

A CUSTOMER-CENTRIC BANK

by [Steve Brown](#)

In 1992 Congress declared the first full week in Oct. to be Customer Service Week. Each year since, thousands of companies around the world celebrate customers in multiple ways. While it's admirable to have a week dedicated to customer service, it strikes us that community banks are probably already doing this week in and week out. We wonder, however, how many banks might have room to improve. Consider the following example. A computer glitch occurs right about the time you're scheduled to open. Bank employees leave customers standing outside in the rain for 10 minutes. When the doors are finally unlocked, customers are greeted curtly by an employee, who tells them the computers are down and then walks away muttering about something. A better approach would have been to open the bank as usual. Sure the computers are down, but an employee could still greet customers with a smile, explain the problem and invite them to wait a few minutes to see if they come back online as warm coffee is served. Some customers might not have time to wait, but they'll leave the branch knowing you did the best you could and that their business is important to you. These customers are more likely to remain for the long haul and tell their friends about the good experience even though the systems were down. Lines in branches used to be a problem, but with everyone increasingly going online, this issue is waning naturally. However, customers that do come into the branch still hate long lines so remain attentive and make sure tellers are focused on customers first. No one likes long lines, but it's even worse when a teller is at his or her station doing some kind of paperwork and not helping customers. This teller comes across as uncaring or oblivious, which is not the message a customer-centric bank wants to send. When lines are long, all available tellers and staff should be taking care of customers. As much as people don't like to admit it, mistakes happen. When they do, though, the way mistakes are handled can help separate your bank from the rest. Studies show the best way to recover from a mistake is to offer an apology, acknowledge the mistake, provide a brief explanation, tell them how you plan to correct the mistake and sincerely ask for forgiveness. Doing so helps offset bad feelings and maintain customer relationships. The good news for community banks is that they tend to be ahead of large banks when it comes to customer satisfaction. Indeed, customer satisfaction with banks (including checking, savings and personal loans), improved to 77 on a 100-point scale in 2012, according to the latest American Customer Satisfaction Index (ACSI) rankings. Even more important, ACSI attributed much of the year-over-year improvement to high customer satisfaction with community banks. Competition is extremely high and customers are hard to keep, so community bankers have to bend over backwards when it comes to customer service. That is just fine, however, because service has always been a basic tenet of community banking. To keep service at its highest level we remind bankers to remind their staff to: be positive when speaking to customers; listen intently to understand what they want; present the product that solves their problem; treat them as you would treat a good friend; give the customer more than they expect and if a mistake is made, take the actions we discussed earlier right away. After all, banks with great customer service embed it into their daily routine and do so way more often than just one week each year.

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BANK NEWS

Settled

Federal banking regulators announced a \$9.3B agreement (\$3.6B in cash relief and \$5.7B in other relief) with 13 major lenders to settle claims of foreclosure abuse. The agreement formalizes earlier discussions and under the agreement homeowners can receive up to \$125,000 in relief.

ATM Upgrade

Banks in Germany are testing new technology that allows users to use their smartphones instead of a bank card to withdraw cash from an ATM. We wonder how long it will take for this to reach U.S. soil.

Housing

RealtyTrac reports foreclosure sales made up 21% of all homes sold in 2012 and short sales accounted for 22%.

Profit

FHLMC reported an \$11B annual profit for 2012, the biggest ever and first since 2006.

Ugly Europe

The European Commission now projects growth in the region will be a paltry 0.1% this year for the entire European Union (27 nations), as France, Italy, Greece, Portugal, Spain and other countries struggle. This is important because the EU is the single largest trading partner of the United States, so softness there is likely to impact us as well.

Smartphones

If you are wondering which smartphone to buy for yourself or support with your mobile services, consider the latest research by Gartner finds Apple and Samsung dominate at a combined 52% of the market.

Record High

Fidelity Investments, the largest 401(k) administrator in the country, indicates average account balances grew 12% in 2012 to \$77,300. Fidelity estimates 67% of the increase was due to better investment returns and 33% was due to increased worker contributions and employer matching. The average employee contributed 8% of annual pay to their 401(k).

Being Social

A JD Power survey finds 67% of consumers have used a company social media sites to obtain service and get questions answered.

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