



A New Dawn is Here:

Fresh Opportunities for Healthy Banks

by Trinity Communications

What a difference a year makes...



Now, people believe there is no such thing as too big to fail.

As recently as early 2008, conventional wisdom was firm: certain financial institutions were just too big to fail. By definition, the biggest banks were the strongest players, the most reliable institutions. For consumers or businesses, there was less need to seek out small and independent community banks. The big banks were perceived by many as the safe banks. The smart banks.

But a lot can change in a year.

Now some bigger banks are looked upon with distrust, as mismanagement and perceived corporate greed have led to tumbling stock prices and massive layoffs and mergers. The government has been forced to intervene with multi-billion dollar financial bailouts. By doing so, it has raised suspicions. The specter of future nationalization of some former heavy-hitters, such as CitiGroup and Bank of America, strikes fear and anger in the hearts of many and continues to lead to the devaluation of banks.

Now, people believe there is no such thing as too big to fail.

People are turning to smaller banks in a big way

Amidst all of this fear and confusion, smaller banks are uncovering fresh opportunities to gain market share against their once all-too-powerful, behemoth rivals. Here's why:

1. Local looks good. Unlike the big banks that have largely cut lending in the fourth quarter of 2008, local banks are telling local businesses and consumers that they have real money to lend.
2. They're ready and able. Given the flight to safety, with money moving out of stocks and into bank CD's, local banks are letting it be known that they can compete with big banks on interest rates (and they have FDIC coverage, too).
3. Finally, there's the issue of trust. As opposed to the lack of transparency exhibited by many national players, local banks offer a clear picture of local investment—both fiscally and socially—and a willingness to open their financial performance data.

Opportunity:

a possibility due to a favorable combination of circumstances.

A window of opportunity—if you know how to open it

For many of us, this is either the worst or the best of times—much of the difference depends on how we act over the next twelve months. If you manage or administer a financially healthy local bank, you have a once in a lifetime opportunity to acquire new customers through loans, deposits and advice. This is your chance to build brand equity with key stakeholders—and set your bank on a path of growth and profit for years to come.

While the opportunities are real, however, your growth path may cut across unfamiliar terrain. Traditionally, the big players have made large investments in market research, advertising and customer outreach. For many local banks, even (or especially) the healthiest ones, seizing the day means taking new steps into marketing.

Those steps are what this ebook is all about. As the founder and president of Trinity Communications, I've spent the last sixteen years focusing on the special marketing challenges of financial institutions, serving more than fifty banks, insurance and mutual fund companies since we opened our doors in Boston.

A New Dawn is Here: Fresh Opportunities for Healthy Banks is both a summary of lessons learned and an exploration of new insights relevant to a changed and changing world. My colleagues and I have written it for healthy banks that have the size and product range to compete with larger banks, but haven't had the brand name recognition or perceived convenience of the more famous players. Generally speaking, we're addressing banks with \$1 billion or more in assets.

Moving ahead

Inside *A New Dawn is Here*, you'll find keen observations on the fast-changing mindsets of clients and customers responding to the economic events of 2008 and 2009. You'll discover practical suggestions for approaching new opportunities, plus examples of successful communications and messaging strategies.

At Trinity Communications, we define marketing as the process of bringing clients and customers together with the companies or firms that can best address their needs—a process rooted in facts and a mutual respect for the truth. Today, small and regional banks have the opportunity to lead the rebuilding of the economic infrastructure of the regions, cities and towns they serve. Our goal in writing this ebook is to engage banks like yours in an honest dialogue that will support your leadership. We welcome your feedback.

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SHOUT Your Story



When you communicate to customers today, you're competing against a loud, background roar of messages that are hardly favorable to bankers. These noises include:

- Fear, uncertainty and doubt about the stability of banks and overall the banking system
- Confusion regarding the meaning of TARP and its impact on the economy
- Disgust at what many perceive as the excessive compensation awarded to financial institution executives
- Suspicions concerning the integrity of bankers, lenders, fund managers—just about anyone professionally associated with finances
- Consumer anxiety over the status of their homes, savings and investments
- Misunderstanding around some product offerings
- Trepidation over the future—uncertainty regarding when and how the economy will improve



Zions Banks advertising is clear, direct and to the point.

Show them the money

In this context, subtlety and the soft sell should be set aside in favor of clarity—explicit statements that shout a simple message: your bank is loaning money.

