

MAKING MUSIC WITH BIZ RELATIONSHIP PACKAGES

by [Steve Brown](#)

Sometime around 1920, Louie Armstrong dropped the lyric sheet while laying down a recording to "Hebbie Jeebies." In true Satchmo fashion, Armstrong didn't miss a beat and started to make up words for the lyrics that he couldn't see. It was a whiff of musical genius and the producers laughed so hard they decided to keep it in. Just like that, scat was born. The song introduced the world to a music language that was picked up by Ella Fitzgerald, Bobby McFerrin and an array of current artists.

It is that genius that banks need to grab in order to add to their current deposit offerings. You see, many banks are in a rut and still think along transaction account lines. To increase profitability, banks need to get creative and compile different products to help form relationship packages. Just as Armstrong made a career making music about what people want to hear, banks need to make sure they are delivering the right packages.

To help, we have researched more than 200 business relationship packages at banks to come up with a comprehensive list of items and the percentage of banks that offer the account. While this is not an all encompassing list and may not be a representative sample, it should stop you from singing the blues when it comes to traditional deposit accounts.

The heart of all business relationship bundles starts with a checking account (99% of all banks offer in a business relationship package), a savings account (85%) and a money market account (82%). About 55% of the banks offer additional companion accounts to spouses, partners or employees without a monthly fee. Almost 90% of banks offer a combined statement for all those accounts. From there, the next most popular product is free bill pay (81%), free internet banking (80%), no fee credit card (80%) and free notary public service (78%).

After that, the services that banks offer vary widely. Some banks offer a set of deposit enhancements including discounted designer checks (40%), CD rate specials (35%), checking/savings/MMDA account rate specials (29%) and an IRA account (23%). As an aside, free stop payment is offered about 20% of the time, free overdraft protection about 8% of the time and wires about 5% of the time.

Loan products are the next most popular, with 30% of the banks offering discounted fees and 20% of the banks offering discounted rates. As a category onto itself and a trend that continues to increase, about 30% of the banks also offer some sort of financial planning or investment advice (either in-house or through a 3rd party service).

Now that the basics are out of the way, some banks really do start scoddy-be-bopping and some offer sweep into interest checking (14%), free remote deposit capture (13%, but expect this to dramatically increase), business safe deposit boxes (12%), business purchase/travel discounts (11%), free foreign ATMs (10%), express loan approvals (10%), free cashiers checks (9%), free coin counting (9%), unlimited Quickbooks connections (8%), newsletter (6%), discounted payroll services (6%), accidental death insurance (5%), free use of conference room/business centers (5%), ID theft protection (5%), discounted equity trading (4%), free money orders (4%), free travelers checks (3%), free business cards (2%), free healthcare consulting (25) and our favorite - musical CDs (less than 1%).

While few can match the creativity of Armstrong, banks need to come up with packages that offer deep appeal to their most profitable business customers. Some banks even let their customers pick from a series of options so that their account bundle hits all the high notes. Whatever the case, spend some resources on creating innovative deposit packages and your customers will be swaying to the beat.

BANK NEWS

M&A

Access 1st Capital Bank (\$87mm, TX) has agreed to purchase Town Center Bank (\$50mm, TX) practically for free. Town Center's bad loans will essentially function as payment, though current non-performing loans will be excluded from the deal. Access 1st, a barely 2Y old bank, will operate 3 branches and intends to raise \$10mm in additional capital.

CU Seized

Free Choice Federal Credit Union (\$326mm, PA) was liquidated by the NCUA with Trumark Financial Credit Union (\$1.2B, PA) acquiring members' shares.

TARP

Wells Fargo announced plans to repay the \$25B in TARP funds invested by the Gov't. BofA also offered to repay a portion, \$20B of the \$45B received.

Economic Projection

The latest White House projection indicates the economy will shrink at a 2.8% rate this year and only expand at a 2% rate in 2010. The good news - the administration removed \$250B that was set aside as an additional bank rescue, which has now been removed (so industry must be on upswing).

FDIC Fund Impact

While GA has had the most bank failures so far this year (23) of any state, CA (because of IndyMac) holds the dubious distinction of costing the fund the most money so far at \$15.3B.

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