

FASTER MOBILITY MEETS ALREADY FAST ADOPTION

by [Steve Brown](#)

IBM and others are playing around with something called "phase change memory" (PCM). Unlike flash memory cards that reside in today's phones, laptop computers and other places, PCM takes technology to another level. You see, flash memory writes to a group of cells by erasing nearby cells first. That process takes time and it is one reason why PCM devices are reportedly 100 times faster than flash and last as much as 50,000 times longer. If PCM works as expected, it could be showing up in products as soon as 3Ys from now. If so, device sizes will shrink sharply, but also be able to crunch much larger volumes of data using much less energy. It all sounds pretty interesting and we wonder what the impact specifically will be on the banking industry when that happens.

In case you missed it, Facebook reported 4Q earnings and as part of the press release, the company indicated its monthly active users had reached 1.06 billion and mobile users hit 680mm. That is up 25% and 57%, year over year respectively and is strong growth indeed. This makes sense when you layer in recent research by the Fed that found when people go online; they spend nearly 25% of their time on social media sites.

For banks, this customer engagement channel continues to evolve and mobile payment services are part of that evolution. That too makes sense, when you consider that 97% of the top 250 internet retailers have a presence on at least one social networking site according to the Fed. The good news is that while things are quickly changing, there is still time to get moving in this area. In fact, research by Forrester finds using a mobile phone to pay for something at a store still represents only 4% of mobile payments in the country. The adoption rates are high though, so time is of the essence (mobile payments are growing at a 48% annual compound growth rate).

The key in the area of social and mobile for retailers and for banks is to approach the customer right where they are geographically (mobile proximity) at a specific time with something that will interest them at that moment and get them to take action. Using a combination of geographic location, knowing whether they are male or female, their age range and the language they speak are all ways to boost sales opportunities and deliver clever product placement on a one to one basis. Forget shouting 50% off or pointing to a high APY. Instead, think about getting a tap on the shoulder and a friendly voice says "Hey Bob, let's go about 50 yards up the road, park in the lot to the right, click on the phone to buy a CD and get a 20% off coupon that we can immediately use at a restaurant that banks with the same institution."

If that sounds a bit too futuristic right now, or simply too difficult for a community banker to do, have no fear because vendors are popping up left and right in the payments and social advertising arena, so plug-and-play services are heading your way light a rocket speeding along on rails.

If you were also wondering where to spend your technology dollars in this area, research also finds about 75% of all financial institutions use Facebook; 54% use Twitter and 48% use LinkedIn to share information about the bank, communicate with customers, deliver customer service and seek out new customers where they are spending time during the day.

We can't fathom the full extent of PCM and how operating 100 times faster might end up impacting social or mobile activities of people, but it will be something to watch indeed.

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BANK NEWS

M&A

United Bankshares (\$8.4B, WV) will buy Virginia Commerce Bancorp (\$3.0B, VA) for \$490.6mm in stock or about 1.82x tangible book (captures 29 offices).

M&A

One PacificCoast Bancorp (\$291mm, CA) has agreed to buy 90% of the stock of Albina Community Bank (\$128mm, OR) for an undisclosed sum. Both banks are community development financial institutions (are about 60 in the country).

Branch Sale

Sterling Financial (\$9.5B, WA) has agreed to sell 3 branches to the parent company of Bank of the Pacific (\$644mm, WA) for a \$1.2mm premium or about 2.77% of core in-market deposits.

FOMC

In the first meeting of the year, the Fed elected 4 new members to the voting group (seats rotate) from various regional Fed banks. Those who left were Lacker (Richmond), Pianalto (Cleveland), Lockhart (Atlanta) and Williams (San Francisco). Those added were George (Kansas City), Evans (Chicago), Rosengren (Boston) and Bullard (St. Louis).

Ponzi Suit

The receiver trying to recover money for victims of the \$194mm Trevor Cook Ponzi scheme has filed a civil lawsuit against Associated Bank (WI). The receiver alleges Associated let Cook transfer money in and out of accounts and took in investor funds, but knew his entity was a sham. Cook was sentenced to 25Ys in prison for defrauding 900 investors.

Economy

A CNBC survey of major Wall Street economists finds the group thinks the economy will grow 2.08% this year.

Consumer Collections

The CFPB indicates about 1 in 10 Americans have accounts in debt collection with an average balance of about \$1,500.

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