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BY MIKE CARLTON

LOOK FOR A BANK THAT IS LOOKING FOR YOU

There are all kinds of customer rewards being offered by banks these days. What do these rewards mean for the consumer? How do you find the right bank with the right deals and the right customer service for you?

Banking is changing rapidly, moving away from the old model where customers were constrained by what the banks wanted them to do. For instance, banks used to require that their customers keep a certain minimum balance – or the banks would charge a fee. And banks used to pay such a minute amount of interest on checking and savings accounts that it was hardly worth it.

Now there is so much competition in the banking arena that customers have the upper hand. Banks are out there trying to win your business. They are willing to work harder and provide more features and benefits to get people to come to their banks.

WHAT TO LOOK FOR

If you are ready to change banks, look for one that offers a free

checking account with no fees and no minimum balance. Some are offering a high interest rate checking account. For instance, we call ours “Rewards Checking.” There is no minimum balance requirement; we do not charge a fee; and we pay a high interest rate – 5.01% APY on account balances between one cent and \$25,000.


How do banks make money from these kinds of customer rewards? The bank will ask you to slightly alter your banking habits in ways that are more convenient and cost-efficient for you and save the bank money as well.


For example, most banks will require several simple actions each month from their checking account customers, such as:

- Make a minimum of 10 debit/check card transactions;
- Receive monthly e-statements instead of paper statements;
- Set up one direct deposit or authorize one automatic payment from your account.

If the checking account holder does not meet all the criteria during the cycle, he or she may still enjoy a free checking account with free Internet banking, overdraft protection, and free online bill pay, but likely will not receive the bonus rates of interest or ATM fee refunds for that time period.

To explain how these actions benefit both banks and customers, I will examine each, beginning with debit/check card transactions.





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DEBIT/CHECK CARD TRANSACTIONS

Debit card transactions save banks money by not having to process paper checks. When you use a debit or check card, the bank receives Visa interchange money, so it gets a small percentage back from the merchant every time someone uses a debit card.

Some banks allow customers to earn points for money spent on eligible debit card purchases. The bank keeps track of all the points earned and provides customers with a regular e-statement. Points may be redeemable for travel plans on any airline, cruise line, hotel, or car rental, and for a wide variety of merchandise, including gift cards and downloadable music.

E-STATEMENTS

With electronic, or e-statements, the bank saves money on printing and postage. The customer receives multiple benefits:

- The information and most services are available 24/7;
- No statements with account numbers and personal information are sitting in your mailbox;
- You can still print the e-statement and store it in a file if you wish.

DIRECT DEPOSIT AND AUTO PAY

The direct deposit and automatic payment requirements tend to solidify a customer's relationship with the bank. When people set up a certain account for online bill pay, they typically do not want to switch that account later. Once you set up all your bills to pay online, it is time-consuming and difficult to set them up again at another bank. These two features save you time and money, because you do not have to stop by the bank, buy checks and write them, or keep a supply of envelopes and stamps on hand for bills. The bank takes care of all that for you.

THE DIFFERENTIATOR: CUSTOMER SERVICE

Because most banks offer the same technology features, such as online banking

and bill pay, the difference to the consumer lies in receiving the best customer service and having a relationship with a community bank. When you walk through the door, they know who you are, and they recognize your banking habits.

A personal relationship with your bank can be important in this world of identity theft. If suddenly you start writing checks for \$1,000 to random people, a large bank may not necessarily realize it is something you typically do not do – while a community bank that knows you would recognize the anomaly right away and contact you.

Ask the branch manager of any bank you are considering questions such as, "How do you handle overdraft situations?" Talk to the staff and watch how they treat their customers. Do they call them by name?

Check to see if the bank offers online technical support and a toll free number you can call 24/7. Make certain that if you do your online banking within a secure

environment, you can also send secure e-mails to online banking support.

MORTGAGES AND OTHER INTEREST RATE PRODUCTS

Look into the bank's mortgage loan offerings. Does it have mortgage officers who can go out to the mortgage market and obtain the best rate and the best term loan for you? Does the bank offer products such as IRAs and CDs at competitive interest rates?

Not all banks are created equal. Take the time to check out the rewards programs, interest rate products, and customer service at your top three choices. Then choose the bank that wants your business the most and is willing to go the extra mile to win you as a customer. The result will be a better bottom line for both you and the bank. ■

Mike Carlton is the president and CEO of Crescent State Bank, which operates 15 full-service banking offices in the North Carolina communities of Cary, Apex, Clayton, Garner, Holly Springs, Sanford, Southern Pines, Pinehurst, Raleigh, Knightdale, and Wilmington.

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