

CAPTURING CUSTOMERS WHILE SAVING THE EARTH

by [Steve Brown](#)

Today is the 39th anniversary of Earth Day, so in appreciation for the environment, we plan to do our best to recycle the piles of paper sitting on the desk, drink water from a cup instead of a bottle and to reuse paper scraps by writing on both sides. We also don't have to tell community bankers about doing their part when it comes to the environment. After all, who do you think invented online bill pay, provides electronic bank statements, originates loans to wind/solar companies and does other socially responsible activities?

We were intrigued by a recent study that listed a number of things businesses would do if someone gave them \$50k. It got us thinking about programs bankers may want to consider offering, as a way to generate additional loan activity with small business owners or to expand customer relationships.

The top 3 things small business owners said they would do with the extra money in this study were to purchase new equipment, create a marketing campaign and upgrade technology. Our suggestion here is for community bankers to create a small business program that addresses all three issues at once. For instance, try creating a program that gives customers information offer them loans to buy equipment (if you are in this business) and provide links to web sites that guide businesses on best practices to save money when buying new equipment. Include in the "small business helper kit" top 10 ways small businesses can market their products and services, where to go in the local community to get help and what techniques are available to ensure the business web site gets traction. Finally, consider joining forces with IBM, Dell or Microsoft to help customers upgrade office technology. Microsoft has an entire small business center set up (as do the others), offering articles, support, products and services. Simply making customers aware of some of these things is a great first step. Getting discounts for your customers can be easier than you think from major companies such as these and offering them to any customer (or potential customer) as part of the small business helper kit simply for wandering into any branch. This creates opportunities to gather more deposits, generates leads and supports existing clients.

Another program community banks may want to consider could be created around "business milestones" (such as a reminder to visit the bank annually for a financial check up, reviewing employee benefits, etc.). This could be nothing more than a glossy "check sheet" of items business owners should consider when launching their company and for every year thereafter during the first 5Ys. Businesses need help, so providing annual milestones of key financial items to consider not only ensures you get to include items that the bank might need to manage its own credit exposure (such as annual financial statements, cashflow reports, etc.), but also helps ensure your customer is better equipped to manage their expenses, get proper asset depreciation and have a strong underlying business structure. Put your logo on the document and a phone number to contact you (plus your web site address of course), make sure the marketing piece is one page in length and label the columns for each year going across. Then add rows going down that include things small businesses need to do at each juncture (including file financials with bank) and viola - you have something customers will post up in their office and look at every once in awhile. This boosts brand awareness and also gets customers thinking ahead about what they need to in coming periods.

Finally, banks do a decent job helping customers with basic budgeting, but few combine that help with a specific program to reward behavior beneficial to the bank. Consider reducing or rebating loan fees as part of a program that rewards customers who consistently provide financial statements without you having to ask for them. This saves your bank time and money, while ensuring customers consistently provide information you need.

We'll explore more ideas along these lines in future editions of the Banc Investment Daily to help you get more business, but in the meantime, enjoy Earth Day.

BANK NEWS

Stress Test

Results are slated to be released this Friday. Treasury Secretary Geithner said banks that need more capital will get the option upon conversion of preferred shares into common equity.

Underwriting

A Grant Thornton study of bank executives shows that 54% of respondents believe the current lending crisis is a result of lax underwriting standards, while 46% said it was a result of the Gov't's push for homeownership. Meanwhile, 44% said the cause was a lack of general mortgage origination oversight.

Deposit Boom

Charles Schwab's bank boosted 1Q deposit growth 71% over the prior year to \$26.6B, as it added 60% more accounts. Overall, checking account deposits increased 154% to \$6.1B, as customers shifted assets to cash and away from the stock market.

SARs

The number of suspicious activity reports rose 13% last year to 734k filings, marking the 12th consecutive year of record highs. According to the FBI, nearly 9% of filings were related to mortgage fraud.

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