

SMALL CHANGES CAN MAKE A BIG DIFFERENCE

by [Steve Brown](#)

Studies find 40% of adult Americans have no life insurance whatsoever. Yet, 86% of those surveyed say people need it and should have it. The data shows something isn't quite right here, but who knows what drives people's thinking at the end of the day. Even more interesting for bankers monitoring customer behavior, the same survey found 59% of people use the internet to conduct research and then go and buy a product face to face, while 21% will do both of these tasks online. We guess it just goes to show a happy customer is a happy customer, no matter how they access your products and services. To help you out in this area, we zero in on two recent analyses. The first, by Bank of America, surveyed small business owners. It found that as you already know from your own customers, running a small business is tough. In fact, the survey found business owners said running their business was twice as stressful as maintaining a healthy relationship with a spouse or partner; three times more stressful than raising children and four times more stressful than managing personal finances. To deal with the stress of the business, owners regularly skip taking free time (57%) or even exercising (37%). Whether this is the economy or just the way it works when you have a small business to run, it is clear the primary customer of community banks needs help. To assist these customers, it could make sense to try a few things. Consider contacting customers more to talk about their business and how your bank might be able to help. Sometimes just talking about something can reduce stress and it may also give you more insight into areas where you may have future opportunity or even immediately surface untapped product sales. Next, despite the fact that the same survey found 45% of these owners say not being paid on time is their biggest impediment to cashflow (and having cashflow strengthens the loan you have out to them), only 31% ever ask their bank for help in this area. Maybe it is time to create a marketing piece with some tips on it to help your customers accelerate receivables collection. Perhaps it even makes sense to offer them a service to assist in this area while capturing more fees or to give them guidance at a high level when you next talk to them. Doing these things will not only help differentiate your bank from others; but will also ensure small business owners see you as a financial expert that is ready, willing and able to help them. Another area you might want to try is to make sure small business owners know you want them to call your bank whenever they need basic financial assistance. Believe it or not, the same survey found 73% of small business owners say they need occasional or ongoing financial help. Yet, when was the last time they called your experts. Getting into the flow early in a conversation can help you uncover potential issues down the road, surface opportunities and capture more customers. Switching gears away from the BofA survey, we move to analysis from the Census Bureau. It looked at small businesses all over the country and the information gathered can help you in your marketing efforts here as well. For instance, just knowing only 37% of business owners previously owned another business can help you refine your messaging, marketing and even your underwriting processes. Next, we also found it interesting that the data shows about 51% of business owners say the business was their primary source of income. That means there are lots of owners out there that are half in and half out, have other means to support any loans you may have extended and likely have accounts open at other banks away from their business. Just focusing efforts here may help you capture new business from existing clients. Finally, perhaps you can attract more business owners by focusing on how they acquired their business. Most (77%) founded it, 16% purchased it, 2% inherited it and the rest were given it as a gift. We have covered a lot today, but this information should help

your bank capture and retain more customers, so we believe it was worth it. Sometimes all you have to do is tweak the marketing materials or message slightly to gain an advantage.

BANK NEWS

Closure (41 YTD)

Regulators closed First Commercial Bank (\$216mm, MN) and sold it to Republic Bank & Trust (\$3.2B, KY). Republic captures 1 branch, \$207mm in deposits and essentially all of the assets.

M&A

MasterCard will buy Truaxis, a software company that allows merchants and financial institutions to target consumers with customized offers and rewards based on buying patterns.

AIG Sale

The Treasury said it will sell about \$18B of its AIG stock holdings, reducing its ownership stake from 53% currently to about 20% after the sale.

Divestiture

Bank of America sold its Shoppers Optimum MasterCard credit card portfolio to Royal Bank of Canada for an undisclosed sum.

Customers

PNC Financial released the results of a survey that found 67% of affluent people are happy with their progress in saving for retirement. In addition, 72% said they invest as much as they can through their employer sponsored retirement accounts; 62% regularly save; 47% live within their means; 46% have reduced debt and 35% started saving from an early age.

Longer Term

New data from Experian finds consumers are taking out loans with a longer maturity when buying new cars. In 2Q, car loans with repayment terms of 73 to 84 months were 16% of new car financing and the average term was 64 months.

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