

GartnerG2 Predicts That More Than 7 Million Consumers Will Use Wireless Banking Services by 2005

Upcoming Gartner Conference Examines Future of Wireless Technologies

STAMFORD, Conn., March 4, 2002 - Wireless devices such as mobile phones are reaching critical mass, and U.S. consumers will gradually begin to adopt wireless financial services. U.S. consumers using wireless banking services on a regular basis will total more than 7 million by 2005, up from 500,000 in 2001, according to GartnerG2, a research service from Gartner, Inc. (NYSE: IT and ITB).

GartnerG2 predicts 1.2 million U.S. consumers will be using wireless financial services in 2002, and the number of users will grow to 2.6 million in 2003. Wireless financial services will become intertwined with various types of wireless transactions. Consumers will routinely use wireless financial services to receive and pay bills, make cashless purchases, apply for credit or services that require identity validation, and get cash from an ATM or live teller.

"Compared to many other countries, U.S. consumer demand for wireless financial services is immature, but it's evolving rapidly," said Brad Adrian, research analyst for GartnerG2. "Because of the historic lack of reliance upon PC-based Internet connectivity, consumers in Western Europe and Japan have rapidly adopted the use of wireless devices for accessing Internet information. Wireless device placements are reaching 'critical mass,' and U.S. consumers will gradually begin to adopt wireless financial services."

Currently, few financial service providers have launched wireless offerings, and only the largest brokerages - and about 8 percent of midsize and large banks - have taken the wireless plunge. By 2003, GartnerG2 predicts that Americans' expectations about wireless services will begin to be more adequately fulfilled, rapidly accelerating customer adoption. By 2004, the services consumers expect and the functionality financial service providers offer will synchronize.

The volume of Internet data being exchanged via digital handsets increased between 2000 and 2001, but the use of wireless application protocol interfaces is still very low. GartnerG2 research found that only 15 percent of consumers that use wireless application protocols feel the interaction is satisfactory.

"Financial service providers need to anticipate what services consumers will most likely use and how quickly a viable market will develop for such services," Adrian said. "These providers need to anticipate evolving consumer demand to ensure long-term viability of their wireless offerings. They also need to build wireless systems to be flexible, to be readily modifiable and to fit well within their overall channel strategy. The companies must design wireless offerings to enhance CRM and self-service, not just to generate fees."

Additional information is available in the GartnerG2 report "A Market for Wireless Financial Services." The report examines the dynamics of the wireless market, and it provides recommendations for wireless service providers preparing for the emerging U.S. market. GartnerG2 based the findings reported in the report on an analysis of primary research data collected through consumer-based surveys and banker-focused surveys.

Gartner will provide additional analysis on the wireless industry during Gartner's Wireless Access, Mobile Business Solutions conference, to be held March 11-13, 2002, at the Sheraton Chicago Hotel in downtown Chicago. Gartner analysts will discuss topics such as the economic, social and legal trends that will affect enterprise adoption of mobile and wireless technologies; how applications and systems architectures will evolve to exploit mobile and wireless capabilities; and how security and privacy will be assured in an "always

on" world. For more information on this conference, please go to www.gartner.com/us/wireless or call 1-800-778-1997.

GartnerG2 is a research service from Gartner that helps business strategists guide and grow their businesses. For more information, please visit www.gartnerg2.com.

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