



Mambo scuttled by leaden banks

1314565309

Collaboration between the major banks to develop an electronic addressing system to speed up payments has come to an end following the decision of BPay's board late last week to abandon the three-year-old project.

Keith Brown, the general manager of BPay, advised financial institutions of the decision to "wind down work on the Mambo project with a view to project closure" on Friday afternoon.

The project has been on the skids since first National Australia Bank, in July, and then ANZ, two weeks ago, decided to cease the internal development work required to support Mambo. Both banks said at the time that they would continue to provide funding for BPay's work.

In the light of ANZ's and NAB's decisions, the board of BPay asked the four major banks that first established Mambo to recommit to the project.

Only Commonwealth Bank did so, thus confirming industry talk that Westpac was also lukewarm about the merits of Mambo.

While the superficial reasons for the BPay decision are clear enough – since three out of four banks paying the bills can no longer see any merit in the project – the deeper reasons for the decision are contested.

The view most commonly expressed by Banking Day's sources is unease at NAB, ANZ and Westpac over the perceived competitive advantage that the development of Mambo would deliver to Commonwealth Bank.

This amounts to a compliment by rivals regarding the state of CBA's recently modernised core banking systems, and the lower direct cost to CBA of undertaking the development work required to make Mambo work with its systems.

Cost over-runs are another factor.

The most recent estimate on the whole-of-industry cost of implementing Mambo is "upwards of half a billion dollars", a figure quoted by former Reserve Bank governor Bernie Fraser in his report on switching bank accounts released earlier this month.

This is more than twice the cost projected by BPay in early 2010 and reflects the addition of features to the six offerings envisaged when work on Mambo commenced in earnest in late 2008.

In addition, the opportunity costs for other banks may be higher than the direct costs, given the abundance of alternative technology projects requiring skilled staff, such as NAB's efforts to adopt a new core banking system.

Commonwealth Bank, for its part, simply blamed the other banks. In a Friday media release, CBA wrote: "Unfortunately, over the recent past, despite initial commitments, some banks have decided that this customer vision is not important, in some cases citing competing technology priorities within their banks.?"

One mystery surrounding Mambo – an acronym that stands for Me At My Bank Online – is what the project was really all about.

One recent BPay document used to promote Mambo described the proposed service as one that would “provide every person, organisation and government body in Australia with the opportunity to pay and be paid by anyone... securely... and without having to disclose sensitive banking details or personal information.”

CBA described Mambo as a “utility” and one capable of “making payments easier for consumers, business and government. It would have delivered faster and more secure payments.”

Around 150 staff and contractors for BPay are out of work following the board’s decision. CSC, the systems integrator for the project, said it would redeploy staff on other projects.

Work will continue on the project for a short time, to consolidate the intellectual property, though how this IP may be shared in the future, and its utility, is something BPay and the banks need to consider.

All content is protected by © Copyright 2003— 2011 WorkDay Media