

IMPROVING SMALL BUSINESS CUSTOMER SATISFACTION

by [Steve Brown](#)

The well-known phrase "words have meaning and names have power" is spot on when it comes to working with small business customers. Knowing and using a customer's name is one way community banks can help ensure happy, sticky customers vs. unhappy ones who choose to take their business elsewhere. The importance of employing basic customer-service elements is underscored by the recently released J.D. Power and Associates 2012 U.S. Small Business Banking Satisfaction Study. It found that while overall satisfaction among small business banking customers improved vs. 2011 levels, it is still significantly lower than retail banking. The reason, according to the survey, is that customer service to small business owners pales in comparison. To improve your bank, here are a few takeaways to help prevent customer attrition that could come from poor customer service. Knowing your customer isn't enough - There are all sorts of technical and regulatory rules requiring banks to "know their customers," but bankers need to put that knowledge into practice in tangible ways. These include using small business customers' names when they come into the branch, thanking them for their business and shortening wait times. Doing so can be quite impactful. In fact, according to the survey, when small business banking customers are greeted by name, the positive impact on overall satisfaction soars. However, small business customers say they are greeted by name only 47% of the time vs. 64% for retail banking customers. This disparity occurs even though small business customers bank in person at the branch more than 2x as often as retail customers on an annual basis, according to J.D. Power. Assign knowledgeable account managers - The study found that an assigned account manager can be an extremely valuable contributor to the overall satisfaction of small business banking customers, provided certain parameters are met. For example, satisfaction among small business customers who have an account manager who they perceive "completely" understands their business averaged 848 on a 1,000-point scale. By contrast, satisfaction among customers without an assigned account manager averaged 708 or nearly 20% less. However, note that the significant bump up in satisfaction was only present when the account manager was perceived to really understand the customer's business. Indeed, when an account manager only partially understood or failed to understand the customer's business, satisfaction was only one percentage point different than when there was no account manager. Understand the potential consequences of not getting it right - Happy customers are stickier customers. Indeed the study found that among small business customers who have an account manager who "completely" understands their business, 47% "definitely will" reuse the bank and 53% "definitely will not" switch banks. By contrast, small business customers who don't have this high level of confidence or who are not assigned an account manager are less happy and less likely to remain with the bank. The importance of making small business customers happy and catering to their specific needs cannot be overstated. As 2012 comes to a close, it's a great time to assess how your bank fosters and promotes its small business banking relationships. What better way to start the New Year than by showing customers through action just how seriously you take the meaning of words and the power of names.

BANK NEWS

TAG Vote

The Senate delayed its vote on legislation to extend the Transaction Account Guarantee (TAG) program until today, to give senators experiencing weather delays more time to return to DC. The vote is scheduled for 2:15PM ET, so hit the phones, call and email Congress to vote yes on S. 3637.

M&A

Prosperity Bancshares (\$13.7B, TX) will buy Coppermark Bancshares (\$1.3B, OK) for \$194mm in cash and stock or about 1.58x tangible book.

Improving Efficiency

Ameris Bancorp (\$2.9B, GA) has announced it will consolidate, close or sell at least 13 of its 66 branches as it seeks to reduce annual operating expense by approximately \$12.1mm and improve efficiency.

Settlement

Standard Chartered (UK) has agreed to pay \$327mm to settle allegations it violated U.S. sanctions against Iran. Standard paid \$340mm in Aug. to the NY Department of Financial Services and will now pay \$100mm to the Fed; \$132mm to the Treasury's Office of Foreign Assets Control and the remaining amount to the Department of Justice and the District Attorney for New York County.

Settlement

HSBC (UK) has agreed to pay \$1.92B to settle anti money laundering and sanction allegations. The bank reportedly allowed Mexican drug cartels to launder funds through the U.S. system and did business with Iran despite sanctions. This is the largest settlement of this type in history.

M&A

American International Group (AIG) has agreed to sell 80.1% (with an option for another 9.9%) of its aircraft leasing company International Lease Finance Corp. (ILFC) to a Chinese investor group for about \$5.3B. ILFC services 200 airlines all over the world and owns or manages more than 1,000 aircraft. In a separate announcement, the Treasury announced it agreed to sell all of its remaining shares of AIG at an expected total value of \$7.6B, resulting in an overall positive return to the Fed and Treasury of \$22.7B.

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