

AN INTERESTING DAY TO CAPTURE NEW CLIENTS

by [Steve Brown](#)

This is the final day of May, which is historically-speaking a busy one for humans. It is the day Rameses II became pharaoh of Ancient Egypt (1279 BC); the U.S. copyright law was enacted (1790); the Astor Hotel (later becomes the Waldorf-Astoria) opened in NYC (1837); the New Orleans Mint closed (1861); Dr. Kellogg patented flaked cereal (1884); taxis first began to operate officially in NYC (1907); the Titanic launched (1911); The last Ford Model T was made (1927); Clint Eastwood was born (1930); Babe Ruth had his final at-bat (1935); the SF Giants beat the NY Mets in 23 innings (1964); Actor Colin Farrell was born (1976); Seinfeld debuted (1990) and Usain Bolt broke the world record in the 100m sprint (2008). We wonder what today will bring. To get things going on the banking front, today we discuss the small business customer. Yesterday, Bank of America released the results of a survey it took of small business owners across the country. The survey focused on businesses with annual revenue up to \$5mm. Results of the survey should be useful to community bankers chasing small business prospects, so we go deeper here. To begin, the survey found 59% of small business owners had owned their business between 1-10 years; 64% employed between 2-10 people; 60% were operating businesses focused on consumer products retail or were wholesale and professional practices; 74% of owners were between the ages of 24-54 and 58% were male. That is the average makeup of the small business owner, but more information is needed to really drive sales, so let's keep going. The survey found the biggest reasons owners said they started the business were: because they wanted to be their own boss (30%); they wanted to become an expert in their field (19%); they inherited the business (16%); they wanted to try something new (15%); they did it out of necessity (9%); or they had started or purchased businesses throughout their life (9%). For community bankers, this data should be useful, as you work to create specific packages of products or services to target each reason cited. Focusing in on what drives the behavior of the customer is a good way to capture new ones, so offering a specific package for each might be a good way to capture new clients. When it comes to managing the business, 64% said they wish they took better advantage of technology innovations. Of note, when asked which specific technology tools, business owners felt were the most useful for managing cash flow, online banking came in first at 72%. It was followed by direct payments (40%); electronic invoicing (29%); online payroll (28%); mobile banking (21%); remote deposit (19%); online tax services (15%); mobile deposits (12%); and those who said nothing was needed (11%). Here again, community banks can leverage up the information by comparing the tools customers desire to the tools you deliver in this area. Then, leverage those you have, while exploring those you don't as potential add-ons for the future. The survey also found bankers have work to do to become a source of financial expertise to small business owners. When asked where they go to get financial advice, most went to their accountant or bookkeeper (74%). That was followed in order by a financial advisor (68%); other small business owners (65%); family or friends (58%) and then finally their banker (59%). Coming in very close to the banking percentage; owners also went online (42%) or to their lawyer (42%) to find answers. As such, to capture more clients, bankers should continue to ramp up support and lead generation efforts with accountants, investment advisors and lawyers (to generate more leads); as you offer educational services to small business owners (to generate more word of mouth). Then, boost your online presence by improving your small business web site offerings (so your information is easily found when owners search for

answers), as you beef up your communication network in the community. As you enjoy the last day of May, focus some energy on using this information to capture more of the small business owners operating within your community.

BANK NEWS

Flood Insurance

HR 5740, which extends the National Flood Insurance Program for 2 months from today's expiration was approved by the House yesterday and is expected to be signed into law today. In related news, Harry Reid (D, NV) introduced a bill to extend it to 5Ys.

New Fed Head

Jeremy Stein was sworn in as a member of the Federal Reserve Board, joining Jerome Powell as the most recent members and taking the Board to its 7 member capacity for the first time since 2006.

.bank

Several trade groups have applied to ICANN to allow qualified financial intuitions to use .bank in their suffix of their internet domain names. ICANN is expected to respond within the next couple of months.

Chargeoffs

While CRE losses have only accounted for 20% of all bank charge offs over the past 4Ys, construction and land loans accounted for 67% of those.

Strange

A study by J.D. Power & Associates finds 60% of people who left large banks at the end of last year, ended up going to another large or regional bank. Well, at least 40% appear to have their head screwed on straight.

Public Banks

There are roughly 1,180 publicly traded banks and thrifts, of which, about 68% (800) trade over the counter.

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