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The Demise of the Branch

The 40-year shift from branch to branchless banking

Despite our online bias, we've never been particularly bearish on bank branches. After all, we like our US Bank branch, using the drive-thru just about every week to deposit business checks and pick up a biscuit for the dog.

Bank branches still have a place in the life of most Americans. Even heavy users of online banking and call centers still hit the branch nearly as often as they did a decade ago. Those pesky paper checks, and the occasional need for something other than a twenty, keep us going back month after month. And just about everyone buying a new checking account begins with a wait in the lobby of a nearby branch.

But the steady branch traffic and continued sales success masks, what we think is a rapid decline in the *value* of the branch. It's already happening for many customers who find themselves far more hooked on electronic delivery than they ever were on branch services. Once the paper check goes away, branch traffic drops off the cliff.

For the financial institution, branches are still a profitable means of attracting core deposits. But as customers grow more confident in signing up for accounts online, branches will gradually lose their sales and marketing power.

At that point, the branch is left exposed to what it really is, an expensive façade to bits on a network. A non-scaleable fixed cost ripe for massive reductions, both in total number and square feet per store (⇒ *Forecast*, p. 5).

These changes won't happen overnight. In fact, we believe that we are at the mid-point of a *40-year* transition from branch banking to branchless banking (⇒ *Timeline*, p. 2); a shift that began in the mid-1980s with the rise in ATM and call center.

Will we miss our branch? Not really. As soon as someone provides us with a simple remote check deposit-capture service, we'll rarely set foot in one again. The dog will be disappointed, but she'll get over it.

Jim Bruene, Editor & Founder
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BRANCHLESS BANKING

Changing Channels: Have we finally reached the tipping point in branch value?

Trends that take forty years to run their course are difficult to recognize until much later in the cycle. But twenty years into the present disruption, it's time to start making plans for a financial services landscape with little use for the bank branch.

Table 1

The Long View: Bank Channel Usage and Value, 1980 through 2030

Decade	Channel Usage and Changes	Branch Value (percent of total) ¹	
		Relationship ²	Sales ³
1980s	ATMs and the first call centers begin to drive routine transactions, such as cash withdrawals and balance inquiries, out of the branch	85%	99%
1990s	Automated call centers, ATM saturation, and online banking drive most routine transactions out of the branch, other than check and cash deposits	65%	98%
2000s	Ubiquitous online banking, the decline of the paper check, and remote check deposit drive the last of the routine transactions; online account opening lessens the need for the branches as account-opening centers	35%	88%
2010s	By mid-decade, everyone under the age of 40 was college-age or younger when the Internet era began (1995); many of these customers haven't been in a branch more than once or twice in their lives; the bank branch now serves a rapidly declining group of consumers age 50+ who like the interaction with bank employees	15%	50%
2020s	By the end of this decade, everyone under the age of 50 was high school-age or younger at the dawn of the Internet era; the bank branch now serves a small niche of older customers in mostly urban areas	10%	20%

Source: Online Banking Report, 4/06; relative values, not precise measurements

Notes:

(1) Number shown is the percentage of the value attributed to branch-based activity, e.g., in 1985, 85% of the value of the relationship was derived out of branch activities and 100% of sales came from the branch

(2) **Relationship Value:** A mix of the transactional and service values shown in Table 2 on p. 3

(3) **Sales Value:** Mix of typical bank accounts (checking, savings, CDs, loans) excluding credit cards

No one disagrees that customers want a multi-channel approach for banking. The industry has seen the rise of call centers, ATM networks, credit scoring, cash-back at the point-of-sale, and other remote services. So far, none of these so-called alternative delivery methods has dampened enthusiasm for the branch system, which ended 2005 at an all-time high.

However, the online channel's unique ability to provide information, transactional capabilities, customer service and sales may finally turn the branching tide. But are bank customers really willing to give up their branch?

It will be years before we have the answer. While it's usually difficult to know when you've reached the tipping point, some changes are easier to call than others. For example, it didn't take a genius to realize that CDs would replace vinyl, or that DVDs would overtake VHS. The advantages of new-generation technology were almost universally understood, and it was just a matter of waiting for prices to come down.

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Table 2

Channel Value: 1985 through 2025

Year	Transactions				Service				Account Acquisition			
	BR	ATM	Tel	OL	BR	ATM	Tel	OL	BR	ATM	Tel	OL
1985	90%	5%	5%	--	85%	NA	15%	--	99%	--	1%	0
1995	75%	10%	15%	--	65%	NA	35%	--	98%	--	2%	0
2005	35%	15%	25%	25%	35%	NA	45%	20%	88%	--	4%	8%
2015	15%	10%	20%	55%	20%	NA	30%	50%	50%	--	5%	45%
2025	5%	5%	10%	80%	10%	NA	15%	75%	20%	--	5%	75%

Source: Online Banking Report, 4/06; relative values, not precise measurements; each group of four channels adds to 100% (BR + ATM + Tel + OL = 100%)

BR = branch, Tel = call center, OL = online banking

Predicting when online banking will overtake branch banking is very different. First, it's unlike music where once you bought that first CD player, you were committed to the new format. In banking, consumers still visit the branch for a variety of reasons. Even heavy online banking users visit the branch nearly as much as they did prior to going online.

That's why the highly evolved financial models for opening new branches still tell senior management to build more. And there *are* still profits to be made building branches. We're not saying the branch is dead, but its life expectancy is shorter than most mainstream bankers have been led to believe.

Here's why branch value will rapidly erode during the next two decades:

- **Youth movement:** Today's 15-to-25-year-olds, customers that begin turning 30 in 2010, have been raised on the Internet. When looking for a new bank, new loan, or anything financial, they will research *and* buy online. "Going to the bank" is something their parents did right after "playing a record" on their turntable.
- **Online discounting:** As online competition has heated up thanks to **ING Direct**, **Emigrant Direct**, and others, even traditional banks such as **HSBC**¹ are offering their best rates online (see *OBR 120/121*). This is training customers to expect the deals to be online, not offline. The watershed moment, Citibank's recent (*FMW March 29*) 4.5% savings account marketed on Yahoo's home page, marks the beginning of the end of checking the Sunday paper for the best banking deals.
- **Risk-free online account opening:** Account opening will become painless, real-time, and almost 100% secure. And customers will know that it's far more "dangerous" to drive 17 blocks to the branch to open an account than it is to do it online. See the *Account Acquisition Scorecard* (Table 6, p. 10) for more information.
- **The end of the paper check:** One of the last transactional reasons for going to the branch, to deposit a check, will rapidly become old-fashioned, first as paper checks, already in steep decline, are replaced by new ACH-credit push, P2P wireless exchange, and other technologies. Also, even the remaining paper will be deposited in more convenient fashion at financial institution ATMs, check-cashing kiosks, and scanners installed at small business locations.²

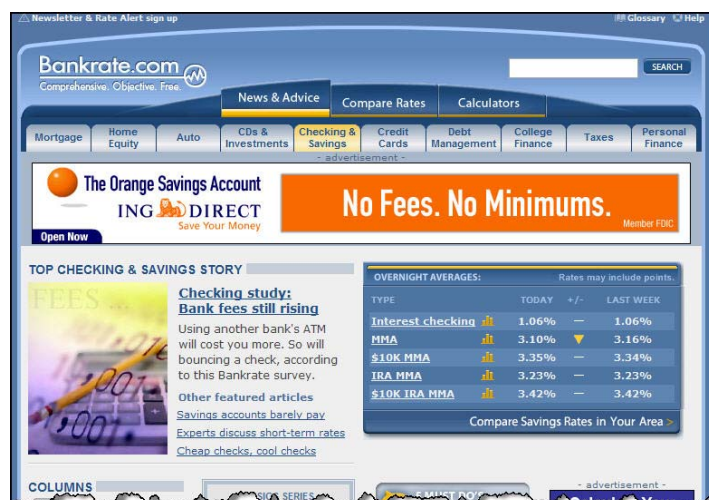
¹HSBC is advertising its high-yield savings account on television; we happened to see the bank's signature red pig moving across the television screen during a conference in Las Vegas the last week of April

