

2012

ICBA COMMUNITY BANK Technology Survey Results



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For more than a decade, the Independent Community Bankers of America (ICBA) and Plante Moran have conducted the Community Bank Technology Survey. The survey is designed to track community bank trends and strategies in technology. It was sent to 7,000 community banks. A total of 530 community banks responded, a response rate of 7.5 percent. We are pleased to share the results with you and provide these key findings.

Community banks push forward on mobile adoption, customers follow.

The mobile banking revolution has begun for community banks. Thirty-seven percent of community banks currently offer mobile banking to their customers, more than double the 15 percent that did so in 2010. Another 44 percent plan to offer the service in the next 24 months, while the percentage of community banks with no plans to offer mobile banking has declined to less than 20 percent.

Mobile apps have core functionality comparable to online banking.

Community bank mobile banking offerings replicate the core functionality of online banking, which includes the ability to view account information for checking, savings, and loans; to obtain statement histories; and to transfer funds within the bank. The single difference in core functionality is the availability of statement history. While 96 percent of community banks offer the ability to access statement history through online banking, 72 percent do so via a mobile device.

Regulatory compliance is community banks' top technology concern, followed by data security and systems availability.

Community banks' top five technology concerns are complying with regulations, protecting data and infrastructure, systems availability and recovery, detecting and mitigating fraud, and managing the pace of technological change. Compared to 2010, community banks are much more concerned this year about managing the pace of technological change (the fifth-ranked IT concern cited by 52 percent of community banks in 2012 compared with 40 percent two years ago). This most likely is due to rapid obsolescence of some IT systems and the emergence of the mobile banking channel.

Other key findings include:

- Deploying technology, safeguarding data, and containing costs are key technology decisions faced by community banks.
- Community banks strive to control losses due to data security breaches.
- Community banks continue to hold the line on technology spending.
- Online banking is universally offered by community banks; customer penetration is growing.
- Almost all community banks offer paperless statements, while customers are slow to adopt.
- There is an uptick in social media usage among community banks.
- Community bank IT departments are assessing the business uses of tablets.

RESPONDENT PROFILE

Asset Size Ranges

Banks to \$100 million
28%

\$101 – \$250 million
32%

\$251 – \$500 million
24%

Banks exceeding \$500 million
16%

PART I. TECHNOLOGY LEADERSHIP AND PLANNING

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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1. Which member of your bank's staff leads your information technology (IT) operations?

Information technology manager	30%	32%	33%	28%	25%
Chief operating officer (COO) or EVP/SVP/VP of operations	23%	23%	24%	29%	15%
Chief information officer (CIO) or EVP/SVP/VP of information systems	20%	9%	15%	23%	48%
Chief financial officer (CFO) or EVP/SVP/VP of finance	12%	13%	14%	10%	6%
Network administrator	4%	4%	5%	5%	0%
Function outsourced to third party	2%	3%	1%	1%	0%
Other	9%	16%	8%	4%	6%

2. Who does your bank's IT leader report to?

President/CEO	56%	68%	52%	53%	46%
Chief operating officer (COO) or EVP/SVP/VP of operations	14%	5%	14%	15%	28%
Chief financial officer (CFO) or EVP/SVP/VP of finance	14%	5%	16%	22%	16%
Board of directors	11%	17%	12%	6%	4%
Other	5%	5%	6%	4%	6%

3. Is your bank's technology ahead of or behind where you would like it to be?

On target	59%	55%	61%	55%	65%
Less than desired	29%	38%	27%	28%	20%
Better than expected	10%	5%	10%	14%	14%
Far ahead and advancing	2%	1%	1%	3%	1%
Far behind	0%	1%	1%	0%	0%

4. What long-term technology decisions does your bank face in the next 24 months? (top 6)

1. Protecting customers' personal information (data security)	3. Evaluating and integrating new technologies	5. Keeping IT systems available or minimizing disruptions (business continuity)
2. Controlling technology costs	4. Protecting the bank's information, assets (infrastructure security)	6. Offering new banking channels (mobile)

5. What are your bank's technology concerns? (top 6)

1. Complying with regulations	3. Detecting and mitigating fraud	5. Systems availability and recovery
2. Protecting data and infrastructure	4. Managing the pace of technological change	6. Adding value to the organization

PART II. TECHNOLOGY INFRASTRUCTURE

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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6. How much (as a percentage of total non-interest expenses) does your bank spend on technology?

