

A DAY OF LOVE

by [Steve Brown](#)

Today is the day of chocolate and flowers. If you think romance is an old-fashioned idea, you may be missing something. A recent focus group of small business customers banks reveals there are profits walking through your branch. Feeling unloved, more than half of the survey group reported that their bank never tries to contact them, other than when sending statements. A full 85% of customers has also never received a note of appreciation. It is not surprising then, that the half that reported being contacted by the bank outside of branch channels reported higher satisfaction ratings. This is the Valentine appropriate message that we learned from this group - independent banks need to acknowledge their customers more. When was the last time your bank sent a note thanking your customers for their business? Personal calls from bank staff, e-mail acknowledgements, "how are we doing" surveys and customer appreciation events were all touch points that this survey group remembered and appreciated. Southwest Airlines saw fit to send us a Valentine card this year, so why can't a bank? While there are many ways to accomplish this, a simple "thank you" will do. The most effective Valentine appreciation program that we have analyzed is simple in its elegance. A letter from the CEO that says, "I see you are one of our best customers. We really appreciate that you continue to choose us and I wanted to personally thank you for the opportunity to conduct your banking business..." You can include a small gift or promotional discount, but it is really not necessary. An honest acknowledgement is usually all that is required to boost a bank's brand in the eyes of a customer. Bankers often complain that their customer base is too transactional, but go ahead and offer high rates anyway. Bankers need to make the distinction between "product buyers" and true "customers." A product buyer is someone who uses a single product or service from your bank for a specific reason and that is it. Maybe the 2Y CD rate is the highest, maybe the bank had the lowest price on a loan, or maybe it is a free transactional account service. Customers on the other hand have a "relationship" with their bank. The bank is relevant and the customer looks to their bank to solve problems and share in successes. Like any relationship, the more you put into it, the more you get out of it. Before your bank gets too crazy increasing deposit rates, waiving fees or reducing the price on a loan - maybe it is worth considering what can be done to get closer to your customer. By building a deeper relationship with a client, banks can make them less interest rate sensitive, while forging a true "relationship." This starts with a simple "Thank You" and Valentine's Day is as good a day as any to do this. Showing your customer love and appreciation may be just what the relationship needs.

BANK NEWS

Competition

Hoping to capture more Mexican nationals as customers, Bank of America announced it will offer credit cards without requiring applicants to have a Social Security number. The bank will require an individual taxpayer ID number issued by the IRS, however. Under the program, the bank also requires applicants to open a checking account with the bank for 3 months.

Expansion

The largest credit union in the country, Navy Federal, said it will add 31 new branches to its network this year and hire 1,000 people.

Pocket Banking

Bank of America announced a new program that will allow customers to use cell phones to check account balances (checking, savings, credit card, mortgage and home equity), pay bills, transfer money and view transaction details (bills posted, pending and scheduled). The service is being rolled out in TN in March and will be offered in a phased rollout across the country by mid-year. Bank of America joins Wachovia and Citigroup with such offerings (all in early stages of nationwide rollout).

Coming to the US

The latest survey finds 18% of ATM machines in Japan now have biometric scanner capability. The machines read palm prints to authorize transactions.

Housing

Experts say the sector continues to hold up relatively well because despite 425bp of rate hikes since June 2004, long-term mortgage rates haven't moved.

Shareholder Feedback

In the first move of its kind, a major U.S. company (AFLAC) has decided to let shareholders vote on compensation pay packages for its top 5 executives. The vote is non-binding, but nonetheless sets a precedent the board will have a hard time ignoring. It will be interesting to see whether or not this process catches on at other companies.

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