

HUSBANDS, WIVES AND BANKING

by [Steve Brown](#)

Husbands and wives don't always share everything with each other. Whether it is planning for a surprise party or something more, we found it interesting that 80% of husbands and wives surveyed said they spent money in the past year on things they wanted without telling their spouse. Clothing came out on top for both groups, with wives at 43% and husbands at 25%. Next in line for wives were gifts (21%), followed by alcohol (8%), music (6%) and dating websites (1). For the husbands, after clothing came alcohol (19%), then music (14%), gifts (12%) and dating websites (4%). There is much that can be drawn from this data, so we leave it to you to discuss with your spouse later this evening and shift instead into the world of banking. Since we always enjoy helping community banks capture more customers (husbands or wives), that will be our area of focus today.

One area of interest is how best to position your bank to attract customers. A new study by the ABA finds that for all age groups, the preferred banking method in 2010 was internet banking (36%), branches (25%), ATMs (15%), mail (8%), unknown (7%), telephone (6%) and mobile (3%). While we don't know how to market through the "unknown" channel, the rest deserve special attention. In particular, given they make up a combined 61% of the pie; internet and branch banking should be key areas of focus for any community bank. Special marketing programs around these channels can deliver new clients.

When it comes to internet delivery, the best tip we can give is to focus on the end-customer experience. A survey by Intuit found that 84% of people say the most useful and important aspect of their online experience is the ability to see all of their finances and information in one place and nearly 50% want their bank to offer tax preparation tools on the website. On the business front, the internet channel should support the ability to view detailed account activity including current balances; transfer funds between accounts; set-up recurring transfers; obtain an advance; review account transaction history; sign up for online statements and account alerts; view check images and deposit slips; and download account history into common business accounting software packages.

On the branch front, we admit they are expensive to operate and are becoming less and less profitable (as people shift transactions to the internet). However, as the data shows, branches still serve a purpose and offer a unique cross-sell opportunity. Studies find most people go to branches to resolve problems they can't resolve somewhere else, have concern about privacy or do so out of habit. To jumpstart sales, take a hard look around the branch and see where you can enhance technology (such as installing electronic bulletin boards, neighborhood calendars, cash recyclers, or touch screen technology for product information) and to be sure they are designed to encourage interaction with your employees.

Finally, never stop training your staff to ask for a referral when a customer is happy (even do this online). This is an easy way to grow, because studies show clients that are engaged with your bank (an emotional connection developed during repeated interactions) will offer 5x more referrals than those who are not. In another study, 19% of engaged customers told an average of 4.1 friends about their bank, leading 23% of those friends to switch banks. Finally, a third study found that while 91% of customers are comfortable giving a referral, only 29% actually do so because the rest were never asked. Referrals and connection matter, so focus energies there to drive business.

As with great marriages, banks that work hard; keep the fun alive; enjoy differences; and learn from each other (and their customers), stand a good chance of an everlasting relationship.

BANK NEWS

Small Business

A survey by American Express finds 45% of small business owners think the economy is improving at this point. That means 55% do not think things are improving noticeably from their perspective.

Economy

It is interesting to note that GDP has bounced back to more than 95% of production lost from pre-recession levels, while jobs have only recovered by about 15%.

Dodd Frank

A survey by Grant Thornton finds just under 50% of bank executives surveyed feel Dodd Frank will fail completely in its goals.

Small Business

A survey by Administaff finds 79% of small business owners do not expect a rebound in their business in the first half of 2011.

Emergency Fed

As a quick update, only about \$200B in emergency programs remain of all those the Fed rolled out during the heat of the crisis.

Mortgage Securities

The Fed owns about 17% of all outstanding agency backed mortgage securities at this time and foreign central banks own about 10%.

Online Banking

About 80% of households now bank online. Banks looking to cut costs can save money by encouraging customers to ask questions online vs. in person.

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