

Getting Personal In A Digital World

by [Steve Brown](#)

We get way fewer telemarketing calls these days because of the FTC's National Do Not Call Registry, yet we still seem to get our share of robocalls from political and public service campaigns. We understand there's a legitimate use for these automated messages, but we still can't help feeling slightly put off by the lack of person-to-person contact that comes with living in a highly digitalized world.

Banking is, was and will likely always be about personal relationships. But as technology evolves and becomes even more pervasive in our daily lives, banks need to find a way to connect personalized service and technology.

As a testament to how critical technology has become, consider a recent study by Bank of America that found mobile phones rank higher in importance than TV and coffee for most Americans. Respondents even ranked their mobile phones as having the same importance as deodorant and having just slightly less importance than their toothbrush. Yuck!

Now that so many people are tethered to their cell phones, it's no shocker that their desire for perpetual connectivity extends to mobile banking. Of those using mobile banking apps, the same study found 82% access it once a week or more, while 31% access mobile banking at least 1X a day or more. Consumers use their mobile banking app most frequently to check balances, transfer funds and pay bills, according to the same study.

These findings, coupled with other published research, should provide the incentive all banks need to jump on the mobile bandwagon. It's particularly important if you want to appeal to a younger crowd between the ages of 18 and 24 who (disturbingly) ranked their mobile phone as the most important thing in their daily lives--even more critical than the Internet, deodorant and their toothbrush.

At the same time, technology can't be a bank's only focus. We think it's important to find a way to give technology a personal touch. For instance, to better appeal to young customers, banks might differentiate themselves by building apps that customers find personally appealing (very tough given the near monopoly of the core systems we admit, but keep adding pressure and hopefully one of them will agree to do it). Then there are also a lot of finance and budget calculators available in cyberspace, so think of how much more traffic you can drive and customers you can acquire by offering something that will perform the functions customers want. These could include personal finance and budgeting, mortgage calculators, loan calculators and credit monitoring. If customers can get all they need in one convenient spot, they'll likely be happier as well.

It makes sense to continue to seek out opportunities to provide customized service within other digital mediums as well. Consider, for instance, Wells Fargo's new adaptive ATMs in which every screen is customized, based on an individual customer's personal transaction history. Buttons for what a customer does most appear in green. So, for the customer who typically withdraws \$60 or deposits money to his family checking account, they can simply tap on the respective green button to easily accomplish the task. Customers can also personalize whether they want a receipt and if so,

whether it should be printed, emailed or texted. It's a pretty cool idea and plays right into the idea that customers love technology customized specifically to their wants and desires.

We still believe strongly that banking is a people and relationship business, but we're savvy enough to know that technology is a crucial element in any ongoing healthy customer relationship. There's a happy medium out there somewhere, so keep experimenting and digging to find it.

BANK NEWS

Overdraft Fees

The CFPB reports the median overdraft fee is \$34 or about \$10 more than the median overdraft amount of \$24 that triggered the fee. This area remains a key area of focus for the regulator.

Small Biz

A BAI study of small business banking finds: the average time the business has been with its primary bank is just over 15Ys, uses about 1.6 financial institutions and is pretty satisfied with its primary bank (76% are satisfied).

Good Strength

SNL Financial reports the value of loans held by the banking industry in 2Q reached \$8.1T, the highest level since 1991 and up 2.3% from Q1.

More Fear

The latest Bank of America Merrill Lynch survey of fund managers shows cash holdings have reached the highest levels since mid 2012, given concerns around geopolitical issues (Israel/Hamas, Russia/Ukraine, Iraq/Isis) and the timing of Fed interest rate increases. Those who expect to see a sharp fall in equity markets in the next 3 months jumped to the highest level since 2008.

Agriculture Lending

Farm machinery company John Deere reported lower equipment sales in the most recent quarter; saying farmers have less money to spend given lower harvest and lower commodity prices. The Agriculture Department forecasts farm incomes are likely to fall this year to the lowest levels in 4Ys.

Payments Competition

Amazon has jumped into the mobile payments fray by announcing mobile card reader (called Amazon Local Register) similar to the one offered by Square. Amazon will charge 2.50% per swipe vs. 2.75% that is charged by Square.

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