For Central Bancorp, an institution in Greater Boston, the advertising message is this literal: “We have money to lend.”

A direct approach—stating exactly what it is you have to offer and for how much—helps you overcome a crucial obstacle: it distinguishes your bank from institutions in the news that either do not have money or are unwilling to loan it. In a February 2009 ABC News article, “Tiny Banks Lending Large,” Business Unit reporter Scott Mayerowitz notes the discrepancy in approach: “The smaller, community banks are better capitalized than the big banks... and, therefore, more willing to make new loans.” You want to be identified with the banks taking action.

Direct offers also position your bank, by contrast, with many smaller institutions that are taking the “values” approach by articulating their traditional virtues. Unfortunately, there are too many banks making similar statements, each diminishing the impact of the others. Further, consumers are in no mood for rhetoric, no matter how well-intended. They want action; your explicit offers assure them that you are ready to move.

Think Local,



Act Locally

In the topsy-turvy world of the banking crisis, what was once perceived as a smaller bank's greatest limitations—its local reach—is now understood to be one of its greatest strengths. Today, it's the local banks that have capital. It's the local banks that are stable. It's the local banks that have credibility.

Celebrate your community

That's why it makes sense to emphasize community in your messaging. In the past, it may have made sense to shield your regional character; today, it makes more sense to celebrate it. Trumpeting your local quality gives you two advantages:

The "anti-big": Drawing attention to your roots creates white space between your institution and the big players bearing the brunt of negative press attention and unfavorable public opinion. Being "pro-local" means being "anti-big" by default, aligning your bank with the interests of the consumers and businesses you serve.

Community player: Unlike the big banks, you do more than sell products and services to the local community; your bank is an active part of that community. Every loan you make and action you take shapes the environment in which you and your employees work and breathe. Your customers, both consumers and businesses, are literally your neighbors. It's important to tell them who you are—one of them.

Act locally in media purchases

While online media certainly has an important role to play (one this ebook will address in the next section), traditional venues such as print (newspapers) and broadcasting (radio) remain the dominant communications channels for banks.

But just as you talk a local message, you should speak through a local medium. Community newspapers target the consumers and businesses you want to reach; they're the resources your customers turn to for insights on all things local—including home ownership and commerce.

Caution: local supplements offered by the major metro dailies are generally not perceived as authentic media for the community. You may want to consider ad space in these special editions, but you should not use them as a substitute for community newspaper buys.

Shining Light on Heart Disease

Sun National Bank in New Jersey not only sponsors an annual heart walk, it has prepared an educational video on heart disease that can be found on its website. By doing so, the bank is both extending the value of the sponsorship and demonstrating responsible leadership on an issue of concern to its customers and the community at large. Note that Sun National does an excellent job of using bank personnel in the video to give you a sense of the authenticity and personality of the bank.

Sponsor non-profits in your neighborhood

One of the important ways any local enterprise integrates itself into the community is through sponsorship and/or high-level participation in local charities or non-profit organizations. The investment in local interests may seem obvious, but there are two additional aspects you should consider:

Right alignment: Numerous institutions are competing (or will compete) for your support. Unfortunately, the number of good causes exceeds the available resources of even the most successful banks. Choose carefully: the non-profits that merit your support should not only do good, but be good for your business. Look for sponsorships that connect you (on boards, for example) with potential customers or potential influencers respected by your customers.

Sustainability: A one-off event may serve a good purpose, but its ephemeral nature undermines your investment. The most sustainable non-profits are those that address core community concerns over the long term. Look for causes and sponsorships you can nurture over time, allowing you to make a presence in the community that progressively grows in stature.



Reconsider Your Media Mix



As stated earlier, local newspaper advertising remains an important investment for local banks. But as the Internet expands its presence in the course of ordinary, daily living, more and more customers reflexively turn to the Web as the first place for seeking information, whether it's something as basic as branch hours or as complex as comparing HELOC terms and interest rates.

Geo-targeting brings the Web down to Main Street

In the recent past, many local institutions have been discouraged by the very vastness of the Web: why invest in a medium with global reach when your target market lives next door? Why attract Web traffic that cannot convert to foot traffic?

