



## Modeling A Unique Approach In Banking

by [Steve Brown](#)

Star Wars robots are so passe. The white attired storm troopers, incarnations of the efficient armies of the future, are already dated. The future is now and it is much more personalized. Consider women's clothing, handbag and shoe retailer Rebecca Minkoff. At her flagship stores when you enter you are greeted with a touch screen. It allows you to order a drink, browse through a book of options, order items for the fitting room and even get text messages when the room is ready. That is some high-tech retail selling an experience if you ask us.

This approach shows technology is conquering the retail space and it is here to stay. In similar fashion (get it!) banks are also in stitches over what experts call game changer technologies. Mobile banking is ubiquitous and digital technology has gone from being just a general silhouette in banking to a custom-fitted detail that customers have adopted like crazy.

Things are moving so rapidly in fact that the managing director of the World Savings and Retail Banking Institute said at a recent event for 6,000 banks that institutions must "digitize or die." Consider a Fed survey that tracked progress made by mobile technology. It found 87% of adults have a mobile phone and 71% of those have Internet-enabled smartphones. Naturally, these folks are tempted to use their devices at their bank too. In fact, 39% of mobile phone owners with a bank account used mobile banking in the 12 months prior to the survey vs. 29% in 2012.

Mobile banking is growing fast and bankers are using it to capture and retain customers. One way to stay connected with customers here is to send an alert when a bill needs to be paid or when a fraudulent transaction may be in process. These friendly digital shoulder taps generate positive feelings among customers and can deepen relationships.

As you tinker with your mobile offerings this year, it might not make sense to do what the bigger banks are doing. While that may sound off, consider they are not all that creative and research points out issues with this. In fact, Forrester research recently ranked 41 large retail banks around the world, with a special attention on the functionality of their mobile apps. American banks are not even ranked in the top 10. The best we could do was for Bank of America to land in the 13th position.

Of note, the best banks in mobile according to the survey are from Spain, Poland, Great Britain, Turkey, Canada and Australia. British banks got there because they are at the forefront of the integration of fingerprint authentication into their online offers. Meanwhile, Polish banks are recognized for originality. Finally, CaixaBank in Spain came out on top of the list. It got there by providing good basic services with next generation mobile apps. In fact, 92% of deposits, withdrawals or other transactions are done digitally or at the ATM according to the bank. Further, the bank registers 4 mobile banking operations per minute and executives expect to surpass 2B mobile banking operations by the end of this year. Interestingly, CaixaBank offers more than 70 apps that include such things as predictive tools for future spending based on the customer's past history.

As mobility and technology continue to permeate the banking industry, bankers may want to look to higher-end retail players for inspiration. In this day and age, if you want to make an impression on the banking catwalk you have to personalize things more and more for your customers.

## **BANK NEWS**

### **M&A Activity**

The Ohio Valley Bank Co. (\$793mm, OH) will acquire The Milton Banking Co. (\$135mm, OH) for about \$20mm in cash (20%) and stock (80%).

### **Bank Fees**

An ABA survey finds the amount consumers say they spend monthly on bank fees is: \$0 (61%), <\$3 (11%), \$4 to \$6 (6%), \$7 to \$9 (4%), >\$10 (10%) and unsure (8%).

### **Costs**

Javelin reports it costs a bank about \$1.25 for an ATM transaction vs. \$4.25 for a teller transaction.

### **Student Loans**

Credit reporting agency TransUnion reports analysis of its database shows average student loan balances per borrower has climbed from slightly less than \$10k in 2005 to more than \$25k as of the end of 2014. In addition, the number of consumers who have student loan debt reached 51% in 2014, a 65% increase over the same period.

### **IT Concerns**

Kaspersky research finds the top concerns of IT professionals are: protecting highly sensitive data from targeted attacks (34%); preventing IT security breaches (29%); data protection (28%); ensuring continuity of service for business critical systems (23%); understanding the full range of new technologies available (23%); managing change in IT systems (22%); and ensuring IT systems maximize return on investment (21%).

### **Boosting Effectiveness**

Ponemon research finds companies say things they could do to make their data breach response plan more effective include: conduct more fire drills to practice data breach response (83%); increase participation and oversight from senior executives (72%); assign individuals with a high level of expertise in security to the team (66%); have a budget dedicated to data breach preparedness (65%); have formal documentation of incident response procedures (64%); incorporate what was learned from previous data breaches (59%); assign individuals with a high level of expertise in compliance with privacy, data protection laws and regulations to the team (51%); increase involvement of third-party experts (47%); and ensure seamless coordination among all departments involved in incident response (43%).

### **Not Great**

Online investment portfolio tracking company Openfolio reports 70% of investors lost money in 2015, as financial markets struggled. Meanwhile, those who outperformed held more cash or took on lots of risk with individual stock holdings.

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