²Zions Bank reported a 10-fold increase in the number of remote-deposit customers during the past year, growing from 350 in January 2005 to 3,500 in January 2006 (see *FMW April 24*)



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- **Better service:** Service will be much faster, much simpler, and MORE personal online. Today's 22-year-old will think nothing of using instant messaging or online chat to research a transaction.
- **Oh yeah, online is much less expensive:** Thanks to competition, it's inevitable that online-only users will begin to see their banking costs fall compared to users of the more expensive branch channel. We don't expect explicit branch surcharges. Instead, banks will offer better deals for those who handle their account online. For example, just about every financial institution will offer FREE *e-checking*, while "regular" checking, which includes branch access among other things, will run \$5 to \$10 per month. That extra \$60 to \$100 per year will offset branch costs for a while. But as more customers switch to e-checking, banks will be forced to reduce branch costs. A large portion of the coming branch reductions will be realized through in-market acquisitions with merged branch systems dramatically downsized. And financial institution buyers won't pick up the excess branch capacity this time. If our Seattle experience is any guide, most closed branches will end up as coffee shops.



ING Direct emphasizes low costs in a banner on BankRate.com's "Checking & Savings" area (5/2/06).

Table 3
Channel Changing?

Decade	Wired	Tired	Expired
1980s	Drive-up ATMs, telephone customer service, preapproved direct mail, gold cards, PIN debit, telephone bill pay, evening telephone service, preauthorized direct debit, Quicken; grocery store branches	Banker's hours; cash back from paper checks	
1990s	Online banking, automated call centers, online banking, 24-hour banking, electronic bill payment, MS Money, email alerts, signature debit, cash-back at the point-of-sale; new branches with a bright retail look & feel	Telephone bill pay, on-hold messages	Cash back from paper checks
2000s	Two-factor authentication, remote check deposits, real-time funds transfer, 100% security guarantees, opening accounts online, online chat, self-service banking, online rewards programs, premium online banking, PayPal, prepaid cards, online check images; electronic statements	Call centers, branches, paper checks, Quicken & Money, gold credit cards, signature debit; simple username/password authentication; paper statements	Telephone bill pay, on-hold messages
2010s	Mobile banking & payments (<i>mobile wallets</i>), customized online banking & bill payment, three-factor authentication with biometrics	ATMs, email alerts, online chat, prepaid cards; two-factor authentication; branches	Call centers, paper statements, paper checks, remote check deposits, signature debit; username/password authentication; paper statements
2020s	Invisible banking & bill payment, total automation	Online chat, rewards programs, logging in daily/weekly	ATMs, branches, email alerts, online chat, prepaid cards; two-factor authentication

Source: Online Banking Report, 4/06 with inspiration from *Wired* magazine

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Branching Forecast

How fast will the branch system decline? A story this month in *American Banker* (April 17) warns of branch saturation. According to Keefe Bruyette, for the first time since tracking began in the 1930s, there was a “meaningful” decline in the number of people served per bank branch. The company cited a decline from 3,000 people per branch in 2002/2003 to 2,900 in 2005. The firm predicted a slowdown in branch building beginning in 2007.

Given the century-long rise in the branch total, it’s difficult to call the top. But we’d be shocked if the total doesn’t begin falling within the next few years. In fact, we expect a decline of 4% to 5% by the end of this decade, 10% to 15% within 10 years, and as much as 40% in 20 years (*see Tables 4 and 5 below*). An even more dramatic decline will be seen in total square footage as new branches are squeezed into smaller footprints. We predict the average branch size to be 25% smaller in 20 years and the total square footage of all U.S. branches to drop by more than 50%.

The reason for the branch reductions, other than cost savings, will be the rapid decline in branch traffic. We predict total monthly branch visitors will decline by 60% by 2025 as paper checks all but disappear from the consumer scene. These branch reductions combined with 1.3% annual compounded growth in banking households, means that within 20 years there will be one branch for every 2,600 households compared to one for every 1,200 today. That means on a per capita basis, branching costs will be less than half what they are today.

Table 4

Branch Predictions for 2025

	2005	2025	% Change
Number of U.S. bank branches	90,000	54,000	(40%)
Indexed with 2005 = 100			
Number of branches	100	60	(40%)
Total square feet	100	45	(55%)
Average branch size	100	75	(25%)
Total daily visitors	100	40	(60%)
Visitors per branch	100	67	(33%)
Visitors per square foot	100	89	(11%)
Households with 1+ branch visits/mo	100	25	(75%)

Source: Online Banking Report estimates, 4/06 (moderately speculative, +/- 25%)

Table 5

2005 through 2025 Branch Banking Trend

	2005	2010	2015	2020	2025	CAGR
Number of U.S. banking households	109 mil	115 mil	120 mil	130 mil	140 mil	1.3%
Number of U.S. bank branches	90,000	86,000	79,000	68,000	54,000	(2.5%)
Number of households per branch	1,200	1,300	1,500	1,900	2,600	3.8%
Indexed with 2005 = 100						
Number of branches	100	96	88	75	60	(2.5%)
Total daily visitors	100	90	75	60	40	(4.5%)
Average branch size	100	97	92	85	75	(1.4%)
Total square feet	100	93	81	64	45	(3.9%)
Visitors per branch	100	94	85	80	67	(2.0%)
Visitors per square foot	100	97	93	94	89	(0.6%)
Households per branch	100	110	125	160	210	3.8%

Source: Online Banking Report estimates, 4/06 (moderately speculative, +/- 25%)

Preparing for a Branchless Future

It's one thing to buy into the argument that the value of the branch as a sales channel has peaked, and quite another to figure out what to do about it. Naturally, we believe the online channel will pick up most of the slack, both as a direct sales medium and as the primary influencer of offline sales. Given that bias, here are our priorities for boosting online sales:

- **Make a good first impression:** There's a certain look and feel that users expect from a financial website, and it evolves over time. Make sure you start with a great first impression and exude an overwhelming sense of trust.
- **Optimize your website for sales:** If you haven't already, start thinking of your website as a *major* source of new accounts. Within 10 years, expect to make at least 50% of your sales online. Even today, online information influences a significant number of offline purchases. Last week, **Yahoo Search Marketing** presented research suggesting that 60% of ALL bank-product research is conducted online (*FMW*, April 24).
- **Improve online sales support:** Put everything the customer needs in a logical place on your website. Just as online retailers learned in the late 1990s that hiding shipping costs killed sales, banks have to be upfront with all the costs and terms and conditions.
- **Streamline account opening:** Make sure it is super easy to open a new account online with instant funding, lots of feedback on the process, service standards/guarantees, live chat, and all the trappings of an online retailer that really "gets it" (*see pp. 9-10*).
- **Capture the leads:** Start capturing visitor leads now, grabbing names and email addresses through online registrations to access premium content, signup for rate alerts, or to enter sweepstakes.
- **Implement sales incentives:** Put a seasoned salesperson in charge of online sales, and pay them as much, if not more, than your best branch manager. Yes, the channel conflict will make everyone uneasy, but it's an inevitable clash, one that is better dealt with sooner than later. You'll find creative ways to deal with it, such as shadow accounting that incents both the branch and the online channel.
- **Build comprehensive rewards programs:** Growing usage of the online channel provides an opportunity to take an old idea and supercharge it. Programs deemed too expensive in the pre-Internet era have new life online. Now you can reinforce programs with email alerts, Web-based rewards centers, and a plethora of marketing messages. You can also work with local merchants on joint marketing, discounts, and so forth. In light of **Citibank's Thank-you Network** and **National City's Points**, we believe the majority of major banks will launch their own versions within the next 12 to 18 months.
- **Don't overlook loan products:** There's one banking product that's been almost entirely sold on a remote basis for the better part of two decades: the credit card and to a lesser extent, other forms of revolving credit. Consumers have little concern about grabbing a \$5,000 line of credit from just about anyone with enough money to send them an offer in the mail. This same consumer behavior will shift to the online channel, once there is sufficient trust.