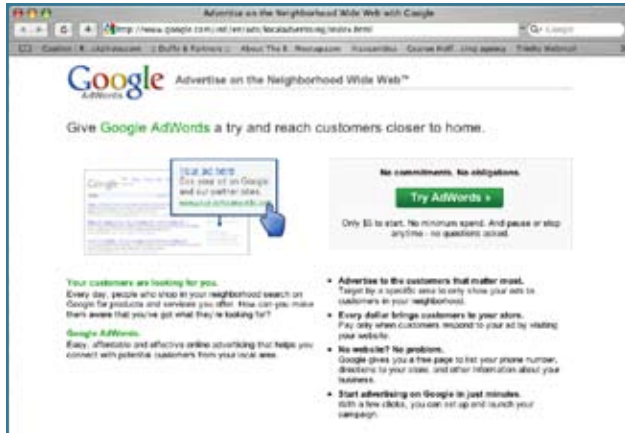
But the world of Web media purchasing has evolved into something much more precise—and potentially more local. The technology is called “geo-targeting” and it allows businesses to place ads, or bid on keywords, restricted to Web traffic from specific areas you identify, be they provinces/territories, states or cities. You could purchase online ad space from an international publication, such as the online edition of the Wall Street Journal, that would only be visible to your New York state prospects. Or place a keyword bid on Google AdWords limited to searchers from the Atlanta metropolitan area.

Geo-targeting, therefore, allows you to retain the local messaging you want in your advertising and Web content, while giving you an efficient way of targeting the consumers and businesses you really need.

Covering the basics—and beyond

Given that Web media buys drive visitors to your site, how can your site be better prepared to serve current customers and encourage prospects to do business with you? There are three major concerns:

1. **Convenient transactions:** In an age of rising expectations, customers simply want the ease of conducting basic banking business online, including access to account balances, electronic bill payments, automated deposits and more.
2. **Education on issues:** Most searches related to financial queries will NOT include your bank name, but will describe topics of interest, such as “mortgages” or “student loans.” Your site should include content-rich pages on issues of importance, from home and college financing to small business, auto and other loans. Such pages not only reinforce your brand position as a helpful neighbor, they generate keywords that attract search engine spiders and help improve your search results rankings.
3. **Engage customers:** Be sure to use your online real estate to encourage one-on-one conversations via email, phone or in-person branch visits. Remind visitors of one your greatest competitive advantages: personal attention—you have real people ready and able to discuss financial issues, in depth and at length.



Today, you can target your Internet ad buys neighborhood by neighborhood.

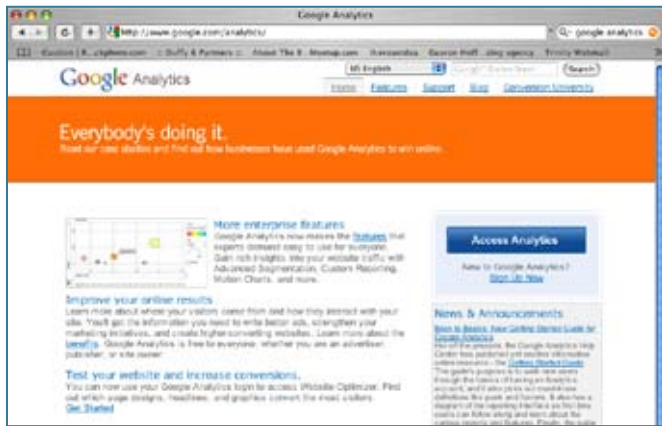


Test, experiment, learn

One of the easiest paths to frustration is to regard your online marketing efforts as a one-time major investment. But the Web changes every day; you're much better served with an approach that anticipates change and prepares for many small steps executed over time. A few observations:

- **Be prepared to experiment:** As compared to the costs incurred by creating collateral, posting Web content is relatively fast and inexpensive. Test the waters. Expand the pages that seem to be attracting activity. And don't be afraid to dump content that isn't working.
- **Watch your analytics:** Statistics are not just for the IT pros. Operations and marketing should watch the analytics for search terms, visits, page rankings, dump rates and more for insights on customer behavior and areas to improve.
- **Consider SEO a moving target:** Search engine optimization (SEO)—adjusting your pages to gain higher rankings on search results pages—has to adapt to ongoing changes in search engine algorithms and online behaviors. Monitor your site's performance on a regular basis.
- **Keep an eye on Web 2.0:** Much is being said about "Web 2.0," the online environment of social media tools (such as blogs) and sites (like MySpace and Facebook) that encourage direct interactions among consumers and between customers and businesses. While these developments should not be ignored, a successful social media strategy depends on a considerable investment of a business's time and the existence of a customer base eager to communicate via online channels—two conditions that may difficult for most smaller, local banks to fulfill. Instead of making big investments in social media per se, it might be wiser for banks to adopt a watchful eye: a commitment to observing where the institution is being discussed and what is being said about it.

