

RELAXING BANKING TO BOOST SALES

by [Steve Brown](#)

If you want customers to find the products and services your bank has to offer more valuable, consider losing the echo-chamber branch and opting instead for a small cozy area with nature scenes, bubbling brooks, relaxing music and friendly staff. Researchers have found people see products as having up to 40% more value when they are feeling relaxed, than when they are not. Researchers theorize that the more relaxed a person feels, the more likely they are to tap into the product's benefits at a more abstract level. We don't really know why this would be the case, but if making someone feel more relaxed means they will buy more bank products, then have at it and augment the cookie tray with some candles, piped in music, some raked white sand and a warm blanket to increase sales. If this just doesn't sound like your cup of tea, consider approaching customers another way to increase sales. Studies show we all have biases that affect our decision-making, most of which can be traced back to our past experiences. Teaching your customer-facing staff to get out of their comfort zone and think before acting can be a good place to start. Think about ways to avoid the dreaded confirmation bias perhaps. This bias, which is one of the most common in humans, happens when people put more emphasis on information coming into their brain that confirms their original hypothesis or position. Consider, for example, someone that walks into the bank wearing a suit. Your customer-facing team might automatically think that person looks important and they must be running their own successful business. They immediately begin to unconsciously seek out clues to confirm that hypothesis and filter out those data points that don't seem to support it. If in fact, however, the person does not run a business this can be a problem. If your customer-facing staff spend time talking to this person about your business products and fails to pick up on clues that contradict their original bias, the person may quickly confirm their own confirmation bias - that your bank is out of touch with its customers. This is tricky because confirmation bias is pretty innate to humans, so you have to be diligent, open-minded and closely monitor things to avoid the trap. Get into the habit of asking customers open-ended questions and try not to form opinions until all questions are answered. Then carefully position products as you check and re-check the customer's reaction to improve your chances of getting a sale. If you are not in a customer-facing area of the bank and mostly deal with other employees instead, consider changing things up in your next meeting to add more value to discussions and ultimately to the bank. Research finds some people have what is known as a champion bias. This bias refers to a scenario where a senior manager tends to place over-reliance on the person presenting rather than the idea being presented. The key is to unemotionally review every idea on its own merits. To avoid bringing personal politics into various situations, think instead about the specific pro's and con's of a given proposal or discussion and not the person presenting. If you can pull yourself away from the emotional side of things and focus energy on the idea, your bank enhances its chances of more thoroughly and logically vetting new ideas that ultimately lead to better decisions. Companies change over time, opportunities come and go and biases are difficult to avoid. By creating a structured process to analyze new ideas, applying consistent decision criteria and encouraging the submission of alternative plans, you can help your bank avoid wasting time and money. Banking is an industry that is certainly in flux, so breathe deep, be open to change, be thoughtful when considering alternatives and try your best to find your Zen whenever and wherever possible.

BANK NEWS

BofA

The Bank's release of its 10K last night shows that it dramatically scaled back SFR loan sales to FNMA and stopped selling non-FHA loans to FHLMC due to issues over repurchase claims.

Branch Sale

Harbor Community Bank (\$141mm, FL) will purchase 4 branches, including loans and deposits, from Grand Bank & Trust (\$324mm, FL) for an undisclosed sum.

Options

A study by cg42 finds 70% of customers prefer to diversify their financial relationships across multiple banks. Just talking to customers and getting them to consolidate more with your bank may be an easy way to increase opportunities.

Tax Refund

Due to new fraud safeguards at the IRS, taxpayers must wait longer to receive their refunds this year. In the past, refunds have been sent within 6 to 15 days. This year, refunds are running in the 10 to 21 day range.

Charter Collapse

In an effort to cut costs, Premier Financial (\$1.1B, WV) becomes the latest multibank holding co. to consolidate bank charters. This comes on the heels of the bank's 5 bank consolidation, as now it will reduce Farmers Deposit (KY) and Ohio River Bank of Ironton into Citizens Deposit & Trust (to be \$367mm, KY).

CFPB Focus

The CFPB said it will review data from large financial institutions to evaluate how those institutions' overdraft policies affect consumers. The Agency is also looking at ways to make checking account fees easier to understand.

FDIC Lawsuits

The number of directors and officers targeted by FDIC lawsuits averaged nearly 27 per month for the last 4 months of 2011.

Savings

A bank in New Zealand with 900 PCs found 60% were left on during weeknights & 50% were left on over the weekend. By installing a system, the bank expects to save \$18,000 per year just by turning off the computers.

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