



## Tips To Increase Loan Growth

🔗 [lending](#) [performance](#) [business customers](#)

**Summary:** Loan growth is expected to be challenging this year. We help you whittle down some of the obstacles.

We just ran across a study that found diners who used larger forks ate less. This seems counterintuitive. But, I guess if it helps drive healthy eating, why not give it a try?

Switching from food to banking, today we cover another driver -- loans. Loans are a top driver of a community bank's profitability, particularly residential mortgage and commercial real estate lending, according to a survey done by Independent Banker magazine. Banks say that they expect loans to be the biggest source of revenue growth in 2020, but they also expect loan growth to be challenging this year. These five questions can help community financial institutions to start whittling down these obstacles.

**First**, is your institution capturing the types of customers that are flourishing in your markets? For example, are you seeing a younger demographic enter your market? Or are you seeing more satellite business offices?

Third-party insights and market data can help you identify gaps in your market potential and develop strategies to close the most significant gaps by targeting new market segments.

**Second**, are your offerings integrated and priced in ways that encourage deeper customer relationships? You know that your most profitable customer relationships are both deep and "sticky." Are there systematic ways to offer an existing customer better value if they bring you more business? [A profitability tool](#) can help here along with market research, especially in designing and redesigning product suites for specific markets.

**Third**, are there any bottlenecks in your loan processes that hurt your workflow and possibly weaken your customers' experiences with you? Most institutions have some legacy processes that haven't been addressed simply because "we've found ways to work around it." These workarounds may actually be opportunity costs. Consider accelerating your credit cycle and eliminating any tasks that add minimal value. Teams with members from across the institution can help identify and solve bottlenecks.

**Fourth**, do your people have the skills they need to develop business, sell new offerings, and support the market areas that are important to you? Are the right people matched with the right tasks? If not, reassignment and in-house training can both help bring your lending staff up to speed. Hiring additional help in specific areas is another potential option.

**Fifth**, does your reporting capability match your incentive systems? As you've gone through this process, your institution has probably set some new goals. Your reporting should clearly show your progress towards achieving these new goals. You'll want to measure that progress at short intervals, so you can quickly correct course, as necessary. Your institution's incentive structure should also support and reward staffers as they work to reach new goals.

While we realize that this is not new information, hopefully, it provides you with some good reminders to drive your business today and in the future.

## RETAIN AND GAIN CUSTOMERS WITH OUR PROFITABILITY SOLUTION

Profitability FIT is an [outsourced profitability solution](#) that measures performance on both a customer relationship and account basis. Contact us today for more information.

*Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*