Google Analytics



Free Web analytics tools can give you a wealth of information about how your visitors interact with your site.

Develop a Needs-Based Approach



Most banks have approached customer service passively, addressing needs as consumers and small businesses bring them in the door. Sure, banks may be applauded for having products and services customers need (especially now, in a difficult economy) but a policy of waiting is a program of wasted opportunity.

Think like a financial manager or consultant—by anticipating customer needs. When you look beyond the fundamentals of accounts-based banking, you can see a series of life events that predispose customers to your products and services:

- Buying a new home (mortgages)
- Leveraging home equity for home improvement or education (HELOCs)
- Starting or growing a business (lines of credit, small business loans)
- Financing a child's college education (student loans)
- Miscellaneous large purchases (car and other loans)
- Preparing for retirement (financial advice and account management)
- Caring for an adult parent (joint accounts, reverse mortgages)

Instead of waiting for customers to approach your bank with their needs, you can anticipate them in two fundamental ways:

- **Data analyses:** Use data mining tools to leverage information about your customers to send them targeted, direct offers timed to their needs. Current mortgage holders might be interested in refinancing. Those with older homes might appreciate financing to upgrade HVAC systems or insulation. Families with older children may want help paying for college. With appropriate data tools, common life events can trigger welcome solicitations.
- **Personal engagement:** Every one-on-one conversation should be an opportunity to discuss your customers' overall financial circumstances—and your bank's ability to help customers manage them. Again, there's no need to wait for customers to make the initial approach. Invite them to your branch for periodic mortgage interest rate reviews or credit rating assessments—then use the conversation as a chance to discuss multiple financial needs.

A proactive, needs-based approach does more than meet the needs of those customers who accept your offers. It reminds all of them that your bank is more than just a place with an ATM; it can be a resource for numerous money-related issues.



Lead with Innovation



Innovation attracts attention and helps differentiate your bank by demonstrating responsiveness to customer and community needs. Over the last few years, several large banks have demonstrated a model for innovation smaller banks should also pursue: developing new products and services on the retail side to attract new customers and/or to get current customers to open new accounts. These include:

- The Bank of America Keep the Change Program® has been widely credited with helping the bank open more than one million new accounts
- Wells Fargo's My Spending Report, an online display of all recent transactions with the bank, has been widely accepted by existing customers
- ING Direct promotes the idea of "checking reinvented" and offers interest income on any balance in its checking account

Local and regional banks would be well-advised to study these programs and create their own innovative ideas that are aligned with their marketplaces and within their capabilities.



The screenshot shows the ING Direct website for the 'electric orange' checking account. The page features a navigation menu on the left with options like 'View my Account', 'Open an Account', 'Products & Rates', 'Tips & Tools', 'About Us', and 'FAQ'. The main content area includes the 'electric orange' logo with the tagline 'It's checking, reinvented.' and a 'Get Electric' button. Below this, there are bullet points listing benefits: 'High Interest', 'Free Bill Pay', and 'Free ATM'. To the right, there is a table titled 'Electric Orange Rates' showing interest rates for different account balances. A 'Save Your Money®. Even v' section is partially visible above the table.


Account Balance	Interest Rate	
\$0 - \$49,999.99	0.49%	0
\$50,000.00 - \$99,999.99	1.73%	1
\$100,000.00 or more	1.93%	1

Annual Percentage Yields are variable

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Promoting innovative product offerings can differentiate your bank.

Reduce Switching Costs



Your biggest competitor is not the biggest banks; it's inertia. Over time, consumers and small businesses become linked with their banks—through accounts, ATMs, online banking processes, automatic withdrawals—in ways that are difficult to disentangle. Confronted with the complexity of closing and moving their accounts, many people will choose to stay put, even when they suspect that they can find better deals elsewhere.

Overcoming inertia requires two basic elements:

- Offering products so attractive that their promised benefits are greater than the perceived pain of switching
- Helping customers with processes that make switching easier and less intimidating

Find the lowest barrier

Your relationship need not begin with a complete transfer of accounts. Instead, you can create a pathway product or service—perhaps an excellent CD offer or attractive small business loan—that serves as an entryway to your bank.

