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Work & Money

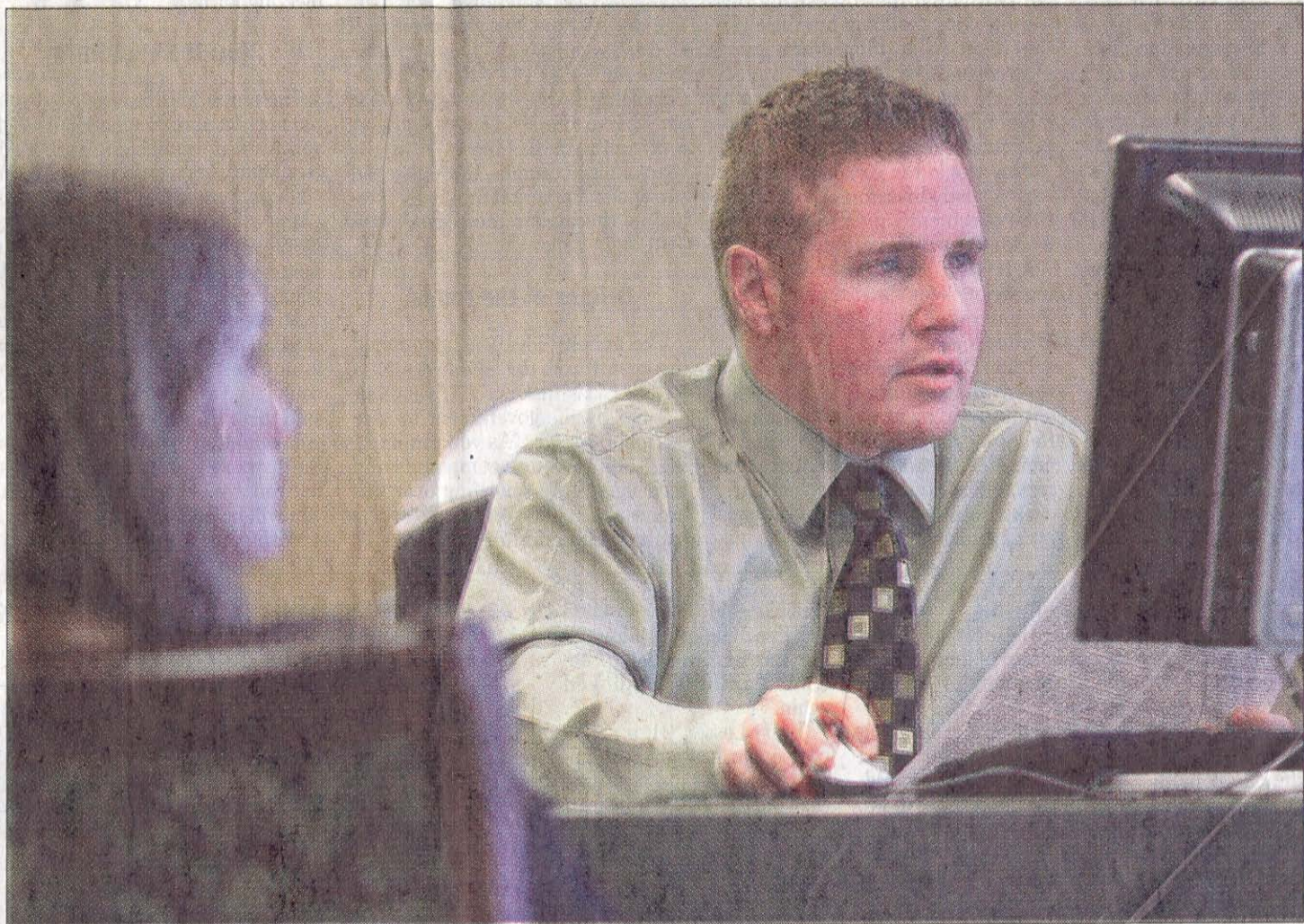
EMPLOYMENT, PAGE 6E

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Jason Carnes, customer service representative with Capital Bank, helps a customer. Banks hit by the recession and the real estate downturn are trying innovative methods to win new customers.

PHOTOS BY TAKAAKI IWABU - tiwabu@newsobserver.com

The banks want you

TOUGH TIMES BRING THE SOFT SELL - AND MAYBE COLD, HARD CASH

Earlier this month, SunTrust Bank unveiled a promotion that gives up to \$150 to new checking account customers who pay their bills online.

First Citizens Bank's top executives – including CEO Frank Holding Jr. and President Ed Willingham – hosted a half-dozen invitation-only dinners for as many as 175 current and potential customers across the state in October and November. The Raleigh bank is planning eight more this year in North Carolina and Virginia, said spokeswoman Barbara Thompson.

“All banks are out there trying to do things a little differently to differentiate themselves from the competition,” said Mike Carlton, CEO of Crescent State Bank in Cary.

After suffering hits from the recession and the ailing real estate market, the banking industry is intent on attracting new business.

“The idea is if you can add a whistle or a bell to a basic commodity deposit account, you can snare a new customer,” said Tony Plath, finance professor at UNC Charlotte.

Some of the promotions are “the normal course of business,” said Greg McBride, senior financial analyst at Bankrate.com. “There are always banks that are looking to attract deposits and doing that by offering competitive rates or new account bonuses.”

However, now is an especially opportune time because, with interest rates low, banks are competing for “low-cost deposits,” McBride said.

