DON’T JUST ASSUME YOU KNOW WHAT GEN Y WANTS

Ohio banker’s group sometimes contradicts the stereotypes

* * *

Executive Editor Steve Cocheo came upon this story in the course of running a roundtable discussion about community bank human resources issues. The roundtable will appear in the January 2012 magazine edition.

* * *

Paul Siebenmorgen’s Farmers and Merchants State Bank started a Gen Y advisory group a while back. Siebenmorgen, president and CEO of the $905.8 million-assets bank, and his marketing director take the group out to lunch once every other month to get their input on all kinds of issues. Typically the bankers hit a local “pizza buffet,” grab a quiet side room, and talk about ideas over some slices. Sometimes there’s a guest speaker from another part of management.

You’ve heard all the stories about the tech-savvy Gen Y generation, of course. So, would it surprise you that the very first product that the group pushed for management to adopt was … escrow accounts for mortgages?

Nothing high tech or untraditional about that, except that Farmers and Merchants at that time wasn’t escrowing mortgages for taxes and other necessary payments.

“I wouldn’t have guessed that a group under 30 was the group that would push for us to do that,” says Siebenmorgen.

The Gen Y staffers told Siebenmorgen that they had a problem systematically saving towards their home taxes and they wondered why the bank didn’t escrow such costs, especially as other area banks do so.

“They told us, ‘Escrow would really help people like us’,” says Siebenmorgen. It seemed kind of basic, he admits, but to this group of Gen Yers, it was exciting to have the opportunity.

“So the first success for us was implementing an escrow product,” he continues. “We were looking to them for what would help their generation.”

Since then, Farmers has discovered other ways to meet the needs of Gen Y, and it hasn’t always been in synch with the generation’s image.

Who needs mobile banking?

It’s practically an emblem, the Gen Yer with the smart phone glued to their ear or with thumbs overdeveloped because of a seeming compulsion to text.

But when Siebenmorgen brought mobile banking to the under-30 group, he was shocked.

“Our group does not understand why you would want to do mobile banking,” the banker says. “I find that sort of strange, when you do all the reading on this.”

But that’s the consensus of the group, says Siebenmorgen.

“Most of them said, ‘Why would I want to bank on my telephone? I can do that on my computer when I get home. I don’t want to be bothered with alerts’.”

“Now, that is contrary to everything you read,” says Siebenmorgen. “So we’re driving ahead with mobile banking, whether they like it or not. There’s certain things you just have to do.”

Newspaper ads only for truck drivers and nurses

Though the local papers, already scraping for ads, aren’t happy about it, the bank has stopped running job ads in print, Siebenmorgen says. Something the group told him caused the bank to stop placing the ads.

“They told me that in the local paper the only job ads you see are for truck drivers and nurses. I’d never paid attention before, but after that lunch, I started looking. Well, that’s all that was there, ads for truck drivers and nurses. Anything else is apparently on the internet, and they all know to go look there,” says Siebenmorgen. “So, we’ve changed how we advertise for jobs.”

Ready-made focus group, with a mission

“We bounce all sorts of stuff at them,” says Siebenmorgen. The group has a standing rule that you have to leave once you turn 30. He and the marketing director are the only two exceptions to the rule.

The group isn’t shy. They’ve told management when they don’t like the bank’s advertising, for instance. Sometimes the group discusses bank policies and Siebenmorgen hears what the younger generation thinks about those. When they told him they didn’t understand the bank’s financial statements, Siebenmorgen invited the CFO to join them for lunch, to help them get it.

Siebenmorgen admits that some of his over-30 employeess get a bit antsy with the attention paid to their Gen Y group.

“They get wound up because we don’t do that for them, but we’ll do it for some of their staff,” he explains.

However, there’s more to Siebenmorgen’s idea than just tapping younger bankers for ideas.

The bank, which serves rural communities in Ohio, Indiana, and Michigan, needs to help convince kids who grew up in its markets to come back.

“The smartest and the brightest seem to never come back after they leave for college. Ours is a shrinking, aging market, and there’s nothing exciting to come back home for, except for family, and the types of schools and upbringing that they had themselves,” says Siebenmorgen. “That’s my struggle, to get those kind of people back. We’ve been trying—but I need another dozen.”

You can get word about these columns the week they are posted by subscribing to ABA Banking Journal Editors Report e-letter. It's free and takes only a minute to sign up for. Click here.