



Approach Beacon Technology With Caution

by [Steve Brown](#)

As new technologies emerge, the line between science and science fiction continues to blur. Taking a cue from Harry Potter, scientists in the UK, for example, have discovered a flexible film that can manipulate light to render objects invisible. A flying car--akin to the one that propelled Marty and Doc in Back to the Future--is also on the cusp of breaking the reality barrier. Woburn, Massachusetts-based Terrafugia is hard at work to bring real flying cars that drive and fly to market. The company has already built and flown two fully functional prototypes, and work is currently underway on a conforming prototype for production. And if you are old enough to have been understandably freaked out by the surveillance state depicted in George Orwell's 1984, consider how inescapable video surveillance has become in modern times.

Many predicted that 2015 would be the year beacon technology hit the ground running. Progress toward broad acceptance, however, is more aptly described as a steady crawl, with retailers slowly starting to use it more to communicate with consumers and drive sales. Banks, too, are beginning to recognize the potential beacon technology has to increase customer engagement and create new revenue opportunities.

For the uninformed, beacons are small, battery-powered devices that use Bluetooth low-energy signals to connect to nearby smartphones, tablets and other devices. They have been touted as a way to transform how businesses of all kinds communicate with customers.

A handful of banks around the globe have been experimenting with the technology. For instance, in late 2014, Barclays in the UK announced an in-branch beacon technology trial to help cater to the needs of customers with disabilities. Based within an app, the technology notifies branch staff when customers with physical disabilities enter the branch, so they can receive special assistance.

The technology is just getting off the ground, so there's still a lot of untapped potential for banks. For instance, in addition to better serving customers, banks can also use beacon technology to greet branch customers with a welcome message, share information about the branch and provide any applicable special offers.

Say a customer wanders into a branch. Using beacon technology, the bank can sense when the customer arrives and offer prompt assistance, position products and allow for a more satisfying banking experience.

Banks can help pass the time for customers waiting in line by delivering timely and relevant personalized content using beacon technology. Instead of playing Angry Birds or Cut the Rope, customers can read about special banking offers, watch how-to videos or get information about products that the bank believes might interest them based on data-mining techniques.

The technology also allows banks to sense when customers are entering the branch so tellers can be ready with their account information. And for customers who opt-in, banks can deliver personalized messages about products and services to customers' phones after a beacon-enabled ATM visit.

Of course, banks must tread carefully. There's a fine line between providing customers welcome and useful information and giving them the heebie-jeebies. Target learned this the hard way after it correctly inferred based on data-mining that one of its customers, a teenage girl in Minnesota, was pregnant. The company mailed the expectant mom coupons for baby items-- unfortunately before she had told her father!

While it may feel like sci-fi, the potential for beacon technology to make banking more seamless for customers is very real. Go ahead and experiment; just be careful not to make customers feel they're being oppressed by Big Brother.

BANK NEWS

Rate Hikes

Goldman Sachs is projecting the Fed will raise rates 3x this year, as economic activity still suggests modest expansion.

Bank Stocks

Investors continue to sell bank stocks, as evidenced by the 16% decline in the KBW Nasdaq Bank index of US bank stocks since the beginning of the year. That is about double the decline in the S&P 500. Investors are concerned about volatility, a potential slowdown in the economy, credit losses due to weak oil prices and other factors.

Job Cuts

Swiss Bank Credit Suisse said it will cut 4,000 jobs as it seeks to boost performance and profitability. Groups that have struggled to perform reportedly will see 30% of staff let go.

Loan Demand

The latest Fed Senior Loan Officer Survey finds loan demand from businesses has declined for the first time in 4Ys. Large and medium-sized businesses saw an 11.1% decline compared to 12.7% for small businesses.

Mortgage Risk

Research by Black Knight Financial Services finds 42% of mortgage refinances last fall saw borrowers taking cash out of their homes (the highest percentage since 2008). The average cash out amount was \$60,000, but even after that the LTV post refinancing was still 67% (the lowest level on record).

Cyber Help

The Assistant Secretary of the Office of Cybersecurity and Communications at the Department of Homeland Security said DHS plans to begin automatically sharing cybersecurity threat indicators with private industry.

Employee Benefits

A Bank of America Merrill Lynch CFO survey finds the most common benefits programs that companies use to attract and retain qualified employees include: health care insurance (97%); retirement funding (94%); bonuses or incentives (87%); wellness programs (65%); education funding (55%); flexible work hours (49%); and financial counseling services (29%).

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