

# The Elephant in the Lobby: What Your Customers Aren't Telling You

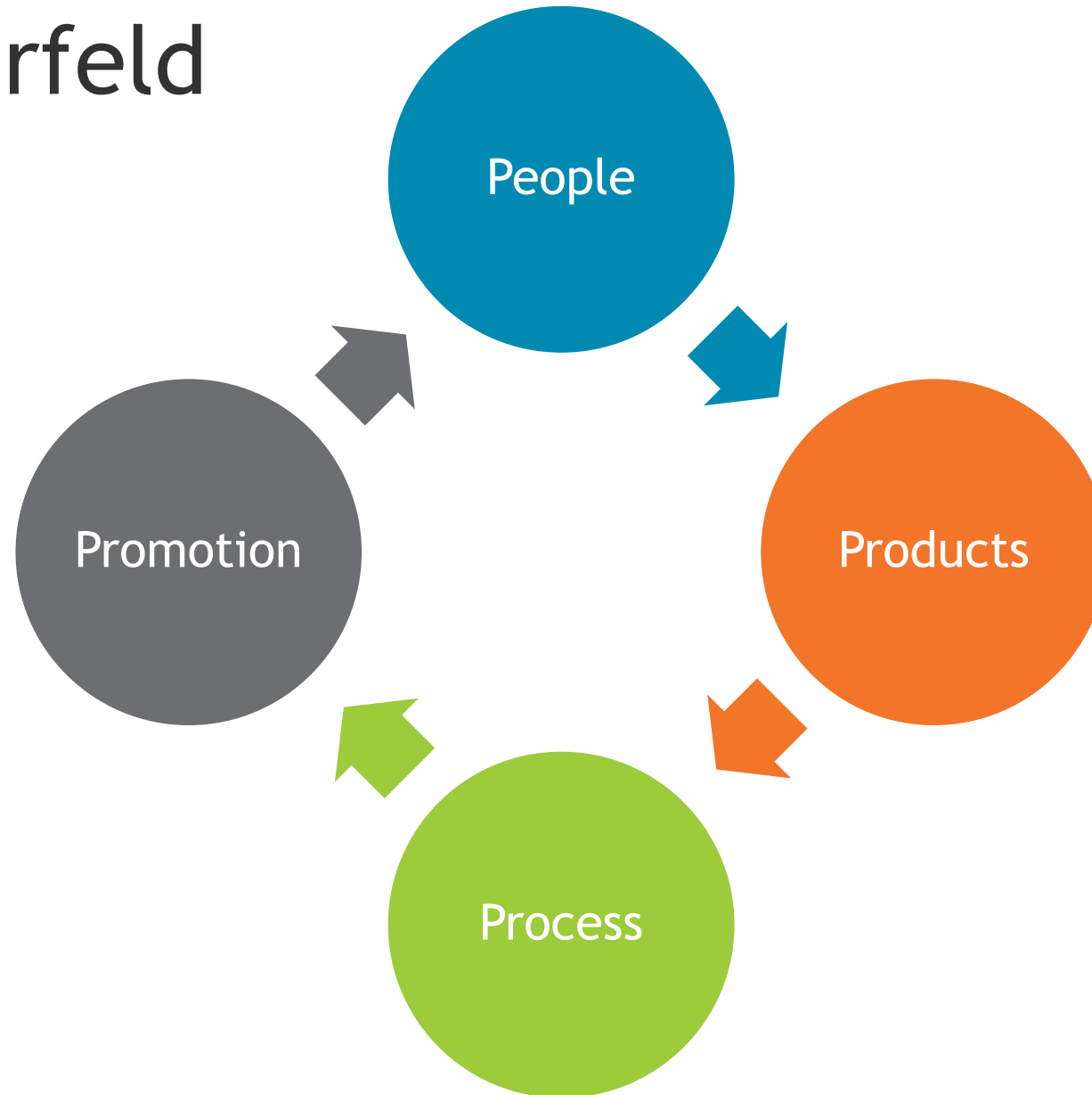
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Senior Vice President



