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## OF BLOGS, WIKIS AND PODCASTS

by [Steve Brown](#)

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Technological advancements can be very exciting and things have been crazy this past 25 years. Over that time, there have been thousands and thousands of advancements including satellite TV, the remote control, biometrics, video games, DNA testing, fiber optics, computers, lasers, biotechnology, low-flow toilets, hybrid cars, fiber optics, wireless applications (such as the cell phone), plasma/HDTV, the internet, TiVo, text messaging and so much more. Since innovation ranks as a top priority among CEOs, we thought independent bankers might be interested to find out what some of the larger national banks were doing on certain portions of the technology front. Blogs - Bankers will find it interesting that Wells Fargo is already operating 14 blogs. These weblogs are journals/newsletters that are usually updated on a daily basis and targeted at specific customer groups. For example, Wells Fargo has blogs devoted to small business customers, young adults, student loans and even the bank's history. Wells Fargo uses these blogs to communicate with clients, monitor client needs, focus bank resources and gather information to help them build new products. Wikis - Bank of America, Citigroup, Wells Fargo and other banks have also experimented with wikis. Wikis are collaborative tools that let users build web pages, edit documents, share ideas and monitor the status of a given project. Wikis can be extremely powerful, as they not only build communities of users, but leverage the community by bringing them together to solve a particular problem. As some global banking organizations, technology experts say as much as 20% of employees use wikis to update schedules, inform others of a project's status, trade ideas and edit files. When used properly, companies are finding wikis are more powerful than email, since it acts like a real time bulletin board. Citigroup uses wikis to rapidly develop customer-facing marketing material, Bank of America uses wikis to support its investment banking unit and Wells Fargo uses them to improve communication between teams in far flung locations. All of these banks use wikis to store information in context, while allowing customers and employees to improve communication by adding attachments, charts and even older email. Wikis allow the banks to facilitate and leverage communication between geographically dispersed employees and customers, a key requirement for developing new products and services. Podcasts - Bank of America offers podcasts targeted at specific client groups. Podcasting is a slangy blend of terms from Apple's iPods and "broadcasting." Think of podcasting as an on-demand radio or television program that people can download onto their MP3 players. Bank of America uses podcasts to facilitate and drive interaction with "client feeder groups," such as accountants and lawyers. These feeder groups go to the Bank's web site to upload informational podcasts on topics that interest them and help build their own business. These groups can download sessions on how to advise their own clients to plan for retirement, reducing healthcare costs, etc. Whether you are into technology or not, consider that there are now 65mm blogs, 22mm iPods (or MP3 players) and millions of wikis in existence and being used each and every day. While many of these technological innovations haven't filtered down to independent banks just yet, it is time to make sure they are included in the strategic plan. After all, can you imagine still sitting in front of the TV without a remote control in your hand?

### BANK NEWS

**M&A**

Heritage Oaks Bank (\$541mm, CA) will acquire Business First Bank (\$140mm, CA) for \$20.6mm or about 1.70x book. Business First was in its 7th year of operation and had just started to break even.

### **Concentrated Exposure**

According to Moody's, the top 100 banks reported increased exposures to their largest borrowers. The research shows that despite claims of tighter underwriting and an increase in loan sales/participations, lenders are more concentrated. In 2005, loans to the top 20 borrowers averaged 194% of core earnings (65% of tangible equity). By the end of 2006, this number was up to 231% of core earnings (69% of tangible equity).

### **Branching**

Credit unions added 367 branches across the country last year, boosting the total to 20,287. Banks and thrifts, meanwhile, operated 94,669 offices at the end of 2006.

### **Subprime**

A new study finds 23% of total mortgage originations in 2006 were subprime, compared to only 10% in 1998. Meanwhile, of 8mm adjustable rate mortgages originated in the past 3Ys, about 25% were considered subprime.

### **Reverse Mortgage Growth**

In a new report, Moody's indicated it expects to provide credit ratings on about \$5B in reverse mortgages (compared to only \$1.4B last year).

### **Auto Loans**

As cars have become more expensive and banks have sought to increase fees, the average maturity of an auto loan has extended. The average loan is now 70 months, compared to only 62 at the end of 2006. If the trend holds, maturities will extend more than 51% by the end of 2007.

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