Look for opportunities in the larger banks' vulnerabilities. Many consumers are dissatisfied with their mortgages; perhaps you can offer better terms or interest rates. Many small businesses are struggling to find money through the larger banks; you could be the new source for the lines of credit they need.

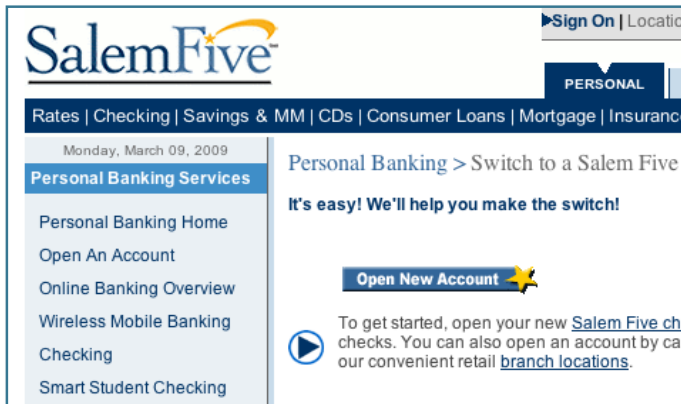
By promoting targeted, entry offers, you can initiate relationships that don't require any cumbersome transfers at all.

Provide tools that help make the switch

The more work you can take off your customers' hands, the more likely they'll make the move from their previous banks to yours.

Salem Five, for example, offers prospects a variety of forms and tools to help make the switch including:

- Checking Account Closing Form to redirect funds from a previous bank to the new one
- Direct Deposit Authorization Form notifying employers of the new account for direct deposits
- Automatic Withdrawal Switch to notify creditors of the change in accounts



On its website, Salem 5 provides helpful tools that make switching easier.

Develop a long term strategy

The good news for small banks is that today, more than any time in recent history, a significant number of people want to switch from a big bank to a small bank. A combination of lost trust, perceived incompetence, a lack of transparency and a lack of interest/ understanding in local economies have made large banks less attractive—and small banks much more appealing.

But you can't rely on temporary shifts in attitude alone. To get the growth you want, you need a long term switching strategy. Your plan should include:

- A deep understanding of the current mindsets of the target audiences your are pursuing
- The development of a program or solution that can overcome their resistance
- Metrics of success that allow you to monitor progress and make adjustments as needed

Ultimately, the true essence of your bank brand is your people—all those responsible for delivering the customer experience. To succeed, therefore, your switching plan must be shared and understood by all key internal stakeholders so that everyone is more comfortable with the solutions being offered and the strategy being pursued. Through mutual cooperation, your bank can make more aggressive outreach efforts while strengthening the local communities you serve.

Maintain Transparency

More than ever, your bank's greatest currency isn't cash, but trust. In a climate of suspicion and fear, every effort you make to ensure transparency helps you:

- Distinguish your bank from the banks featured (negatively) in the news
- Articulate your positive bank story
- Develop good will that can be sustained long after the current crises have passed

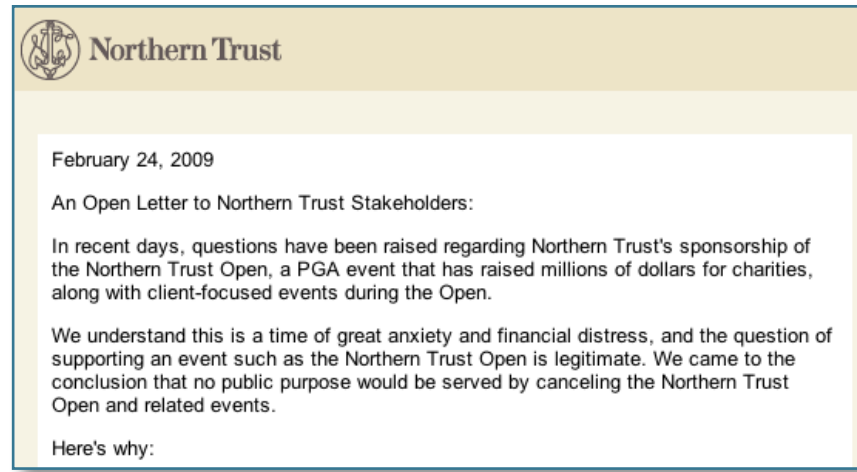
Authenticity is in

According to the Conference Board, the Consumer Confidence Index reached an all-time low in 2009. Today, customers are looking for authenticity—straight talk that speaks directly to their concerns. In addition to your usual efforts, you may want to consider supplementing your communications by:

Actively soliciting feedback: Create space on your website that encourages customers to make comments and ask questions—and be sure to respond in a timely and genuine fashion.

