Team 3

CSBS

Community Bank Case Study Competition

Day-to-Day Technology at First Community Bank - Batesville, AR

FIRST COMMUNITY BANK

Member FDIC

Where community comes first.

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Executive Summary

This paper will discuss First Community Bank and the role in which technology has cultivated the overall banking experience for customers. This paper will analyze FCB's current financial position, how the community is involved with technological advancements in banking technology, give an inside look from a management perspective regarding technology, and finally discuss the third-party vendors associated with financial technology at First Community Bank.

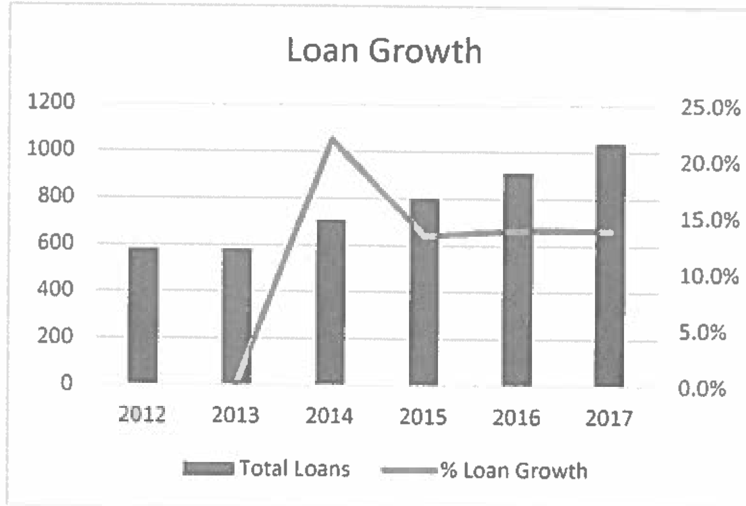
- First Community has shown to be highly competitive in financial terms when compared to its peer groups.
- The advancement of technology has allowed for a more transparent, easily accessible, banking experience for FCB's growing number of customers.
- The increasing amount of technology has presented a new challenge in terms of security; therefore, management has had to adjust in terms of both in-house, and third-party operations.
- CEO Dale Cole and other FCB Executives have stressed the importance of expansion by continuously acquiring other banks.
- 1997

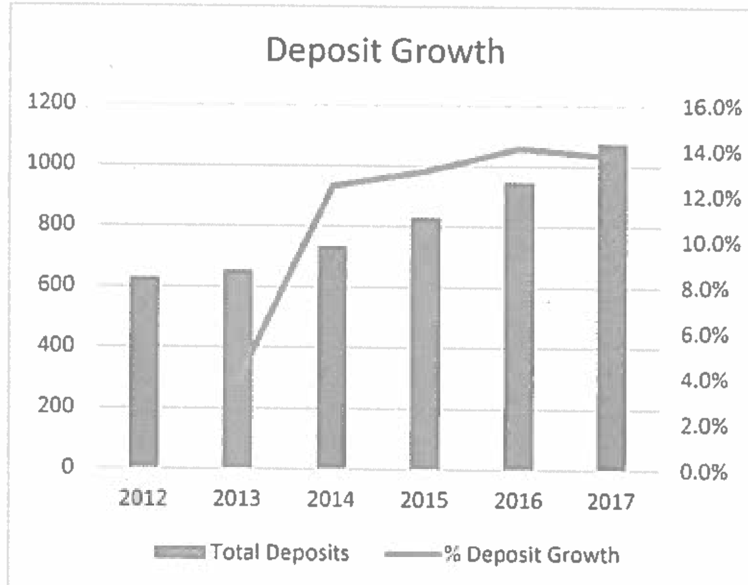
  Although being fairly new to the banking world, (Est. ~~2017~~) FCB has established a strong community presence by reinvesting over ~~$400,000~~ back into the community.

  significantly

  Was this an annual number?

