



# Bauerle's Bank Notes

October 24, 2013

## Come One, Come All

You are cordially invited to an inaugural meeting of a select group of forward-looking financial institutions executives: the Black & Gold Financial Team™. The program will take place on **Tuesday, November 19, 2013** at the [Pittsburgh Marriott North](#)- 100 Cranberry Woods Drive - Cranberry Township, PA 16066. Breakfast will be served at 8:00 a.m. and the program will be concluded by 9:00 a.m.

Our premise is simple: regional financial institutions face more challenges than ever before, the greatest of which come not from the bank across the street, but from wolves in sheep's clothing, like Ally Bank, Bank of America, Fannie Mae and eBay, which possess government support, technological advantages, marketing scale and other advantages unavailable to regional financial institutions. The corollary is that regional financial institutions retain attributes that can be a source of strength, especially one-to-one relationships with customers and customer identification with locally-based businesses. But those advantages are increasingly at risk as banking goes digital.

Our purpose is twofold: to create a neutral forum to address the challenges faced by financial institutions in Pennsylvania, Ohio and West Virginia (excepting of course legally taboo topics like pricing). And to develop strategies to deal with the digital revolution by strengthening customer loyalty to regional institutions. Hence the Black & Gold Financial Team moniker.

**Fact:** Of more than a dozen designs on the face of VISA stored value cards offered by a local financial institution, the black-and-gold-themed card sells the most, by a significant margin. The runner-up? The American flag.

**Fact:** An Ohio community bank director observed, "I still like to go into the branch and do business with the people on the platform. But my kids-if you're not talking to them electronically, you're not talking to them at all."

**Fact:** England's Financial Times recently quoted British grocery company Tesco's Chief Executive Philip Clarke, "[A] new wave of creativity has been unleashed. Digital is now intrinsic to retail. That's why, in 2013, we will invest three-quarters of a billion U.S. dollars in technology, up threefold in three years."

**Fact:** "There were 96,341 [bank] branches in the US on June 30, down from 97,340 a year earlier, marking the fourth consecutive yearly drop, according to the FDIC's Summary of

Deposits. Industry watchers say this is the new norm as Americans embrace online and mobile banking." Financial Times, Oct. 17, 2013.

**Fact:** An Inc. 500 start-up company in Pittsburgh that designs iPhone apps for large retailers declines new business because the company cannot keep up with demand from existing customers. Notably, the company's website display of customer logos shows no financial institutions, at present.

Again, our thesis is that regional financial institutions share, and can build on, strengths they have and Bank of America has lost as it has grown to trillion dollar scale. In our opinion, Ally Bank's recent advertising campaign touting its strong customer relationships is a carefully calculated effort to overcome the public's negative perception of the experience of dealing with GMAC a/k/a Ally. But for regional banks to continue to capture customer support at reasonable margins will require a degree of intentionality and urgency that is lacking today. That is our mission at Black & Gold Financial Team.

Please sign up for inaugural meeting of the Black & Gold Financial Team by reply e-mail or telephone (412-355-2644). It's no risk, no obligation as they say on late night t.v. Seating is limited, so please reserve your place today!