

USING BANK CRM SYSTEMS

by [Steve Brown](#)

Since we offer an outsourced Relationship Profitability solution, we often get called in when banks struggle to make their CRM system produce results. Banks struggling to realize a return on investment with their present system or thinking about purchasing one, should consider the top 10 reasons that keep banks underperforming when it comes to implementing such applications: 1) Make sure to have the right system to tackle the right job. A large "enterprise-wide" system is not always the best. Smaller systems that accomplish a single goal may work just fine. 2) Make sure to know what the end goal is. The most successful banks use these systems to help sell more profitable products to profitable customers. While other goals work, just having a system to "find out who the most profitable customers are" is a recipe for failure. 3) Take a gradual approach. Start with a pilot program and build from there. 4) Make sure everyone knows the benefits. Use the 3x factor test. For every person that touches the system, makes sure there are a minimum of 3 concrete benefits. 2 hours saved per week in paperwork (easier call reports), 2 months cut off the sales cycle (from better information) and better performance tracking are all examples. 5) Keep it simple. Systems should be easy to log into, with easy to view screens. Presentations about the system do not need to touch on the intimacies of data latency or duplicative instances. Keep training and usage to features that are the most important and build on them later. Those interested in the details will find out by themselves. 6) Require managers to use the system and compensate if required. Give managers an extra \$1k if they can demonstrate 3 months of consistent usage. Once behavior changes and they recognize the power of the system, managers will not want to go back. 7) Have managers train their employees. This not only forces executives to become experts, but sends the message to new employees the system is important. 8) Crack down on "Band-aid" reporting. CFOs or managers that use Excel to generate additional reports outside of the system undermine its integrity. Either the system has to produce quality reports, or managers have to learn the system. Every time a "work around" is allowed for anything more than a temporary basis, the system loses value. 9) ID and highlight success. Find employees using the system that have produced results and reward and recognize them. Nothing breeds success, like success. 10) Adjust expectations. Using a CRM system is a change in culture. Banks that are not set up to be sales-centric are not ready. Banks need to be prepared to drive out unprofitable customers and establish different distribution channels. For banks that are still uncertain, consider an outsourced solution like ours to see if the institution has the stomach for effective relationship management. With NIM heading towards 3, relationship profitability will be standard operating procedure for all independent banks in the next 5Ys. Laying the proper ground work ensures a relationship profitability system can be one of the best investments banks make.

BANK NEWS

M&A

The parent company of TIB Bank (\$1.2B, FL) will acquire the Bank of Venice (\$67.9mm, FL) for \$16mm, or about 1.9x book.

Extending

In a bid to acquire new clients, BankAtlantic (\$6.1B, FL) said it will extend the cutoff time for customer deposits until 8pm in some markets.

Marketing

The US Mint is handing banks a perfect marketing opportunity with the introduction of the first \$1 Presidential coin through financial institutions. Giving your retail collectors a chance to place advanced orders and handing out the special coins as a "Thank you" to your small business customers at an in-store event during President's Day is a nice touch.

Nifty

MasterCard has announced a new program called MasterCard Rewards Services that will help financial institutions broaden their customer relationships by combining multiple product lines into a single rewards account. The credit card company says its research shows customers prefer to be rewarded for their entire banking relationship, which the new program specifically addresses. Under the program, banks will be able to pay rewards on deposit or investment balances, number of products held, online bill payment, direct deposit, and promotional events. Independent banks should also take note that rewards can be commingled from personal and small business products, allowing customers to leverage reward opportunities.

Marketing

According to studies, the average bank spends about 20% of its marketing budget on customer appreciation and promotional events. What do you have planned?

Arrested

A KeyCorp treasury manager was arrested for embezzling \$29mm from the bank. Details of the perpetration were not released.

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