



Banks compete with customer service

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While a national crisis altered the banking landscape, some things haven't changed. Banks still offer the same products and services. So how do they compete?

From local bankers to corporate managers, most say banks attract and retain customers by offering quality customer service and convenience.

Joe Hurst can appreciate each of those answers. After 20 years at one local bank, the 38-year-old Victoria entrepreneur took his business elsewhere.



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Hurst tired of feeling unappreciated by his bank and frustrated by account charges, he said. He became angry when loan officers rejected him.

"To me, customer service is No. 1," Hurst said. "If I don't feel they need my money, I'll go somewhere else."

Because banks make most of their money through interest paid on loans, as well as investments spurred by deposits, keeping and gaining customers is a priority.

Steve Fried spent 40 years rehabbing troubled banks. He now owns Capital Finance, a California-based banking, litigation and commercial borrowing consultant firm.

"You want to be recognized at your bank," Fried said. "You want the teller to know your name."

Whether customers look to banks to deposit paychecks and maintain savings and checking accounts - or to regularly apply for loans - they want the security of a familiar, trusted face, he said.

Dan Rollins is president and chief operating officer at a corporate bank branch in Houston. Rollins oversees banks in Victoria.

"Most of our customers come through referral, word of mouth. We take care of them. That sets us apart," Rollins said. "We're no different than any other store. We just sell U.S. American dollars. The only way any bank ever differentiates themselves is customer service and convenience."

When it comes to convenience, banks big and small compete by offering free debit cards, checking and savings accounts. They also offer several bank locations and ATM machines.

"Convenience of the banking center is hugely important," said Tom Curtis, senior vice president of marketing at a Victoria bank.

Customers want easy access to their money, Curtis said, and they don't want to be hassled when they ask for it.

Small banks compete against the accessibility of larger chains by increasing customer service efforts, Fried said. Major chains compete by opening new locations.

Other measures banks employ to attract customers include:

Advertising

Competitive interest rates

Community involvement and sponsorships

Free gifts and bonuses for new clients

Services that don't charge fees

"The more money you have in the bank," Fried said, "the better service you get. It's sad, but a fact of life."

Hurst, meanwhile, switched banks three months ago. So far, so good, he said.

"I don't deal with the bank a whole lot, but when I do, I want to be treated like I'm needed," Hurst said.

Types of bank customers

Experts say banks attract three types of customers:

Those attracted by price and convenience. "They want a free checking account, ATM card and online bill pay," Fried said.

Those who look to banks for more. "If you take out loans, you want the person who is likely to say yes and for the interest rate to be competitive," Fried said.

Rate shoppers. "They're going to whatever bank has the best rate," Curtis said.

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