Less than 5%	9%	4%	15%	10%	6%
5–9%	36%	36%	26%	45%	46%
10–14%	31%	36%	30%	31%	27%
15–24%	18%	18%	22%	13%	17%
Greater than 25%	5%	7%	6%	2%	4%

7. Is your bank's 2012 technology budget more or less than your bank's 2011 budget?

More	50%	48%	49%	54%	52%
Same	40%	43%	41%	38%	37%
Less	6%	4%	9%	4%	10%
Don't know	4%	5%	1%	4%	1%

8. For each area, identify whether your bank's IT spending will increase, decrease, or remain the same over the next 24 months.

	Increase	Remain the Same	Decrease	Not Budgeted
Compliance	53%	44%	0%	2%
Mobile banking	49%	28%	0%	23%
Security	45%	53%	0%	1%
System hardware	44%	46%	9%	1%
Fraud detection	38%	57%	0%	4%
Network infrastructure	37%	55%	6%	2%
Communications (phone, e-mail, tele/videoconferencing, social networking)	34%	57%	7%	2%
ATM hardware	34%	50%	8%	8%
Online/internet banking	30%	64%	4%	2%
Enterprise risk management (ERM)	30%	57%	1%	13%
Data storage	29%	63%	6%	3%
Core processing	27%	64%	8%	1%
Business continuity	26%	69%	2%	2%
Outside consultants	26%	59%	7%	9%
Merchant capture	19%	54%	2%	25%
ATM processing	17%	68%	10%	5%
Computer analysis	14%	70%	1%	15%
Payments	12%	78%	2%	7%
Customer relationship management (CRM)	12%	56%	1%	31%
Branch capture	11%	76%	3%	11%
Chip-enabled cards	8%	23%	1%	67%

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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9. Has your bank deployed tablets (e.g., iPad) to management and/or employees?

Yes	27%	12%	25%	36%	44%
No	73%	88%	75%	64%	56%

10. Which management levels and/or employees use tablets (e.g., iPad) supplied by your bank?

Executive staff	72%	56%	71%	72%	81%
CEO	66%	44%	66%	65%	81%
Board of directors	61%	56%	47%	63%	77%
Other	17%	6%	26%	14%	16%
Customer contact staff	7%	6%	5%	7%	10%
Sales staff	3%	6%	5%	0%	3%

11. How does your bank perform its core processing?

Outsourced	55%	58%	56%	55%	48%
In-house	45%	42%	44%	45%	52%

12. How long have you used your current core processing platform?

Less than 1 year	3%	3%	2%	2%	4%
1–2 years	4%	6%	2%	4%	3%
3–4 years	8%	9%	8%	5%	8%
5–10 years	30%	34%	27%	30%	27%
11–15 years	22%	17%	24%	32%	25%
16 or more years	35%	31%	38%	36%	33%

13. Which vendor/platform does your bank use for outsourced core processing services? (top 13 most used)

1. Fiserv-ITI/Premier	6. Fiserv-Vision	11. Data Center Inc. (DCI)-icore360
2. Jack Henry-CIF 20/200	7. FIS/Fidelity-Metavante IBS	12. FIS/Fidelity-BancLine
3. Computer Services, Inc.-Nupoint	8. FIS/Fidelity-Horizon	13. Connecticut Online Computer Corp. (COCC)
4. Jack Henry-Silverlake	9. FIS/Fidelity-Bankway	
5. Fiserv-Precision	10. FIS/Fidelity-BancPac	

14. Which software platform does your bank use for in-house core processing services? (top 9 most used)

1. Fiserv-Precision	4. Harland Financial Solutions-Sparak	7. Automated Systems
2. Fiserv-ITI/Premier	5. Jack Henry-Core Director	8. FIS/Fidelity-Bankway
3. Jack Henry-CIF 20/20	6. Modern Banking Systems-MBS	9. Jack Henry-SilverLake

