

## REPORTER ON THE SCENE AT THE EMC - FINAL DAY

by [Steve Brown](#)

Last evening was the Grand Finale Reception for our conference and we spent time wandering the room talking to bankers and enjoying the different buffet tables. Throughout the conference, we had described mobile deposits as the ultimate customer "switch kit." A banker from the Midwest wanted to know more about that, so we talked about how it worked in more detail. This is critical for community banks because once a customer takes a picture of a check, that competing bank has received enough customer data to open an account with a few more clicks. By augmenting this information with credit data, the bank now has enough to determine which products to show first, which ones to bundle together and who in that bank should make contact with this new customer to immediately deepen the relationship. We urge our community bank readers to explore this product quickly, as adoption rates are soaring, along with customer activity.

As we close today, we focus a moment back on a few more speakers in the line-up. PCBB profit experts Mike Middleton and Janet Leung focused bankers on improving profitability and sprinkled in some ideas that can be readily applied to increase performance. They pointed out how important it was for banks to watch model assumptions, in order to accurately measure which customers are profitable and which ones aren't before taking action. They also suggested a twist on cross-selling to reward employees who use internal data to successfully introduce new products to existing customers (much less expensive way to broaden a relationship).

Greg Tung gave a fascinating talk about how demographic, technological and urban changes were impacting cities and how that translated to banks and bank lending. He noted a shift had occurred in preferences from mono-cultural spaces (like business parks) to a more dynamic mix (with housing, retail and business). He noted that "business livability" attracts innovators and creates economic growth.

Sydney Garmong of Crowe Horwath discussed the new accounting rules for credit losses, pointing out these rules will cover securities as well as loans. The focus on expected loss over the life of the financial instrument means there will still be emphasis on the first 12 and 18 month period, but banks must also consider credit risk over a longer period. The specifics of these rules are still in the works, so we will keep you up to speed as they will dramatically change how you do your allowance for loan loss reserves.

Finally, yours truly once again took the podium to talk about the 10 hottest products and what they meant for community bankers. Some of those discussed included "omnichannel banking" where the customer experience is consistent across all delivery channels. Financial activities are more deeply embedded into our daily lives than ever and people are accessing banks through multiple channels (branches, mobile, etc.). The key here is to keep things convenient, simple and consistent. A recent Cisco study found 83% of people say they are interested in bank branches that offer expanded services and 78% use web applications for transactional purposes now (paying bills, checking balances, etc.). In addition, nearly half (47%) say they have absolutely no problem interacting through a video conferencing device to resolve problems. A few other interesting areas bankers might

want to explore included: "telepresence Robots," "bring your own ID" and "location and time-based targeted marketing."

For those bankers who could attend, we thank you for coming to the conference and know you have departed with at least a handful of things you can immediately do to enhance your bank upon your return. For those who could not attend, we hope you have enjoyed these recaps as you make plans to attend in 2014.

## **BANK NEWS**

### **Prepaid Cards**

Consulting firm Mercator predicts people in the US will put \$202B on reloadable prepaid cards in 2013 vs. \$29B in 2009. Perhaps that is one reason why all the large banks have launched and offer prepaid card programs now.

### **New Boss**

Former federal prosecutor Mary Jo White has been sworn in as the 31st Chair of the SEC.

### **Less Credit**

A survey by Sallie Mae and Ipsos finds 33% of college students owned a credit card in 2012 vs. 40% in 2011 and 42% in 2010. Changes in regulation and a move to prepaid cards have been key contributors to the decline.

### **No Lawsuit**

A federal appeals has ruled Bernie Madoff's investors cannot sue the SEC for failing to surface his fraud, stating a law protects government agencies from lawsuits related to how agencies use investigative powers.

### **Account Tiers**

Seeking to boost returns given regulatory changes, more banks have begun to roll out deposit account fee structures based on the services customers use with the bank. To stay efficient, bankers should consider about 5 or 6 accounts with monthly fees that can be waived if certain balances or other business is done with the institution.

### **Economic Pain**

A new NBC News/Wall Street Journal poll finds 47% of those surveyed believe sequester cuts will hurt the economy vs. 16% who say it will help.

### **Home Foreclosures**

RealtyTrac reports the number of homes lenders repossessed declined in Mar to the lowest level in 5Ys, but the number of new foreclosure filings increased 2% (showing the sector still needs improvement to get back to where it was prior to the crisis).

### **Failure**

Bank failures in the 1Q were at the lowest level since prior to the recession, a good sign the credit crisis has abated once and for all.

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