



## Why You Shouldn't Ignore the Internet of Things

🔗 technology digital banking

**Summary:** The Internet of Things is growing by leaps and bounds. CFIs need to keep abreast of developments within this area, as non-traditional lenders are actively using IoT-based offerings to differentiate themselves and attract customers. We discuss unique ways the financial industry is already using this technology to enhance offerings to customers and protect their institutions.

Australia's red kangaroo is the country's largest native mammal, weighing in at 180 pounds when it is fully grown. Perhaps more interestingly, a red kangaroo starts its life weighing just 0.03 ounces at birth, no larger than the size of a bean. By the time they reach adulthood, a red kangaroo's size increases roughly 96K times its birth weight.

While the size increase of a red kangaroo dwarfs that of most things, the rapid growth of the Internet of Things (IoT) has not been lost on the financial industry. As the IoT has expanded to include more and more businesses, services, and capabilities, financial institutions (FIs) have embraced and incorporated many of its facets into their day-to-day operations and offerings.

### Rapid Expansion

The IoT — devices that can be turned on or off that communicate information through the Internet — first moved from an idea to reality in the 1980s when a Coca-Cola machine was installed at Carnegie Mellon University that allowed programmers to remotely check its stock. The term wasn't officially coined until 1999. The IoT has grown into a [\\$544B network as of 2022](#), with its value predicted to rise to \$3.3B by 2030, according to Fortune Business Insights. That is a compounded annual growth rate of 26.1%.

Its growth is due in part to the widespread availability of 5G connectivity and advancements in edge computing that allow massive quantities of data to be processed and interpreted in real time. The appeal for the financial industry has been the ability to enhance services and offerings for mobile and internet-linked devices that create a more seamless customer experience and provide FIs with a wealth of customer data.

With Statista predicting that there will be [17B smartphones and other internet devices](#) in use around the globe by 2030, the value proposition for the financial industry will only increase as FIs strive to remain competitive with the growing number of fintechs and non-traditional banking organizations that are courting the same customers.

### The Financial Benefits of IoT

The financial industry is counting on the IoT for multiple things, from the ability to offer more convenient and personalized products, services, and marketing, to gleaning more useful consumer data and enhanced security measures.

In the case of IoT-enabled ATMs, you can analyze ATM usage data within specific geographic locations and alter installations accordingly. IoT data provides a 360-degree perspective on customers, allowing you to drill down

into the specific needs of small business customers to determine where they can add value for these customers.

One way some FIs are enhancing the customer experience through IoT is by utilizing beacons that interact with a customer's smartphone when they enter a branch. These beacons provide customized offerings while also providing staff with a heads-up on pertinent information about that customer before they have even interacted with anyone in the branch. FIs are also using IoT-based blockchain technology to help with customer identity authentication and for real-time monitoring of an individual's assets to help with loan processing.

Many FIs are also using wearable devices as a way to enhance the customer experience. [Bank of America has partnered with FitPay](#), while Barclays Bank created its own wearable payment devices: a wristband, a keyring fob, and a sticker that can be put on the back of any mobile phone to let customers make touchless payments.

Meanwhile, smart ATMs allow people to access video-based live customer service support at any time by scheduling an appointment through a mobile app and utilizing multiple verification options through the kiosk to launch their session. Smart ATMs are also being embraced as a way of detecting and preventing fraud. Amazon is looking to drive customers to its Amazon-branded checking account by creating the ability for people to send cash to one another's accounts through Alexa.

As the IoT continues to grow and more uses for IoT-linked devices appear across multiple industries, community financial institutions will want to maintain a close watch on how others in the financial industry are already leveraging the IoT. Most importantly, they should keep tabs on how non-traditional competitors are embracing it.

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## ECONOMY & RATES

Rates As Of: 06/14/2023 11:20AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.36	-0.16	0.94
6M	5.36	-0.10	0.60
1Y	5.29	0.15	0.59
2Y	4.72	0.32	0.30
5Y	4.04	0.29	0.04
10Y	3.82	0.17	-0.06
30Y	3.88	0.02	-0.08
FF Market	FF Disc	IORR	
5.08	5.25	5.15	
SOFR	Prime	ORER	
5.05	8.25	5.06	

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