
INCREASING YOUR MOBILITY

by [Steve Brown](#)

When it comes to mobile offerings, consumers are driving things, as they clamor for products that allow them to do most, if not all, of their day-to-day activities with a finger tap. Enter mobile banking. For several years, large banks have been moving quickly to provide their customers with mobile banking capabilities. The extent of these capabilities ranges, but a First Annapolis Consulting third annual Mobile Banking and Payments Study found that 81 of the top 100 U.S. financial institutions currently offer some form of mobile banking. Many community banks, however, appear to be moving slower. Indeed, only 37% of community banks currently offer mobile banking to their customers, according to the 2012 ICBA Community Bank Technology survey. More needs to be done, as small business customers, in particular, are actively seeking worthwhile mobile solutions. For community bankers, there is no time like the present to get started meeting those needs. A good first step is to get a flavor for what a few large banks are already doing well. Of the top 25 US financial institutions by deposits, about 50% are offering mobile person-to-person (P2P) transfers and mobile remote deposit capabilities (RDC), according to a recent report by Javelin Strategy & Research. In fact, more than 67% of financial institutions now offer the "triple play," Javelin found. This terminology refers to mobile banking through the mobile web, downloadable apps and SMS text (which can be accessed through smartphones, feature phones, and tablets). The extent to which banks offer mobile banking varies widely by institution. Chase, however, seems to be a cut above the competition, receiving Javelin's Best-in-Class award for the second year in a row. In extending the award to Chase, Javelin points to advanced offerings such as P2P transfers, mobile deposit and near real-time, actionable alerts. Meanwhile, Bank of America came in second place and scored highest for providing the widest mobile accessibility both through device and mode. Of course, not all mobile offerings are created equal, even within a bank. For example, one of Chase's mobile offerings targeted at the small business community has been widely criticized by users. In fact, its Jot app, which was rolled out in 2011 as a way to save "small business owners time managing their expenses," has only a 2-star rating in the App store and a 2.7-star rating on Google Play. Among other things, users complain the employee transaction notifications don't work. Users however, are thrilled with the concept of employee spending notifications, suggesting that the small business market could really use this feature. While the mobile channel is not yet the preferred vehicle for small-business banking, Aite Group estimates about 33% of small businesses currently bank via a mobile device and an additional 31% are interested in doing so. Aite estimates that roughly 54% of small businesses will bank via mobile in the next 4Ys. This creates an exciting opportunity in the next few years for community banks to swoop in and deliver quality mobile offerings to small business customers. It's clear that mobile phones have become a greater part of everyday life for virtually everyone on the planet. Community banks need to have a viable mobile banking program to meet customer demand. Community banks need to get on board with this fast moving technology sooner rather than later.

BANK NEWS

Closures (51 YTD)

Regulators closed Community Bank of the Ozarks (\$43mm, MO) and sold it to Bank of Sullivan (\$284mm, MO). Bank of Sullivan gets 2 branches, all deposits and entered into a loss share transaction on 87% of assets.

Branch Closures

CoreFirst Bank & Trust (\$1.1B, KS) will close three branches in Jan. after monitoring foot traffic for 5Ys and finding these branches had seen steep declines. Meanwhile, First Bank (\$6.5B, MO) indicates it will sell 8 of its 19 branches in FL to Homebank (\$521mm, FL) for an undisclosed sum and close 3 other branches, as it consolidates within the state and moves to save costs.

Branch Purchases

Arvest Bank (\$13.9B, AR) said it will purchase 29 banking offices from Bank of America for an undisclosed sum in AR, KS, MO and OK. The purchase adds \$750mm in deposits and 650k new customers.

Massive Restructure

Spain's Banco Santander said it will absorb two subsidiaries (Banesto and Banif), cut jobs and close 700 branches as it seeks to reduce costs and boost capital. In the U.S., Santander owns Sovereign Bank (\$82.5B, DE) and Banco Santander Puerto Rico (\$7.1B, PR).

Capital Changes

Global regulators said that while they were unable to meet the Jan 1 2013 deadline on tougher capital rules under Basel III and have since extended it, the new date will be Jan 1 2014 and the changes will definitely be made. It is expected the rest of the countries will finish implementing the rules during 2013 to allow for the 2014 start date.

Malware

Researchers found malicious apps designed to steal mobile transaction authentication numbers (mTANs) sent by banks to customers over SMS (Short Message Service) using Android. The apps were found at Google Play.

Foreign Banks

The Fed issued proposed rules that would require large foreign banks to operate under a single bank holding company and meet the same capital standards applicable to U.S. banks. The Fed took the action to ensure consistent regulation and help facilitate the resolution of failing U.S. operations of a foreign bank.

Corporate Cash

The latest analysis finds U.S. companies ended 3Q with \$1.7T in cash, a new record.

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.