In addition, some banks may see a bigger opportunity. After a year marked by bank failures and government bailouts, they're looking for ways to attract disenchanted customers.

“Rightly or wrongly, consumers have vilified many



First Citizens Bank is playing host at invitation-only dinners for current and potential customers.

banks, so they may be more inclined to move their money to another institution,” McBride said.

Banks are looking to entice customers like Cormick Walker, 21, of Raleigh, who opened a joint account at Wachovia with his girlfriend about a month ago.

Walker, who makes deliveries for a beverage company, admits he has a roving eye

when it comes to banks.

“If I did see a better offer, I'd switch,” he said.

Of course, banks aren't really interested in drive-by customers who take advantage of the latest promotion but otherwise remain loyal to a competitor.

“If someone just has a CD on a special rate with us, that's

a sampling of the latest promotions being offered by banks in the Triangle:

Capital Bank: The Raleigh bank intends to launch a new mobile banking program soon for customers who want to do their banking by phone, said CEO Grant Yarber. It also recently unveiled a promotion for customers who want to hire a contractor to build a new home, simplifying the loan process and offering a 3.95 percent, 30-year fixed-rate mortgage. The program is limited to subdivisions where Capital Bank-financed builders are operating. The bank has 33 North Carolina branches.

Crescent State Bank: The Cary bank recently eliminated the need for customers to visit a bricks-and-mortar branch to open a new account. “It can all be done on the Internet,” said CEO Mike Carlton. “It's a way of capturing new business without having a branch on every corner.” Crescent has 15 branches in North Carolina.

First Citizens Bank: Top executives plan to host eight invitation-only dinners for current and potential customers this year in North Carolina and Virginia. First Citizens has 380 branches in seven states.

RBC Bank: The Raleigh-based bank is boosting the number of customer seminars – on retirement planning, credit scores and the like – that it conducts at its branches. RBC Bank has more than 430 offices in six southeastern states.

State Employees Credit Union: At the outset of the year, the credit union launched NSF Fee-Free Days. The first two days a member bounces a check, the credit union waives all fees for nonsufficient funds. “It saved folks over \$1 million in fees so far,” said spokeswoman Leigh Brady. Also, in addition to preparing tax returns free for members who earn up to \$49,000 – for the third consecutive year – this year the credit union also began preparing basic returns for \$75 for members who earn more. In April, the credit union plans to launch Cash Points Global, which is a Visa check card backed by a separate account that is overdraft-proof. The State Employees Credit Union has 227 branches.

SunTrust Bank: The Atlanta bank offers new checking account customers the opportunity to earn up to \$150 when they pay bills online. Customers with an existing checking account can receive \$100 if they pay three or more bills online each month for three months. SunTrust has 67 branches in the Triangle.



Courtney Jones, a teller with Capital Bank's downtown Raleigh branch, helps customer Alex Carlton. The bank will soon launch a program to allow customers to do their banking by phone.

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BANKS

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members, is planning to launch CashPoints Global in April.

This "controlled spending

wary of giving their teenage son or daughter a credit card. It also can serve as an electronic traveler's check of sorts.

"When people go into one of our stores/branches, they'll feel a lot fuller," Jack Clayton,

profitable customer for us," said Grant Yarber, CEO of Raleigh-based Capital Bank.

The relationship, however, becomes a profitable one when a customer uses the full range of services that banks offer: checking and savings accounts, credit and debit accounts, financial advisory services and more.

"But that relationship starts with deposits," said Plath.

Indeed, when new customers come into an RBC Bank branch to open an account, they're encouraged to meet with a "relationship banker" who can review their finances and tell them the different ways the bank can meet their financial needs, said Chris Bell, regional vice president of commercial markets.

Strings attached

Bank promotions often come with strings attached to extend the relationship. Southern Community Bank, which opened a regional headquarters in Raleigh last year, has been offering a money market account that pays 2 percent interest. But to take advantage of that rate, customers also must open a no-cost personal checking account.

"Our goal there was to introduce our Raleigh customers to Southern Community Bank," said Jim Derrickson, the bank's Triangle market executive. "We were able to gather deposits away from SunTrust, Wachovia, BB&T. And it's our job to make sure we retain them."

Similarly, TrustAtlantic in Raleigh is offering a 12-month CD at 1.9 percent interest, but it bumps it up to 2 percent for customers 50 and older who open a Horizon checking account.

Of course, not every bank is offering promotions to get new business or keep existing

account will be a visa debit card backed by a separate account. Members can put as much or as little in the account as they want, but transactions are limited to the amount in the account.

"There's no risk of overdraft," said spokeswoman Leigh Brady. It's aimed at people who are prone to bouncing checks, or members who are

when you're on a trip. Wachovia, which last year was acquired by Wells Fargo, has been replacing old ATMs with high-tech machines that can count cash and offer different languages. The bank also is adding employees in its local branches to provide better service and offer additional products, both of which will enable more cross-selling.

triangle and Eastern North Carolina, said in an interview last fall.

Ultimately, Wachovia and the Triangle's other banks are hoping their various and sundry efforts will lead to fuller profits.

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Of course, not every bank is offering promotions to get new business or keep existing customers. Some are sticking to their knitting. North State Bank CEO Larry Barbour says special CD rates aren't the way his bank wants to reach people.

Others are beefing up their services.

For example, the State Employees Credit Union, which has more than 1.5 million