and “Look & Feel”.

In order to guarantee comparability and a transparent scoring, the scores go from “0 – Null: The evaluated item is not provided in the app”, to “3 – Excellent: The evaluated item is included in the app and is fully effective”.

Apps have been tested both on Android and Apple devices, and app store ratings are included in the global score. Although this brings in subjectivity inherent to online customer feedback, the thousands of ratings of an app make it a relevant metric to include.

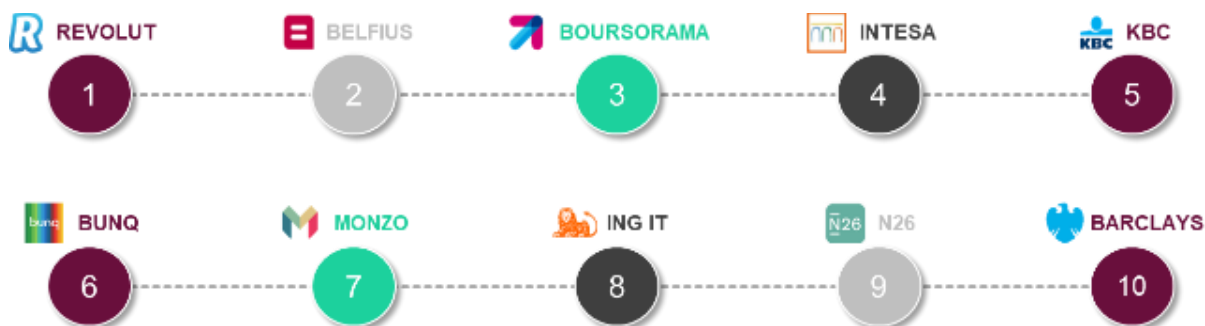


<sup>1</sup> Belgium, France, UK, Netherlands, Italy

## Main takeaways

### A European global Top-10

The global top-10 of the sample examined is fully composed of European-based Neobanks and European-based banks. The main drivers for this are the recent market entry of the first and the reaction of the latter to this new competition, as well as the preparations made for Open Banking following PSD2's entry into force.



*“Following the market entry of Neobanks like Revolut and N26 and the entry into force of PSD2, several European banks have recently invested massively in their apps and are now one step ahead of their counterparts in Hong Kong and Singapore.” – Etienne Ranwez, Manager Digital Banking, Hong Kong*

These two factors, as well as the more general evolution of technology and customer expectations in a competitive European banking market, have recently resulted in major investments in the mobile channel. In fact, offering one of the best mobile apps in a market does not only result in a considerable competitive advantage today, but is also a must-have for mitigating the risk of customer disintermediation by both new entrants and historical competitors.

*“Investing heavily in the mobile channel and having the best app in the market will increasingly result in a major competitive advantage.” – Vincent Kasbi, Head of Asia*

### Hong Kong & Singapore: Who's likely to catch-up?

In Hong Kong and Singapore, Open Banking has been pushed intensively by both the [HKMA](#)<sup>2</sup> and the [MAS](#)<sup>3</sup>. The approach however is far from being a copy-paste of the European PSD2. Still, as European banks are now finalising their first basic PSD2 APIs, the model is clearly proving its merits. Therefore, the historically industry-centred approach to Open Banking of both Asian city-states is now shifting towards a more regulated approach and numerous partnerships between banks and Third-party Service Providers will likely emerge in the coming years. These partnerships are typically bound to provide mobile use cases through the banks' mobile apps, like for example allowing for the booking of tickets for public transport, the movies or other events, or paying at the gas station in-app.

