

14 ways to add greenbacks (May 7, 2009)

How community bankers are saving bucks and adding bucks. A Pass the Aspirin follow-up

[This article was posted on May 7, 2009 on the website of ABA Banking Journal, www.ababj.com, and is copyright 2009 by the American Bankers Association.]

With rising costs, rising FDIC premiums, and more, bankers search for every spare dime they can find today. In the May print edition's Pass the Aspirin we covered ways to cut costs. At the recent gathering of ABA's Americas Community Bankers Council, bankers exchanged cost saving and money making ideas. The following are some of the main ones. Share your ideas with fellow bankers by e-mailing to scocheo@sbpub.com

• **MOVE STAFF AROUND.** Branch employees work for the bank, not for the branch, in spite of branch managers' thinking of them as "theirs." One CEO picked up staffing efficiency by organizing branch staff so they could be shuttled around the branch network when needed elsewhere. Among other things this cut overtime hours.

• **THINK OUTSIDE THE BANK.** One bank found that, rather than seeking out new talent, it was able to retain a skilled loan processor by setting her up with home office equipment, when she decided to have a family. Now she's telecommuting.

• **BUY SMARTER.** Set up a cooperative buying service for office supplies and other common needs among fellow community bankers.

• **DON'T ADVERTISE FOR WHAT YOU DON'T NEED.** One community bank saved \$40,000 by dropping two deposit ad campaigns that had been planned. Plenty of money was already coming in as a result of a "flight to quality," and the bank had more deposits than it could deploy in its market.

• **SHUTTER THE LOSERS.** Close branches that are projected to stagnate, where other locations can serve their customers.

• **MOVE INTO REVERSE.** Get into the reverse mortgages. They serve needs of retirees, and bring the bank fee income.

• **ADOPT JOINT PROCESSING.** Consider sharing loan processing with other noncompetitive banks.

• **SEE THE MAYOR FOR BUCKS.** Revisit municipalities as inexpensive deposit sources. With the status of some large banks less certain, community banks can make a fresh pitch and garner new accounts.

• **BRING REMOTE CAPTURE TO TELLER LINE.** Adopt branch capture for checks. One community banker reports saving between \$100,000 to \$150,000 a year.

• **GO VIRTUAL.** Adopt "virtualization" for your bank's server usage. This allows one large server to behave as if it were several servers. A lot of computing power is compressed into a small footprint. [See "Getting real with going virtual" and "Jack Henry will support virtualization";]

• **GO GREEN,** by offering online statements and electronic substitutes for items usually delivered on paper to consumer and business customers. One large community bank has seen huge numbers of switchovers to paperless delivery. Saves postage and printing.

• **GET DIRECT.** One community bank found it was cheaper and more effective to use direct mail advertising targeted to each branch's customers, rather than advertising in print publications with more general messages.

• **SHOP AROUND.** Bankers say vendors, anxious to pick up new customers, will cut amazing price deals right now. They also say renegotiation is the rule of the day with existing vendors, who will cut prices before they'll let you leave.

• **BE FRUGAL IN CHARITY.** Reduce charitable giving by 50%. Everyone still obtains aid, but only half as much as last year.

Pass the Aspirin was created to help bankers help their fellow bankers. In times like these, share your ideas. Everything you've read here is the result of some banker taking the time to share with you. The ideas are good, and they're free.

Pass the Aspirin with your own ideas scocheo@sbpub.com

[This article was posted on May 7, 2009 on the website of ABA Banking Journal, www.ababj.com, and is copyright 2009 by the American Bankers Association.]