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Bank Merger Communications

Proven Strategies for Integration Success

stackpole

Drawing on Stackpole's more than 23 years of financial services branding and marketing experience, we've outlined some of the most important merger-related considerations and the proven steps you need to take to ensure effective communications internally and externally. We're confident you'll find them helpful in ensuring a smooth transition as you integrate the cultures, internal systems, products and services of both institutions.

Expanded reach, improved operations, greater lending power, better technology, enhanced efficiencies—the rewards of a successful merger can be considerable for both financial institutions involved. Yet mergers are, to put it mildly, risky endeavors, filled with challenges that can be costly (even catastrophic) if not handled properly.

While there are countless considerations revolving around a host of integration issues, one of the keys to a successful merger is a well-conceived, well-executed communications strategy. Open, honest, timely communications informing both your employees and your customers of the rationale behind the deal and important details at every stage of the process will work to inspire and retain staff while comforting and encouraging your customers to remain customers.

If members of your staff aren't informed about and don't feel included in your plans, they may very well consider finding a job elsewhere. Or if they stay, they may not do a very good job comforting your customers who will invariably turn to them for information.

Bank customers are often very emotional when it comes to their financial institutions. Statistics show that even many of your best customers will consider moving some or all of their accounts if they feel they can't trust you anymore. It won't help when competing institutions who've learned of your merger plans begin to court them. Mishandled communications could very well lead to the exit of the staff and customers who were such a significant part of what made the deal attractive to begin with.

The more informed your employees and customers are throughout the process, the less likely it is you'll experience an exodus on either front and the more seamless your merger will be.

But before you begin creating strategies to communicate with your key stakeholders, there's one vitally important consideration you need to address.

IMPORTANCE OF THE BRAND

Before you launch any merger-related communications initiatives, you must focus on your brand. Nothing is more important to the success of a merger than brand, yet it's the thing most overlooked by bank leadership.

From your brand strategy and messaging platform to your new logo and name, a strong brand aligns the cultures and values of both organizations, unifying the separate teams by creating a shared purpose and identity. The brand conveys that unified presence to the marketplace, clarifying misperceptions, reducing uncertainty and skepticism, offering a compelling rationale for the merger and creating a sense of excitement and anticipation about the benefits the new organization will deliver.

For many of your customers, much of what's familiar about their bank is going to disappear. This can't help but be unsettling. A well-conceived brand that shows you understand their sense of loss and conveys how much you value them will go a long way in keeping them as customers.

A STRONG LEADERSHIP TEAM

Before we get to the specific communications strategies, let's consider the importance of a strong stakeholder team responsible for guiding the development of the new brand and creating a transition playbook for all internal and external communications.

Members of this stakeholder team should be representatives

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from different departments at both banks and led by a trusted source from one of the institutions. These stakeholders are the go-to team before, during and after the transition, and are responsible for:

- Creating goals to measure how well both banks are managing the customer and employee experience throughout the acquisition
- Determining customer and employee pain points and how each one of them will be addressed
- Ensuring that information is shared accurately across the organization, and much more

Any issues that arise during this transition should be escalated and managed by this group, allowing for consistent messaging across all levels within the organization.

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ALIGNING YOUR STAFF

What good is a merger strategy if your employees aren't on board? As we've said, mergers can result in employee turnover if not managed correctly. Employees who aren't adequately informed often feel anxious about what will happen next and wonder if their positions are being replaced or eliminated. Upset employees can have a negative impact on your customers' experiences with the bank. An effective and transparent communication plan can help mollify these concerns.

Effective internal communications should cover:

- Responsibilities during the transition period
- Announcing the stakeholder team
- Employee anxiety alleviation strategies
- Ways for employees to feel valued and included
- Problem resolution across multiple channels
- Strategies on how to deal with customer experience
- Potentially changing employee benefits
- New protocols and processes being implemented
- Any changes to the organizational structure

Here are some proven tips for dealing with internal matters:

1. Develop a feedback loop There should be a way for employees to give feedback, such as a web form, specific phone number or inbox. The stakeholder team should work to immediately address employee concerns and issues.

2. Open communication Employees need consistent, up-to-the-minute communications. This type of transparency fosters trust during the transition. Communication should be clear and honest. A set of FAQs should also be distributed to employees regarding internal changes and external communication. Employees should also receive copies of any communication that is being shared externally.

*The **more informed your employees and customers are** throughout the process, the less likely you'll experience significant attrition on either front and the **more seamless your merger will be**.*

Since tellers are the bank's frontline client contact, having scripts and talking points are critical for this audience. This way, you can ensure questions are managed and handled in a consistent manner. Tellers can help reassure customers that the bank still has their best interests at heart and that they are valued.

3. Protocols During the transition there should be a process for dealing with various issues. For example, there should be a team responsible for monitoring social media and appropriately responding to channels. A legal team should be reviewing and approving responses to any complaints or issues.

Since there will likely already be deals in the pipeline and commercial lending teams will be out talking to prospects, it's critical for lenders to fully understand each other's lending process and timelines. Will someone conduct term approvals? How long does it typically take to close a deal? What are the steps? How does one differ from the other's current process? By having a clear plan, the lenders can continue to close deals and set proper expectations with clients.

