

# The State of In-Store Banking

~~1987~~

~~1997~~

2007

Dave Martin

Executive Vice President

NCBS



# 20 largest programs by # of locations

7,592  
in-store  
branches  
currently  
in  
operation  
in the US

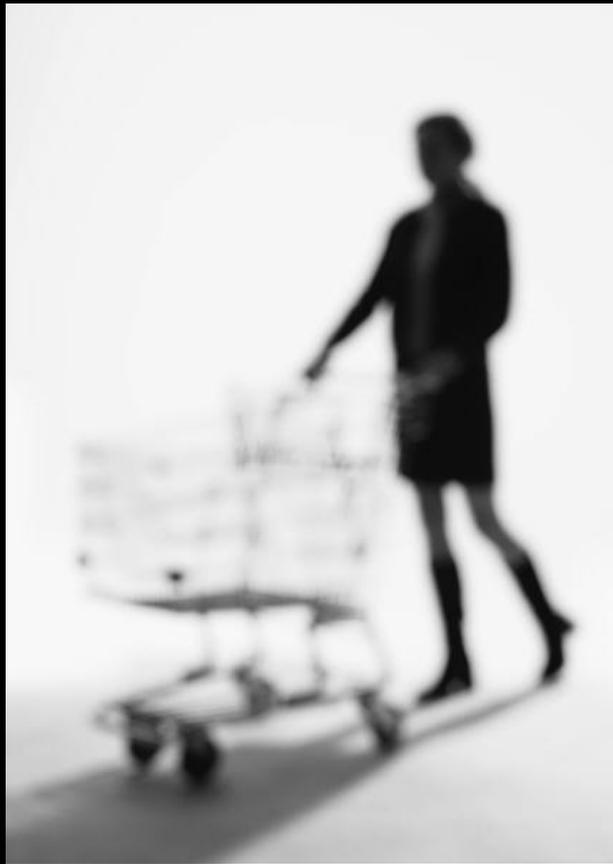


Wells Fargo	635
Citizens / Charter One	527
US Bank	505
Bank of America	392
SunTrust	343
TCF	244
Woodforest National Bank	230
First National Bank Texas	225
Chase	199
WAMU	165
5/3	106
Zions Bancorp	84
Guaranty Bank	84
Downey Financial	75
People's Bank	74
Dickinson Financial	69
National City	55
Provident Bankshares	55
International Bank of Commerce	54
UnionBanCal Corp	52

Source:



