

Taking a Proactive Approach

by [Steve Brown](#)

In recent years the FDA has stepped up efforts to warn people about the dangers of tanning beds. Numerous studies suggest indoor tanning increases the risk of melanoma, the most dangerous type of skin cancer. One recent report even found that the number of skin cancer cases due to indoor tanning is higher than the number of lung cancer cases due to smoking. Yet indoor tanning remains alarmingly popular--in the U.S., 35% of adults and 55% of college students have tanned, according to the study by JAMA Dermatology.

The continued popularity of indoor tanning hasn't deterred health enthusiasts from their campaign to convince people to go au naturel. This past May, for example, the Skin Cancer Foundation kicked off its annual cross-country journey to provide people with free full-body skin cancer screenings. More than 18K people have received free screenings since 2008 when the Skin Cancer Foundation began its annual tour. The process has identified more than 7K suspected skin cancers and pre-cancers, including 324 suspected melanomas.

These statistics underscore the importance of taking a proactive approach to ward off skin cancer. Being proactive is also an important lesson for banks trying to deepen relationships with existing customers and build up the customer base.

A recent FICO survey, for instance, found that U.S. banks are missing out on an opportunity to cross sell to customers. Consumers today use 6.05 banking services on average, but use only 3.37 of these services from their primary bank where they keep their checking account. Only 30% of consumers polled have relationships with their primary bank beyond checking, debit and savings, according to FICO, suggesting there's ample room for banks to step up cross-selling efforts.

Another area of opportunity for banks is with ATM marketing. A recent survey by Synergistics Research found that promotional messages on ATM screens are resulting in requests for additional information, as well as actual product sales. Another tidbit from the survey is that typically customers between the ages of 18 to 49 and those with income of more than \$100K are the most likely to respond to ATM ads. As banks look for creative ways to engage with customers and prospects, these findings are certainly something to consider when you're thinking about where to allocate marketing dollars and how to tailor your campaigns.

Another area of focus for banks should be following up with visitors to their websites. A recent report by McKinsey & Co. suggests banks are really dropping the ball here. McKinsey data shows that among 270k customers to browse banks' websites, only 80k filled out an application and only 40k completed one - a leakage rate of 85%. By contrast, the leakage rate for customers who called their bank was 45% and only 15% for customers who visited branches. Notably, when customers who called into the bank were referred to the web, the leakage rate was around 5X as high as for customers referred to a branch. The upshot here is clear: Banks need to do a better job by following-up with phone calls and emails, for example to make sure viable online prospects aren't slipping through the cracks.

When it comes to tanning, there's plenty of scientific evidence to suggest restraint is the proper course of action. But in banking, a proactive approach can keep you from unnecessarily burning

marketing dollars to capture customers.

BANK NEWS

M&A

Metcalf Bank (\$1.2B, MO) will acquire Douglas County Bank (\$295mm, KS) for an undisclosed sum.

M&A

Putnam County Savings Bank (\$976mm, NY) will acquire CMS Bank (\$273mm, NY) for about \$25mm in cash.

M&A

East Cambridge Savings Bank (\$882mm, MA) will acquire Chelsea Bank (\$58mm, MA) for an undisclosed sum.

M&A

Busey Bank (\$3.4B, IL) will acquire Herget Bank (\$273mm, IL) for an undisclosed sum.

Bank Acquisition

Citizens National Bank (\$1.3B, TX) will acquire 5 branches from Bank of America for an undisclosed sum. The branches hold about \$400mm in deposits.

Branch Closures

Old Line Bank (\$1.2B, MD) said it will close 4 branches as it seeks to reduce costs. The bank estimates the closures will save it \$1.6mm pre-tax in 2015.

Competition

Online lender Kabbage said it will start offering personal loans this week, as it seeks to compete with more established online players such as Lending Club and Prosper. Loans will be for 3Ys to 5Ys at rates of 5.73% to almost 25%.

Booming Growth

The Commerce Department reported its 2nd estimate of 2Q growth climbed from 4.2% to 4.6%, marking the fastest pace in 2.5 years. The increase was attributed to higher exports and business investment. This is really good news for community bankers because it shows loan opportunities should continue to improve.

Economic Growth

The economist for Wells Fargo Securities is predicting the economy will grow at a 2.7% rate by the middle of next year and then 3.0% by the end of 2016. Unfortunately, he also predicts the current business cycle of growth will end sometime between Nov. of 2016 and May of 2019.

Consolidation

In an effort to support future expansion and reduce costs, First Financial Bancshares (\$153mm, KS) said it is combining its subsidiary banks under one name. As such, The Lawrence Bank (\$74mm, KS) will be renamed and consolidated into Great American Bank (\$78mm, KS).

Loan Growth

A Bank Director survey of directors and senior bank executives of banks across the country finds the greatest organic growth opportunities are seen in the following: commercial real estate (77%); C&I (57%); residential (31%); construction (28%); SBA (20%); indirect auto (9%); other consumer (9%) and direct auto (4%).

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