# Some Background for Context

# About Haberfeld



# About Haberfeld

**35+** Helping FIs grow profitably for over  
**YEARS**

**6<sup>th</sup>**  
largest FI in America

**EMPLOYEE  
OWNED**

**7.5** **MILLION**  
new core relationships

**DATA DRIVEN  
RESULTS**

Over 10MM products and services analyzed monthly

**2,600+**

Marketing campaigns for our clients annually

**INTENSIVE  
TRAINING**



# Three Areas of Disconnect

1. Fees

2. Needs

3. Service

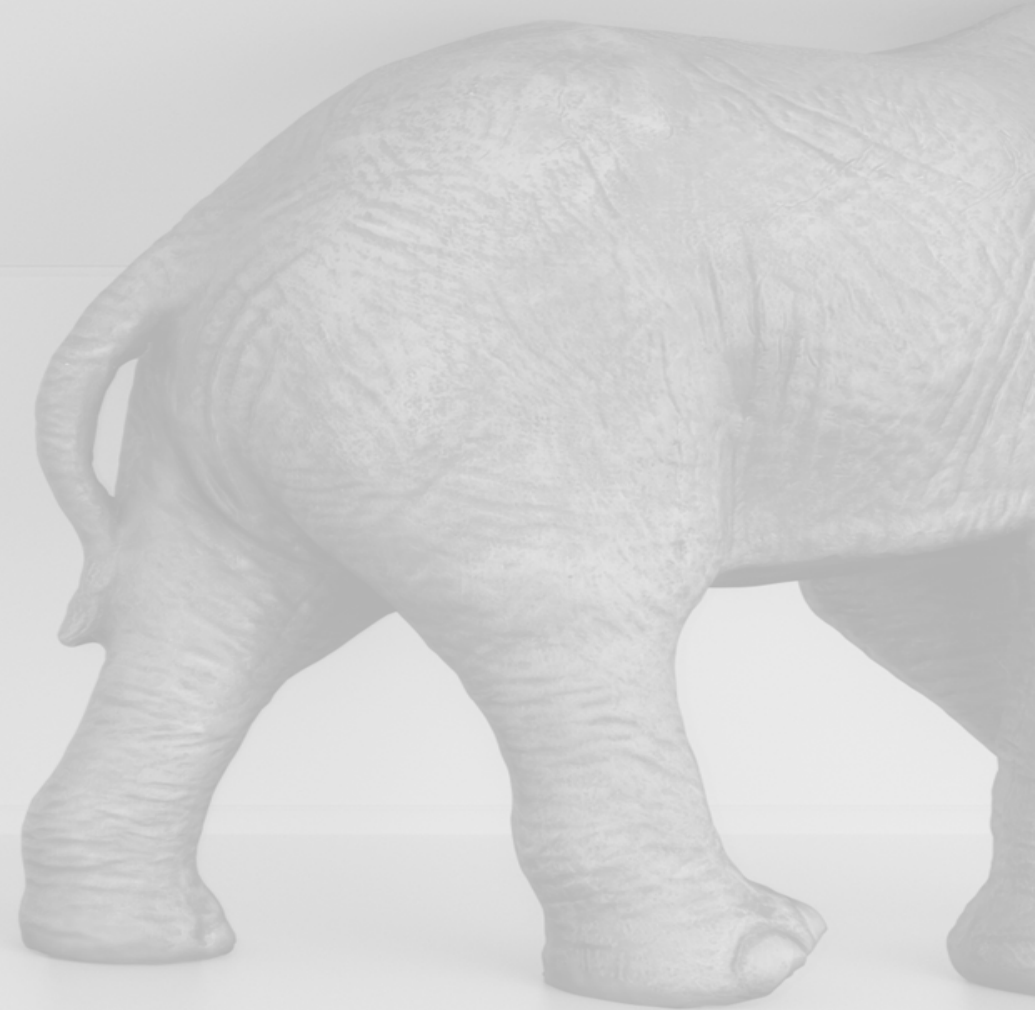


# Three Areas of Disconnect

1. Fees

2. Needs

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# Fees

## Bank

All our stuff is awesome and worth paying for



## Consumer

Yeah, No!





# Why They Leave

31%

31% of people who switched were unhappy or desired something different

58%

58% of those people were unhappy with FEES

49%

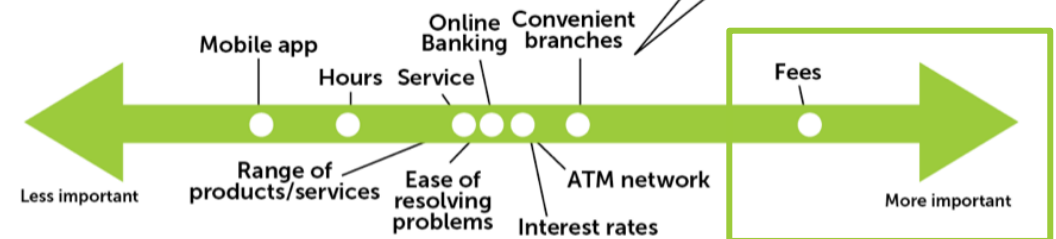
49% were unhappy with SERVICE

Market Street Research, October 2019

# Why They Pick You

Top criteria consumers use to choose new banking provider

Results for consumers of all age groups



How do we drive fee income—without alienating our customer base?

Total Profits = Avg. Profits per H.H.  $\times$  # of Households



How do we drive fee income—without alienating our customer base?

Total Profits = Avg. Profits per H.H. X # of Households



# So how do we think about fees

1. Fees that make people mad
2. Fees that make us money
3. Fees that save money/time/resources

# Fees that make people mad

1. Returned item fees
2. Stop payment fees
3. Regular monthly service charges
4. Minimum balance fees
5. ...basically, all the other ones

# Fees that make money

1. OD/NSF
2. Interchange
3. Value-added products



# Overdraft and NSF



**Momentum**  
has turned  
against OD &  
NSF as a  
revenue source



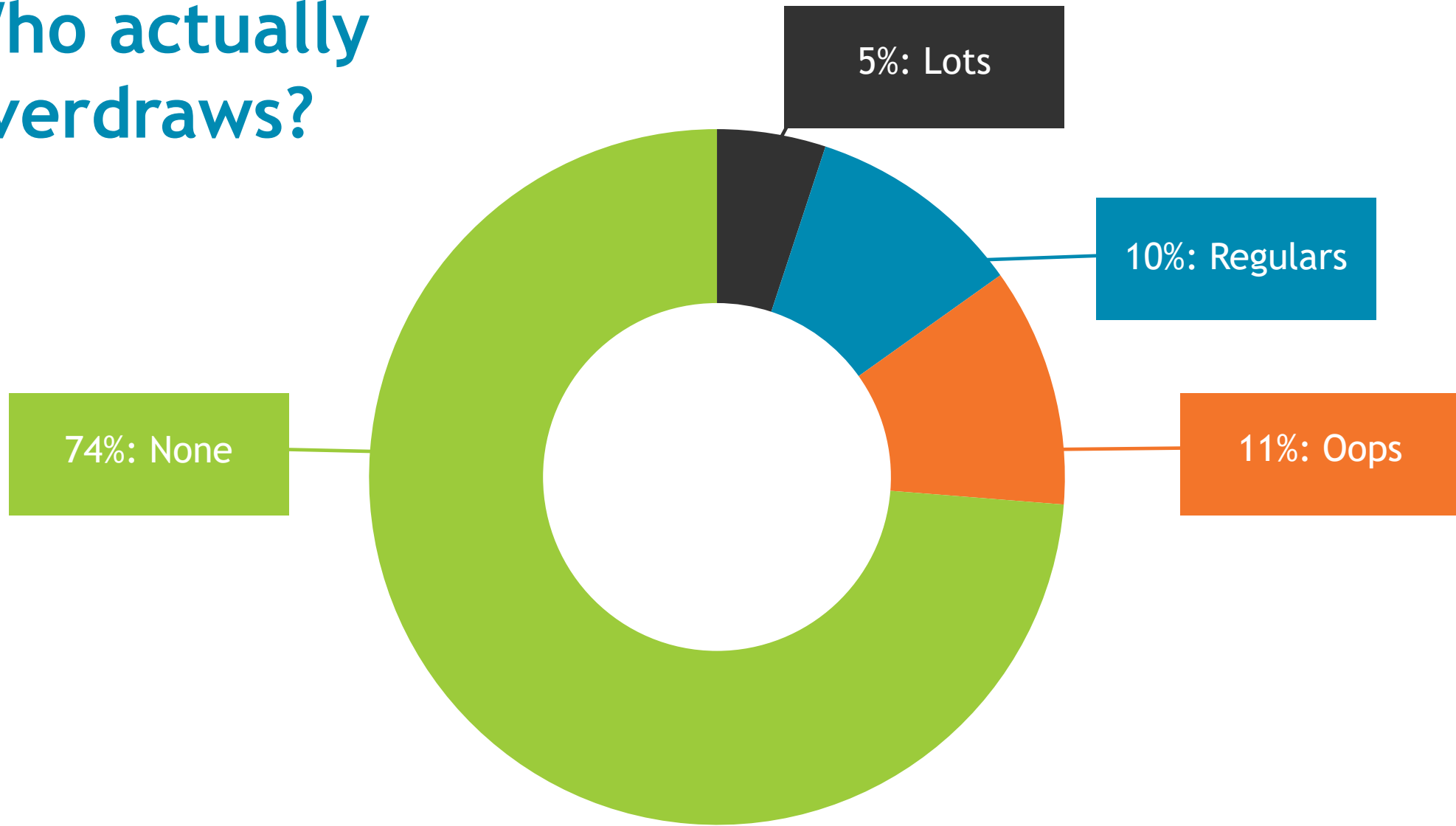
**Regulation**  
*may* change our  
options



**Surrender?**  
Is now the time  
to unilaterally  
disarm?

# OD/NSF: A key service opportunity

Who actually overdrafts?



