

Good Publicity VS. Bad

by [Steve Brown](#)

We saw an article the other day about a couple caught on video performing a lewd act in broad daylight at a Delaware parking lot. News of this incident quickly went viral on the Internet and on social media channels.

Clearly this isn't the kind of recognition most people would want but it got us thinking about publicity and the fact that so much of what we see and hear in the news is negative. This is particularly true when it comes to financial services. To combat this, perhaps it is time to ask whether you are doing enough to promote the good things you do in the community.

Consider a recent press release from Huntington Bank. It highlighted some of the steps the bank has taken as part of its ongoing "Fair Play" strategy. Over the past 4Ys, Huntington says it has undertaken a number of initiatives to make the products and services it offers more "fair" to customers. It has eliminated certain fees, for instance and gives customers more time to cover overdrafts. We find this interesting because Huntington hasn't been shy about telling the world its strategy. The bank has rolled out a barrage of press releases, alongside television and radio commercials in its markets to do just that.

We're willing to bet that every bank has something good to say about itself. Community bankers have hundreds of stories current customers and prospects may not necessarily know but might be interested in hearing. Perhaps you have a new business-friendly product you'd like to promote. Perhaps you're rolling out a new retirement product, or maybe your bank is donating significant funds or employee time to a local charity. While it may be going too far to issue a press release every time you do something positive, banks in general could stand to get their name out there in a positive light far more often than many do today.

One challenge community banks face in winning business from bigger banks and others is a lack of brand recognition. A recent study by Harris Poll suggests customers who already bank with a community bank clearly understand the benefits. The study found that 93% of customers who bank at community bank financial institutions trust their bank and 84% feel very loyal. One in two consumers polled indicated that banking locally is important.

That said, there seems to be a perception issue among certain customers of big banks. Indeed, 24% of megabank customers say they don't use a community bank because they don't believe smaller institutions can offer the same benefits. What's more, 83% of megabank customers say a recognizable brand name is at least somewhat important to them when choosing a bank (re-read our Ken Schmidt article from yesterday).

Merriam-Webster defines publicity as "something that attracts the attention of the public" or "getting people to give attention to someone or something." No matter how your bank generates publicity, once you get the attention it is important to do something with it to help build your brand.

Capturing customers who aren't happy with their megabank and getting them to make the switch to a community bank requires more than simply hanging out your shingle. Surveys show these customers tend to need extra convincing. It takes marketing, persistence and an all-out effort from your team to

let people know who you are and what makes your bank different. Everyone knows how bad publicity can hurt, but don't forget how good publicity can deliver significant rewards.

BANK NEWS

No branching

JPMorgan Chase in Feb. said it no longer plans to open 100 branches over the next 2Ys and said it now plans to just focus on optimizing the locations it already has.

Concerns

A survey of bank leaders by Bank Director finds the following are the biggest concerns this year: margin compression (89%), regulatory burden (86%), loan competition (78%), cyber security risk (76%), loan demand (64%) and interest rate risk (39%).

Competition

Banks should know Wal-Mart has just announced it will launch a new domestic money transfer service that will let customers transfer money between 4,000 U.S. Walmart stores.

Competition

The Wall Street Journal reports Q1 loan growth at the 6 largest U.S. commercial banks by assets was 2.9%, driven primarily by commercial lending activity.

Competition

Community bankers should monitor Facebook, as they are reportedly launching wire transfer remittances and other financial services in Europe.

Competition

Amazon's Login and Pay option was launched last year and allows online businesses to sign in and pay using their Amazon accounts. Meanwhile, Amazon has also launched a peer-to-peer (P2P) money transfer service (Amazon Payments) that lets its customers send or receive up to \$500 per month for a fee.

Break Up

Research by McKinsey projects 20% of the world's largest banks could be broken up in coming years due to heavy regulation (will push them to narrow their product and geographic focus).

Customer Shift

Bank of America reports more than 10% of all deposits made by consumers at the bank now occur through mobile devices. Meanwhile, the total number of active mobile banking accounts reached 15mm in Q1 (up 19% YOY and up 55% over the past 2Ys).

Loan Loss Reserves

The Wall Street Journal reports loan loss reserves for banks industry wide declined to 1.72% at the end of 2013, the lowest level since Q1 2008.

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