

MOONSHINE AND MOONWALKING INTO A BRAND

by [Steve Brown](#)

The other night at a banking gathering some participants threw back some "Junior Johnson" before proceeding to pay homage to Michael Jackson. While the display wasn't the prettiest, it was refreshing to see some personalities emerge and some differentiation take place. This underscores a challenge in banking that is best summed up by a recent study by the research firm Brand Keys that looked at 75 product categories to measure the degree of differentiation among competing companies. Banks, unfortunately, ranked tied for dead last. Soap, athletic shoes and even water companies all have figured out something most financial institutions haven't - how to set themselves apart. If bottled water companies can figure out how to build a brand, surely banks can.

Part of the problem, of course, is that we all say we are about service. Given that the financial service industry, as the name implies, is based on service, this is like saying Ford differentiates itself by producing motor vehicles. All banks are based on service, so saying you are about service, moves your differentiating factor to zero. Worse yet, for many banks the moniker of service rings hollow as the only loan you can get is a floating rate one, you have to come into the branch to open an account and your cash management products come in two flavors checking or savings. We can also safely assume that you are community focused, have high integrity, keeps things easy, care about the customer, are flexible and friendly. This list sums up 90% of the differentiating points that we have heard from banks over the last 25 years. The problem is, these factors are interchangeable with almost any bank and don't answer the 3 basic test questions that a good brand should: 1) We are meaningfully different than our competitors because of X; 2) X can be demonstrated in the following ways; and, 3) As we grow, X will remain valid. In other words, you need to stand for something relevant that your competitors do not. This has to be supported by your actions in some fashion and this differentiating factor should be able to be duplicated across markets, communities, products and personnel as you grow. On this last point, local decision making is fine, but if that decision making is slow and/or it is meaningless in other markets, then you may have an OK brand proposition, but it would fail the test as a "good" one.

As the survey results show, if you don't stand for anything, your community will think you stand for nothing and treat your service as a commodity. If service is the hallmark of your identity then we urge bankers to take the next step and better define what that really means. Is it short waiting times, more branches, faster loan approval times or just generally higher satisfaction? Whatever it is, refine it to the point of differentiation, track it and manage the metrics. This will not only allow management to monitor and improve that hallmark service proposition, but will let the bank better drive home the point to their customers. We will also add that service doesn't have to be about a high end, Ritz Carlton-type of effort. Southwest Airlines usually takes the #1 spot in airline service by just offering a superior value.

If your bank is more than about service, then take the time to define your market position, pricing strategy, distribution and your relevance. Then state your brand message. Maybe your bank is about providing direction to the small business customer, is the "fun" place to bank, serves a particular customer/product niche (like professionals or home mortgages) or offers advisory to the affluent.

Whatever the case, refine your brand until your message stands out and then make sure you put resources behind the message in order to get the word out clearly to your stakeholders. Unlike soap and bottled water, banks and bankers can make a difference in someone's lives. The economy, today's complexity and the huge generational transference of wealth from the Baby Boomers all scream the need for financial leadership and a bank that is bold enough to do a little moonwalking in order to prove they can stand out.

BANK NEWS

Competition

Wells Fargo announced a new service called CEO Mobile Deposit, designed specifically for commercial and corporate banking customers. The new service allows customers to capture check and money order images and deposit funds, using an iPhone to their Wells Fargo bank accounts. The service also allows users to enter optional location information to make it easier to identify deposits and take action on returned items faster. Business customers can also use CEO Mobile to initiate and approve payments; receive alerts about critical transactions; review account balances and transactions; manage commercial card expense reporting; review and reset rates for expiring loans and reset passwords.

FNMA

Similar to FHLMC, the GSE will ask for a capital infusion from the Treasury as Fannie Mae reported a \$5.1B 3Q loss, worse than the \$2.9B loss in 2Q. The red ink was a result of some continued credit issues, but also a hedging mismatch.

Mortgage Docs

The CFPB released 2 prototype docs for comment that combine and simplify the Truth in Lending and the HUD-1 settlement statement. These docs , called "Ironwood" and "Hornbeam" can be found and commented on at: <http://tiny.cc/PCBBFCFPBMDoc>

Housing

Last month's drop in average housing prices nationwide now has 50% of mortgages underwater.

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