

## DEATH BY SQUIRREL OR SPECIAL

by [Steve Brown](#)

We raised an eyebrow when we read the recent headline that a form of mad cow disease was found in squirrel brains in Kentucky. We would have thought, no big deal, until we learned that more than 1.5mm squirrels are eaten each year. Being frustrated journalists we wanted to get to the bottom of this and so we called a client bank in Kentucky to verify that yes, in some parts of the U.S., "squirrels are hunted and eaten."

While we were alarmed at this new information, we were positively aghast when we got on the topic of deposits and learned that almost 35% of this bank's corporate deposits were coming in as negotiated, unpublished rates we call "Specials." Like cute, fuzzy squirrels, this bank posted their standard rates which were all under a well-behaved 2.80%. However, like crazed, mad cow-rodents, their senior deposit staff was throwing rates at every customer that raised an objection in order to bring in new money. In other words, while management talked a good game about competing on service, if the customer did not bite, then the bank felt that it had no other techniques but to utilize other than rate. After interviewing several deposit calling officers at the bank, we learned that they lacked in depth sales training. This group really wasn't selling, so much as "showing" their product in hopes that the customer would be convinced.

Sales training is one of the most important things management can do to control deposit costs. Our friends in Kentucky, were big on "consultative" selling - which, it turned out, was part of the problem.

Customers don't want a friend, they don't want another consultant; customers REALLY want a leader. Time and again, when we interview commercial bank customers and they say the same thing Â- I want my banker to think about banking so I don't have to. What commercial customers want, in essence, is for someone to manage the banking part of their business and take responsibility for cash management.

Successful banks in this area target a particular type of customer and then train their staff to be proactive in suggesting solutions. Once expertise is established, they ask the all important question Â- "can we manage your cash needs for you." If the customer still wants to talk about rate, then the sales team needs to discuss how by better utilizing remote deposit capture, corporate cash sweep, online banking/bill pay and interest checking, it can save a full time employee. Your bank is going to bring its sizable expertise in finance, lending and cash management to borrower to help them better compete. Sales teams must have thorough knowledge of cash management. They must understand how cash flow fits into the customer's business and they must look, walk and talk like a leader inside the customer's firm. If the customer still wants to talk about rate, then maybe the customer is just not your bank's type of client.

Now, if you are eating squirrel or throwing "specials" at your clients like they were squirrels, be prepared for what can happen. In both cases, you run the risk of getting mad squirrel disease or a deposit base that actually mimics a mad squirrel. Either way, it is dangerous.

## **BANK NEWS**

### **M&A**

Tompkins Financial Corp (\$2.2B, NY) will acquire Sleepy Hollow Bancorp Inc (\$252mm, NY) for \$30.2mm, or 1.5x book.

### **M&A**

CoBiz Financial (\$2.2B, CO) will acquire Wagner Investment Management Inc, an investment advisor with approximately \$900mm in assets under management, for an undisclosed amount.

### **Mobile Banking**

AT&T has partnered with Wachovia and SunTrust to offer their customers mobile banking services, which include the ability to view account balances and transaction history, pay bills, and transfer funds, from their AT&T wireless handsets.

### **BofA Write-Down**

BofA announced it will take a \$3B write-down in Q4 on collateralized debt obligations related to subprime mortgages.

### **Green Credit Card**

MBNA Canada Bank has unveiled its Eco-Logique credit card, a loyalty-based credit card program that supports global environmental efforts. Under the program, customers can use points earned from purchases to buy carbon offset credits, which help reduce greenhouse emissions.

### **New Online Services**

Wachovia has launched 2 new online services designed to help small businesses. The first product, Online Deposits, allows small business owners to make electronic deposits 24/7 while the second product, Bad Check Recovery, ensures owners can recover the full face value of returned or bounced checks.

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