CEO Dale Cole has continued the overall expansion of First Community Bank. With locations in both Arkansas and Missouri, First Community now boasts 20 different branches. It is evident that the continued expansion of FCB has directly correlated with the increasing revenues. Aside from general expansion, First Community has experienced a strong growth in both loans ~~made~~, and deposits ~~taken in~~. Since 2012, First Community has nearly doubled its amount of overall loans ~~made~~ to just over $1.03 billion. The interest accrued from these loans has given First Community the ability to continue its course of acquisitions and expansions. To cater to the increase in loans, deposits have grown from roughly $630 million in 2012, to nearly $1.1 billion at 2017 years end.



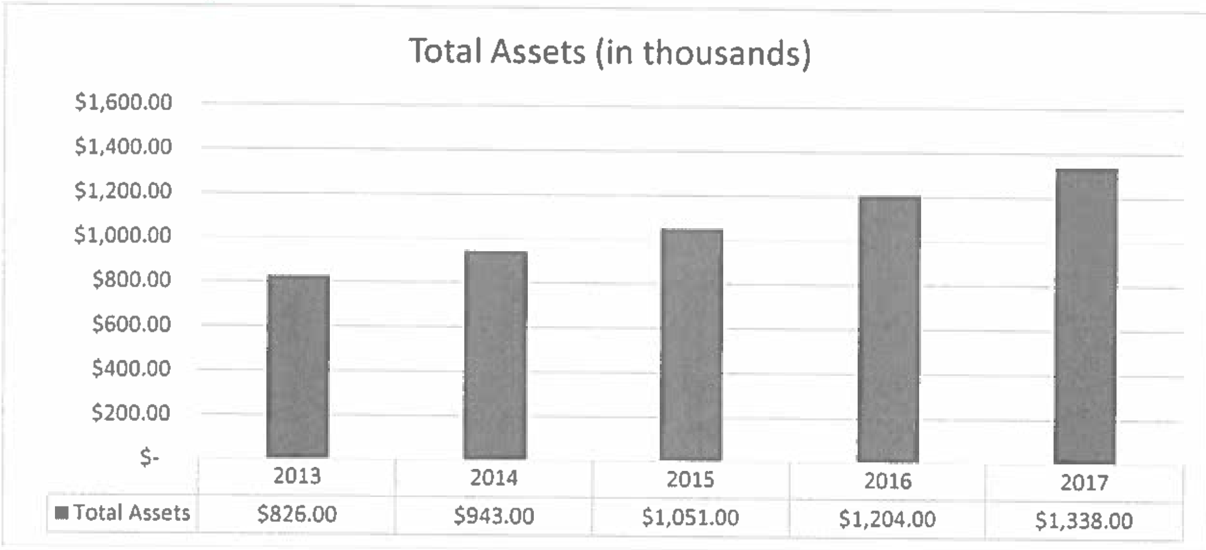


Loan Portfolio Composition

Since 2013, First Community has allocated approximately 80% of its total loans to Real Estate, making this their largest loan category. In 2017, First Community loaned out just over $820 million to its customers for Real Estate purposes, which is up nearly $90 million from 2016. Over the past 5 years, Real Estate loans have nearly doubled. The second largest loan loans ?

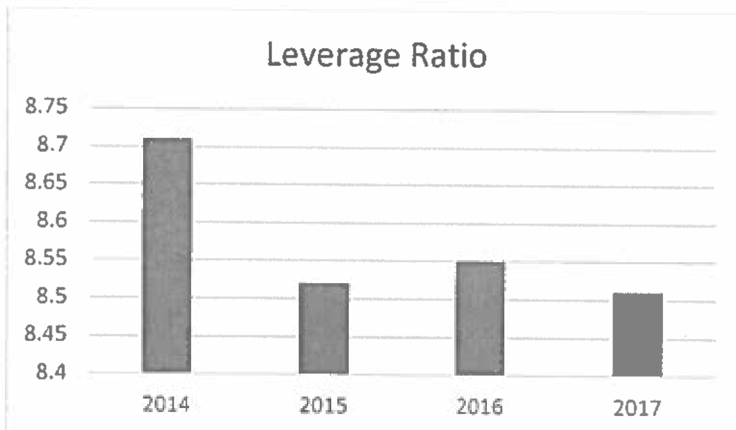
RE owned is repo RealEstate

its real estate owned amount by nearly 25% since 2015.



