

The Who on Going Mobile

by [Steve Brown](#)

"Going Mobile" is a song by the 1971 rock band The Who. The word "mobile" in this day and age brings to mind phones, but it meant something entirely different back in the 70's. First of all, telephones were almost always permanently affixed to kitchen walls. Furthermore, the push buttons we have become so accustomed to were a luxury and cost more than a rotary dial. Of all the technological advances over the last 40Ys, the transition of the telephone into a small hand-held computer is among the most dramatic. So what was Pete Townsend's song about? This was an era of awakening concern over air and water pollution. "Going Mobile" was about the need to travel, in spite of the polluting aspect of driving a mobile home/RV. In this song, the need to be free to travel the open road overcame the larger global concern of pollution.

Going mobile these days can have the opposite effect of freedom. Mobile devices connect us to our office, personal email and texts. Business and personal updates are instantaneous and constant no matter where you are. This level of connectedness can be intrusive, but it also provides reassurance that things in the office or at home are okay and lets us know if there is something requiring attention.

There is no question that mobile needs attention in your bank. Here are some 2013 statistics: 91% of all people on earth have a mobile phone; 55% of mobile phone users have a smartphone; 50% of mobile users indicate a mobile phone as their primary internet interface; 80% of mobile time is spent in apps and 72% of tablet owners make online purchases once a week. Global mobile traffic now accounts for 15% of all internet traffic and almost 30% of all emails are opened on mobile phones. Finally, mobile based internet searches are 25% of the total searches.

Most banks do have a mobile app for checking account balances and making transfers, which is good. Many are also adding mobile deposit capability. Mobile deposit is convenient for customers and efficient for banks to process, but it also further reduces branch traffic. This is a bummer (70's reference) since positive branch experiences tend to cement customer relationships more than a spiffy app; however, your bank needs both to be successful. Customers come into branches for more complex transactions and this gives your staff the chance to shine and offer additional services.

But let's talk about that app and how your mobile interface looks and works. Does your mobile app have your logo and name on it, or is it a service provider's brand that has no reference to yours? We ask this question because a generic app lives on our mobile phone. It is a mobile banking app, but there is no reference to the bank's name or even that the app is for a bank. Similarly, how is the functionality of your mobile app? Is it easy to enter usernames and passwords and navigate between accounts? If not, know that 57% of users say they won't recommend a business with poorly designed mobile.

In an effort to practice what we preach, we have upgraded the Banc Investment Daily into a mobile-friendly format. For those who haven't yet tried it, read this on your smartphone, tablet or laptop if you wish, wherever you may happen to be. We know you will want to keep up with every new idea and awful pun, regardless of whether you are in your office or have "gone mobile" somewhere on a beach in Tahiti.

BANK NEWS

Closed (23 YTD)

In a rare mid-week action, regulators closed Bank of Jackson County (\$26mm, FL) and sold it to First Federal Bank of Florida (\$973mm, FL) under a purchase and assumption agreement. First Federal acquires 2 branches, all deposits and \$23mm of assets.

AML Fines

Research by BankersAccuity finds the number of AML fines has more than doubled for the period Jan to May of this year vs. the same period in 2012.

M&A

SNL reports there were 236 bank M&A deals in 2012 with a median price to tangible book of 1.15x vs. 178 deals in 2011 for 1.06x book.

Customer Profitability

An Accenture study of customers finds changing behaviors have reduced customer profitability by 5% to 15% for almost 50% of banks reviewed. The adoption of new technologies, new communications channels and being open to offers from new providers were all cited as key reasons why.

No Fee Income

A KPMG study of community banks finds 93% say fee income accounts for 20% or less of total bank revenue.

Returns

Research by Accenture finds Basel III is expected to cut about 240bps from ROE, but asset quality improvements and cost reductions could add back 310bps and 180bps, respectively for banks.

Customers

A survey by Allianz Life finds 54% of women say they are the CFO of their households and 62% said they were interested in learning more about financial planning, retirement planning and investing. About 70% said financial information was hard to understand.

Social

A Cogent Research survey of people with more than \$100k in investible assets finds 34% use social media to search for financial advice.

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