

TAKING A THOUGHT LEADERSHIP POSITION

by [Steve Brown](#)

While banks think in terms of products, in the future, banks will start to take a grander approach to marketing and think in terms of solutions. For example, instead of just marketing health savings accounts, banks will market strategies that culminate today (the end of Medicare open enrollment nationwide) and will drive future deposit balances up, increase market share (both retail and commercial) and generate more fee income. If you missed marketing around open enrollment, there is still time for the granddaddy financial cyclical event of them all - tax time.

As we wrap up December, we have just a few short weeks left to make last minute tax moves. Now, "tax moves" are almost as dangerous as dance moves, because if you do them the wrong way, you look really stupid and in egregious cases can end up in handcuffs. The best anyone ever does for us is to send tax planning brochures and e-mails. While helpful, we are always so overwhelmed at the end of the year, that we rarely have time to implement these strategies. We are sure there are families out there buying \$11k worth of eyeglass cases to get above their AGI, but that is rare. We wish our banks would take a more proactive stance in helping us navigate April 15th.

By taking more of a thought leadership role, bankers can similarly grab more deposits. Retail banks, in particular, can boost balances and fees by marketing programs around tax planning and refunds. For example the IRS allows taxpayers to direct deposit their refund into as many as 3 financial institutions. Some wily banks have found ways to make it easy for customers to have all 3 going to their financial institution instead of elsewhere. In this manner, taxpayers will not have the option to send monies to other non-bank institutions, such as brokerage accounts or mutual funds.

A successful marketing campaign would include education and access to Form 8888 (which allows for the transfer of funds to multiple accounts). In addition, banks might incent their customers to deposit funds into a combination of IRA, savings, checking, money market or bank investment accounts. Offering to match funds (say up to \$25 per account), giving gift cards away if you utilize all 3 accounts or a free enrollment into a VIP "savers club," are all ideas that banks have put into practice over the years. Tax time represents one of the best times to capture funds, as financial issues are highly topical & anxiety is deep.

Another effective product is a "goal setting account." Here, customers are encouraged to save their tax refund for a long-term goal. The account (or sub-account if you have the online capabilities) is interest-bearing and gets a name such as "Italy," "College" or "New car." The account holder registers the goal and once reached, the bank credits the account with a bonus amount for achieving the milestone. Minimum time would be 12 months, with a minimum amount of \$500. Popular goal-oriented accounts currently have a rate of around 0.33%, with an extra service such as ID Theft protection for a year or monetary reward given away should the goal be reached.

Ideas around tax time abound and also include leadership around: IRA conversion, maximizing retirement savings, bunching deductions, delaying income and our favorite, contributing/establishing charitable contribution accounts (donor-advised funds). By combining banking products and services with tax education, banks can increase the number of accounts, balances and fees for both retail and small business customers.

Get a jump on helping your customers handle tax time in 2012 by brainstorming ways to fuel profitability. Those banks with trustee services, wealth management or with specialty focuses (like medical professionals or home owners associations), are in excellent position to provide guidance that will result in more convenience to the customer and greater profitability for the bank. While we hate to pay taxes, we feel it is our sincere patriotic duty not to go to jail, so we are always looking for someone to help us with our next "tax move."

BANK NEWS

Less Switching

The National Credit Union Association has revised estimates of the number of customers that switched from banks to credit unions between Sep. 29 and the first week of Nov. from 650k to 210k.

Cutting Staff

Citigroup said it will cut about 1.5% of its staff, or about 4,500 jobs, as it seeks to reduce costs, boost performance and deal with unprecedented market conditions. Citi will take a \$400mm charge in 4Q as a result.

Ahead of the Curve

In an effort to avoid foreclosure, Real Capital Analytics reports lenders have restructured 53% of the \$17.5B in hotel loans coming due in the next 2Ys.

IFRS/FASB

The SEC said it will need a few more months to complete its recommendation on whether to incorporate International Financial Reporting Standards in the US.

Housing Fix

A new bill has been introduced in the Senate that would offer foreign investors a 3Y "homeowners visa" if they invest \$500k in cash into a home and stay in it for at least 6 months. Sponsors say the move could help clear some of the housing foreclosure overhang without impacting the US deficit.

Clearer Communication

The Fed is reportedly close to finishing an overhaul of how they will signal policy plans (and will unveil it early next year). The change will be more explicit about their goals for inflation; targeted employment; and state more clearly their interest-rate strategy to meet the goals. Analysts say the change also gives the FOMC more

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