

Key Considerations in Selecting a Bank and Optimizing Your Relationship

March 2014

As lending to U.S. small businesses and mid-sized companies all but dried up in the depths of the financial crisis, banks were decidedly in control of their relationships with customers. Companies had little negotiating leverage and banks were in the “driver’s seat” in setting pricing and loan terms and conditions. But as the economy has slowly improved and as competition among banks has increased, both large and small companies now find themselves in a much better position to choose a banking partner to help them grow- and on terms much more favorable to the customer.

One important aspect of this pendulum swing to the advantage of companies has been the movement of banking business to new providers. According to Greenwich research, just 18 to 24 months ago about one-third (annualized) of small businesses and mid-sized companies reported moving banking business from one provider to another. This rate of movement was three times the historical average. Current switching rates have slowed to about 15% to 20% annually, but nearly one in four mid-sized companies and small businesses say they are either actively seeking a new credit provider or are considering such a search.

When selecting a new bank, small and mid-sized companies now typically focus on three top needs: competitive pricing, a strong Relationship Manager or representative and a bank that knows a company’s business and industry. Pricing has actually increased in importance as a selection criterion in recent months as credit conditions improved, and companies that were previously starving for credit at any price have, in some cases, been able to become much more discerning.

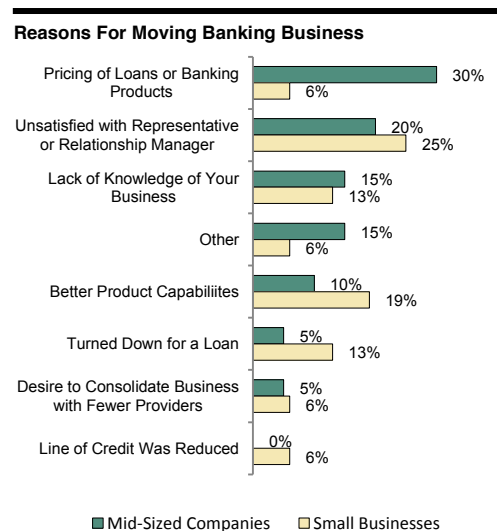
Among the list of banks that meet companies’ minimum needs as noted above, companies increasingly also seek providers with whom it is easy to do business. Increased regulation of banks has created more complex documentation and processing requirements. Those institutions that can make these requirements seamless in the eyes of customers and who are responsive to customer needs will likely be rewarded with a greater share of business.

Greenwich Associates offers the following recommendations to small and mid-sized companies in assessing potential new bank providers:

1. Information on banks’ financial conditions and pricing is readily available from public sources and from the banks themselves. However, reliable information about the quality of a bank’s products, bankers and customer service can be much more difficult to find. Greenwich Associates provides evaluations of these factors based on ratings provided by clients of individual banks. See the 2013 Greenwich Excellence Awards for Small Business and Middle Market Banking accompanying this report for a listing of banks that received high quality ratings based on several different product and service factors. In addition to this type of research, owners and executives of small and mid-sized companies looking for a new bank should tap their own business and personal networks to find individuals who have been business banking clients of banks under consideration. Ask peers to comment on banks’ consistency over time as lenders and providers of innovative and effective products, as well as their commitment to your particular business segment, region and industry. Also, ask about turnover among relationship managers — high levels of turnover can indicate a lack of dedication or focus on the part of the bank.
2. Ask competing banks to explain and demonstrate how they will go beyond simple product sales to help your company solve problems and overcome challenges. Nearly half of mid-

sized companies and one quarter of small businesses say that, over the past six months, they have received no advice from their bankers on how to more effectively manage their cash flows. Among companies whose bankers did initiate conversations on cash management, nearly 70% of mid-sized companies and 57% of small businesses say that input took the form of a product sale, as opposed to true counsel or advice. “Companies should demand that their banks know their industry, understand their specific problems and step up to the plate with expertise that can help them manage their growth,” says Greenwich Associates consultant Duncan Banfield.

