

SAFE DEPOSIT – The Ultimate Marketing Opportunity

Safe deposit boxes should be considered a financial organization's best marketing tool. Unfortunately, in some organizations this service is sometimes treated like an unwanted stepchild. Historically, safe deposit boxes have guarded the vast wealth of many influential consumers at a typical cost of less than \$20 a year. After complaining about their high box rental fees, these same consumers spend several hundred per year for a country club locker to protect their comb, deodorant, shampoo and a pair of old golf shoes.

Profitable or a lost leader

Low box rental fees and high initial vault installation costs have caused safe deposit to unfairly earn the reputation of a "loss leader" in the financial industry. Unfortunately there are a few managers out there who still believe this myth. Gradually these managers are being replaced by more aggressive individuals who believe that the safe deposit area can and should be part of the entire profit picture of their organization. When a safe deposit area is treated as a lucrative business – carefully planned, correctly priced, and well run it can become a profit center within 24 to 30 months. After that, most of the rental income is clear profit.

Another reason financial organizations are missing the boat is that they fail to staff this area with employees who can take advantage of the special type of traffic that flows through this department. Who comes to the safe deposit area? Wealthy people. These individuals are interested in investments, CDs, annuities, mutual funds and are excellent candidates for a VIP relationship which they are very willing to pay for by maintaining high account balances. Yet in many financial organizations who actually staffs this area? In some instances temporaries or part-time people who have little interest in the institution or its success and direction. These employees have never been trained to utilize this tremendous opportunity to cross-sell other financial services.

Cross-selling has become difficult

Automation has done much for the efficiency of the financial industry, but perhaps a bit too much for consumer convenience. The convenience afforded to consumers by ATMs, telephone bill paying and the many other electronic services has, in effect, robbed the financial industry of the oldest and most crucial element in their marketing strategy – opportunity to approach consumers face-to-face and cross-sell other services.

In the modern financial world, consumers can, without ever setting a foot in their financial organization, maintain and close checking and savings accounts, pay off loans, redeem certificates, and sever every relationship they have except one, their safe deposit rental agreement.

Hardest account to close

First, to rent or access a safe deposit box, consumers must come into the facility. Second, in order to terminate their agreement, they're not only required to come in, but they must suffer through the inconvenience of finding two keys, signing a release form, returning the keys and emptying the box. Then they must try to secure another box in a convenient location with hopefully a similar rental fee, in order to protect their valuables. The bottom line is consumers feel there is an immediate need to obtain a safe deposit box, but will usually delay going through the procedures necessary to terminate this agreement. Most financial organizations require consumers to maintain a deposit account to have a safe deposit box. Other organizations charge consumers without an account a fee that is at least double the annual box rental amount. These policies encourage consumers to open accounts and help retain existing renters as valuable depositors.

Best account holders

All financial employees should strive to increase box rentals and retain all of their current box users. Surveys have shown that these boxholders are the organization's best and most profitable account holders. These consumer surveys also show that boxholders have:

- High income – 14% higher than the national average.
- Better employment – 42% are professionals or managers.
- Better education – Many have college or advanced college degrees.
- More financial services – The number of services used is approximately 16% higher than other consumers.
- Longer relationships – Most boxholders were 50 years old or older. Obviously, with time comes wealth and more reason to rent a box.
- Specific needs – The typical nonuser is a younger blue-collar worker with less education and a lower income level.

Simple solution

To assist you in renting more boxes and maintaining your current boxholders, a new publication titled, "Safe Deposit – The Ultimate Protection" was created. This book was written to help consumers understand the benefits, complexities and security requirements of renting a safe deposit box. This publication includes:

- Reasons why everyone should have a safe deposit box.
- Over 70 items that need safe deposit box protection.
- Helpful hints to increase safe deposit security.
- Answers to the most frequently asked safe deposit questions.

This publication also assists financial institutions to help consumers evaluate the importance of having a safe deposit box and to answer the many questions they have concerning how to safeguard their valuables. It is also a useful resource tool for new accounts, trust departments, officer call programs, investment meetings, senior citizen clubs, civic groups, school tours and others.

About the Author: David P. McGuinn, President of Safe Deposit Specialists, is a former banker and is often referred to nationwide as the safe deposit GURU. In all 50 states he has trained over 200,000 safe deposit personnel since 1969 and has served as President of the American Institute of Banking and the American, Texas and Houston Safe Deposit Associations. He has created numerous safe deposit manuals, training videos, products, compliance forms and other products. During the past 35 years, McGuinn's safe deposit manuals, videos, products and forms have been recognized as the national standard for the financial industry.