# A Few Relevant In-Store Banking Statistics Too Few People Realize:

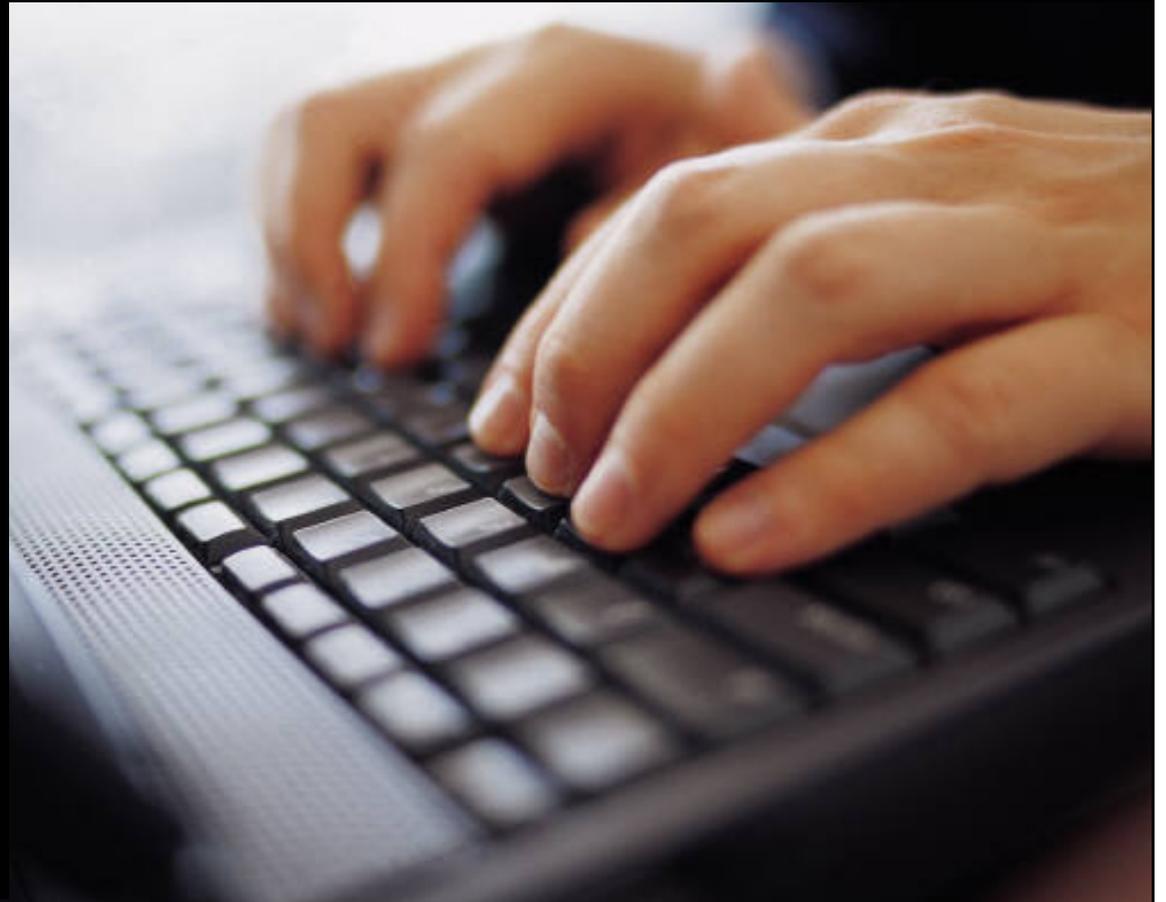


- In dual head-of-household families, the female is the primary shopper 72% of the time.
- 61% of these women work full or part time away from home.
- Females have equal say in the financial decisions of 75% of ALL U.S. households.
- 40% of U.S. households are managed entirely by women.

Want a case study?

In 1995, 2% of home buyers used the internet to look for a home.

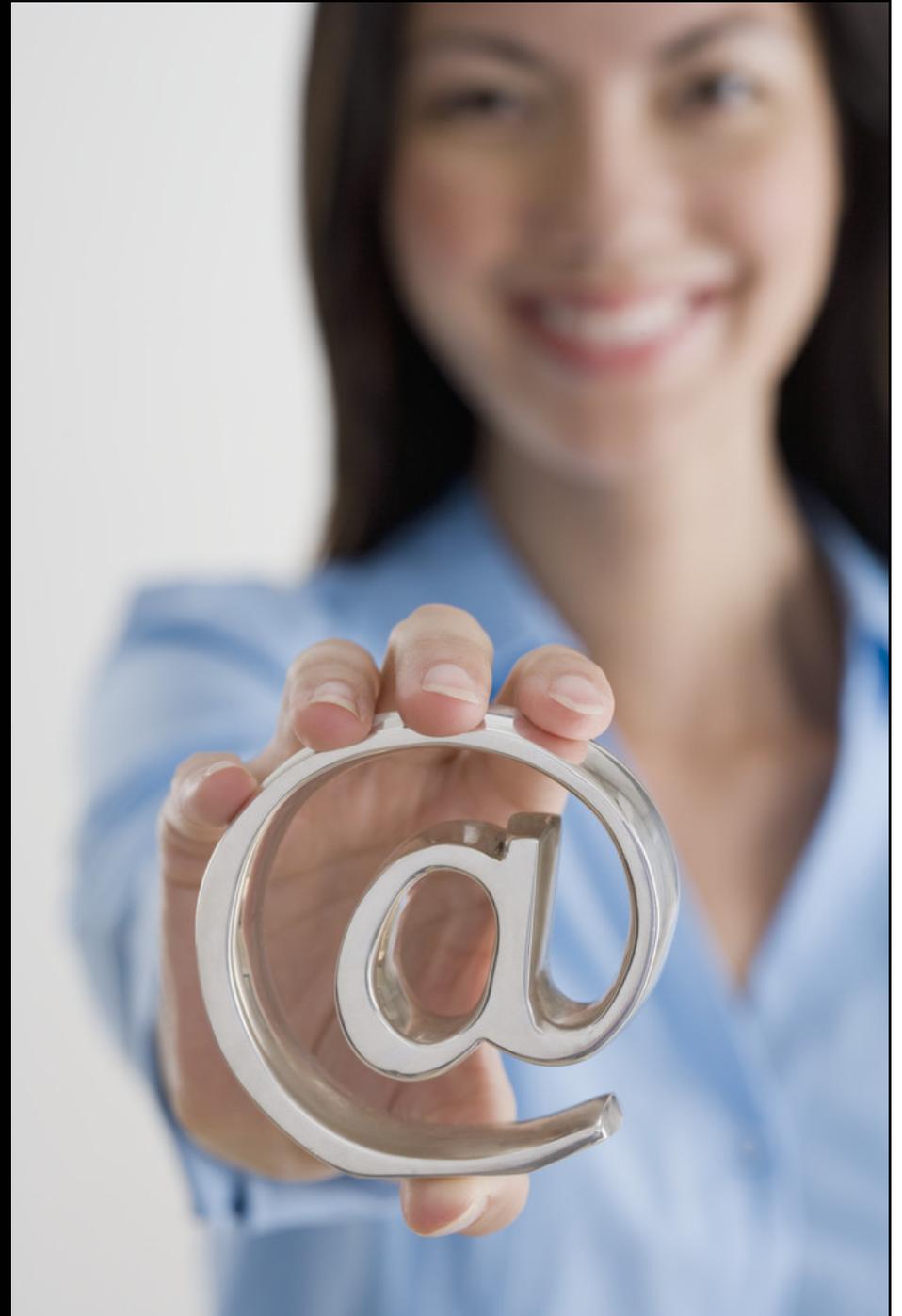
In 2005, 77% of home shoppers went on-line and 25% first found the property they bought on the internet.