Capital Levels

First Community has maintained a somewhat constant leverage ratio, with figures ranging from 8.5 to 8.7 since 2014. The continuous expansion of FCB would generally result in a higher ratio, assuming furthered debt would be incurred due to acquisitions and general real estate purchases. The constant increase in loans and overall profitability has allowed for First Community to stay the path of expansion, while even taking on greater liabilities in terms of increasing deposits.



Part II – The Community & Technology

First Community Bank defines their market as community banks across the nation that are roughly the same size as their bank. They provided many examples of how technology has evolved the way banking is done on a day-to-day basis. They noted that the biggest change with technology in banking was at the beginning with the incorporation of computer systems. It is continuously changing and evolving rapidly. At the beginning their webpage consisted of five pages and it was a struggle to fill all those pages with content. They are now able to provide lots of services to their customers without them having to physically walk into the bank each time they want to ~~do something~~ make a transaction. A few notable services include providing their customers the ability to make mobile deposits and mobile payments.

First Community Bank is very active in many of the trends in the banking market. These trends include providing loans, receiving deposits and making payments. They use Dealer Direct which runs an Octane program to provide loans very quickly to customers. Customers that want to make a purchase under $250,000 can be evaluated by this computer and it will instantaneously provide a report to the bank saying if they should make the loan to the person. The program has criteria built into it and if the customer meets these criteria, it will ~~more than~~ likely ~~say the bank is safe to make the loan~~ indicate that the credit risk is acceptable. There are times when the computer isn't certain one way or another that will prompt it to provide a report saying this customer needs to be evaluated further by people at the bank to make a final decision. This is a very ~~nifty~~ Convenient service for customers wanting to buy something without having to wait a few days or even weeks to be approved for a loan.

Another very useful service that First Community Bank provides is electronic payroll for a lot of companies across the nation. The company logs into the First Community Bank online banking website. First Community Bank sends each company a specifically programmed file for the employer to fill out. If the employer can fill out and send back this file by a certain time, First Community Bank is able to do same day direct deposit into the company's employees' accounts. This is a vast improvement from the way it used to be. Some people would get busy and wait a few days before going to deposit their check to the bank and then the check wouldn't be deposited into their account until the following day. This new process is extremely convenient.

These improvements in technology do come with a downside though. This is where the IT Department comes in. The biggest threat to any bank with this much technology is being hacked and fraudulent behavior. The bank is responsible for keeping all their customers' accounts and identities secure. The do this by creating a strong layered security. It is very important to have the best firewall possible. It is also important to be continually scanning ~~to~~ and monitor ing the workstations inside the branch. Another big threat to security is through electronic communication. The bank needs to set up security to prevent their employees from receiving or opening any malicious emails that could cause harm to the bank or any of their customers. The improvements in technology are only effective if the bank has their customers' trust and keeps their information secure. If they lose the trust of customers, they will lose them entirely. All activities done at the bank carry an element of risk. The bank needs to do a risk assessment for everything.

The scary thing is that criminals can go online to a website to buy debit card numbers and stolen identities. Last year alone the First Community Bank of Batesville, AR, lost $109,000 on debit card fraud. Some members of the bank are actively trying to get Congress to make some need to target to customers who live close to their branches. This is a very big opportunity for First Community Bank to expand their company.

Part III – Management & Technology

Technology has advanced so much that every aspect of the society has been affected in one way or another. However, business seems to be one of those areas that have been affected greatly by ~~much~~ technology advancement. Management, which is very important to any organization is one of those aspects of business that have been affected by technology. Management regarding business such as offering banking services involve many activities. Out of the many activities, creating a strategic plan is one of the most important activities ~~activity~~ of the top-level management. This paper is one that discusses how technology has been incorporated into the management of the organization and uses in the creation of the strategic plan. In addition, the paper also discusses the various short-term and long-term goals of the bank regarding use of technology within the organization.

