

BIRD BRAIN HOUSING, SOCIAL MEDIA & OPPORTUNITY

by [Steve Brown](#)

Some people like to build bird houses so they can watch comings and goings of our feathered friends. As you gaze out the window at Grandma's this holiday season and watch the birds go in and out, ponder what bird-brained problems still remain in the US housing sector. Make no mistake - housing will certainly be one area of discussion around many holiday dinner tables this year. That is one reason we were intrigued by new information that has surfaced on this topic. So, as you prepare to dine with friends and family, consider that 74% of high net worth individuals think it will take 2Ys or more for their home values to recover; the average rental property has a tenant for less than 20 weeks a year (about 39% of the time); and the national average home price isn't expected to begin rising (and then only slowly) until the end of 2012. Housing remains an issue for bankers and the industry in general and projections for the coming year show another tough year ahead in the sector. Before you fly the coop, however, there are some areas of opportunity for the savvy community bank in 2012.

One such area is in social media. Customers and banks continue to experiment in this channel, so you can still make mistakes as you seek opportunity. Consider the approach by JP Morgan, who has an online resource center. Here, customers can get tips on how to grow their business, view event listings, watch educational videos and read articles. Special offers are sprinkled throughout and customers are invited to participate in conferences, seminars and webinars. Customers can get to the video content through either the bank's web site or YouTube. JP Morgan also ties this resource center to Facebook, where users can update their profiles to receive more information about events, offers or information about products.

Another area you might consider is the Quick Response or QR code. The code is a type of matrix barcode invented by the automobile industry that has exploded in popularity with the iPhone. QR codes are black-on-white square shapes that users can scan and see text, contact information, connect to a network or open a web page in the phone's browser. QR codes allow businesses to offer promotions in magazines, signs, flyers, on business cards or any other place where the code can be placed. One study found 14mm mobile users, or about 6.2%, scanned a QR code in a single month recently. That's great, but it is also important to understand that QR codes also carry risks. They are easily created and as such can result in identity theft, stealing internet access, stealing or changing your contact data, indicating your geo location, reading your browser history, linking to dangerous websites or stealing your passwords. Warning customers of the risks as well as the fun of these codes might be worthy of exploring as you set marketing plans for 2012.

Speaking of security, a recent survey found 60% of customers felt their bank should assume the liability for cyber losses and 53% said they would switch banks if another one made them feel more secure. This is a nice opportunity for your bank, but given all the open access for customers these days (through iPads, iPhones, etc.), be careful what you ask for or offer. Consider a recent Novarica study, for instance, that found 71% of banks said they didn't have enough resources to detect and prevent fraud. You might want to consider ramping up technology in this area to include cookies (used by 76% of banks); knowledge-based authentication such as security questions (also 76%);

software analytics, text or email transaction alerts (59%); digital certificates (53%); one-time pass code tokens (53%); neural networks that analyze transaction patterns (24%); out of band authentication that verifies transactions through other channels (24%) or device identification that uses geolocation (12%).

There are many areas where you can find opportunity and the good news is that at least one competitor will inevitably act like a bird brain so you will get your chance to exploit it.

BANK NEWS

FOMC

The Fed kept rates, monetary tactics and policy unchanged. Policy wording was a little more upbeat, but remained cautious due to the slow pace of growth and potential European shocks. Nothing was said about communication policy, so look for it at the January meeting.

WAMU Settled

The FDIC announced it has settled with former Washington Mutual banking executives, as the agency pursues lawsuits related to bank closures. Three former executives will pay \$400k out of pocket as part of a \$64mm settlement with the FDIC in the largest bank failure in US history. The FDIC had sought \$900mm. As of Dec. 8, the FDIC had authorized \$7.6B of lawsuits against 373 former directors and officers of failed banks and thrifts.

Online

A McKinsey study finds banks can eliminate up to 50% of the cost of branches by moving sales and service online.

Foreclosure Settlement

While a final foreclosure settlement between banks and state attorney generals is said to be close, the inability for banks to get a waiver for related issues in the future from the CFPB is still dividing the sides.

Easy Decision

As part of the Administration's plan to cut waste, White House officials have asked the US Mint to reduce the production of the \$1 Presidential coin to only what is legally required (the Treasury must produce coin and currency so that all nominations are available to the public if desired). Savings are estimated at \$50mm.

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