3. When banks do step forward to offer advice or pitch products or services, push them to be specific and practical about how their suggestions should be employed. Companies should ask their bankers to walk them through the implementation process, alert the company to any challenges or missteps the banker has witnessed among other companies implementing similar changes and to more generally assist in putting the ideas or products into effective practice. “Companies should expect their banks to help train their employees to use new products and to assist the company in transitioning its operations to the new product set,” says Greenwich Associates consultant Chris McDonnell.
4. Be sure the banks you are considering provide high-quality customer service through your preferred channel, be it online, telephone, branch or relationship manager. Ask for a trial of online service platforms and again tap into your business network for candid assessments from your peers regarding the level of customer service through the more personal channels.
5. Don’t be afraid to push on price. Greenwich Associates data is clear: your peers are becoming much more price sensitive, and banks are negotiating on price to win business. Fierce competition among banks has made credit accessible at lower rates. If you think your pricing is too high, or if you think your bank is not providing adequate service and quality for the money you are paying, raise the issue with your bank. If necessary, don’t hesitate to seek out alternative providers who might want your business enough to compete for it.



Note: Based on responses from 224 small businesses and mid-sized companies in November, 2013. Source: Greenwich Market Pulse v52

Greenwich Associates Recognizes Excellence in Small Business Banking



2013 Greenwich Excellence Awards for Small Business Banking Among More Than 750 Banks Evaluated, 43 Had Distinctive Quality

National Winners¹

Overall Satisfaction

BancorpSouth
BB&T
First Citizens Bank & Trust (NC/VA)
Frost Bank
Fulton Bank
Iberiabank
M&T Bank
NBT Bank
Pinnacle Financial
SunTrust
Susquehanna Bank
Synovus Financial
TowneBank
United Bank
US Bank
Whitney Bank
Zions Bancorp
Likelihood to Recommend
Bank of the West
BB&T
Frost Bank
Fulton Bank
Huntington National Bank
M&T Bank
Synovus Financial
Whitney Bank
Zions Bancorp

Relationship Manager Capability³

Bank of the West
BBVA Compass Bank
Comerica
First Citizens Bank & Trust (NC/VA)
Frost Bank
Iberiabank
M&T Bank
PNC
SunTrust
Synovus Financial
Whitney Bank
Zions Bancorp
Credit Policy
Chase
PNC
SunTrust
Synovus Financial
Financial Stability
BB&T
Comerica
First Citizens Bank & Trust (NC/VA)
First Niagara
Fulton Bank
Iberiabank
KeyCorp

PNC
SunTrust
Whitney Bank
International Service
Bank of America
BB&T
Citi
Frost Bank
HSBC
Iberiabank
United Bank
Webster Bank
Wells Fargo

Branch Satisfaction
BB&T
Frost Bank
Fulton Bank
Iberiabank
PNC
SunTrust
Synovus Financial
Whitney Bank
Online Services
BB&T
Frost Bank
Fulton Bank
Iberiabank
PNC
Synovus Financial

Personal Banking Satisfaction

BB&T
First Citizens Bank & Trust (NC/VA)
Frost Bank
Huntington National Bank
M&T Bank
PNC
Synovus Financial
TREASURY MANAGEMENT Overall Satisfaction
BB&T
Comerica
First Citizens Bank & Trust (NC/VA)
FirstMerit Bank
Frost Bank
Fulton Bank
Huntington National Bank
Iberiabank
M&T Bank
PNC
SunTrust
Synovus Financial
TD Bank
Whitney Bank
Zions Bancorp

Accuracy of Operations

Bank of the West
BB&T
Comerica
Iberiabank
PNC
RBS Citizens
SunTrust
Synovus Financial
Customer Service
Bank of the West
Comerica
First Citizens Bank & Trust (NC/VA)
Frost Bank
Iberiabank
RBS Citizens
SunTrust
Synovus Financial
Product Capabilities
Bank of the West
Frost Bank
Iberiabank
SunTrust
Synovus Financial
Sales Specialist Performance
SunTrust

Regional Winners²

Overall Satisfaction

Northeast
Community Bank (NY)
Fulton Bank
M&T Bank
NBT Bank
Sterling National Bank
Susquehanna Bank

