

## Cleaning Up For Success

by [Steve Brown](#)

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A recent study by the York College of Pennsylvania's Center for Professional Excellence found about 91% of HR professionals surveyed cited poor personal hygiene as the best way not to get hired for a job, 75% said inappropriate attire and 74% cited having facial piercings other than in the ears. The study also found proper appearance has a great deal to do with how others also view ones job performance.

In banking, when it comes to the appearance of a branch, customers aren't nearly as demanding. In fact, a recent study by the market research firm SYNERGISTICS suggests bank customers care more about branch staff than they do about branch appearance. When asked which of three branch features is most important to them, 46% of those interviewed said staff was the most important branch feature, whereas only 4% cited branch appearance. The study underscores the importance of cultivating and incentivizing branch staff to ensure a great customer experience.

To start, contemplate how important your staff can be to the bank's bottom line. A new Aon Hewitt study shows high levels of employee engagement can significantly influence an organization's growth rate, operating income and total shareholder return. Each incremental percentage point of employees who became engaged in the business translated into an additional 0.6% growth in sales, study results showed. Positive reinforcement can go a long way.

Consider yet another study on the future of community banks, published by the St. Louis Fed. The research looked at banks that performed well from 2006 through 2011 and suggests that staffing was a driving factor in their success.

For example, some of these thriving banks have been managed by the same family for multiple generations, increasing the depth of experience and stability in senior management. Of course, not all banks have a familial hierarchy and it can also bring certain issues, but research supports the idea that keeping management and branch turnover to a minimum is a sound business practice. Indeed, studies have shown that excessive churn is detrimental to earnings and puts a damper on employee morale. If morale is low, chances are the customer experience will be too.

Another common denominator among leaders of thriving banks, according to the community bank study, was the belief that solid interpersonal skills can trump banking experience when it comes to hiring. Indeed, many of the bankers interviewed said they try to determine the character of job candidates and identify prospects based on their experiences and interactions with them in a non-work capacity. We're not suggesting that banking experience isn't a plus; just that it may not be the primary factor when hiring.

One additional takeaway is the importance of your branch staff being an active part of the community. We've said many times in this publication that your customers need to see you at neighborhood events, supporting local functions and the like. This is part of what makes a community bank a community bank and what makes the community love you, so never lose that connection and teach any new employees its value.

We're all for modern branches that are pleasing to the eye and come equipped with state-of-the-art technology, but as the saying goes, appearances can be deceiving. It's not enough for your branch to look good; it has to function well too.

## **BANK NEWS**

### **M&A**

itizens and Farmers Bank (\$987mm, VA) will buy Central Virginia Bank (\$387mm, VA) for \$855,000 in cash plus pay off \$3.3mm in TARP preferred stock.

### **Strong Industry**

Community banks represent 95% of all banks in the US and originate nearly 50% of all loans to small businesses and farms, according to research by the FDIC.

### **Fined**

The SEC fined the Chicago Board Options Exchange (CBOE) \$6mm in penalties to settle charges it allowed a member firm to conduct abusive short selling.

### **Not Social**

A survey by the MSR Group finds only 3% of consumers saying they had ever followed their primary financial institution on social media sites such as Twitter, Facebook and others. Meanwhile, only 2% said they were very likely to start following their primary financial institution.

### **Overdraft Fees**

A new study from Moebs Services finds banks collected \$32B in overdraft fees in 2012 and roughly 216% of checking account holders were frequent overdraft users. By asset size banks charged a median overdraft fee last year of \$35 (\$25B+), \$34 (\$5B to \$25B), \$31 (\$1B to \$5B), \$30 (\$100mm to \$1B), \$25 (< \$100mm). The CFPB is reportedly aggressively reviewing these programs.

### **Good News**

The National Federation of Independent Business said its Small Business Optimism Index hit the highest level in a year in May.

### **Small Biz**

Analysis by Moody's and Experian finds small business owners have done a good job paying down past due debts, as the share of delinquent dollars for small businesses fell 11.2% in Q1 (and 4.4 percentage points a year ago). Stronger consumer spending, improving credit conditions and tight controls over expenses were key drivers.

### **More Borrowing**

According to TRK Advisors, consumers charged \$53.5B in credit card debt in 2012, about a 500% increase vs. 2010.

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