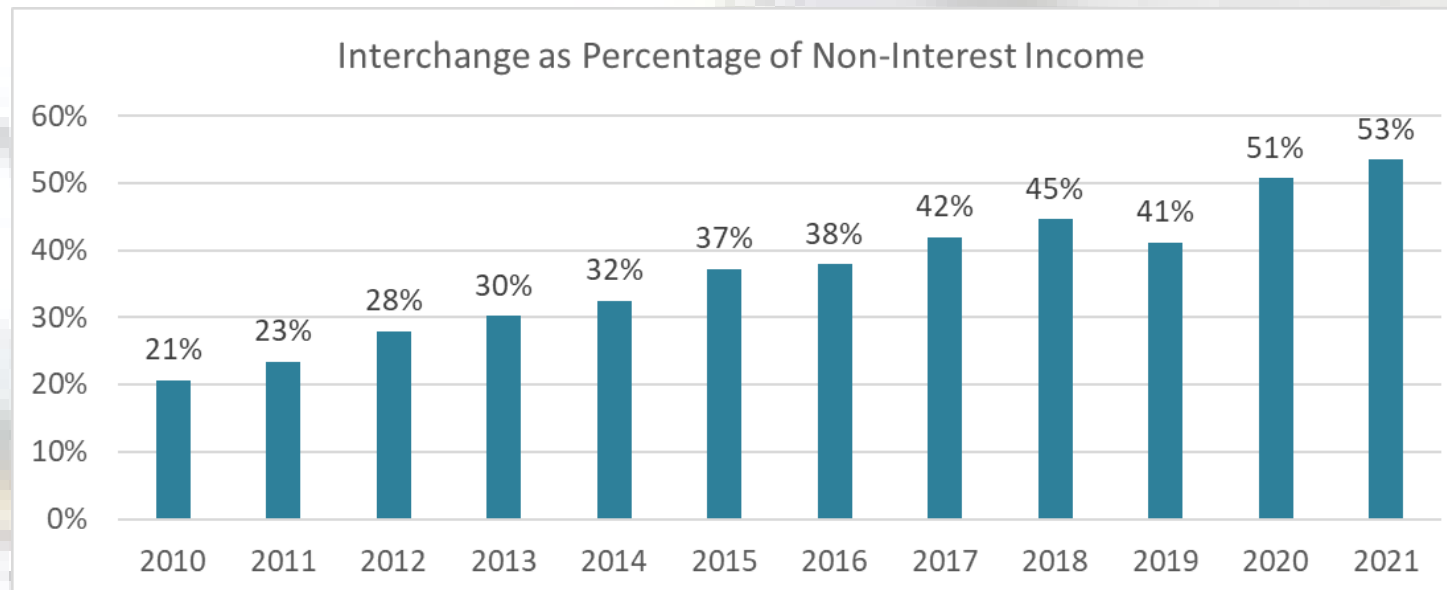


# Four Considerations for Optimization

1. Refine the process
  - Centralize, automate, standardize
2. Review pricing
3. Allow something on Day 1
4. Reconsider opt-in opportunity

# Interchange Income

- Important and growing
- Invisible to customers



# Interchange Income & Debit Card Spend

Historically, January Debit Card Spend is at 90% of the monthly average for the year.

Following that trend, we anticipate debit card spend to grow another 10-20% in 2023.



# Interchange Income



1

Driven by debit card usage and your contract with your provider.

2

Right at \$65/customer for Haberfeld Clients.

3

You can grow it by growing the customer base, but also by increasing usage.

4

Instant issuance of cards increases usage and spend.

# Value-added products

Consumers *will* pay for something they perceive as real value



# Value-Added Checking Product



Cell Phone  
Protection



ID Theft  
Resolution



Roadside  
Assistance



AD&D Insurance



Shopping,  
Travel, &  
Entertainment  
Discounts

**10% - 20%**

New checking customers will PAY for a value-added checking account.

# Value-added products

## Implementation keys:

- Having enthusiastic employees is critical
  - Sales incentives are a dangerous path
- It must be one option among several good options

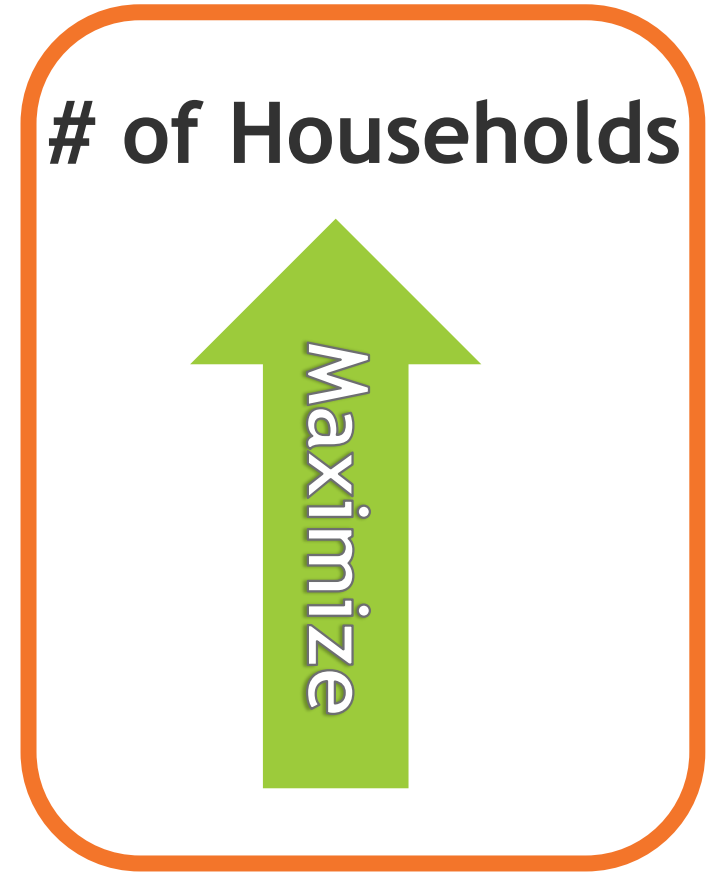
# Fees that save money, time, or resources

1. Paper statement fees
2. Premature account closing
3. Card replacement



# How do we drive fee income—without alienating our customer base?

**Total Profits = Avg. Profits per H.H. X # of Households**




# Realities of Community Banking



Excess Capacity in Your  
“Factories”



Checking Account = PFI  
Status



Get up to a **\$500 cash bonus** with a new checking account



ENJOY UP TO **CHASE**

**\$600**

See details inside ▶

SWITCH TO CHASE **\$600**  
AND GET UP TO

**2.8%**

**Citi Priority**

LIMITED-TIME OFFER  
**EARN UP TO \$2,000**

Open a Citi Priority Checking Account from 7/18/22 through 1/9/23 and earn a cash bonus of **\$200, \$500, \$1000, \$1500 or \$2000** after completing required activities.