As the banking world becomes more “virtual”, in-store branches actually become more valuable.

Technology will enable new products and delivery models. The real technology transformation underway is not in new gizmos and gadgets, but in the daily evolution of individuals' and companies' behavior that often passes unnoticed.

McKinsey and Co.  
“Banking in a Changing World”



Oh, now

that is

cool!

# Best of the Web Winner — USAA Deposit@Home<sup>SM</sup>



Make secure deposits anytime from home with Deposit@Home — voted "Best of the Web" Winner 2006 by Online Banking Report.



Welcome, Cynthia Martin

Enjoy the savings and convenience of USAA's innovative new products and online services available at [usaa.com](http://usaa.com):



## New! Deposit@Home, Not @ the Bank

Voted "Best of the Web" in 2006 by Online Banking Report, Deposit@Home is the fastest way to make a deposit—right from your home or office computer and it's FREE! This safe, easy service allows you to deposit your checks using your computer and scanner 24/7.

Here's how Deposit@Home works:

1. Log on to [usaa.com](http://usaa.com), Keyword: Deposit@Home and follow the easy instructions on how to use the service.
2. Sign the back of the check and mark it "For deposit only to USAA account number [your account number]."
3. Scan both sides and you're done. The deposit is immediately credited to your account.<sup>1</sup>

[» Get Started Today](#)

# Online

THE WALL STREET JOURNAL.

....

# accounts

## PERSONAL

No branches, let alone  
mean higher in

By Kathy Chu  
USA TODAY

The rapid growth of high-yield accounts has spawned another comfortable with the Web: online accounts that pay interest.

### Personal finance

ING E-Loan accounts at brick-and-mortar type accounts don't typically issue paper statements. You generate them online. You pay bills online and make deposits by mail. In most cases, you'll be getting money for free within a design.

The new accounts are a way to deepen their relationships with customers and boost deposits. A growing number of banks are turning to the Internet to pay bills, to electronically deposit paychecks. ING

## Online Banks Lift Yields

### Checking Accounts Get Healthy Boost Over Larger Firms

By JANE J. KIM

More online financial-services firms and small banks are offering checking accounts that pay higher yields.

