

## THE MEDITERRANEAN DIET OF BANKING

by [Steve Brown](#)

We were excited to learn the other day that people must drink 7 glass of wine per week to preserve good health. It is the least we can do to maintain our health for the loyal readers of the Banc Investment Daily. There was also a recent study documented in the New England Journal of Medicine that confirmed the idea a Mediterranean diet (olive oil, nuts, fish and plenty of wine) was more effective in the reduction of heart attacks and strokes than a low fat diet. It's an interesting study and nice to know some of the things people love to eat are also good for you. Another study takeaway was that a good diet is significantly beneficial in stopping or even reversing the progression of coronary heart disease. Positive incremental steps toward good things and small steps away from not-so-good things can surely be applied in community banks. We are bombarded all day long with information about radical change occurring in virtually every industry, but particularly in banking. Community bankers are dealing with a significant drop in branch traffic, increased demand for technological solutions, brutal competition for loans, regulatory pressure, margin compression and the never-ending low interest environment. Perhaps the health study can provide guidance and instead of making radical changes and scheduling major surgery, perhaps bankers would be served well by making changes to smaller things, doing so frequently and watching what you eat. Here are some ideas of things banks can do. First, look for low hanging fruit like spending some time with happy customers. It is easy to start with adoring fans of your bank, but they also might have some good ideas about how you can take things to the next level. Ask what your bank can do to serve them better and ask what it would take to get them to close one of their other banking relationships and bring that business to you. They will appreciate your interest, you might get good ideas, you might get more business and you will be amongst fans of the bank so things should run smoothly. Another option is to take your best customers out to lunch to deepen these relationships. To get started, set a goal of doing a certain number of appointments per month, book them and then measure them to see how well you do over time. It is critical to stay on top of the changing needs of your best customers so they don't get swiped by another bank or other financial provider. Take the time to thank them for their business and see whether the bank and staff are meeting their needs. This isn't a time to sell heavily, but rather one to get to know them better so use that to your advantage. Ask lots of questions about their business so you will have a better understanding of the customer needs, wants and desires both now and in the future. Let them know you care about them, appreciate their business and ask not only about their specific business plans, but also their dreams. If the timing is right, you can also ask for a referral by finding out whether they know another business person you could call on. Third, stress what your bank does best in your communication efforts as you publicize areas of special expertise. Increase these areas of expertise with professional training and expand your bank's skill set by adding complimentary services. Over time, as expertise grows throughout the bank, diversification and flexibility will also be added to the bank's business lines. Finally, after work be sure to enjoy some fish, a handful of olives, some whole grain bread with olive oil and a glass of wine if you fancy it as you know your bank is working hard to improve in difficult times. Also, please remember that this publication is not meant to substitute for the advice of your physician and be sure to eat and drink responsibly.

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# BANK NEWS

## **M&A**

Stifel Financial will acquire Knight Capital Group's US and European fixed income businesses for an undisclosed sum. The acquisition adds 100 employees.

## **M&A**

US Bancorp will buy Deutsche Bank's municipal bond trustee business for an undisclosed sum. Deutsche has about \$57B under administration in the unit.

## **Still Free**

A survey by Bankrate finds 72% of the 50 largest credit unions (down from 78% in 2010) still offer free checking vs. only 39% of banks (down from 65% over the same period).

## **Problems**

An S&P report indicates there is a high risk France, Italy, Portugal and Spain will not be able to continue austerity reforms, adding stress to the region and slowing improvement.

## **Patents**

The US patent office changed from "first to invent" to "first to file" patent applications as part of the America Invents Act that went into effect Mar. 16. This approach mirrors the one taken by Canada and the European Union.

## **Marketing Spend**

Financial Brand reports the top 10 credit unions spend \$155mm annually on advertising and the top 100 spend \$400mm. In comparison, Bank of America spends \$2B.

## **Business Sale/Failure**

Bureau of Labor Statistics data finds about 45% to 50% of new businesses established (from 1995 to 2005) were still around today. That number drops to about 42% by the 7th year, 34% at year 10 and 26% by the 15th year.

## **Less Public**

You might find it interesting to know that there are only 3,678 companies in the Wilshire 5000 Index today (measures all US based firms that are publically traded). That is down from the high water mark of 7,562 in 1998, but still above the 3,069 low level hit in 1971. Privatization and merger activity have been the largest drivers.

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