Simply deposit qualifying funds within 20 days of account opening and maintain your balance for an additional 60 days from the 21<sup>st</sup> day to unlock your bonus.

Only New-to-Citibank checking customers can take advantage of this offer.



First relationship at a business household is consumer checking

**you get something else**

# Realities of Community Banking



Excess Capacity in Your  
“Factories”



Checking Account = PFI  
Status



Marginal Revenues  
Exceed Marginal Costs

# More Profitable Customers

**\$150 - \$250**

Amount average client invests to acquire the next core customer

**\$300 - \$500**

Amount that customer generates in revenue per year

**10+ years**

Average number of years a new customer stays with our clients

**\$4,800+**

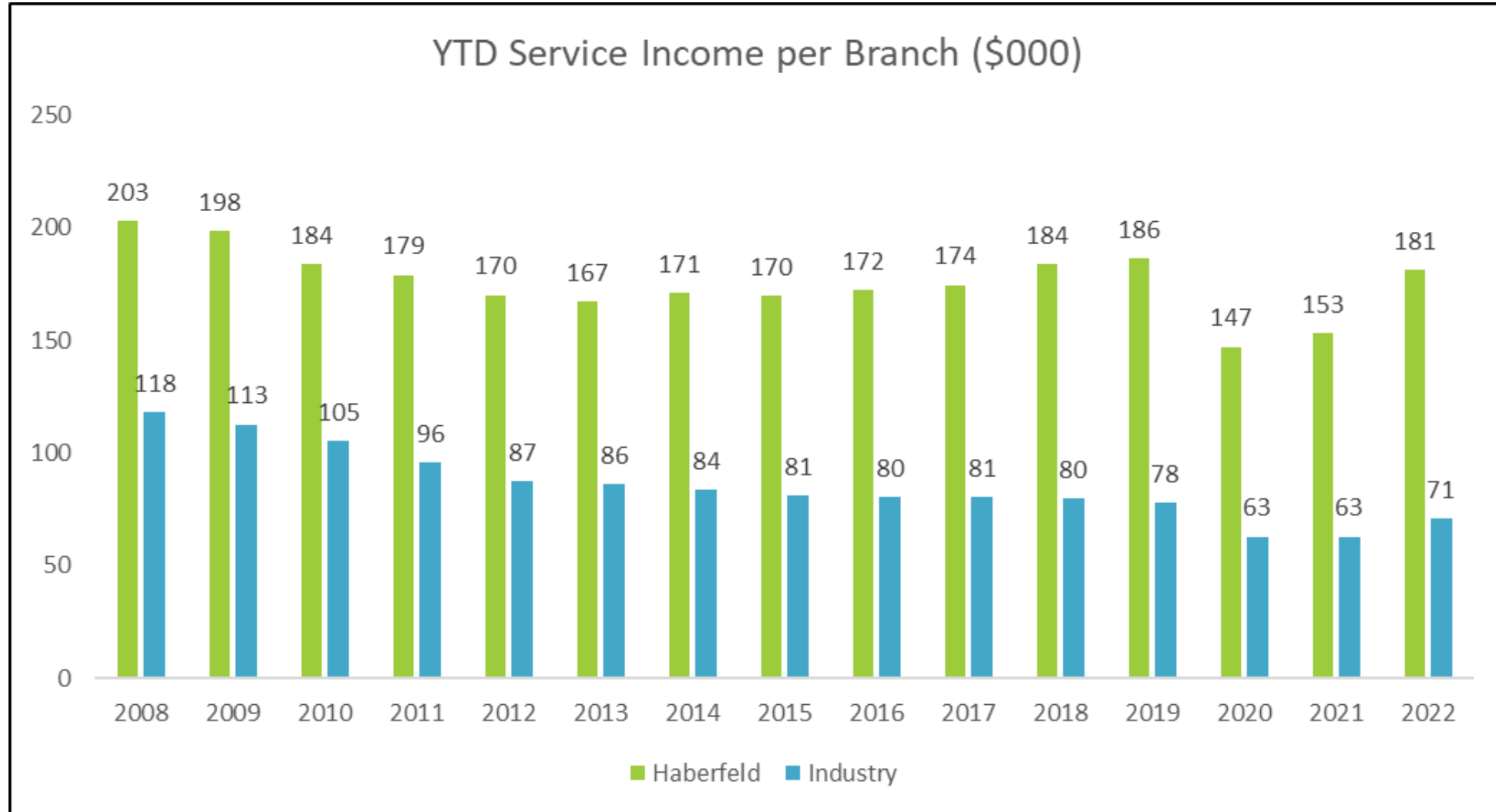
Net Present Value of your next Retail Customer

**\$16,000+**

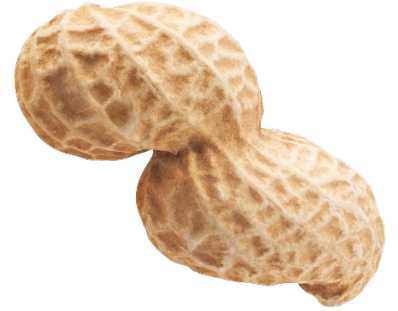
Net Present Value of your next Business Customer



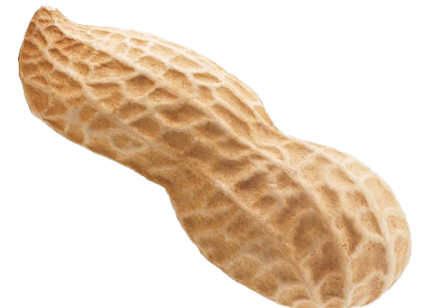
# Maximize Households



# A Few Things to Consider About Your Fees



1. Are you **optimizing** the fees that customers are willing to pay?
2. What would be the impact on your fee income of having **twice as many customers**?