In terms of new entrants, European Neobanks like Revolut are expected to launch in Hong Kong soon. Although the term “Neobank” is still relatively new in the country, a similar concept called “Virtual Bank” has already become popular with Hong Kong residents. In 2019, the HKMA granted 8 licenses for Virtual Banks to operate in the country. Although the launch was delayed for many of these new players due

<sup>2</sup> Hong Kong Monetary Authority

<sup>3</sup> Monetary Authority of Singapore

to social unrest, followed by the Covid-19 pandemic, [ZA Bank](#) managed to launch its app early 2020. ZA Bank, backed by the Chinese insurer Zhong An Online and Sinolink Worldwide, has been using aggressive customer acquisition techniques based on high interest rates to attract its first customers. The acquisition strategy is different than, for example, its European counterpart Revolut (which first positioned as “the bank for travelers”), but the retention strategy will likely be the same: offering a state-of-the-art app that customers want to use for an increasing number of use cases.

So where does that bring us today, and what does it tell us about the future? Historically, the Hong Kong retail banking market is dominated by HSBC and Hang Seng Bank, of which HSBC is a majority shareholder. For a long time, these two leading banks have de facto set the standards for mobile banking applications and for now, their apps are still the top-performing mobile banking applications in Hong Kong. ZA Bank on the contrary only launched a couple of months ago and, just like Neobanks in Europe, still offers a narrow product catalogue. However, its app already provides some interesting features and UX, and can be considered a sub-top app, with a decent UX.

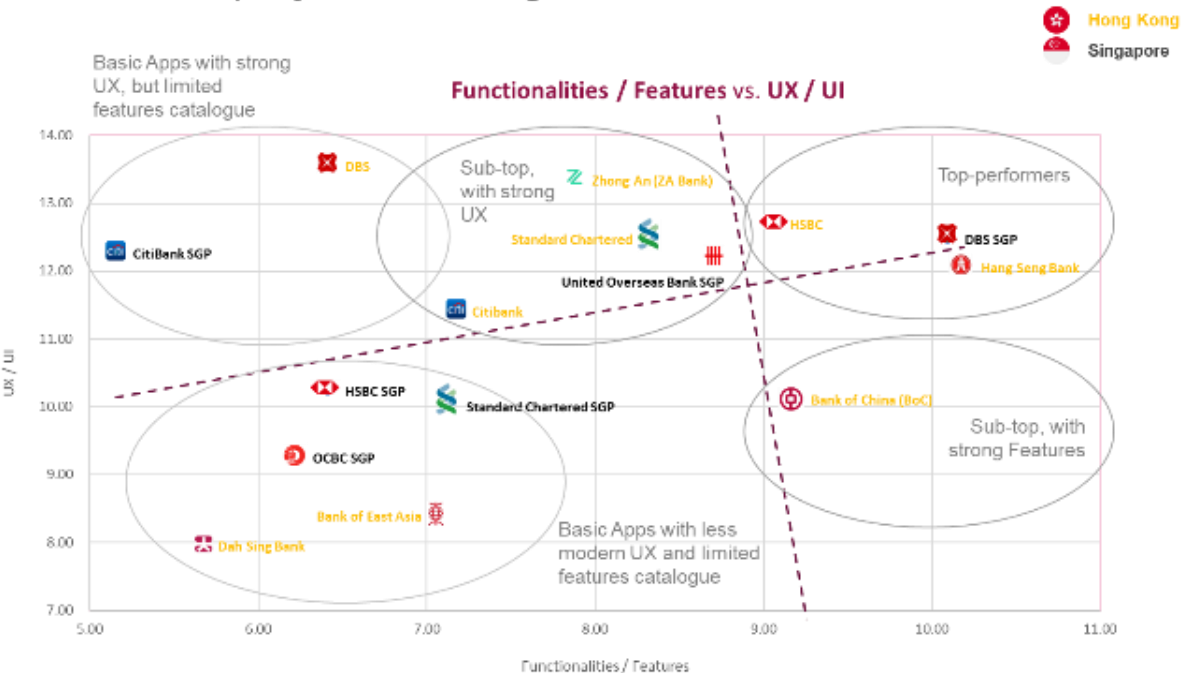
*“Virtual Banks in Hong Kong are backed by powerful market players, incl. BigTech. This will help them in the race to the best banking app.” – Etienne Ranwez, Manager Digital Banking, Hong Kong*

