



## Mobile Wallet - Progress Is Being Made

by [Steve Brown](#)

Novartis recently received FDA approval for the US market's first gene therapy - where immune cells are taken from a patient, reengineered and then reintroduced to fight their cancer cells. Novartis' Kymriah helps to fight acute pediatric lymphoblastic leukemia. Although this approval is seen as an important milestone in clinical medicine transformation, there are still questions to answer and the price tag of \$475,000 for one course of treatment is not feasible for widespread use. However, it does point to important progress here perhaps.

In banking, digital payments are also making progress. Here, community banks are beginning to offer mobile wallets to their customers. But are their customers embracing it?

[According to a digital payments survey from Accenture](#), the regular use of cash is expected to decrease from 67% of transactions to 58% by the end of the decade. Consumers are transitioning to more electronic forms of payments. For community banks, offerings like Apply Pay, and Android Pay present both opportunities and challenges.

Looking at the broader landscape, digital payments are expected to increase from \$9B in 2015 to \$211B in 2019 according to eMarketer. That means community banks that engage in digital payments could expand their business substantially as the market grows. Many community banks have begun offering mobile wallet services to customers in hopes that the added convenience and "stickiness" of this offering will engage younger customers especially.

But, it seems that while mobile payments are growing, customers at community banks may need some support and hand-holding to truly embrace this new option. Case in point: One Northeast bank reports that it sees fewer than 1,000 mobile wallet-initiated transactions each month, even though the bank has a 40,000-strong debit card portfolio.

Yet another community bank in MA, where nearly 67% of checking account customers use mobile banking, reported at the beginning of the year that only about 3% of its customers actively use one of the bank's three mobile wallet offerings.

The time however may be near for a greater adoption of mobile wallets. [According to an ICBA and Mastercard study](#), 53% of community bank customers are very or somewhat interested in mobile payment solutions. While convenience is often mentioned in conjunction with mobile payments, an even greater benefit is the extra security. As customers become aware of the layers of security that have been added recently, they may more quickly embrace mobile payments and mobile wallets.

Things are still early here, so what can community banks do to ensure the best possible uptake on mobile wallets?

**Educate customers about the benefits** - Give customers a better perspective on how using mobile payments can offer them better security and convenience. Just like customers at larger banks,

community bank customers may need a little hand-holding and marketing to understand the value of mobile payments. Once they start using the service, they may get hooked however.

**Work with your debit card processor** - Even more so than larger banks, community banks will need the support of their vendor-providers to help them implement, market and support mobile wallet offerings. Your card processor might be able to act as a partner here, helping you onboard customers and act as a liaison with Visa and Mastercard.

**Communicate internally** - Ensure that all bank employees understand how to help customers use mobile wallets. Be sure to have an efficient feedback mechanism for any questions as well. Employees need to feel comfortable with this new technology in order to make your customers comfortable with it, so training as you continue to reengineer things is critical.

## BANK NEWS

### **Risk Challenges**

An Accenture survey finds 67% of executives say the lack of skills in risk management is slowing effectiveness of these positions. About 73% also note they have seen a climb in the "velocity, variety and volume" of data, which is preventing full effectiveness. Only 10% said that their risk personnel have the internal resources needed for their responsibilities.

### **Popular Demand**

An ABA survey finds Americans say they use the following channels most often to manage their bank accounts: 40% said online or internet, 26% prefer mobile, 18% said branches, 7% selected ATMs and 4% chose the phone. Interestingly, 2% picked mail and another 3% did not know or said they had no opinion.

### **SEC Steps**

The SEC launched a cyber unit that will focus on market manipulation coming from hacking and cyber wrongdoing. The SEC also started a retail strategy task force designed to help protect retail investors from any cyber-related misbehavior.

### **Customers**

The ABA reports 92% of consumers want companies with personal and financial information to have rigorous procedures in place to protect it and the same 92% also say companies should be required to publicly notify customers of a data breach.

### **Needs Improvement**

Research by the Conference Board finds American workers rate the following as the primary areas in need of improvement to increase satisfaction at their job: recognition (34%), performance review (32%), educational or job training (31%), promotion policy (25%) and bonus plan (25%).

## DEPOSIT OPPORTUNITIES

In an effort to expand our relationships, PCBB is pleased to offer community banks a money market deposit account rate of 1.35%, subject to availability. Contact [operations@pcbb.com](mailto:operations@pcbb.com).

*Copyright 2018 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.*