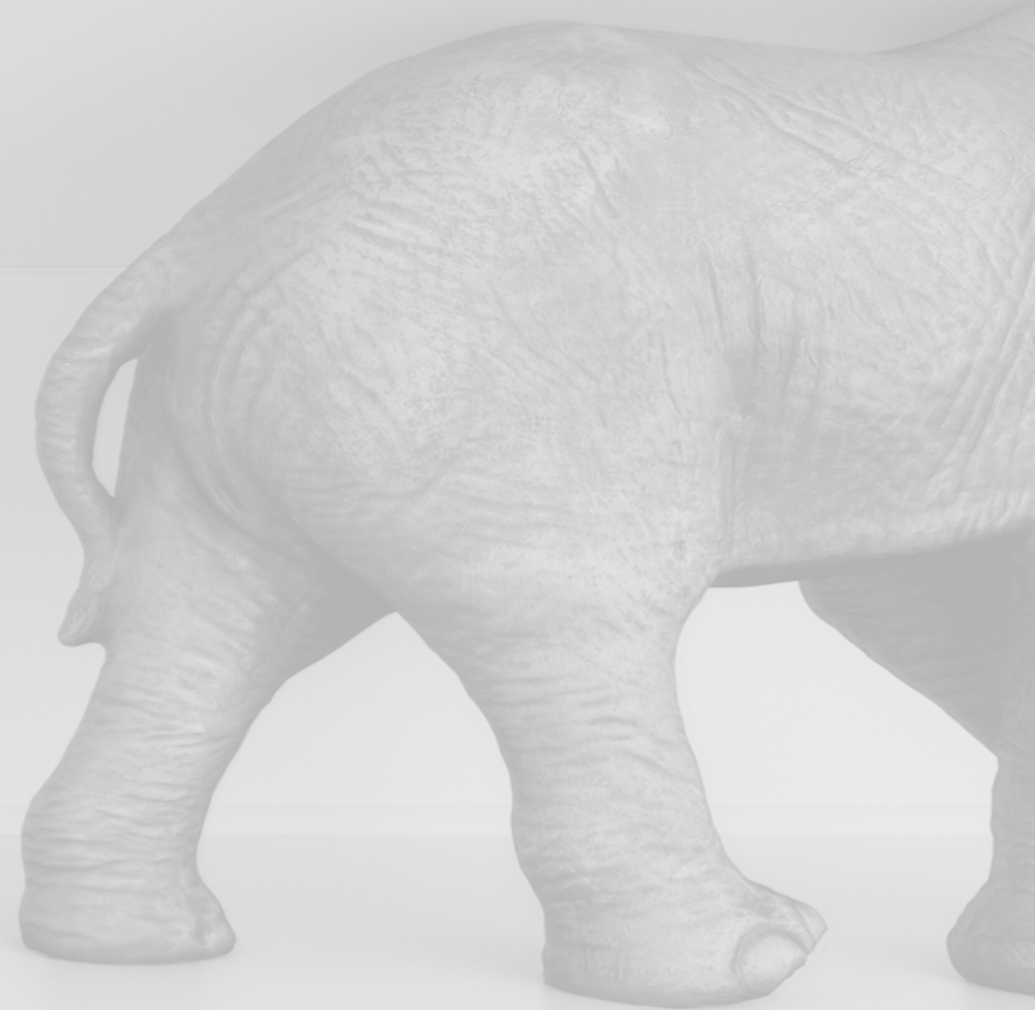


# Three Areas of Disconnect

1. Fees

2. Needs

3. Service





# Needs

## Bank

- We're all the bank you'll ever need
- Our customers will tell us what they want and need
- We do sales training so we don't miss opportunities

## Consumer

- I should probably shop around
- I need and want help and advice
- I don't even think you're listening to me!



## Shop Statistics

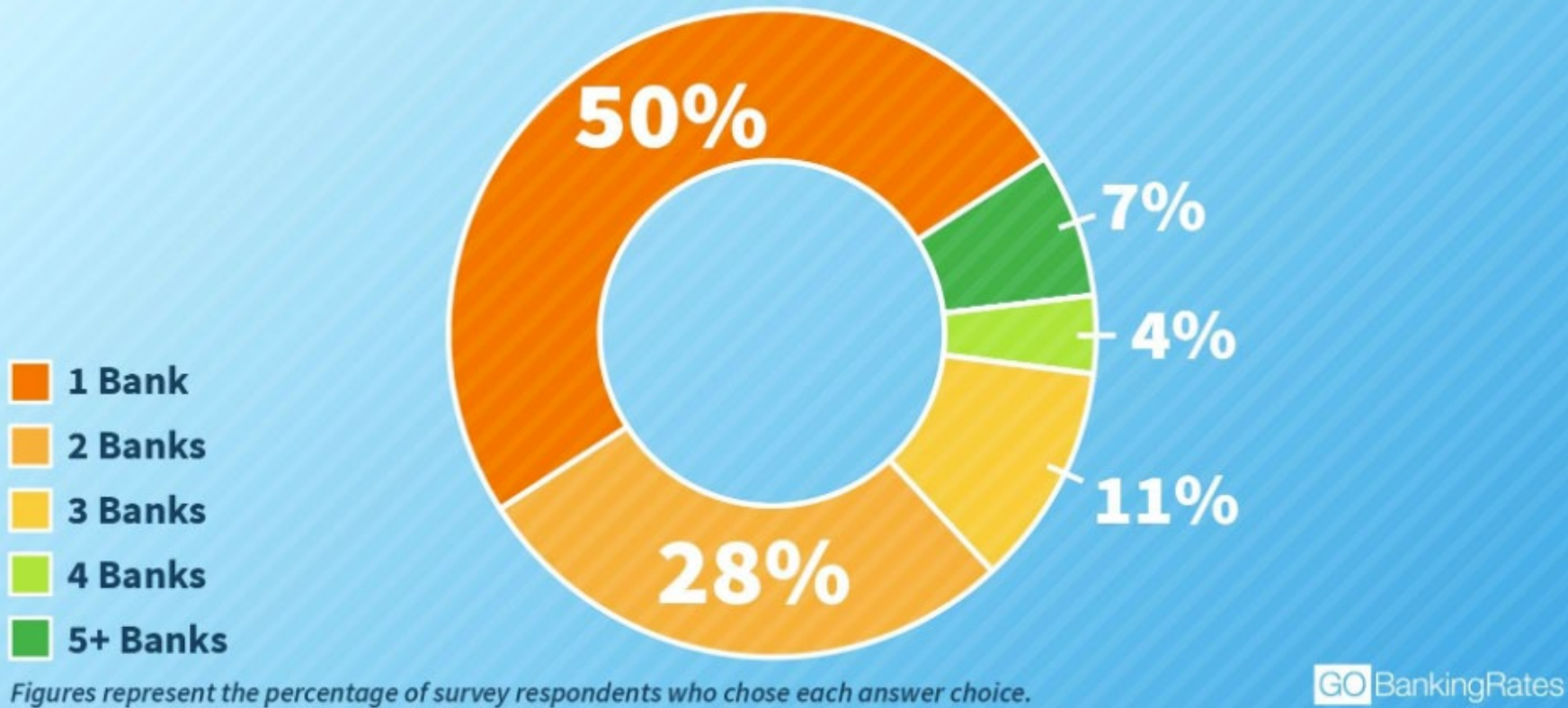
	<b>TOLD</b>	<b>SOLD</b>
Personal savings	58%	30%
Personal debit card	93%	62%
Direct deposit	59%	34%
Automatic payment	39%	14%
Online banking	91%	55%
Bill pay	84%	34%
Mobile banking	85%	35%
Mobile deposit	62%	24%
e-Statements	83%	37%
<hr/>		
Business savings	21%	10%
Business debit card	63%	22%
Business online banking	61%	21%
Business e-Statements	51%	17%
<hr/>		
Mortgage Loans	22%	5%
Loans	24%	7%