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- **Consider aiding the consumer research process (*open finance*):** In areas that consumers are likely to be shopping, such as high-yield deposits, refinances, and so on, help them with the process. The best examples of open finance are **IndyMac** (*OBR 124*) and **Progressive Auto Insurance** (*FMW Nov. 8, 2005*).
- **Rethink advertising & promotion strategies:** Just as you site branches next to high-traffic areas, you need to place online outposts in proximity to Web traffic. For example, **MySpace.com** is the fifth busiest website in the U.S., trailing only the big four (*Yahoo, Google, Microsoft and eBay*). And these teens and twenty-somethings busy social-networking today will soon graduate, find responsible jobs, marry, have kids, buy houses, and so on. You want to bank these folks. Since it may be hard for the over-30 crowd to relate to MySpace, put together an advisory council of younger customers and employees and charge them with creating a business plan to appeal to MySpace users.
- **Promotions on mapping and housing services:** Newcomers need a map to find anything in a new city. That provides many opportunities to advertise on mapping sites. Look especially for opportunities at rental and home listings services such as **RedFin** and **Zillow** (*see FMW Feb. 8, 2006*).
- **Develop a movers' program:** **Bank of America** has by far the most comprehensive program geared towards movers. It provides detailed city-by-city information and interactive guidance for the moving process (*see pp. 12-14*). However, it's not necessary to build anything nearly as exotic. A simple list of preferred vendors would be a good start. For extra credit, allow business-banking clients to enhance their listings free of charge.
- **Offer package accounts to movers:** When someone is moving or relocating, they are racking up expenses like crazy. Although banking costs are a small piece of the overall picture, the cost of running two checking accounts in parallel, wiring money to/from the old bank, and so on, cause fees to add up. As an alternative to free checking, offer to transfer money free of charge between the new/old accounts and/or waive fees for a defined period (*e.g., 6 to 12 months*).
- **Post an online switch kit:** Online switch kits are now available at more than 1,000 U.S. financial institutions. Don't be the only one in town without one (*see pp. 15-16 for more*).
- **Deliver "lifetime" services:** As consumers free themselves from branch dependency, you will no longer automatically write off customers leaving your branch footprint. The hassle of moving accounts may overcome the slight convenience advantage of a local account. Here are some of the most important online retention tools:
 - lifetime statement/image archives
 - electronic bill payment
 - direct deposit
 - automated anything
 - lifetime mortgages such as **Third Federal's Mortgage Passport** (*see next page and FMW Jan 23, 2006*) and **E*Trade's Mortgage on the Move**
 - renters/moving loans
 - reward programs



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- **Lead with the mortgage:** Everyone wants to bank the trade-up or trade-down homeowners, and for good reason. The average household buying *and* selling a \$350,000 home will spend \$15,000 to \$25,000 on real estate services, \$3,000+ on a mortgage, \$2,000+ on moving expenses, \$1,000 on travel expenses, and so forth. The total could easily surpass \$25,000. Banks offering a combination mortgage/banking combo could lock up the financial services. Even better: work with a real estate agent offering substantial online discounts to new customers (*see FMW Feb. 8, 2006*).
- **Support offline sales:** As bullish as we are on the future of online sales and marketing, it's not as if someone throws a switch and online sales suddenly surge. Consumers are cautious with their money, and they like the security of dealing with someone they know. Most customers still desire a certain level of human interaction, and for bigger deals like mortgages, a face-to-face meeting is mandatory. So, make it easy to research online and then ask questions via online chat/phone, or by requesting a callback or in-person appointment.

For more ideas, refer to our annual planning guide with ideas categorized by product and by market (*OBR 122/123*).

The screenshot shows the Third Federal Savings & Loan website. The navigation bar includes links for HOME, MORTGAGES, HOME EQUITY, DEPOSITS, INVESTMENTS, and ABOUT. A red arrow points to the 'Mortgage Passport' link under the MORTGAGES tab. The main content area features the heading 'Your Passport to a Lifetime of Mortgage Services' and a list of benefits for the Mortgage Passport program.

Third Federal SAVINGS & LOAN

1-888-THIRD-FED

HOME / home mortgage / mortgage passport

Your Passport to a Lifetime of Mortgage Services

Thank you for your interest in our exclusive Third Federal Mortgage Passport™ Program.

Mortgage Passport is your gateway to exclusive mortgage advantages with Third Federal, including LIFETIME mortgage approval. With a Third Federal mortgage you can count on consistently low rates, a simple application process, great service and the confidence of knowing that since 1938, we have never sold the servicing of a mortgage. In fact, ours is the only mortgage relationship you'll ever need.

- No cost to enroll
- No obligation to purchase or refinance a home
- Faster loan processing
- Borrow any amount you want
- One less hassle!

THIRD FEDERAL MORTGAGE PASSPORT™

1-877-THIRD-NOW

Ohio's **Third Federal Savings & Loan's** <thirdfederal.com> **Mortgage Passport** may be the best relationship program we've ever seen.

The free service promises a **lifetime** of preapproved mortgages and/or refinances, subject to a few simple rules:

- Owner-occupied housing within the bank's lending area (all of Ohio and parts of Kentucky and Florida)
- Maximum LTV of 85% for loans less than \$650,000; 60% for loans higher than \$650,000
- Have never declared bankruptcy or been foreclosed upon

See FMW Jan. 23, 2006, for more information.

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Innovations in New Account Acquisition

Selling Checking Accounts Online

Other than households on the move (*see next section*), most customers are motivated to seek a new checking account for one of three reasons:

1. They are fed up with their existing financial institution, usually for service-related reasons exacerbated by fees
2. They are getting married or divorced
3. They are looking for a better deal

Banks have made great strides in developing website tools and content designed to entice prospective customers into starting a new checking account. We recently looked at the 10 largest U.S. financial institutions along with a representative online-only bank (E*Trade) to gauge efforts to sell checking accounts online. Our observations reflect only Web-based efforts.

Compared to previous studies, the major banks are doing relatively well in catering to checking account prospects. While no bank received an A in our grading system, both **Wells Fargo** and **Bank of America** scored a B+ with 75% and 73% ratings respectively. Also scoring well were **Citibank** (66%) and **Citizens** (63%), both earning a B-. The remaining seven financial institutions all scored 50% or less earning Cs and Ds (*see Table 6, next page*).

Factors influencing the *New Account Acquisition Grade*:

- **Usability of the new checking account application** (20% of the total): Only Citibank and Wells Fargo scored a perfect 4 stars. Three banks had sub-standard offerings (score of 0 or 1), Wachovia, WAMU, and U.S. Bank.
- **Checking account visibility on homepage** (15% of total): SunTrust was the only bank that failed this test. All others had good or excellent checking account visibility (3 or 4 stars).
- **New account content** (15% of total): The banks were all over the board in the quality of sales and marketing content for checking-account shoppers. Only BofA scored 4 stars with their excellent movers' area (*see pp. 11-14*). Citizens and Wachovia also did a good job, each earning 3 stars.
- **New account tools** (10% of total): Citizens was the top scorer here (4 stars) with its online switch kit and other tools. BofA, Wells, and Wachovia also did well (3 stars).
- **New account offers** (10% of total): It's hard to judge the overall effectiveness of online offers because they vary depending on the season, the path to the website, previous history, and other factors. But during our mid-April visits, there wasn't much going on. Only Wells (3 stars) was running an offer to attract new checking accounts. Everyone else scored 0 or 1.
- **New account customer service** (10% of total): Overall, banks scored well here. Citibank, Wells, and BofA were 4-star, with Wachovia, SunTrust, and Citizens scoring 3 stars.
- **Other factors: Navigation to personal accounts** (5% of total), **Funding information** (5% of total), **Internal site search** (5% of total), and **Google search visibility** (5% of total): None of the banks had any visibility on Google for searches on "yourcity + banks" using the bank headquarters' location. ⇨

