
Distinction Through Imagination

by [Steve Brown](#)

When in a restaurant, it's common practice among bankers, if the bill comes with a logo-embossed pen from a competitor bank, that pen is replaced with a pen from one's own bank and the competitor's pen is spirited away to the nearest trash can. There is nothing wrong with a little friendly mischief between competitors. Mischief aside, however, bank pens in restaurants are a subtle endorsement from a small business to its customers as to where they bank (or randomly picked up by waiters). To boost marketing, one old school way may be for your bank to supply pens to your business customers - especially those that have customer contact. It's a relatively low-cost way to circulate your bank's name outside your regular circle of contacts.

Studies show it is difficult for banks to differentiate themselves, given that most banks and credit unions are in the business of providing services that are pretty much indistinguishable from one another from the customer's point of view. So, if products and services are mostly the same, how can a bank stand out from the crowd and attract customers? Canadian bank TD Canada Trust may have an idea. They put on a show during a recent customer appreciation week and jazzed it up a bit. Rather than rely upon marketing gurus to come up with how best to thank their customers, the bank's customer-facing employees were given the opportunity to offer a special thank you to one customer and the custom gift was scripted into an ATM machine. These select customers didn't realize they had been singled out, but were asked to come into the branch to be a part of a focus group for new ATM features.

New features indeed, the ATM called the customer by name, thanked them for being a customer, and to their astonishment, presented a gift designed just for them, using the knowledge of their personal banker. Compartments opened next to the ATM with wondrous presents. One mother received an air ticket to see her daughter who had cancer in Trinidad. A rabid Toronto Blue Jays fan got a baseball jersey dispensed out of the ATM, tickets to a day at the game and even to throw out the opening pitch. Other ATMs gave out extra \$20 bills to more than 30,000 customers over the course of the week. The bank explained that "ATM" stood for "automatic thanking machine", or at least during customer appreciation week. Not a bad idea.

Giving gifts of this caliber to a significant number of customers was no doubt an expensive undertaking, but TD received massive amounts of good publicity out of it. We are sure they did plenty of cost/benefit analysis, but I imagine the power of the positive message surprised them. The YouTube video of the ad has had more than 9mm views (search YouTube for TD Bank Commercial 2014). Now, we are not suggesting that community banks undertake anything of this scope, but we imagine with a bit of imagination and effort, that a fun and unexpected campaign could be devised to attract attention to your bank's good service and important role in your community.

While most people view community banks differently than big banks, there is still serious work to be done for the image of the industry as a whole. Look no further than a telling CNN report on the TD gift program after the video went viral, where the news reporters expressed utter astonishment that a BANK was doing nice things for customers. Their sarcasm was unfair and unwarranted, but for many people, it's still the default feeling. Try out some unexpected good deeds and you just might change

hearts and minds as you capture new customers and delight existing ones. In the meantime, stock up on pens imprinted with your logo and tell your staff to start eating out more often.

BANK NEWS

Regulation Update

The FDIC reports that over the past 4Ys the areas that most often are flagged with a matter requiring board attention (MRBA) relating to deficiencies surfaced in its reports of examination are loans (69%) and Board/Management (45%). Within the loan category, 75% relate to credit administration items that include: improving appraisal reviews, loan reviews, loan grading, reducing data or collateral documentation exceptions, preparing cash flow analyses on loans and properly accounting for troubled debt restructurings. Within the Board/Management category, 49% relate to the need to revise and comply with board approved policies and 27% were about audit (plan needs to reflect risk profile of bank and increased oversight). Other Board/Management items include: better strategic planning, succession planning, risk management practices, oversight, operational weaknesses, position review of employees, staffing, training and insider transaction oversight.

Negative Impact

A KPMG banking industry outlook survey of 100 bank executives in the US finds the primary areas these executives say are having the greatest negative impact on growth for their banks are: regulatory compliance costs (55%); regulatory limitations on products or services (40%); weak loan demand (36%); low interest rate environment (31%); inadequate fee generation (17%); troubled residential mortgages (13%) and troubled commercial mortgages (7%).

Branches

A Bank Director survey of directors and senior bank executives of banks across the country finds 50% of banks with assets > \$5B plan to reduce branches vs. 28% for banks \$1B to \$5B, 6% for banks \$500mm to \$1B and 9% for banks that have less than \$500mm.

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