# Expectations

## Half of Americans Are Cheating on Their Bank

*How many banks do you have an active bank account with?*



# Expectations

Banking industry not meeting customer experience expectations

EXPECTATION	REALITY
<b>59%</b> of customers say this year's crisis has raised their standard for customer service	<b>27%</b> of customers feel the financial services industry provides great service and support
<b>83%</b> of consumers are concerned about their long-term finances	<b>32%</b> of FSIs believe it is significantly more important to focus on client financial well-being
<b>66%</b> of customers expect companies to understand their unique needs and expectations	<b>27%</b> of customers feel the financial services industry is fully customer-centric

SOURCE: Salesforce © December 2020 The Financial Brand

# Low Hanging Fruit

1. Market your core products and your core competencies

# Low Hanging Fruit

1. Market your core competencies
2. Create a culture of **engaging people**,  
*not* selling stuff

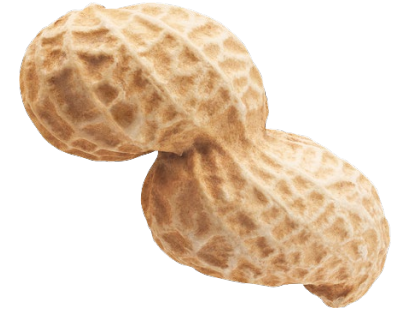
# Culture of engaging people

## Why don't our people hear customers?

- Too busy
- “That’s not my job”
- I don’t *like* selling stuff
- What if they say, “Yes”?

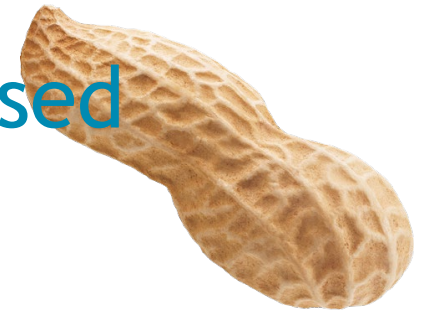


# A Few Things to Consider About Meeting Needs



## What do we *do* about it?

- Yes, more training
  - Consistent product knowledge *and* problem solving
- Expectation-shifting: Sales = Service
  - Culture of Engaging People
- Finite promotions with nominal or team-based incentives






# Low Hanging Fruit

1. Market your core competencies
2. Create a culture of engaging people, not selling stuff
3. Review your onboarding strategies

# Onboarding

- At the right time
- With the right products and services
- Through the right media



**New Client Welcome**  
INTERNAL ON-BOARDING FORM

**NEW CLIENT** ➤ NAME: \_\_\_\_\_

ACCOUNT #: <input type="checkbox"/> Personal <input type="checkbox"/> Business	OPEN DATE:	EMPLOYEE:
EMAIL:		PHONE:

<b>DAY</b> 1 or 2 <input type="checkbox"/>	<p>1. <b>Send a thank you note</b> the day the account is opened. </p>	MAIL DATE:	INITIALS:
--	--	------------	-----------

<b>WEEK</b> 2 <input type="checkbox"/>	<p><b>View account history</b> to see if the client has used the account.  <input type="checkbox"/> Have checks cleared?  <input type="checkbox"/> Have ATM or debit card transactions posted?  <b>Call the new client to:</b>            1. Thank him/her for opening a new account and welcome the client.            2. Verify the check order was received and is accurate.            3. If ATM/debit card transactions have not cleared, ask if the card is working properly and verify the client received the PIN.            4. Ask if the client has taken advantage of:  <input type="checkbox"/> Buy Back Program   <input type="checkbox"/> Tell-A-Friend            5. Ask if the client needs help with:  <input type="checkbox"/> Online Banking   <input type="checkbox"/> Bill Pay   <input type="checkbox"/> Mobile Banking   <input type="checkbox"/> Other            6. Other assistance with future needs?</p>	CALL DATE:	TIME:	INITIALS:
NOTES:				
FOLLOW-UP:				
ON CALENDAR: <input type="checkbox"/> YES <input type="checkbox"/> NO				

<b>MONTH</b> 2 <input type="checkbox"/>	<p><b>Review notes from Week Two call.</b>  <b>View account history</b> to see if client is still using the account.  <input type="checkbox"/> Checks clearing?  <input type="checkbox"/> ATM or debit card transactions posting?  <input type="checkbox"/> Deposits being made?  <input type="checkbox"/> Did the client set up direct deposit/automatic payments (if applicable)?  <input type="checkbox"/> Is client using: <input type="checkbox"/> Online Banking   <input type="checkbox"/> Bill Pay   <input type="checkbox"/> Mobile Banking  <b>Call the new client to:</b>            1. Ask how we are serving them. Follow up on any disappointments expressed.            2. Ask if they need assistance with any other services.            3. THANK them again for their business!  <input type="checkbox"/> <b>Send another thank you note with a new Tell-A-Friend coupon.</b></p>	CALL DATE:	TIME:	INITIALS:
NOTES:				
POTENTIAL RELATIONSHIP-BUILDING:				
ADDITIONAL ACTION:				

**Manager Review**  Day 1/2 |  Week 2 |  Month 2

PERSONAL	RESPONSE	NOTES
Savings Plans	Y N ?	
Debit Card	Y N ?	
Direct Deposit	Y N ?	
Automatic Payments	Y N ?	
Online Banking	Y N ?	
Online Bill Pay	Y N ?	
Mobile Banking	Y N ?	
eStatements	Y N ?	
Business Checking	Y N ?	
Checks	Y N ?	

