

## **PACB Member Survey**

In November 2000 KAA, Inc. in conjunction with the Pennsylvania Association of Community Bankers (PACB) did an electronic survey of the membership. This was to assess the views of the members on a variety of banking related subjects. The following is an overview of the results of the survey.

## PACB Member Survey

Around 54% of the respondents indicated that their banks provided free personal checking accounts while the remaining 46% did not.



Figure 1

## PACB Member Survey

The numbers are much more restrictive when it comes to the business accounts, only 17% of the respondents still provide free checking accounts for business customers.



Figure 2

## PACB Member Survey

Free saving and Money Market Accounts for personal and business accounts were also not very common among the respondents, only 3 out of 10 provided free saving and MMA for individuals. And even a smaller 2 out of 10 provided a free saving and MMA for businesses.

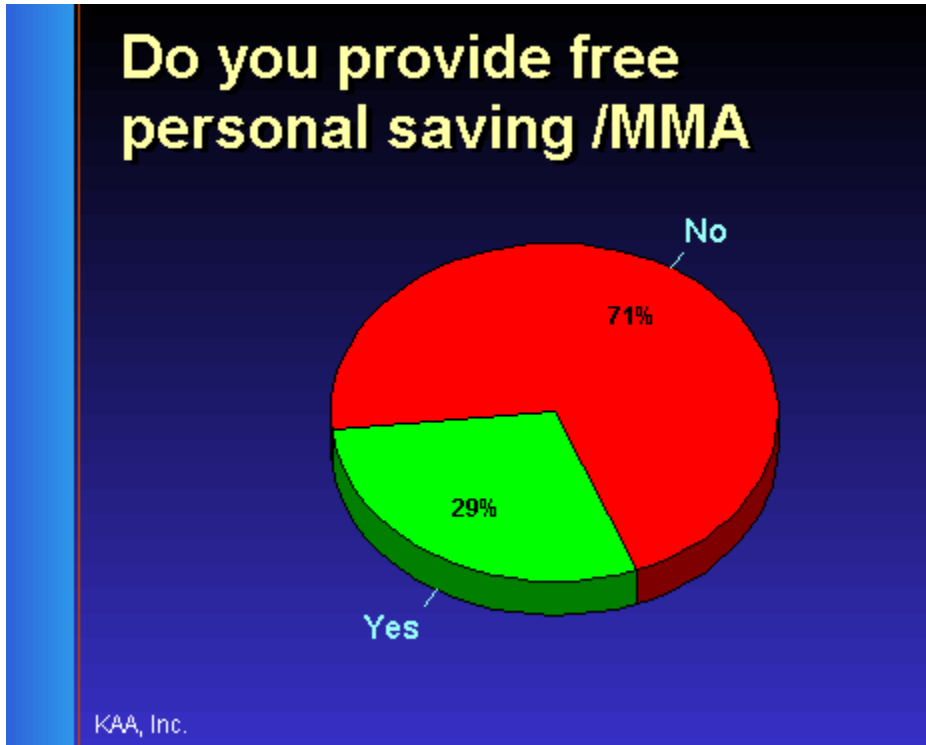


Figure 3

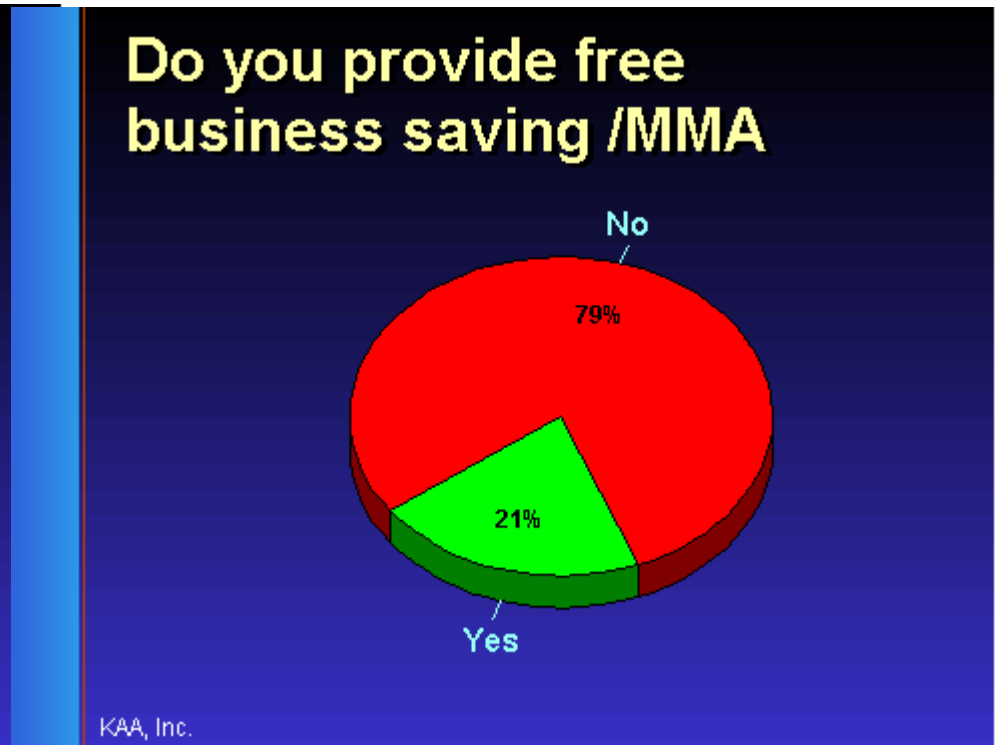


Figure 4

## PACB Member Survey

As indicated above, almost half the banks in the survey require a minimum balance for free personal checking accounts. This balance, among the participating community banks, varied from \$50 to \$500. With a median of \$300.

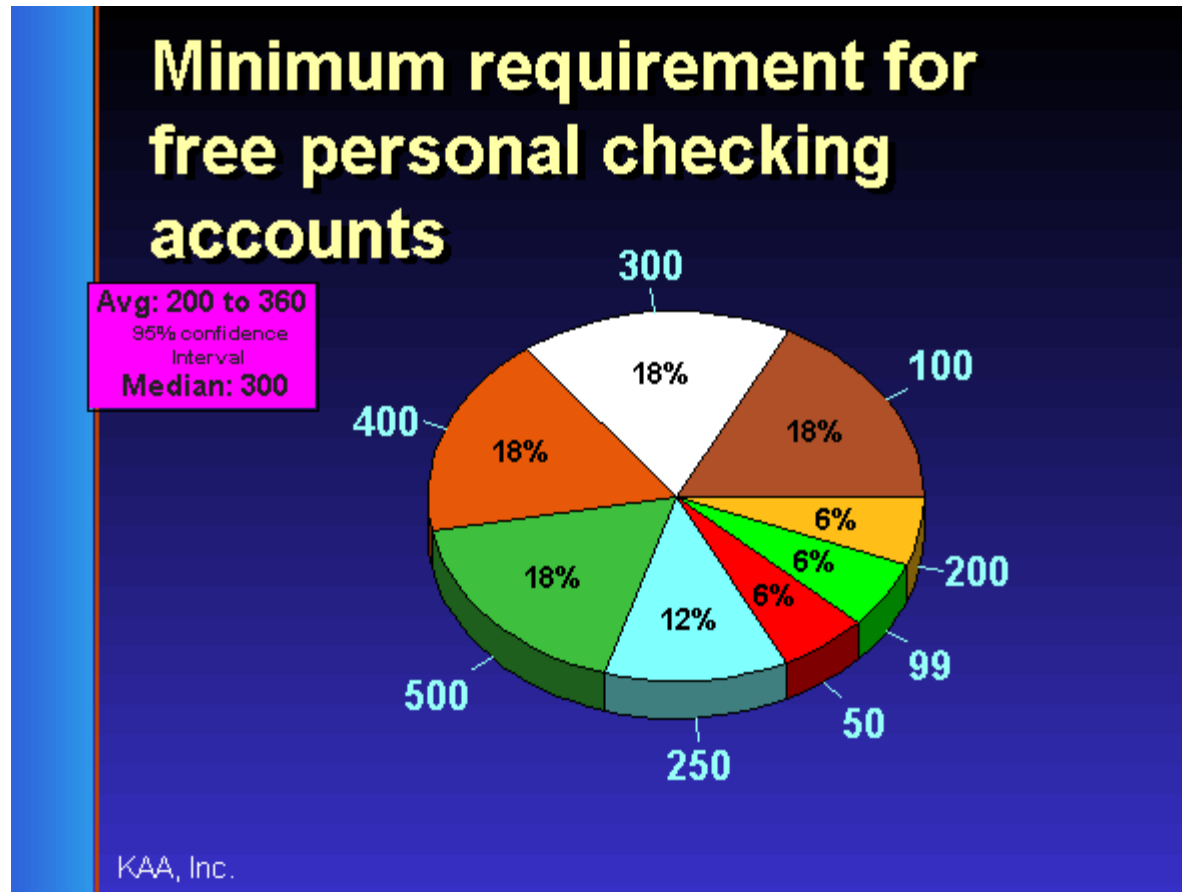


Figure 5

## PACB Member Survey

This minimum, as expected, is much higher for business accounts; it ranges from \$200 to \$2,500 with a median of \$500.

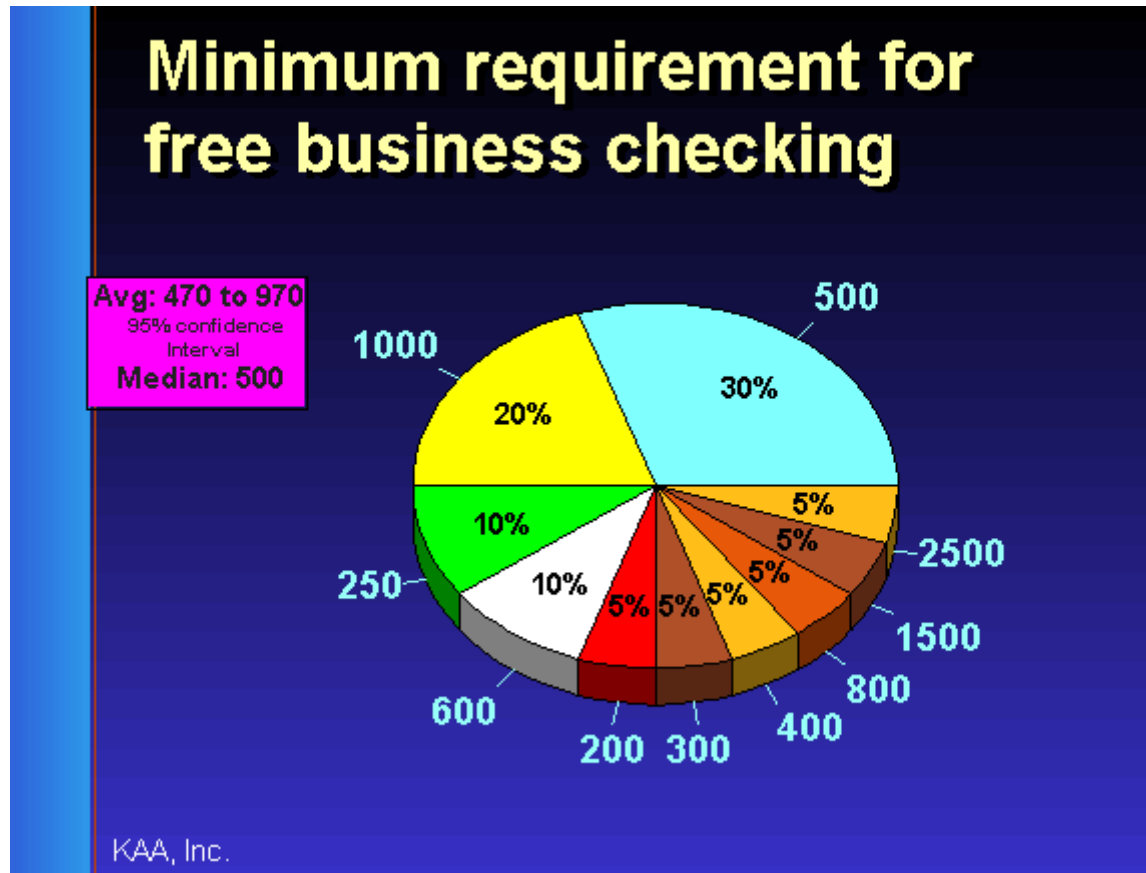


Figure 6

### PACB Member Survey

Minimum requirement for free saving and MMAs is varied even wider. From \$25 to \$5,000 on the personal side with a median of \$600. While the variation for the business accounts was the same as the personal ones, the median for business accounts was almost twice as much at \$1,000.

