

## No Vacation for Good Customer Service

by [Steve Brown](#)

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It is a fact that community bankers are always trying to keep customers happy and provide excellent service. It is also a fact that the rigors and stresses of the industry flows over the past 5Ys have put extra burden on these same bankers. As you dream of where to go on your summer vacation, consider a recent survey by FamilyFun Magazine. It polled 2,000

moms with children ages 3 to 12, asking respondents (based on their geographic location) to rate 360 popular destinations. We know what you are thinking - #1 has to be Disneyland, right? Wrong. In reality, nature venues claimed 7 of the top 10 spots. In fact, based on a 100-point scale, Yellowstone National Park (WY) rated 97; Acadia (ME) scored 95 and Carlsbad Caverns (NM), Grand Canyon (AZ), Mount Rushmore (SD), Sleeping Bear Dunes (MI) and Yosemite (CA) all scored 94.

As you ponder vacation destinations, we bring you back to the realities of your customers. There's nothing wrong with thinking ahead, but these days you cannot take a vacation from customers. As such, here are some common mistakes banks make when it comes to customers and ways to avoid blunders.

One major booby-trap to avoid is thinking a customer is "yours" forever. In the past, it was time-consuming and difficult for customers to uproot their banking business, but today thanks in part to technological advances, it's not as challenging. As such, more customers are willing to leave in search of greener pastures. Recognizing this isn't an exact formula for keeping customers, but it's certainly a wake-up call that maintaining reasonable fees, providing excellent customer service and engaging your customers matters.

Speaking of top quality customer service, has your bank done any customer surveys recently? If not, you're missing a golden opportunity. Gallup's most recent Retail Banking Industry survey found that those who are extremely satisfied with their bank are more likely to consider increasing their deposit levels and a range of other products and services.

Be mindful, however, that customer satisfaction is only one part of the picture. Gallup research also finds banks get the most bang for their buck from customers who feel a sense of confidence, integrity, pride and passion about their bank. Getting to that level is difficult, but customers who are fully engaged and satisfied express a greater willingness to open new accounts, switch their accounts from another financial institution, increase their balances and embrace new products or services.

Another mistake to avoid is the elephant in the room. That is, not giving customers enough information on the fees they are paying to make informed choices. This is underscored by a study this spring by the Pew Charitable Trusts which found that none of the banks studied consistently applied best practices and it is still too difficult for consumers to find information about their checking accounts. Customers like transparency, so as long as your fees are reasonable and you're giving them good service, tell them.

There's a lot of discussion these days about the demise of the branch network. While it's true that more and more customers are banking using their personal computers or phones, the power of the branch shouldn't be ignored. Many services, particularly small business-centric services that

community banks are known for, can't be performed easily without human interaction. Sure ATMs are important and we're all for mobile banking and other technological advances, but technology is most often best used to complement, not replace human beings.

There's a reason relationship banking is deemed as such and community banks do a good job. Before you vacation though, know there is always room for improvement in what is truly a 365-day-a-year-job. By the way, in case you were wondering, Disney's Magic Kingdom (FL) and Disneyland each scored 93.

## **BANK NEWS**

### **M&A**

Florida Community Bank (\$3.3B, FL) will acquire Great Florida Bank (\$1.1B, FL) for \$42.5mm in cash or about 0.85x book. The move creates the 4th largest independent banking institution in the state.

### **M&A**

Wells Fargo will buy \$6B of commercial real estate loans in the UK from Commerzbank AG for an undisclosed sum.

### **Bankrupt**

The city of Detroit filed for bankruptcy, marking the largest municipal bankruptcy in US history. Detroit owes \$18B, dwarfing the 2011 filing by Jefferson County, AL of \$4.2B and is the 18th largest US city. Detroit has declined from 1.8mm people in 1950 to only 700k today, citizens wait an average of 58 minutes for police to respond when they call 911 and its unemployment rate is nearly double the national average.

### **Branches**

Research by Bain finds for banks to break even and just earn their cost of equity, about 50% of branches would have to be closed or revenue per customer would have to increase at least 18%.

### **Costs**

Analysis by Guggenheim Securities finds it costs Bank of America 14x as much to capture a branch deposit as it does through mobile channels, while ATMs are 2x more expensive.

### **Branch Size**

Analysis by the ABA finds the median deposits per branch last year was \$35.2mm for the industry and the largest was \$79.3mm for HSBC Bank USA. It was followed by Citibank (\$78.2mm), Bank of America (\$59.2mm), TD Bank USA (\$58.9mm), Wells Fargo (\$54.1mm), Banco Popular (\$54.1mm) and Capital One (52.8mm).

### **Mobile**

Recent analysis by Nielsen finds smartphone adoption rates for US adults 25 to 34Ys old is now 74% (now just over 50% for all age groups).

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