

Is Your Money Safe?

To assure customers and lure new depositors, banks are rebranding their images.

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The world's major financial institutions have gone topsy-turvy. [Analysts are predicting that up to 300 banks could fail](#). Investors are fleeing from the stock market in droves. The Treasury Department is planning to take up ownership stakes in many of the country's teetering banks. When it comes to preventing a panic, what's a poor bank to do?

Go folksy, apparently. In the past few months, banks and their fellow financial institutions have launched aggressive marketing campaigns to play up their community roots, all in an effort to distance themselves from their troubled brethren on Wall Street. Not since George Bailey have bankers tried so hard to recast their image as beacons of security, stability and good old-fashioned fiscal conservatism. This spring, North Carolina-based BB&T began billing itself as the "best bank in town since 1872" and emphasized its "good name" and its "strong set of values [that] stand the test of time." Citibank, which in 2006 was advertising low rates and waived late fees next to its "live richly" slogan (see above), changed back in May to its 30-year-old tagline, "Citi never sleeps." Alongside a landscape photo of a stagecoach, its longtime logo, Wells Fargo touts its "strength and stability," which it calls, "important yesterday, even more important today." Even troubled mutual-fund giant Fidelity Investments, which announced Tuesday that it may cut about 4,000 jobs, has been stressing its "strength and stability in volatile times," arguing that its business model "is different from many of the firms in the news recently." Words like *trust*, *peace of mind*, *rigorous standards* and *generations* are sprinkled throughout the ads.

Where interest rates and earnings used to dominate, founding dates and soundness ratings now reign. "Banks want to assure their customers that their money is safe. Some are even posting their [CAMELS](#) [soundness rating] score. We're advising them to remind their customers about the FDIC guarantee and to make sure they know that commercial banks are very different from investment banks," says Carol Kaplan of the American Bankers Association, which has sent out a list of talking points to banks inundated with calls from jittery customers. "This is certainly a time when bank marketers are proving their worth to chief executives, more than ever."

That's because remaking a bank's image is no easy task. For years, bankers sold would-be depositors on their institutions' global reach and easy earnings, promoting their sky-high returns as synonymous with strength. But as giants like Washington Mutual, Wachovia and Citigroup have trembled, the emphasis has been on neighborly service, local roots and stability. Steven Reider, the head of Bancography, a consulting firm based in Birmingham, Ala., that evaluates bank branding, likens the shift to the difference in philosophy between Target and Wal-Mart. "In the last few years, everybody wanted to be like Target, which projects itself as being both fashion-forward and inexpensive," he said, citing a move led by banks like Washington Mutual, New Jersey's Commerce Bank, and Oregon-based Umpqua Bank to introduce a retail-style approach. But Reider says the last two months have produced a complete reversal in strategy. "The message is now 'we're safe.' The large banks are doing damage control, while community banks are saying, 'this is not a bank problem, this is a *big bank* problem ... It's overwhelming how many community banks are touting their Bauer ratings."

Community banks have a point. In this year's second quarter, just three institutions—Washington Mutual, Wachovia, and National City—accounted for almost half of the industry's total losses. Of the 69 banks in the country with more than \$20 billion in assets, a full one third reported negative earnings in the second quarter. By contrast, only 15 percent of the more than 8,000 smaller institutions reported losses that quarter. In fact, many community banks say their deposits have

actually increased in spite of—or perhaps because of—the grim news in the banking industry as a whole. "We're trying to get the word out that the vast majority of community banks did not do subprime lending," said Karen Tyson of the Independent Community Bankers of America. "Because of the business practices and models of community banks, overall they're sound, stable, well-capitalized and trustworthy. In times of turmoil, you should stick with institutions that are time-tested."

Not surprisingly, sometimes the message doesn't tell the whole story. [Advertisements put out by one credit union in Texas](#) caught the attention of the FDIC at the end of September for overstating the case on the relative soundness of local institutions, prompting regulators from the National Credit Union Administration (NCUA) and the Texas Credit Union Commissioner to step in. When other incidents began popping up, the NCUA sent a letter out to each of its more than 8,000 member institutions warning against future violations. Overzealous advertising aside, consumers nonetheless have good reason to be skeptical of assurances of bank health when every bank marketing department in the country is using the same set of talking points.

The good news: the big bank vs. small bank dichotomy doesn't have much bearing on the safety of the overwhelming majority of deposits. Even though some of the largest banks showed massive losses, large banks like JPMorgan Chase, US Bank, PNC and Citizens have maintained steady profitability for years. Plus, given the FDIC's deposit guarantee, which was recently bumped up to \$250,000 per account, most deposits are safe no matter which bank holds them—even if that bank ultimately does fail. What's most important, advises Reider, is that would-be depositors feel comfortable discussing their money with their banker on an individual level. "Personal finances are the last taboo in America. People are much more likely to talk about their sex lives than their financial lives. So if you can find someone in the community that you trust, those personal, enduring relationships go a long, long way."

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