

THE BANK LOBBY

by [Steve Brown](#)

There are 6 things that a bank needs in its lobby: a FDIC placard, Equal Housing Lender poster, HMDA disclosures, CRA disclosures, CIP notices and financial information. Other than that, banks are pretty much free to do whatever they would like.

Given this freedom, we are always amazed over how little banks take advantage of their space. Worse, some banks actually use their lobby's to hurt their shareholders. Because we spend a large quantity of time waiting in bank branches, we use it to check for 5 items that usually indicate superior performance:

5) Greetings - Some banks absolutely excel at this, which makes up for other short-comings. For some banks, it is almost impossible to find anyone other than tellers, while at other banks we get multiple offers to help. Nothing makes us feel more welcome than someone trying to solve a problem. Employee attitudes usually permeate through the entire organization. For that matter, to solidify our branch experience, we love a thank you or "was everything done to your satisfaction" question to really show true caring.

4) Delineation - since we understand that a bank can't have personnel free 100% of the time to greet, we should easily be able to figure out where to go for help. Signs indicating where to go for new accounts, loans or general help are always appreciated.

3) Brand - after walking 15ft. in the door, we should be able to see, hear and feel what a bank stands for. Is it forward thinking, does it create trust, superior customer service, historic charm or efficiency? Only 20% of branches excel at this, but oftentimes this is the only impression that a customer has of his or her bank.

2) Promotions - we love to see selling within a branch. A single promotion that solves a problem is usually best. Branches that are cluttered make us want to run, particularly if they are full of generic marketing material. Since everybody has to wait in line at a branch at one time or another, why not use the space to increase revenue? "Constructive waiting" refers to the selling process that begins when a customer walks in the door. How many times do employees make contact and what is the message are critical elements to monitor. A good promotion goes beyond print material and includes staff interaction. Years ago, the branch was about transactions and processing. Now, the focus is on selling. Having knowledgeable line personnel at the customer contact point can make a world of difference in the cross-sell.

1) Price sensitivity - This is a special performance indicator of ours. We like to see how often a rate is displayed, or a reference is made to price. It is ironic that executives bemoan high funding costs, yet have deposit rates posted all over the lobby. If a bank is a top performer, they will not pay the highest rates on deposits, so why advertise that fact? Those old chrome stands with deposit rates posted near the entrance either work to attract rate sensitive customers or serve to remind current ones what a low rate they are getting. While rates should be easy to obtain, branch personnel must be instructed in how to deliver the message. If you pride yourself on service, which most banks do, go out and look in

your lobby. How many indicators do you have that point to superior service? How many do you have discussing rate? Price sensitivity starts in the lobby.

Refining your branch is an ongoing process and can change based on the needs of the bank and surrounding demographics. However, thinking through the customer experience to make sure it is in-line with the bank's message can make the lobby a more hospitable place...for both customers and for shareholders.

BANK NEWS

Fed Cut Expectations

As of this morning, the probability (based on futures) of a 25bp cut in the target Fed Funds rate now stands at 78%, down from 90% a month earlier.

Tax Refund

As tax refunds roll out across the country this week, the banking industry should benefit somewhat. Surveys show 35% of those destined to receive the refund plan to use it to make their house payment, pay a utility bill, or pay down their credit card; 33% said they will save the money; 20% will spend it.

Commercial Sector

Office vacancies climbed for the first time in the past 6 months to 9.9% in the 1Q, as employment fell and companies retrenched.

Good News For Banks

The IRS has ended a 2Y battle with companies that have booked loan losses and dropped its prior assertion that such losses should be treated as capital losses. The change clears the way for companies to offset loan losses against ordinary income and apply those losses against previous tax years to get possible refunds.

Fraud Spike

It probably isn't surprising to most bankers, but the FBI is reporting it is seeing a huge surge in mortgage fraud over the past few months. The FBI is working a reported 1,300 fraud cases.

New Online Bank

M&T Bank (\$66B, NY) has launched an online direct bank called "OnBank," in an effort to reinforce its "always on" branding. This is the first online direct bank to launch in 6 months.

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