



Digital Banking Promised Land

by [Steve Brown](#) Topics: [digital banking](#), [mobile banking](#), [customer experience](#)

Summary: Seventy percent of community banks with assets between \$500mm and \$1B now offer online checking account opening capabilities. Digital transformation is well underway in banking.

People can be pretty predictable, but they can also do strange things at times. Consider that a study by Logitech finds 50% of people who lose their remote control for their TV find it stuck between the couch cushions. Odder perhaps, 4% find the remote in the refrigerator or freezer and 2% find it outdoors or in the car.

As you think about the last time you lost your remote control and where you found it, we switch channels to discuss capabilities community banks are adding to open deposit accounts digitally.

Offering an easy way to click and switch can make both banks and customers happy. After all, customers love it because it's more convenient and banks love it because it's a great way to lure in more low-costs deposits to fund loan growth.

To find out how far banks have come, we look at [research from Temenos](#). It finds 65% of banks have reached the "Digital Promised Land" vs. just 20% 5Ys ago. Also, some 81% of banks are now planning or have already embarked on their digital transformation journey.

Community banks have been actively jumping on this digital bandwagon, according to the Retail Banking Trends report. It finds 70% of community banks with assets \$500mm-\$1B now offer online checking account opening capabilities; 50% of banks smaller than that will do so too.

Given this move, it is important to remember several key points to make the digital account opening process easy, intuitive and seamless. Here are some examples from community banks that might help your team in this area perhaps.

A bank in CA offers both online account opening and lending capabilities on the same website. While the processes run on two different vendor systems, the experience is seamless and customer feedback is that it feels like one platform to them.

Another community bank in FL offers capabilities that enable customers to open an account online in about 10 minutes. Through its vendor, it is working to reduce the process to 5 minutes.

Those are good things that help streamline and simplify the customer experience, but there are also some challenges. Something that may sound counterintuitive, for instance, relates to overwhelming the customer with too much information. Experts warn banks to refrain from displaying on one page or a single mobile app interface all of the deposit products offered. It also doesn't make sense to list all of the varying features of each product either. Doing these things often results in "choice overload" and abandonment of the account-opening process.

When it comes down to it, customers offered too many decisions make none. Things that are too confusing and overwhelming can lead to anxiety deciding which one is best, leading people to just quit the process entirely.

When done the right way though, digital account opening processes can attract more customers that help fuel your future growth. We hope that we have given you some valuable tips as you constantly think about better ways to improve your customer experience every single day.

ECONOMY & RATES

Rates As Of: 08/27/2019 10:11PM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.95	-0.11	-0.41
6M	1.85	-0.21	-0.62
1Y	1.72	-0.27	-0.88
2Y	1.52	-0.35	-0.97
5Y	1.39	-0.43	-1.12
10Y	1.48	-0.53	-1.20
30Y	1.95	-0.57	-1.06
FF Market	FF Target	Fed Disc	
2.12	2.25	2.75	
SOFR	Prime	Unemp	
2.10	5.25	3.70	

[More Market Rates](#)

BANK NEWS

Curve Hits

Bank stocks have been hit hard following recent yield curve gyrations, as declining yields have begun to negatively impact NIM and profits.

Deposit Limits

The FDIC has proposed a new way to set the national rate cap at the higher of 75bp above the national rate, or the 95th percentile of rates paid by insured depository institutions weighted by each institution's share of total domestic deposits. Community bank response was tepid though, as competition for funding is coming from nonbanks, banks and others. Also in the proposal, less than well-capitalized institutions are given the ability to offer up to 90% of the highest rate paid for that product in their market.

Director Interlock

The FDIC approved a final rule raising the threshold for bank directors or management to serve on more than one bank or holding company. The rule now allows directors and management working at banks with <\$10B in assets to simultaneously serve on another company and also an unaffiliated one.

M&A

1) Forrester State Bank (\$215mm, IL) will acquire The Poplar Grove State Bank (\$86mm, IL) for an undisclosed sum. **2)** ConnectOne Bank (\$6.1B, NJ) will acquire Bank of New Jersey (\$925mm, NJ) for \$113mm in cash (20%) and stock (80%) or 1.22x tangible book.

ON DEMAND HELP FOR COMMUNITY BANKERS

Community bankers face many difficult challenges every year, but you are not alone. Our experts stand ready to help you address a variety of issues. Go [here](#) to view options and opportunities.

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