

## Competing to Win in Retail Banking Today

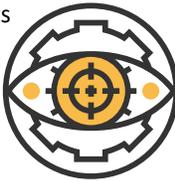
Excerpted from Deluxe Exchange presentation by [Mary Beth Sullivan](#)

### External forces driving change in retail banking

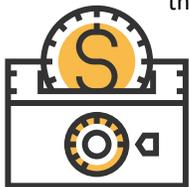
The retail banking business faces a number of challenges. Deposit costs are rising. Delinquency rates are increasing in a number of consumer loan categories. The business has become even more competitive as large banks expand their retail businesses and fintech competitors continue to drive innovation. Customers are demanding greater speed, simplicity, and personalization in their banking experiences. Given these challenges, it's no surprise that many institutions have struggled to acquire new households or to deepen their existing consumer relationships.

### What it takes to win: focus, value, transformation

**Focus.** Identify and focus on the customer segments and markets where the bank intends to win. That requires an understanding of the profit dynamics, such as acquisition costs, attrition rates, etc. as well as an understanding of the market dynamics, such as the needs of the segment, their drivers of consideration, and their reasons for buying financial services.



**Value.** Banks must rethink their value propositions for targeted segments and adopt a disciplined approach to enhancing the value that they deliver. To be compelling, the propositions should offer consumers value beyond banking, and provide value through digital engagement such as educational content and payment controls. Managers should challenge themselves to develop stronger lead product offers to attract targeted buyers.



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## Separately Branded Digital Banks

by [Claude Hanley](#)

Many banks have bolstered their digital capabilities to extend their reach beyond their physical branch network, but some institutions, including community banks, have launched separately branded digital banks to appeal to different customer segments or to permit greater pricing flexibility.

Organization	Assets (\$B)	Digital Brand
JPMorgan Chase & Co., New York, NY	\$2,609.8	<b>finn</b> by CHASE
Goldman Sachs Group, Inc., New York, NY	\$973.5	<b>Marcus</b> BY GOLDMAN SACHS
Citizens Financial Group, Inc., Providence, RI	\$153.5	<b>Citizens Access</b>
Cadence Bancorporation, Houston, TX	\$12.7	<b>ALOSTAR</b>
Flushing Financial Corporation, New York, NY	\$6.8	<b>iGObanking.com</b> Real Simple. Real Smart.
River Valley Bancorporation, Wausau, WI	\$1.4	<b>incrediblebank</b>
BankFive Corporation, Fall River, MA	\$1.0	<b>5 BANKS CONNECT</b>

## Simple Account Opening and Onboarding Lessons from the Front Lines

Excerpted from NYBA Retail and Small Business Conference presentation by [Mary Ellen Georgas](#)

CPG recently conducted a benchmarking study regarding the in-branch customer experience during the account opening and onboarding processes. The processes at seven banks were observed. Below are some key lessons from the study.

### Lesson 1: Make people feel welcome

Ensure someone in the branch is looking out for walk-ins and is prepared to greet and direct people. During the course of our study, too many people wondered into branches and then left without being acknowledged by branch staff. Every financial institution should have branch staff trained to greet and direct every person that comes into the branch.

### Lesson 2: Stop the unrelated sales push

Refrain from unrelated sales pitches during the account opening process. It makes customers uncomfortable and may make them

reconsider their choice of financial institution. Instead, suggestions pertaining to additional products or services should be surfaced as a natural part of the account opening conversation.

### Lesson 3: Thank people for their business and send follow up communications

Be sure to thank customers for their business at the end of the account opening process. Surprisingly, that simple act of courtesy did not occur at any of the seven banks we visited. Other displays of courtesy did occur, such as staff walking us to the teller line, but it's important to explicitly thank people. Subsequent communications to customers via email or telephone (see Lesson #5) provide another opportunity to express appreciation and provide information about relevant products and services. These communications

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## Managing Reputation Risk is Getting More Complicated

Excerpted from [American Banker's BankThink](#), by [Rolland Johannsen](#)

Today's highly charged and extremely partisan political environment continues to create additional reputational risk for banks, with activists on both sides of the political spectrum seeking to involve the industry in supporting their particular issues or agenda. As the middle road has shrunk, and in some cases disappeared entirely, the impact of politics on a bank's reputation has expanded to include how a bank does business, and increasingly with whom.

