

LIKE PULLING TEETH

by [Steve Brown](#)

Independent bankers we talk to are nearly always interested in shifting to a "sales culture." While this is a great idea in concept, getting internal staff to do so, can be about as fun as getting teeth pulled. Wrenching apart long-held beliefs is extremely difficult, as organizations shift to adopt and support a client-based sales approach. Some independent bank executives tell us they already have a strong sales culture, or are in the process of shifting to one. Driven by heightened competition for clients and a desire to increase revenue and grow the institution, executives have been working diligently to embed a sales culture into their organization. It goes without saying that great service and well trained bankers (with a desire to solve customer problems) are common for independent banks. Unlike larger national institutions, independent bank executives spend the vast majority of their time in their branches, or visiting clients face-to-face. Yet, as competition mounts, assets and liabilities are becoming harder to obtain and shareholders are demanding more. As such, simply maintaining the status quo isn't going to get it done. Once a bank finds a good client, it becomes critical to try and expand that relationship. In fact, studies indicate that 90% of customers who only use only 1 product or service at their current bank would switch if they perceived some sort of value at another organization. That number drops to only 10% when customers use 3 or more products or services. Perhaps this is why Wells Fargo spends so much time trying to increase the number of products sold per customer. Larger banks also are using this data to actively target small business owners. By offering credit cards, checking, merchant services, lines of credit, payroll and other specific products; large banks are trying to get at least 3 products sold to each small business owner targeted. By eliminating common mistakes, independent banks can counter this threat and turn off the laughing gas. Banks that claim to be customer-centric should make sure employee incentives are balanced between volume-based goals and service. Meanwhile, banks that want to be closer to their client should make sure their technology allows employees to view an entire customer profile across the organization. Banks that know who the most profitable accounts are can share the information throughout the bank to ensure these customers feel special. Those seeking to change the culture of the organization to one of sales will have to lead by example. All executives will have to buy into the process if it is to be successful. Employees should periodically share ideas that are working to make sure successes are formalized and communicated throughout the organization. Bankers will also have to be diligent to ensure that employees remain important to the customer experience. Managers need to be provided with training focused on supporting the employee, not based on criticism. Finally, banks seeking to ensure a quality customer experience will need to ensure communication occurs across business lines quickly and efficiently. Any changes or modifications need to flow through so every employee has been informed. By focusing on teaching the entire staff to sell products more effectively and emphasizing an approach designed to solve customer problems, independent banks stand a better chance of staying out of the dentist's chair down the road.

BANK NEWS

M&A

Canada's 4th largest bank, Bank of Montreal (through its Harris Bank unit) will acquire First National B&T (\$1.3B, IN) for about \$290mm, or 2.2x book. The move is the largest U.S. bank acquisition for the company in 22Y.

Regulatory Relief Bill

While the House passed the regulatory relief bill, it is unclear if Congress will have time to consider the legislation before their Fall break at the end of this week.

Muni Collateral

CA became the 34th state to allow packages of CDs similar to our Portfolio Deposit program to be used in place of pledged collateral for public funds.

ING Direct

One of the pioneers of internet banking will launch their largest marketing campaign to date in an effort to increase deposits in key areas such as AZ, CA, NJ, NY and PA. At for about 5Ys, the bank has raised more than \$41B in U.S. deposits without so much as a branch in the U.S.

Supporting OD Charges

The Court of Appeals upheld Washington Mutual's position and dismissed claims regarding overdraft protection charges. The Courts concluded that these OD fees did not meet the definition of "finance charges" under the Truth and Lending Act.

Credit Card Performance

Card delinquencies remained steady for 2Q holding at 4.41%, vs. 4.40% for 1Q.

OCC & Real Estate

The national bank regulator is coming under increasing scrutiny, this time by Congress, for allowing BofA, PNC and Union Bank of CA to engage in real estate investments.

Comerica

The bank introduced its new "Classic Lockbox" that targets low volume small businesses for a reduced price.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.