E\*Trade Financial Corp. is expected to launch today a new checking account that pays 3.25% and offers unlimited refunds of automated-teller-machine fees. ING Groep NV's online bank ING Direct is rolling out a similar "Electric Orange" account nationwide this week after a limited launch. And earlier this month, EverBank Fi-

ing checking accounts is 0.29%, according to Bankrate.com.

Big banks are also offering to pay more interest on checking accounts, but they typically require customers to keep large balances across a variety of accounts to earn yields ranging from 2% to 3%. Now, smaller banks and online brokerages are jumping in with their own offerings that come with even higher rates and fewer restrictions.

The moves come at a time when financial institutions are trying to convince clients to do all of their banking and investing at one firm. Even though customers are able to write checks against their brokerage accounts, says Rob Shenk, senior vice president at E\*Trade, "there are many customers who are mentally segmenting their

count or money-market account.

With E\*Trade's checking account, customers need at least \$5,000 in balances to earn the higher rate; balances below \$5,000 earn 0.5%. The firm will waive monthly fees if a customer maintains an average monthly balance of \$5,000; or has at least one direct deposit of \$200 or more a month; or has a total balance of \$50,000; or meets the firm's active-trading requirements.

ING Direct is betting some consumers are willing to give up paper checks entirely. Customers who sign up for ING Direct's new account, which is paying between 4% and 5.3% on deposits, will get a debit card instead of a paper checkbook—and funds will be electronically transferred out of their ac-

without bank access," says Paul McAdam of the bank institute.

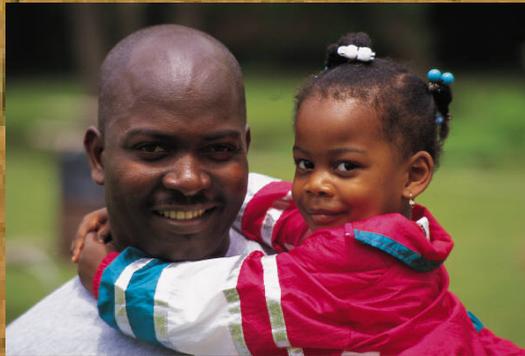
Yet in exchange for banking on the Internet, rather than at a branch, these accounts typically reward you with a high yield. ING's "Electric Orange" account — available now to existing ING customers and in March to new customers — offers a 3% to 5.3% annual rate on account assets. By contrast, the average yield for all interest-bearing checking accounts is a puny 0.3%, according to Bankrate.com.

HSBC Direct and E-Loan have yet to disclose the yields on their online checking-type accounts. HSBC says it plans to launch its account in the first half of 2007; E-Loan says it expects to do so later this year.

A few small banks have offered checking-type accounts for years. But they lack widespread popularity. Still, "I think the rest (other banks) to come in" and offer as more consumers migrate to the Internet," says Meleis of Novantas.

Humble suggestion:  
You will not beat these guys on price or  
with "better" online services!

# Just what exactly are in-store branches paying rent for?



Rent is paid for access to a retailer's customer base.

There are scores of reasons to be bullish on the future of in-store branches.

That being said, there is confusion, uncertainty, and other agendas that do bear paying attention to .



## A Grocer Revs Its Financial Service Engine

■ BY KATE BERRY

Though not as closely watched by the banking industry as Wal-Mart Stores Inc., the supermarket giant Kroger Co. has been marketing financial services, and some in the industry have begun to take notice.

Observers say Kroger is distinguishing itself by selling its own brand of mortgages, home equity lines of credit, and pet insurance at 24 stores in the Cincinnati area — essentially competing against its in-store bank partners. (In fact, banks have branches in most of those stores.)

"It's certainly something that's



Photo by AP/Wide World

raising eyebrows," said Dave Martin, the executive vice president and chief training consultant at NCBS, an in-store bank consulting unit of SunTrust Banks Inc. "Banks are not thrilled in this instance to see their partners pro-

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**COMING TUESDAY**

Emerging Technologies, an American Banker special report.

**HOLIDAY NOTICE**

American Banker will not publish on Monday, Presidents Day.

