
THE PROFIT IN NEW YEAR'S RESOLUTIONS

by [Steve Brown](#)

This time of year nearly everyone is working on their New Year's resolutions. Some of the most popular include losing weight; spending more time with friends and family; quitting smoking; quitting drinking; getting out of debt; getting more organized and learning something new. It is this last one that we help with today, as we seek to make your bank more profitable. You may not know it or may not have focused on it, but consider a study from Wausau Financial Systems that indicates 50% of the average branch employee's time is spent filing, retrieving and making copies. Meanwhile, another study by Aite Group found that 253,000 new accounts opened resulted in 126mm printed documents, of which, 50% were for internal use only. Yet another study found the average American office worker uses a sheet of paper every 12 minutes, a ream of paper every 2.5 weeks and email results in a 40% increase in paper consumption. Some of this is necessary, but much of it is not and technology has accelerated to the point where other options might make more sense. Consider wandering around the branch or visiting customers in their offices with an iPad. Used properly, this approach provides more personalized customer service, as it simplifies business activities. Banks can now work directly with customers to introduce products in a powerful way, as you deepen the customer relationship and better understand their needs on the fly. There are many time saving tools that banks can leverage, so perhaps now is the time to begin experimenting, talking to the management team and others within the bank to explore ways to better automate processes from front to back as you save both time and money. Another area worthy of discussion this morning is around outsourcing. More and more, banks are increasingly using third parties to do things the bank does not consider its "highest and best use" or does not have in-house experience to support. Outsourcing can get a bank up to speed in a given area much faster than trying to build something internally, it is often much less costly and it often produces immediate strategic benefit. Whether you choose to outsource some of your technology support; run asset-liability reports; handle loan processing or servicing or focus on other areas, the benefits can be significant. In fact, research by Deloitte finds banks can save up to 40% on many IT projects by outsourcing alone. Banks that outsource do so to free up management and staff to do what they do best "set strategy, provide superior customer service or work on business development. Outsourcing has become so prevalent, in fact, that consumer loan servicing gets outsourced about 80% of the time and commercial lending (despite greater customization) has climbed to 20%. Meanwhile, another study finds about 60% of banks outsource at least some part of human resources and about 50% do so with some part of accounting. Finally, a full 85% of those who outsource also said they were "satisfied" or "very satisfied" with their partners. These two simple ideas could work for your bank and we urge you to set a meeting now to discuss them with your management team. At the very least, you can find out what everyone else put down for their New Year's resolution and at the best you might add some significant dollars to the bottom line as you quickly increase your support infrastructure. These are tough times, so periodically asking whether the task you are doing is the best use of your time, how to automate it, eliminate it or outsource it can result in big dividends.

BANK NEWS

Consumer Credit

Low relative delinquencies, the need for margin and consumer optimism have all served to boost consumer credit outstanding by 10% to \$20.37B (the largest increase since 2001). Auto and other non-revolving credit rose the fastest at 11%, while revolving credit climbed 8.5%.

Mortgage Settlement

Reuters is reporting a settlement with U.S. Banks over mortgage abuses has been reached and the DOJ is now reaching out to other nationally-chartered banks to see if they want to accept the terms.

Rents

The White House is rumored to be close to a deal with FNMA and FHLMC that would sell some foreclosed homes in bulk to private investors. Those investors who would then turn around and rent out the properties. The move could help housing prices by decreasing inventory, but would weigh on multifamily units due to supply.

2011 Slightly Down Year

The S&P 500-stock index ended the year down 0.003%, nearly flat to where it started. This is a rare occurrence, as in the past 80Ys since the S&P data was tracked, the Index was flat in only one year (1947) and in only three others has the change been under 1% - 1947 (0.00%), 1948 (-0.65%) and 1970 (+0.10%).

2011 Shipping & Trade

The busiest ports in the U.S. in 2011 in order (based on cargo volume) were: Los Angeles (7.9mm containers); Long Beach (6.1mm); New York/New Jersey (5.6mm); Savannah Georgia (2.9mm); Oakland (2.3mm); Seattle (2.0mm); Virginia and Houston (1.9mm each); Tacoma Washington (1.5mm) and Charleston South Carolina (1.4mm). Banks interested in boosting fees in 2012 may want to consider doing foreign exchange business around these markets (we can help, so call us and we will show you how).

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