4. Training Bank employees will need to be trained on processes, tools and technologies the other utilizes. We recommend creating training videos (especially for the lending team) to help ensure they are fully equipped with the resources they need to conduct business correctly. When the new core processor is implemented, it will be critical that all necessary parties are comfortable and understand that application prior to deployment. Employees need to understand how their products and offerings are changing for both their commercial and retail clients. Employees need to sell their customers on how this merger benefits them.

ENGAGING YOUR CUSTOMERS

According to a recent Deloitte study, 36% of customers state "emotions" as a key driver for switching banks due to not feeling valued, loss of personal relationship and lack of trust that the new bank is looking out for their best interests.

Now more than ever, it's important for both merging banks to review their customer engagement strategy and determine how to alleviate the disruption of the merger. Having a strong merger communication strategy is critical to the bank's customer experience throughout the transition. Both banks need to keep customers engaged in a consistent and relevant format across all channels.

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- DELOITTE

Customers want the following during the acquisition:

- Clear, honest and simple communication
- A seamless transition
- To feel valued
- For the new bank to earn their trust
- Reassurance that they still have the same personal relationships
- No disruption to their accounts
    - On day one, they want to be able to access, move or transfer their money
- An understanding of account changes
    - Will their rates change? Will they still have no minimum balance?
    - If some of their benefits are being taken from them, what are they gaining in return? Will they be able to access old account information?

HERE ARE SOME SPECIFICS

1. Make the most of direct mail Begin with a message from the CEO. The chief executive officer of the new institution should send a letter to all external audiences about the merger, welcoming them to the bank, illustrating the associated benefits for them and providing guidance on where they can get relevant information throughout the process. This letter should be personalized based on audience segmentation (commercial vs. retail).

Since all customer email addresses may be difficult to obtain, a sound direct mail campaign strategy to ensure that all appropriate audiences—both commercial and retail—are reached is vital.

<u>Commercial</u>

In many mergers, much of the anxiety and concern comes from the commercial audience concerned about whether or not they'll continue to have the same contacts and relationships at the bank. It will be important to emphasize to this unique set of clients that the relationships will remain the same since they will become a key asset at the new bank.

In addition, for commercial customers and prospects, the direct mail should, if appropriate, focus on the opportunity to provide additional solutions such as insurance and investments—services that are typically a great way to retain clients.

<u>Retail</u>

It is important to reach out to all retail customers early and often. Although there is a long transition period, research shows that most retail customers who end up leaving the bank will do so during the first month of transition. Others will wait it out to see how the new bank operates, and then will choose whether or not they'll stay. Ongoing direct mail pieces regarding their account changes will be important, especially later in the conversion when you ask them to download a new app and activate a new debit card.

2. Build a microsite Included in the letter from the CEO should be a help line where customers can call and a link to the microsite for additional information. The site should include FAQs, updates and a feedback, form and content should cover the impacts to the customer and what it means to them, while reinforcing the shared values of both merging institutions.

3. Video A warm way to welcome customers would be through video on the microsite. The video should, if possible, feature the bank CEO. A heartfelt message from the person at the top is a great way to help build trust and express how much value the bank places on customers coming from each institution. In addition, video can also be repurposed for new customer onboarding campaigns and employee engagement initiatives, not to mention shared directly with commercial customers who have questions for their loan officers.

4. Marketing automation platform By taking advantage of the functionality of marketing automation, both banks can determine how effective their communication strategies are. Through marketing automation, you can test subject lines to ensure emails get higher open rates. You can see who is opening the emails and going to the microsite for more information. Then you can tweak communication in real time to react to any timely information that needs to be shared with customers. These metrics help determine whether or not you're reaching and getting through to the necessary audiences.

Email updates should also be used to inform about any microsite updates. These emails should be highly personalized and look like they are coming directly from the local team to help enforce trust and credibility.

5. Phone outreach - commercial Both banks should prioritize their top customers and current deals in negotiation and personally reach out by phone to deliver the news of the merger. This will make customers feel valued by both institutions because of the relationships they've developed. The stakeholder team should provide direction and talking points for these conversations.

6. In-branch Bank employees should be equipped with and ready to share the right information and communication to help assuage customer anxiety. There should also be marketing materials at the branch highlighting the changes and impacts to customers.

If banks are equipped with flat-screen panels, as most these days are, these monitors should be used to inform in-branch customers of the acquisition and promote all the value-added benefits of the new combined organization.

7. Social media During the transitional period, it is vitally important that both banks adhere to a unified social media strategy. The stakeholder team should determine and handle any complaints that arise and make sure there's a unified message being consistently delivered online.

8. PR Finally, developing a PR strategy to ensure the transition is being managed and portrayed in a positive light will help influence existing and future customers. Be sure to reach out to local media outlets about changes.

The takeaway

The benefits of a merger are often considerable, but so can be the pitfalls. While many factors contribute to merger success, a sound brand strategy, common vision and clear, concise communications are vital. We hope you've found these strategies and considerations to be useful. If you'd like to see how Stackpole might help with your bank merger communications, please get in touch.

Who Is Stackpole?

Our agency heritage is rooted in 23 years of brand strategy and creative development. This means that every strategic program initiative or creative assignment that we execute will always ladder up to your core brand promise, while remaining keenly focused on delivering results.

At Stackpole, we don't feel the need to define ourselves as a traditional agency, or a digital-only shop—as we believe there is no longer a bright line separating the two. We know it's more important to be well balanced in our thinking, and in our expertise, when it comes to the exploration, development and implementation of integrated, multichannel strategies and programs.

Let's Talk!

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