

Ring The Bell For Good Service Start To Finish

by [Steve Brown](#)

You would think that as much as we travel, we would know to collect all of our things when leaving a hotel room. Alas, we forgot an article of clothing recently and called the hotel to have it sent. The front desk said that housekeeping would package the item and send it out right away. Well, after three weeks passed, we called again and were assured the issue was nearly solved. It took some time, but eventually a box arrived with the clothing in question. The clothes had been wrapped and carefully placed in a box, with tissue between the folds with the art and style of a Tiffany's gift. The package must have at some point been passed to another person, though, because the box that had been so carefully wrapped was then crammed into a FedEx box with an incorrect address (kudos to FedEx for getting it delivered). This example shows a clear divergence in customer service among different groups within the hotel in question.

Banking is also a service industry and most have experienced similar breakdowns between departments at one point or another. Oftentimes, one department has initiated a customer interaction with loving care, only to have another group in the chain drop the ball. Unfortunately for the bank, we all know which part of the interaction the customer will remember.

Along these lines, bank branches are changing dramatically in structure as they see a continuing decline in traffic. As such, in the future it is even more likely that there will be greater challenges in providing cohesive quality service to customers. It will be difficult for one person to carry out complex processes from start to finish, so quality may suffer. The ability to provide coordinated quality service will only become more important.

This issue is reflected in a Feb. study by a collection of banking and media groups. They estimated full-service banks would lose 35% of their market share by 2020 - that's only 6Ys from now. They point out that adopters of mobile banking services report a 39% drop in monthly branch visits and many have also moved their transactional activities online. This includes viewing balances, account transactions, transfers between accounts, bill payment and statements. Certainly banks won't cry very much if expensive but basic customer interactions mostly move to a self-service channel, but over time it may weaken customer loyalty. Right now, studies show around 90% of consumers still prefer face-to-face advice when it comes to more complex products and that is good because these are also the areas where banks can provide services that generate more income for the bank.

The same study also asked financial institution customers to prioritize how their primary bank should invest in services. The top priority was online banking (43% it felt was most important), followed by branches (38%), ATMs (21%), mobile banking (20%), call centers (12%) and social media (7%).

As you ponder this data this morning, we note that most visions of the future bank branch network include bright lights, smaller branches and highly automated machines with remote advisory specialists and limited on-site staff. That could make sense to control expense loads and balance lower foot traffic, but larger banks are also hedging their bet with full service hubs (centers of sales and service and serve as the flagship of the bank's brand), so community bankers should monitor these too.

No matter how things eventually end up, the industry is changing alongside shifting customer behavior, so coordination between delivery channels will remain very important for banks to ensure execution and quality service are maintained. For success, remind your team to respond quickly and thoroughly to any bell a customer may ring, regardless of the delivery channel.

BANK NEWS

M&A

Green Bank (\$1.7B, TX) will acquire SharePlus Bank (\$304mm, TX) for about \$46.2mm in cash.

M&A

UMB Bank (\$16.6B, MO) will acquire the corporate trust business of RBC Bank (\$2.9B, GA) for an undisclosed sum.

Record Fine

Bloomberg reports Credit Suisse is reportedly close to agreeing to a guilty plea and settlement of more than \$1B related to allegations it helped wealthy Americans evade taxes. UBS admitted wrongdoing and paid a \$780mm fine in 2009 for similar conduct.

Retail Lending

Office Depot said it will close 400 stores in the next few years (about 25% of its total), as it deals with overlap related to its acquisition of OfficeMax. We alert banks to check retail lending exposure to this name as needed.

Savings Accounts

A Transamerica Center for Retirement Studies survey finds millennials start saving for retirement at age 22 (about 8% of annual salary) vs. age 27 for Gen X and 32 for Baby Boomers.

Opportunity

A survey by FindABetterBank finds 63% of people shopping for a checking account said they were also shopping for other financial products and services. Train your teams to ask more questions to capture more business.

Corporate Taxes

According to taxfoundation.org, states with the lowest corporate tax rate are NV (0%), OH (0% but has gross receipts taxes), SD (0%), TX (0% but has gross receipts taxes), WA (0% but has gross receipts taxes) and WY (0%). Meanwhile states with the highest corporate tax rate are IA (12.00%), PA (9.99%), DC (9.975%), IL (9.50%), MN (9.80%), AK (9.40%) and RI/CT/NJ (9.00%).

Online Bill Pay

Aite Group research projects 49% of all consumer bills in the U.S. will be paid online and 6% will be paid using mobile devices in the next 2Ys.

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