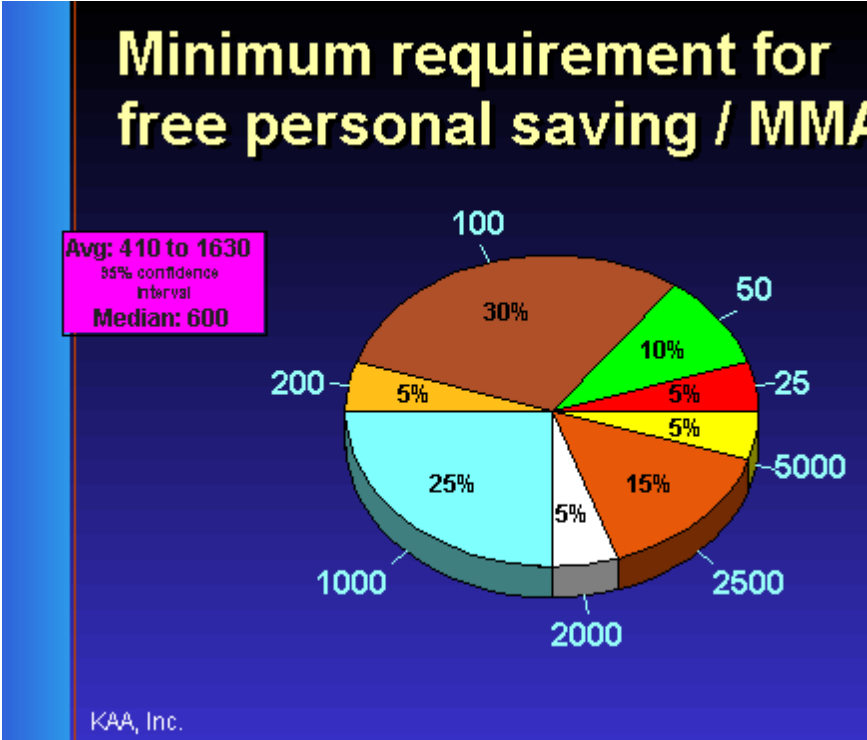


Figure 7

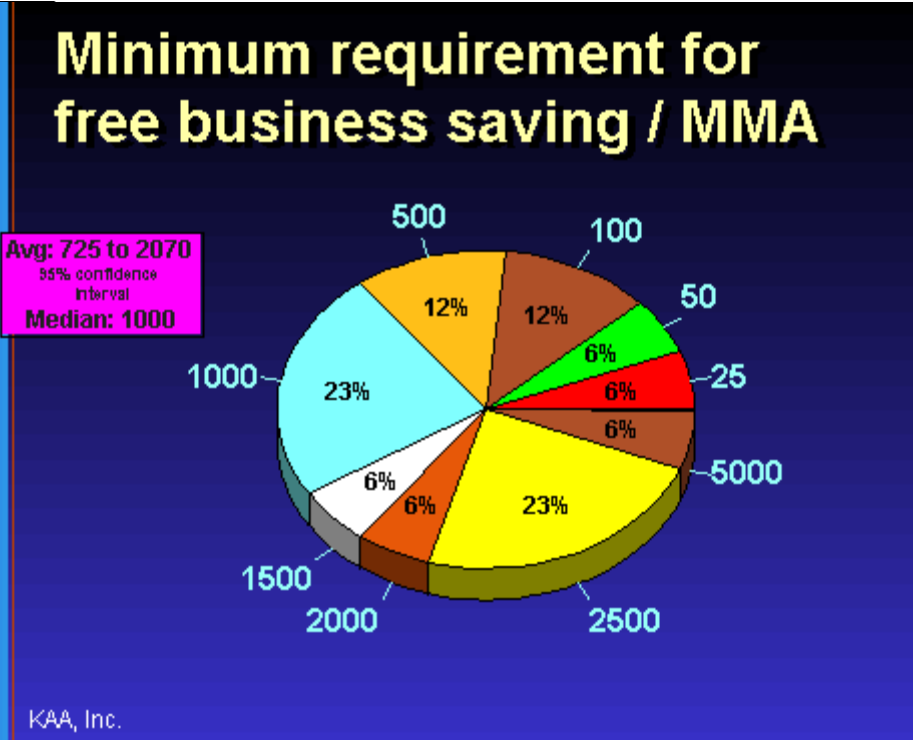


Figure 8

## PACB Member Survey

Community banks are often considered small and local; thus the name community bank. Banks participating in our survey were not all that small. Only 8% of the participants were single office banks. The median was 6 branches. It was also interesting to note that while community banks varied in size from 1 to 60 branches, the most “popular” size was a 6 branch community bank.

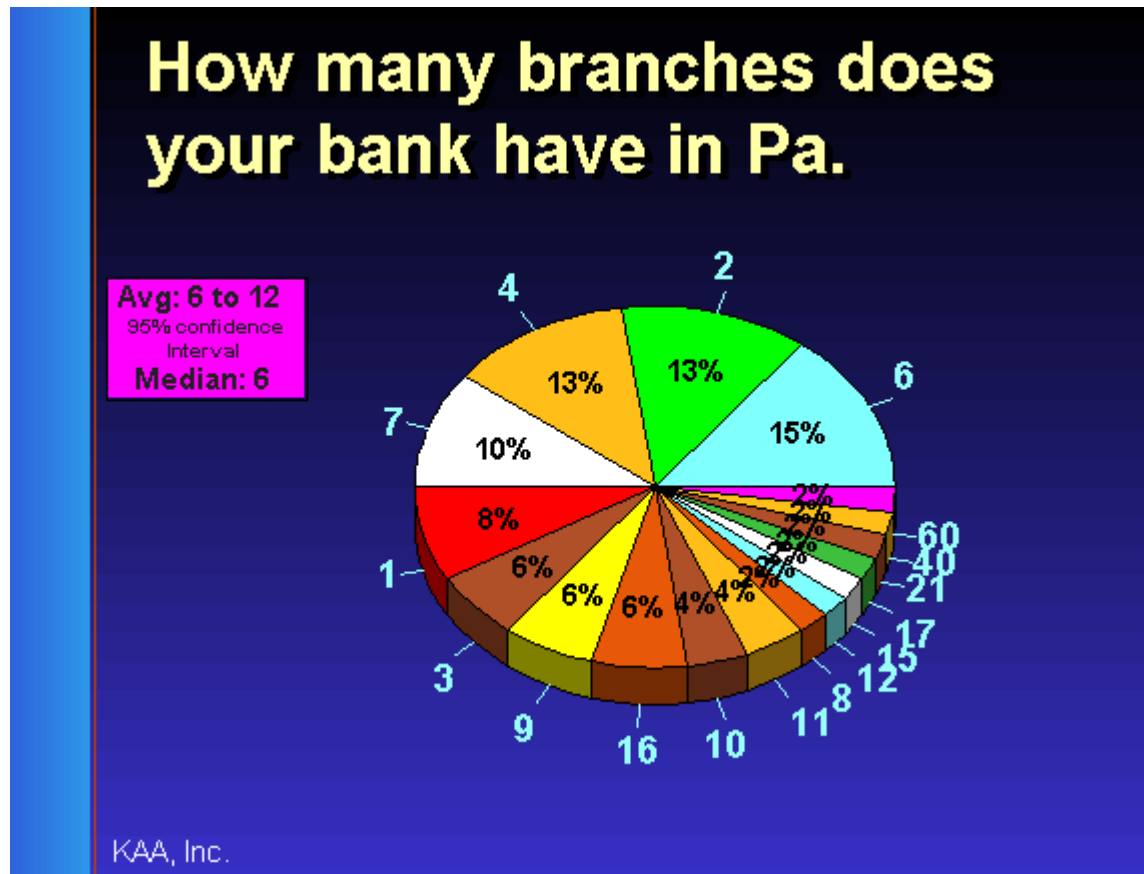


Figure 9

### PACB Member Survey

Banking industry is a labor intensive industry. Median employment at the participating banks was 75, and the most common size was 51 to 75 employees, this was shared by 19% of the participating banks.

