

A Better Online Banking Experience

by [Steve Brown](#)

We recently visited a national chain coffee shop and to our dismay left with a lukewarm cup of coffee in hand. We were in a hurry so we couldn't wait for another pot to brew, but the experience left a bitter taste in our mouth, beyond the disappointment of the tepid drink.

We can only imagine the frustration customers must feel when they try to bank online and run into various roadblocks. When customers encounter a website that's not mobile-friendly or is confusing or that doesn't allow users to effortlessly get the information they need, it can easily ding the bank's reputation and perhaps even get customers looking at the competition.

No one can afford to give customers a reason to leave. While confidence in our industry has been inching into more favorable territory, it's still far below where it was pre-recession. A recent Gallup poll found that 26% of Americans have "a great deal" or "quite a lot" of confidence in banks, unchanged from 2013, but still a far cry from the pre-recession level of 41%.

Online banking technology is obviously of interest to most customers these days and more and more community banks are committing to improving their online customer interface. As we've written about in the past, some banks may still be behind the eight ball though, by either not being fast enough to market or by coming to market with ho-hum online and/or mobile offerings that could undermine their whole enterprise.

The stakes are indeed high, as a record number of bank customers are shifting away from traditional branches according to surveys. It's certainly telling that more than 1 in 4 customers would likely consider a branchless digital bank if they were to switch from their current bank, according to a recent Accenture study. This figure is likely to increase over time, taking into account the digital leanings of younger bank customers. Indeed, 94% of Millennials polled by Accenture profess to be active users of online banking and 72% say they are active users of mobile banking.

Small things really can make a difference in the online experience, so avoid serving the proverbial tepid coffee and keep your offerings fresh and hot. For instance, when customers use a bank's mobile app or online banking site, they expect satisfaction here and now. Customers are used to having immediate and easy access to web-based information. When a customer submits an online application, they expect to get their answer online--and quickly--or they will often just walk away from the process altogether. This is why it's imperative to keep the online processes for completing forms as streamlined and fully automated as possible.

Customers also want to be able to find information quickly and easily. If they have to hunt for rate or banking product information, don't be surprised when they give up and go elsewhere. For many online customers, it's all about convenience.

As with our initial discussion, bankers know that unless customers are buying iced coffee, they expect to walk away with a hot cup o' Joe quickly and easily. Likewise, today's tech savvy customers expect their bank's online and mobile platforms to strike a healthy balance between user-friendly and sophisticated. Given that competition for business is so fierce, banks need to be especially wary of providing what may amount to only a lukewarm digital experience for customers.

BANK NEWS

Risk Management

An RMA survey of community bankers across the country finds the following areas flagged as the highest risk currently: regulatory compliance (50%), interest rate risk (46%), liquidity risk (42%), reputation risk (41%), credit risk (40%), operational risk (37%) and strategic risk (33%).

Student Loans

A survey by Discover Student Loans finds 47% of parents now say their children should pay most or all of their college costs vs. 39% in 2012 - an increase of almost 21% in less than 2Ys. About 75% of parents said they were somewhat or very worried about having enough money to help their kids with college.

Free Checking

A MoneyRates.com survey finds that only 25% of traditional banks are currently offering free checking vs. 58% of online banks.

Good News

The Fed reports 12.7% of Americans said they cannot make debt payments over the next 4 months vs. 17.7% who said so 10 months prior.

Customer Risk

A report by FICO finds millennials are 500% more likely to close all of their accounts with their primary bank than people over age 50. Meanwhile, 68% say the largest banks are their primary financial institution vs. 43% for Baby Boomers. Finally, 26% transact with their bank using mobile apps vs. 3% for Boomers.

Housing

The latest report finds single family home prices climbed 4.4% in 2Q, the slowest annual pace in 2Ys.

Strange

A survey by Charles Schwab of people saving for retirement found more than 50% said they spent 5 hours or more doing research to buy a car, 39% said they spent more than 5 hours researching vacation options and only 11% said they spent 5 hours or more evaluating investment options for their retirement.

BOLI

FDIC data shows 57% of banks hold BOLI assets now vs. 48% at the end of 2009, almost a 19% increase.

Lower Earnings

A report by the U.S. Conference of Mayors finds jobs gained during the economic recovery pay an average of 23% less than the jobs lost.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.