

## Rainbow of Colors for Effortless Banking

by [Steve Brown](#)

One of the hot things for parents with school-age children is the Rainbow Loom frenzy. Even if you don't travel in such circles, it's hard not to notice both children and adults sporting colorful rings, bracelets, key chains and purses made from tiny elastic bands. Whether the Rainbow Loom is a passing fad or will remain on the scene for years to come is anyone's guess. The way these kits are flying off store shelves highlights an important point: you never quite know which products will take off and which won't.

Banks spend a lot of time trying to come up with new products and services. That's part of the customer service equation because after all, offering new and improved tools to help customers manage money more efficiently is part of the industry. As we all know, keeping customers for the long haul involves more than just having the right product line-up though.

We are not suggesting you refrain from offering new products to get into the Rainbow Loom business. Instead, ponder what would happen if your bank were to completely ignore the mobile banking trend, for example. Customers who want to bank through smartphones would eventually take their business elsewhere, so a response is required. The numbers aren't insignificant either. A recent Celent study shows 33% of respondents used mobile banking in a given month. The same is true of online banking, which, according to Celent data, has overtaken ATMs and branches to become the highest used channel among consumers. In short, if you don't build it, they can't come.

At the same time, however, customer satisfaction is not just about the products you offer. Studies consistently show bank customer loyalty can be won through high levels of service, but how do you do that? Providing better service means understanding what you do well and where improvements can be made, particularly when it comes to issue resolution.

Research from the advisory firm CEB shows customers prefer working with companies that offer fast and efficient problem resolution vs. those that try to dazzle and delight them in the hopes of soothing over the issues that inevitably arise.

The findings show customers want quick resolution of their problems and they do not want pomp and circumstance. While the study isn't targeted at banks, the takeaway still applies. Make the customer experience easy and painless and customers are more likely to stick with you. Better yet, they'll likely tell their friends and family about you too.

Providing what CEB deems an "effortless experience" to customers will likely require work on your part, but the end result can be a happier, stickier customer base. This research shows companies deemed effortless to work with are 31% more likely to win repeat business, while 96% of customers at companies that are viewed as high effort become disloyal.

Perhaps it is time to take a look at your approach to customer service and decide how easy it is for customers who have a problem to get it resolved with little fanfare. Are most problems at your bank solved easily, or do they require escalation? How long does resolution generally take? It's important to collect and analyze this data all the time, because your impressions of how well you are doing may not match reality. That can leave you vulnerable to customer dissatisfaction and defection.

It goes without saying that banks must continually explore and adopt new products and technologies to keep customers happy. While you're working on this, however, don't forget about fine-tuning the customer experience. After all, a sound customer service model never goes out of fashion, even if rubber band bracelets eventually do.

# ECONOMY & RATES

## Yesterday

Despite jobs and producer prices data falling in line with expectations, yields slid 1bp as the market received mixed opinions from Fed leaders regarding stimulus tapering.

## Today

As we head into the weekend, yields are flat as there are no major economic releases scheduled.

Rates As Of: 11/22/2013 09:04AM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.07	0.00	0.00
6M	0.09	0.00	0.00
1Y	0.12	0.00	0.00
2Y	0.28	0.00	0.00
5Y	1.37	0.00	0.00
10Y	2.76	0.00	0.00
30Y	3.84	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.25	0.00	
Prime	Unemployment	Oil	
3.25	0.00	\$0	

[More Market Rates](#)

## BANK NEWS

### M&A Warning

The Comptroller of the Currency is warning banks to pay attention to BSA money laundering controls when exploring acquisitions. He indicated it is critical that banks do proper due diligence in any acquisition to go beyond the loan portfolio and look at BSA programs to avoid inheriting significant potential problems.

### 2014 Rates

Expected next Fed Chair Janet Yellen indicated in Congressional testimony that she is determined to use bond buying to strengthen the economy and reduce the unemployment rate.

### Home Buying

The world's largest alternative asset manager, Blackstone Group, has reportedly spent \$5B to buy about 30k single family homes in the US in a bet prices will rise and renting them out will be relatively easy to do.

### Slow Recovery

CNBC reports globalization, the stubbornly high unemployment rate, and weak wage growth have resulted in an average duration of unemployment of 34.5 weeks during this downturn vs. only 14 weeks for the period of 1960 to 2007.

### Financial Planning

A Nationwide study finds 78% of retirees use a financial advisor to help with financial planning, while 58% of Gen Y (Millennials) and 48% of Gen X primarily use online resources for financial needs. The same thing is happening with banks, so it is important to have a plan.

### ATM Arrests

Six people were arrested and charged with operating a worldwide ATM theft operation that stole \$45mm from banks. The thieves broke into payment processing companies used by the banks, stole debit card information,

raised withdrawal limits and balances and then withdrew money from 140 different ATMs.

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