

## Creating Satisfaction In Your Bank

by [Steve Brown](#)

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Customer satisfaction is often measured but is also difficult to explain and even more difficult to achieve. Yet some companies manage to achieve high rankings on a regular basis. The life insurance company Northwestern Mutual wins top accolades in the life insurance industry year after year. This is interesting because life insurance is similar to banking in that there is little to clearly differentiate one brand from another and there are lots of brands to choose from. For its part, Northwestern credits its success to its agents and especially the time they take to understand their clients' needs in designing a plan with a foundation for managing risk and achieving long-term financial goals. Basically, like many community banks, they sell service.

Selling service and achieving customer satisfaction is important, so what can community bankers do to improve? We note behavioral scientists have researched the factors that determine levels of customer satisfaction and they have found that there may be a hierarchy to what is most important. Based on that, here are some things community banks should focus on to improve customer satisfaction.

First, take the medicine. Behavioral scientists say you should put the most unpleasant part of a deal right out in front of the customer. Whether it is fees or filling out a loan application, finishing the hard part first frees the customer up to move on to the best parts of a product or service.

Next, create numerous pleasant occurrences. The perception of an experience can be linked to the number of breaks that occur in a particular event. Having several smaller nice things happen to the customer has a larger impact than one big event. It's like having several tasty courses served in a meal rather than one big helping. It is just more exciting on the senses.

Third, provide customers an opportunity to design their own plan. Giving your customers choices in product or service delivery, such as being able to create their own account attributes, or how to receive communication, brings them into the process and makes them feel more involved.

Fourth, provide consistent service. Customers want to trust the consistency of the interaction they receive from your bank and find repetitive experiences comforting. Training is critical here so customers get consistent experiences every time they interact with your bank and its staff. While new experiences are exciting, it is the repetitive rituals the score the highest in satisfaction.

Finally, save your best for last. First impressions are important, but the single largest factor in a quality impression is the ending experience. The final customer interaction is what resides in the memory, so be sure it is a good one. Set your experiences up so you deliver a positive surprise at the end, like cost savings or an additional service and you will leave a lasting positive impact.

Community banks already deliver many of these elements of service, but they may not be formalized. To improve results, focus on customer behavior as you spend some time building a check list for every customer interaction. Then, communicate the blueprint for a successful experience to every customer facing employee. Different transactions have different complexity levels, but never forget the customer experience is the most important piece. Focus on delivering great AND consistent

customer service as you take the time to view the business from your customer's point of view. Then, apply a plan and watch customer satisfaction soar.

## **BANK NEWS**

### **Rate Risk**

Regulators are so concerned about interest rate risk in banks they are working on fresh Basel capital standards to specifically address rate risk. It appears more regulatory fun is on the way for beleaguered community banks.

### **Merger**

The Wall Street Journal writes FNMA and FHLMC should consider merging as they are virtually identical companies and to achieve substantial administrative savings.

### **Q2 GDP**

Fed Atlanta President Dennis Lockhart projects economic growth will reach a 3% annualized rate in Q2.

### **Small Biz**

Aite Group reports 30% of banks with assets <\$10B offer mobile banking tools to small business customers vs. 65% of banks with assets >\$10B.

### **Two Jobs**

A Gallup survey finds 33% of Micro-business owners (5 or < employees) hold down another job as their main source of income. That drops to 26% if the business has been operating for 11Ys and 19% if more than 20Ys.

### **Compensation**

Bloomberg reports the Fed is reportedly considering requiring large banks to tie bond performance to pay packages for top executives in an effort to align compensation to bank financial stability. The Fed points to the fact that equity awards provide an incentive to increase profits, while bond awards would provide an incentive to stabilize performance over time (bonds decline in value if too much risk is taken). Regulators last proposed (Mar 2011) that banks with \$50B+ in assets include provisions to defer at least 50% of top executive incentive pay for at least 3Ys and adjust it for losses.

### **Credit Cards**

Target has announced it will use MasterCard's chip-and-pin technology beginning early 2015, as it seeks to tighten up security following its massive data breach.

### **Switching**

Research by Novartica finds the primary reasons consumers switch banks is because they are dissatisfied (44%), don't have a checking account (22%), are moving or have moved (19%) or need an additional account (15%).

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