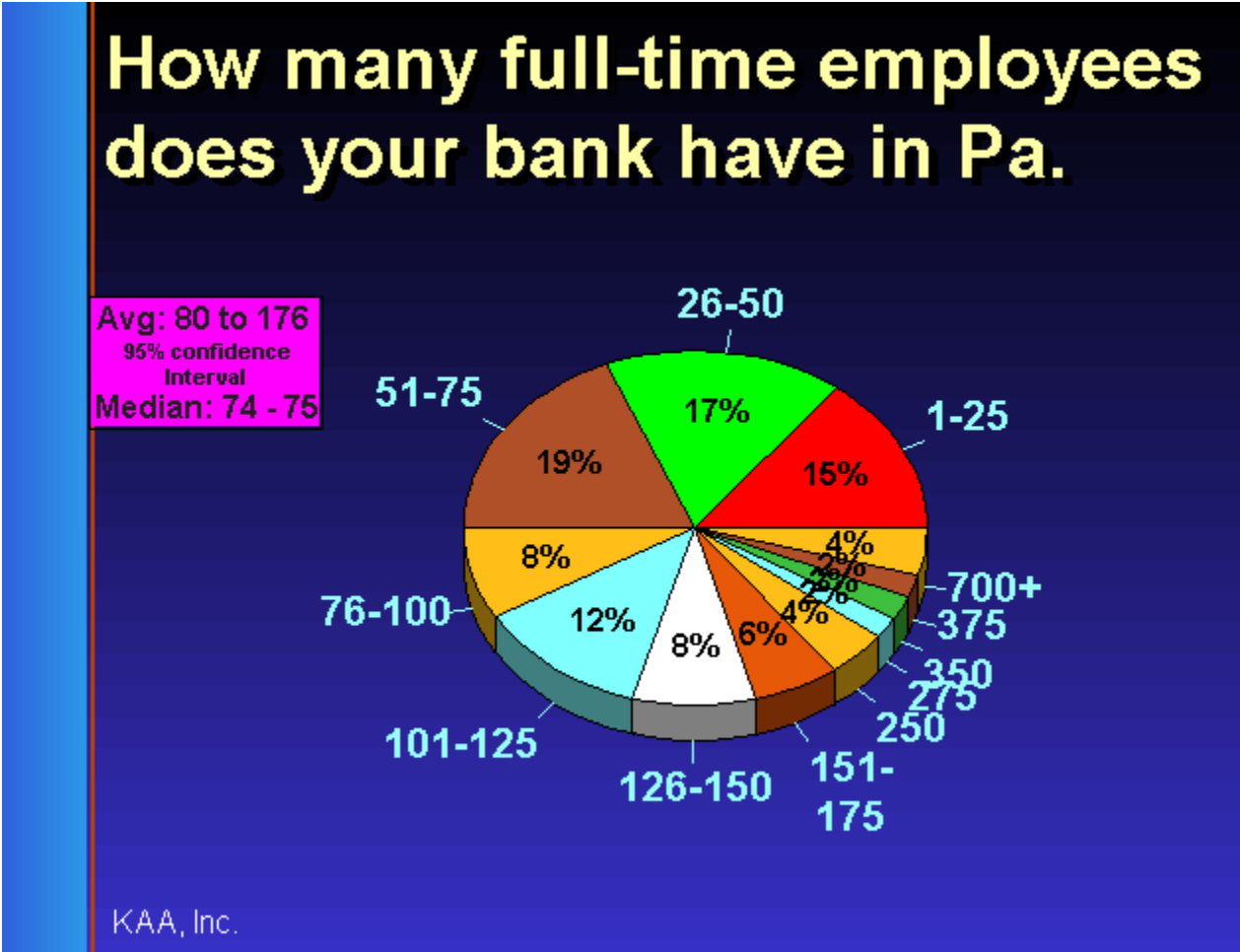


Figure 10

## PACB Member Survey

As far as the participants were concerned, marketing is not on the front line, at least in terms of the number of employees. More than 10% of the respondents did not have any employee assigned to marketing. Almost a third of all the respondents had one FTE assigned to marketing. The median, however, is 2 FTEs.

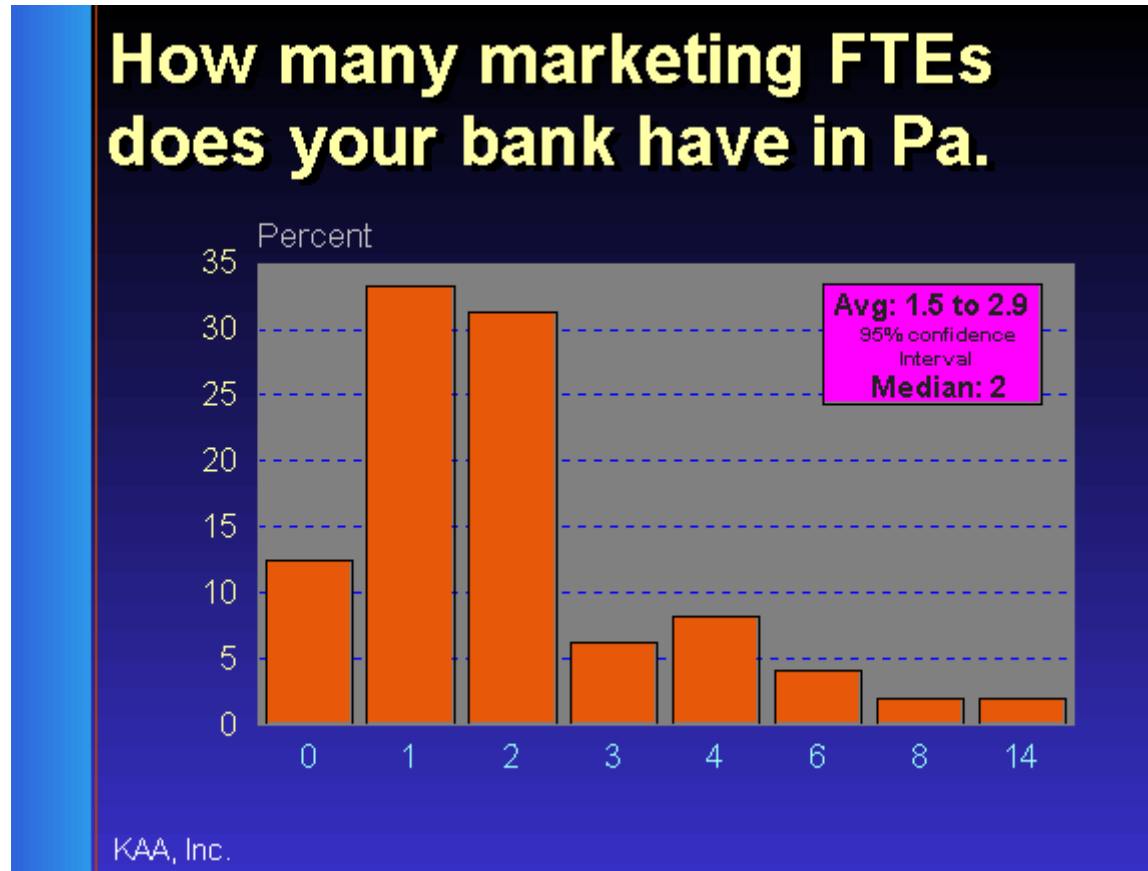


Figure 11

## PACB Member Survey

A little more than half of the respondents do provide some sort of computer banking for their customers. Some two-thirds of the other half are planning to do so within the next 12 months.

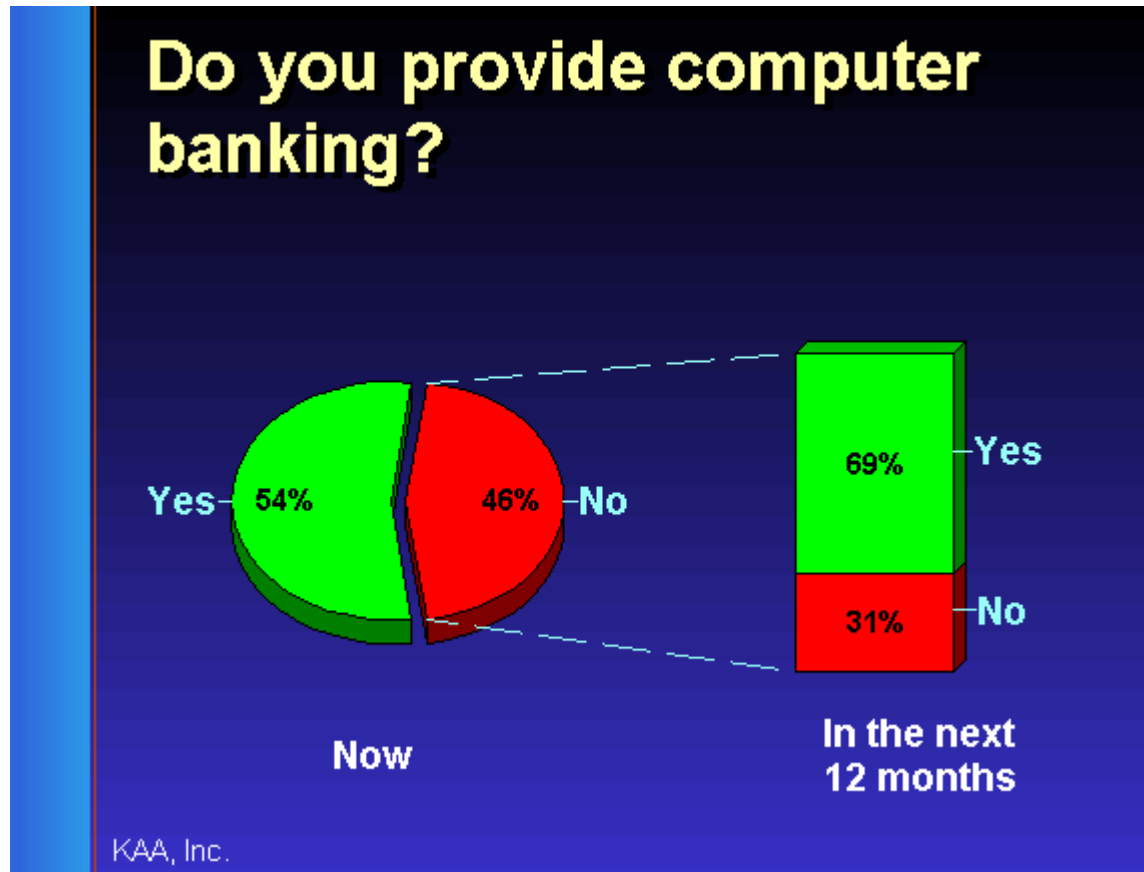
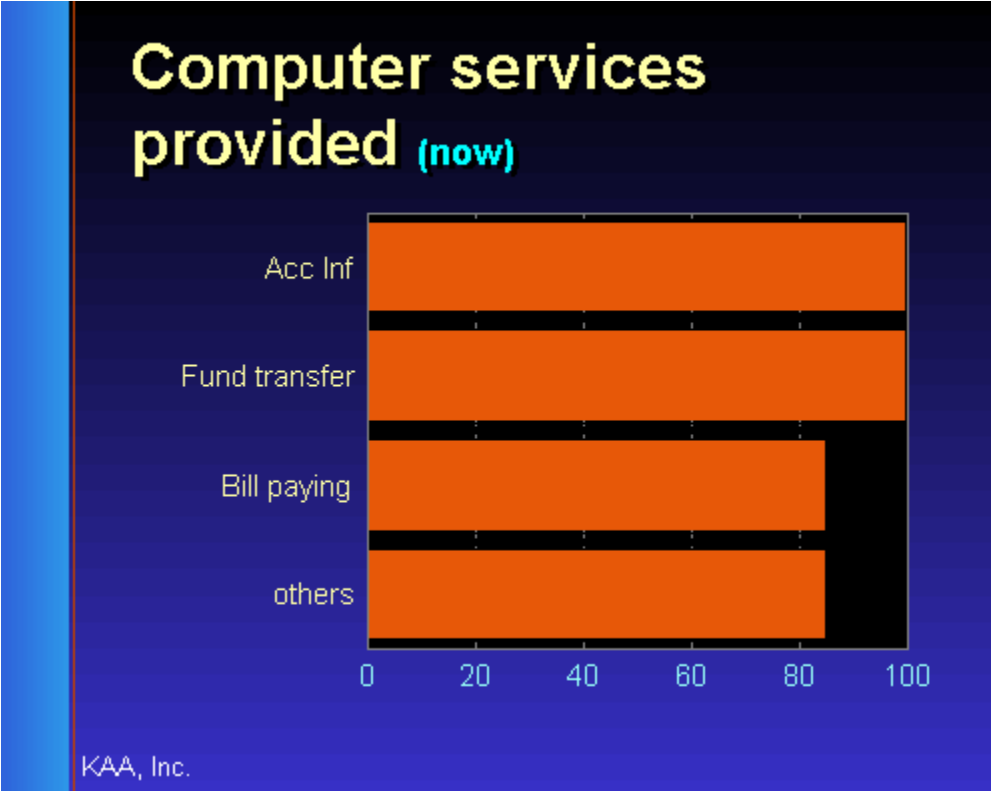


