



## Striking A Balance Between Digital & Personal

by [Steve Brown](#)

If you sometimes find the competition running so high you worry about the competition taking your customers, take heart that at least your bank isn't operating in China. In that country it seems bankers have it really bad. There, a Gallup poll found bank customers seem to be some of the unhappiest clients in the world. Only 8% of bank customers in China, in fact, consider their primary bank to be the "best" bank and almost 50% see their primary bank as no different from any other bank. That is brutal, so today we seek to uncover any lessons US community bankers can glean from this.

To start, Gallup's research found that a big reason for the lack of enthusiasm on the part of bank customers in China toward their banks may be related to the high use of digital banking in that country. There, about 33% of customers say they use digital banking channels exclusively. For comparison, that is about 2x higher than the US rate, where only about 14% are digital-exclusive. Further, Gallup found the number of bank customers in China using digital wallets is higher than the US, Spain, Germany and Argentina combined.

Given US banks are pushing hard these days to increase digital offerings to their customers, we wonder if raising the level of digital adoption might also create a disconnect between customers and their banks over time. In China at least, the data seems to indicate that when customers rarely interact with bank employees, they seem to lose a sense of belonging. That shifts their thinking and they begin to look at banks across the board as more similar with limited differences between them. Given community banking in the US is all about building long term customer relationships, the data seems to indicate bankers here will have to be quite careful along the way toward digital. To do things right, community bankers will have to figure out the perfect balance of offering the right amount of digital solutions to match up with customer behavioral shifts, while doing so in a way that keeps a personal connection.

Along those lines, Gallup also found that only 23% of bank customers in China said they were fully engaged with their banks. That is far lower than the US and a host of other countries worldwide. Worse still, these disengaged customers seem to have little loyalty to their banks. In fact, the data found bank customers in China are far more ready to leave their primary bank for a better banking deal than customers elsewhere.

Certainly, there are admittedly many cultural differences between the US and China that also come into play in the banking industry. However, there are also plenty of universal truths that apply when it comes to attracting and maintaining bank customers. The Gallup survey suggests US bankers trying to rapidly grow their digital offerings must remember the chill that can come from being too much digital and not enough personal.

There are multiple ways to address this issue of digital vs. personal and Gallup offered up some good ones as part of this research. They suggest bankers offer advice within digital channels to direct customers back to personal contacts on some cases and to make every personal customer encounter count.

Community bankers stand a good chance here to keep customer connections because that is what you do, day in and day out. Even with digital, some of the basics like getting to know and understand your customers, responding quickly and effectively to their needs and being ready with banking solutions to help solve financial issues remain critical. Remember after all, digital is a tool, while your employees are ambassadors.

# ECONOMY & RATES

## Yesterday

Yields jumped 3bp after Fed Chair Yellen struck a more hawkish tone than investors expected in her Congressional testimony, saying it would be unwise to wait too long before raising interest rates.

Rates As Of: 02/15/2017 10:18AM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.54	0.00	0.00
6M	0.66	0.00	0.00
1Y	0.83	0.00	0.00
2Y	1.25	0.00	0.00
5Y	2.00	0.00	0.00
10Y	2.51	0.00	0.00
30Y	3.10	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.75	0.00	
Prime	Unemployment	Oil	
3.75	0.00	\$0	

[More Market Rates](#)

## BANK NEWS

### Branch Closures

Research by BankRate that looked at the largest branch closures from 2010 to 2015 finds the top 5 were: Bank of America (closed 1,177 branches or about 20% of its total), Wells Fargo (350, 5%), Citizens Bank (273, 24%), SunTrust (253, 15%) and HSBC (251, 52%). If your bank competes with these banks in your market it might make sense to do a marketing push to bring customers into your branches, perhaps.

### Social Media

Deloitte research finds the following frequency with which Americans check social media: daily (58%), weekly (13%) and monthly (14%).

### Online Banking

A demographic breakdown by TimeTrade of online banking usage by customers finds Baby Boomers (69%), Gen X (70%), Millennials (73%) and Gen Z (54%).

### Spending Coming

An AlphaSense analysis of Q4 company earnings calls that examined phrases used by executives found the following breakdown: capital spending was the most mentioned at 47%, followed by tax related terms (29%), interest rates (16%), trade policy (5%) and deregulation (3%). Analysts say the data points to a potential increase in corporate spending this year.

### Oversight Challenges

PwC research finds areas identified by surveyed directors as posing the greatest oversight challenges to the board are: strategic, disruptive (72%); IT (57%); competition (51%); compliance, regulatory (44%); and operational (39%).

### Spear Phishing

IBM defines spear phishing as the following - "phishing attempts with specific targets. These targets are usually chosen strategically in order to gain access to very specific devices or victims."

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