
INCREASING SALES OPPORTUNITIES

by [Steve Brown](#)

We were intrigued by a Harvard study that found waiters who stand 0.6 meters closer to customers get nearly 23% bigger tips. That action, combined with smiling, touching customers briefly on the arm or shoulder and squatting next to the table to get level eye contact when introducing oneself all helped increase tips according to researchers. We wondered what the impact would be if the same approaches were used by community bankers when positioning products and services in the branch. While you won't be getting any tips per se and we have not researched this yet, your bank might want to try these techniques to see if you get better sales results (it certainly can't hurt). If you try it, let us know either way and we'll be happy to print the results.

If that little tidbit got your wheels turning, how about one from NACHA that finds 50% of small business owners have still not been approached by their bank about direct deposit. These dollars and a much stickier customer base are sitting there for the taking with a little elbow grease and a few trips around town to see what customers you might still be able to capture. By subcategory, only 34% of businesses with 2 to 100 employees use direct deposit, despite the fact that 82% of employees whose employers offer direct deposit use it (30% of employers say employee participation is 100%). Now you know, so you can build a plan around this opportunity perhaps and begin capturing new customers through a tried and true method.

Community banks should also take a closer look at the branch network and examine what is working and what is not. It remains true that about 58% of consumers still use the branch as their primary way to make a deposit, but change is happening, customer behavior is shifting and technology is moving rapidly, so adaptation will be required. Branches have airy spaces for the most part that more and more is going unused. The key is not to close the branch, but rather to leverage it up as a product delivery channel designed to be a critical component of building longer-term, deeper, multi-product customer relationships. To excel, banks will need to focus on improving training for customer facing staff so a broader and more specific product cross-sell can occur. There is little a bank can do with the existing cost structure of the branches, so making them work more effectively is important. Weaving in specialists to support generalists, boosting customer knowledge and responsiveness, assisting customers in using your bank's technology delivery channels and other approaches can be quite effective in boosting performance.

Online banking is quickly accelerating as it heads toward the top spot for customer contact and interaction. Basic banking activities flow easily through electronic pipes and customer behavior shows the flexibility it offers is why this is a preferred method of customer interaction. To stay ahead of the curve here, focus on not only your online banking, but all of your delivery channels (both electronic and physical). Then, take the time to step into the shoes of your customer as you think about how your best clients use your online banking, bill pay, mobile banking, ATMs, remote capture and branches. Understanding why customers choose a given channel is important so you can better understand the behavioral piece and develop sales opportunities around them.

No one said banking was easy, but as you can see with the waiter example, sometimes selling more products is as easy as getting closer to the customer, smiling, maintaining eye contact and knowing what you are talking about in context of the options available and their business needs.

BANK NEWS

Durbin

The Fed issued the final debit card interchange rule (378 pages) that would cap a bank's (those over \$10B) base fee at 21 cents per transaction and allow an additional 5bp additional charge for fraud loss plus 1 cent per transaction if an appropriate fraud prevention program is in place. In addition, issuers should now include both a signature-based and PIN-based unaffiliated network in order to route transactions. While revised pricing is about double what was originally proposed it is still about 45% less than what is currently charged.

Rewards

In the first of its kind, Amex is adding Facebook credit as a reward to its small business customers. Customers that rack up points by spending and service usage can now exchange them to advertise on Facebook. The idea came after Amex experimented with a 1-day online workshop advertising credit and 10,000 customers signed up.

SARS

The number of Suspicious Activity Reports filed for mortgage-loan fraud rose to 25,485 in 1Q, up 31% from 4Q

Getting Ugly

The US Postal Service has notified employees it will not pay \$800mm into an employee retirement account this year because it is facing insolvency without Congressional approval to pay \$5.5B for worker health benefits. The Postal Service reported a loss of \$8.5B for 2010 and a 2Q loss of \$2.6B, given the declining volume of mail.

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