

BLOWOUT SALE - EVERYTHING MUST GO

by [Steve Brown](#)

Retailers love to have "blowout sales," where they stir up excitement through heavy discounting to move merchandise. While you have probably never seen that in banking, we try it out this morning to see who is paying attention. We are clearing out our stack of research, napkins with ideas written on them, tidbits, factoids and other such information for this part of the BID that we have collected over the past few months, as we prepare to restock our shelves. We don't have enough time to write a complete article on each one, so we pick up the essence instead, to make sure the information is in your hands and you can leverage it in coming months.

Customers: Researchers say it costs companies 2x to 20x more to find new customers as it does to keep existing ones. That is one key reason Wells Fargo focuses on cross-selling to existing clients. Consider redoubling efforts in this area and focusing on your current customers more to leverage opportunity and reduce costs.

Marketing: A study of email marketing campaigns of 150 companies finds 45% of landing pages failed to repeat promotional copy in the headline; 30% confused customers with landing pages that didn't look anything like the look and feel of the original offer and 25% required the customer to scroll through more than two pages of text (people just won't do that much reading). Consider simplifying your processes by reviewing them all to see where you can gain an edge when marketing.

Economy: CNN reports 29% of people think the economy will stagnate this year, while another 43% think it will fall back into recession. Overall, some 73% of people think the economic issue is our most important problem. It looks like we will continue to hear and see more around this issue, so think about how best to market and position your bank to take advantage of it. Consider goal oriented savings accounts and other options to gain a few small steps on the competition.

Medical Students: If you make loans to doctors, you might be interested to know that a 2009 study found chiropractors have the highest student loan default rate of any profession in the health care field (still small though) at about 1.1%. This compares to dentists (about 0.2%); medical doctors (about 0.05%) and podiatrists (about 0.8%). By the way, that same year, the default rate for all student loans was 9%, so doctors still make sense.

Housing Mess: Things continue to evolve in the housing sector. A survey by Trulia finds only 18% of people are now interested in owning a home of at least 2,600 square feet, down sharply from levels seen in the boom years. In addition, while 75% of homeowners believe their home is worth more than where real estate agents set value, about 25% see their price cut at least 1x before the house gets sold.

Free Checking: An ABA survey finds only 45% of non-interest checking accounts are truly free, down from 76% two years ago. The additional costs around Dodd Frank were cited as the primary catalysts for this change. That isn't surprising when you run the numbers, so expect an even lower percentage this year.

Social Media: A recent study finds 70% of small companies now market themselves on Facebook. To reach customers, consider ramping up marketing and customer service on Twitter and Facebook and

quit fighting the trend. You might as well get on board since these channels are here to stay.

Mobile Banking: A Javelin Strategy & Research report finds mobile banking usage jumped 60% in 2011. Maybe this is yet another area to consider spending resources and effort this year.

BANK NEWS

Done

Treasury Secretary Tim Geithner said he doesn't expect to remain in office if President Obama is re-elected. Geithner is the only remaining member of the administration's original economic team.

Unemployment

New research using Census figures finds more than 26% of businesses had employees working for them in 1997, but that had fallen to 21% in 2008. In addition, businesses open 1Y in 2010 employed just under 5 people vs. more than 7 for the same group back in 1994. Higher health care costs are largely to blame it would appear, as since 2001 the cost of employee benefits at private businesses has climbed 13.6%, reducing business profits and hiring.

High Risk Mortgages

Liquidity and market risk concerns have drive Citibank to be the latest major bank to stop the purchase of "medium" and "high risk" mortgage loans from its correspondent originators.

Job Rates for Grads

Research by the Georgetown Center on Education and the Workforce finds the unemployment rate for recent grads with a bachelor's degree is 8.9%, while those with a graduate degree were only at 3%. By degree, architecture fared worst (at 13.9% unemployment); followed by arts (11.8%); humanities/liberal arts (9.2%) and social sciences (8.9%). Meanwhile, degrees that fared the best were health (5.4%); engineering (5.4%); education (5.4%); agriculture (6.4%); and psychology (7.9%).

No Jobs

20Ys ago, 50% of American workers said they planned to retire before they reached the age of 65. Today, that number has tanked to less than half that at only 23%. Meanwhile, a survey by AARP found 40% of Baby Boomers said they plan to keep working "until they drop." Given so many experienced people out there in the workforce, getting unemployment down could remain challenging.

Copyright 2018 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.