

NSF-EFT FEE GROWTH with TRUST-INTEGRITY-PROFITABILITY

By Paul D. Alexander

About the Author

Paul Alexander is a business consultant and the creator of many highly effective business improvement processes. He is a leader in the development of customer and employee engagement programs for businesses in the United States and Mexico, and is renowned for turnkey, proactive: marketing, sales, customer loyalty and employee satisfaction solutions. Paul is Chairman of Alexander Group, Inc. and brings more than 23 years of experience in the performance improvement industry to his clients and his writings.

The general public complained and the Federal Reserve Board responded. Regulation E takes effect this summer and Banks will no longer be allowed to apply NSF fees to overdrafts on ATM and one time Debit Card transactions UNLESS the customer has specifically opted in to a Bank created program.

In news item after news item, banks are smeared and described as “bad guys” just for trying to make a profit. We all know that if you are forced to give up NSF income, which has become an integral part of your profit structure, you will have to make up the shortfall elsewhere. OR, you can take advantage of the new Reg. E and cause it to work in your favor. If you do not currently allow overdrafts on ATM and Debit Card transactions the regulation change represents a new income opportunity for your Bank.

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A well developed plan which will tactically target your best customers (those being part of your historical NSF revenue base) and cause them to want to Opt-In can reap amazing results and restore, create or improve your NSF revenue stream. Statistically we know that on average 93% of NSF revenue comes from just 14% of the customers. It stands to reason that, if this group of “serial overdrafters,” represent the bulk of NSF income, your tactical effort should begin with them.

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Banks which choose to ignore the issue and not begin a proactive opt-in program immediately can expect to be left behind by forward thinking competitors. In addition they will give up something between 20% and 40% of their historical NSF income. (If those Banks currently allow and charge for NSF-EFT overdrafts.) If you do not have a plan to regain your NSF profit base you must have a plan to make up the loss elsewhere.

Today more than ever, if you wish to outflank the competition you must find a way to de-commoditize your Bank’s Customer Service.

Customer Engagement is at an all time low in the Banking industry. Primarily the big Banks brought this on by employing tactics and practices which have put a black mark on the industry. Customer Satisfaction has always been important to the success of the industry. However, today more than ever, if you wish to outflank the competition you must find a way to de-commoditize your Bank’s Customer Service. By this I mean that even if your customer service is great, yet still only equal to your competition, then it becomes a

commodity. It is not until you are able to Engage your employees, who in turn will Engage your customers, focus on your **Customers' Idea Of Success** and set your Bank apart from the competition, that you will succeed.

Many Banks have already begun some type planning or implementation process with which to comply with Regulation E and ask their customers to Opt-In. Missing from most of these initiatives are the behavioral drivers necessary to make customers desire to Opt-In. If for example; you have what seems to be a proactive plan to call customers, your FSRs or assigned contact personnel may very well feel like they are taking on a sales assignment and they will be extremely apprehensive. However, if they have been trained in customer satisfaction essentials and are provided with the tools necessary to promote program benefits to the customers, they will be comfortable. The outgoing calls will no longer be seen as selling they will be thought of as Customer Service Outreach.

It is also important to acknowledge that not all customers should be your focus for NSF, and of those who are, only a portion will be good NSF-EFT customers. Your process must take into consideration your statistical as well as your actual audience. In this way you can quickly go after "the low hanging fruit," which is comprised of the smallest audience representing the most immediate income opportunity for your bank.

To get started, some steps to success to consider are:

- Creation of a marketing campaign and a plan
- Identification of your best market
- Development of necessary support materials and marketing pieces
- Customization of appropriate forms
- Development of a tracking device
- Employee Engagement and Customer Satisfaction training
- Employee Engagement Tools
- Coordinated initiative to drive the process at all levels
- Establishment of proactive, reactive and new account tools
- Process measurement to goals

This process, if well developed and properly implemented will drive numerous ancillary results and positive advantages for your Bank, such as:

- Highly improved Customer Satisfaction
- Restored or new NSF income
- You will overcome the negative image of NSF charges
- Highly Engaged Employees
- Improved Morale
- Increased "other business" opportunities
- The competitive advantage in your market

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Studies show that most Banking customers want access to funds in urgent situations. They wish to prevent the embarrassment and inconvenience at the point of sale. The push back and bad press that we are currently experiencing is caused by those people who are in some ways caught off guard, or surprised, by the NSF charges. It is essential that the process of rebuilding your NSF business is transparent and fair.

The result will be happy customers who understand, accept and respect your fee structure. The bottom line for you will be exactly that; "your bottom line."