



A Trek Across The Future Of Beaming Money

by [Steve Brown](#)

Whether or not you are a fan of "Star Trek," almost everyone is familiar with the command "Beam me up, Scotty," a phrase uttered in countless variations by Captain Kirk (a.k.a. William Shatner), as he called upon his crew to transport him back aboard the USS Enterprise. Throughout the course of the futuristic series, which was set in the 2260s, Captain Kirk and his crewmates routinely relied on transporters to instantly beam them from one location to another. The process converted their bodies into an energy pattern that was then beamed to a specific location where it would reconvert to its original form. The idea for transporters came about because of the show's need to find an affordable alternative to creating and filming elaborate model starships and miniature sets.

If you're thinking that transporters and banking are galaxies apart from one another, think again. While no one has yet invented anything cool enough to convert physical cash into energy and beam it to another location, money is now being beamed between individuals using simple text messages.

Unlike traditional mobile banking or payment services, where electronic payments between individuals rely on money drawn from bank accounts or funded by credit cards, a new wave of mobile payments has emerged. It allows individuals to send money through their phones, without the need for a bank account or even a credit history.

These new money-beaming companies allow individuals to send money to others using their phone. Such technology serves as an inexpensive alternative to wires, check cashing businesses and many other more typical channels, to name a few. Some even allow money to be loaded onto Visa prepaid cards attached to their accounts using the phone and to then withdraw money from ATMs or to purchase merchandise. Users download an app onto their phone and accounts are funded with cash at non-bank retailers and other places for a fee.

If this sounds futuristic, maybe you didn't see the 60 Minutes show on Africa's M-Pesa. This mobile phone company allows its customers to transfer money through a joint effort between Vodafone, Vodacom and Safaricom. Here, people can just text money through the system and pick up cash at multiple phone offices scattered around the country. Instead of relying on smartphone apps, M-Pesa

users leverage simple, plain vanilla cell phones to text money through SMS text messages that are secured by individual PIN numbers.

Users of the service can load money to the individual accounts kept on their cell phones by bringing cash to any of the M-Pesa kiosks or agents located at retailers throughout the country. There, their money is converted to electronic currency that can be sent to other cell phone users, withdrawn at other retailers that support the service or used to make in-store electronic payments. Though all transactions carry a fee it allows people all over the country to move away from carrying cash and toward an electronic money solution.

In case you were wondering what sort of adoption the M-Pesa service has, the company reports 65mm users and is now operating in 11 countries. Banks must be aware of this technology and figure out what your customers will want down the road to stay ahead of it.

Clearly all it takes is one bad cyber theft of text money and things could go south here, but customers seem interested in its flexibility so bankers will figure that piece out. For now, it makes sense to be aware of the trend and begin looking for any ways to potentially make traditional wire payments more attractive to customers to hold your ground. In the meantime, may your businesses "Live long and prosper."

BANK NEWS

M&A Activity

1) Pacific Commerce Bank (\$350mm, CA) will acquire ProAmerica Bank (\$211mm, CA) for about \$29.1mm in cash (50%) and stock (50%) or roughly 1.19x tangible book. 2) Atlantic Capital Bank (TN) will sell 7 branches in TN to two different banks [3 branches to First Freedom Bank, (\$314mm, TN) & 4 branches to Athens Federal Community Bank (\$314mm, TN)]. 3) Tristate Capital Bank (\$3.1B, PA) will acquire asset management company Killen Group (PA) for about \$30mm in cash. 4) Towne Bank (\$6.2B, VA) will acquire Monarch Bank (\$1.1B, VA) for about \$221mm in stock. 5) Professional Bank (\$306mm, FL) will acquire FirstCity Bank of Commerce (\$73mm, FL) for about \$6.8mm or roughly 1.09x tangible book. 6) Bay Bank (\$474mm, MD) will acquire Hopkins FSB (\$240mm, MD) for about \$23.8mm in cash or roughly 1.05x tangible book.

Oil Prices

For those keeping track, oil has now dipped to the lowest level in 11Ys amid a worldwide glut of supply.

Rate Hikes

Fed SF President Williams says every Fed meeting next year will be live and ready for rate hikes and he projects 4 more hikes in 2016. Fed Richmond President Lacker says the word gradual is consistent with 4 rate hikes in 2016. Fed Atlanta President Lacker said the pace of rate hikes will be more like every other meeting (so 4 rate hikes). Finally, a CNBC survey of 42 economists finds the group projects an average of 3 rate hikes in 2016.

Next Hike

The Financial Times reports 67% of economists surveyed expect the next Fed rate hike to occur at the March 16 meeting.

Dividends

Barclays research projects dividends will grow at the slowest pace in 5Ys in 2016, as energy companies move to shore up liquidity. Other industries that are projected to see a lower dividend

growth rate include: financials, health care, industrials, staples and discretionary.

Stop Multitasking

The latest research studies find it is nearly impossible for our brains, given the way they are designed, to handle 2 tasks at the same time. Doing so increases the error rate by up to 50% and doubles the length of time needed to complete the task.

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