

SOUND BYTES OF BANKING

by [Steve Brown](#)

It's not only Friday, but given all the stress on the industry right now, we have decided to keep things light. Rather than focus on one thing that can help your bank, we have decided to give you a bunch of them this morning all in the form of sound bytes so we can cram them all in. No matter what your bank is working on right now, there should be something of interest in today's publication for you to latch on to and share with others in the bank.

Small Business Customers: Studies find 70% of small businesses use the same bank for personal banking as they do for the business - develop multiple product offerings to appeal to both the consumer and business aspect to capture the small business owner's interest. There are 26mm small businesses in the country right now and 34% of those do banking with the top 5 banks - review large bank web sites to make sure you understand how these banks are positioned so you can counter the approach. A recent study finds nearly 50% of small businesses are either seeking a new bank or would entertain switching if they were given a compelling argument - talk to business owners, find out what issues they are facing and clearly indicate how you can solve those issues and studies show customer acquisition rates should go up for your bank.

Mobile Banking: This wave is one you will need to catch soon to remain competitive. About 6% of banks surveyed offer mobile banking services currently, some 27% plan to have it up and rolling by 2011 - educate yourself on the companies and technology around mobile, what customers want and what the big banks are doing to stay ahead of the curve. Bank of America reportedly has nearly 4mm customers signed up and using mobile banking - the devices are now transitioning from offering basic banking services to targeted product marketing and advertising. There are about 36mm people who already bank on some sort of mobile device - features ranked by small business owners as the most important include being able to see account balances (24%), making internal bank funds transfers (22%), paying bills (21%), approving debit or credit card transactions (22%), making expedited payments (22%), making transfers between external bank accounts (18%) and approving wires (17%). When it comes to mobile banking offerings, it is important to know the customer "more than 80% of cell phone users still use "dumb phones" right now, but "smart phone" usage is expected to jump to 50% of all phones in the next 3Ys.

Mergers & Acquisitions: The top 5 M&A advisors of 2009, based on number of deals and according to SNL Financial, in order are - Keefe, Bruyette & Woods; Sandler O'Neill & Partners; Howe Barnes Hofer & Arnett; Hovde Financial and Stifel, Nicolaus. Research done by a team from Wharton found - on average a company has about a 6% chance of becoming a takeover target in a given year, while companies seen as poorly managed have about a 7% chance.

Bank Failures: Research by Deloitte finds that when banks fail - customers are nearly 2x more likely to move their business account that when their bank is acquired. When asked what action they would take if their bank were to fail, people surveyed responded - 36% would switch banks, 28% wouldn't switch, 26% said they were likely to switch and 10% said they were somewhat likely to switch.

Thanks for listening this morning and we hope something in the above sections not only caught your eye, but was worthy of sharing with another community banker.

BANK NEWS

Small Biz

The House passed the small biz bill to create a \$30B program to fund small biz loans at community banks. This now awaits a Senate vote due after the July 4th recess.

NCUA

The Administration will add a \$1B assessment to offset the loss in its Insurance Fund. This totals a 13.4bp assessment and is projected to push over 1,000 CUs into the red in 2Q.

Greenspan

The Ex-Fed Chief had an interesting op-ed in the WSJ today. He warned yields could jump unexpectedly and aggressively, stating "I grant that low long-term interest rates could continue for months, or even well into next year. But just as easily, long-term rate increases can emerge with unexpected suddenness. Between early October 1979 and late February 1980, for example, the yield on the 10-year note rose almost four percentage points"

CU M&A

MidFlorida Credit Union (\$1.4B, FL) and Bay Gulf Credit Union (\$141mm, FL) have entered a merger deal.

Bank Labor

The Labor Dept. put out a new regulation that banks that utilize FDIC insurance must post info by June 21st that educates workers on their right to join and form unions.

Charged

Lee Farkas, the CEO of now bankrupt Taylor, Bean & Whitaker, once one of the largest private mortgage lending companies, was indicted on attempting to steal \$1.9B. Taylor, Bean in conjunction with their sister company, Colonial Bank, allegedly knowingly submitted false information to the FDIC and SEC in an attempt to get TARP.

Rating Agencies

The Conference Committee adopted language that allows investors to sue if the rating agency's ratings are "grossly negligent."

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.