



Is Suburban Migration An Advantage For CFIs?

by [Steve Brown](#) Topics: [Gen Z](#), [millennials](#), [customer experience](#)

Summary: As some people migrate to the suburbs, community financial institutions have an unprecedented opportunity to attract these "on-the-move" customers. We provide three strategies to capture this segment.

According to the National Day Calendar, today is National Sardines Day. You may not run out to get sardines for lunch, but it could be fun trivia to share.

While sardines may swim in the same direction to stay in their schools, we are finding people more easily break away from their surroundings with the right incentive. It's no secret that the pandemic (and the subsequent remote work trend) is shifting people from urban centers to less costly suburban and rural areas, where community financial institutions (CFIs) arguably have an edge over their rivals.

In fact, [Pew Research recently found](#) that more than one in five Americans have relocated (or know someone who has) due to COVID -- and that number is believed to be on the rise as consumers and businesses continue to feel the squeeze from the pandemic and opt for lower-cost living and more space. While these changes could create a few negative ripple effects, this trend presents an unprecedented opportunity for CFIs to engage and connect with this influx of formerly city-based bank customers. Here are three ways to reach out to them.

1. **Reach out to your customers first.** As Gen Z and millennials return "home" due to college closures or work-from-home flexibility, CFIs will want to be ready. Check in with current customers who may have sons and/or daughters returning as a simple first step. According to Pew, at least 10% of people 18-29 say they have moved due to job losses or changes, or the closure of college-based housing. Since you already have trust within the family, the onboarding of other family members could be quick and easy.
2. **Appeal to diverse customers.** According to Pew's June 2020 survey, a larger proportion of those people finding their way from cities to less-urban areas are Hispanic (28%) or Asian-American (24%) compared to white (20%). More than one-quarter (28%) of these on-the-move prospects have a bachelor's degree or higher education too. Knowing this, CFIs will want to tailor their communications to ensure they not only engage these customers, but also fulfill their specific needs.
3. **Promote digital offerings with a personal touch.** Urban dwellers are likely used to digital banking options. Yet, many are moving outside of an urban area not just for more space, but also for a greater sense of community and connections. Show these potential customers that you have both. This is an important differentiation from a big bank or digital bank. You may consider welcome packets for those new inhabitants along with discounts to the local businesses. This could be a win for everyone.

ECONOMY & RATES

Rates As Of: 11/24/2020 05:24AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.08	-0.01	-1.46
6M	0.09	-0.01	-1.49
1Y	0.10	-0.02	-1.47
2Y	0.16	0.01	-1.41
5Y	0.40	0.01	-1.30
10Y	0.87	0.00	-1.05
30Y	1.58	-0.08	-0.81
FF Market	FF Target	Fed Disc	
0.08	0.25	0.25	
SOFR	Prime	Unemp	
0.05	3.25	6.90	

BANK NEWS

Existing Home Prices Up

According to the National Association of Realtors (NAR), the median price for existing homes in all 181 metro areas tracked increased YoY for the 3rd quarter. In nearly two-thirds of the metro areas, prices posted double-digit gains. *"Prices in most markets weren't simply edging higher but were up significantly from a year ago. Nationwide, the median single-family home price rose 12% from a year earlier to \$313,500,"* NAR stated.

CRE Losses Impact CFIs

As CRE continues to decline, US banks may need to take large losses and could weaken financial stability further, according to some Federal Reserve officials. *"Smaller banks are going to probably bear too much of the burden here. They have more exposure to real estate and to smaller businesses, which are probably more vulnerable and have less resources to deal with this sort of stress,"* according to Fed Chair Powell.

Uber Enters Payments

Uber and its current Uber Eats partner, Marqeta, have "entered into a strategic global card-issuing partnership." According to the press release, "[Uber will make use of Marqeta's card issuing technology to streamline its payments](#) experiences and create more seamless interfaces throughout its wider ecosystem" for its 100MM monthly app users. Competition in the payments arena is getting more fierce.

COVID-19 IMPACTING YOUR RESERVE

The continuing uncertainty due to COVID-19 makes preparing for year-end and 2021 challenging. Our complimentary report, which has been updated to reflect the most current forecasts, can help. The Q3 report is now available. Simply download [Reserve Insights: COVID-19](#) today. Need more assistance? Talk to us about Stress Testing.

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