15. How does your bank perform the functions noted below?

	In-house	Outsourced to Core Processor	Outsourced to Another Vendor	Outsourced to Cloud Application	Not Applicable
Credit analysis/behavior scoring	56%	5%	21%	2%	17%
Asset/liability management	53%	6%	39%	1%	1%
Risk scoring	47%	8%	10%	1%	34%
Image archiving	43%	43%	11%	0%	3%
Image check clearing	28%	48%	23%	0%	1%
Fraud detection	25%	35%	37%	1%	3%
Telephone banking	20%	38%	25%	0%	17%
Remote deposit capture	15%	39%	18%	1%	28%
Online banking	9%	62%	26%	0%	2%
ATM processing	5%	43%	46%	0%	5%
Mobile banking	4%	30%	17%	1%	49%

16. What is your current data backup/recovery strategy? (multiple responses permitted)

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
Warm site	41%	45%	42%	37%	39%
Hot site	29%	17%	29%	30%	48%
Buy and build	25%	29%	29%	20%	15%
Cold site	17%	20%	13%	17%	17%
Hot-mirrored site	11%	6%	11%	14%	13%

17. Please list the technologies that your bank is planning to implement within the next 24 months. (top 10)

- | | | |
|------------------------------|---------------------------|-------------------------------------|
| 1. Mobile banking | 5. Virtualization | 8. Person-to-person payments |
| 2. Online banking/statements | 6. ATM updates | 9. Customer relationship management |
| 3. Document/check imaging | 7. Remote deposit capture | 10. Cloud |
| 4. iPad/tablets | | |

■ PART III. INTERNET AND MOBILE BANKING

18. Does your bank maintain an online banking site?

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
Yes	96%	93%	98%	97%	97%
No, but plan to within 24 months	1%	3%	1%	0%	0%
No, not planning to	3%	4%	1%	3%	3%

19. Who is your bank's online banking vendor? (top 5 most used)

- | | | |
|------------------------------|----------------------------|------------------|
| 1. Fiserv/Checkfree/Banklink | 3. Fiserv/Precision | 5. FIS/Metavante |
| 2. Jack Henry | 4. First Data/Funds Xpress | |

20. Please identify your online banking site's functionality. (multiple responses permitted)

	Consumer	Business	Not Applicable
View deposit account balance/activity	99%	90%	0%
View loan account balance/activity	97%	86%	3%
Transfer funds to other accounts within the bank	97%	88%	2%
View statement history	96%	87%	3%
View check images	93%	84%	7%
Pay bills electronically	91%	70%	9%
Electronic statements (paperless)	86%	76%	14%
Update account information	73%	62%	26%
Receive bills electronically	49%	35%	49%
Initiate and receive person-to-person payments	34%	19%	65%
Apply for loans	31%	10%	69%
Transfer funds to designated accounts outside the bank	28%	60%	36%
Deposit check images (RDC)	15%	54%	43%

21. Does your bank serve business customers using the same online banking/cash management platform/portal as your consumer customers?

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
Yes, both consumer and business online banking are on the same platform	60%	73%	57%	55%	49%
No, different platforms—same vendor for both	34%	16%	35%	43%	49%
No, different platforms—from different vendors	1%	2%	1%	0%	1%
Not applicable	5%	9%	6%	2%	1%

22. Approximately, what percentage of your bank's checking account customers are registered for online banking?

CONSUMER

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
0–10%	6%	5%	7%	6%	7%
11–20%	15%	19%	15%	13%	13%
21–30%	24%	27%	24%	27%	16%
31–40%	19%	19%	22%	18%	15%
41–50%	14%	14%	13%	15%	16%
51% and over	22%	17%	18%	22%	30%

BUSINESS

0–10%	32%	39%	34%	26%	26%
11–20%	21%	17%	19%	25%	25%
21–30%	13%	13%	13%	16%	9%
31–40%	11%	11%	13%	7%	11%
41–50%	8%	6%	4%	14%	8%
51% and over	14%	13%	14%	13%	22%

