

May, 2012

Dear Judi,

In case you missed these timely articles about the banking industries, I wanted to share them with you.

Judi Hess  
Owner

### Profiting From Your Competitor's Mistakes

Capitalizing on a competitor's mistakes can seem a bit awkward for many small business owners. Some feel badly profiting from someone else's misery but in reality there is no reason to feel this way. Our economy grows stronger as companies that make the right decisions expand while those that tend to make poor decisions grow weaker and shrink until they close. Resources need to flow to those companies that can best put them to productive use. We are all hurt by having zombie companies consume resources without offering any clear benefit to anyone.

If your company tends to make good decisions, then you should be prepared to act when a key competitor makes a mistake which grants you an opportunity to capture market share from them. One recent example of how companies can leverage competitors' mistakes is taking place right now in the financial industry's decision to enforce additional fees upon its customers. [Read more](#)

Posted by Mike Periu  
Principal, EcoFin Media

### Fanning Flames on the Financial Social Media Fire

Social media is the hot topic right now. Bank and credit union executives devour every article on social media in retail banking that they get their hands on. But a funny thing happened somewhere along the way. It seems journalists, reporters and other industry correspondents decided social media was a fore drawn conclusion.

Journalistic objectivity? Phbbbt... Social media's new. It's awesome. It's obvious. Everyone should be doing it.

Many media stories about social media in the financial industry adopt the presumptive stance that there must undoubtedly be inherent strategic goodness in it. Read through articles today, and you'll get the distinct impression that the ROI of social media has been established and accepted. Yet seldom do you ever see any real evidence proving the value of social media. Sure, there are plenty of ideas, lots of suggestions, the occasional fact or two, and many financial institutions are running experiments. But the actual proof points are few and far between.

It's one thing when vendors and industry trade publications outline the strategic variables an organization needs to evaluate before undertaking a new initiative - something like social media. But it's dangerous when a fetish for innovation and all-things-new morphs into a blanket recommendation: "all banks, all credit unions, everywhere, never mind objectives, regardless of size and despite the audience need to embrace social media."

The Financial Brand has assembled a collection of articles and media stories about social media in the banking space. Take a look and see what you think. [Read more](#)

Posted on The Financial Brand.com  
August 8, 2011

### **Paul Lubin: "Are Highly Satisfied Customers Fairly Treated Customers?"**

Government regulators, enforcement agencies and consumer advocates are taking a more aggressive and open ended approach to ensuring consumers do not face discrimination and unfair, deceptive acts and abusive practices when purchasing financial products. Many financial institutions are ill prepared. No longer can a financial institution rely just on following documented rules and regulations. A culture of fair and equitable treatment of the customer must exist.

Most financial institutions and companies strive for excellent customer service and products. And why not, excellent customer service and superior products foster revenues and customer loyalty. Success in providing excellent service and products is assumed when high customer satisfaction marks or high net promoter scores are achieved. In fact many companies advertise high satisfaction scores as a means to attract customers by fostering trust and an image of meeting customer needs.

[Read more](#)

Paul Lubin  
As seen in ABA Bank Compliance

### **Bank 'mystery shoppers' can help ensure adherence to abusive practice rules, experts says**

WASHINGTON/NEW YORK, April 17 (Thomson Reuters Accelus) - The use of "mystery shoppers" and focus groups to test the compliance of bank employees has broadened beyond the traditional topic of lending discrimination to now include uncovering and avoiding violations of unfair, deceptive and abusive practice, an industry consultant said.

Paul Lubin, senior director at Treliant Risk Partners, said such testing can raise bank revenue as well as help to insure employees are adhering to rules. "Testing helps the product people sell products that are appropriate, which can increase customer loyalty and result in referrals. At the same time regulators are very interested in knowing

institutions have programs in place that can detect any instances of abusive and deceptive sales practices," said Lubin who has been active in compliance testing at financial companies for over 30 years.

In that time, he said testing has broadened from testing and preventing Equal Credit Opportunity Act and Fair Housing Act discrimination to uncovering and avoiding unfair, deceptive and abusive practices (UDAP) violations.

The new U.S. Consumer Financial Protection Bureau has pledged that it would crackdown on unfair, deceptive and abusive practices by lenders under its jurisdiction, and covered the topic extensively in its Supervision and Examination Manual. The Dodd-Frank regulatory reform act added the concept of abusive practices to those of unfair and deceptive practices covered by earlier consumer protection legislation.

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By Ted Knutson

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