Remaining Relevant in a Digital Banking World
The thoughts and opinions expressed by Dave Martin today are his and do not necessarily represent the thoughts and opinions of the Indiana Bankers Association, the French Lick Chamber of Commerce, or Larry Bird.

If Dave says something that your bank leaders strongly disagree with…don’t be stupid. Listen to them. Dave will not be involved in your next performance review.

Equal Housing Lender, Member FDIC
Oh, sure... some people are afraid of Chicago, Los Angeles, DC, New York, etc. But, hey... Oakland gives you an actual heads-up warning right in the airport.

PRESSES STOPS BLEEDING

YouStopTheBleed.org
I was totally geeked out looking at the pictures of distinguished guests on the walls of this resort.
1994
(Another accidental banker)
Imagination is more important than knowledge.

Albert Einstein

The above quotation sits just to the left of my computer. When a new challenge appears, I put my faith in the fact that old Albert was usually right, except on his choice of barbers.

Financial Supermarkets, Inc. has asked me to join their team as the Director of Marketing and Training. I feel honored and humbled. Change can be exciting and downright scary at the same time. It all feels very familiar, however. The week leading up to any supermarket branch opening was one of the most exciting and frightening experiences I can remember. I'm sure most of you can relate to the thoughts that creep into my mind: Am I ready for this? Is the community ready for this? Do I know enough to manage a supermarket branch? Will our marketing ideas really fly? Can I possibly avoid using the public restrooms? (You know you've thought that one.)

Supermarket banking's role is transforming the banking industry continues to evolve and expand. However, the story was a little different in 1983. When you get the opportunity, ask Mr. J. Allen Wingeate to share some of the comments he received from colleagues and friends back in 1983 when he decided a supermarket was where his bank needed to be. There is a saying that "the pioneers take the arrows," and Mr. Wingeate can tell you that a knock of "arrows" were fired at him and his ideas. Fast forward twelve years and you find Financial Supermarkets, Inc. member banks stretching out all across the United States. Those of you who are new to a market with this concept can relate to the doubts cast your way. Stay focused. You are in the right place. You will succeed.

(Keep hammering away)

Dave Martin is Director of Marketing and Training for Financial Supermarkets, Inc.

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Financial Supermarkets, Inc.

Advantage

by Dave Martin

Volume 1, Number 1

June 1, 1995

I am excited to have the opportunity of working with other supermarket bankers every day. Every day, we are learning better ways of selling, servicing, and retaining customers. Every day, we become more of a force in the banking industry. Every day, your competitors get a little more nervous. With all due respect to our buddies in traditional branches, this is where the future of banking is taking shape!

You are a member of the FSI family network. Together, we have a unique opportunity. Better ideas are being born every day. It's part of my job to share them with our network. We have many great banks and talented people in our FSI family. We intend to call upon the wisdom of 12 years of supermarket banking, the best and latest industry advancements, and the brilliance that lies in the imaginations of each of you.

I look forward to visiting with you bi-monthly through The Supermarket Bank Advantage letter. We're going to have a lot of fun together! Until next time, remember that YOU are The Supermarket Bank Advantage of your bank.

Supermarket Bank Tip: Keep your catching signs and displays on and around your branch. A Supermarket Bank Branch can set as a billboard for the entire bank. Everyday, step out into the store and look at your branch from the perspective of a customer.
Branches and the employees they house are not simply the sellers of bank products. Branches and employees are themselves some of a bank’s most important products in an increasingly technology-driven industry. Bankmechanics is dedicated to the philosophy that bank and credit union employees – the moving parts of their organizations – are the last true differentiators in the banking industry. “Good people win.” Is not simply Bankmechanics’ slogan. It’s a statement of fact and a core strategy for success in the evolving banking industry. Bankmechanics assists organizations in building productive “Market Hard - Sell Soft” cultures within and around their branches. Bankmechanics does this through dynamic speaking engagements, onsite consulting services, sales development seminars, training podcasts, and innovative marketing tools to keep a bank’s branches relevant to customers and driven by engaged, informed, and motivated employees.

© Good people win.™
Evolution does not mean elimination.
But failing to evolve GUARANTEES elimination.
How banks have competed in America for...oh...200 or so years:
Clinging too long to the business models that brought you past success will almost assuredly lead to your demise.
Our strategies are the right ones... until they become the wrong ones.
STORE CLOSING
THANK YOU FOR
THE PAST 15 YEARS

NETFLIX
P.O. Box 489521
Los Angeles, CA 90048

REDBOX
1 DVD RENTAL
1
"per night"

DVD RENTALS

MAILING LABEL
U.S. POSTAGE PAID
NETFLIX

FIRST CLASS
MAIL PERMIT
MC 48365
LOS ANGELES, CA
In 2000, Blockbuster passed on buying Netflix for $50 million. Today, Blockbuster doesn’t exist, and Netflix is worth $128 billion.
In 2010, a year before his death, Steve Jobs outlined Apple’s strategy in an email to the company’s 100 most senior employees. He heralded the “Post PC era,” vowed “Holy War with Google,” promised to “further lock customers into our ecosystem,” and warned that Apple was “in danger of hanging on to old paradigm too long (innovator’s dilemma).”
Some of these geniuses have been telling us that branches are going away for...oh... 20+ years now.
Newsflash:
The future is...uh... a long time.
The Branch of the Future Is Only as Good as Its Bankers

By Dave Martin
June 4, 2015

I was recently asked to become a guest faculty member at a graduate school of banking. While I was flattered, the famous Groucho Marx quote immediately sprang to mind. "I don't want to belong to any club that would accept me as a member."

