

BRANCH SALES

by [Steve Brown](#)

Bank announcements of plans to open new branches are prevalent, as extreme competition for deposits drives bankers to pull out all the stops. Selling within the branch is critical, so banks are working harder to get people to stay longer to allow more time for cross-sell opportunities. The old-time branch with teller cages, a musty smell and orange-brown carpeting (that screams for people to do their business and leave immediately) is quickly being replaced. Branch designs now have more open spaces and softer lines, resembling a Starbucks coffee house more than a branch. Studies show these revamped branches reduce employee turnover (better working environment) and can sharply increase deposits (WAMU credits its new branch design for adding about 900k net new checking accounts per year). It is also interesting to note that the average customer visits their local branch about 4x per month and 79% obtained their first product or service through the branch. There is no argument that branches remain extremely important, as they are the primary sales contact point for most banks. Studies also show that nearly 50% of people who come into a branch already seeking a product, will ask a teller where to find help. Is the teller prepared? What products or services are they going to position? Have they been trained properly to answer questions? All of these questions should be answered and tested each week to ensure consistency. Banks should also review the placement of marketing material to make sure it effectively catches the eye of customers. Branches that only offer marketing brochures stuffed in some rack in the corner are doing themselves a disservice. Studies show that sales are more prevalent when product pamphlets are replaced with displays that help customers visualize products. Are you training customers to respond to rate (i.e. big posters with the latest CD offer), are you positioning service (posters asking what can we do for you today), or are you a member of the customer's team (how can we help your company)? Remember, only 14% of people will ask for information, so we have to alert them to available services and approach them directly. In a typical Bank of America or Wells Fargo branch, there is an average of about 14 marketing pitches placed strategically throughout the lobby. Meanwhile, other banks utilize "relationship managers" who offer top-tier customers a single point of contact for service and information about their products. Do your tellers ask for referrals from happy customers, or do they just offer a lollipop instead? Banks should note that one of the most effective ways to get a referral is to train tellers to ask customers to share their opinions and perspectives on the bank. They should ask questions such as, what could we be doing better, how have we helped your company and what would it take for you to refer other businesses to us? Finally, as with most service industries, banks that improve responsiveness and behavioral elements generally see a 15% increase in customer satisfaction. Speed of service, combined with a positive and helpful attitude of the employees who deliver that service, are areas where banks can immediately improve customer satisfaction.

BANK NEWS

Free Online Trading

The market is abuzz over BofA's offer that it will allow 30 free online trades per month for customers that have balances of more than \$25k. While Wells and other institutions have offered free trades for a while, they all have required significantly higher balances or other restrictions. We expect more institutions to follow suit.

More Equity

FHLB Seattle will create a temporary excess stock pool that will help capitalize advances and shore up short-term capital problems.

Major Bankruptcy

A group of independent banks are finding themselves in deep workout territory as Kara Homes (NJ) filed for bankruptcy protection. Over the past year we have presented our credit model research that has warned banks of construction concentration because of the highly correlative nature to the economy. Unfortunately, our research has been dead on for 2006 and if it remains correct, we can expect a substantial jump up in non-performing loans tied to the residential construction this year and spilling over to commercial by next year. Kara Homes went from doing well at the end of 2005 to BK in by Sept. 2006.

HSA Projections

Analysts predict that the 1.9mm HSA users currently will soar to 11.2mm by 2010.

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