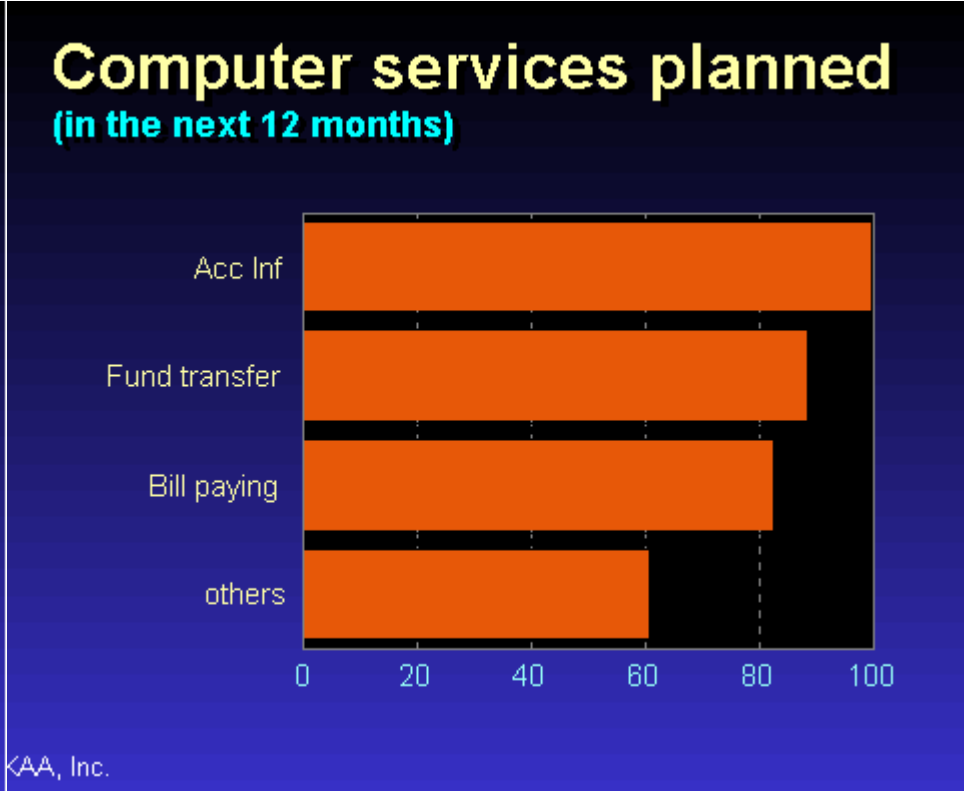
Figure 12

**PACB Member Survey**

All of those who provide computer services make "account information" available, "fund transfer" and "bill paying" is provided by 8 out of 10 participant. This distribution is almost the same for those who are planning to provide computer services in the next 12 months.



**Figure 14**



**Figure 13**

### PACB Member Survey

The response is not surprising since the participating bankers believe that their customers' main interest in phone/computer banking is to get account information. This, however, may not match the actual customers' expectations.

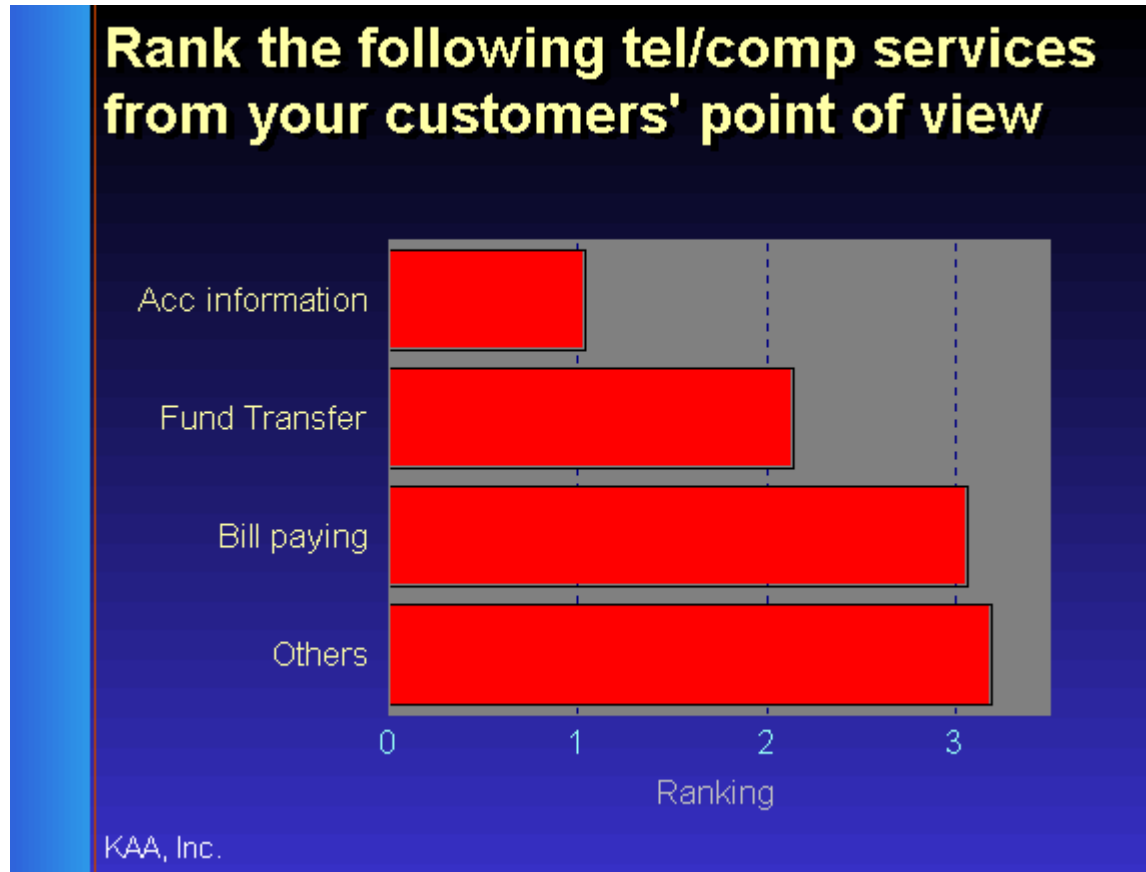


Figure 15

## PACB Member Survey

However, one of the more interesting discoveries of the survey was the fact that banks are moving farther into financial services. They provide investment, insurance, trust and other financial services. The service which, according to participants in the survey will see the largest growth over the next 12 months is banks providing insurance services for their clients.



Figure 16

## PACB Member Survey

Participants identified “Friends and relatives recommendations” as the primary source of getting new accounts. Location was identified as the second source. Advertising, sponsorships and yellow pages were ranked between 3<sup>rd</sup> and 5<sup>th</sup>, this does not match what our surveys of customers. It appears that banks already have the major source of attracting new customers at hand- their present customers.

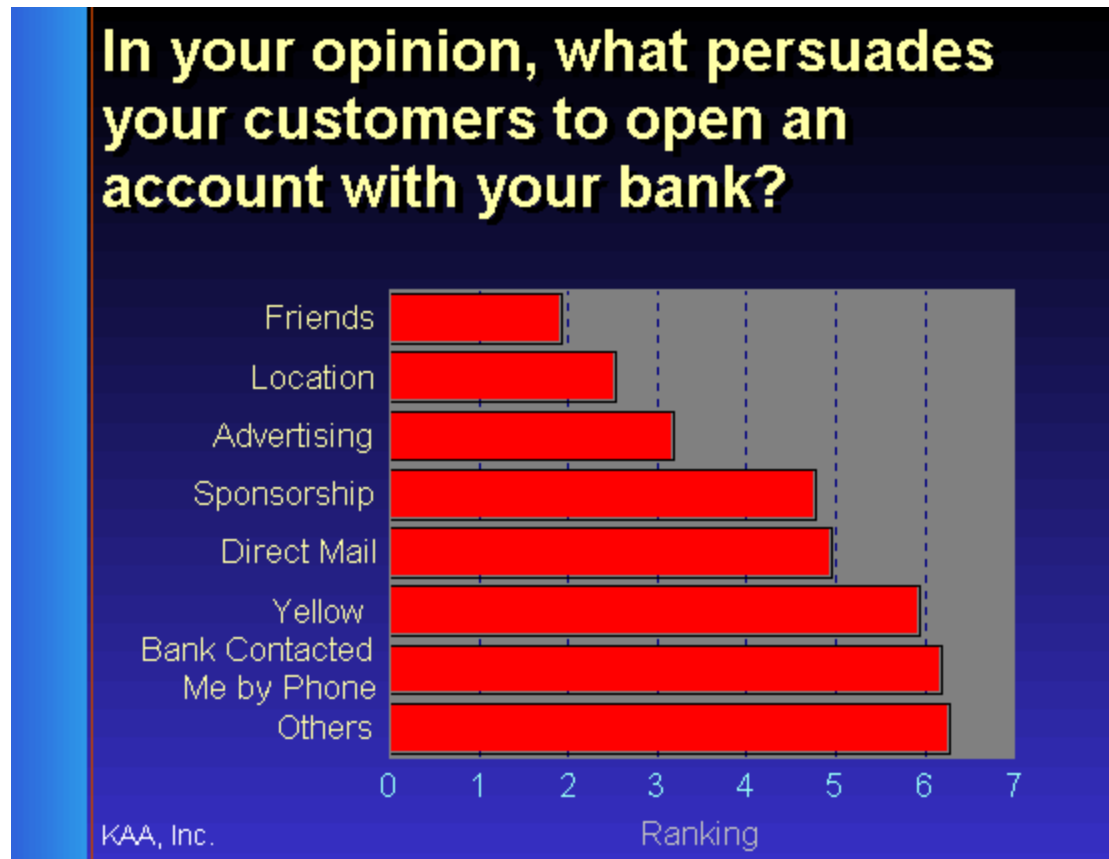


Figure 17

## PACB Member Survey

Participants were asked to rank the following advertising avenues. While they ranked newspapers as the primary avenue, they were far too generous with radio and TV. Our surveys of customers have rarely shown the electronic media anywhere this prominent in the ranking.



Figure 18

## PACB Member Survey

Where do your present customers get usable bank related information? Participants identified “newspapers” as the primary source followed by “bank publications”. It is interesting to note that on our surveys of actual customers, bank publications are not rated this prominently.

