

## HOW IS YOUR NEW CUSTOMER EXPERIENCE?

by [Steve Brown](#)

If there was a race, do you think a customer could borrow \$1mm faster, or give you \$30k? Here is another question, what is the one thing that distinguishes your bank from a large national bank? 4 out of 5 banks would say "service." Ask what the number 1 challenge for 2007 is, more than 67% have said, "Funding." Knowing these two factoids, we asked a group of banks how long would it take to open an account at their institution if a customer called up. The average answer was about 15 minutes. The Banc Investment Group decided to put this to the test and attempted to open up a group of accounts at various financial institutions across the country. We sought to deposit \$10k at each bank and requested both a checking and money market account. What we found astonished us, as it took an average of 6 business days not counting shipping or our processing time. 1 bank, knowing that we were not from the area, still required us to come into a branch! On average, for each bank, we had to fill out between 3 to 12 forms, repeating our contact information up to 10 times (sometimes twice on the same form). Several banks sent us multiple binders more than an inch thick with an array of input lines to complete. These books not only took someone at least an hour to put together, but used up an average of 45 minutes of our time to fill out. How many customers are really going to spend the time, and if they do, is that a good first impression? Customer on-boarding has to be a top priority, but we found too few institutions put effort into streamlining this process for the customer. When filling out the documents you can almost hear the risk officer arguing over the need to collect the last 3 addresses of the business (..but, why?). While we understand BSA and KYC is important, our experiment proved that some banks have gone too far. Another issue we found is the lack of institutionalizing of the account opening process. While the individuals we dealt with were all highly effective, there was little in the way of institutionalized knowledge. In other words, it was the individual, not the institution that created value during the account opening process. Here is the difference – highlighting and posting sticky notes shows the individual cares, creating an easy to use switch kit, shows the institution cares. Next to getting the customer experience right, formalizing this knowledge and procedures is a way to create ongoing value for your institution. Some independent banks do this by the creation of online forms. Unfortunately, far too few have put the effort here as by estimation only 45 independent banks in the country can handle this for business customers. Large banks can do this, finance companies that own banks can do this, some credit unions can do this, but banks are struggling. When asked why, the most common answer was the bank's management feared that regulatory missteps would create additional "reputation risk." If this is your take, we submit that you have a far bigger risk in losing customers than you do running into regulatory problems. If Washington Mutual can open a new account online every 2.5 minutes, clearly it can be done. If banks want to lower their funding costs and prove that their service is superior, take a look at your account opening procedures and see what you make your customers do. Chances are you will find that it is easier to get a home mortgage (average time to fill out the application – 25 minutes) than it is to allow your customers to deposit money into your institution.

### BANK NEWS

#### **Blocked**

Congress passed legislation, included in the Port Security Bill, that will prohibit banks and credit card companies from facilitating the movement of funds to offshore illegal, internet-based gaming firms.

The Fed and Treasury will set up a coding system that will allow institutions to distinguish permissible and non-permissible payment processes, however, checks and ACH transactions are largely exempt due to the difficulty in filtering.

#### **Visa**

Bank of America (along with its MBNA sub) has extended its contract with the card brand for another 6-months.

#### **Exim Bank**

Congress passed a bill unanimously extending the Export-Import Bank's charter for another 5 years. This time around the reauthorization contains a small-business exporter provision that will facilitate international trade for many independent bank customers. For banks on their game, promoting this new division (and helping to access) should enhance goodwill and help generate line of credit business.

#### **New Bank**

Since it was thwarted by the ILC freeze, Blue Cross Blue Shield withdrew their ILC application and filed for a thrift charter yesterday.

#### **Airnet**

The nation's largest courier of canceled checks, announced that 3 large banks dramatically cut the use of their services due to the ongoing decline in check volume.

#### **Military Tax Break**

Reservists called to active duty can receive payments from their retirement accounts without having to pay an early distribution penalty.

*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.*