

## BANKING'S POWERFUL WORDS

by [Steve Brown](#)

As you read this, the word choice we use is having a profound influence on what you think about our organization, its products, personnel and services. For example, if we say "We can get you more loan business, trust us" - most likely you will do anything but. Ironically, the phrase "trust us" elicits a stark psychological response that is the opposite of its intention, called a "negative transfer phrase." However, if we say, "Imagine if we can show you how to generate enough loan growth to not only meet your budget, but easily surpass it," you would be eager to hear our solution and be predisposed to believe what we say. The word "imagine" is what is called a "positive transfer phrase." It has powerful connotations that tend to illicit trust. Our point is that if you are interested in building a sales organization or "simply" (another positive word) want to improve communication, word choice makes a big difference. Of all professions, bankers (with their high trust factor), are primed to leverage positive word choice. It doesn't matter if it is a commercial, retail or high net worth customer, to have a client explain their goals or financial strategy. Then, have one of your calling officers say "I get it" and the effect will be almost magical. That crisp phrase communicates not only that you were listening, but that you understand their desires. In short, non-technical jargon (no "pari passu," "ACH" or "springing covenant") and the use of concise, positive, client-focused words makes customers and potential customers feel at ease and establishes rapport. When explaining a prepayment provision on a fixed rate loan, using words and phrases such as "yield maintenance provision" and the fact that the loan provides "stable" and "predictable" payments are multiple times better than discussing a "prepayment penalty" (negative) or that the fixed rate loan "locks you into a fixed payment" (negative). While the meanings are respectively the same, the connotations and perspective are starkly different. Another important area for bank officers to master is loan or deposit fees. It is important to work in terms such as "transparency" or "value." The fact that the bank delivers a "high service commitment" and that everything is "fully disclosed with no hidden charges," is another set of key terms and phrases. Other important words for front line officers to work in include discussing the client's "strategic objectives" or "foresight" (both reinforce the client's deep thoughts), anything "customized" (shows the bank is not one size fits all) and a "partnership" (shows you both are working together) will all work wonders. This is especially important at the end of a meeting in which you want to underscore the customer's partnership with the bank and lay out an action plan with next steps. Here, you want to talk about how the proposed loan or cash management service will "lift the burden" off the customer, deliver them "peace of mind" and make them "more competitive." Once that partnership is verbally solidified, working in "here is what we need to do to make this happen" or "here are our next steps to make this project successful" will create a positive mutual goal. Of course, active listening is much more important than talking, as it helps you better understand the client's needs and positioning. However, when it is your turn to talk, working in positive transfer words and phrases that are clear demonstrates understanding and shows positive emotion. Do this and "take your sales and communication skills to the next level" as you become the "envy of your competition."

## BANK NEWS

### CFPB

Newly appointed Director Richard Cordray said that now that he is in place, his agency will focus on payday lenders, mortgage servicers, mortgage originators, private student lenders and other firms

that compete with banks but have escaped meaningful federal oversight. The Director said his agency plans to establish clear standards of conduct so that all financial providers play by the rules. Meanwhile, Raj Date was appointed Deputy Director.

### **Bank Dividends**

The WSJ is reporting that more banks increased or initiated dividends in 2011 than in the previous 2Ys combined, according to analysis from SNL Financial. Overall, 123 banks and thrifts raised or initiated dividends, a 36% increase from 2009 and a 68% increase from 2010.

### **Stronger Real Estate**

In a good sign for community banks, a survey of real estate investors by PricewaterhouseCoopers finds commercial real estate remains a good place to put money to work as they offer better yields than other options. In office, investors expect to see occupancy stabilize and rents rise in many markets. Investors also feel multifamily will remain the hottest sector, delivering steady cashflow, rising rents and ongoing demand. The PWC survey found rent growth is expected to be the highest in San Francisco, New York and the Pacific Northwest.

### **2011 An Ugly Bank Year**

Bank of America was the year's worst performer in the Dow Jones Industrial Average, dropping 59%. Other financial firms that got hit hard included AIG (down 52%); Citigroup (down 43%); Goldman Sachs (down 46%) and JP Morgan Chase (down 21%).

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