



Medical Professionals And Financial Literacy

profitability business customers customer retention

Summary: Community bankers support medical professional customers already. However, many in this group need special attention, since their education did not include how to grow their practices, let alone just run a business.

You might be interested in some data from the most recent FDIC Q1 Quarterly Banking Profile. For starters, there are 5,362 insured institutions in the US vs. 5,607 as of the same period last year. If this continues there will be 4,289 institutions in 5Ys and 3,430 in 10Ys. That is a smaller number, but it is still large when you look globally. For instance, close neighbors Canada and Mexico only have about 88 and 48 banks, respectively. Meanwhile, other major countries like Germany have 1,800, followed by Italy (580), France (400), UK (300) & Japan (199).

Counting is fine of course, but we know community banks do way more than that. In fact, many community bankers help various sectors including doctors, dentists and other medical professionals, for instance. This group needs a special focus, because their intense schooling did not include education on how to grow their practices, let alone just run a business. Moreover, research has shown that the average medical student lacks knowledge of some of the finance literacy basics.

Indeed, researchers gave medical students a personal finance literacy test and the mean score was just 52%, according to a [study in the International Journal of Medical Education](#). Only 20% knew that if interest rates rise, bond prices tend to fall, and just 13% knew that no-load mutual funds carry no sales charges.

Several community banks are helping in this area we found. For instance, a community bank in PA offers specialized personal banking services to medical professionals, including refinancing their significant amount of student debt. In addition to commercial mortgages, the bank also offers financing for professionals to start their practices, as well as financing for buy-ins or buyouts of practices.

Another community bank in MO offers up to 100% financing of the practice buy-in amount, plus up to 10% additional capital, with terms up to 10Ys. For professionals opening their own practice, the bank offers up to 80% financing of all start-up costs, and for those wanting to expand or remodel their medical facilities, the bank offers interest-only loans for the first 6 months while the improvements are being completed, with terms up to 7Ys. The bank also offers 100% financing on new and used equipment, plus 20% for soft costs incurred for installation and shipping, with fixed-rate terms up to 10 years.

Yet another community bank in LA offers 100% financing for many products for eligible borrowers, including medical equipment loans, working capital loans, medical office construction or refinance loans and practice acquisition loans. In fact, 100% financing also extends to personal loans and home mortgages and the bank also offers free investment services.

In addition to offering a wide variety of commercial and personal products and services, banks can create blogs that post informative articles to help medical professionals both in their practices and their personal lives.

Finding more ways to help medical professionals can strengthen relationships and also could prove profitable for your bank. We hope this article has given you some food for thought on this topic, no matter the number of

banks you are competing with now and in the longer term future.

HEDGING SERVICES FOR COMMUNITY BANKS

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