

## Bankers Just Wanna' Have Fun

by [Steve Brown](#)

We are always interested in reading about what is trending in the workplace. We can all learn from companies that find ways to improve productivity and who have new ideas for maintaining workforce morale. There was a recent article in The Onion about a growing number of office workers who have switched to Fetal Position Desks. The desks are designed so that workers can curl up in a ball on the floor in order to more effectively deal with the stress of the work day. The Onion is of course a satirical publication, so in spite of the video with in-person interviews, we know that their tongue was firmly in cheek for this report.

We were making a deposit in a local community bank the other day and in conversation with the branch manager, he told us about their efforts to have staff engage differently with customers. In particular, this bank is asking its customer-facing staff to have more fun with customers. They have employed some unique techniques to generate conversation beyond the bare requirements of carrying out transactions. There is a Magic 8 Ball at the teller desk so customers can ask life-changing questions while cashing checks or making deposits. Another desk has a riddle-of-the-day posted (Ex: The most obsolete job in America is the milkman - what is the second most obsolete?). The idea is to create a more interactive experience for the customer.

It certainly seems like a good idea, but just how important is it for banks to focus on customer interaction? The 2013 World Retail Banking Report by Capgemini and Efma measured 18,000 bank customers in 35 countries. The study measured customer channel preference as well as satisfaction with products and services, but also measured the aspects of customer service that mattered most. Given the growth of delivery channels and the increase in the number of banking products, the number of customer interactions has increased but the level of personal connection between banks and their customers has gone down. The commoditization of products and services has diluted customer service, so the focal points they found are interesting.

Five core areas were found to be critical to the customer-bank relationship: knowledge of customer needs and preferences including life-stage needs, trust and confidence including placing customer interests on top and providing genuine advice, a focus on customer well-being, product channel fit and the ability to deliver a consistent multi-channel experience. Of these five areas, only trust and confidence ranked above 50% (barely at 51%) and for the poorest showing, only 43% rated their bank as competent in offering the right products through the right channels in order to meet their needs.

Asking staff to engage customers differently is a valid idea. If customers enjoy visiting the bank, they are likely to come in more often and have a closer bond with an institution. It gives staff a better chance of understanding what customers need and want. Fun is good too, although always with the understanding that bank customers want serious people caring for their hard-earned money. Additionally, different employees have different personality styles, so respect that your bank's best IT technician or accounting specialist may be less outgoing socially than someone who works in marketing.

As for the day's riddle, the second most obsolete job in America is the elevator operator. So long as we keep our customers engaged and our employees out of the fetal position, hopefully the list of

most obsolete jobs will never include the community bank branch manager. Now, quit curling up in a ball and get out there and capture some business.

## **BANK NEWS**

### **M&A**

Alerus Financial (\$1.4B, ND) will acquire Private Bank Minnesota (\$143mm, MN) for about \$15.9mm in cash.

### **Earnings**

Wells Fargo announced its net income grew 3.8% to \$5.73B in Q2 vs. \$5.52B from the same period last year. Other metrics (YOY change) include: loans (+3.6%), deposits (+9.5%), pretax pre-provision profit (-2.8%), noninterest income (-3.3%). Loan growth YOY by sector: foreign (+15%), automobile (+11%), credit card loans (+10%), C&I loans (+10%), CRE loans (+4%), SFR (+3%). Primary drivers of noninterest income were: brokerage advisory (22%), deposit service charges (13%), mortgage servicing (10%), trust/investment management (8%), card fees (8%), mortgage origination sales (7%) and investment banking (5%). Other metrics of note (YOY change): average deposit cost 0.10% (-29%), NIM 3.15% (-9%), efficiency ratio 58% (flat), salaries (+1%), commissions (-7%), employee benefits (+5%), ROA 1.47% (-5.2%), ROE 13.4% (-4.4%), allowance for loan and lease losses \$13.1B (-19%), and book value per common share \$31.18 (+10.3%).

### **Hikes Soon**

Fed KC President Esther George said she expects that there will be a rate increase "as early as even this year or next year."

### **Bank M&A**

SNL Financial reports the top bank and thrift financial advisors through Q2 in order were Keefe Bruyette & Woods (26 deals for \$3.3B in value), Sandler O'Neill (28 for \$3.0B), Sterne Agee (13 for \$1.0B), Bank of America Merrill Lynch (1 for \$676mm) and Raymond James (5 for \$478mm).

### **Fined**

The CFPB fined payday lender ACE Cash Express \$10mm (\$5mm penalty and \$5mm in refunds to consumers) for harassing customers and threatening lawsuits against borrowers, marking its 2nd such action against a payday lender.

### **Fed Funds**

The Financial Times reports the Fed is concerned Fed Funds are becoming "obsolete," so it is looking to redefine the target rate to possibly include Eurodollar transactions between banks.

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