



Don't Be Left Out On Amazon Lessons

by [Steve Brown](#) Topics: [strategic planning](#), [performance](#), [technology](#)

Summary: There are useful lessons that can be learned from Amazon, even for community banks. We lay them out for you.

A survey by health insurer Cigna shows it sure is lonely out there. A shocking 50% of respondents say they feel alone or left out always or sometimes. Even more surprising, younger people in Gen Z (18 to 22Ys old) rated themselves 23% lonelier than the group aged 72Ys or older. This survey should sound alarms with parents, who may think that social isolation and loneliness are out of range for this younger generation.

In the banking industry, it can certainly seem lonely too - especially when one considers the competitive risk of an unregulated entity like Amazon entering into the fray.

Your bank probably doesn't yet compete with Amazon, even with its new venture into the financial services world. Still, there are useful lessons that can be learned from the online giant.

Let's start by comparing your bank's approach to customer service with Amazon's strategy. You care about customer service and understand that it's an important part of keeping good clients. Amazon is also fanatical about customer service. Using net promoter scores (NPS), a measurement of customer loyalty and advocacy, Amazon has a score of 69, or more than 30% over its industry average.

Amazon is also relentless regarding the customer experience, even if it cuts into short-term results. Every employee, including CEO Jeff Bezos, spends at least two days a year working in the call center or sales department. This ensures a companywide understanding of customer satisfaction and it might be an interesting idea for bankers to consider.

Amazon also provides good customer service in part by focusing on the results, not the process. CEO Bezos has said that, as companies grow, they risk emphasizing their process to the point that they lose sight of the results. You may want to look at customer service from this standpoint, if you don't already, especially since customer needs can change quickly these days.

Like Amazon, banks will want to immediately notice when customer behavior changes and offer relevant products as quickly as possible in response. You may not know it, but Amazon's recommendation engine generates 35% of its income. As banks increasingly depend on product recommendations for a decent proportion of revenue and growth, this is food for thought.

Another important Amazon attribute to think about is making decisions quickly. Sometimes that is easier said than done in a regulated world, but bankers should work aggressively to do so.

Amazon moves quickly by avoiding one-size-fits-all decision-making processes and they make decisions without all of the information (70% is good enough). They also encourage people to disagree without letting that disagreement upend decisions. Giving additional yet appropriate authority to the frontline staff and streamlining processes may be ways to drive quicker decisioning.

Amazon clearly is not troubled by "outside of their comfort zone" innovation. Banks are different and regulation doesn't easily support innovation, but you have to try. Start by embracing innovation

where possible and increasingly necessary, such as with payment processing or lending, perhaps.

To compete now and into the future, banks may want to take a closer look at what Amazon is doing and see what can be leveraged beyond these quick tips. Your community needs you, so keep pushing forward as you explore what you can and innovate where regulation will allow. Doing so will keep your bank plugged into your customer network and avoid any potential loneliness along the way.

BANK NEWS

Recession Forecast

[Bank of America forecasts](#) a US recession won't arrive until 2021 at the earliest.

CEO Charged

Municipal CU (\$2.8B, NY) President and CEO [Kam Wong has been charged](#) with embezzlement, bank fraud, wire fraud and aggravated identity theft. In a scheme that ran from 2013 to 2018, Wong allegedly stole about \$6mm from the credit union using a variety of scams. He spent \$3.55mm buying lottery tickets, got reimbursed for fake dental work, wrote checks to a convenience store near his office, and withdrew \$1.9mm using 2,592 ATM transactions.

Huge Penalty

Royal Bank of Scotland (RBS) has agreed to pay a \$4.9B fine to settle allegations it sold financial products, including toxic mortgages prior to the crisis. Now that the settlement has been agreed to, the UK government plans to move to reduce its 71% owner stake in the bank.

Bank Stock

[Goldman Sachs expects](#) US bank shares to post improved gains over the rest of the US stock market. The increasing rate environment, healthy loan growth and M&A activity are reasons for their optimism.

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