

CONVENIENCE RULES

by [Steve Brown](#)

The results are in and for the 2nd year in a row, a survey by the American Bankers Association (ABA) finds more bank customers said they preferred to do their banking online, compared to any other method. In fact, 36% of all banking customers said they prefer to bank online (compared to 25% last year), which was followed in order by visiting branches 25%; ATMs 15%; mail 8%; telephone 6% and mobile banking 3% (7% of people didn't know). Interestingly, customers over the age of 55 still prefer to visit their local branch, which came in #1 at 33%, followed by online banking in the #2 slot at 20%. As this survey shows, people like convenience and many don't mind doing their banking from home when they have time. Clearly, these days it is about delivering multiple choices to customers that allow them to bank through multiple channels the way they want to do so.

Another survey we came across recently from Gartner took a slightly different path than the one above. It focused on the features and benefits customers use when they do online banking and the results that came in from some areas were surprising. For instance, while security is the single most important online bank feature, single sign on came in as the second most desired. Also ranking high on the list, online customers wanted to be able to deposit checks from home; set up a separate savings account to save for a specific goal; set up alerts for account/credit card balances and have tools to better analyze spending/cash flow. Also of interest, more than 50% of those surveyed said they used only one online banking site, but 41% said they used 2 or more. Clearly, customers that bank online are comparing bank applications just as a result of their habits, so ensuring your bank occasionally has a process to compare what you offer to what the competition does is important to maintaining that customer interface and interest at a high level.

As for the business community, a different survey by the ABA found 81% of companies now use online banking for their business, but another survey by Citibank found there is more to this group than first meets the eye. For instance, while 81% of small businesses may be using online banking, Citibank found these customers themselves are not yet leveraging the internet to boost their own businesses. In fact, 81% had not used social media sites; 67% had not used search engine optimization and 65% had not even placed online ads. Banks seeking to help customers stay afloat during these difficult times may want to consider offering assistance in these areas, to help customers get started and improve their performance.

We would also be remiss if we didn't talk about social media such as blogs, video, online forums, podcasts, instant messaging and chats. Social media isn't about connecting with friends through Facebook, telling someone you are brushing your teeth on Twitter, or uploading a video of you brushing your teeth on YouTube. Rather, it is a new way to network, market, synthesize knowledge, share information and make contacts. It is a communication and branding tool, so it must be designed to fit your business strategy, meet disclosure requirements and capture information as may be required by regulatory agencies. Clearly, bankers have more work to do to meet regulatory requirements in this area, as a recent survey highlights that 80% of compliance departments don't yet have record retention systems set up for social media and 73% admit they have no easy way to monitor employee usage. There is still time to get involved, but bankers should be sure to consider all of these issues as part of any social media package.

When it comes to banking, evolution is occurring. As such, community bankers should ensure they have a program in place to continually evaluate and monitor customer activity, through all channels, to make sure the bank evolves with the customer.

BANK NEWS

Closed (128 YTD)

On Friday, the FDIC closed: 1) Wakulla Bank (\$424mm, FL) with Centennial Bank assuming all deposits (no premium) and all assets (\$213mm, under a loss share). 2) Shoreline Bank (\$104mm, WA) with GBC International Bank (\$312mm, CA) assuming all deposits for a 0.25bp premium and about 66% of assets under loss share. For more info look under "Failed Banks" at this link: <https://biganalytics.bancinvest.com/index.aspx?ReturnUrl=%2f>.

Fed Speak

In the last week, about half of the FOMC members have given speeches discussing further FOMC policy steps. The most notable was Vice Chair's Dudley's when he said that "Thus, I conclude that further action is likely to be warranted unless the economic outlook evolves in a way that makes me confident that we will see better outcomes for both employment and inflation before too long."

TARP Expiration

The \$700B financial bailout officially expires today and \$65B in funds remains spread out to over 600 banks. Dividend payments for TARP holders increase in 2013, rising to 9% from 5%. The CBO estimates the bailout will cost \$66B in total, while the Treasury estimates a \$105B bill.

Many Rules Coming

FOMC Chair Bernanke indicates the Fed has identified some 250 projects associated with implementing the Dodd Frank Act.

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