

REACHING FOR CUSTOMER FULL POTENTIAL

by [Steve Brown](#)

Here is something strange - a UC Irvine study finds the male brain has about 6.5x more gray matter than the female brain, while the female brain has 10x more white matter than the male brain. Researchers say gray matter relates to information processing centers, while white matter represents the connections between processing centers. Neuropsychologists say this could be one reason why men tend to excel in tasks requiring more local processing, while women tend to excel at integrating and assimilating information from distributed regions in the brain. We admit we really have no idea, but perhaps that is because we are likely processing very little right now (due to the early time of the morning and lack of coffee to help us reach full potential). To reach full potential in banking it is important to know where the customer is coming from, so you know how to market your products and services. Consider research from NetCredit that asked people where they would turn if they were faced with a financial emergency. Bankers should know that tapping a savings account was the top selection at 61%, followed by credit cards (23%), borrowing from family or friends (16%) and going into a separate rainy day fund (15%). These are all interesting possibilities, but the order in which they were selected may also provide insight for your bank. Consider what it might be worth if you just tracked savings account balances month to month. Then, sort them by the largest negative percentage movement and viola; you might have a list of those customers going through a financial emergency. Monitoring credit scores, keeping an eye on money movement among family accounts (to see if money is moving from mom and dad to junior) and checking to see if funds are declining in specially labeled target deposit accounts at odd times are all ways to keep tabs on things and set early warning systems. Just knowing the information allows you to take action and you can offer financial counseling or do other things to help safeguard the rest of the relationship with your bank. Asking the right questions earlier in the process may also better protect the credit quality of your loans. You can leverage the information to surface issues early, before they become major problems. Let's see what else we can discern from the rest of the survey, to see what actions might make sense to consider putting in place. Beyond the first group of responses, people said they would pawn or sell things (7%), seek a bank loan (5%) or take out a short term cash advance (4%). The bank loan piece is easy, so we won't discuss that here, but it might be more difficult to keep track of exactly when customers are selling things or taking them to a pawn shop. In this case, it can make sense to deepen the training with your customer facing staff. Not only are they there to seek out customers and cross sell products, but they also play a key role in protecting the bank. Asking questions, talking to customers, understanding how things are going with the business and offering help when needed can work wonders. Be sure to spread the word, alert your staff and ensure they have the tools and knowledge to assist. Customers are difficult to capture and many go through a rough patch during their lifetime, so being prepared can help leverage your financial skills as you assist your client in reaching their full potential.

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BANK NEWS

M&A

Lakeland Bancorp (\$2.8B, NJ) will buy Somerset Hills Bancorp (\$351mm, NJ) for \$64.4mm (about 90% in stock).

M&A

Trust Point (MN) will buy the trust division of Anchor Bank (\$1.4B, MN) for an undisclosed sum. Trust Point manages \$2B in assets and offers investment management, personal trust, wealth management and other services.

CFPB Issue

The U.S. Court of Appeals has ruled President Obama's recess appointments of members to the National Labor Relations Board are "unconstitutionally invalid" because Congress was not technically in recess. The ruling impacts the CFPB because Director Cordray was appointed on the same day through the same process. Legal experts say that if that appointment is challenged and found to be invalid as well, all regulations issued by the CFPB would also be invalid (because Dodd Frank specifically says the CFPB can't issue rules unless it has a permanent chairman).

Near Bankruptcy

The city of Detroit is expected to file for bankruptcy in coming weeks or months when it runs out of cash. If that occurs, it would be the largest ever Chapter 9 bankruptcy filing in history.

Broker Charged

A former senior broker at Jefferies Group has been charged by federal prosecutors for defrauding his customers. Allegations include cheating clients by misrepresenting prices of mortgage backed securities, lying about the price his company purchased a security and giving the impression that he was arranging a trade between two customers (when he was actually just selling a security sitting in the firm's inventory).

Low Rates

A Bloomberg survey of economists predicts the Fed will continue to buy bonds until the total reaches \$1.4T and it ends in the 1Q of 2014.

Deposit Totals

The Fed reports bank deposits ended 2012 at about \$5.4 trillion, \$500B more than 2011.

Borrowing More

A report by HelloWallet finds more than 25% of people have borrowed against their 401(k) savings accounts to pay their mortgage, credit cards or other debts (the number rises to 33% for those in their 40's).

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