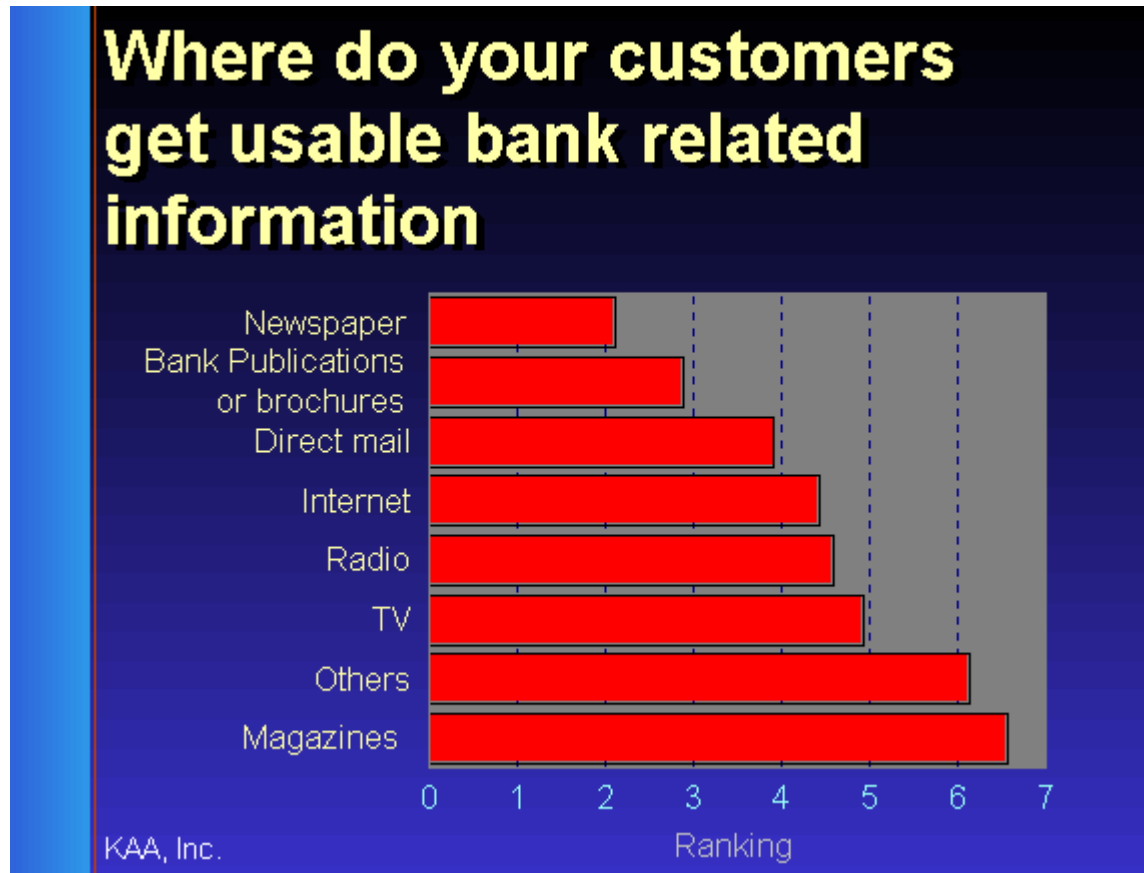


Figure 19

## PACB Member Survey

While friends may recommend a bank, it is important to know what is the basis of the recommendation. Equally important, what keeps them there after they came. It appears that it is service, service and then again service.

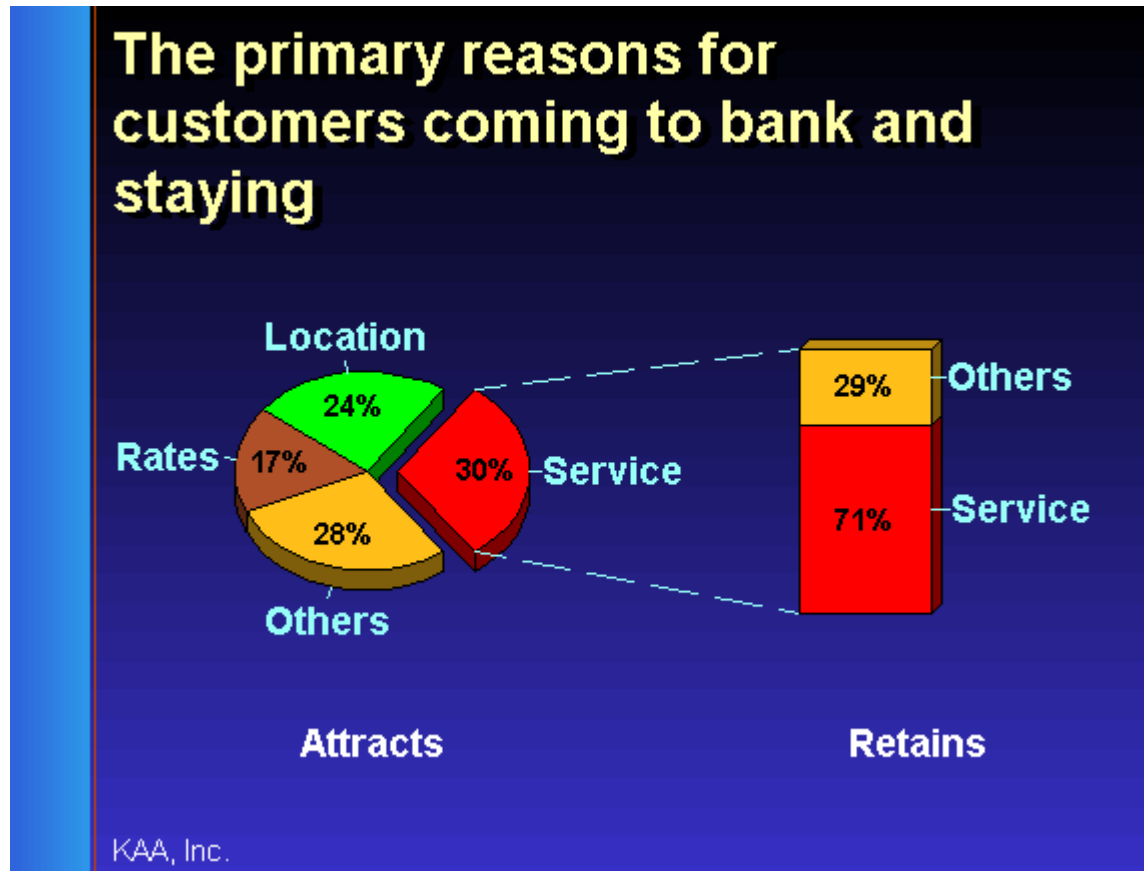


Figure 20

## PACB Member Survey

We asked the participants, how often your customers use the bank's ATM? The median of the answers was "twice."

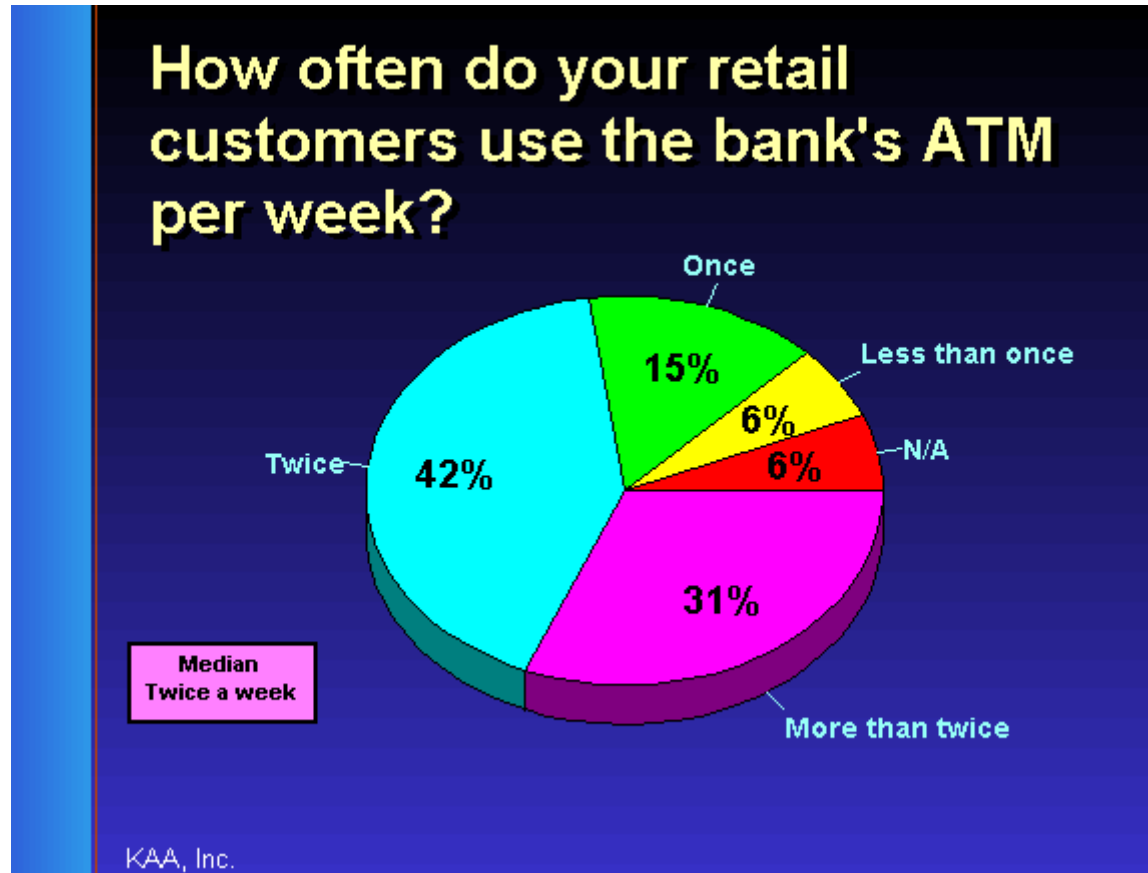


Figure 21

## PACB Member Survey

While everybody talks about service, the issue is not universally understood the same way. Customers consider the service they receive from the “customer service” department almost as important as the one they receive from the teller or bank officers. The biggest problem with this department is that often it lack sufficient personnel to handle the calls. So we asked the participants how often your customers call the bank. And as we anticipated, bankers were too optimistic about this issue. They responded, “less than once a week.”

