

## Snapchatting About Mobile

by [Steve Brown](#)

A good TV show to watch growing up was Mission Impossible. At the beginning of each episode, Peter Graves learned of a new mission via a device that once played, announced its intention to self destruct and then dissolved into a

smoking bunch of melted wires. We were intrigued to find a modern version of this, only without the smoke, a mobile app called Snapchat. Users can send photos or text messages and the messages self destruct seconds after being viewed. The first users were not surprisingly high school students, but the next demographic group to adopt the idea was junior Wall St Bankers. They wanted to communicate a party-animal moment to friends, but still have their job the next day, so viola - Snapchatting was a good way to do just that. What do high school students and junior Wall St Bankers have in common that they would migrate to the same social media communication method? They trust their friends to keep information private for only a few seconds.

Technology seems to adapt at an ever-growing pace to meet almost every need. It has been a necessity for banks to be in the forefront of change, as the acceptance of mobile banking has been faster than even the highest estimates. In fact, mobile banking has been adopted at a faster rate than any other banking technology in the history of banking. Current predictions from Juniper in fact, estimate there will be 1B mobile banking users worldwide in the next 4Ys. Mobile has already re-shaped bank relationships with their customers and it will continue to do so.

The basic areas that most mobile banking platforms now provide include registration and login, basic account information (balances), transactions (deposits, payments and transfers) and communication with the bank.

The real question is, what should banks expect in terms of innovation? Simplification of existing processes, like clumsy login screens are a priority, but there are others. Adding information available prior to login, allowing customers to see balances on the homepage, immediate categorization of purchases and integrated photo capture of receipts could all make sense. This last one, combined with instant access to future bill-pay transactions, gives customers an overview of future cash flow.

Mobile technology is replacing many of the interactions customers previously executed in branches and there still needs to be the ability for mobile users to gather information. Whether it is a live chat window during office hours or the ability to generate a specific account query, there will be times when the default choices do not take care of all a customer's needs, so more is needed to ensure a great customer experience.

Mobile app usability and efficiency has been impeded in many cases by the fact that most are basically miniaturized versions of a bank's online banking platform. A number of the larger banks who led with mobile technology in the first place, however, are going back and rebuilding mobile apps from the ground up and focusing on fully integrating all banking channels. Community banks can and should expect improvements and innovation from outsourced service providers as well. Banks should roll out improvements to customers as quickly as possible, as innovations will keep customers satisfied and allow the bank to benefit from the efficiencies mobile technology brings.

# BANK NEWS

## **Loan Default**

Anchor Bancorp (\$2.4B, WI) has defaulted on a \$116mm loan from US Bank and others after the Fed would not sign off on another extension. The loan matured June 30 and was extended a few times, reportedly, but the Fed eventually said Anchor did not have the ability to service the debt.

## **Rising Yields**

Goldman Sachs forecasts the 10Y Treasury yield will be 2.75 to 3.00% in early 2014 and then rise to 4.00% by 2016.

## **Higher Rates**

It is interesting to note that the average yield on the 10Y Treasury has been 4.90% over the past 113Ys.

## **NIM**

Analysis by the ABA finds banking industry NIMs fell 75bps from 1992 to 2012, to an industry average of 3.42%

## **Mobility**

There were 33mm mobile bank users in 2012, a number that is expected to jump to 96mm in the next 2Ys.

## **Priorities**

Research by Deloitte finds the top 3 strategic priorities getting the most attention at businesses right now are: improving the top and bottom line performance (38%); expanding into global and new markets (33%); cutting and managing costs (32%); acquiring, serving or retaining customers (32%) and managing human capital (30%). The data shows companies are hyper focused on performance as they mostly seek to expand and are on the offensive.

## **Small Biz**

The government reports it awarded 22.3% of its \$400B in contracts to small businesses in 2012, slightly below the target of 23% mandated by the Small Business Act.

## **Talent Management**

Research by Deloitte finds company executives rank their overall talent management programs as world class in some areas (40%); adequate but need to improve (30%); world class (17%); getting by but need significant improvement (10%); and underperforming and needing radical improvements (3%). The data shows there is some room to improve for all and community banks are likely no exception.

## **Risk**

The World Economic Forum ranked cyber crime as one of the top 5 risks organizations face this year.

## **No Leave**

Research by the Center for America Progress finds 38% of US workers (about 40mm) do not get paid sick leave.

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