BURIED TREASURE IN THE BANKING INDUSTRY

by Steve Brown

As kids, we have all dreamed at one point or another of finding buried treasure. Perhaps after a television show about pirates, or after finding a coin on the street, the dream is revived and for a brief moment we flash back to our childhood. In banking, it is important to find buried treasure every once in awhile, just to keep the juices flowing. In today's publication, we creak open the lid on the industry treasure chest to uncover some doubloons we have recently discovered.

Branches

- 92% of people use a branch at least 1x per month.

- 70% of people who are considered "heavy" online users will still visit a branch about 1x per month.

- 56% of community banks plan to open a new branch in the next 3Ys.

Technology

- About 1,100 banks and credit unions will replace their core banking systems in the next 2Ys.

- A new core banking system costs $100k to $500k for the average bank.

- Online banking adoption has averaged 15% year-over-year growth over the past 5Ys. Meanwhile, debit card has grown 20% last year and RDC is running at about 2x the adoption rate of online banking.

- 90% of community banks will offer check image clearing and settlement in the next 2Ys.

- Downloading a 30-minute video on the computer uses the same bandwidth of 2Ys worth of email for the average user.

Customers

- More than 50% of small businesses now bank online.

- 47% of small business owners say they don't feel appreciated or valued by their primary bank.

- 65% of small business owners keep their personal and business relationships with the same primary bank.

- 80% of small business owners have 3 bank relationships.

Employees

- Employees trained in the benefits of a product and understand how it will help the customer have been found to have 40% higher sales in that product over a 90-day period than employees who did not receive training.

- Workers entering the workforce today are expected to change jobs more than 9x during their career.

- Healthcare costs for the average company are up 59% over the past 4Ys.

- Nearly 50% of employees say they would work an extra hour per day if they had a better workplace environment.

Economy

- Each housing foreclosure costs lenders, homeowners and the government about $80k and reduces nearby home prices an average of 1.4%.

Marketing:

- 60% of people are willing to view a pop-up advertisement on a web page if they get something free in return.

- 68% of people trust the information they get from a person they perceive as being like themselves.

- About 10% of direct-mail campaigns never reach their intended recipients, most often due to incorrect addresses.

- 20% of customers read blogs, but blogs are offered by only 1% of financial institutions.

BANK NEWS

Housing

Over the past 2Ys, the dollar volume of repossessed homes owned by banks has doubled to $4.2B.

Modifications

Despite all the hype, only 1% of mortgages that reset in Jan, Apr and July were modified, according to credit rating agency Moody's.

Subprime

4mm subprime borrowers will see their mortgage rate increase by an average OF 40% in the next 18 months.

Consumer Pain

Personal bankruptcies are up 48% in the first half of this year.

Old School ID Thieves

A new survey found that identity thieves are still using old-fashioned ways to obtain personal data (such as changing addresses or stealing mail) as only 50% of reported ID theft cases involved the Internet or technology devices.

Corporate IT Juggernaut

Bankers may find it interesting to know that Google now has over 10,000 corporate customers. The company launched its online applications product for corporations last May, which includes e-mail, word processing, spreadsheets and document sharing. Meanwhile, Google just announced its enterprise search product, which searches corporate databases, CRM data, a company's Intranet and other applications. Google is pricing its enterprise search product from $30k for a package with the ability to search databases with up to 500k documents.

Lenders, Borrowers to Blame

A recent poll found that 38% of people blamed loan originators for the recent subprime mortgage woes, while 26% put the blame on borrowers who took on loans they couldn't afford. Interestingly, only 6% of respondents pointed the finger at Wall Street firms that repackaged the loans into securities and another 6% felt the credit rating agencies were to blame.