
Say Goodbye To Hollywood

by [Steve Brown](#)

In Hollywood, there's a lot of buzz when famous couples tie the knot and even more so perhaps when they decide to go their separate ways. People took notice, for example, when immensely popular celebrity couples like Katie Holmes and Tom Cruise, Brad Pitt and Jennifer Aniston, Courtney Cox and David Arquette, and Demi Moore and Ashton Kutcher announced plans to call it quits. The really nasty divorces tend to get even more media attention. You might recall, for instance, the super ugly breakup between Denise Richards and Charlie Sheen a few years back, which included allegations of unfaithfulness, abuse and addiction. You might also remember the public mudslinging that peppered the divorce proceedings of ex-Beatle Paul McCartney and Heather Mills.

Some would say Hollywood is in a world of its own, but we see a strong parallel to the banking industry with respect to customer attrition. Sometimes a split is unavoidable, but in many cases there's something that might have been done to prevent a breakup so it is worth watching for signs.

When it comes to banks and customer attrition there's a lot of research to draw from and a recent MoneyRates.com survey gives additional insight as to what makes customers most likely to defect. The #1 reason cited by 48% is a new or raised fee; the next most cited reason, by 21%, is a bad customer service experience. Finding a way to handle just these two key areas properly can avoid many potential issues.

The findings of this study should give banks added impetus to consider whether you are doing enough to prevent customer relationships from slipping through the cracks. Whenever a bank changes its fees, for example, there are a certain percentage of customers who might be expected to leave. These might even be some customers you are happy to see go--but it is risky. When tinkering with fee structures, be very careful not to alienate the customers you want to keep over the long-term.

Customers do best with change when they understand fees and what purpose they serve, which means disclosure and explanation are critical. There's a big difference between charging fees for services customers deem valuable and charges that are perceived as arbitrary, capricious or downright sneaky.

You have to be at the top of your game when it comes to the customer service experience, because there will always be difficult customers and you certainly can't satisfy everyone all of the time. However, when it concerns finances, people tend to be even more emotional--so, tread lightly. When there's a problem, make sure your employees empathize with customers, apologize sincerely for the issue, find a remedy and execute a solution promptly and directly.

Proper training here is crucial. When faced with a difficult situation, an employee's gut response might be to argue back, so train, train and train. Practice makes perfect, so be sure employees are trained to deal with a host of difficult situations and teach them how to improvise when faced with new challenges, as these skills aren't intuitive for most people.

In Hollywood, it may seem that couples are more likely to part ways than they are to stay together. However, unlike the show business world where relationships are often fleeting, healthy bank

relationships can go on indefinitely. Set a goal to strengthen customer relationships so they remain bright as a star.

BANK NEWS

M&A

A group of investors will acquire First Mariner Bank (\$1.1B, MD) for an undisclosed sum and inject \$100mm into the bank. The bank's holding company will go into Chapter 11 bankruptcy.

M&A

Cardtronics, the world's largest non-bank ATM operator, said it has acquired the ATM business assets of Automated Financial LLC (AZ) for an undisclosed sum. The move adds 2,100 merchant ATM contracts and pushes Cardtronics' total ATM portfolio to 66,400 machines.

Capital Shortfall

An analysis of more than 2,500 federally insured credit unions by the Credit Union National Association (CUNA) finds the NCUA's proposed risk based capital rule will cost the credit union industry \$7.3B to hit required capital levels. The rule is expected to go into effect in 2016 or perhaps later.

Prepaid

Pew Research reports a survey it conducted found 59% of those surveyed who used prepaid cards at least 1x per month also said they had a checking account. People said they used prepaid cards to manage the money and budget better.

Passwords

Javelin Strategy & Research reports consumers will use different passwords on accounts if they have 10 or less online accounts. When the number of accounts reaches 20 or more, consumers are much more likely to use the same password on multiple accounts.

Card Theft

Nearly half (46%) of people who have had cards breached became fraud victims in 2013 vs. 25% in 2012, according to Javelin Strategy and Research.

Busted

A FL couple was convicted of running a \$15mm bank fraud conspiracy related to more than 20 residential properties. The two used fake identities, phony income statements and changed business records to defraud banks.

Checking

Research by Moebs Services finds 41% of financial institutions in the U.S. no longer offer unconditional free checking accounts vs. 33% in 2012 (a 24% YOY increase). Moebs also reported balances climbed to \$955.7B in non-interest bearing checking accounts in 3Q 2013 vs. \$859.5B in 3Q 2012 (an 11% YOY increase).

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