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Table 6

New Account Acquisition Scorecard: Top-10 U.S. Retail Banks

	Factor	Wt	1 Wells	2 BofA	3 Citi	4 Citizens	5 Wach.	6 E*Trade	7 (tie) HSBC	7 (tie) Chase	9 WAMU	10 Sun	11 US Bank
1	"Checking" visibility on homepage	15	3	4	3	3	2	3	4	3	4	0	3
2	Navigation to personal accounts	5	4	3	3	4	3	3	3	3	4	4	4
3	Funding information	5	4	2	3	0	3	0	0	0	0	0	0
4	New account content	15	2	4	2	3	3	2	1	1	2	2	1
5	New account tools	10	3	3	2	4	3	1	1	2	1	2	1
6	New account offers	10	3	0	1	0	0	0	0	0	1	0	0
7	New account customer service	10	4	4	4	3	3	2	2	2	1	3	1
8	New checking account application	20	4	3	4	3	1	2	2	2	0	2	1
9	"New checking account" search results	5	1	3	2	2	3	4	1	1	4	3	2
10	Google "yourcity + banks"	5	0	0	0	0	0	0	0	0	0	0	0
Total raw score (out of 40)			28	27	25	22	21	17	14	14	17	18	14
Total weighted score (out of 100)			75%	73%	66%	63%	50%	45%	41%	41%	40%	39%	33%
Final Grade			B+	B+	B-	B-	C	C-	C-	C-	C-	D+	D

Source: Online Banking Report, 4/06 Score: 0 to 4 stars depending on how strong the bank meets the criteria

Guidelines

- Are the words "checking account" visible on the homepage?
- Alternatively, if the user is not looking for the word "checking," but for info on personal accounts, how easy is it to navigate to an area that discusses checking accounts?
- Is there an obvious instant-funding mechanism?
- Does the website offer content that speaks specifically to new accounts?
- Are there tools to assist new accounts, such as an online switch kit?
- Is there a package account or some type of offer aimed at new accounts?
- Is there dedicated customer-service support for new accounts?
- How user-friendly is the application (form) for opening a new checking account (*how long does it take, what info is needed, ability to save, one-screen section, help, security*)?
- Are the site-search results for "new checking account" accurate and relevant?
- When searching on Google for "yourcity" + "banks," does the bank have organic results and/or an ad on the first two pages of results; more points the closer the results are to the top.

Grading scale:

A = 80% to 100%
 B = 60% to 79%
 C = 40% to 69%
 D = 20% to 39%

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Movers

One important dynamic of the banking is the “stickiness” of customers. It requires a major screw-up to motivate a customer to go through the hassle of unwinding their direct deposit, preauthorized debits, and electronic bill payments. However, there is one time—when customers move—that they literally beat a path to your door looking to open multiple accounts.

It has long been the holy grail of banking to find a way of identifying these “new movers” and get them signed up before they go bank shopping in their new place of residence. Over the years, banks have worked with moving companies, large employers, and other lead sources. Millions of expensive direct-mail packages have dropped, but the returns are often marginal at best. The problem: Households on the move don’t read their junk mail, if they even receive it.

Enter the Internet. What do most households do once they know they are moving to a new city? They Google it.

So, if you know potential customers are searching for resources at your city, you had better place your name in areas they are visiting, such as rental listings, real estate listings, school info, and so on. And once you get their interest, your website better speak directly to their situation, because, in the midst of a major move, they don’t have much time to think about checking accounts.

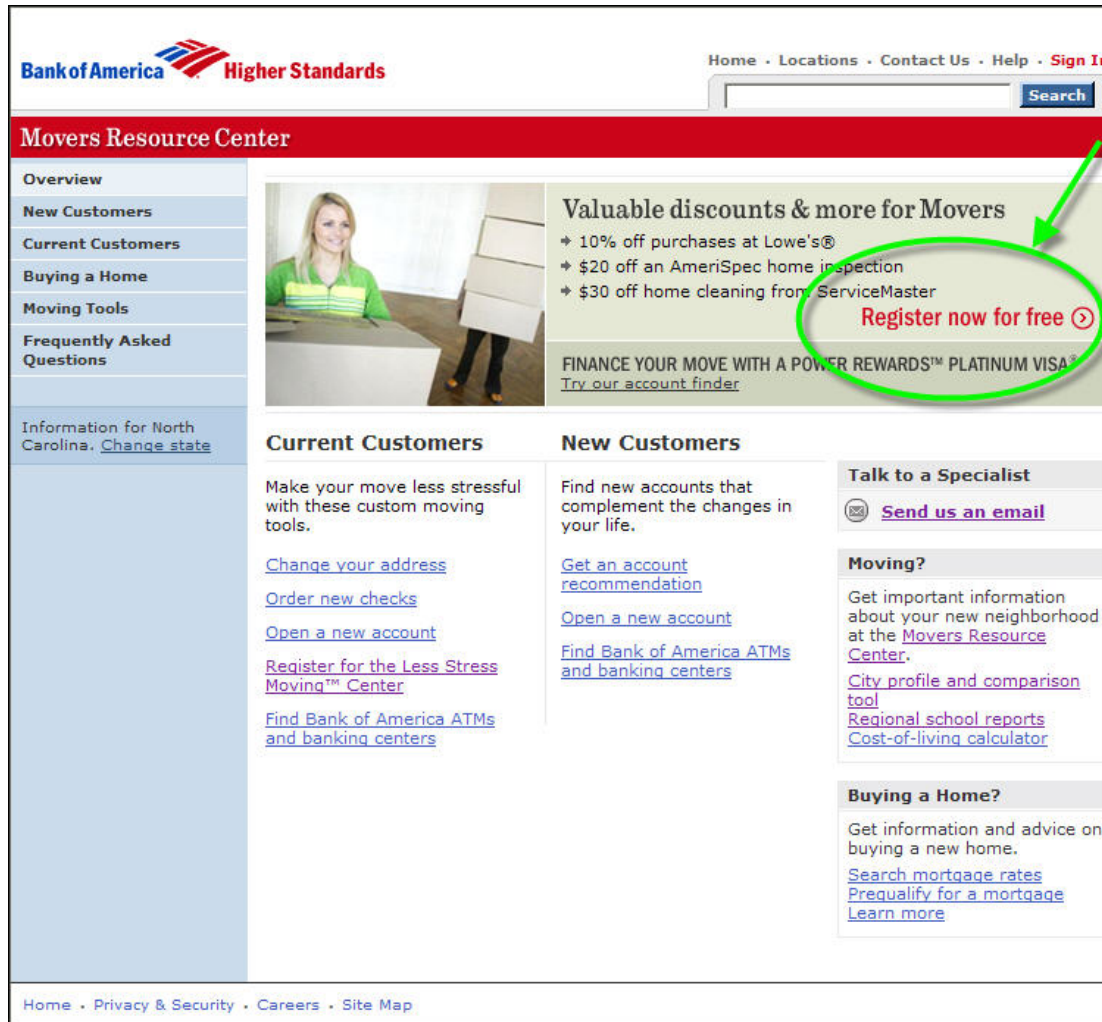
Ironically, the company with the largest branch system, **Bank of America**, is the only major bank with a dedicated movers’ area (*see the next page*); however, more than 1,000 financial institutions have posted “account switch kits.” The so-called kits are generally simple checklists dedicated to the mechanics of moving a checking account (*see Switch Kits, pp. 15-16*). The only other banks we found with prominent content geared to movers were in New Zealand and Australia.

Every bank should have some content geared towards movers. It doesn’t have to be as sophisticated as **Bank of America’s Movers Resource Center** (*see next page*), but it should tell potential customers:

1. What a great presence you have in the community
2. How your prices are competitive
3. How convenient it is to move accounts to your bank
4. How easy it is to contact someone who cares (e.g., “Chat now with our moving specialist”) ⇒

PNC Bank has one of the better areas geared towards movers.