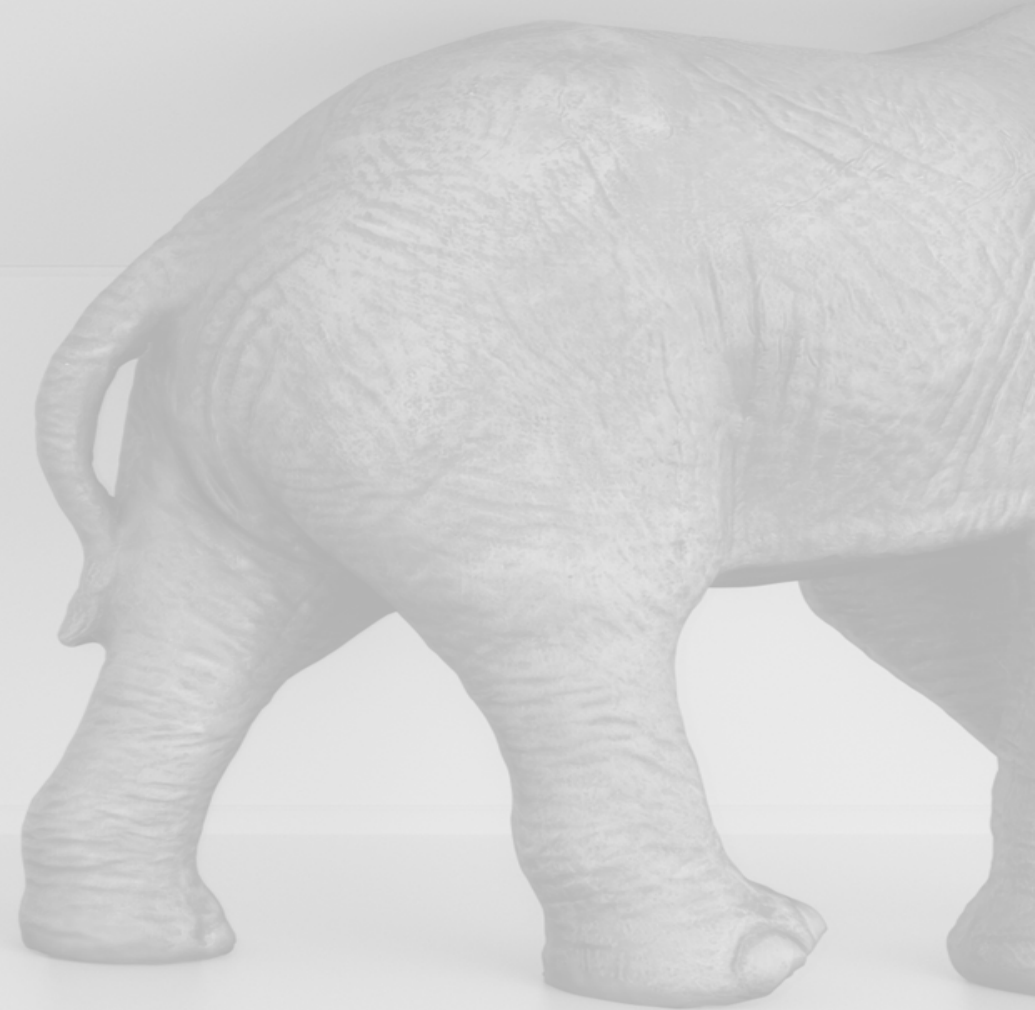
BUSINESS	RESPONSE	NOTES
Savings Plans	Y N ?	
Debit Card	Y N ?	
Online Banking	Y N ?	
Online Bill Pay	Y N ?	
Mobile Banking	Y N ?	
eStatements	Y N ?	
Remote Deposit	Y N ?	
Merchant Services	Y N ?	
Cash Management	Y N ?	
Other	Y N ?	

# Three Areas of Disconnect

1. Fees

2. Needs

3. Service



# Service

## Bank

We have amazing service!



## Consumer

Not so much.



# Shop Statistics

## **Customer Service - Greeting**

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Timely acknowledgement	99%
Friendly greeting	98%
Showed enthusiasm	61%
Introduced yourself	52%
Requested shopper's name	53%
Used shopper's name in conversation	43%

## **Customer Service - Shopper Felt**

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Welcome	91%
Reassured	77%
Significant	64%

## **Customer Service - Closing**

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Stood at closing	77%
Said, "Thank You"	69%
Used shopper's name	39%
Offered future assistance	82%