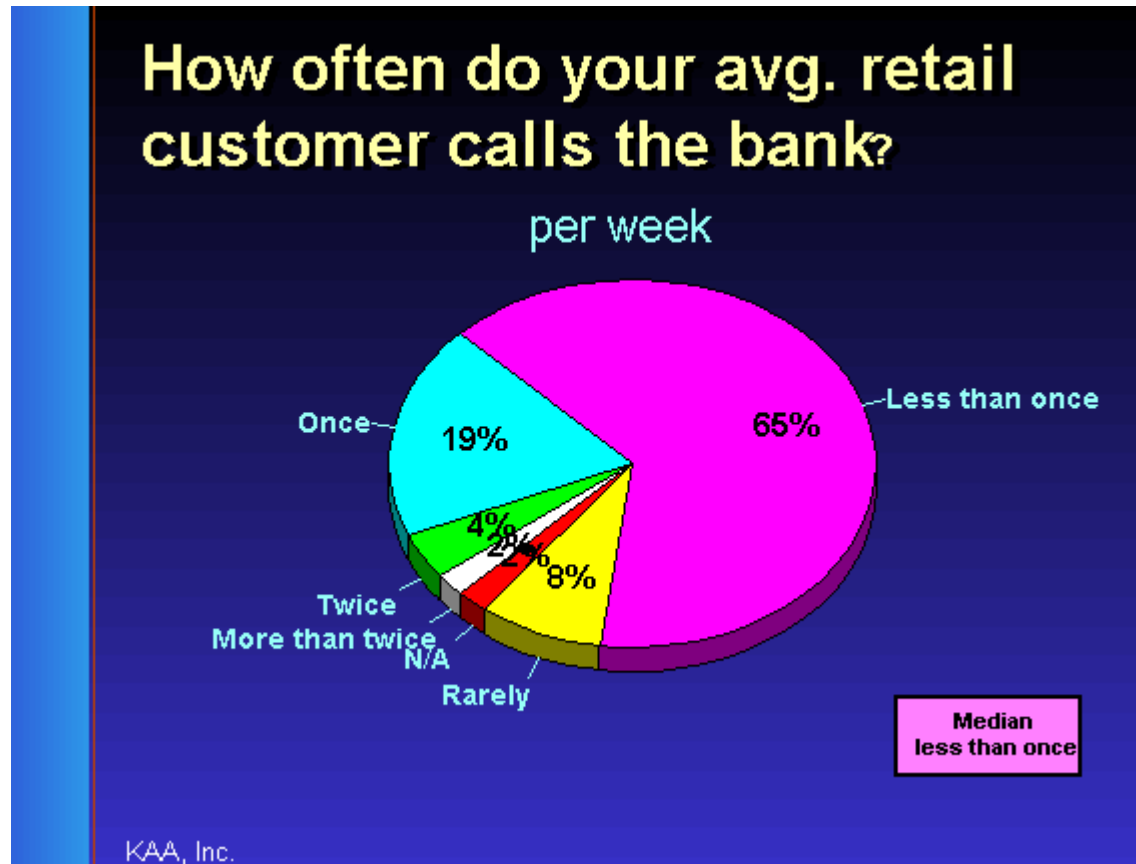


Figure 22

## PACB Member Survey

One of the reasons customers call more than once is that their problem is not solved the first time round. The question was asked, of the participants that how many calls it takes to solve a problem (on average). More than 80% said, only once! Only 15% consider that on average two phone calls may be necessary to solve a problem. On this issue, optimism does not explain the answers, it is more like pollyannaish.

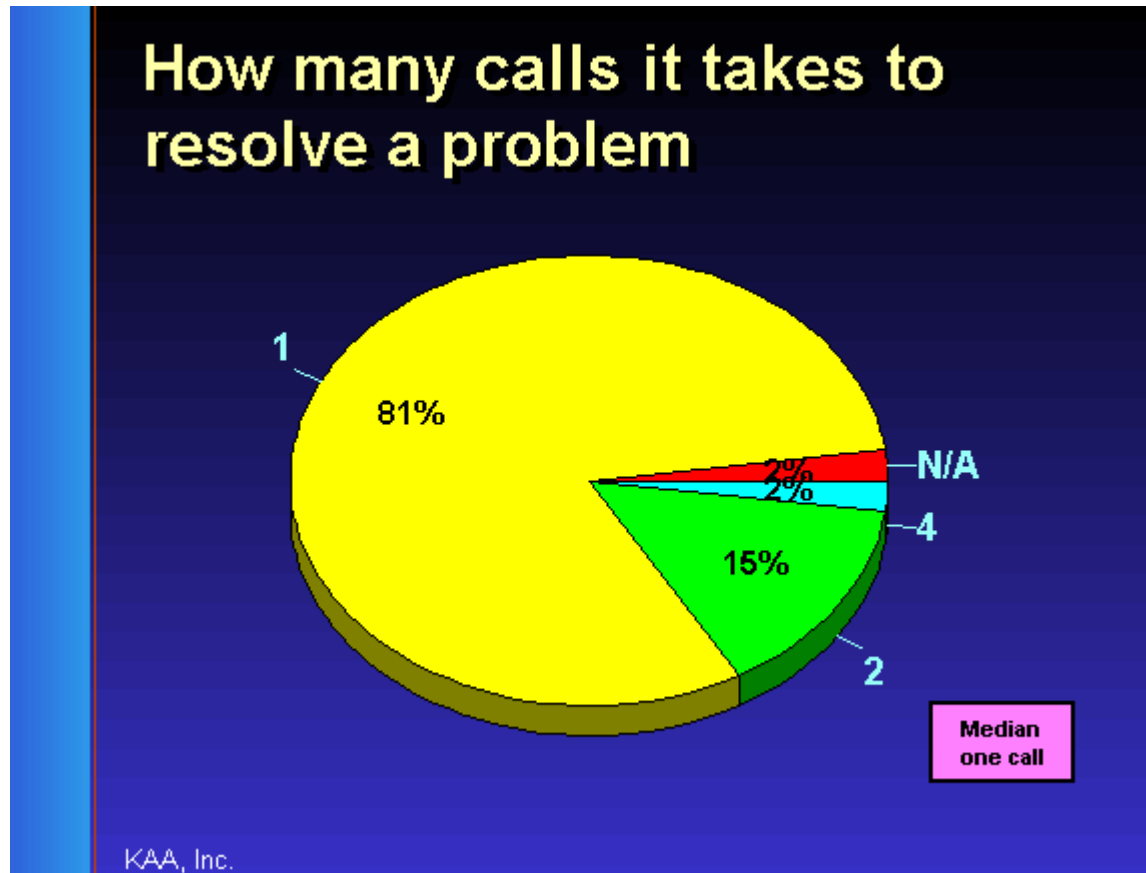


Figure 23

## PACB Member Survey

When asked to rate the fees charged by their competitors, bankers were more generous than expected.