BRANCHLESS BANKING



BofA's "Movers Resource Center" is an excellent lead generation tool and resource.

Bank of America's Movers Resource Center (above) provides a good model for a successful program. Its key features and benefits include:

- **Free registration:** You don't have to be a bank customer to use the service. This allows the bank to gain a steady stream of prospective new customers.
- **Less Stress Moving Center:** This registration-required area walks users through detailed project planning and creates to-do lists and action plans for the various phases of a move (*see screenshot next page*).
- **City profile comparisons:** Users can do a side-by-side comparison of the demographic and economic factors in their target destination(s) (*see screenshot next page*).
- **School reports:** Users can access a report that provides basic information about specific schools, such as the student-teacher ratio, grades offered, special programs and more (*see screenshot, p. 14*).
- **Cost-of-living calculator:** The online tool allows users to see how far their income will stretch in the target location compared to where they are today. The form allows exact housing costs to be entered so they don't overwhelm the calculations (*see screenshot, p. 14*).

BRANCHLESS BANKING

Higher Standards

Your Move Planner
[Manage Your Profile](#) - [Sign Off](#)

Your Timetable
[Getting Started](#)
Pre-Move

- ☒ Jul 8 & prior
- [Jul 9 - 15](#)
- [Jul 16 - 22](#)
- [Jul 23 - 29](#)
- [Jul 30 - Aug 5](#)
- [Aug 6 - 12](#)
- [Aug 13 - 19](#)
- [Aug 20 - 26](#)
- [Aug 27 - Sep 2](#)

Post-Move

- [Sep 3 - 9](#)
- [Sep 10 - 16](#)
- [Sep 17 - 23](#)
- [Sep 24 - 30](#)
- [Move Complete](#)

[View All Weeks](#)
[Open New Accounts](#)
[Special Offers and Services](#)
[Article Library](#)

Start Your Move Checklist
It is 18 weeks until your move date of September 01, 2006. Want to [update your move date?](#)
[Print this week's tasks](#) View this week's:

Tasks for Start Your Move (Jul 08, 2006 and prior)
[Add a task to this week.](#)

Tasks To Do	done	to do	n/a
If you're considering several different communities begin researching and comparing. Use our city comparison tool to get started. Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Plan your moving budget with our form. (PDF) Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Compare renting versus owning with our calculator. Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Estimate out how much your home is worth with our online tool. Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Find out why it's a good idea to prequalify for a mortgage. then begin targeting your search for a new home by getting prequalified online. Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Use our househunting checklist to start a list of priorities for your new home. (PDF) Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Search mortgage rates or get a mortgage rate alert when rates hit the target you select. Edit task date.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Less Stress Center

The carrot used by BofA to obtain user registrations, is a detailed moving project plan and task list. Users enter their move date and suggested tasks appear on a series of weekly lists.

Users have the ability to edit the lists and add their own tasks. The customized lists are saved for future

Higher Standards

[Home](#) - [Locations](#) - [Contact Us](#) - [Help](#) - [Sign In](#)

Movers Resource Center

Overview
[New Customers](#)
[Current Customers](#)
[Buying A Home](#)
Moving Tools
[Less Stress Moving™ Center](#)
[City Profile and Comparison Tool](#)
[Regional School Reports](#)
[Cost-of-Living Calculator](#)
Frequently Asked Questions

City Profile and Comparison Tool Results
[Return to City Profile and Comparison Tool](#)
[Printable version](#)

	CHAPEL HILL, North Carolina	FLAGSTAFF, Arizona
General Information		
County Name or Metropolitan Area Name	Chatham County	Coconino County
Time Zone	EST	MST / NDS
Demographics		
Median Family Income	\$64,887.00	\$45,413.00
Median Age	40	29
Population	21,093	73,278
Population Density	380	29
Education Levels		
High School Graduate Rate	94.3%	90.6%
Bachelor's Degree	72.3%	41.3%

City Profile

Another feature, available to anyone, registered or not, is the "City Profile and Comparison Tool."

This tool asks the user for two specific cities, then compares demographic, economic, and transportation metrics in a side-by-side comparison.



BRANCHLESS BANKING

Bank of America

Higher Standards

Home • Locations • Contact Us • Help • Sign In

Movers Resource Center

Overview

New Customers

Current Customers

Buying A Home

Moving Tools

Less Stress Moving™ Center

City Profile and Comparison Tool

Regional School Reports

Cost-of-Living Calculator

Frequently Asked Questions

School Reports: List of Schools

[Get school reports for a different city](#)

[Printable version](#)

Schools in CHAPEL HILL, North Carolina

[View list of school districts](#)

School	Teacher / Student Ratio	School Type	Grade Span	School Profile
CHAPEL HILL HIGH SCHOOL 1709 HIGH SCHOOL RD CHAPEL HILL, NC, 27516-9240 919-929-2106	1:13	PUBLIC	9-12	View Profile
CULBRETH MIDDLE SCHOOL 225 CULBRETH RD CHAPEL HILL, NC, 27516-8302 919-929-7161	1:8	PUBLIC	4-8 / 7-8	View Profile
EAST CHAPEL HILL HIGH SCHOOL 500 WEAVER DAIRY RD CHAPEL HILL, NC, 27514-1721 919-969-2482	1:14	PUBLIC	9-12	View Profile

School Report

The "School Report" provides info on each area school such as the teacher-student ratio.

Additional info is available by clicking the "school profile" link on the far right.

Bank of America

Higher Standards

Home • Locations • Contact Us • Help • Sign In

Movers Resource Center

Overview

New Customers

Current Customers

Buying A Home

Moving Tools

Less Stress Moving™ Center

City Profile and Comparison Tool

Regional School Reports

Cost-of-Living Calculator

Frequently Asked Questions

Cost-of-Living Calculator

Compare the cost of living for two cities, including housing costs, utilities, transportation and others. Also, see how your current salary compares with salaries in other cities.

The more information you can provide about your current housing situation the better your results will be.

An asterisk (*) indicates required information.

Where You Live Now

* Your Current Annual Salary: \$.00

* State:

* City:

* Monthly Housing Payment: \$.00

Where You Are Moving to

* State:

* City:

Cost-of-Living Calculator: The cost-of-living calculator provides a simple way of determining how far your salary will go in a new location compared to your current situation.

Switch Kits

How many times have you been in meetings that digress into long discussions on how to make it easier for customers to switch to your company? There is just no simple way around the tedious and labor-intensive process to unwind automatic withdrawals, transfer bill payment merchants, account for outstanding checks, and so forth.

But just because it's difficult, doesn't mean you should avoid it. Every financial institution should address the subject on their website. And many do. In our research, we were pleasantly surprised to find at least 500 banks and another 500 credit unions have posted online switch kits, primarily consisting of the following downloadable forms:

- **Payroll direct-deposit authorization form:** Used for the all-important paycheck switch
- **Automatic payment switch form:** Used to redirect all those pesky preauthorized debits to your new account
- **Account closing form:** Used to send to the old bank to close the account
- **Account conversion checklist:** Detailed list of things to do
- **Account-balance worksheet:** Extra credit for Quicken users and the like, a worksheet to calculate the remaining balance at the old bank

Citizens Bank,* the U.S. unit of **Royal Bank of Scotland**, has the best account-switching area at one of the major banks (see also **PNC Bank**, screenshot p. 11). It offers an online tool that provides the appearance of automating the process. The bank even offers a demo of the module (see screenshot below).

But even more important, it offers *Citizens Bank Switch Support*, a “free concierge service ... where dedicated professionals will do part or all of the work for you ...” Interestingly, *Switch Support* is available only to customers buying its premium checking account, *Circle Gold*, which runs \$20 per month unless you have \$20,000 on deposit. However, any customer may use the self-serve *One Switch* module.