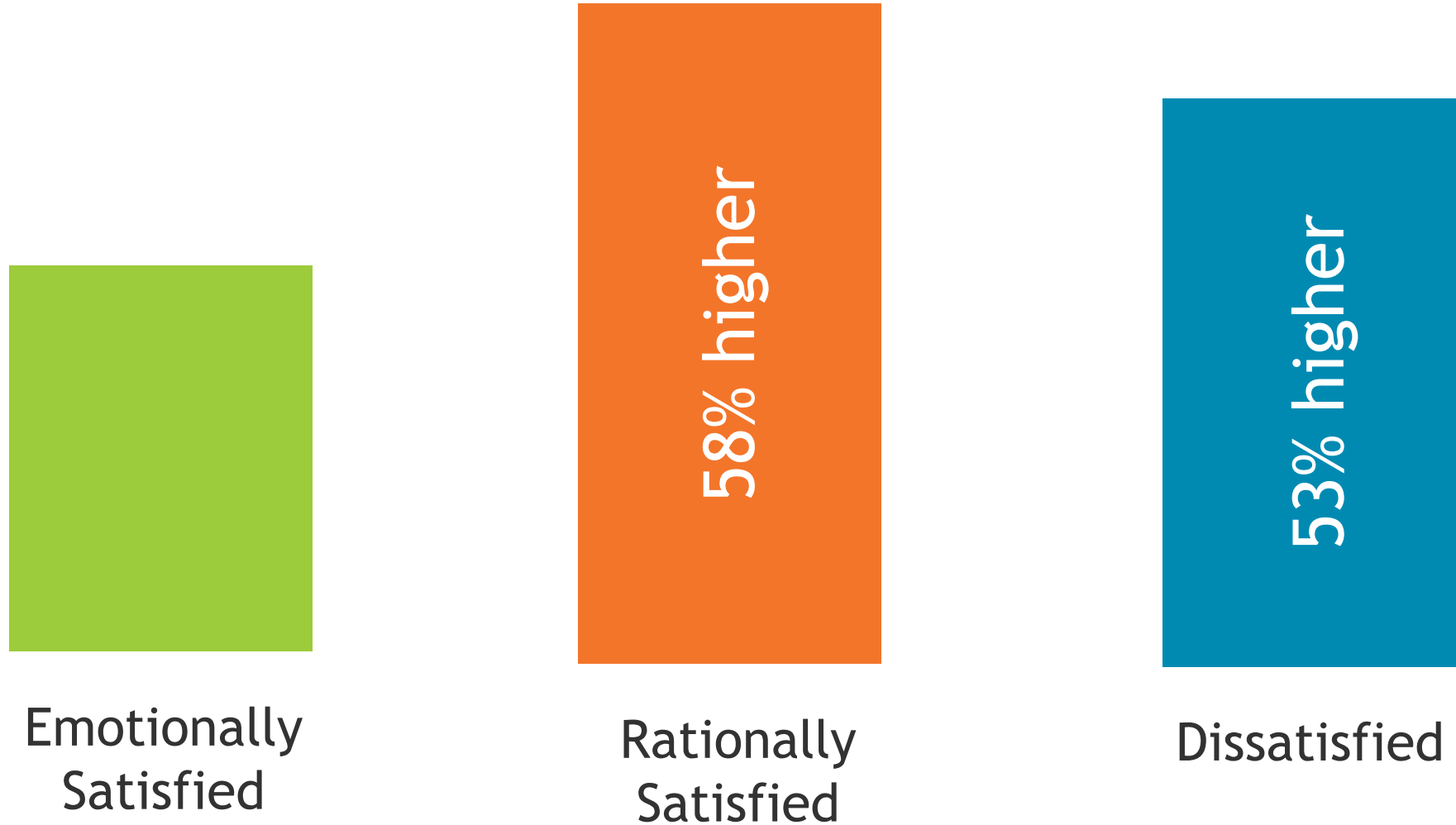


ACCELERATING GROWTH



Weather  
any storm  
with Totally  
**FREE**  
Checking

# Attrition Rates of Bank Customers

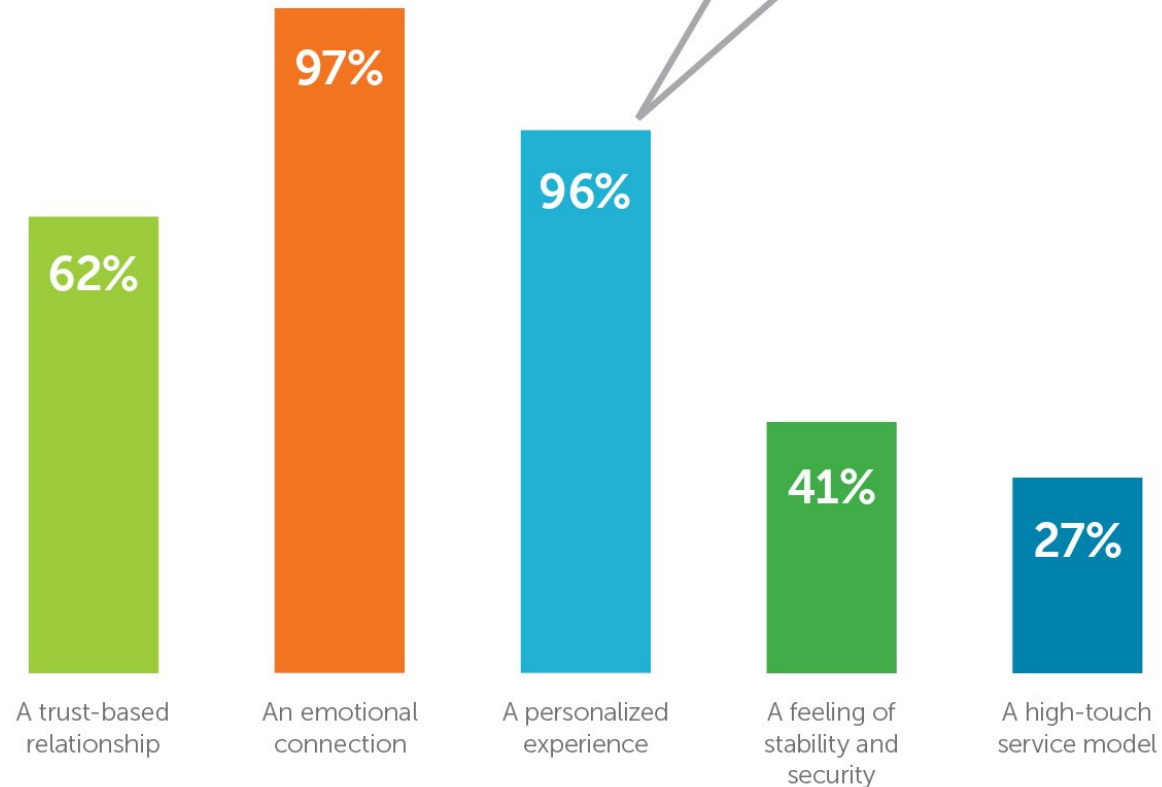


Large U.S. Retail Bank Copyright © Harvard Business Review



# The Human Touch

The unique value that banks and credit unions believe humans add to branches



# Why the Disconnect?

- We have to share bad news
- Our branches have been understaffed—if not in reality, then in perception
- We've been pushing people toward digital channels
- Lingering frustrations over past “wrongs”

# Service

## Traditional Approach

- Customer service policies
- Training events
- Rules...

## Alternate Approach

**Culture of  
Valuing People**

“Culture eats strategy  
for breakfast.”

Peter Drucker





A culture of  
welcoming  
people.



A culture of  
engaging people.



A culture of  
wanting people.



A culture of  
trusting people.





A culture of  
valuing people.

How do we accomplish  
this?

# Activities

Weekly Team Meeting

Check-In

Observation Coaching

One to One Coaching

# Weekly Team Meeting

Weekly meetings incorporate:  
Team Member recognition,  
education, communication  
and motivation.

# Check-Ins

Team Member and Team Leader meet as a pair to enhance the Team Member's growth, motivation and relationship.

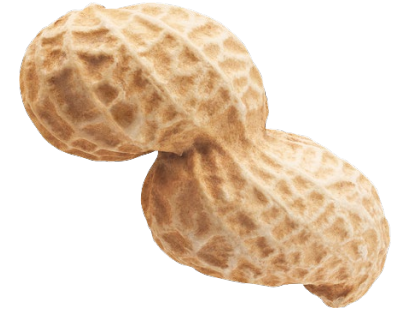
# Observation Coaching

Coaching “in the moment” is designed to reinforce previous training and refine skill development of Team Members.

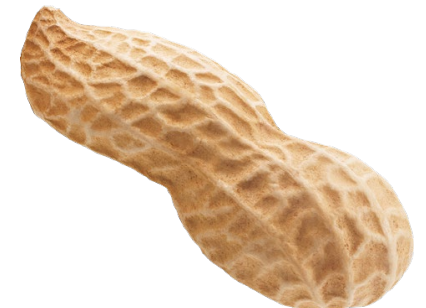
# One to One Coaching

Quarterly meetings between Team Leaders and Team Members designed to focus on growth opportunities and uncovering additional potential.

# A Few Things to Consider About Service



- Is our service *really* as good as we hope?
- What is our benchmark for great service?
- Should we move to a ***Culture-based*** rather than rules-based approach?
- How can our training more effectively provide ongoing coaching and support?





# Three Areas of Disconnect

## 1. Fees

1. Maximize the number of customers you serve
2. Optimize your fee structure based on customer needs and desires

## 2. Needs

1. Keep in front of customers continuously
2. Embrace a culture of meeting needs not selling products

## 3. Service

1. Build a culture of Valuing People rather than focusing on rules
2. Create an intentional focus around purposeful and regular training

# THANK YOU!

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Senior Vice President



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