

## FLYING AROUND BANKING

by [Steve Brown](#)

Over the eons, people have built contraptions, glued feathers onto themselves and tried all sorts of things to try and fly. After all, it looks like fun when you watch a bird effortlessly soar by overhead. Why shouldn't people want to fly when birds, bats, bees, squirrels, lizards, frogs, butterflies and even fish can do it? Almost everyone has probably wanted to fly at some point, but unfortunately for us as a species - it just isn't going to happen. Don't worry though because you can still break out your wings during Halloween, as long as you don't expect to get airborne. Given all this talk of flying, this morning we discuss how to get customers to fly into your bank. To uncover ways you might get this to happen even more than it already is, we reviewed the latest Census Bureau survey data to see what we could uncover. It finds that one thing you might be able to do better is to target your product and service offerings by age. This is because of the 20mm plus businesses in the U.S., about 2% have owners that are less than 25Ys old and 10% are between 25 and 34Ys old. Things ramp up from there; with 21% of business owners aged 35 to 44 and 30% aged 45 to 54Y. Rounding out the groupings, we find 24% are aged 55 to 64Ys and 12% are 65Ys or older. Based on this data, you can segment out your customer base to see if you are doing what you can to draw them into your bank. Do you have specialized offerings broken down by these categories, do you know where to find other business owners based on what each segmented group does and do you have experts in the bank to assist each group's unique needs, wants and desires. Getting a handle on these groupings can help you attract others and ultimately drive more business. If age-based segmentation doesn't do much for you, consider offering products or services based more around work time perhaps. Here, the survey finds some business owners work long hours while others do not work as many. Consider, for instance, that nearly 11% work 0 hours per week, while at the other end of the spectrum about 12% work 60 hours or more. The group that doesn't work at the business at all but still owns it may be wealthy, may not care about the business, or may be doing something else. Just knowing this information can help you with planning, ensure your loans are monitored based on changing risks and keep you on top of things. Meanwhile, knowing the group of business owners that work all the time can also be beneficial. Perhaps you have products or services they can use that would free up their time, maybe they need help understanding financial issues or maybe they simply need a vacation. Knowing this can help you target products or services (such as a goal oriented savings account), as you market more effectively (if they are always at the office, they are easily reached and visited). The groups in the middle can also be targeted with a layered or specialized approach to get more results. Think about what plans you might have to capture business owners who work 19 hours or less (30%) per week; those who work 20 to 39 hours (16%); 40 hours (12%); or 41 to 59 hours (19%). Each group has it own unique needs and this data can be mined to help refine your product or service offerings for each one, so give it some thought when you next brainstorm ways to capture new clients. You may not be able to fly yourself, but by understanding how business owners of various types operate around your bank, you might be able to get more lift from your customer acquisition programs over time and gain more altitude.

### BANK NEWS

#### M&A

CapStone Bank (\$237mm, NC) will buy Patriot State Bank \$139mm, (NC) for about \$10.6mm in cash and stock.

### **Branch Closures**

The WSJ reports Bank of America plans to close 200 branches this year, after closing 178 last year.

### **Cyber Attacks**

Apparently in retaliation for sanctions, Reuters reports Iranian hackers have repeatedly attacked Bank of America, JPMorgan Chase and Citigroup web sites since 2011 as part of a broad cyber campaign targeting the U.S.

### **Out of Banking**

Seeking to reduce overall bank regulatory oversight, MetLife is selling \$7B in deposits to General Electric. To avoid the need for FDIC approval (would still be subject to OCC approval), MetLife will reportedly now sell the deposits to GE Capital Retail Bank instead of GE Capital Bank.

### **Profit Warning**

Companies in the S&P 500 have issued the highest level of pre-announced earnings warnings in 11Ys and nearly 2x the long-term quarterly average.

### **Smaller Overhang**

The current housing inventory represents a 6.4 month supply at the current sales pace or about 24% below last year's level of 9.3 months.

### **Biz Pressures**

A survey by Citigroup finds: 78% have given payment extensions to customers; 75% said maintaining and increasing sales performance was their top short-term concern; 50% of small business owners have experienced a sudden cash crunch in the past year; 40% said lackluster consumer spending was a key issue; 30% said slow customer payments and bankruptcies were the biggest challenge to managing cash flow and 28% said their cash crunch was due to sales that didn't improve as much as anticipated.

### **Ugly Unemployment**

A report from On Numbers compared the jobless rates for 102 major metropolitan areas in July 2007 (five months before the official onset of the recession) and July 2012 (the latest month available). It found every single one of those markets suffered an increase in unemployment over that 5Y period.

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