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## Gadgets, Innovation And Younger Customers

by [Steve Brown](#)

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We're real gadget lovers, so we were somewhat dismayed several years back when The Sharper Image filed for bankruptcy protection and closed all its stores. We have fond memories of browsing aisles jam-packed with gadgets that we certainly didn't need, but really wanted nonetheless. Today, The Sharper Image fans need not dismay: the popular brand lives on through a licensing agreement. Electronics, personal care items and other cool merchandise can all be bought online--allowing a whole new generation of consumers to enjoy these iconic products.

When it comes to younger consumers, many banks may find they are spending an increasing amount of time trying to engage with them--a topic we've touched on in previous issues. At the risk of sounding like a broken record, one way to show your doors are open to younger customers is by offering products they'll find appealing.

We recently saw a video of U.S. Bank's mobile voice banking product in action and boy is it cool! The language recognition technology allows users to view account balances, search transactions, ask questions and make payments simply by talking into their mobile phones. For those who are technologically-inclined, as many young people today are, mobile voice banking can represent an exciting new way to bank. It is also a good lead-in for banks to offer additional products and services.

Certainly the technology will have to prove better than the voice recognition software many companies use today for their customer service hotlines. We've lost count of the times we've hung up in frustration when one automated system or another repeatedly fails to understand why we're calling.

If voice has improved enough though to live up to expectations this time, we think mobile voice recognition software holds a lot of promise for banks. At the very least, it should be on the watch list for any community bank that expects to maintain a continued presence with younger customers.

Here's another cool idea as a way to possibly draw in younger customers - student-run banks. There are currently dozens of these banks across the country as well as hundreds of credit unions running branches in schools. Typically they aren't profit centers but rather are designed to teach students the nitty-gritty of banking. Students usually receive some type of stipend or college scholarship money for their work and parents are known to open up accounts since their son or daughter is working.

What intrigues us about this is the wonderful opportunity it presents for banks to gain brand recognition with potential future customers and at the same time teach high-school students how to manage and save money. These are skills that many are sorely lacking and stoking the talent pool never hurts either.

Promoting your debt management services is another way to potentially engage younger customers. According to a recent survey from Wells Fargo, 42% of Millennials polled cited debt as their biggest financial concern. Not only that, 56% of them professed to be living paycheck to paycheck. Whether they are feeling crushed under the weight of credit card debt, student debt or mortgage debt, there are many young people who need help breaking the cycle and properly managing their money. This is a prime opportunity for enterprising banks.

Banks shouldn't fear innovative thinking when it comes to trying to bring young customers into the fold. Unlike Sharper Image, you don't necessarily need chairs that give customers full-body massages to cement the relationship, but you've got to offer something beyond today's plain vanilla banking products.

## **BANK NEWS**

### **M&A**

KeyBank (\$88B, OH) will acquire investment bank and capital markets firm Pacific Crest Securities for an undisclosed sum. Pacific boosts opportunity for Key to target middle market technology companies.

### **M&A**

Guaranty Bank and Trust Co. (\$2B, CO) will acquire Cherry Hills Investment Advisors for an undisclosed sum. Cherry boosts opportunity for the bank in the investment advisory business.

### **M&A**

Vantage Bank Texas (\$328mm, TX) will acquire D'Hanis State Bank (\$47mm, TX) for an undisclosed sum.

### **M&A**

Boston Private Bank & Trust Co. (\$6.5B, MA) will acquire wealth management firm Banyan Partners LLC for about \$60mm in cash and stock. Banyan has \$4.3B of client assets under management. Boston plans to create a new subsidiary that will combine its existing wealth management business with Banyan's business.

### **M&A**

The Vinton County National Bank (\$766mm, OH) will acquire The Citizens Bank of Ashville (\$105mm, OH) for about \$12.2mm in cash or 1.4x tangible book.

### **M&A**

Farmers Bank & Trust Co. (\$840mm, AR) will acquire 1st Bank (\$309mm, TX) for an undisclosed sum.

### **Bank Tech**

Bankers heavily use Microsoft products, so they are watching with interest the announcement by the company to cut up to 18,000 jobs over the next year (which accounts for approximately 14% of its employees).

### **Good News**

Wells Fargo CEO John Stumpf told CNBC interviewers he expects Q2 GDP to "surprise on the upside" and that he is "quite bullish" on lending opportunities. This is important since Wells lends in nearly all markets nationwide so Stumpf should have a good pulse on what is happening.

### **Branch Staffing**

The ABA reports analysts say it now takes about 7 people to serve a branch that used to require 10.

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