

SMALL BUSINESS OPPORTUNITIES FOR YOUR BANK

by [Steve Brown](#)

Community bankers are always looking for ways to differentiate themselves and make a difference in the community. One thing that struck us as we were reading this weekend; is that small business owners need help with social media and community bankers can help fill that void with in-branch meetings, presentations and expert speakers. Helping your existing customers with more efficient marketing can not only garner goodwill, but may improve the cashflow on their loan. If attendees like what they have learned, ask them for a referral then and there.

When it comes to social media, a new survey finds 47% of small businesses still don't use social media at all for business purposes, however at the same time, 50% say their best marketing is by word of mouth. Further, about 24% of small businesses say they just don't have time to participate and 14% say they don't know enough to get started. Since social media is all about word of mouth and since it is apparent some dot isn't getting connected here, it is time for your community bank to step into the fray. If nothing else, you can help your own customers simply by bringing them into your bank and improving the education they need to leverage this resource.

Another area where you might find success in educating your customers could be around cloud computing. You don't work at the power company, but you can explain how delivering computing as a service can make sense to small businesses. Having a way to share resources, software and information, similar to the way electricity works through the grid, can make great sense for small businesses. Yet, while Apple (and others) are already moving aggressively down this road, it is interesting to note that studies find only 10% of small businesses have deployed cloud-based systems; 47% are not familiar with the cloud and 25% have heard about the cloud but don't know what it is. Help your customers protect their own data and become more secure by educating them on the potential value of getting cloud-based email support (for \$5 per mailbox per month) or even their entire IT platform for as little as \$50 per user per month.

One more area of potential assistance is teaching your small business customers to take care of themselves. Business owners work long hours and pour their heart and soul into their company, but they often don't think about themselves. You can teach small business owners that saving for retirement is important and in their interest. A recent SBA study found that only 36% of small business owners have an IRA and only 33% of those contributed to it. Meanwhile, less than 20% participate in 401(k) plans. Getting your bank in front of these clients to perform a check-up can be helpful in a variety of ways, so it just makes sense. Capturing updated financial data, talking to the owners about their future plans, calculating cashflow and better understanding the business are all great ways to deepen these relationships.

Finally, you might want to consider doing some of this with a little more panache. Maybe it is time to arm your customer-facing staff with iPads and iPhones. These tools allow sales teams to demonstrate products and services, tap into the mobile world and personalize customer service as they simplify daily business activities. Your employees can visit customers in their own environments, or step out into the branch with an iPad in hand and get rolling right away. With a little bit of work up front, these

tools can help differentiate your bank, as your teams are better able to introduce products in a more engaging way (as they also deepen understanding of each customer's unique needs). By working together, the employee and the customer create custom solutions on the spot, improving customer interaction and reinforcing services as simple, powerful and user-friendly.

BANK NEWS

4 Closed (80 YTD)

Regulators closed 1) Piedmont Community Bank (\$202mm, GA) and sold it to State Bank and Trust Co (\$2.8B, GA). State gets 2 branches, all deposits and entered into a loss share on 81% of assets; 2) Blue Ridge Savings Bank (\$161mm, NC) was sold to Bank of North Carolina (\$2.2B, NC). Bank of NC gets 10 branches, all deposits and 89% of assets under loss share; 3) First State Bank (\$204mm, NJ) was sold to Northfield Bank (\$2.3B, NY). Northfield gets 2 branches, all deposits and nearly all assets (no loss share); 4) Country Bank (\$191mm, IL) was sold to Blackhawk Bank & Trust (\$866mm, IL). Blackhawk captures 2 branches, all deposits and 59% of assets (no loss share).

Earnings

Wells Fargo posted earnings that increased 21% to \$4.1B for 3Q, but tied analyst's estimates. While revenue fell, gains were had in consumer lending, mortgage production and servicing in addition to lower loan provisions. Citigroup produced earnings that were up 74% over last year to \$3.8B, but below analysts' estimates. Citi produced lower revenue, largely driven by muted investment banking activity, but had \$1.9B of gains due to an unspecified accounting adjustment.

Flood Insurance

Farm Credit, the NCUA, OCC, FDIC and the Fed issued guidance on the force placement of flood insurance. The guidance better outlines "insurable value" and the timing of when banks can place the insurance. The guidance can be found here: <http://tiny.cc/PCBBFlood>

Insider Trading

Hedge fund manager and billionaire Raj Rajaratnam was sentenced to 11Ys in prison, the longest ever for insider trading. The judge said Rajaratnam's crimes "reflect a virus in our business culture that needs to be eradicated."

Household Debt

Fed data shows total household debt (consumer and mortgage) doubled between 2000 and 2008, reaching \$13.8T. Since then, it has fallen to \$13.3T as of 2Q.

Consumer Savings

The personal savings rate (savings as percent of disposable income) has risen to 4.5% in Aug, up from less than 2% in 2005.

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