23. Is your bank planning to utilize the following communication channels?

	Currently Offer	Plan to Offer Within 24 Months	No Interest
Customer account alerts by e-mail	60%	28%	12%
Customer account alerts by text message	36%	40%	24%
Social media (Facebook, Twitter, blogging)	30%	27%	43%
Community events calendar	29%	21%	50%
Customer service frequently asked questions	28%	22%	50%
Live chats with customer service representative	7%	17%	76%

24. Does your bank maintain a presence on any of the following social media sites?

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
Facebook	99%	100%	100%	100%	96%
Twitter	31%	20%	36%	27%	40%
LinkedIn	21%	20%	24%	23%	16%
YouTube	13%	0%	17%	11%	20%
Google+	5%	10%	0%	9%	0%
Yelp	2%	5%	2%	0%	0%

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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25. Who manages your bank's social media presence?

Marketing/PR department	60%	30%	48%	64%	96%
Designated staff team	23%	45%	33%	13%	8%
Designated staff member	20%	35%	21%	24%	0%
Outsourced	8%	15%	10%	4%	4%
Other	1%	0%	2%	0%	0%

26. Do you offer E-statements/paperless banking?

Yes	81%	62%	87%	89%	90%
No, but plan to within 24 months	14%	24%	10%	11%	8%
No, not planning to	5%	13%	3%	0%	1%

27. Approximately what percentage of your bank's checking account customers are registered for paperless banking?

CONSUMER

0–10%	26%	29%	34%	20%	16%
11–20%	32%	35%	26%	41%	26%
21–30%	17%	14%	19%	15%	19%
31–40%	11%	6%	8%	14%	16%
41–50%	6%	4%	6%	4%	13%
51% and over	8%	11%	6%	5%	10%

BUSINESS

0–10%	54%	64%	53%	51%	44%
11–20%	21%	10%	25%	21%	29%
21–30%	10%	6%	11%	13%	7%
31–40%	6%	13%	4%	6%	4%
41–50%	4%	3%	2%	6%	7%
51% and over	6%	4%	6%	3%	9%

28. Do you offer mobile banking?

Yes	37%	20%	36%	47%	55%
No, but plan to within 24 months	44%	44%	47%	41%	42%
No, not planning to	19%	36%	16%	12%	3%

29. How do you deliver mobile banking to your customers? (multiple responses permitted)

Mobile web	88%	89%	92%	87%	82%
SMS/text messaging	73%	67%	71%	80%	68%
Downloadable application	57%	44%	52%	65%	61%

30. For which platforms are you or your vendor developing mobile apps? (multiple responses permitted)

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
Tablet (Google)	34%	42%	28%	31%	41%
BlackBerry	45%	42%	52%	46%	41%
Apple iPhone	100%	100%	100%	100%	100%
Windows Mobile	33%	33%	24%	34%	41%
Google Android	92%	92%	88%	91%	95%
Apple iPad	64%	83%	60%	60%	68%
Other	3%	0%	4%	6%	0%

31. If your bank offers mobile banking through a cell phone, tablet, or other mobile device, please indicate the functions that can be performed.

	Consumer	Business	Not Applicable
View deposit account balance/activity	95%	68%	5%
View loan account balance/activity	98%	70%	2%
Transfer funds to other accounts within the bank	96%	55%	3%
View statement history	72%	51%	27%
View check images	60%	42%	40%
Pay bills electronically	76%	41%	24%
Electronic statements (paperless)	43%	33%	57%
Update account information	39%	27%	61%
Receive bills electronically	26%	13%	74%
Initiate and receive person-to-person payments	19%	11%	80%
Apply for loans	6%	2%	94%
Transfer funds to designated accounts outside the bank	13%	19%	75%
Deposit check images (RDC)	13%	9%	85%

32. Approximately what percentage of your bank's checking account customers are registered for mobile banking?

	All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
CONSUMER					
0-10%	79%	83%	84%	77%	73%
11-20%	15%	8%	14%	17%	19%
21-30%	2%	4%	0%	2%	3%
31-40%	4%	4%	2%	4%	5%
BUSINESS					
0-10%	91%	89%	90%	94%	87%
11-20%	6%	0%	10%	0%	4%
21-30%	2%	5%	0%	6%	4%
31-40%	2%	5%	0%	0%	4%

PART IV. INFORMATION SECURITY

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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33. What is your bank's primary method of e-mail communication with customers?

