

CONFERENCE INFORMATION AND TECHNOLOGY

by [Steve Brown](#)

We just finished presenting at a conference with a large group of community bankers in attendance. By a show of hands, roughly 85% or so of attendees either brought an iPad or other tablet device to the event or owned one and 100% indicated they knew someone that owned one. Times are quickly changing and the same rough statistics likely hold for your own customer base. The conference was very interesting and part of it focused on what community bankers plan to do over the next few years with technology and what they were doing now. To begin, the good news about technology is that it levels the playing field for community banks vs. larger banks. If you think about it, innovation in the industry has been slow and truly disruptive technology advances are only now just starting to take hold. These are exciting times indeed, as we all work to get a handle on what to deliver, how to do it, which companies to partner with and how to make sure it all makes money for the organization. Strategic planning is a good time to do this. The conference also offered opportunity to mingle with community bankers, discuss key issues and see what opportunities and problems many are facing. In the area of technology, most bankers indicated they have online banking, that it is usually delivered through a partnership and it has been augmented with additional services from other vendors or the core provider. Many said they were struggling to get their core system providers to open up flexibility to allow them to plug in top-notch services, so some said they were using lesser ones provided by the core, just to avoid those hassles. The discussion shows that delivering the very best services to customers can be a challenge, so it takes focus to make it all happen. For this group of bankers, some had also closed branches recently, while others were rethinking the model. Discussion of more technology, better trained staff and dealing with change were all areas of focus. It is clear that community bankers know they need to tightly control expenses, but the issue at this point is how to continue to deliver high-touch community bank services in a highly mobile society, that wants to bank whenever and wherever it pleases. This is a major challenge that is also being discussed at many strategic planning sessions we facilitated over the past few months and conferences we have attended. As you get underway to expand your mobile offerings, consider the connection it can build with your customers. Alerts, for instance, begin with simple account balance information and branch/ATM locations, but then move to allowing transactional flows. As capabilities continue to advance, look for banks to push out alerts that are even more customized and valuable to customers. Some examples could include notifying customers when payments are coming due (studies show doing this increases the likelihood of timely payments, improving credit quality and perhaps even reducing the need to set aside so much in loan loss reserves); rate changes (to alert borrowers of changes to either deposits or loans); suspicious transactions (fraud detection notifications can now be pushed out to customers, asking them to confirm legitimacy of items); service announcements; and confirmations. As can be seen from the percentage of people attending the conference who have or know someone who owns an iPad or other tablet computer, there is no time to waste. One key area of focus with any technology should be to keep the customer tuned into the bank, as you incorporate yourself deeply into their social and mobile life. This is quite an undertaking that takes time & experimentation, so don't be afraid to try new things. Enhancing technology offerings and capabilities for the customer is one part of strategic planning all community banks will be involved in this time around. The data shows technology in the industry is moving quickly, so community bankers also

need to adapt to keep up. Move forward consistently and you will eventually get there, but be patient, because change can take time to implement.

BANK NEWS

Closures (49 YTD)

Regulators closed: 1) Citizens First National Bank (\$924mm, IL) and sold it to Heartland Bank and Trust Co. (\$2.0B, IL). Heartland captures 21 branches, all deposits and essentially all of the assets. 2) Heritage Bank of Florida (\$226mm, FL) was sold to Centennial Bank (\$4.1B, AR). Centennial gets 3 branches, all deposits & 86% of assets.

M&A

First Republic Bank (\$31B, CA) will acquire wealth management firm Luminous Capital (CA) for an undisclosed sum. Luminous has \$5.5B in assets under management and focuses on wealthy individuals, executives and institutions.

M&A

MetLife said it will sell its \$70B mortgage servicing portfolio to JP Morgan Chase for an undisclosed sum. MetLife continues to aggressively try and exit the banking business. In recent months, it has spun off and sold its deposit, warehouse finance and reverse mortgage servicing business lines.

Electronic Receipts

Get ready this holiday season for retailers to ask you for your email address to send you a receipt for items you purchase. Macy's, Nordstrom, Kmart, Gap and others are following in the footsteps of banks and pushing to collect consumer email addresses for cross-marketing activities (and to reduce costs). Banks that are already using this effectively include Wells Fargo and Citibank, which offer emailed receipts from ATMs and even activity inside branches.

Muni Benefit Cuts

Pew reports 43 states cut benefits to government employees from 2009 to 2011.

Savings Rate

The personal savings rate is currently about 4.2%, the same level of 1Y ago.

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