

## GOING MOBILE TO AVOID THE END OF THE WORLD

by [Steve Brown](#)

There is a lot of talk swirling around that this year marks the end of the world as we know it and apocalypse is coming. Some say the ancient Mayans predicted the end of the world, but that isn't exactly true. There is no clear prophecy in ancient Maya records because the single stone reference of any sort that might refer to it is damaged and the last part of the inscription cannot be understood (Monument 6 from the ruined site of Tortuguero makes reference to the date, but the rest is just not clear). That is one area of trouble, but it is compounded when you consider other Mayan prophecies that exist in other documents are not only difficult to interpret, but they do not specify 2012 either. Nonetheless, believers will not be swayed, so why try. Just enjoy the show and the noise as the year continues and doomsday gets ever closer. One more thing of note - did you notice the deity in the middle of the Mayan calendar is sticking his tongue out at you? Speaking of the future, we wonder what the Mayans would have prophesized about mobile banking. There is no doubt that mobile is changing how we bank, as the latest data finds purchases made on smartphones and tablets hit \$5.3B in 2011, up 83% from the prior year. That is a lot of growth and it speaks to the ease of mobile. Further, research conducted by Tower projects a 50% increase in mobile banking users by 2013 (assuming we all survive), so bankers have to get ready. Maybe that is why an ICBA survey found that while only 14% of community banks offer mobile payment services today, another 47% plan to offer it within the next 2Ys. While mobile has captured the focus and imagination of the industry, the data shows it may not deliver the lofty results everyone is projecting and hoping for, however. Consider that despite dramatic increases in mobile device usage, only 6% of those surveyed have made a purchase using their mobile phone and only 10% of have set up mobile banking so far. In addition, while 10% have set up mobile banking, 90% of those used it to check balances or transfer funds. Finally, 11% of people said they would use their mobile phone for banking and financial applications, while 34% said they would rather use an iPad. In short, this data points to a product that is still in its infancy, but is gaining traction and will likely continue to do so to some threshold or saturation level around 15% of customers the more we all get comfortable with smartphones. One thing bankers still have to deal with when it comes to mobile banking is security. Consumers still don't quite trust it, as 68% of those surveyed said the information stored or transmitted by their phone is not or may not be secure. That will keep adoption levels in line until a solution is found or attitudes change, but rest assured it will eventually happen. Finally, despite all of the issues around mobile banking, it holds promise as a delivery channel, as evidenced by the biggest banks. Look no further than new Forrester research that finds 80% of the top banks plan to invest in mobile payments this year; 70% say they will chase person-to-person payments and 90% already had a mobile banking offering that supports at least basic account access. This year, the largest banks will shift from allowing customers to check account balances and transfer funds to remote deposit capture, increasing alert capabilities, and expanding payment capabilities so be prepared. At the very least, know that studies find in 2010, 75% of people would tell you mobile banking wasn't very important to them, but that fell to only 39% last year so adoption rates are impressive. While discussion will certainly continue this year about the end of the world as we know it, we expect bankers won't be that lucky and will still have to work hard to make money and keep customers happy well beyond 2012.

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**M&A**

Raymond James will purchase Morgan Keegan from Regions Bank for \$930mm plus dividend to total \$1.18B, or approximately 1.7x tangible book. Keegan's asset management and trust arm was not sold.

**Beige Book**

The Fed's largely anecdotal compilation of regional economics signaled some improvement in the economy, as growth was upgraded from being "slow to moderate" to being "modest to moderate." The report was upbeat about consumer spending during the holiday season, and noted some improvement in other sectors as well.

**Competition**

JP Morgan Chase is offering free RDC for business customers in some markets.

**Mortgage Exam Procedures**

The CFPB released its field guide for examiners looking at mortgage originators. The guide covers the required data that should be provided, to analyze law compliance, policies, procedures and consumer risk. The Exam Guide can be found by following the link in our Related Links section below.

**Smartphones**

Banks working on mobile should note that as of Nov. 2011, companies with the largest percentages of the U.S. smartphone market were Google (46.9%), Apple (28.7%) and RIM (16.6%). Of the three, only RIM lost subscribers since the prior Aug. analysis, falling 16% during that period.

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