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## The Standard Testing Of Mobile

by [Steve Brown](#)

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Whether you love them or hate them, standardized tests have deep roots in the U.S. education system going back to the 1800s. Use of these controversial tests rose steeply more than a decade ago after the No Child Left Behind Act required all public schools getting federal funding to administer an annual state-wide test to all pupils. Whether or not you approve of standardized testing, there are certain strategies that can help children do better on multiple choice exams. One such strategy is to eliminate answers that are obviously incorrect, narrowing down the viable choices. This approach can also be used by community banks when it comes to mobile technology.

Many banks today are being tested by swift changes in technology that are radically redefining how they do business. Nowhere is this perhaps more apparent than with banks trying to define their mobile strategy. For those banks still muddling their way through, we offer some helpful tips for scoring higher marks as you standardize your approach to customers.

The first is using mobile alerts effectively. There's some good news here for banks that may be exercising too much caution because research suggests you don't have to be afraid to reach out. A study last year from Varolii Corporation found that the majority of consumers are open to proactive communication from the companies they do business with, including banks. Consumers are particularly open to communication when it could have helped them avoid issues. So, for instance, 70% of those polled welcomed messages from their bank about fraudulent account activity, 45% appreciated notices about a late or missed payment and 37% valued an update on the status of their loan or mortgage refinancing. Of course, there is such a thing as too much of a good thing, so be sure not to overdo texts or emails.

Next is how best to allocate resources when it comes to creating PC-based, tablet and phone experiences for customers. Last year, 82% of company executives interviewed by Forrester Research said they consider their tablet strategy to be just an extension of mobile phone strategies. But with both areas growing considerably, one can make a good case to separate the two to deliver better services to customers in both areas. Adobe has predicted that 10% of web traffic this year will come from tablets alone, so instead of siphoning dollars from your mobile budget you might, as Forrester recommends, consider reallocating money from your PC budget instead.

Third, continue exploring up-and-coming mobile products and services. For instance, there's a growing interest in sophisticated mobile tools that allow debit card users to easily deactivate and reactivate their cards and wearable technology is also coming along. Whatever new products you consider will depend in large part on your customer base, so make sure you have a handle on what types of products your customers might find appealing. Trendy technology is cool, but it doesn't do any good if it's not furthering your business strategy or your customers don't care.

Finally, we note there is no precise answer on how to build the perfect mobile strategy. There are obviously many competing considerations and it can get down to bank to bank competition in many cases. Standardized or not, the real test over time will be how your mobile strategy drives revenue growth and new opportunities for your bank.

# BANK NEWS

## M&A

First-Citizens Bank & Trust Company (\$21.9B, NC) will acquire with First Citizens Bank and Trust Company, Inc. (\$8.5B, SC) in an all stock deal valued at about \$637mm to \$676mm. Both companies are majority owned by the Holding family and the move creates the sixth largest bank based in the Southeast. It is also the largest merger transaction of the year.

## M&A

EagleBank (\$3.8B, MD) will acquire Virginia Heritage Bank (\$917mm, VA) for about \$183mm in cash (25%) and stock (75%). Eagle picks up 5 branches.

## M&A

Peoples Savings Bank (\$175mm, IA) will acquire Pleasantville State Bank (\$41mm, IA) for an undisclosed sum.

## Branch Purchase

First Community Bank (\$2.6B, VA) will acquire 6 branches in NC and VA from Bank of America for a 1.75% premium. The branches hold a reported \$440mm in deposits.

## Branch Purchase

HomeTrust Bank (\$1.6B, NC) will acquire 10 branches in NC and VA from Bank of America for a 2.86% premium. The branches hold a reported \$504mm in deposits.

## Streamlined Lending

The SBA said it will ease lending requirements beginning next month for loans of \$350k or less, by allowing banks to use its credit score model instead of having to do cashflow analysis.

## Loan Reserves

FDIC data shows the loss allowance to loans has declined about 45% from Q1 2011 to Q1 2014. It has fallen from 3.01% (Q1 2011) to 2.47% (Q1 2012), 2.03% (Q1 2013) and 1.67% (Q1 2014).

## ROA & ROE

FDIC data from Q1 shows the ROA & ROE for community banks nationwide was 0.87% and 8.03%, respectively.

## Small Biz Lending

A survey by the NFIB finds only 2% of small business owners said getting financing was their biggest issue right now.

## Loan Growth

Community banks trying to project loan growth this year and next might be interested to know the CFO of JPMorgan predicted at a recent conference that their bank expects to see 5% or perhaps more for both years.

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