

Checkless Checking And Savings

by [Steve Brown](#)

Over the past several months, movie-goers around the world have fallen under the spell of Frozen, the 2013 computer-animated musical fantasy-comedy film. The Disney hit has generated more than \$1B in global ticket sales since its November release. We don't want to spoil it for those of you who haven't seen the movie, but suffice it to say Frozen doesn't deviate from the happily-ever-after theme of other fairy tales.

In real life, we all know that not everything has a happy ending. That's why we've been feeling a little cynical when reading all the press about Bank of America's new checkless checking account. Banks across the country have been rolling out these types of low-fee, consumer-friendly accounts for a few years now. They're primarily good for people who keep low balances and have a propensity to overspend. With no paper checks, customers can't overdraft their accounts; when the money's gone, debit-card purchases and online payments won't go through.

To be clear, we believe these accounts have merit, but they also show what a poor job parents in general may have done teaching their kids about basic finances. Many people just don't know and haven't been taught how to save and spend their money wisely.

Banks do their part to help teach customers and even the children of customers about all things financial, but more can always be done. Offering free seminars and classes from time to time on applicable money management or savings techniques could fill a real need for customers struggling to save for college and retirement. It will also educate customers on what the bank can do as it provides needed help for rich and poor alike.

Everyone loves things when they are free and there is a tendency among consumers to want free things from their bank too. The problem is that heavy compliance and regulatory costs among others make that impossible. Unless customers can pay for services rendered, it is difficult for the bank to continue to offer reasonably priced services to those who do pay. That said; it is important not to lose sight of the bigger picture and acknowledge that some customers can change their financial picture. When they do it can be quite beneficial for the bank. Consider that when properly taught and advised, some customers even have the potential to be eventual money-makers for the bank. What's more, if a bank develops the reputation of working with customers to help them grow their money and sort out their financial difficulties, it could lead to new and bigger, more profitable relationships.

It's very clear that Americans need help saving money. A recent survey rolled out as part of America Saves Week shows that, despite the economic recovery, most Americans continue to face significant savings headwinds. When asked if they were making progress in meeting their savings needs, only 35% reported "good" or "excellent" progress. Meanwhile, 63% said they were making only "fair" or "no" progress.

Small business owners, too, need help with personal financial management. Banks may consider hosting seminars and classes on such topics such as reinvesting profits, how to effectively separate business and personal assets, saving for retirement and the importance of keeping good business records to name a few.

We all know life isn't a fairy tale and good guys don't always finish first. However, banks can easily play the role of hero by helping to teach customers about the fundamentals of saving and spending. If more banks jumped on this bandwagon we're willing to bet there'd be less need for accounts that seek to protect customers from themselves.

ECONOMY & RATES

Yesterday

Yields closed the day up 3bps as retail sales data punched through market expectations, triggering a wave of optimism amongst investors. .

Today

As the market gets ready for the release of [CPI](#), yields are up less than 1bp

Rates As Of: 04/15/2014 08:46AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.03	0.00	0.00
6M	0.05	0.00	0.00
1Y	0.09	0.00	0.00
2Y	0.36	0.00	0.00
5Y	1.60	0.00	0.00
10Y	2.61	0.00	0.00
30Y	3.46	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.25	0.00	
Prime	Unemployment	Oil	
3.25	0.00	\$0	

[More Market Rates](#)

BANK NEWS

Mobile Banking

MSR Group research finds about 38% of consumers say they have used a mobile device to conduct personal banking business with their primary financial institution in the past two weeks - a 21% increase over Q1. The data shows adoption is getting close to 50% of all banking consumers now.

Payday Crackdown

The CFPB is reportedly now targeting so-called middlemen that provide consumer data to payday lenders and reportedly deliver up to 75% of all online payday lending volume, as the agency continues its efforts eliminate high cost lending.

Social Engagement

A survey by Shareaholic on social media post & click engagement (from Sept 2013 to Feb 2014) finds YouTube ranked #1 with 2.99 pages per visit and close to 4 minutes time spent by people watching videos. Rounding out the rest of the top 5: Google+ (2.45 pages per visit and 3.1 minutes viewing site content); LinkedIn (2.23 pages and 2.2 minutes); Twitter (2.15 pages and 2.1 minutes) and Facebook (2.03 pages and 2.1 minutes).

Mobile vs. Online

MSR Group research finds 57% of mobile banking users say they are very satisfied with their bank's mobile offerings. That compares to 76% who are very satisfied with online banking.

More Dividends

USA Today reports 1,078 companies increased dividends in Q1, the largest number on record (1979). The weighted average dividend yield of the S&P 500 is now 2.48% vs. 2.44% at Q1 2013.

Social Viewing

Bankers should alert their marketing teams to boost visual content based on an Entrepreneur report that 63% of

social media contains imagery.

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