South

BancorpSouth
BB&T
Citizens Bank (TN/VA)
City National Bank of WV
First Citizens Bank & Trust (NC/VA)
First Citizens Bank & Trust (SC)
Iberiabank
M&T Bank
Pinnacle Financial
Synovus Financial
TowneBank
United Community Bank
Whitney Bank

Midwest

BB&T
Central Bank & Trust Co. (KY)
First Financial Bank
Huntington National Bank
UMB Bank
West
Bank of the West
Comerica
Frost Bank
US Bank
Zions Bancorp

TREASURY MANAGEMENT

Overall Satisfaction
Northeast
First Niagara
FNB Corporation
Fulton Bank
M&T Bank
NBT Bank
TD Bank
South
BancorpSouth
BB&T
First Citizens Bank & Trust (NC/VA)
Iberiabank

Pinnacle Financial
SunTrust
Synovus Financial
TowneBank
Whitney Bank
Midwest
FirstMerit Bank
Huntington National Bank
PNC
West
Bank of the West
Comerica
Frost Bank
Zions Bancorp

Based on over 17,000 interviews with businesses with sales of \$1–10 million across the country.

¹Comparisons are based on all banks covered across the United States. ²Comparisons are based on only those banks operating in each region.

³Note: methodology change. Recognition now based on evaluations of senior relationship manager's capabilities.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff.

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Recognizes

Excellence in Middle Market Banking



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First Tennessee
Frost Bank
Fulton Bank
M&T Bank
People's United Bank (CT)
Regions Bank
Synovus Financial
UMB Bank
Webster Bank
Zions Bancorp

Likelihood to Recommend

BB&T
Comerica
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Frost Bank
M&T Bank
Regions Bank
Synovus Financial
US Bank

Relationship Manager Capability³

Comerica
First Citizens Bank & Trust (NC/VA)
First Niagara
First Tennessee
Frost Bank
PNC
Regions Bank
Synovus Financial
US Bank
Zions Bancorp

Credit Policy

Ally Bank
International Service

Bank of America

Chase
Citi
Comerica
Frost Bank
HSBC
Wells Fargo
Online Services
Chase
First Tennessee
Huntington National Bank
Regions Bank
Wells Fargo

Personal Banking Satisfaction

BB&T
Comerica
PNC
US Bank

Financial Stability

BB&T
Comerica
First Citizens Bank & Trust (NC/VA)
First Tennessee
Frost Bank
M&T Bank
PNC
Silicon Valley Bank
Union Bank
US Bank
Wells Fargo

Investment Banking

Bank of America
Bank of the West
BB&T
Comerica
First Tennessee
Frost Bank
M&T Bank
Wells Fargo

TREASURY MANAGEMENT

Overall Satisfaction

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Regions Bank
Synovus Financial
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Zions Bancorp
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First Niagara
First Tennessee
Huntington National Bank
US Bank

Customer Service

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Comerica
First Niagara
First Tennessee
Huntington National Bank
Regions Bank
Synovus Financial
US Bank
Zions Bancorp

Product Capabilities

Bank of the West
Comerica
First Tennessee
PNC
US Bank

Sales Specialist Performance

Comerica

Regional Winners²

Overall Satisfaction

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NBT Bank
People's United Bank (CT)
PNC
Webster Bank

South

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Chase
First Citizens Bank & Trust (NC/VA)
First Tennessee
M&T Bank
Pinnacle Financial
Synovus Financial
United Bank

Midwest

Ally Bank
Comerica
Commerce Bank (MO)
UMB Bank
US Bank
West
Bank of Oklahoma
CoBiz Bank NA
Comerica
Frost Bank
Zions Bancorp

TREASURY MANAGEMENT

Overall Satisfaction

Northeast
First Niagara
Fulton Bank
M&T Bank
Wells Fargo
South
BB&T
Chase
First Tennessee
Synovus Financial

Midwest

Comerica Bank
UMB Bank
West
CoBiz Bank NA
Comerica
Frost Bank
Zions Bancorp

Based on nearly 14,000 interviews with businesses with sales of \$10–500 million across the country.

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