In the same category, we can identify Standard Chartered Bank and Citibank. Although these two traditional players have a broader product offering, their mobile apps do not cover them all and the apps’ feature list could arguably be expanded with solutions for consumer credit and more elaborate investment products. This is unlike Bank of China, which provides an application with a good set of functionalities, but which also needs to improve its user experience with, for example, graphical representations, shortcuts to often-used features and search toolbars.

DBS on the other hand has the best user experience with its iWealth and Digibank apps (a customer automatically switches from Digibank to iWealth when reaching a given amount in deposits). Lastly, Bank of East Asia and Dah Sing Bank have the least comprehensive apps of those in the sample. They are also the last two remaining family-run Hong Kong banks, and have arguably relied more heavily on their historical clients and branch networks than on their mobile solutions.

In Singapore, customer expectations for mobile banking applications seem to be higher than in Hong Kong. A large majority of the city-state’s residents are of foreign origin, and still have ties to their home-country. DBS is clearly in the lead and provides a modern app adapted to these international banking needs. The silver medal goes to the UOB app, while the other four apps considered in our study have more basic features and offer a more outdated user experience.

**Focus on Asia | Beyond the averages**



## ***What are the key differences between European and Asian apps?***

All in all, the edge European apps still have on their Asian counterparts is mainly explained by a broader catalogue of functionalities, which are easier to use and more often customizable. They also typically offer better in-app advice, for example on investments and banking products. However, the Hong Kong and Singapore apps score better on Payments and on 'Local Features'. Compared to Europe, which has a unified payments market built around **SEPA**<sup>4</sup>, Hong Kong and Singapore are well-connected global platforms, but are also quite independent. Both cities have implemented instant payments solutions based on a link between bank accounts and phone numbers, called FPS in Hong Kong (Faster Payment Scheme) and FAST in Singapore (Fast and Secure Transfer). These functionalities are often well-integrated into the mobile banking apps, significantly simplifying payments. Moreover, integration with ancillary applications for P2P (Peer-to-peer) and POS (Point of Sales) payments is well-developed too, and so are various other payments methods based on QR-codes, Apple/Google/Samsung Pay etc. Multi-currency accounts are also a plus that most European apps do not provide. Finally, it is worth noting that European apps tend to score higher in app stores than their Hong Kong and Singaporean counterparts.

## **Conclusion**

In recent years, the mobile banking application has rapidly become the single most important channel between a bank and its customers. While this is a global evolution, there are still notable differences between different regions of the world. However, these are bound to decrease as banking as a service becomes increasingly global. In Europe, PSD2 and the arrival of Neobanks have resulted in massive investment in mobile banking applications, including from incumbent banks. As a result, many traditional banks in Europe now have a modern, state-of-the-art app that can easily seduce their youngest and most tech-savvy customers. This will become increasingly crucial for a bank to defend their market share effectively against Neobanks and new entrants from Big Tech, FinTech and other non-banking players.

***Sia Partners helps its banking clients to improve their mobile application and digital offering. If you are interested in further details on the results of this benchmark or on digital banking strategy, please feel free to contact the authors listed below.***

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<sup>4</sup> Single Euro Payments Area

## YOUR CONTACTS

### VINCENT KASBI

Head of Asia  
+ 852 6800 5988  
vincent.kasbi@sia-partners.com

### DAVID HOLLANDER

Partner, Singapore  
+ 65 8112 5823  
david.hollander@sia-partners.com

### HELINA LO

Managing Director  
+ 852 5664 1057  
helina.lo@sia-partners.com

### ETIENNE RANWEZ

Manager, Hong Kong  
+ 852 5664 1055  
etienne.ranwez@sia-partners.com

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