Historically, few people have known, or even cared, if a particular bank was doing business with a specific company or financing a specific project. This has changed dramatically. Over the last couple of years, we have seen numerous examples of banks that have suffered consequences or made decisions based on partisan political issues. Issues such as guns, climate change, sexual orientation, gender equality and identity, health care, prescription drugs, the legalization of marijuana and many others will take on increasingly partisan political perspectives and create both challenges and choices for individual banks.

One choice that some banks are making is whether to avoid

certain political issues or embrace them. An emerging example is climate change. While some banks are promoting their support for sustainable energy solutions, a new nonbank entrant, Aspiration, is taking the issue to a whole new level and positioning itself directly to millennials by attempting to differentiate itself from large banks that it claims are doing everything imaginable to destroy the planet.

The keys to dealing with this new political reality are to be proactive, consistent and adaptable — perform regular political risk assessments, analyze the potential impact of specific political issues on customers, develop clear guidelines to drive consistent decisions on issues that might have a political implication and create rapid response processes to adapt quickly when something new comes up or things don't go as planned.

Partisan lines are no longer being drawn with a pencil, but with a chisel. As a result, banks must expand the scope of their risk assessments and responses to include a thorough understanding of how a weaponized political environment will impact their decisions on the individual customers and types of business they serve.

## Competing to Win (cont'd)

**Transformation.** In light of the profit, market and competitive dynamics of the business, banks must transform their models by focusing on digital and mobile capabilities, simplifying processes, and developing analytics to better understand the needs of customers. Also, the skill, attitudes, and responsibilities of front-line staff must be revamped to better meet the need and expectations of today's consumers.



## Announcements

### Recent Articles and Speeches

[BankThink: Managing Reputational Risk is Getting More Complicated.](#) *American Banker's BankThink*, April 22, 2019, by Rolland Johannsen.

[House Democrats Politicize Banking.](#) *Wall Street Journal*, March 17, 2019, by Megan Keller, featuring Rolland Johannsen.

New York Bankers Association's [Retail & Small Business Banking Conference](#), April 9-10, Mary Ellen Georgas-Tellefsen presented [Onboarding: Observations from the Front Lines](#).

American Banker/SourceMedia [Retail Banking 2019: Growth Strategies](#), March 26-28, Mary Beth Sullivan, Mark Gibson and Mike Wallach led [Learning Lab #4: Drive Higher Growth Rates with Analytics!](#)

Virginia Bankers Association's [VBACONnect](#) Conference, March 11-13, Kevin Halsey to presented [Driving Success in a Challenging Retail Banking Environment](#).

### Upcoming Articles and Speaking Events

CPG partner with *American Banker* to rank the top performing banks and credit unions of 2018. Look for the first in this series in the May issue of *American Banker* magazine.

Claude Hanley's article "[CFO Focus: Scenario Planning and your Financial Future](#)" in May in [CUmanagement.com](#).

[Virginia Banker's Annual Convention](#), June 16-19, 2019, Kiawah Island, SC. Mary Ellen Georgas-Tellefsen to present [Customer Experience as a Competitive Weapon](#).

## Simple Account Opening (cont'd)

will help to reinforce and create long-term relationships.

### Lesson 4: A little swag goes a long way

Give new customers a little reward for entrusting you with their money. It is not necessary to give away an iPad. Rather, a pen, USB memory stick, mug or water bottle should help to reinforce your appreciation to a new account holder. Be generous and thoughtful. Your customers won't forget.

### Lesson 5: Utilize marketing automation tools to make the entire process more effective and efficient

There are many simple tools available to help your institution create, send and manage automated communications. If your institution does not employ marketing automation today, the account opening and onboarding processes are a great place to start to test marketing automation.

To improve the customer experience, increase retention, improve loyalty, and increase life time customer value, ensure that your institution's account opening and onboarding processes are both welcoming and also serves to inform customers about the ways that your institution can help them.