Technology use in FCB's strategic planning process

Management can be defined as ensuring that the day-to-day activities of an organization are up and running not clear ? in what had been planned for. Management is more of planning ~~of~~ how things should run and who should be running them at each specific time. Management involves coming up with strategic goals that will help in achievements of the objectives and goals of the organization. This means organizing meetings ~~meeting~~, making constant communication among the management team, and other related activities. Teleconferencing is one of the ~~those~~ ways in which technology has been incorporated within the management at the bank (Aschner, 2006). Before the banks are opened in the morning, the management staff sometimes log in for teleconferencing so that they could talk about the management issues that need to be addressed ~~have come up~~.

Future Management Technology Plans

Incorporation of technology into the management of the bank is a process and not an event. The management has, therefore, set out various short-term and long-term goals to ensure that management of the bank has fully incorporated technology as advancements are made. One of the short-term goals of the management is to ensure that the recent technological advancements that can be used in management of the bank are incorporated as they come. ~~At~~ A according to the short-term goals, having the technology up and working in the management process is the first step in having a successfully ~~aided~~ ? business.

rewrite

not sure what you are trying to say.

The long-term goal of the management in regard to adopting and maintaining of technology with managerial aspects of the bank is to ensure that that technology is incorporated in a way that management approaches of the bank are improve and changed owing to the changes that have taken place. This means that for a long-term basis, technology will be used in provision of information about new management approaches for the betterment of the management of the bank. This is different from the short-term as it is something that its impact is on the bank in its entirety as short-term that only affects management as one aspect of the business.

?

rewrite

Another long-term goal is to ensure that incorporation of technology in the management and all other aspects of the bank is compatible. There are instances where the bank has tried technology and it did not end up successful because the it was incompatible with the various aspects of the business operations. Managerial information through the support of technology has also ~~be~~ Been made available within the website of the bank. This means that managerial functions and compliance documents are being digitized by making them available online.

Just an idea?

customers in order to keep their overall customer morale at a high level. The happier your customers are, rewrite the probability of success will be higher ~~the better your business will turn out.~~ This is a benefit for First Community Bank because it reword absolutely can't be detrimental to the bank. It provides them with another marketing opportunity to potentially draw in more customers to their bank. If First Community is offering this service and another competitive bank down the street does not offer GenGold, the customer may sway toward opting for First Community Bank. By partnering with GenGold, First Community Bank shows their customers ~~that~~ they want what is best for them. This program also meets specific needs for customers with identity theft and security services. This, ~~obviously~~, has been a hot topic in the world for the last few decades and continues to be today. Identity theft is a common crime that can be detrimental to an individual's financial well-being. By offering this service in correspondence with a checking account at First Community Bank, they help to meet the security needs of their customers. This service also allows for extra benefits for local customers. GenGold has worked together with First Community to seek out local businesses and restaurants that will give their customers discounts in their area. TICKETXPRESS is another service that GenGold includes in their package. This service allows users access to discounted tickets for entertainment events, such as concerts, sporting events, etc. The GenGold service can be a great benefit to those who use it. First Community Bank can use this as a great draw for customers to their business, which is exactly why FCB decided to partner with GenGold as a third-party service provider.

not clear

First Community Bank also uses Diebold-Nixdorf as a third-party service provider within their business. FCB purchases their ATMs from Diebold-Nixdorf. Once the ATM is put into

Same discussion from previous section

first challenge of choosing a third-party vendor. Another great challenge is making sure that communication between the bank and the vendor is of great quality. Communication is key in every aspect of business. If everyone is not the same page, it can turn into a huge mess quickly within a business. First Community Bank and their vendors have to make sure that they are on the same page at all times. Contract agreements are also challenging when dealing with third-party partnerships. The third-party vendor may want more compensation for their services than First Community Bank has the ability to offer. This poses a challenge. The two sides must be able to come to an agreement as to what specific services they want/can offer and decide how much that they expect/are willing to give up in return. Third-party vendors and service providers can be very useful to have in a bank's repertoire but it's important that both sides understand what each other want so that they can come to a monetary agreement that makes sense for both sides of the partnership.

Conclusion ?
Bibliography ?