

SUPERCHARGING BANK TECHNOLOGY

by [Steve Brown](#)

You may not have known it, but according to research done by Pew and American Life, nearly as many people buy articles online as those that buy games online (18% vs. 19%, respectively). Perhaps even more interesting, both of those categories were surpassed by the percentage of people who buy apps (21%), which was beaten out by those who buy music or software (33%). Of equal note, perhaps, college graduates and those in households earning more than \$75k were the group identified as most likely to purchase online articles. Since bankers are always trying to figure out where the customers are hiding and how to capture them, spend marketing dollars, target certain groups and find out what people are doing in general out there, we throw it out for general consumption to bankers around the industry this morning.

Speaking of things happening online or in technology, we have a few more for you to think about. We have talked before in this article about Near Field Communication (NFC), which is the chip about to be embedded in your iPhone, iPad, Android and other smartphone. By the middle of this year, you will be able to make payments at retail stores by holding your phone close to a gizmo attached to the cash register. No more digging for the wallet and dragging out pieces of plastic or cash. In fact, Starbucks and Circle K are already there, while others such as Home Depot are quickly preparing to jump in. One reason - studies by Visa, Towergroup and others have found during pilot programs that people making payments for goods or services with their phones will spend an average of 10% to 20% more in the store. That is a huge benefit to retailers and customers love the technology. In addition to paying for stuff, NFC technology will better enable smartphones to more securely check account balances, receive coupons, use rewards points and eventually handle your driver's license, insurance cards and pretty much anything else in your wallet. Tailors that repair the back pockets of men's pants are screaming everywhere, as the age of having a credit card on a separate piece of plastic stuffed in a wallet is about to pass by.

Another area we have discussed before is social media. Yes, we know the general perception is that most of your clients aren't using it yet, so what is the rush. Consider that a study recently found consumers who follow their bank on social sites were using an average of 5.6 banking services, compared to 4.3 for those who have low interest in such sites. The same study also found consumers used their bank's social channel to get information about services (66%), obtain offers or promotions (32%) read or post reviews (31%) and contact customer service (30%). Things are happening on social media, but how about the original point. Consider the case study of SunTrust. The major US bank (ranked 211 in the Fortune 500 in 2010) found that in the year since launching, social media had resulted in 15k customer conversations on Facebook and 1,500 on Twitter. When you consider SunTrust has 5mm customers, those results aren't earth shattering, but they are worthy of noting as the beginning of a trend. A report by Aite Group, shows banks still have a long way to go here as well. It found 60% of banks consider themselves novices at social media, while 8% said they feel their knowledge here is advanced. Meanwhile, 30% of banks have no dedicated funding set aside for social media and more than 50% said the amount was too small to measure. Given that more than 500mm people worldwide are active users of Facebook and Twitter has an estimated 75mm. If you remain skeptical, consider that researchers commissioned by Discover Card tracked a substantial increase in the number of small business owners using social networking sites over the past 3Ys,

finding 60% (3 in 5) of business owners surveyed said they belonged to one of the most popular social networking websites.

Bankers still have time to develop a comprehensive strategy, but an industry hungry for new customers, increased sales and lower costs simply cannot ignore these channels forever.

BANK NEWS

FNMA & FHLMC

Rumors abound that the long anticipated position paper to be released by the White House on Friday over the fate of Fannie and Freddie will contain a recommendation for the gradual elimination of both entities. It is unclear if there will be other options and the timeframe.

M&A

GNB Financial, holding company of The Gratz National Bank (\$146mm, PA) has entered a deal to purchase The Herndon National Bank (\$30mm, PA) for an undisclosed sum.

M&A

Bridge Bancorp (\$1B, NY) has agreed to acquire Hamptons State Bank (\$68mm, NY) for approximately \$6.3mm or 1.36x book value and a 4.4% premium on core deposits.

M&A

Allstate Financial (\$1.4B, IL) announced that it will get out of the bank liability business and sell all of its deposits to Discovery Financial (\$60B, DE).

Mobile

A survey by Aite Group finds 4% of small businesses use mobile banking as part of their corporate account management, but 56% said they would be "likely" or "very likely" to use it for checking balances or transferring funds.

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