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Understanding the Bentonville Behemoth

# Wal-Mart's Mantra

## Helping the Underserved is Who We Are and What We Do



*"If we work together, we'll  
lower the cost of living for  
everyone..."*

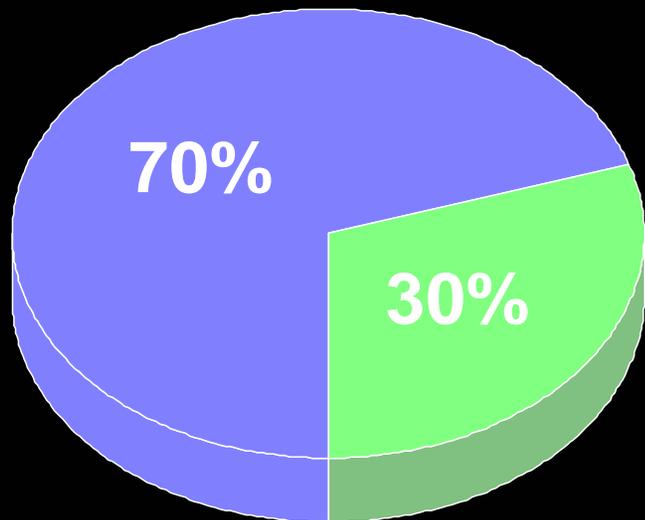
*...we'll give the world an  
opportunity to see what it's  
like to save and have a better  
life."*

*Sam Walton*

# Who are the Unbanked, Underserved Customers?

Unbanked 9 - 20% of U.S. Households<sup>1</sup>

70% of US HH Incomes <\$35K are Unbanked<sup>2</sup>



■ Unbanked

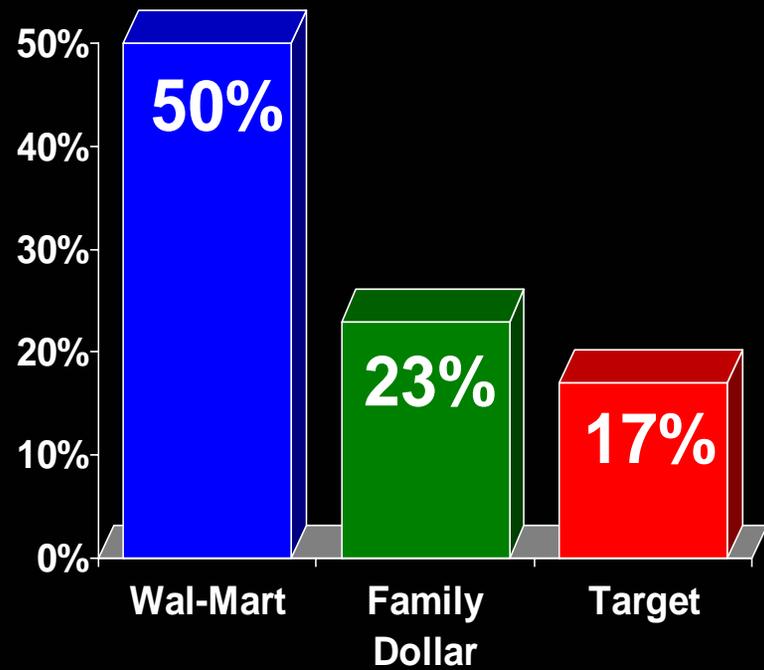
■ Banked

<sup>1</sup> Synergistics Dec 2005; <sup>1</sup> GAO 2002;

<sup>2</sup> Scarborough Research March 2006

## Unbanked Customers Shop Wal-Mart

Past 30 days<sup>2</sup>



# EDLP Philosophy Creates Substantial Savings

	<u>Price/Rate</u>	<u>Competition</u>
Money Orders	\$ 0.46	\$ 0.75
Money Transfers	\$ 9.46	\$ 15.00
Payroll Check Cashing	\$ 3.00	\$ 6.00

## *The Wal-Mart Money Services customer savings story:*

A customer earning \$300 per week

- Cashes a payroll check
- Sends money to Mexico (or elsewhere)
- Purchases money orders

Can save over \$450 a year (3%+ of their annual income) at Wal-Mart



# Wal-Mart MoneyCenters Planned for High Volume Transaction Stores



# Closing Thoughts



[ncbs.com](http://ncbs.com)