

KEEPING EVERYONE HAPPY

by [Steve Brown](#)

A recent study by a Wharton marketing professor found that about 35 customers are lost for each 100 people who have a bad experience. While the study examined retail shoppers, banks could learn a few things from it as well. In particular, people don't say much when they are dissatisfied — until they get home. While only 6% of customers who experienced a problem contacted the company and told them, 31% told friends, family or coworkers. Perhaps even more worrisome, 8% of this "poor experience" group told 1 person, another 8% told 2 people and 6% told a staggering 6 or more people. The underlying issue this backchannel communication creates is that people also like to be storytellers. After all, it is much more interesting to listeners of a story if a fact like "then the teller smirked at me when I told him the pen was out of ink" is changed to "then the teller glares, throws the pen at me and tells me to leave the bank — all the while the President is standing there doing absolutely nothing about such insubordination." Hey, we know it is hard to find good help, but rarely have we heard a factual case where this actually happened (that is if you ignore the time we walked into this bank in Australia and a teller threw a kangaroo at us....). Anyway, you get the drift, but what can one do to combat such an apparently clandestine sneak attack? The first thing independent bankers can do is what they do best. Providing excellent service at every turn not only differentiates independent banks from the nationals, but it is also required for long-term success. From Board members on down to the tellers, banks should strive to provide an environment where superior service for each and every customer (walking in through the double doors, calling on the phone, or doing online banking) is the rule and not the exception. Bankers should also pay very close attention to the people they hire, the kind of training that is being provided and what is being said to customers. Front-line people are the first impression of the bank, so they should also be some of the most highly trained, happy, and helpful individuals bankers can find. Bankers can also help keep customers happy by keeping waiting times short. While this isn't usually a big problem at most independent banks, people consider their time valuable and don't like to wait. In fact, studies find some 70% of people worry about the amount of time it will take to get through any given line and as much as 21% will go elsewhere if they think the line is too long. Finally, bankers should ask customers what they can improve and whether they have ever been dissatisfied with service at the bank. Customers will certainly appreciate the opportunity to help their favorite bank improve service levels. As always, however, it is also important not to over-promise when listening to such suggestions. If all else fails, don't forget to smile. Studies show smiling not only promotes trust, but people who have friendly expressions are rated better and are perceived to be nicer. Employees and executives that smile signal the bank's friendly intentions and willingness to cooperate with customers.

BANK NEWS

M&A

Benjamin Franklin Bancorp (\$905mm, MA) said it would sell and simultaneously lease back 6 of its branches. The purchase price for the branches is \$9.8mm and is expected to reduce the bank's 4Q tax provision by approximately \$1.4mm. The buyer was not disclosed.

Competition

Comerica Bank (\$58.8B, MI) said it will open 3 new banking locations in FL this year, close to a 40% increase from its current level of 8.

Resolution

Those who manage people might want to take note of a recent survey by Florida State University that found 39% of workers said their boss failed to keep promises; 37% said they were not given credit when due; 31% said they had received the silent treatment; 27% said their boss made negative comments about them to other employees and 23% said their boss blamed others to cover up mistakes. We can all try to do a better job in 2007.

Booming

The Census Bureau reports AZ just edged out NV as the fastest growing state in the country (for the most recent 12 month measurement period). Others in the top 5 included ID, GA and TX.

Mortgage Fraud

number one case of fraud committed on mortgage applications, followed by purchased property information and net worth. The Atlanta/Decatur region of GA has the highest reported mortgage fraud in the country followed by Indianapolis (IN) and Elgin (IL)

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