

A MONOLITHIC CHANGE IN BANKING

by [Steve Brown](#)

You may not have thought about it all that much, but according to the Nielsen Company, the average person spends way more time on blogs and social media sites than they did 1Y ago (6 hours in 2010 vs. 31 minutes in 2009). Overall, this represents 22% of all the time people spend online. By popularity, people worldwide on the internet visit Google (82%), followed by MSN/WindowsLive/Bing (62%); Facebook (54%); Yahoo! (53%); Microsoft (48%); YouTube (47%) and Wikipedia (35%).

Those are interesting facts, but while we are at it, you should know that 22% of Fortune 500 companies now have a public facing blog that has at least 1 post in the past 12 months. In addition, Pew Research reports social networking site usage grew 88% among Internet users aged 55-64 between April 2009 and May 2010, reaching 43% overall by Dec 2010.

Everyone knows growth in social media has been phenomenal, but how phenomenal is eye-opening. Of the major players, Facebook now has 640mm users worldwide, 200mm of which access the site through mobile devices. Similarly, Twitter now boasts 175mm registered users; and LinkedIn says it has over 100mm professionals using the platform worldwide (more than 1mm companies also set up Company Pages).

Things have also been moving along nicely in the online banking space. In 2010, for instance, a survey by Fiserv finds online bill payments now represent 45% of all payment types, up sharply over the years. In addition, the survey found 33% of consumers who pay a bill at their financial institution website also receive at least 1 electronic bill there. These services also improved customer retention, as the survey found people who used the online bill payment service at their financial institution were 13% more likely than the average customer to have a savings account at the same institution and 49% said they were less likely to switch to another financial institution. If you still need more data to consume, consider that other studies find 50% of all bills are now paid online, yet only 15% of people will accept electronic billing statements. Clearly, online is on the money.

Other areas of electronic money movement have also been screaming along. Consider that more than 75% of employees will select direct deposit as their preferred way to get paid, when it is offered to them from an employer. Additionally, more than 50% of all households now use pre-authorized, automatic bill payments to pay mortgages, loans, insurance premiums and other monthly bills. Finally, research shows automatic payment programs can save businesses an average of 11.5 cents per payment vs. check in reduced processing costs, so that is good for your customers.

No matter how you see the world, whether you are a technophobe, Luddite or are afraid of change; make no mistake - technological advances are happening all around us and are accelerating in adoption. Maybe at this point it is just better to embrace the changes you find and see how your bank can best leverage them all, as you continue your odyssey. After all, this mission is too important to allow you to jeopardize it.

BANK NEWS

Mobile Banking

Bank of America has over 5mm active mobile Web and app users and over 500k active text banking users, #1 among all US banks.

Advice on Planning

Believe it or not, a survey by Investment Advisor magazine finds that while 64% of financial advisors have a business plan, only 26% are following it and most of the plans exceed 50 pages.

Foreclosure Sale

In the first bulk deal of its kind, FNMA will sell a 25% stake in its inventory of foreclosed multifamily units to the Related Cos in a deal worth \$300MM.

Savings Balances

A survey by the National Foundation for Credit Counseling finds 67% of people say they are tracking expenses, have tightened their belts and are saving for a future emergency. Nearly as many, 66%, say they plan to continue saving as they have become more conscious of where they spend money.

Fed Funds

The increase in FDIC insurance assessment have caused many banks to unwind their leveraged arbitrage with the Fed excess balance account and have stopped much of the borrowing in the Fed Funds market. As such, the Fed worried that Funds are too cheap as they have fallen from an average of 17bp to around 5bp for larger US banks.

Small Biz

A recent survey by Discover finds 25% of small business owners expect economic conditions to improve in the next 6 months; 21% plan to increase business spending during the same period and 45% have encountered temporary cash flow issues in the past 90 days.

Business Owners

Research finds the recession has reduced the savings of 74% of small business owners.

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