

Old Technology Or New?

by [Steve Brown](#)

All around the banking industry we hear about the influence of technology, but what about the holdouts that refuse to get with the program? Everyone knows someone who either doesn't have a cell phone or is trying to get by on one that is still just a phone (and not a Smartphone). This person probably doesn't use the internet very much either and while we would like to complain, for us it is our mom--so we look to her other great qualities as we ignore this small peculiarity.

On one hand, the use of devices makes us available constantly, but on the other, it also allows us to prioritize communication on the go. It seems almost rude to actually phone someone for something inconsequential as the voice telephone is reserved for longer conversations of a detailed nature. Meanwhile, text messages have become the go-to way to contact someone for a quick and immediate communication ("On my way"). Email is still embedded in business and is often used for a longer note or a detailed description, or for sending attachments. For the person with no technology, even the quick "on my way" message requires a fully received voice communication (given it is mom though, we will happily oblige).

You may wonder how many people still try to avoid omnipresent technology these days. The Pew Internet Project found in Jan. 2014 that 90% of American adults have a cell phone and only 14% do not use the internet at all. This really is astounding considering that in 1995, 86% of the population did not use the internet. Another amazing technological change over a short time is the use of broadband in homes. When Pew began studying this in 2000 only 3% of homes had broadband, and now 70% of homes have broadband and internet use is above 80%, regardless of whether one is an urban or rural dweller.

Predictably, there are more urban mobile users (64% in cities versus 60% in suburbs and 43% of rural dwellers). For community banks operating in smaller towns that don't think mobile is that important to customers, it should be worthy of note that there 58% of Americans have a smart phone and the highest use is by those under age 39. Further, almost 50% of people between ages 50 and 64 are smartphone owners. As the data shows, the demographic differences are flattening quickly, so offering more digital services to all is even more important for banks. Changing demographics also tell us that we need to market by behavior, not by age group or locality.

You might also be thinking about the business ramifications of all this connectivity. These days, customers do a lot of comparative shopping before they ever enter a place of business. This means customers are more informed with basic information, so your business customers have to be more nimble and constantly surveying the competition. In addition, when customers come into your bank, you can expect they have also shopped a few competitors through the internet so they may be mostly interested in how your bank is different from others.

Today, experts estimate some 60% of the sales process is done before customers actually engage someone who offers a service. Most of this research will be done on the internet and this means that your bank's site should be attractive, user-friendly and offer comprehensive information on products and services. It is equally important that your staff be knowledgeable and capable of explaining products well beyond the basics. These factors and others should help differentiate your bank from

the competition, highlight your strengths and emphasize the expertise and attributes that make your institution special.

We occasionally ponder articles listing reasons to destroy one's smartphone (usually while sitting on a beach). After all, using GPS removes the opportunity to stumble across interesting places to visit while lost and auto-complete makes us write like an idiot at times. On the whole though, it is hard to argue that technology also has offers convenience and features we appreciate.

BANK NEWS

Bank Closed

Regulators closed Columbia Savings Bank (\$37mm, OH) and sold it to United Fidelity Bank, fsb (\$184mm, IN) under a purchase and assumption agreement. United gets 1 branch, all deposits (undisclosed premium) and essentially all of the assets (undisclosed amount).

M&A

First Business Bank (\$1.2B, WI) will acquire Alterra Bank (\$211mm, KS) for \$30.1mm in cash (45%) and equity (55%) or about 1.57x tangible book.

M&A

Pan American Bank (\$222mm, IL) will acquire Bank of Palatine (\$52mm, IL) for an undisclosed sum.

M&A

Transportation Alliance Bank (\$627mm, UT) will acquire Anchor Funding Services LLC for an undisclosed sum. Anchor provides factoring services to small businesses across the country.

Branch Sale

AmericanWest Bank (\$3.9B, WA) sells 1 branch in MN to Eagle Bank (\$120mm, MN) for an undisclosed sum.

Competition

Reuters reports Intuit will reportedly acquire bill-payment service Check Inc. for about \$300mm. Check reports 10mm people use its smartphone app to track and pay bills.

Biz Lending

The IRS reports about 72% of businesses in the country are sole proprietorships.

Mobile Risk

A survey by Deloitte finds the Top 3 factors influencing security concerns related to mobile devices are: the security of transacting over Wi-Fi and mobile networks not high enough to protect personal financial information (36%), concerns smartphone or tablet might get lost or stolen (28%) and the risk of identity theft is higher with mobile (21%).

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