The screenshot shows the 'One Switch' interface for Charter One. At the top, there's a green header with 'Secured Site' and the Charter One logo. Below the header, a green bar contains 'One Switch®', 'Logout', and 'Help'. The main content area is titled 'Step 2: Bank Information' and 'Bank Information'. It instructs the user to 'Enter the information for your bank.' and includes a section 'About Your Old Bank' with fields for 'Routing Number*' and 'Account Number*'. Each field has a 'Show me where it is.' link and a visual representation of the field's location on a check. A yellow box contains the reminder: 'Remember that a Routing Number has nine (9) digits.' Below this are fields for 'Bank Name*' and 'Address1*'. The left sidebar shows a progress bar with steps: 'GETTING STARTED', 'Step 1: Personal Information', 'Step 2: Bank Information' (highlighted), 'Step 3: Contact List', and 'Step 4: Print Letters'.

The Charter One/Citizens online switch kit includes online data entry, but requires print-and-mail letters to initiate most of the functions.

* The company also owns and operates Charter One, which originated the One Switch program three years ago.

ONLINE MARKETING

Table 7

OBR's Ultimate Bundles for Movers & Account Switchers

Feature	Movers	Switch	Comments
Credit line	✓	✓	Helps with transition expenses for movers, makes good impression
Overdraft protection	✓	✓	Could be included with the credit line above
Package of new accounts	✓	✓	Homeowners package, renters package, etc.
Fee waiver during transition	✓	✓	Waive fees for 3 to 12 months
Identity protection at new address	✓		May be more concerns about identity theft during a move
Renter's support	✓	✓	Resources for finding a place; credit line for upfront expenses
Home buyer support	✓	✓	Resources for finding a home; discount on mortgage/Realtor fees
Mover's services	✓	✓	Resources for finding a mover
Bank concierge services	✓	✓	Assistance with changing financial accounts
Change-of-address verification	✓		Verify that new address is properly recorded in all three credit bureaus and other databases
Previous account monitoring	✓	✓	Monitor previous accounts for any additional activity
Bill payment merchant setup	✓	✓	Help in setting up common merchants
Pre-auth debit switching	✓	✓	Help in switching preauthorized debits and electronic transfers
New account orientation	✓	✓	Guided tour of new accounts, online banking, and location of ATMs
Credit card with guaranteed authorization during the move	✓		No worries about credit card not working during the move
Prepaid debit cards for travel cash	✓		Alternative to the credit card above
Fresh start PFM software bundle	✓	✓	Free copy of Quicken/Money to organize finances, and instructions on how to download bank transactions
Online access assistance	✓		Resources for establishing Internet access in new location including wi-fi hotspots, public access, and in-home choices
Forms and worksheets	✓	✓	See previous section

Source: Online Banking Report, 4/06

The screenshot shows the Hills Bank and Trust Company website. The header includes the bank's name and tagline "Serving thousands of customers... one at a time.™". Below the header is a navigation bar with links for "Online Banking", "Personal", "Business", "Trust & Investments", and "Hills Bank". The main content area is divided into several sections. On the left, there is a login section for "Hills Bank Online" with fields for ID and Password, and buttons for "SUBMIT", "RESET", and "HELP". Below this is a "What's New?" section and a "Specials" section. On the right, there is a "Welcome to Hills Bank" section with a date "April 3, 2006". Below this is a "Classroom Cash" section, an "Easy Switch" section (highlighted with a red arrow), and a "Hills Bank Mortgage Center" section. The "Easy Switch" section states "Moving to Hills Bank is as easy as 1-2-3." At the bottom of the page, there are links for "Privacy Policy" and "Terms & Conditions".

Typical placement of "switch kit resources" as seen at Hills Bank and Trust in Iowa City, IA.

Marketing to Movers

It's been 20 years since we last moved across the country. The difference in that time is remarkable. In our 1986 move to Seattle, we relied on the Yellow Pages, directory assistance, a subscription to the Sunday Seattle Times, and, luckily, established family in the area.*

Today, you can go online to find out most of what you need to know about the new location. Even communications with friends and family are often largely by email. In this environment, more and more consumers go online to find a new financial relationship. And compared to new jobs, new schools, and a new place to live, the new bank account is very low on the priority list.

In our research on the resources available to the 10 to 15 million households on the move every year, we saw little information targeted to those wanting a new checking account. Even though many movers have the option of keeping their current checking account because they are moving within the confines of their bank's branch network, it is still a major transition where savvy financial institutions could attract new business with a package of services geared towards movers (*see Table 7, previous page*).

To find the best avenues for marketing to newcomers headed into your market, run your own searches on the following terms:

- moving to yourcity
- renting in yourcity
- newcomers in yourcity
- chamber of commerce yourcity
- guide to yourcity
- yourcity jobs
- yourcity resources
- homes in yourcity
- homes for sale in yourcity
- real estate in yourcity
- banks in yourcity
- credit unions in yourcity
- utilities in yourcity
- schools in yourcity
- yourcity neighborhoods

*Of course, had we been moving as part of a corporate relocation, there would have been HR resources to help.

ONLINE MARKETING

Advertising & Promotion

Several major online moving sites could be good venues for marketing to movers. Only one, **White Fence**, currently has a bank-account section, with guess-who as a major sponsor—Bank of America (*see screenshot below*). Although promotion opportunities are limited on the national scene, many regional areas have dedicated moving resource sites that could be used by financial institutions (*see Table 8 below for a sampling*).

Table 8

Top 3 advertisers for “moving” searches at Google

Search: “moving cross country”

GetaMover.com
Moving.com
MoverGain.net

Search: “moving to Boston”

MyMovingQuote.com
PremiumRelocation.com
MomsMoving.com

Search “moving to Texas”


ArmstrongRelocationDallas.com
PremiumRelocation.com
HelpUMove.com (*Washington**)

Source: Google search, 5/4/06 *Local advertiser targeting our IP address (Seattle, WA)

The screenshot shows the WhiteFence.com website. The header includes the WhiteFence logo and navigation links: Search, My Orders, My Profile, My Addresses, and Logout. A left sidebar lists various services under categories like Special Offers, Basic Services, Financial Services, and Moving Services. The main content area features a section titled "The Following Banking Services Offers Are Available For: 4739 University Way NE, #1002, Seattle WA 98105-4412". Below this, there are two offers: Bank of America and NetBank. Each offer includes a checkbox, the bank's logo, a description of the offer, and a "Details & Pricing" button. The Bank of America offer includes a "Best Price Guarantee" icon. The NetBank offer also includes a "Best Price Guarantee" icon. There are "Compare" buttons and numbered instructions (1 and 2) for comparing offers.

Two banks are paying for leads at MoveUtilities.com (aka, WhiteFence.com):
BofA offers a \$50 prepaid Visa; NetBank \$75 in cash.


ONLINE MARKETING




Site Map | Create an Account | Login

MovingTruck RentalStorageMortgageReal Estate

Welcome to Moving.com




Get FREE Moving Quotes Fast!
Use the Quick Quote System™




I need help with:
- Select Move Type -
I'm moving on Date:
April 17 2006
I'm Moving FROM:
Zip
I'm Moving TO:
-- Select a State --
-- Select a City --
Approx. size of move:
- Select a Size -
Get Quotes

Looking to Move?
[Moving Quotes](#)
[Mortgage Quotes](#)
[Truck Rentals](#)
[City Profile Reports](#)
[Boxes/Supplies](#)
[Move Planner](#)
[Resources](#)
Settling In?
[Free Address Changer](#)
[Home Improvement](#)
[Insurance Providers](#)
[Coupons and Discounts](#)
[Utilities](#)


- [Commitment to Quality](#)
- [Rights & Responsibilities](#)

**Moving**


- [Find A Mover](#)
- [Boxes & Supplies](#)
- [Int'l Corp Relocation](#)

**Mortgage**


- [Mortgage Quotes](#)
- [Mortgage Protection](#)
- [Mortgage Calculators](#)

**Storage**


- [Find a Storage Facility](#)
- [Storage 101: A Primer](#)
- [Packing Supplies](#)

**Insurance**

- [Home Insurance](#)
- [Renters Insurance](#)
- [Auto Insurance](#)


**Real Estate**



- [City Profiles](#)
- [Find an Apartment](#)
- [School Reports](#)

**Utilities**

- [Local Phone Service](#)
- [Long Distance](#)
- [High Speed Internet](#)

Truck Rentals
Find Moving Truck Rentals In Your Area
-- Select Provider --
Submit

Free Move Planner
Reduce Stress:
We organize your move tasks and send you tips and reminders.


