

# With banking fears fading, here's what small banks and credit unions can do to win back customers and their deposits

Article

**What we're watching:** The recent regional banking crisis has shaken investors' and consumers' confidence in smaller banks. Now community banks and credit unions are scrambling for deposits and new customers to help stabilize their balance sheets—and they're eager to prove that they can be trusted.

As consumers consider returning to smaller banks, here's what these banks can do to instill confidence and to keep those customers and their deposits, [per](#) Forbes.

### **Create an online presence to stay out of the dark**

- Many consumers begin their search for a financial institution (FI) online. Small banks should make sure they're easily found online and recognizable to consumers in their communities.
- Once a consumer finds the bank or credit union online, the FI must make sure it's easy for the consumer to become a customer. Investing in simple-to-use and straightforward digital banking capabilities can improve the FI's customer acquisition rate. FIs are likely to miss out on new customers if the customer is required to travel to a branch to open an account.
- Small FIs shouldn't be bystanders on social media. Participating on posts and engaging with customers on various social media platforms can improve the customer experience and aid in personalization. (Check out [tips for engaging on social media here](#).)

### **Know who you're working with**

- Fintech and third-party partnerships can make many tasks easier, cost-effective, and efficient. But small banks and credit unions must be sure they know the ins and outs of the fintech or company they're partnering with.
- FIs should conduct extensive due diligence when considering a partnership. Analyze the firm's risk management procedures and ensure they are compliant with current regulations. Also consider how they treat their own customers: Do they verify their customers' identities, and do they keep customer data safe?
- Additionally, make sure the FI's and partner's cultures align. The most successful partnerships result from both parties sharing similar goals, principles, and philosophies.

## Make sure you're easy to work with

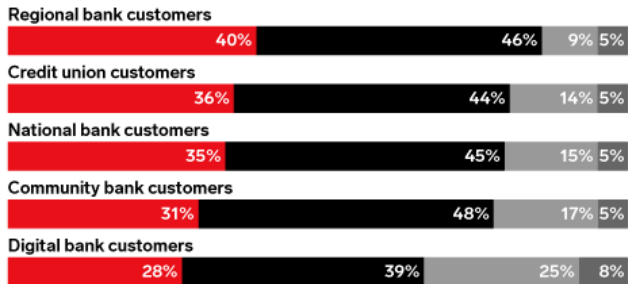
- Some smaller banks and credit unions find success in banking-as-a-service (BaaS) offerings or embedded finance services. These methods allow smaller FIs to gain customers and deposits by offering their products in conjunction with or through another brand.
- FIs that engage in BaaS or embedded finance must make sure that the tech powering their BaaS solution is easy to use and flexible enough to fit various types of tech stacks.
- FIs must also keep their solutions up-to-date with current regulatory standards, as regulatory scrutiny of BaaS solutions recently has intensified.

**The bottom line:** Small banks' and credit unions' ability to form close relationships with people in their communities gives them a major advantage over big banks. Maintaining strong relationships requires communicating and working with customers in ways they're accustomed to, keeping their data safe, and making sure they feel heard and understood. Doubling down on these strategies now can help prevent future uncertainty if another crisis arises.

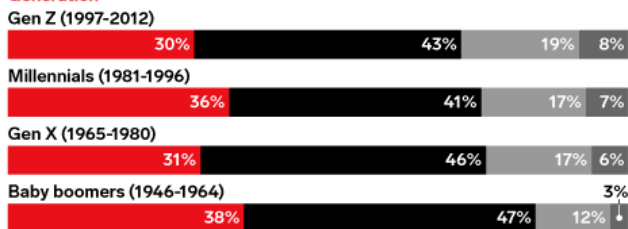
## Level of Confidence in Their Primary Banks\* According to US Adults, by Bank Type and Generation, March 2023

% of respondents in each group

### Bank type



### Generation



### Total



■ Very confident      ■ Not too confident  
■ Somewhat confident      ■ Not confident at all

Note: numbers may not add up to 100% due to rounding; \*in their banks' ability to provide them with all of the money in their accounts if they requested it  
Source: Morning Consult as cited in company blog, March 15, 2023

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