

Saving The Power Of Suggestion

by [Steve Brown](#)

We recently came across an article in USA Today about top-ranked U.S. skier Heidi Kloser whose 2014 Olympic hopes were dashed by a fractured leg and torn ligaments before she had the chance to compete. Her story reportedly prompted retired ad-industry veteran and skiing enthusiast Alex Bogusky to send an unsolicited tweet to Liberty Mutual suggesting that the insurer feature Kloser in one of its signature ads about Olympians who have overcome hardships. Liberty Mutual took the suggestion and set the wheels in motion for a commercial.

The story struck a chord with us because it's that time of year again when thousands of organizations come out in force to promote good savings behaviors. America Saves Week, which ran from Feb. 24 through Mar. 1, was an annual opportunity for banks to reach out to customers to encourage and persuade them to do a better job amassing a nest egg. If you didn't get what you wanted from that, perhaps it is time to try again.

Certainly we applaud an annual focus on saving, but we also believe banks need to keep the momentum going throughout the year. Just like doctors repeatedly drive home to patients the importance of doing what's good for their physical health, banks must frequently give customers a push to do what's good for their own financial health.

The statistics suggest there's a lot of work to be done in this area. A Bankrate.com report for instance, shows that nearly 50% of Americans have more credit card debt than emergency savings. What's more, Americans' comfort levels with their savings have fallen to their lowest point in a year. Those who are less comfortable with their savings currently outnumber those who are more comfortable by more than two-to-one.

To get customers back on track, there are many things banks can consider to inspire customers to save. We encourage you to put on your thinking caps and get creative because the Fed will eventually raise rates and when they do deposit levels will begin to decline. We also suggest bankers look around at what the competition is doing to stay sharp. U.S. Bank, for instance, began the year with a new advertising campaign to promote its ongoing S.T.A.R.T (Savings Today And Rewards Tomorrow(R)) program. According to U.S. Bank, the program, which offers customers up to \$100 in rewards when they reach certain savings milestones, has helped 2MM customers start saving since its inception.

Meanwhile, the U.S. online banking division of Barclays also recently launched a special "Dream Account." It pays bonuses to customers for making smart savings choices, like saving money for a certain number of consecutive months and not withdrawing money over a specified period of time.

Remember, just because someone is not a saver today doesn't mean he or she won't be a saver in the future. Small business owners are notoriously bad personal savers, yet these relationships are very lucrative for banks. In addition to personal checking and savings, small business owners often need a host of other services including business and personal loans, business checking and financial consulting so savings is just the start of a good relationship.

Even if you didn't get the results you wanted in this year's America Saves campaign, consider encouraging customers to save and make it a priority over the other 51 weeks of the year. As Liberty

Mutual can attest to, suggestion is truly a powerful thing and it can bring in new customers as it drives results.

BANK NEWS

Social Media

JPMorgan reports they have 26,000 Twitter followers and have sent 90,000 tweets since launching their social media efforts through the platform.

Housing

RealtyTrac reports foreclosure activity fell 10% in Feb to the lowest level in 7YS.

Slow Hiring

A survey of CFOs by Duke Fuqua School of Business finds 67% say uncertainty due to government economic policies is causing them to hold back hiring and capital investment.

Investment Bankers

A judge's ruling that investment bankers from RBC Capital Markets LLC "failed to disclose the relevant information to further its own opportunity to close a deal, get paid its contingent fee, and receive additional and far greater fees for buy-side financing work" (related to the Rural-Metro deal) could change the investment banking business. If upheld, investment bankers may be required to get the best price in the market regardless of purchaser and put fairness opinions under more scrutiny.

Huge Holdings

The Fed reported its assets reached \$4.0T at the end of 2013, an increase of \$1.1T vs. 2012. The Fed also reported operating expenses of \$6.1B which included \$1.8B for board expenses, currency costs and the cost of the CFPB.

Biz Customers

Bankers with loans extended to small businesses should note a report from the actuary for the Centers for Medicare and Medicaid Services estimates 65% of small businesses will likely incur higher premiums this year under Obamacare.

Divesting

A survey of large company CFOs by Deloitte finds business divestitures are driven by a desire to cut noncore businesses (81%) or to meet financing needs (37%). About 43% said they evaluate individual business units every year to determine which ones to divest and 45% said they would divest a business only if it exhibited performance or strategic issues.

Debt Issuance

ThomsonReuters reports YTD companies have issued a record \$236.6B in investment-grade loans

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