Free Address Changer
Save Time: We notify the Post Office and other organizations for you.

SPONSORED BY 

Find a Storage Facility
Enter your Zip Code
Submit

Find a Mortgage
Compare Mortgage Rates
- Select a State -
Submit

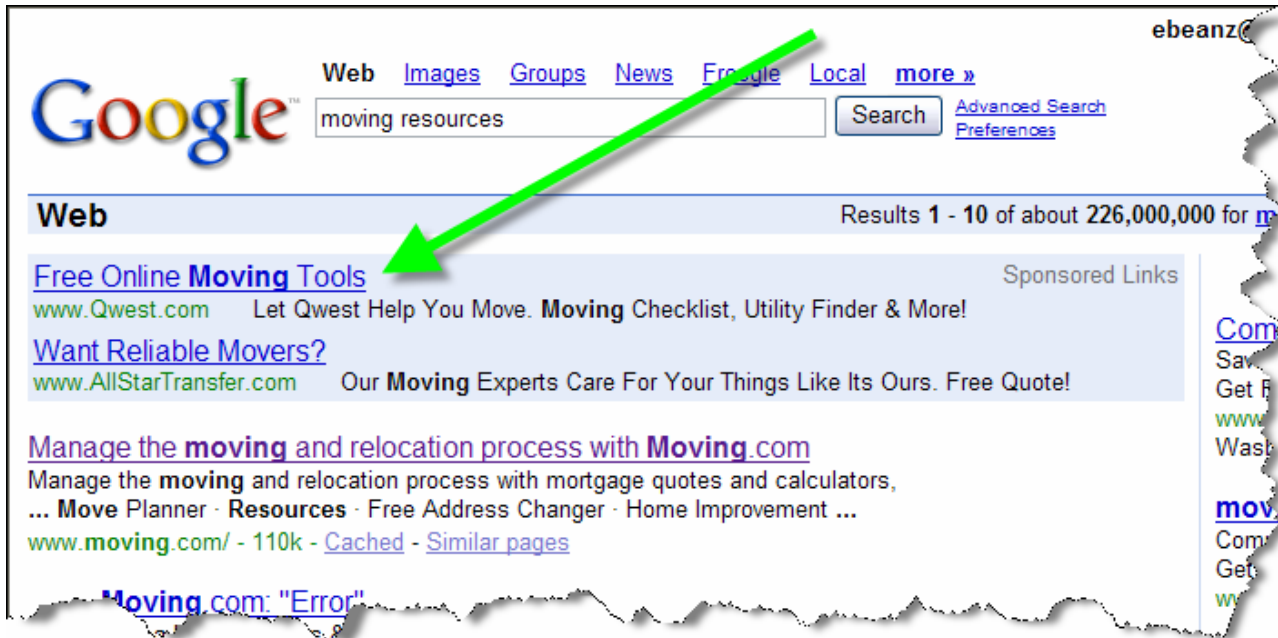
Moving.com, one of the largest moving resources online, provides mortgage tools, but there is no information on other financial products.

page 19

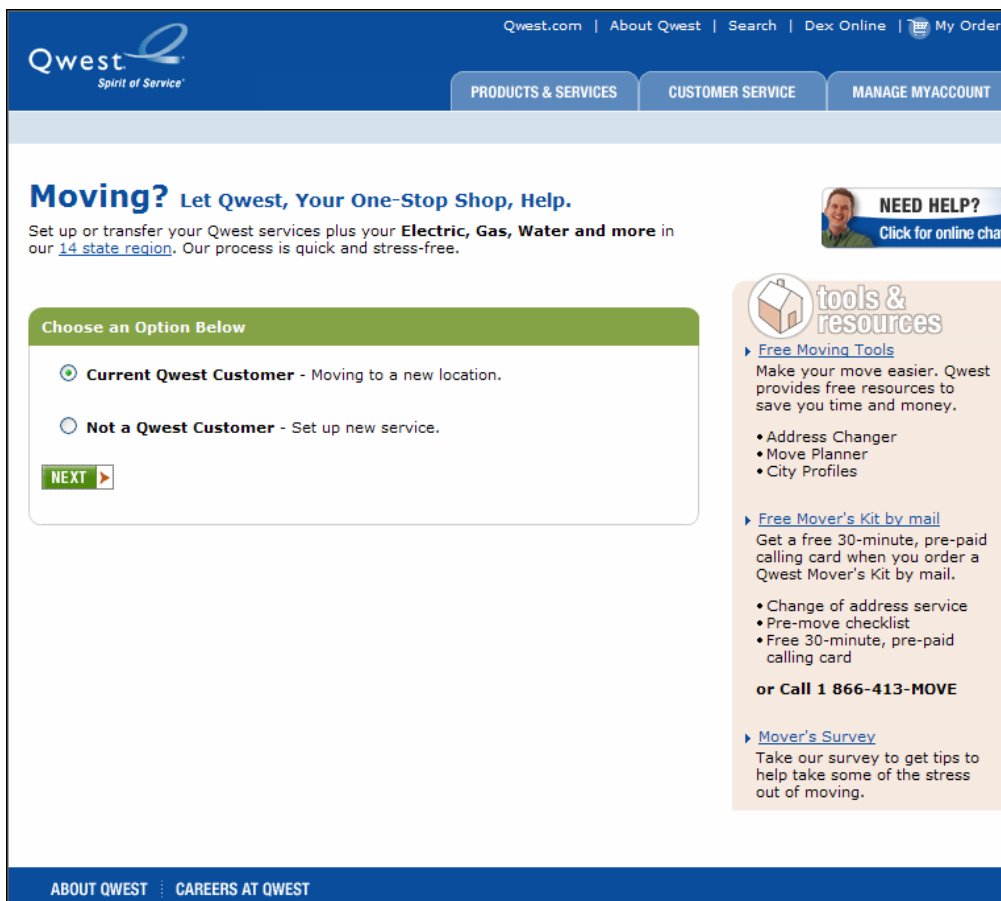
ONLINE BANKING REPORT
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ONLINE MARKETING



Surprisingly, the biggest Google advertiser for "moving resources" is Qwest, which has an interesting, but difficult-to-use, moving service. It starts out with great promise (see screenshot below) with an offer to let them help "move Electric, Gas, and Water and more." However, in our tests we were unable to do anything other than sign up for telephone service.



The not-so-impressive landing page at Qwest.

April 9, 2006

NACHA Gives Project Action Another Try

by Andrew Reinbach, Editor, *Electronic Payments Week*



NACHA <nacha.org> is relaunching Project Action, an ACH-based online payments idea that died four years ago because some NACHA members were worried that it would cut into their revenues from online card-based payments.

Even NACHA concedes that not much has changed since then, and that as a result, the new project may meet the same fate. But the association sees a need for the system—it's NACHA's job to promote ACH payments—and wants to give it another shot.

"We don't have any illusions that this is going to be a slam-dunk—we just think it's time to try," says Michael Herd, NACHA's spokesperson. The pilot, conducted by network provider **eWise Systems**, goes live in mid-year.

Emerging as it does against a backdrop of public concern about identity theft and data security, the concept makes plenty of common sense: NACHA's program allows consumers to make online payments without divulging personal information.

