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An aggressive call program is helping a Virginia institution boost deposits and fee income



By Siefer Consultants: www.siefer.com

Like many business banks, John Marshall Bank (\$404 million, Reston, Virginia) reports that loan fees and business account services are both driving forces behind its growth and fee income.

According to President Bill Ridenour, the bank caters to the small business owner. "The primary reason for our growth is the extensive network of business contacts that our management team, board of directors, and commercial banking officers have developed over many years in the Washington, D.C. Metropolitan area," he says.

"Our target customer is the small business entity, and we have been able to attract an extensive portfolio of clients by providing a customized personal relationship style of banking, compared to much larger institutions that have a one-size-fits-all mentality."

Enjoying the fall out from big banks

Ridenour says that the recent fallout from big banks has produced positive results for his bank, and that more customers in the region are starting to have a higher appreciation for locally-based community institutions.

"We have received a positive response from customers moving to us from larger, mostly fee-based regional and national banks.

"The customized, personal relationship style we offer as a community bank is particularly attractive to the small business operator."

Ridenour says that while non-interest income generation is a priority, he describes John Marshall's style as one that examines the customer's overall needs and customizes a relationship to accommodate those requirements.

"Although fee income is important to our profitability, we focus our pricing strategy on the overall customer relationship," he says.

"When structuring a deal with our customers, we will customize a loan and deposit model that meets our hurdle rates for profitability by combining earnings credits for deposit accounts, interest income, and fee income in one package.

Officers work to deepen account relationships

"This gives the customer the option of compensating the bank for services in a way that is most flexible for their needs."

Keeping fees in line with market competition is also a priority.

"We do periodically monitor our competitors to see where we compare to the market, but we try to keep our direct fees low.

"Pricing decisions are primarily based on the costs of providing the service."

In terms of its most profitable business services, Ridenour says that loans and cash management lead the way. "Our profitability is primarily generated by lending and cash management services," he says.

The bank's cash management product menu includes commercial online banking, business bill pay, remote deposit services, investment sweep, zero balance accounts, merchant services, and account analysis.

Due to its large base of business clients, Ridenour says that many customers are also interested in loans for commercial real estate, equipment financing, and working capital.

"On the deposit side, our most popular products are remote deposit machines."

Officer calls and seminars help reel in new business

Ridenour says that the bank continues to grow its portfolio through concentrated personal efforts.

"We encourage our officers to visit their customers' place of business regularly.

"This deepens the relationship, puts a personal face to the bank, keeps us informed on their changing financial needs, and gives us opportunities to discuss more business and potential referrals to other clients."

In addition, Ridenour says that officers are very active in community organizations, trade associations, and networking opportunities.

"We also conduct a lot of seminars targeted to specific customers' interests, such as real estate, government contracting, health care and technology, which make up a large proportion of the business activity in the Greater Metropolitan Washington, D.C. Region."

He says that these activities, coupled with traditional advertising in publications, make up the bulk of the bank's promotions.

And while customer acquisition is always front and center, the bank continues to stay focused on deepening relationships with its existing base.

"As far as retaining customers, our business model heavily emphasizes customer service and is carried out extraordinarily well by all officers and staff," says Ridenour.

"The result is long-term relationships with our customers."

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