



Rest Is Difficult When Fighting Off Competition

by [Steve Brown](#)

Whether you are going on vacation or have already been on one, we find a recent survey reported by CNBC from LearnVest interesting. It found 66% of Americans say they spend more on a 1 week vacation than they do on a month's rent or mortgage and that they typically pile up \$1,108 in debt doing so. That means it takes the average person 6 months to get back to where they were before going on vacation. Ah well, bankers are under so much stress we hope you are spending more and staying longer to recharge.

Unlike the rest and relaxation of a vacation, bankers at work know the pressure of competition from fintechs and non-traditional banks continues to be high. So much so in fact, that Barclays' CEO [estimates](#) fintech disruption could push 40% of the industry's largest players out of the top 10 within the next 5Ys.

Other analysts predict the ever-increasing number of fintechs (from crowdfunding, to peer lending, payment services and even alternative currencies), could siphon between 10-40% of banks' revenue by 2025.

All is not lost, however because there are clearly areas where community banks can still continue to play an important role.

For instance, we found out that the amount of time people spend interacting with their banks is second only to the amount of time they spend on social media.

To further emphasize this, a [study](#) from Accenture found most people interact with their banks, both in person and digitally, roughly 17x per month. Put another way, you have more than four opportunities a week to add value for your customers. This engagement level gives your bank an edge over digital disruptors.

Furthermore, bank customers still find it valuable and comforting to personally connect with bank employees at a branch. According to another Accenture [study](#), 83% of US consumers want people over technology to help them with customer service issues and 77% feel this way when needing advice (such as financial advice). Additionally, 46% admitted they were more open to new or upgraded products/services with personal interaction vs. an online experience. In fact, some online organizations, such as Amazon, are now opening physical locations in light of this customer need.

Bank customers are clearly looking for multiple points of interaction and community banks are in a good position to leverage their branches and community presence. You are most likely already personalizing your customer experiences whenever possible too. Using customer data to enhance these interactions will only make the bond stronger between you and your customer. It allows you to support your customers with the best products and services while providing you with a comprehensive view of the customer relationship. This way, you can be sure to address your customers' varied and sometimes changing needs.

Ultimately, the total customer experience is what will differentiate your bank from one that has a more one-sided transactional nature. Customer feedback and data should give you a good indicator which channels your bank needs most and which products and services your customers want and use.

Oftentimes, a complete customer experience results from melding real world and virtual offerings, as the benefits of both for the customer are now recognized. But, once again, your community and customers will guide the way.

Leveraging your existing advantages with targeted customer preferences through customer data collection and high-touch interactions, positions your bank to not only fend off encroachment by fintechs, but also grow your own customer base. Your branches are important as they tie to the communities in which they are located, while your online services and mobile apps can help customers in need of convenience (such as those in rural areas or on the move).

As you think about this while on your next vacation, consider that the direction you go is up to you and your customers.

BANK NEWS

M&A Activity

1) Advantage Bank (PA) will acquire First National Bank of Lilly (\$21mm, PA) for 1x tangible book in cash (50%) and stock (50%). Advantage is a new bank set up to acquire other banks.

Wells Pressure

Wells Fargo indicates it has lost 559 brokers since Q3 2016, when it agreed to pay millions to settle its cross-selling scandal. This level is well above peers and points to the unintended consequences on the firm as a result of the event.

Biz Costs

Research by the National Association for Business Economics (NABE) finds 34% of businesses said they had difficulty hiring skilled employees in the prior 3 months vs. 27% who said so in Jan. If the pace continues, 54% of businesses might say this by the end of the year.

CIO Personality

A Deloitte survey of global CIOs finds the most cited personality traits and working styles are adapting easily to new environments (90%), focusing on the objective rather than emotion when working (81%), early technology adopters (81%), take charge (78%), think big picture (76%), tolerate confrontation (75%), and are risk tolerant (75%).

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