

## CHANGING THE MOOD

by [Steve Brown](#)

Mood rings first showed up in the 1970's and believe it or not, they can still be found at small kiosks in malls all over the country. We always wondered how exactly mood rings worked. Mood rings usually have glass shells that contain liquid crystals. These crystals respond to changes in temperature. As the temperature changes, the crystals rotate, thereby altering the wavelengths of light and changing the color of the ring. Working from warmest conditions to coldest, someone feeling happy or frisky warms up and the ring turns violet. When one is calm, the ring turns blue; feeling tense turns it yellow; nervousness changes it gray; and when someone is feeling really down (or standing outside in the cold air), the ring turns black. No matter your mood right now, competition remains heated, so we know bankers will appreciate hearing about ways to improve customer quality, service and access to products.

We begin with a study that looked at the online capabilities of quite a few large and mid-sized banks. Despite extreme industry pressure, that study found banks still have room to improve the way products are presented and cross-sold online; the ease of account opening; how much (and type) of information is available; and other factors.

The news out there isn't the happiest, so the likelihood of seeing a violet ring is pretty low right now. That is also borne out by the study, which found that just over 40% of bank web sites were using visuals or news that customers and potential customers did not perceive as welcoming. It seems that in an effort to communicate, bankers are feeding in too much information on the main page about bank failures, takeovers, regulatory changes and other less-than-desirable information (along with pictures of sour looking business people in suits). Streaming in updated information is a good idea to help keep the site alive and relevant, but care must also be taken to ensure that same content is friendly and welcoming to customers and potential customers.

Bankers that don't want customers to see yellow because they are getting tense, may also want to revisit certain web site functionality. The study found 35% of bank web sites had content problems that made information hard to understand, while nearly 75% had navigation designs that were challenging for some users. You would think that in this day and age, getting around a web site and finding the information you wanted would be pretty easy. But, as was found during the study, there is always room for improvement. Whether it is an overall site layout problem, providing less informative product comparisons or not providing enough detail about the product set, customers gave only so-so grades to the banks that were reviewed. We might suggest taking a quick 5 minutes to peruse your own bank's web site to see if something could be improved or made clearer.

How about the simple act of opening an account online? We all know that studies find people open online accounts primarily for convenience, so if your process is cumbersome, expect potential customers to move on and leave information incomplete (still happens about 59% of the time). People want banks to provide simple forms that plainly indicate required fields when opening accounts online and to provide confirmation when the information has been properly completed. These simple things make it easy for customers to open an online account with your bank and put you well ahead of the competition.

Finally, studies find people are easily annoyed when banks use terminology they don't understand or fail to communicate effectively. Since we can all improve on our communication skills, bankers should ditch terms like "payee" and instead switch to something simpler.

The industry and environment will eventually improve, but until then, bankers would be served well to get back to basics when it comes to the web site. In the meantime, we know bankers' moods can swing wildly on any given day, so maybe we should all go out and get mood rings. At the very least, those who interact with us would be better able to tell whether or not we were having a good day.

## **BANK NEWS**

### **M&A**

Southern Missouri Bancorp (\$445mm, MO) will acquire Southern Bank of Commerce (\$28mm, AR) for an undisclosed sum. Southern Bank of Commerce received a formal order from the FRB to merge itself.

### **Closings**

On Friday, regulators closed American Sterling Bank (\$181mm, MO) and \$172mm of deposits and \$174mm of loans were assumed by Metcalf Bank (\$841mm, MO). In addition, Great Basin Bank (\$264mm, NV) was shuttered and \$221mm in deposits and \$252mm of loans were assumed by Nevada State Bank (\$4.1B, NV).

### **BofA**

The largest US bank by assets reported an increase in net income of \$4.2B vs. \$1.2B for 1Q of last year. Mortgage operations, improved margin, OTTI reversals, one time gains and investment banking all helped (but credit losses in their consumer portfolio continued to increase). The profit beat analyst's estimates by a wide margin.

### **Lower Lending**

The WSJ released their analysis of Treasury data that shows lending volume at the largest banks decreased in 3 of the last 4 months post receiving TARP capital.

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