

GETTING MOBILE AND HEADING ON DOWN THE ROAD

by [Steve Brown](#)

Driving down the freeway over the weekend, something dawned on us. The days of the ubiquitous car radio antenna ball are over. Our rough math as we drove along and quietly counted cars found roughly 95% or so on the road don't even have an antenna anymore. It has been replaced by a small shark-fin like thing on the roof that brings in radio, as well as satellite and mobile phone. Introduced by Union 76 in 1967, this unique marketing gimmick was quickly copied and balls of all shapes and sizes over the years could be found on car antennas all over the country and the world (Union was bought by Chevron in 2005). We don't know about you, but all of a sudden even finding a car with a metal antenna, let alone one with a ball on it, has become quite difficult. It is clear this part of Americana has slipped away and we will miss the humor of it.

Sometimes changes come roaring out of nowhere and overwhelm us all (like the iPad) and sometimes they sneak up on you (like the car antenna ball). Mobile banking falls into the later category and continues to gain market share. Research indicates that bank customers want to use mobile banking because they like its simplicity and they want to be able to do anything in their lives from anywhere they choose to do it. Once banks figure out how to make people comfortable that security in mobile banking is not a concern (according to Javelin, 4 out of 5 people say security concerns is the top reason they have not tried mobile banking), we expect adoption rates will accelerate even more rapidly than they already are.

Banks continue to accelerate this trend by expanding their mobile offerings. A recent BankNews survey found that 39% of all banks surveyed (but only 27% of community banks) offer mobile banking and of those who do not yet offer it, 25% plan to do so this year. In addition, when asked how long the 39% group had been offering mobile banking, 4% of banks have been in the game more than 3Ys, 44% have gotten involved in the past year and 26% have been offering mobile for between 1Y to 3Ys (26% were 'other'). This shift isn't surprising when you consider the benefits to a bank. After all, bankers are continually seeking ways to boost customer retention, expand services, acquire customers, enhance efficiencies and save costs - all cited, in order, as the reasons bankers had launched mobile banking offerings.

You should not ignore mobile banking even if you aren't sure your customers will use it if the research is any indication. Javelin, for example, predicts there will be 85mm mobile banking users in the US in the next 2Ys, while TowerGroup predicts mobile will see a compound annual growth rate of almost 52% - making mobile faster than any other channel in banking history.

You don't have to go entirely mobile just yet, but offering features such as the ability to check balances, view recent transactions, find a branch and make fund transfers is a good start to such an endeavor. No one knows for sure, but depending on how things go in mobile, we may one day be saying the same thing about the omnipresent bank branch, as we are today about the car ball antenna. Don't wait forever to get mobile.

BANK NEWS

Loan Comp

Making mortgage compliance even more difficult, the controversial mortgage loan originator compensation rule that was supposed to be effective last Friday was stayed by the U.S. Court of Appeals pending analysis of filed motions. Most likely we will get clarity by the end of the week regarding the rule's status.

Deposit Insurance and Fed Funds

Friday was the first day of the new insurance assessment and in addition to all the balance sheet changes we have seen over the last 90 days at larger banks, it also decreased volume in the Fed Funds market. Banks dramatically reduced their Fed Funds arb whereby they used to borrow overnight funds around 17bp and reinvest at the Fed at 25bp. Because of the new assessment, banks now need around 15bp of arbitrage to make it profitable.

Swipe Fees

The much anticipated TCB's lawsuit against the Fed to block the limitation on swipe fees kicks off today.

Citibank

Their consumer finance group that is up for sale is rumored to have received several bank bids and several bids from private equity groups. Blackstone, Carlyle and Brysam Global Partners are said to be one consortium, while Clayton Dubilier & Rice and Onyx are the 2nd. The 3rd is composed of Flowers and Apollo Management. Another round of bidding is expected to take place.

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The Bank's US online platform that is up for sale is rumored to have received bids from, CIT, GE, Capital One and SJB National Bank.

Deposits

A study by the Employee Benefit Research Institute finds 27% of people aged 25 and older have less than \$1,000 in their savings accounts

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