



Of Reindeer And Tech Savvy Seniors

by [Steve Brown](#)

There are apps for everything these days and if you live in Lapland, Finland you know they can be quite practical. We are talking about the savvy app developer who looked at the problem of regular truckers hitting wandering reindeer along dark and slippery roads. To solve the problem, an app shows any reindeer on GPS within a 1 mile radius so drivers can slow down and be more alert. Given there are more than 300,000 reindeer wandering around this part of the world that is a big risk, so this technology solution is an interesting one indeed.

While kids today are digital experts, pundits say older bank customers are cloaked in a perpetual tech fog and may not know much about apps or how they work.

Not so fast though. It turns out that while the young can finger-tap circles around seniors when it comes to using mobile phone apps, that expertise can't overcome a basic lack of knowledge about banking. According to a new survey by Bain & Co., frustrated millennials trying to conduct banking digitally are 1.7x more likely to call a bank for help than seniors. While some may say that points to how bad banking apps may be, it may also have something to do with the fact that at least seniors know from a lifetime of experience how bank accounts and transactions work, so that may be having an impact too.

It seems the young often do everything twice when it comes to banking: going digital first and when they can't figure out what it all means, contacting the bank. Unsurprisingly, this same survey found that those ages 18-24 have twice the number of banking interactions with people than those 65 and older.

Of course, that's not to say that retirees have suddenly become tech wizards. Here, other surveys have consistently shown that the young are light-years ahead of seniors in their usage and understanding of tech. A Pew survey found that those 65 and older were less likely to use cell phones than the rest of the population (77% of seniors vs. 91% for the population as a whole). Often their cell phones were more basic ones, which is another reason perhaps that senior citizens were less likely to use the Internet (59% vs. 86% for the entire population).

In banking, seniors still have yet to become a primary user of digital banking. According to the Bain survey, only 31% of them had tried digital banking vs. 82% of millennials. Interestingly though, seniors who used digital banking were more satisfied with the results than their junior counterparts. Further, they were also less likely to need a follow up phone call or visit to complete their business or transaction.

Digital banking capabilities and satisfaction are important to community bankers no matter the customer's age. As you try to craft effective digital strategies, Bain reveals the cost of a mobile interaction is about 10 cents vs. a teller or call center interaction at about \$4. Mobility of customers also plays a key role, going well beyond just analyzing pure costs.

In the digital world, one element that banks have yet to master is how to differentiate what you do generically for younger customers and older ones. For the older crowd, consider ramping up training

and advice on their digital services. Here, the Bain survey found only 17% of older respondents said they received any guidance or training on how to use their bank's mobile app vs. 26% of young respondents. For the younger cohort, consider adding education elements. Here, banks may be overlooking the need millennials have for basic instruction on how banking and finance work, so there could be an opportunity.

No matter your digital strategy, balancing the needs of different generations can help you increase your opportunities, as you speed along and avoid damaging your customer relationships by hitting something digital that weighs as much as a reindeer.

BANK NEWS

M&A Activity

1) The Bryn Mawr Trust Co (\$3.4B, PA) will acquire Royal Bank America (\$828mm, PA) for about \$127.7mm in stock (100%) or about 2.47x tangible book. 2) Vista Bank (\$395mm, TX) will acquire Hamlin National Bank (\$84mm, TX) for an undisclosed sum. 3) Green Dot Bank (\$1B, UT) will acquire prepaid debit card company UniRush, LLC for \$147mm in cash and an earn-out of at least \$20mm. UniRush has 175,000 active cardholders, offers RushCard and is backed by hip-hop mogul Russell Simmons.

Divestiture

French bank BNP Paribas will offer 25mm shares of its subsidiary First Hawaiian Bank (HI) as it seeks to reduce its roughly 83% ownership stake down to about 62% and raise an expected \$984mm.

Frexit Risk

The EU is petrified that France will be the next to leave the European Union in what some are terming "Frexit". Populist sentiment is running high in that country and elections are in May. Expect market volatility and investor nervousness to increase the closer we get to the date. If France leaves the EU, it would likely accelerate union disintegration.

Divesting

Citibank said it will exit its mortgage servicing rights business as it moves to simplify operations, improve returns & focus more on mortgage origination. Citi will sell about \$97B in unpaid principal balance of mortgage servicing rights on about 780k loans to New Residential Mortgage for an undisclosed sum.

Settlement

Deutsche Bank has been fined \$629mm by US and UK regulators for failing to control money transfers that allowed wealthy Russians to convert rubles into dollars and transfer \$10B out of Russia using illegal methods.

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