

## COMPENDIUM OF THIS AND THAT

by [Steve Brown](#)

For those who don't have a dictionary handy, haven't had enough coffee or are already thinking about the weekend; a "compendium" is roughly defined as a concise, yet comprehensive compilation of a body of knowledge. We get in trouble when we put pictures of sexy bodies in this section, so this morning we will focus more on the knowledge component of that definition. Since bankers are always looking for new customers or trying to hang onto existing ones, we open our book of knowledge and provide a compendium of customer information we have collected that we think community bankers will find informative.

- Changing Customers: This past week, Apple passed Wal-Mart as the #1 seller of music. If you don't think your customers are internet savvy, interested in remote capture and soon-to-be-interested in mobile banking, it is time you bought an iPod and got involved.

- Electronic Customers: Bankers seeking profitable customers should consider new data released from SunTrust. The bank did a study of its ebill customers and found that those looking at 3 or more ebills per month are the best ones to have. They were 20% more profitable to the bank, did 5% more products and were 6x less likely to close their account in the first year than the typical offline customer. Banks should consider beefing up online cash management capabilities, being extra nice to bill pay customers and further segmenting their customers to find these and other nuggets of gold.

- Younger Customers: Surveys find 55% of Gen Y customers (18 to 27Ys old) say they are not tied to their current bank and are open to switching to another bank for expanded online capabilities and services. The good news for banks is that 73% of this group regularly considers purchasing or trying new products from banks. This is further backed up by statistics that show in the past 12 months, 42% of these customers have opened a credit card online, 31% have opened a bank account online and 24% have applied for a loan online. Community bankers interested in capturing the kids that will eventually get mom and dad's businesses should consider beefing up online offerings at their next strategic planning offsite.

- Switch Kit: Banks trying to hold onto their customers should note that 65% of all customers say they are unlikely to switch banks in the next 12 months. However, before getting overconfident, consider that banks ranked behind retailers like GAP, which came in at 76%. Community bankers would be well served to provide an online Switch Kit that when clicked, provides all of the forms needed to make the switch to their bank (and automates as much as possible).

- Customer Service: Research from the ABA finds banks can still improve service when it comes to responding to customer inquiries about how to open accounts and what products or services are available. Among the findings: 36% of customer emails went unanswered by banks, 94% offered little more than a FAQ to staff on product and service offerings. Community banks would be well served to spend time on front-line staff to ensure they are well-trained, knowledgeable, conscientious employees who enjoy their customer service responsibilities. Studies show for every 10% improvement in employee engagement with their customer's results in a corresponding sales boost of 4%.

As we close the final chapter of the book this morning, we hope you have enjoyed this concise information and it helps you capture or retain customers in some small way.

## **BANK NEWS**

### **No M&A**

Summit Financial Group's (&1.4B, WV) \$13.9mm deal for the troubled Greater Atlantic Financial Corp. (\$235mm, VA) was called off. The two banks said they would , "continue discussions," through , "no assurances can be given that the negotiations will lead to the parties entering into a new agreement.," Greater Atlantic's NPA/loans jumped from 0.24% at the time of announcement to 1.64% last quarter.

### **No M&A II**

For those keeping count at home, in the last 9 months, 21 bank M&A deals have been called off (11 from this year alone). This is the most since 1992.

### **Wamu**

Despite its recent capital injection, the bank said it plans to close 186 standalone home loan centers and layoff some 3,000 people.

### **FHLB Chicago**

Due to the failed merger, S&P put the FHLB on credit watch with negative implications. While an affirmation or new rating is expected within 90days, it is assumed in the market that FHLB Chicago will stabilize at a , "AA," rating. Because the FHLBs are jointly liable for their debt, a ratings downgrade will not affect general FHLB investment holdings.

### **TD ATMs**

Customers at Toronto-Dominion Bank will be able to use U.S. ATM machines from its Commerce Bancorp Inc. of Cherry Hill, N.J., for free.

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