
TRANSFORMED BY TECHNOLOGY

by [Steve Brown](#)

No, really - we can't live without a cell phone or a tablet. If someone had said this 10Ys ago, we would have scoffed and told them to just get over themselves. Times have certainly changed, as we would bet almost everyone reading the Banc Investment Daily (BID) this morning would have some difficulty if the smartphone clutched in your sweaty paw were to disappear without a trace. Our lives have transformed enormously in the last 10Ys and things are still moving. This is the 2nd wave of technology, the 1st being the personal computer revolution.

As bankers, everything is going mobile and we have worked hard to keep up with the many changes around us. Bankers have developed internet banking sites, online bill-pay and launched mobile banking offerings. Now in the pipeline and already instituted by the big banks, mobility has gone viral and appears even on ATM machines. Everything is more portable than it used to be, so people interact with their banks much more frequently and expect those interactions to be convenient.

Everyone knows branch traffic continues to decline, as people use their gadgets to do most of their banking wherever and whenever they want. One area rarely discussed, however is the transformation of living and working spaces that has been developing for some time across America. This is important because community banks are big CRE lenders, so long-term planning for your bank and your customers is important. Customers have changed, so branch space must change too.

For around 50Ys, nearly all development of real estate was based on a suburban model. Emphasis was on easy access for cars and this caused movement away from the center of cities. For some time now, there has been movement back towards the middle of cities and towns, with restoration of historic centers and population returning to urban centers. People want to spend less time in their cars commuting to work and more time having fun in major cities. Cost of gas and congestion on freeways are factors and people are moving toward multifamily apartments and condominiums to avoid driving.

This movement has escalated because cities and towns have taken more steps to attract small and medium businesses. These are part of the creative class economy and the 2nd technology wave. People and companies have found that innovation is a social and collaborative process, so businesses want different kinds of office space that are open and offer in natural light. Gone are those large blocks of cubicles in an office park, as desirable office space mixes private and collaborative space, with worker amenities onsite.

Innovative technology driven companies have not only changed the inside of the office, but done so with flair. Most areas that attract the very best small and medium businesses have a dynamic mix of uses with retail space around where people work, plus living space nearby. The whole conglomeration is a mix of new and older buildings, with transit, street life and public spaces. Drivable suburban environments shift to urban where people can walk more than drive.

As technology advances, think about your own bank. Do you have a drive up ATM only or do you also have one for the person on foot or on bicycle. To improve, constantly challenge your bank's future plans in context of this changing environment.

BANK NEWS

Regulation

The CFPB has finalized a rule that allows credit card issuers to look at the income of a working spouse and share it with an unemployed one at home who has applied for a card, as long as the nonworking spouse is 21 years old and has a reasonable expectation of access to the income.

Video Banker

Research by Cisco finds nearly half of all bank customers (47%) say they have no problem interacting with a banker through a video device. Times are changing as people become more comfortable using Facetime, Skype and self service kiosks, so keep talking to customers about their preferences as you monitor behavior.

Job Cuts

BB&T has announced it will consolidate 37 markets into 23 and eliminate 14 regional president positions, as it seeks to streamline operations and reduce costs.

PFM

Personal Financial Management (PFM) refers to software that gives customers a comprehensive view of all of their financial relationships - no matter where those relationships reside (bank, credit union, insurance company, etc). PFM has been gaining traction in the past 12 months, as large banks focus more efforts there (to see the entire customer opportunity) and as people become more and more mobile. Recent research by Aite finds 25% of the largest banks now offer PFM tools for their customers.

BYOID

Bring your own Identification (BYOID) is the new term for biometrics. Banks should note research by Unisys finds the top customer preferences by device are voice recognition (32%); fingerprint (27%); facial scan (20%); hand/palm (12%) and iris (eye) scan (10%). As mobile device usage and mobility increase, passwords are becoming too difficult to handle, so more efforts are moving into BYOID. Your bank might want to start experimenting to see what fits your customer base so you are prepared.

Mobile Banking

Research by the Federal Reserve finds 28% of mobile phone owners have used mobile banking in past 12 months - a 33% jump vs. prior year. Further, 48% of smartphone users have done banking through their phone in past 12 months - a 14% increase vs. prior year. Pressure on branches and their inherent costs will continue as the industry continues to change.

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