

## Start Pedaling Now To Better Serve Customers

by [Steve Brown](#)

The number of people who ride a bicycle to work has soared more than 60% over the last decade according to a new report from the Census Bureau. The data shows even more people ride bicycles occasionally for exercise, to run errands and for pleasure of course. That is a large increase, although the total number of bike commuters is still only about 6% of Americans. In addition, some 39mm Americans aged 7 or older rode a bike 6x or more in 2013, according to a survey by the National Sporting Goods Association. It is clear that people enjoy riding bikes, making this the 7th most popular recreational activity in the country.

As we were running errands on our bicycle the other day, we made a brief stop at our bank's ATM. This neighborhood had recently been developed into an urban multi-use district with retail stores, art galleries, loft living spaces, parks and walking paths. That sounds nice when you think about it, but the oddity was that the bank ATM was in a drive up lane reserved for cars and at a height appropriate for a driver seated in said car. There was no alternative for pedestrians or cyclists other than standing in the middle of the drive-up lane and bending over to use the ATM. Granted, there are many suburban areas where there are few pedestrians so this ATM setup is pretty common and makes sense. In a pedestrian friendly shopping and gallery district though, it seemed like a missed opportunity.

Now, we know ATMs cost gobs of money and we don't think an inconvenient ATM would cause anyone to change banks, but it does make one wonder, would a less than happy customer add this to their list of complaints? What makes customers leave their banks in the first place, really? To answer those questions, we looked at the World Retail Banking Report of 2013 that surveyed 18,000 bank customers worldwide. It found 10% intend to leave their bank within the next 6 months and an additional 41% are unsure if they will stay or go. Customers in North America were the most satisfied, with 61% of Canadians being happy with their banks, and 57% of Americans satisfied. One key theme from the survey regardless of country was that quality of service was the single most important factor everywhere (except North America where fees mattered the most, albeit followed closely by quality of service).

The good news is that community banks are great at providing quality service. That being said, positive customer experiences are strongly correlated with the amount of trust they have in the bank, so that is a critical component as well. While most people hold community banks in higher regard than big banks, this aspect combined with quality service should offer an opportunity for community banks (especially if more customers are thinking of changing).

One reason more customers are considering changing banks is that in the past changing seemed too complex to undertake, but changing is easier than it used to be. Also consider the opportunity a complex business relationship may offer for your bank to showcase its customer service. A recent magazine ad had a business customer relating how their new bank had brought about a seamless transition by coming into their headquarters to open accounts and set up online banking.

Keeping current customers and reaching out to new ones requires understanding the needs of customers your bank is most likely to satisfy and then catering to them. This tactic should boost your

success and you won't be spinning your wheels.

Finally, of use to community bank marketing teams, we wanted to note that the Census Bureau survey found bike commuters were either the wealthiest or the poorest and the most or the least educated. While that may not sound like much to go on, there is little doubt that the most educated and wealthiest in your community are attractive customers for your bank, so perhaps it is time to ride around and see where they hang out so you can get introduced.

# BANK NEWS

## M&A

Banco Popular Español has agreed to buy the consumer banking business in Spain from Citibank for an undisclosed sum. Banco Popular picks up \$2.B in assets, \$3.2B in assets under management, 45 branches, the ATM network and 1.2mm customer accounts.

## M&A

CIT Bank (\$16.8B, UT) will acquire small business financing company Direct Capital Corp. (NH) for an undisclosed sum. Direct Capital has provided \$2.3B in financing to over 80,000 small businesses since its formation in 1993.

## M&A

Spencer Savings Bank, SLA (\$2.0B, NJ) will acquire NJM Bank (\$605mm, NJ) for an undisclosed sum. NJM is a subsidiary of New Jersey Manufacturers Insurance Co, who is getting out of the banking business.

## M&A

First Community Bank (\$796mm, SC) will acquire \$43mm in deposits and \$9mm in loans from First South Bank (289mm, SC) for about a 1.86% premium.

## Agency Crackdown

The Wall Street Journal reports the SEC's enforcement division is ramping up efforts that could result in action being taken soon against credit rating agencies.

## Not Locked In

Bloomberg reports Fed NY President Dudley warned against putting too high an expectation on short term rates rising in mid 2015, saying it sounds "like a reasonable forecast" but that "forecasts often go astray, so I wouldn't put too much weight on that particular set of forecasts."

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