

## BOATING ACCIDENTS AND NEW BANK CLIENTS

by [Steve Brown](#)

Studies find the top 5 causes for boating accidents in the US are operator inattention, careless operation, excessive speed, passenger/skier behavior and alcohol abuse. We don't know if you are going waterskiing or riding in a boat this summer or not, but if you do, please keep this in mind so you do so safely. The good news for bankers this morning is that even those who are not planning on waterskiing can apply some of these same principals when it comes to capturing new customers (at least behavior and inattention). Here are some ideas you can immediately use:

**Mover Program:** The Census Bureau indicates 14% of the population relocates every year and 60% of all moves occur within the same county. To capture these clients, make sure you have a program to highlight where your branches are located and offer special incentives for the recently-moved. Studies show that when moving, about 53% of people choose a bank in their new neighborhood because it is convenient, 27% consolidate accounts at that bank because they already have an account there and 19% do so based on a recommendation from a friend. A referral program for your existing customers is already half the challenge, so simply add in something to attract new businesses in the area and you are off to the races.

**Better Training:** You may not know it but a JD Power mystery shopping study found that even when shoppers walked into a bank branch and said they wanted to open an account, 33% of account representatives did not shake hands. As if that weren't bad enough, 50% did not smile during the first part of the meeting and 14% were distracted by something so they did not pay complete attention to the potential customer. First impressions are extremely important, so bankers would do well to remind customer contact teams every single day over and over again - smile, shake hands and pay attention.

**Referral Program:** Your bank may have a referral program, but maybe it is time for a tune-up. Understanding that top performing banks get 25% to 35% of all new accounts from referrals gives you a benchmark. Encourage referrals, thank customers when they give you one, carefully track each and every referral and actively report referrals provided to all senior management. Remember from above that 19% of accounts come from a friend's recommendation, so ask, track and receive.

**Leverage Technology:** Some 30% of all new accounts are opened through the internet and that number is projected to reach 50% in the next 5Ys. Studies find nearly 60% of people research bank services online. Make sure your site is current and easy to search to get ahead of the customer acquisition process.

**Be Consistent:** Studies find that on average, new account representatives only ask 5 profiling questions when trying to figure out the needs of a given customer. When customers are asked how well the bank representative did in assessing their needs, studies show 75% will say it was "reasonable," while 25% say they were asked only a few or no questions at all. To get the best chance of success, a study by JD Power indicates a bank should have the representative who met the customer follow up with a friendly phone call. Just doing that boosts customer acquisition by 40%. Interestingly, the study also found that the percentage of bank representatives who do a reasonable customer needs assessment AND follow up with the phone call is only 7%. In addition, 67% of customers who were greeted when they entered the branch, were kept waiting less than 5 minutes,

were provided a detailed needs assessment and were called by name indicated strongly they will use the bank for future products and services. Plenty of room for improvement, so measure, monitor, manage, track and train to boost traction.

Have a great weekend and don't forget where you parked the jet if you really want to ski fast.

## **BANK NEWS**

### **JP Morgan**

The bank reported 2Q income of \$2.7%, a 27% rise from 1Q and 36% higher than a year prior. Amidst gains in investment banking, JPM credit card losses surged to \$672mm and charge-offs on corporate and industrial loans rose 2.55%.

### **CU Deposits**

In May, CU's attracted another \$6B deposits, totaling \$50.8B (7.3%) in growth for the first 5 months this year.

### **Fed Funds**

Ex-FOMC Vice-Chairman (1994 to 1996) Alan Blinder (now an economist at Princeton), has been quoted as saying he thinks the Fed will raise the Fed Fund rate in the first half of 2010, but the move "wouldn't be massive" and that the Fed was "not close to pulling the trigger" right now.

### **Customers**

A Grant Thornton survey of bank executives finds 80% of banks plan to increase cross selling efforts in the next 12 months, 77% will offer promotions to existing customers to get them to try new products/services; 22% plan to acquire new branches and 13% expect to sell/close branches.

### **Customer Capture**

Research shows top performing banks with good customer referral programs can capture 30% to 40% of new accounts from existing customers.

### **Branch Location**

Studies find branches located in higher income areas will sell 2.5x more money market accounts than branches located in less well off areas.

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