

## ISOLATION AND OPPORTUNITY W/O BLARING THE HORN

by [Steve Brown](#)

You only have to drive your car around town to know that people can feel isolated and get angry as they drive around. Look no further than all the honking that happens in any city in this country and then ponder various scholarly articles and studies that link social isolation and mental health. A recent study published in Nature Neuroscience in fact, suggests that social isolation in adult mice could contribute to the development of mental illness. These types of studies have many implications for studying and understanding mental health. Before we bum you out too much, consider this feeling of isolation also comes into play with respect to financial services. A recent study by SEI and Scorpio Partnership looked at the attitudes and perceptions of 162 multi-millionaires in the US with average assets over \$11.8mm. It found that almost 50% of these wealthy families felt isolated when it comes to making financial decisions. Additionally, the study found that these investors are plagued by fears surrounding a lack of information, a lack of investment skills, the failure of family investments, the overspending of family members and concern about taking too much risk. The takeaway for community banks is that even customers who are well off and do a large chunk of self-directed investing need and want advice, so there could be an opportunity here. Are these people getting what they need and want from their banks? According to the SEI study, 43% of these investors worry their indecisiveness will prevent them from meeting financial goals. However, when the responsibility for their finances was shared with professional advisors, these fears eased, underscoring the benefits of working with a financial advisor. Banks are in a good position to step up and help wealthy and all customers overcome investment fears and feel comfortable with their decisions. You are a financial experts and recognizing that customers will benefit from your help is the starting point. The next step is to put that understanding into practice. For starters, recognize that for wealthy clients it's not just a numbers game. Obviously customers want good results, but perhaps even more they want to feel empowered to make decisions and feel confident they have professional support for their choices. Sounds like a good fit for a community banker. Next, instead of laying out a definite course of action for your customers, consider presenting them with a variety of ways your bank can help. This way, they'll have a greater sense of control, as well as a sense of support. Another important point to consider is that these wealthy people aren't likely to come banging on your door so you will have to seek them out. Consider this telling statistic: Americans who are saving for retirement are twice as likely to visit their dentist as they are a financial advisor, according to a new survey from The PNC Financial Services Group. This data underscores how important it is for banks to be proactive and reach out to customers to help them get a handle on their wealth and open up opportunities for your institution. Doing so will create opportunities for your team to cross-sell, but the soft-sell works well too. People are freaked out right now about what to do given so many changes to tax laws, healthcare and retirement, to name a few hot buttons. Your best customers might appreciate hearing from you right now, so consider it. Knowing that wealthy investors are feeling isolated should give you the impetus needed to reach out to these customers. They run successful businesses, but they too have fears and need help. Who better than a community banker to make customers feel more confident in their abilities and in yours?

**Related Links:**

[PCBB 2013 Executive Management Conference](#)

## **BANK NEWS**

### **Soaring Mobility**

The Fed reports consumer use of mobile banking jumped 33% from 2011 to 2012, 21% of mobile banking users used phones to deposit checks and 6% of smartphone users had also used their phones to make point of sale payments (a 300% increase over the same period).

### **Taxes**

The Census Bureau reports state and local government tax revenues climbed to nearly \$400B in 4Q of 2012 vs. \$389B in 2011. It was the 13th quarterly increase in a row.

### **GDP Projection**

JPMorgan predicts GDP growth will fall to 1.5% in 2Q, as the impact of Jan. tax hikes and the Mar. sequestration impact economic growth.

### **Refinancing Behavior**

A survey by FNMA looked at borrowers that hadn't taken advantage of HARP despite being eligible and found 34% felt closing costs were too high to do so; 33% didn't want to take out a 30Y loan; and 24% had received so many mailings on the subject they didn't think it was real.

### **Financial Plan**

Seeking more financial power, the countries of Brazil, Russia, India, China and South Africa (BRICS) have announced a plan to set up a new development bank that would overlap the World Bank and the IMF. They also plan to pool their combined \$4.4T in foreign currency reserves.

### **Cyprus**

The bailout plan will require depositors with more than 100,000 euro in their accounts will lose 40% of their holdings.

### **Underwater Homes**

JPMorgan projects that by the end of this year only 7% of homeowners will be underwater on their homes. That figure will further decline to 3.9% in 2014 and 3.2% in 2015.

### **Mobile**

Fox predicts that by 2015 Americans will have 861mm internet connected devices vs. 560mm at the end of 2012. If so, that would be 2.7 devices per person.

*Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*