

FEEDING THE BRAIN AND WORKING DOWN THE PILE

by [Steve Brown](#)

To keep our brains fed and to stay on top of the industry, we read voraciously, scour research reports and talk to bankers until they don't want to talk anymore. We ask plenty of questions, as we keep our eyes and ears open for things that can make a difference for community banks. Inevitably as part of this process, the scribbled notes, research and industry publications tend to build up on and around the desk and we eventually become buried. To help clear some of that out and assist your bank, here are some highlights worthy of pondering this morning. Hiring new employees - the latest research finds 91% of human resources recruiters now screen applicants using social networks. By major network, 76% use Facebook, 53% check Twitter and 48% use LinkedIn. Companies want to be sure there are no skeletons in the closet, as they check on potential capabilities and this is one quick and efficient way to do just that. Business stress - you might want to consider offering marriage counseling as an option for your best loan customers. After all, you have exposure to their business performance over an extended period of time, so doing this might also be in your best interest. Consider that a new study found a couple with \$10k in debt and no savings is 2x as likely to divorce, as a couple with no debt and \$10k in savings. Further, couples who disagree about money once per week were 2x as likely to divorce as those who only disagreed once per month. Making sure business owners who bank with you have a savings account and offering money management classes (along with marriage counseling even), might be worthy of considering to ensure that loan keeps paying on time and the owners stay focused on the business. Technology risk - a new study finds 56% of businesses have experienced fraud in the past year and 75% were victims of corporate account takeover or online fraud. Yet another recent survey found 53% of customers say they would switch banks if they found one that provided better fraud prevention. Teaching your business customers how to protect themselves online, teaming up with local technology companies to provide support or training and giving away a free year of McAfee or Norton (make sure it gets installed) virus protection are ways to help protect your own interests as you assist clients. Video marketing - if you are still only doing print marketing when trying to reach new clients, consider that a new survey finds 49% of people now watch online video daily and the average hours spent per week watching online video has reached seven. A whopping 70% watch clips shorter than 5 minutes. Creating video content that goes behind the scenes at your bank; answer a common customer question; showcase your culture; are humorous; are structured around an interview; feature someone well known in the community and other methods are all possibilities to consider as you leverage marketing dollars through this channel. Teach customers to pay on time - it may sound simple, but business people are busy running their businesses, so they don't often think about their loan. Setting a process where borrowers are contacted when a payment is 5 days past due, followed by an onsite visit when it becomes 10 days past due can help surface issues faster and give you an edge. Benefits from visiting the customer include collecting the payment; an opportunity for a visual inspection; collecting current borrower financial information; and reviewing the value of collateral pledged. Meanwhile, borrowers that are past due 15 days should have a meeting at the bank and if the loan cannot be brought current, a workout plan should be developed before bigger issues arise. Such tickler systems can save your bank pain further down the road, help the customer address their issues and let them know you are

there to help get things back on track if needed. Do this consistently and effectively and you can also avoid having to deal with unneeded piles of paperwork.

BANK NEWS

Piling On

Senator Durbin blasts Bank of America's planned \$5 monthly debit card fee by urging customers to "vote with your feet...get the heck out of that bank." Meanwhile, President Obama responds to the \$5 fee with the quote - "This is exactly why we need this Consumer Finance Protection Bureau that we set up that is ready to go."

Starbucks Financing

The coffee giant announced a program that will partner with customers and community development organizations to help local businesses create jobs. Starbucks will commit \$5mm to the Commit Jobs for USA fund.

Premium Financing

A recent FBI raid on Imperial Holdings in FL will likely bring the practice of insurance premium financing into the public eye. At issue is the role of brokers in the placement of these loans and of the resale of financed policies.

Merger Drama

Bank payment processor, S1 will end a 3- month merger battle and accept ACI's hostile bid for \$9.55/share. Rival suitor Fundtech, while not victorious for S1, will accept \$400mm in private equity from GTCR and will be combined with portfolio company, Bank Serv.

Deal Restructure

Because of depressed equity prices, Susquehanna (\$14B, PA) tightens the terms of its \$340mm Graystone Tower Bank (\$2.1B, PA) acquisition to lock Tower Bank in despite falling Susquehanna equity prices.

Dexia

Belgium and France say they will guarantee beleaguered Belgium bank, Dexia's financing and will take all necessary steps to safeguard depositors and creditors.

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