Nine Critical Steps for Leading a Successful Bank Merger.

Few business challenges require more forethought than merging two financial institutions. Between consolidating systems, reviewing brand implications, evaluating locations, assessing operational impact, reassuring employees and the hundreds of other details that can arise, it's no wonder that research reveals 11% of customers attrite in the first month following a merger.

The checklist below highlights key activities you and your team should consider as you begin developing your merger communication strategies.

1 **DEFINE SUCCESS:** Just as every bank has a unique vision and goals, each bank merger presents unique challenges and requirements. By clearly defining success metrics from the start, you will empower your employees with clear direction and simplify decision making in every aspect of the process. And yes, customer retention rates of 95% or higher are possible with proper planning.

2 **ASSEMBLE THE CONVERSION TEAM:** If your bank has a history of mergers and acquisitions, you may be lucky enough to already have an experienced conversion team in place. If not, you'll need to pull together a team that will hold full ownership for the areas of their responsibility. The ideal team includes functional leadership for:

- Operational and systems integration
- Human resources onboarding and training
- Marketing communications
- Customer service for new and existing customers
- Financial consolidation and merger expense budgeting
- Risk assessment
- Data migration
- Facilities
- Other executives as your situation dictates

3 **SELECT THE SMARTEST ACTIVITIES TO INSOURCE AND THOSE TO OUTSOURCE:** Your team needs to candidly self-assess its functional strengths and weaknesses, and realistically consider available bandwidth for managing merger activities on top of routine business. Hiring experienced vendors to support your conversion team can fill internal gaps, minimize staff burnout, and improve likelihood of achieving your goals. And truly experienced merger vendors usually pay for themselves in terms of avoiding mistakes, saved internal resources, lower postage and printing costs, and more.

Merger research reveals:

- **11% of customers attrite in the first month following a merger**
- **33% of customers will defect if the acquired institution poorly handles merger communications**
- **Customer retention rates of 95% or higher are possible with proper planning**

BKM MARKETING

Strategy ▸ Creative ▸ Execution

bankmergermarketing.com

4 **BEGIN THE VENDOR MANAGEMENT REVIEW PROCESS** as soon as possible for merger specialty vendors: Vendor management compliance review processes vary by bank. Since certain vendors will need to access customer specific information including social security and account numbers, high-risk review protocol processes are often required. Be sure to plan enough time for this review process.

5 **EVALUATE AND SELECT THE BEST OPERATING SYSTEMS BETWEEN BOTH ENTITIES:** Perhaps an initial evaluation occurred during due diligence, but systems integration is obviously a crucial success factor. Failed systems integration makes for juicy headlines, directly impacts customers, and leads to immediate dissatisfaction and attrition. Be sure to involve the IT head of each institution to assess the existing systems and contracts in place. Determining which system, or combination of systems, will best meet the needs of your combined customer bases is a top priority.

6 **IDENTIFY THE BENEFITS** to your customers and potential inconveniences they'll face: Before you start communicating with your new and existing customers, you'll want a full inventory of factors that will and will not change their banking experience. Map all products to determine compatibility, best matches and potential issues, as well as examine the customer database for special circumstances with grandfathered products and other exceptions. The more accurately your institution can set expectations about changes customers may experience, the more your customers will trust you moving forward.

7 **COMMUNICATE FREQUENTLY WITH CUSTOMERS** (yours and theirs) to set expectations: Research indicates that 33% of customers will defect if the acquired institution poorly handles merger communications. In order to protect your institution's investment, communications to acquired customers must minimize anxiety about the upcoming changes, clearly set expectations about what changes will occur and when – and provide easy-to-use channels for questions and follow-up.

8 **EVALUATE THE QUALITY OF ACQUIRED DATA SOURCES:** Your new customer data is critical - each data record is a vital part of each customer's life. Build enough time in the schedule (more than you think you might possibly need) for a thorough data review, including: preliminary checks, consolidation, verification and exception handling, and cross-checks in the process reporting.

9 **PLAN FOR THE UNEXPECTED:** Whether this is your first or fiftieth experience with a bank merger, you can count on situational challenges arising throughout the process. Build a realistic timeline with a good amount of wiggle room to ensure that you don't get caught unprepared at the last second.

To discuss your institution's specific needs, please call 781.741.8005.

ABOUT BKM MARKETING:

BKM Marketing is an integrated marketing agency with a bank merger specialty group that manages bank merger and conversion communications programs. Headquartered in the Boston area, BKM Marketing clients benefit from specialized advisory, creative, data processing and production/execution services to cost-effectively manage critical communications. Learn more at bankmergermarketing.com.

BKM MARKETING

Strategy ▸ Creative ▸ Execution

bankmergermarketing.com

101 Derby Street
Suite 203
Hingham, MA 02043
781.741.8005