

TRANSPARENT BANKING

As financial institutions compete for customers at both the domestic and global levels, it is becoming clear that the winners will be those institutions that provide the clearest information to customers using the simplest language. Disclosure of fees and the details of products not only creates trust between bank and customer, but also gives the organization the best chance of weathering increasing regulatory oversight. The financial services market cannot operate effectively without riding the transparency trend.

The Flow of Information

Today's market rewards institutions that manage risk well — particularly if there is an adequate flow of reliable and timely information to market participants. Greater disclosure helps the market move toward safer, more stable practices that ultimately can help to avert another crisis in the financial services sector.

A Customer-Centric Approach

Providing a high-quality customer experience will be critical to driving revenue growth. The more the customer feels in control of the relationship, the more favorable will be the regard for the banking relationship. Banks that leverage analytics to translate big data into market insights will be better positioned to market new products and sell them successfully to their widening customer base.

Fair and Responsible Banking

Fair and responsible banking practices are anchored in a consumer-driven approach that maintains compliance with regulatory requirements and responsibly protects the customer from unfair, deceptive, or abusive practices. Knowledge of what statutory protections the customer is entitled to by law is the first step in incorporating a culture of consumer-transparent principles into enterprise risk-management policies.

Customer Product Development

At the time the Consumer Financial Protection Bureau was created, 29.3 percent of households did not have a savings account. This percentage revealed a shift away from the traditional “fully banked” household that participated in a variety of savings and checking services as well as in other products that its local bank had to offer. Lack of confidence in the financial sector has been cited as one reason for the reticence in accepting bank products.

In order to overcome this perception, banks must offer products that will re-establish a healthy relationship with the customer and build consumer confidence while complying with regulatory consumer protection tests. The emphasis must shift to “What does the consumer need and want — and how do we provide that?”

The Disclosure Box

Until recently, banks were not providing important checking account policies and fee information in a concise and easy-to-understand format that allowed customers to compare terms and conditions among institutions. The adoption of credit card-type disclosure boxes proved to be a valuable tool in terms of compliance as well as the enhancement of transparency. The same concept has proven effective in the marketing of numerous “add-on products” to the consumer.

CONTACT US!

DAVID KINNEAR
O: 212.913.0500 x565
M: 917.886.3222
E: DAVID.KINNEAR@GREENPOINTGLOBAL.COM

PETER K. OVERZAT, ESQ
O: 212.913.0500 x557
M: 917.807.1321
E: PETER.OVERZAT@GREENPOINTGLOBAL.COM

WWW.GREENPOINTLEGAL.COM