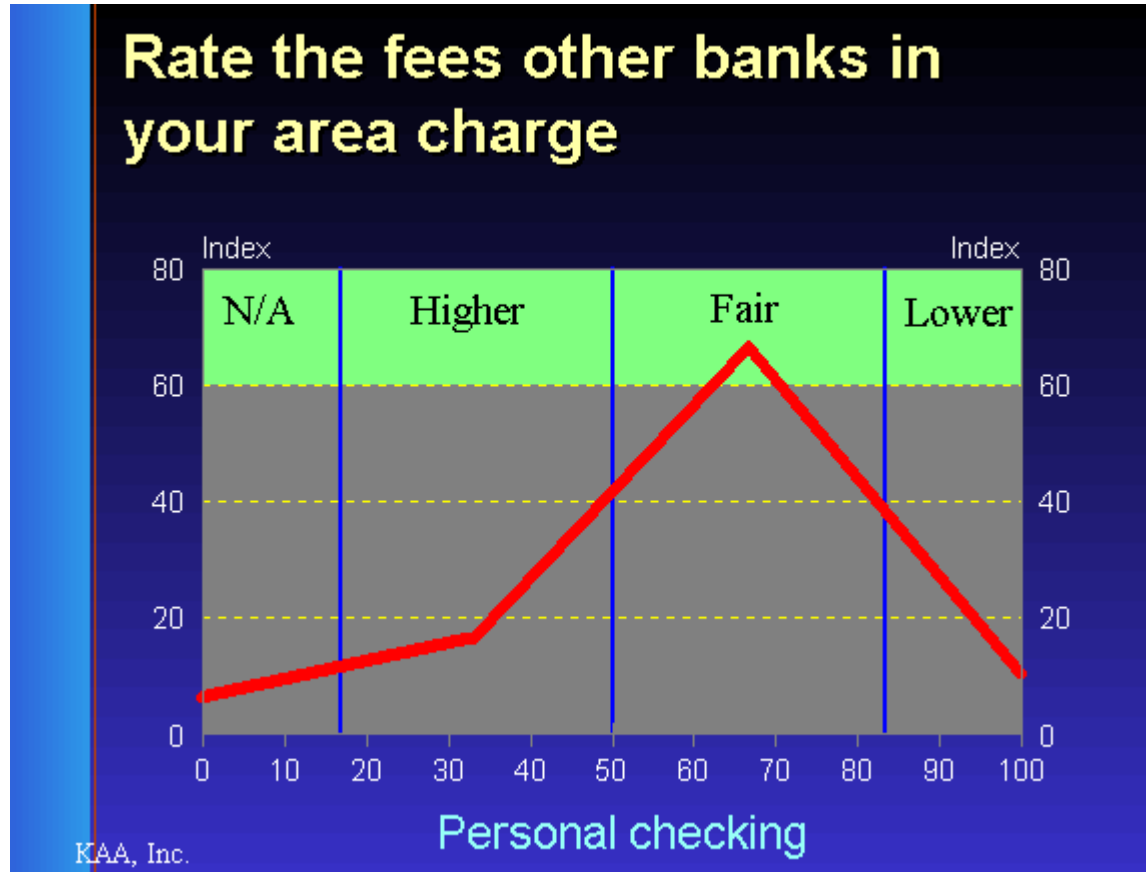


Figure 24

PACB Member Survey

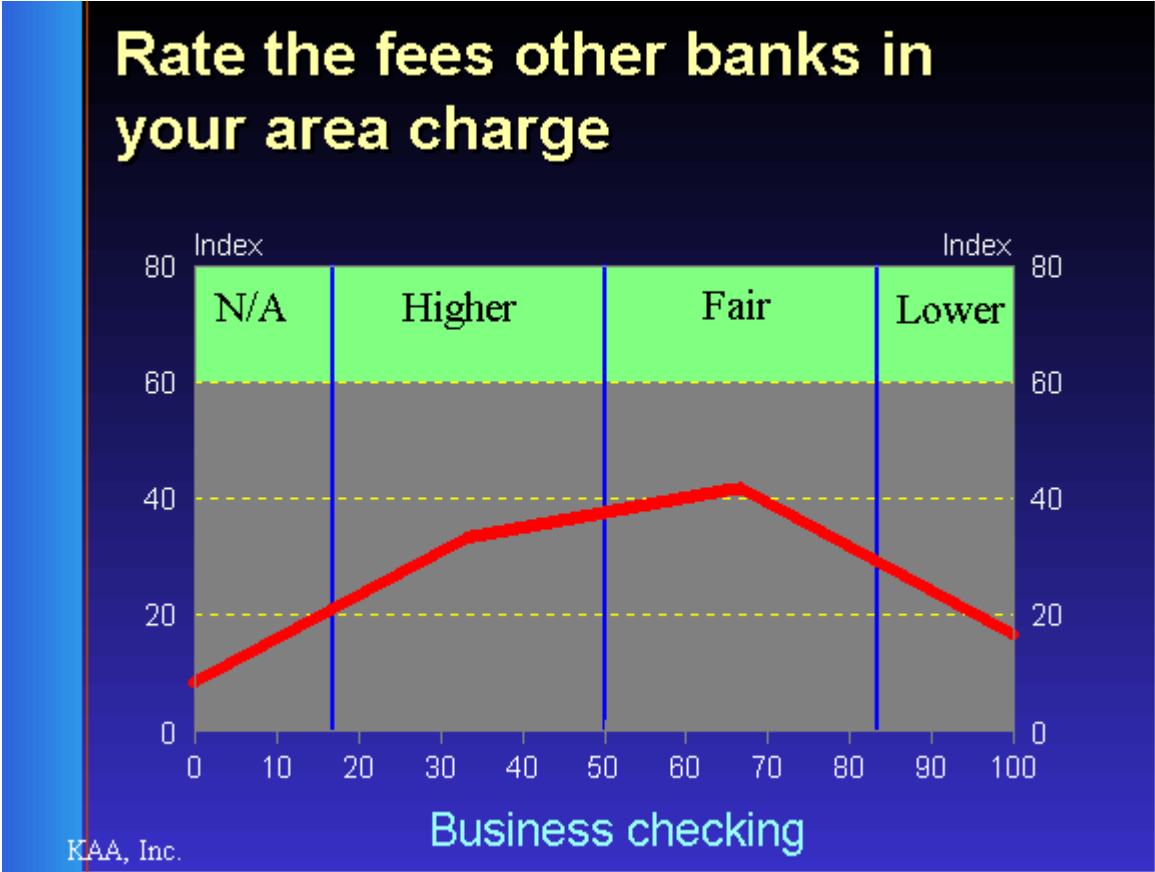


Figure 25

PACB Member Survey

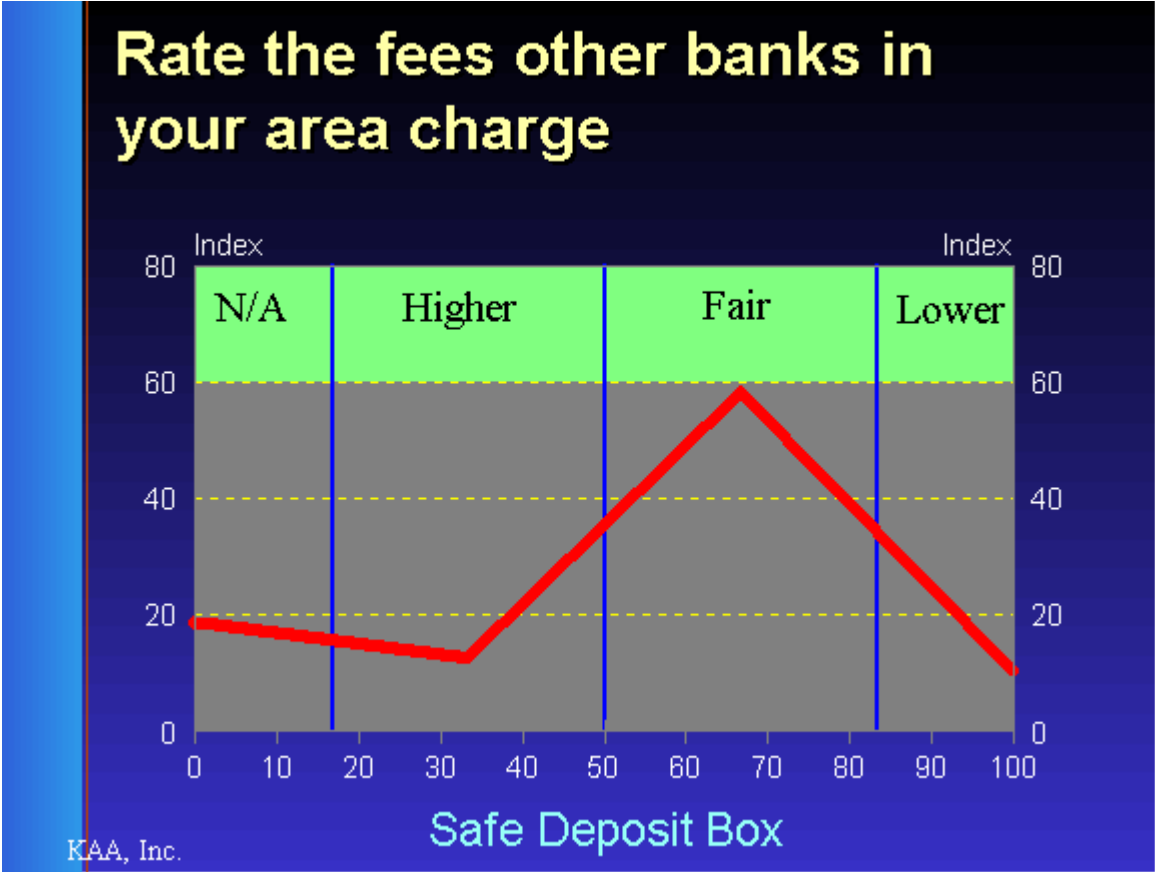


Figure 26

PACB Member Survey

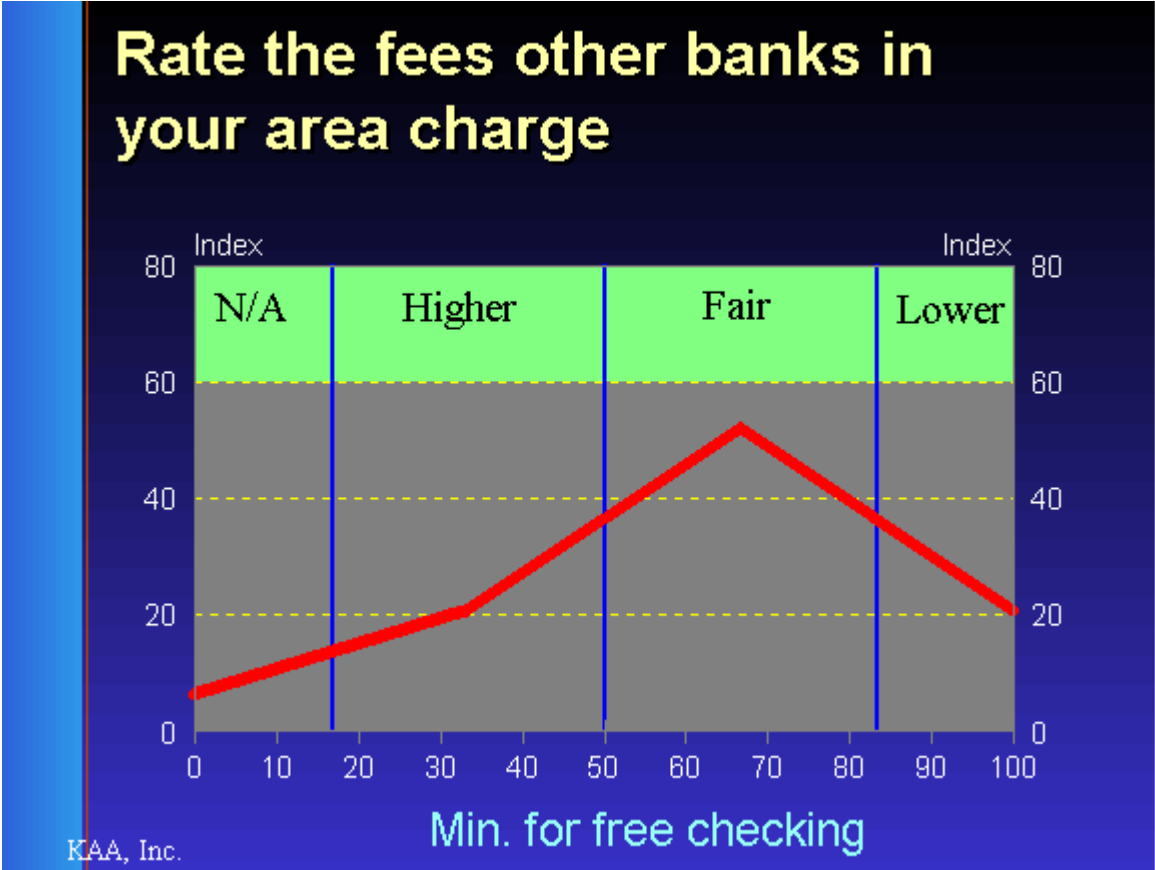


Figure 27

## PACB Member Survey

Participants generosity in rating their competitors was explained when they rated their own banks almost always as having “lower” or “the same” fees as others.

