

CHANGING NICKELS INTO GOLD

by [Steve Brown](#)

Community bankers everywhere are focused on retaining every bit of change they can shake out of the branch cushions. It is no wonder, when you consider the demands customers, regulators and shareholders are placing on management teams. Our advice to lighten things up is that whenever you come across a pile of change; focus on grabbing the nickels first. After all, nickels are now worth about 6.2 cents each, due to a run up in the commodities used to create them. For added fun, try setting up a smelter in the vault and go so far as to melt them down on your lunch break. With the extra 1.2 cents per nickel you will make, pay the FDIC assessment and viola! - you have a brand new source of profitability to help you get through 2010.

Since collecting nickels in bags isn't without risk (it can throw your back out), we explore other less strenuous ways to boost profits by capturing and retaining more clients. Statistics find there are about 29mm small businesses operating in the US and of that group, about 34% have their primary account with one of the top 5 banks. So, if you are seeking new clients or just trying to retain existing ones, it makes sense to keep an eye on what these 5 large banks are doing so you can counter attack.

To get a better grasp on things, we visited Bank of America's web site and explored their small business offerings. Our goal was to see if we could glean anything new. From the very beginning, it appeared clear to us that BofA was interested in hooking customers up to online services, using more ATMs and opening savings accounts. This was evident because as soon as we entered the website, we were greeted with a pop up featuring online banking, bill pay, a savings program, an online retailer discount program and a push to visit ATM machines. The pitch was based on allowing customers to track spending; view balances anytime, anywhere; ease of paying bills online; automatically building savings balances; saving money through retailer discounts; and using ATM machines instead of branches. In short, the basic approach was one of self service, ease of use, speed and online flexibility to meet customer needs. Here, community banks can take an exactly opposite tact (self service is great until you need help, etc.) or feature similar services to make it harder for existing customers to differentiate (and therefore they are more likely just to stick with what they know). One other potential approach could be to emphasize you are a community bank doing business in the local community with local businesses and "they" are from out of town (this approach tries to catch the good feeling many have right now for community banks), just to mention a few.

Next, we looked at JPMorgan Chase to see what they were doing. Here, the web site opened to scrolling videos from executives, a section on customer stories and news about the company. The site was a bit confusing and more generic, but we eventually found the link to Chase.com, where we were greeted with a credit card push on the splash page. As we dug deeper into the business banking section, we found a push for loans that featured term loans, lines of credit, credit cards, leasing and SBA loans. For the term loan, the pitch directed clients to either an 800# or a branch near them. Our advice here is to spend some time wandering around the page, determine where your offerings are better or worse and then develop a plan to differentiate your bank (if Chase is a competitor on larger customer accounts).

Repeating this process with the rest of the "Big 5" periodically is a good way to keep tabs on competitors and discern trends before they become common. Hit the websites, do some reconnaissance and develop a plan to counter anything you find. Do this and you might capture some of those nearly 10mm small businesses that said their primary bank was one of the 5 largest. As for the nickels - we don't think you are really allowed to melt down coins of the US, but if you were; imagine what a fun Saturday event to go along with hot dog cookout in the branch parking lot.

BANK NEWS

Closed (72 YTD)

The FDIC closed: 1) Satilla Community Bank (\$136mm, GA) with Ameris Bank (\$2.4B, GA) assuming deposits for a 0.19% premium and nearly all assets with \$101mm under a loss share. 2) New Liberty Bank (\$109mm, MI) and sold to Bank of Ann Arbor (\$543mm, MI). Ann Arbor will acquire all deposits for no premium and virtually all assets with \$95mm under a loss share. 3) Southwest Community Bank (\$97mm, MI). Simmons First National Bank (\$1.6B, AR) will purchase all deposits for a 0.50% premium and essentially all assets with \$67mm under a loss share. 4) Midwest Bank and Trust (\$3.2B, OH) with Firstmerit Bank (\$10.5B, OH) buying all deposits for a 0.40% premium and basically all assets with \$2.3B under a loss share. More information can be found at "Failed Banks":

<https://biganalytics.bancinvestment.com/>

Retraction

On Fri, we indicated in error that Continental Bank Holdings Inc. (\$493mm, PA) in March had acquired First National Bank of Chester County (\$1.4B, PA). The story should have stated that Continental acquired Vision Mortgage Capital from First National Bank of Chester County for an undisclosed sum. Our apologies to all for the error.

Bank Rep

Reputation Institute finds that consumers rank corporate governance as the largest contributor to one's perception of a bank. Following close behind are a bank's products and services.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.