But I then did welcome the opportunity to teach a course on keeping bankers and branches relevant in an increasingly online world. I couldn't help but smile thinking of the first banking class I took over 20 years ago while working on an MBA.

The class made a lasting impression on me, but mostly for negative reasons. My instructor was exceedingly critical of banks and seemed to believe that the majority of folks running them were clueless.

It was in that class that I initially began using the phrase "hindsight genius" to describe people who spend a lot of time criticizing the mistakes that management at various companies made in the past. Hindsight geniuses like to imply that had they personally found themselves in such situations, they would have surely been wiser and more prescient.

But one of the things I most remember about that period was the strange course of events that led to my receiving the offer of my first banking job while taking the class. After class one evening, I asked my professor for his thoughts about whether I should take an in-store branch manager job.

His dismissive advice was that I should not accept the job. He confidently informed me that in-store locations...
Dave,

5 or 10 years ago I would have agreed. I get frustrated by those who hark back to the dot com warnings in respect to branch and don't recognize the impact of the smartphone, however.

Let's think about why there has been a 90% reduction in customer footfall (avg visits per customer to a branch annually) to branches in developed economies. This is NOT because the bankers in the branch are not the right skills. It's not because there is not enough technology in the branch. It's not because the branches don't have enough coffee machines. It's not because of the product fit. It's because people behavior has fundamentally changed in respect to the branch's fit in their financial life.

Today you can deposit a check via your smartphone camera. You can transfer funds in-app. You don't lose your card because it's in your phone, your most precious personal possession, etc. You simply don't need to visit the branch as much as you used to.

The decline in branch is not about skills - it's about behavior. Unless you remove the smartphone from everyone's hands, you won't get them back in the branch, and that situation is just going to get more acute as we do more financial services contextually.

Anyone that argues the ongoing role of the branch is simply defending a very small, but still yet declining slice of behavior that is becoming less relevant everyday to the design of a modern banking system.

Let's stop harking back to the past and build banks that are relevant day-to-day, not trying to resurrect a channel that is no longer relevant.

Posted by BrettKing
Brett:
Thanks for the response. We're going to agree to disagree on a few of the predictions of what the banking industry will look like in the foreseeable future. I'll make the friendly wager of a coffee (or beer) that branches and bankers are still at the center of the banking universe for at least the next decade.

Older branches, built for the "factory" aspect of teller transactions and storage will be phased out or redesigned/reformatted. That's actually happening quite a bit now. The reports of a (relatively minor) net loss of "total branches" in the US don't factor in how much banks and credit unions are already spending redesigning and refurbishing branches. Branch commitment and investment show up in more ways than now buildings. And new branches will be smaller and placed in places that give banks access to customers (and customers access to them) where they shop, play, and work.

We may not speak to the same bankers on a regular basis. The ones that I do are fully aware of business challenges, and fully committed to their bankers and branches.

I've cited and recommended to bank management Clayton Christensen's "The Innovator's Dilemma" since its publication 10+ years ago. But I'd argue that bankers have become more aware of the "dilemma" than many give them credit for, and have, in fact, been transforming their businesses. That branches are still so prevalent may not be because bankers are in denial. They are prevalent because they generate revenue and, I believe, will for many years to come.

A good friend points out that the vast majority of loans originate in branches. The same is true for new account openings. Branches, and the bankers who work in them, are the sales/profits generating wing of banking. Teller transactions, on the other hand, are expenses. So, in theory, we shouldn't be concerned at all about costly branch transactions "going away." In theory, that should make branches more profitable, not less.

Of course, that's too simplistic of an argument. But so is, I believe, the argument that the only purpose bank branches have are for basic teller transactions.

Heck, my own household began using a "scan at home" product on our home printer even before smartphones proliferated. We now also deposit most checks and transfer funds via smartphone. We totally appreciate the convenience of technology. And we still strongly factor in access to a physical bank branch when choosing a financial institution.

I'd respectfully suggest that no one needs to "resurrect" a channel that isn't dead. Branches remain alive and well... and yes, relevant.

So, agree to disagree.

Be well--
Dave Martin
What’s the first thing on your mind when you wake up in the morning?

Source: Bank of America

- **Robe**: 4%
- **Remote Control**: 6%
- **Significant Other**: 10%
- **Toothbrush**: 13%
- **Coffee**: 17%
- **Smartphone**: 35%

71% have on nightstand, bed, or in hand when they fall asleep.
Most important factors when consumers selected their primary financial institution

Source: Credlo

41%  Branch and ATM Availability
25%  Account Fees
16%  Online/Mobile Tools
  9%  Input from Family/Friends
  8%  Rates
When I was your age, I had to walk a mile uphill both ways in the snow to deposit a check.
What do we consider convenient...enough?
Least satisfied banking customers? Digital-only users

By Andy Peters
Published April 26 2018, 7:00am EDT

Bankers love to boast about how many customers have adopted their mobile apps and online platforms. But they may want to tone down their enthusiasm, at least until they fix shortcomings on the customer service side.

