Developing Your Banking App - The Time May Be Right

by Steve Brown Topics: digital banking, technology, fintech

Summary: According to a recent Citi poll, 91% of bank customers prefer an app to visiting a branch. This might be the right time to develop your banking app.

If you want to boost your focus, you may want to look at pictures of cute animals. At least, this is what a Japanese study found. We aren't asking you to look at pictures of bunnies today, but we do want to get you to focus -- on banking apps.

The message from customers is clear: they want a way to reach your bank virtually, at any hour, to conduct both routine and new business. In other words, they want an app. According to a recent Citi poll, 91% of bank customers prefer using an app to visiting a branch. While this number is likely higher than for your institution, these days more people are comfortable using banking apps.

When it comes to getting an app, community financial institutions (CFIs) have four basic options. You could hire a developer to create an app, white-label an existing app, work with your core provider to create or adopt an app, or partner with a fintech company. There are many different elements involved for each of these, so do your research first. Your choice will depend on your resources and relationships.

Regardless of which route you choose, you'll need a firm idea of the features you want in your banking app. So, we give you a few things to keep in mind.

Remember that security is key. Without it, no other app features matter. Choose reliable data storage and don't store sensitive information, such as transaction-related information and passwords, on the user's device. Use two-factor authentication, such as password plus fingerprint, and an inactivity timer to close sessions, so an unauthorized user can't easily pose as a bank customer. An app needs to be even more secure than a website.

Create a straightforward, pleasant user experience. Your app doesn't have to be entertaining, but it should be frustration-free. Choose a logical flow that guides users through the app. Sync your app with your institution's website, so that information about transactions and account balances shows up accurately in both places. Keep your app fast by choosing only necessary features.

Keep your eye on the three core features. Each CFI app needs account management, transactions, and customer service access. Your app should let customers check account balances, monitor and manage their cards and accounts, deposit checks, and see recent transactions. Customers will want to move money between their own accounts or transfer money to other people's accounts. Warn them of any fees and give them the option of charging those fees to the sender or the recipient.

Provide easy access to customer service. On this point, you again have a choice. Connect your customer to a support team via text messenger or build a chatbot that will respond to user requests 7 days a week, 24 hours a day. That requires a second, separate development process, and you'll need to know what your customers are likely to need from the chatbot. Investing in a chatbot can be expensive upfront. But, it can pay off, in the money you save on hiring a support team.

ECONOMY & RATES

Rates As Of: 07/17/2020 05:40AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.11	-0.02	-1.44
6M	0.13	0.00	-1.45
1Y	0.14	-0.01	-1.43
2Y	0.15	0.00	-1.42
5Y	0.28	-0.01	-1.42
10Y	0.61	-0.04	-1.31
30Y	1.31	-0.11	-1.08

FF Market	FF Target	Fed Disc
0.10	0.25	0.25
SOFR	**Prime**	**Unemp**
0.12	3.25	11.10

BANK NEWS

CECL and Economic Inputs

During its quarterly meeting, FASB's Advisory Council noted that it is premature to assess the outcome of the CECL implementation. Yet, several financial statement users said it was helpful to see the forward look for economic inputs such as unemployment and GDP to better understand an entity's CECL estimates.

FASB Discusses TDRs

In their June meeting, some FASB Council members noted it would be helpful if "serial modifiers" (loans modified multiple times) could be called out. Also, they added that this information could possibly be provided in loss curves, vintage disclosures or through the use of the CECL standard instead of through a separate accounting model.

Flood Risk Greater Than Expected

FEMA has classified 8.7MM properties as having a 1% annual flood risk (a 100Y flood zone), which is the criteria most mortgage lenders use to require flood insurance. Yet, nonprofit research firm, First Street classified 14.6MM properties in that category. That leaves nearly 6M more properties with potential flood risk.

THREE TIERS TO FIT YOUR CECL NEEDS

CECL is one of the biggest challenges these days. CECL FIT gives you options to fit your portfolio with a web-based intuitive solution, including as little or as much expert assistance needed. Learn more about our CECL solution.