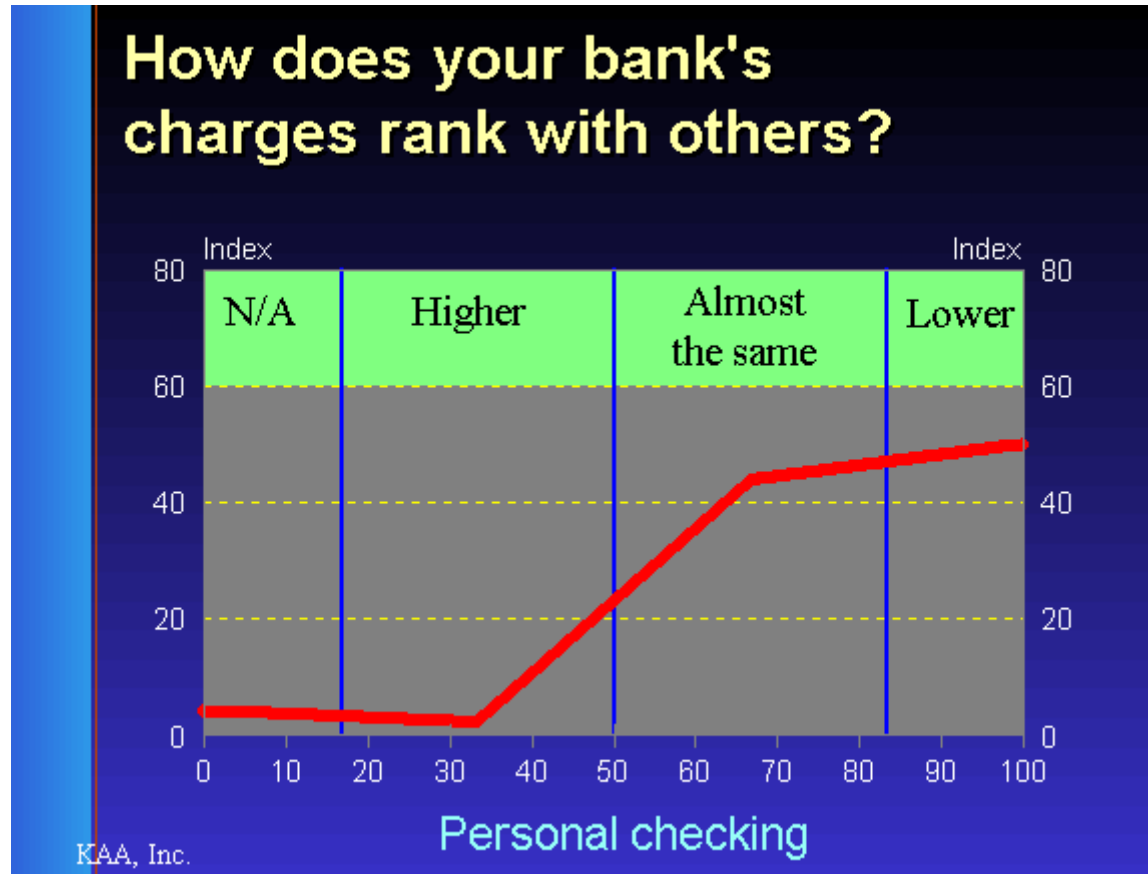


Figure 28

# PACB Member Survey

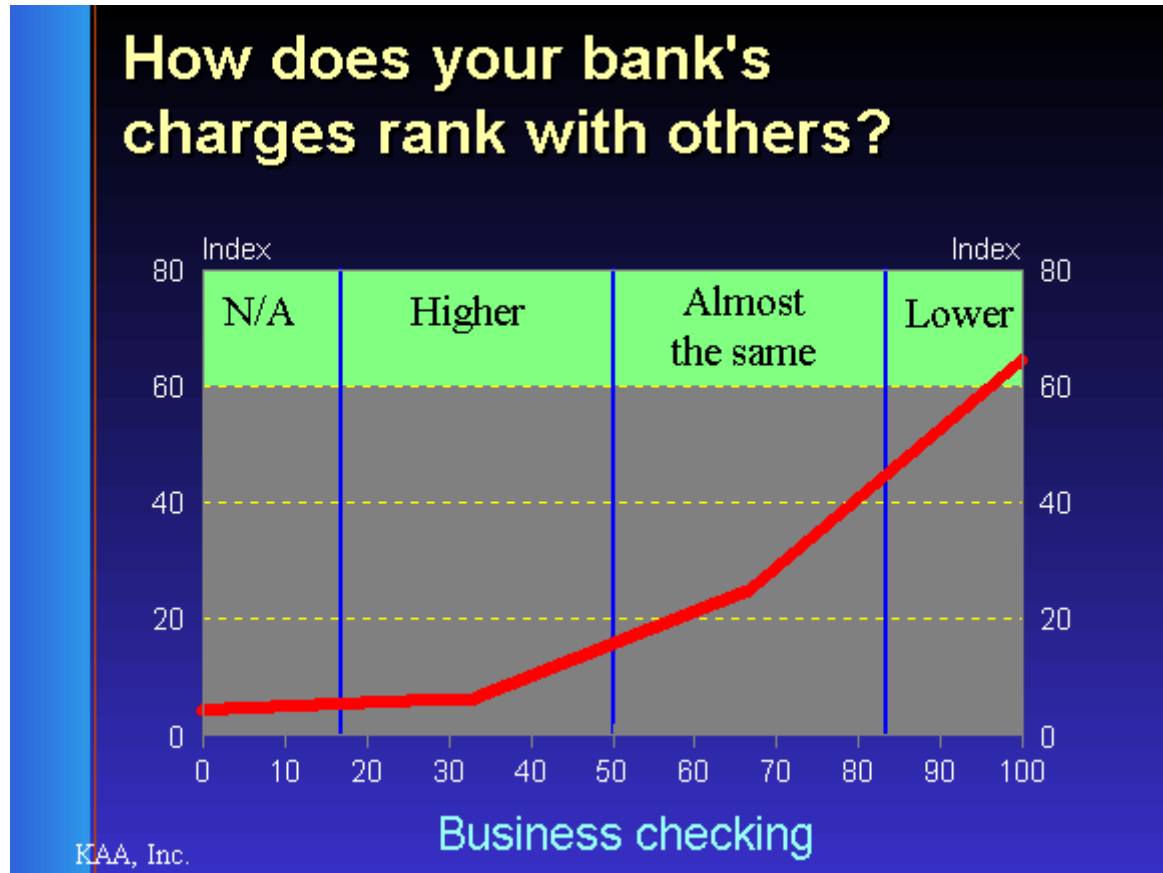


Figure 29

PACB Member Survey

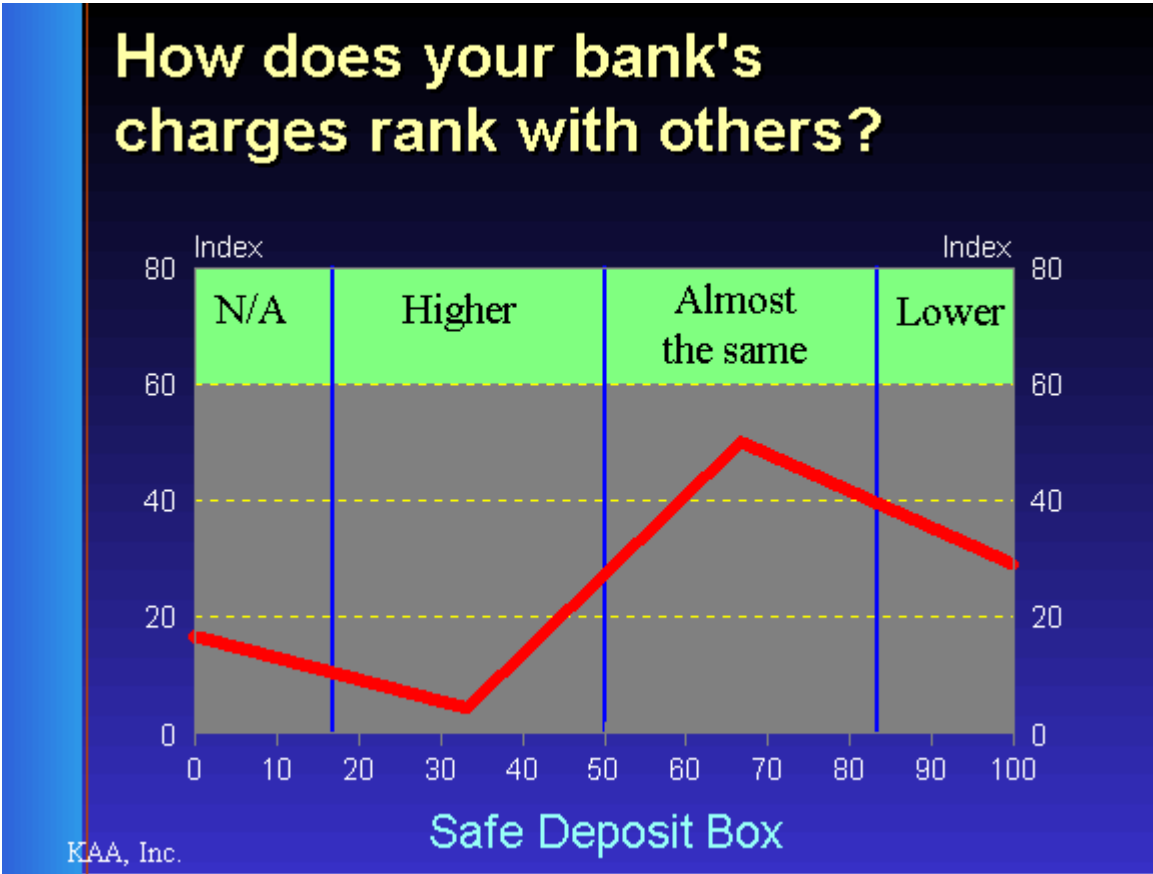


Figure 30

## PACB Member Survey

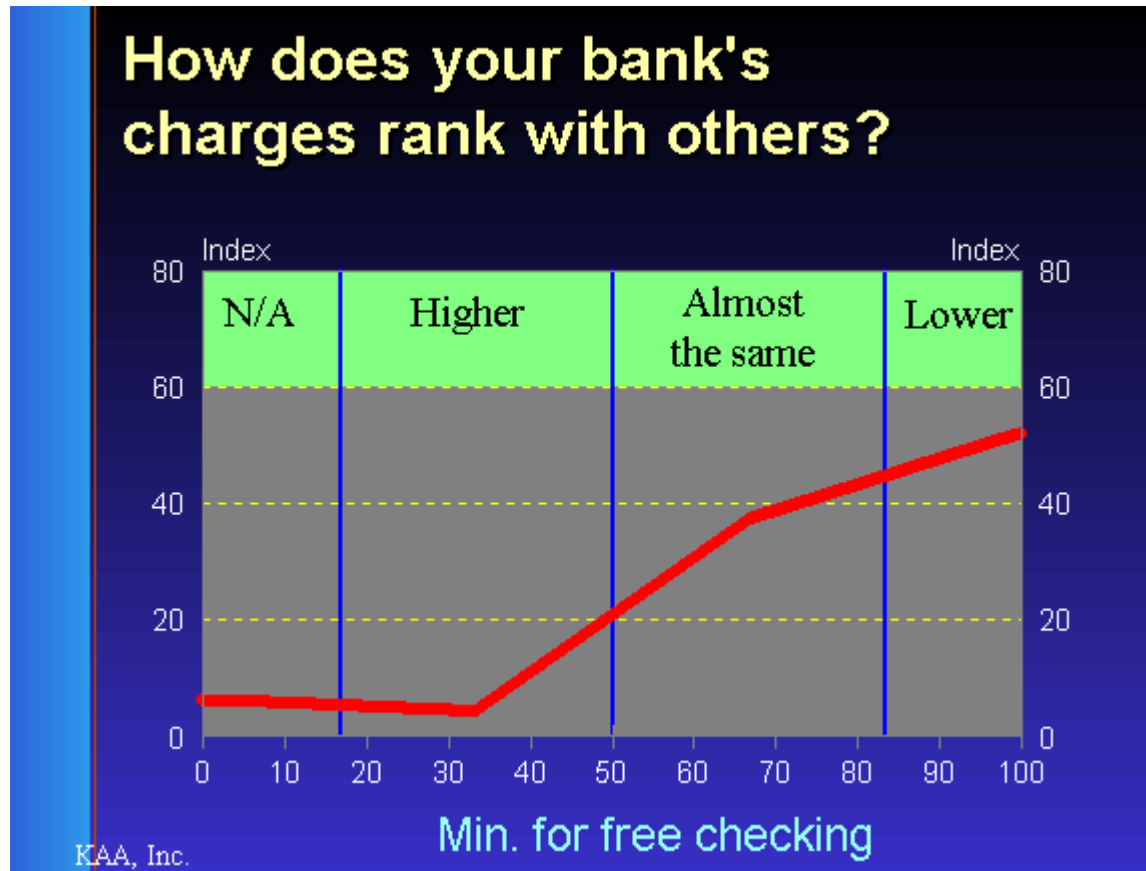


Figure 31

## **PACB Member Survey**

### **Conclusion**

The participants were clearly concerned about their customers and were aware of what the customers want of their community banks in general. There were, however, wide deviation between the bankers understanding of the level of the concern with that of the customers.

While the participants were clearly concerned about customer calls; their expectations of the level of customer demands were not up to par. In the area of customer service, the participants, on average, under estimated the number of times customers will call the bank. They further grossly over-estimated the bank's ability to solve the problem with only one call. These two factors often result in an under-staffed customer call center.

In the area of computer banking, availability of "account information" is very important and it does reduce the number of customer inquires of the call center, it should not be considered an end in-and-as-of itself. In reality, that should be the start. Customers expect to do a lot more with computer banking. And particularly within the age groups of 34 to 55, this demand is starting to grow at a rapid pace.

Participants in the survey, while thinking that their competitors fees and charges were on average "fair", strongly believed that their own bank's fees and charges were "lower" than their competitors!

The largest number of new customers come to community banks based on recommendation of the banks's present customers. Advertizing has a very limited impact on bringing new checking account customers. Most banks work on keeping their customers satisfied. There was a time that satisfied was good enough, that time has long passed. To keep your customer and get them to bring you new customers by the droves, satisfied is not even close, you need to make your customers "raving fans."