Customers who use only smartphone apps or online channels are the least satisfied with their banks, according to a new J.D. Power study. Their complaints center around poor communication and advice, as well as dissatisfaction with online product offerings, fees and opening new accounts.

The most satisfied customers are those who frequently use online or mobile banking, but still visit branches two or three times a month, J.D. Power said in its 2018 U.S. Retail Banking
Customers’ satisfaction with mobile apps is slipping, J.D. Power says

By Andy Peters
Will Hernandez

Published
July 03 2019, 4:26pm EDT

The biggest banks are perceived to have the most sophisticated customer-facing technology, but when it comes to satisfaction with mobile apps, it's a regional bank that rates highest with consumers.

In a new J.D. Power study that measures customers' satisfaction with mobile banking, the $108 billion-asset Huntington Bancshares was ranked No. 1, just ahead of last year's top bank, Capital One Financial. J.D. Power said in its annual mobile app satisfaction survey that Huntington's mobile app won high marks for its ease of use.

Rounding out the top 10 were Citigroup, MUFG Union Bank, Fifth Third Bancorp, Bank of
People do not visit branches.

People visit bankers.

We just happen to keep them in branches.
The following statement shouldn’t be controversial.
“Sales” is oxygen.
Every organization you respect has a growth culture.
A survey of whom people considered their most-trusted shopping advisers:

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<th>Source</th>
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<tr>
<td>Friends/Family</td>
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<td>Online User Reviews</td>
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<td>Salespeople</td>
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And who are the scariest sales people in the world?
Nope, not these guys
That Terrible Moment When

Nope, not these guys

You Make Eye Contact With The Person Working At A Mall Kiosk
If the cost of talking to you is that I always have to tell you "no" or a lie before we're done....you're a pushy salesperson.

GIRL SCOUTS!!!
Market Hard,
Sell Soft
Make A Friend,
Earn A Customer
What do people like talking about?

- Themselves
- Kids/Grandkids
- Pets
- Hobbies/Sports Teams
- Jobs
Question:
Who in your market(s) puts more business cards into circulation each month?
A humble approach to gaining customers
Bank managers should remember their roots and...
The one skill that will get you the furthest in sales, customer service, marriage, parenting, friendship and pretty much any situation involving other human beings:
The one skill that will get you the furthest in sales, customer service, marriage, parenting, friendship and pretty much any situation involving other human beings:

Paying Compliments
A person whom you pay a compliment to:

...is a person you will see again. He or she will make sure you have the opportunity to do that again.

...is a person who likes the way you think and absolutely wants to trust your judgment.
Scott McClelland
President
H-E-B Grocery
Your brain physically remaps its neurological development according to your habitual thought patterns. The more you think a certain way, the more your brain becomes wired to think that way.
Habits are formed by consciously performing a practice again and again - until it becomes a habit.

EVERYTHING is hard...until it is easy.
Success

Life

what people think it looks like

what it really looks like
“Be humble. Be hungry. And always be the hardest worker in the room.”

Dwayne “The Rock” Johnson
“Here’s how I’m going to beat you. I’m going to outwork you. That’s it. That’s all there is to it.”

Pat Summitt
Successful Salespeople Get Rejected More than Others

I found myself in an impromptu coaching session with my 12- and 14-year-old sons last week that had me reflecting on a chat I regularly have with (slightly older) branch bankers. In this case, we were standing outside of a grocery store to sell fundraising coupon books for their Boy Scout troop.

I smiled while thinking of how certain challenges stay with us from childhood and throughout our careers.

As I helped them set up a small card table, my younger son wanted to move it as far back as possible, against a display of ferns. I suggested, “We’re not here to build a duck blind. The goal is for people to actually see us.” Once we had our posters taped up and a big American flag propped behind us, we were ready for action.

Or so I thought. As I prepared to step away, my older son said, “Uh, I don’t think I want to do this.” The younger quickly agreed with him. Truth be told, it was nice to see them in total agreement on anything. But this wasn’t the kind of brotherly accord I was looking for at that time.

When I asked why, my younger Willy Loman explained, “If we try to sell them things, we might bother people.”

I replied, “You guys bother each other all of the time. You’re good at it.” Both then admitted that they were really nervous about being put in face-to-face reactions.

The best sales folks realize rejection isn’t necessarily a sign that they’re bad at their jobs, but instead a sign that they are actually out there doing their jobs.
Most of the biggest “problems” you have today are associated with things you once only daydreamed about having.
Congratulations.
You’re in the game.
There are millions on the sidelines who would trade places with you today.
There isn’t one “road map” for success.

The key is doing the best you can with what you have where you are.

Teddy Roosevelt
Good people win.

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