How it Works

When buying online, consumers would select the ACH-payment option, which redirects the buyer to their bank's site where they log in and authorize the ACH payment. It's the same method pioneered by **PayPal** for use at merchants outside the eBay environment. While not as smooth as a credit card transaction, the system has the virtue of keeping all personal information out of the hands of the merchant—no small advantage in an atmosphere filled with concerns about data losses and identity theft.

The problem for the new pilot is that most consumers seem perfectly content to use their credit and debit cards to buy things at strange websites. A similar idea in Canada, called **Interac Online**, has gained remarkably little traction in the market since it was launched in mid-2005: Only 18 organizations are signed up, including four social agencies. No major online merchants are among them.

*All-Access subscribers may view **ELECTRONIC PAYMENTS WEEK** through the **ONLINE BANKING REPORT** website <www.onlinebankingreport.com>. It can be read online or downloaded in PDF format each month



Not to say Interac has accomplished nothing: A fourth institution, **BMO Financial Group**, is slated to go live soon, and **Chase/Paymentech** is about to join Canada's **Moneris Solutions** as a merchant acquirer. But Interac is a Canadian bank-owned consortium, and only three of Canada's banks participate—**Royal Bank of Canada**, **Scotiabank**, and **TD Canada**. And a Canadian non-bank solution called **usemybank.com** has likewise found scant interest among merchants and the general public, having signed no new customers in the past 10 months despite its predictions of an imminent explosion of business, especially in the United States.

Will it Fly in 2006?

The fundamental problem remains that some powerful NACHA members may not want to create an online payments alternative. While online commerce keeps growing—up 23% in 2005, compared with a 6% growth in all retail sales, according to the U.S. Census Bureau—few observers believe today that card revenues from both fees and interest will be as profitable in the future as they are today (see *Electronic Payments Week*, Feb 6, 2006). In that predicament, encouraging competing payment methods is apt to be viewed in the boardroom as cannibalizing established lines of business.

NACHA thinks things aren't so dramatic. "We don't presume that (issuers) are going to lose credit and debit transactions," says Herd. "They may lose a marginal amount, but if they did, we'd expect it to be minimal—less than 5%."

And NACHA thinks the cannibalization issue is overblown. "(issuers) could look at it like that, but they could also look at it as an area for new markets," says Herd. "They could see a lift in online transactions by having a different method, and they could see a lift from being able to utilize their own authentication services—that may be unrelated to payment transactions, but that could have a life of its own."

In fact, says **Celent Communications'** Alenka Grealish, this version of Project Action may have a chance at success than the first effort. "NACHA realizes that its growth depends on innovation, and its members invest in ACH payment upgrades on a pretty steady basis, so they want more flow through the pipeline," she says.

Also, she says, the card associations are preoccupied these days with the many interchange suits now before the courts, so their objections may be minimized, while merchants are more interested than ever in low-cost payments alternatives. And with predictions that online debit card payments are likely to overtake credit card payments within a few years (see *Electronic Payments Week*, March 31, 2006), the large credit card issuers may find themselves outvoted. This, she thinks, favors the new Project Action.

"When it comes to credit card issuers, that's an increasingly concentrated business, but there are 10,000-plus banks that want to make money from their debit cards, and they're going to be a little more open-minded about cannibalization," says Grealish.

Contact: NACHA, 703-561-1100; Celent Communications, Alenka Grealish, 503- 228-0878



From OBR's Financial Marketing Weekly*

April 24, 2006

Notes from BAI's SmartTactics Conference

by Jim Bruene, Editor, Financial Marketing Weekly



Several interesting tidbits surfaced in presentations April 24 and 25 at **BAI's SmartTactics** conference in Las Vegas:

Citibank online account acquisition

In 2002, 6% of **Citibank's** new checking accounts were generated online; in 2005, the number was 20%.

Our comments: Keep in mind that Citi's experience is unique. It has a huge brand and relatively small branch network, so many of its new accounts have no choice but to open online, or over the phone. And part of the growth can be attributed to non-checking products, such as its high-yield savings, that REQUIRE a companion checking account.

Bank of America's SiteKey rollout

The rollout of mandatory two-factor authentication is complete, except in Oregon and Washington where it is expected to go live in June. Prior to becoming mandatory, users had a period where it was an optional feature; however, only 8% opted in during this phase. When the PassMark*-powered system became mandatory, users were served notice during their first two logins that they needed to sign up before it became required on the third login. Only 4% signed up during the first two warnings with 96% putting it off until the third try.

Our comments: Taken together, only 12% of users opted for stronger security before it was required, far below the 60% or so that say they want more security in consumer-research studies.

*PassMark was acquired by RSA Security April 24.

Zions remote deposit-capture client base soars

Zions Bank has grown its remote-deposit client base from 364 in January 2005 to 3,697 in January 2006, and they are adding nearly 100 clients per week. As a result, the bank has bagged more than \$200 million in incremental deposits and increased loans and fee income. The Utah bank now has clients in 49 states and five countries and is traversing the world looking for new business. Clients range in size from the Fortune 500 to small businesses that use it for just one check per month.

Our comments: If you needed ammunition to move this up the priority list, keep your eye on Zions, which bragged that its main problem now is just keeping up with all the requests.

Research results from Yahoo Search Marketing

A Forrester study of U.S. banking customers (*not just online bankers*), commissioned by **Yahoo** and **OgilvyOne Worldwide**, found that 61% of all banking-product research is being done online vs. 5% via phone and 30% in branch. Similarly, 64% of account monitoring is now down online vs. 16% via phone and 13% in-branch. But account opening at branches still dominates at 84% of new account openings, compared to 14% online and 2% via phone. Yahoo also said they expect 50 million online credit card applications in the United States this year.

Our comments: It's time to pull out all the stops in your online account-opening initiatives. ☺

CALENDAR

Events Calendar

May	
21-23	18th Annual Card Forum: Hollywood, FL; by SourceMedia; \$1,595 (\$1195 financial institutions); (212) 803-6093, <tmconferences.com>
23-25	BAI TransPay: Las Vegas, NV; \$1695 (\$200 member discount); <bai.org/transpay>
23-24	Emetrics Summit: The Web Analytics Conference: Munich; by Target Marketing; registration@emetrics.org, <emetrics.org> see also London May 3-5
30-1	D4: All Things Digital: Carlsbad, CA; Wall Street Journal Executive Conference; SOLD OUT , but you can get on the wait list <d.wsj.com>
30-2	Financial Services Business & Technology Conference: Boston, MA; by TowerGroup; \$1695 (\$200 client discount); (781) 292-5200, service-info@towergroup.com, <towergroup.com>

June	
6-7	Authentication Mandate – Compliance Issues & Revenue Opportunities for Online Banking: Reston, VA; by NACHA; \$650 (\$525 members); <nacha.org/conferences/AuthMandate_2006>
20-22	Online Banking Security & Authentication: Chicago, IL; by Financial IQ (IQPC); (973) 256-0211 <iqpc.com/financeiq>
26-28	Scope 2006: Customizing the Customer Experience through Segmentation: Chicago, IL; by Institute of International Research; \$1,895; (941) 951-7885, register@iirusa.com, <iirusa.com/scope>; speakers from Banco Popular, Visa, Wachovia , as well as other non-financial companies

Online Banking REPORT Strategies for the Internet

4739 University Way NE, Suite 1002, Seattle, Washington, USA 98105

Phone: +1 (206) 517-5021, Fax: +1 (206) 524-0351, info@onlinebankingreport

Upcoming Topics

REWARD PROGRAMS: Online banking and rewards programs are a match made in heaven. Find out why many major banks are rushing to implement comprehensive rewards programs in 2006 and 2007.

CREDIT BUREAU & FRAUD MONITORING SERVICES: The market has evolved considerably since our 2002 study of the market for credit reports and monitoring services (*OBR 84/85*). In version 2.0, we'll take a close look at how financial institutions can tap into this growing market to improve customer satisfaction and build profitable fee income.

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