



Opportunities With The Internet Of Things

technology payments

Summary: Twenty-five billion connected devices are expected to be in use by 2021. We provide three considerations for community financial institutions when looking at the Internet of Things.

Did you know that Antarctica is the only continent without bees? While bees seem to have challenges reaching that continent, the Internet of Things (IoT) doesn't. This continent gets internet access via satellite systems.

Considering it is so widespread, IoT is here to stay and is even growing by leaps and bounds. Of course, in the wake of the pandemic, the hands-free aspect of many IoT devices has become more appealing and is expediting its adoption.

According to the firm Gartner, 25B IoT devices are expected to be in use by 2021, and Mercator Advisory Group previously found that payments generated through five product categories of IoT devices alone had already surpassed \$5.8B in 2019. Looking forward, the global IoT market in banking is anticipated to generate a compounded annual growth rate of 18.58% by 2024, according to a report from the market research firm Industry Research.

Given the rapid growth of IoT, community financial institutions (CFIs) will want to actively think about the various ways to use IoT. While the payments' side of IoT gets most of the attention, there are other areas that can incorporate IoT and benefit your institution as well. We bring you three considerations that may not be on your radar.

Co-brand with an IoT partner. While you are likely playing a part in the payments' side already through your app, you could increase your wallet share by co-branding a credit card with a company that is growing or active in the IoT space. One area that seems to be incorporating more IoT these days is auto manufacturers. Cars are increasingly interconnected with data sources. This is an industry where analysts predict major growth in the use of digital wallets linked to vehicles for gas payments, service repairs, etc.

Reinforce fraud prevention. With all of the IoT payments happening, geolocation features on connected devices help with fraud prevention too. With your app on your customer's phone or [smartwatch](#), their location is easy to track. If a transaction is taking place somewhere else, then an alert should go out to them. Your customers should feel safe knowing you are looking out for them, when the Big Tech companies, like Apple, likely won't.

Manage your equipment efficiently. Financial institutions have expensive equipment, such as ATMs, cash recyclers, and even HVAC, etc. that all need to be monitored and managed. IoT can provide a framework to do this too -- it connects via software in your equipment and detects when something is amiss or when it is low on receipt paper or coins. This can help detect issues early and assist with preventative care and maintenance supplies. As you replace any equipment, you will definitely want to ask about this feature to more efficiently manage branch equipment and ATMs.

WEBINAR: CUSTOMER PROFITABILITY POST-PANDEMIC

The announcement of a vaccine brings us closer to the end of the pandemic, but ramifications from COVID-19 and government actions continue to impact profitability. Join PCBB and WBA for an upcoming webinar where we will discuss this, identify data mining strategies to strengthen relationships and identify profitable customers. Join us on Thursday, November 19 at 11:00 a.m. PT. [Register Today!](#)

Copyright 2021 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.