

CLOWNING AROUND WITH INDUSTRY CHANGES

by [Steve Brown](#)

Some people will go to amazing lengths to grab attention, as can be seen in the picture to the left. While we don't know this person, we do know probably more than one person walked up to him and talked to him at this event just to see what he was about. Many things every day can spark conversation and while perhaps not always as colorful as this gent, hopefully in some small way that is exactly what you get from this publication. There are many interesting things going on all around and inside community banks and the industry that we cannot help but share, so today we explore some we think you will enjoy knowing about.

Small Business Lead Generation: Bankers often link up with investment advisory and accounting firms to capture new leads and increase referrals. Perhaps that is because studies show 46% of investment advisory firms have 5 employees or less, while another 15% have 6 to 10. As for accounting firms, there are 44k in the country and 75% of those are sole practitioners who work alone or with a single assistant. We bring this up because over and over we see these sources as great small business referral feeders for community banks. After all, these are small businesses themselves and like community banks - they know their own clients personally.

ATM Changes: JPMorgan Chase reports deposits at ATMs that offer envelope-free deposit capabilities experience a 75% increase in deposits in their first 12 months of use. Envelope deposits made at ATMs cost \$1.70 each to process, versus just 40 cents for a scanned deposit. Also of note, deposits at a teller cost roughly \$1.07, so not only does this boost funding options for JPMorgan, but it also reduces costs at the same time. Customers say they enjoy the flexibility of the machines, the environmentally-friendly aspect of not having to use an envelope, faster processing, being able to see the check images that have just been scanned, not having to add up each check manually, and having the deposit post immediately (instead of waiting for an envelope to be opened the following day). Of course, for the bank, envelope-free ATMs can cost an estimated \$30k to \$50k per machine, or about 50% more than a traditional envelope-taking ATM, so running the math on volumes and the projected value of additional deposits collected is important.

Customer Knowledge: Studies find roughly 68% of banks do not have a very good client acquisition process and about 80% cannot identify which marketing campaigns have been the most effective. Nailing down a cohesive process is important if banks are to consistently acquire customers. The research finds one good way to start is with customers that are already loyal and combine it with trusted referral advocates. By doing this, you will have captured roughly 71% of new client origination sources, according to the research.

Channel Integration: Research by Aite Group finds 50% of larger banks plan to increase IT budgets this year by more than 15% over 2009. Meanwhile, 35% said they plan to increase spending by 5% to 15%. While different reasons for the increase were given (maintenance, modernization, compliance and post merger work), one overriding theme was to improve the customer experience by enhancing the bank's ability to integrate products, services and sales across all channels. Something certainly

for community banks to consider as well, as the world continues to evolve toward cohesive customer delivery regardless of platform.

Now that we have captured at least some of your attention and boosted industry insight; we shift gears, as we go in search of a checkered clown vest to really get things rolling around here.

BANK NEWS

FDIC Meeting

The 14-bank FDIC Community Banking Advisory Committee meets today to share their thoughts on pending regulatory reform, the current state of CRE lending, loan demand, FDIC assessments and liquidity regulation

Bank Boards

A survey by Cambridge Winter and reported in USBanker finds larger bank boards have an average of 14 members, of which, just 22% were outsiders with financial services experience.

Gone Euro

The new \$100 bill is multi-colored and has special security features. The color, security stripe, and Mr. Franklin's big head, now gives our currency that European flair.

Social Media

Facebook's new "Like" button is catching the attention of bankers with social media initiatives. The button will now be made available to other websites, like banks, that can embed the button on their websites to allow users to link back to their Facebook account. The purpose is to drive traffic to/from Facebook and the bank site, provide users with information and connect consumers to a greater degree.

Hard Hit SFR

The residential mortgage market for the hardest hit states shows more time will be needed to repair the economic damage for sure. NV has 13% unemployment and 70% of homes have negative equity; CA is at 12.5% and 35%, respectively; AZ is 9.2% and 51%; FL is 11.9% and 48% and MI unemployment is 14.3% and 39% of homes have negative equity. This is one reason the FRB continues to indicate rates will remain low for an extended period of time.

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