E-mail the customer directly (unencrypted)	40%	42%	42%	39%	32%
Encrypted e-mail directly to customer	32%	25%	30%	37%	45%
Leave message on online banking site with an e-mail notification	15%	16%	11%	15%	17%
Leave message on online banking site	13%	17%	17%	9%	6%

34. Does your bank have formal written policies for the areas listed below? (multiple responses permitted)

Acceptable Internet use/security	97%	95%	99%	99%	97%
Network security	97%	94%	97%	98%	100%
Backup/business continuity plan	96%	98%	94%	97%	97%
Incident response plan—data security breaches	95%	93%	97%	98%	90%
Vendor management	91%	87%	90%	96%	96%
Technology planning	61%	49%	61%	67%	77%
Social media policy	53%	38%	55%	63%	61%

35. In the last 12 months, has your bank performed any of the following? (multiple responses permitted)

IT audits	94%	88%	96%	96%	97%
External penetration test	89%	86%	87%	93%	93%
Vulnerability assessment	87%	82%	86%	94%	90%
Internal network security assessment	82%	73%	83%	86%	88%
Website security assessment	59%	48%	59%	65%	71%
Social engineering test	45%	33%	47%	53%	52%

36. Which of the following sources does your bank use to learn about computer or physical vulnerabilities? (multiple responses permitted)

Microsoft or other technology provider resource centers	78%	70%	80%	84%	78%
Intrusion protection resource centers	52%	44%	51%	61%	54%
Financial services/information sharing & analysis center (FS/ISAC)	49%	44%	45%	50%	62%
Federal government resource centers (i.e., US-Cert.gov, infraguard.net)	45%	40%	45%	45%	53%
Security research resource centers (i.e., CERT.org)	40%	27%	40%	45%	57%

37. How do you obtain your intrusion detection/prevention services?

	In-house	Outsourced
Intrusion Detection Service (IDS)	21%	79%
Intrusion Prevention Service (IPS)	22%	78%

38. Which of the following online banking authentication security layers is your bank currently using or planning to evaluate in the next 24 months?

	Currently Using for Consumer	Currently Using for Business	Planning to Evaluate Within 24 Months	No Interest
Shared secrets	50%	43%	3%	4%
Location recognition	34%	33%	16%	16%
Anomaly detection	33%	30%	18%	19%
Customer verification techniques	31%	31%	13%	25%
Mutual authentication	23%	39%	14%	23%
Out-of-band authentication	22%	30%	21%	26%
Tokens	5%	34%	29%	32%
Biometrics	1%	3%	16%	79%

All Responses	Banks to \$100 Million in Assets	Banks \$101 to \$250 Million in Assets	Banks \$251 to \$500 Million in Assets	Banks Exceeding \$500 Million in Assets
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39. Please identify and rank your bank's top five data security concerns from among the following options.

Consumer ID theft	78%	63%	50%	56%	63%
Virus attacks	61%	53%	56%	36%	53%
Consumer online banking password compromise/stolen	56%	48%	43%	39%	48%
Phishing/pharming, etc.	55%	50%	48%	50%	51%
Third-party service provider data compromise	52%	54%	46%	53%	51%
Business ID theft	39%	43%	39%	53%	43%
Hacker attack	39%	37%	49%	47%	42%
Business online banking password compromise/stolen (account hijacking/takeover)	36%	54%	60%	58%	51%
Internal/employee breach	25%	26%	39%	39%	31%
Human engineering (e.g., telephone, walk-ins, dumpster diving, etc.)	23%	27%	35%	38%	29%
Denial of service attack	11%	21%	21%	14%	17%
Physical intrusion	12%	14%	7%	6%	10%
Web defacement/altering	9%	7%	7%	6%	7%

40. In the last 12 months, has your bank suffered a monetary loss due to a security concern? (top 4)

Consumer ID theft	31%	29%	32%	31%	31%
Data compromised by third-party service provider	16%	11%	16%	13%	29%
Business ID theft	10%	2%	9%	13%	22%
Phishing/pharming, etc.	7%	7%	8%	4%	14%

Questions or comments regarding this survey can be directed to:

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