Producing brief videos: The widespread distribution of broadband connectivity and the popularity of YouTube have made video a viable option for just about any organization. Flashy production values are not necessary—you're putting a face on your bank that emphasizes your personal touch. Subjects for video? Honest discussions about issues that matter to your customers including anything from the current economy and commentary from an investment advisor to the introduction of newsworthy products.

Learn from Northern Trust



As an example of effective customer communications based on transparency, consider the Northern Trust email from bank president Frederick H. Waddell (Figure x.x). In a time when people may question a bank's commitment to what seems like a luxury—a PGA event—Northern Trust successfully articulates their reasons for sustaining their involvement. Here's why it works:

- First, President Waddell presents all the facts, openly and without ambiguity
- He notes that the Open's expenses are NOT funded with government funds
- Further, he explains the history behind the program—one that begins before the current banking crisis
- Most importantly, Waddell defends the value of the bank's participation: millions of dollars in charitable giving for the Los Angeles community

What you should reveal

Through your website, local media and regular customer communications, you should seize the opportunity to build trust by being transparent about:

- The dollar amount and number of loans the banks make within the community. Let your neighbors know that your bank is invested in the health and welfare of their town or city.
- The bank's community involvement, including charitable and non-profit commitments plus activities on local business boards, professional associations and other local interest groups.
- Executive salaries and bonuses. Such exposure dismisses skepticism and reinforces the bank's commitment to transparency.

Take The First Steps Toward Building Momentum



For the first time in recent memory, smaller banks have moved out of the shadows cast by their larger competitors and into the spotlight. By taking appropriate actions now, your bank can seize this unique opportunity to make progress toward greater growth and profitability.

Begin by making a brief assessment of your current status. Does your bank....

- yes** **no** Proclaim its favorable financial status and shout its willingness to make loans?
- yes** **no** Make clear, direct offers of appealing products and services?
- yes** **no** Articulate its local character in its messaging?
- yes** **no** Use local media extensively in its media purchases?
- yes** **no** Sponsor local charities that are sustainable and aligned with your bank's interests?
- yes** **no** Take advantage of geo-targeting in its online communications strategy?
- yes** **no** Cover all the Web basics (convenience, education, engagement) customers expect?
- yes** **no** Test, experiment and learn to continually improve its online presence?
- yes** **no** Actively pursue a needs-based approach to selling products and services?
- yes** **no** Anticipate needs and initiate contact with customers?
- yes** **no** Lead the marketplace with innovative products/services?
- yes** **no** Offer tools/services to reduce switching costs?
- yes** **no** Promote attractive entry offers to lure customers to your bank?
- yes** **no** Sustain a long term strategy to encourage customers to switch banks?
- yes** **no** Encourage customer feedback and respond to it quickly?
- yes** **no** Maintain transparency to encourage customer and community trust?

If you cannot answer "yes" to most of the questions above, your bank isn't doing all it can to win new customers—and deepen current customer relationships—in this opportune environment. For more insight on how to build momentum through superior marketing, continue the conversation with Trinity Communications by contacting Dan Logan by phone at 617-292-7399, or by email at dlogan@trinitynet.com.

About Dan Logan

For more than thirty years, Dan Logan, president of Trinity Communications, has helped banks reach customers through advertising and marketing. Among Dan's first clients at Ted Bates Advertising in New York was Chase Manhattan Bank, for whom he worked on the "You have a friend at Chase Manhattan" campaign. In succeeding years, he has also worked with Barnett Bank, Bank of Boston and a number of smaller local banks which today include Boston Private Bank and Enterprise Bank.

About Trinity Communications

Trinity Communications is a Boston-based marketing and communications firm specializing in financial services and high net worth customers. In addition to helping banks with their marketing and messaging strategies, Trinity provides creative services that encompass advertising, website development and online tools, and identity and design strategies. During the last sixteen years Trinity has worked with dozens of banks and wealth management firms of all sizes.



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A New Dawn is Here was researched and written with the assistance of:

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