



## Community Banks Protecting Data

by [Steve Brown](#)

Here is something to know. The ABA reports 76% of banks say social media is important to their institution. Yet, only 24% of banks have been using social media for >5Ys, 63% have been doing so for <5Ys, 5% are planning to start in the next 1 to 2Ys and 9% say they have no plans to use it at all. Not sure where your bank falls, but leveraging social channels can help protect your customers from being poached so it sure seems like a good idea.

The idea of protection of all sorts is all over the banking industry. For example, when it comes to credit card and account information protection, Americans don't automatically assume that their information is safest with the industry's largest banks, so that is both an opportunity and a risk for community banks.

According to a recent survey from research firm, Aite Group and payment systems company ACI Worldwide, 34% of Americans have greater confidence in the ability of community banks and credit unions to keep their credit card and account information safe than they do in big banks, retailers and the government. This is interesting when you consider the significantly bigger spend and capabilities of the larger banks. It is also interesting when you consider how much the larger banks spend on advertising to tell their story. Still, after all this, surprisingly only 39% of Americans believe that these large institutions are better at protecting their financial information.

Part of this may be due to the media coverage of big bank security breaches. However, your solid customer relationships likely play into this sentiment as well. Your customers have added assurance that their information is kept safe when they know their bankers personally. Needless to say, this strong customer relationship keeps your customers loyal even when the industry at large finds retention difficult.

To stay ahead, you might want to consider such things as providing your customers with regular tips to keep their own personal and account information secure. This can be done in multiple ways - from emailing short articles about security measures, to posting security tips on your website or even sending text notifications. According to the same study, 38% of Americans say they have never received any guidance about security from their banks or financial institutions and 59% want to be notified about unusual activity. This is a good reminder to reach out and educate customers about certain types of risks.

Another area where you can help is around fraud concerns. Here, the survey found 32% of respondents identified the area of greatest risk as their own computers. Of note, only 5% believed there is a major risk in using a mobile device to make purchases or perform financial transactions. Given the sizeable difference in these concerns, it seems that many people are unaware of mobile risks around apps and websites. Passing on this type of information helps you and your customer.

You may also want to take another look at how you monitor customer activity. Ramping up notifications of anything odd is a good way to emphasize your efforts in protecting customer information. However, it is important not to be too forceful in your communications. While study respondents revealed that they want to be informed of anything suspicious, many of them don't want to be inconvenienced. In fact, 35% would prefer that their past purchase history is used. This means only transactions outside of the norm are held from immediately processing.

Community banks have a clear opportunity to show their commitment to customers by communicating on data security and what you are doing to protect customer information. Your customers trust you and want to hear

from you regarding information security. If you are already doing this, you are providing reassurance and solidifying your customer relationship. If not, it may be worthwhile to look into ways to reach out. In a fast-moving world, a little communication goes a long way.

# ECONOMY & RATES

## Friday

The lowest unemployment rate in 16Ys (4.3%) wasn't enough to offset weak payrolls data, leading to increased investor concern and a dip in yields of 5bp.

Rates As Of: 06/05/2017 12:36PM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.97	0.00	0.00
6M	1.06	0.00	0.00
1Y	1.16	0.00	0.00
2Y	1.30	0.00	0.00
5Y	1.74	0.00	0.00
10Y	2.18	0.00	0.00
30Y	2.84	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	1.00	0.00	
Prime	Unemployment	Oil	
4.00	0.00	\$0	

[More Market Rates](#)

## BANK NEWS

### Loan Appraisals

Regulators issued an advisory to help banks ensure timely appraisals for loan applications, given rising concerns over the availability of certified and licensed appraisers in some rural areas. Regulators indicated state-credentialed appraisers are temporarily allowed to render services in another state, subject to state law, as one possible remedy. Others were also included, so bankers that have this issue should read the advisory carefully to see what might work best for your bank.

### M&A Activity

1) People's Intermountain Bank (\$1.7B, UT) will acquire Town & Country Bank (\$135mm, UT) for about \$20.9mm in cash (35%) and stock (65%).

### Living Ok

Fed research finds 70% of adults say they are living comfortably or okay.

### Corporate Governance

Regulators define corporate governance as: the board and the senior management's authority and responsibilities for governing the bank's operations and structure. Corporate governance involves the relationships among the bank's board, its management, shareholders, and any other stakeholders.

### Risk Value

A Deloitte survey of corporate executives on risk finds 38% say they recognize creating value is a key goal of risk strategy and have implemented measures to achieve this goal.

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