

The story of Annie, and the lesson behind it

Now is the time to stress banks' role as trusted advisors

After hearing from speaker Selena Rezvani about women's career issues, and discussing those, bankers at ABA's Women's Leadership Forum heard about financial literacy and related issues from a panel of women experts.

By Steve Cocheo, executive editor and digital content manager

Since she was a kid, Laurie Stewart's friend, "Annie," had wanted to be a firefighter. While Stewart chuckles a bit, in wondering how a geography degree was going to help her with that, she notes that Annie made it into the Seattle department, demonstrating both her determination and plain guts.

"Getting into the Seattle fire department is harder than getting into Harvard Law School," says Stewart, a speaker at ABA's recent Women's Leadership Forum. "Getting into it as a woman is next to impossible."

But Annie was among three women who made it past the initial hurdles to training, and, of the three, she was the only one who made it all the way, joining the traditionally male-dominated field.

You can find additional information from the ABA Women's Leadership Forum on www.ababj.com

- Author Selena Rezvani discusses how Gen Y women in the workplace have different goals from their mothers, and how older women bankers can help them. [Click here to read more.](#)

- A companion to that article recounts the table discussions and subsequent reports reflecting the 100+ women bankers' thoughts following Rezvani's presentation. [Click here to read](#) what the bankers had to say, and to register your own thoughts in our comments section.

Clearly, someone who wants to run into burning buildings, and worse, for a living, has courage and smarts. And yet that didn't kick in when she decided to buy a house.

"You would think my friend Annie would have picked up the phone and called me for advice," says Stewart, president and CEO, at Sound Community Bank, \$339.9 million-assets. Not only have the two women been friends for years, Annie already banks at Sound Community.

Yet Stewart says she only heard from Annie after the fact. And after the nontraditional mortgage she had obtained through a mortgage broker got her into trouble.

When she finally did call Stewart, the banker says the firefighter was full of embarrassment and shame. But as she helped her friend, she began mulling the banker's role in such situations.

"She couldn't even tell me what she didn't know," said Stewart.

"We have a huge teaching opportunity," the veteran community banker continued. "But we also have a huge responsibility." Bankers need to learn to probe customers to help find out what they really need help with, and then to deliver it to them.

"We are the trusted advisor," said Stewart.

Finding the right ways to work with customers

Stewart shared her story and her realizations during a panel discussion about consumers' behavior regarding money and finance, moderated by Linda Navarro, president and CEO at the Oregon Bankers Association.

While one might think that failing to tap the expertise of a banker that one personally knows would be an aberration, research cited by speaker Brigitte Madrian indicated that that's far from the case. Many people go down financial paths with much less planning and forethought than one would suspect.

Often, said Madrian, the outcomes that consumer experience "aren't always the result of conscious decision-making." Madrian is Aetna Professor of Public Policy and Corporate Management at Harvard's Kennedy School of Government.

She has studied consumer savings efforts intensively, and found that people are as likely to save by default as by deliberate intent.

Madrian said a common pattern is that people who are offered the opportunity to opt-in to a savings plan at work will do so 40%-45% of the time. However, when they are automatically signed up, with the opportunity to opt out if they choose, they wind up remaining enrolled at a rate of 80%-85%. In other words, nearly double.

Some people bridle at these findings, Madrian said, in some instances because they find an opt-out setup "paternalistic."

7 things you don't know about women investors

Did you know that women investors have a better record than men? And that's not even one of the 7 essentials your trust department, wealth management division, and private banking staff ought to know. To learn those, plus the 3 unique segments that the women's investor demographic breaks into, read the latest analysis by contributors Chris Brown and Laura Varas of the Hearts & Wallets consultancy.

[Read the article](#)

However, Madrian advised that what makes such approaches work is that people really want to save. Guiding them into it with an opt-out setup, she said, simplifies what can be seen as a complicated task.

Madrian also spoke of research that has shown that sometimes educational levels have little bearing on financial behavior. One study found that no matter what education the subjects had, when presented with an array of mutual funds, the majority invariably chose offerings with the lowest fees.

If a bank has a product that requires a deeper drill down than simplistic comparison of fees, then, Madrian's advice was two-fold. First, "half the battle is getting people's attention." Second, "make complicated financial decisions easier."

The truth is, it's the unusual consumer who champs at the bit to go attend a seminar or a course about financial subjects. Panelist Janet Bodnar, editor, Kiplinger's Personal Finance, said she had found in her own work that "the best time to reach people to teach them is when they have to actually make a decision."

What do consumers want out of the government?

The panel devoted part of the discussion to the fledgling Consumer Financial Protection Bureau, and there was recognition that often the massive disclosures required of banks don't get read, in spite of the fact that they explicitly describe and educate the reader in the details.

Bodnar noted that a recent Kiplinger's Personal Finance reader poll revealed that what consumers wanted most out of the Securities and Exchange Commission was not more regulations or disclosures, but simple protection from bad actors.

"They don't want to be hurt by another Bernie Madoff," Bodnar said. "Financial reform was way down the list."

At the risk, she said, of being booed out of the room, Laurie Stewart suggested that there was an opportunity for banks, wrapped up in the CFPB's extensive efforts to gather consumer views and complaints about financial providers.

Stewart suggested that banks ask those customers that they help--the Annies among their friends and clients--to share how they've been helped.

"We should encourage consumers to tell CFPB the good that banks do," she said.

This might forestall expansion of disclosure requirements, or help in the effort to simplify disclosures.

“We’d be miles ahead as bankers, as consumers, and as regulators,” said Stewart.

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