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SMART BUSINESS IDEAS FOR THE BUSY EXECUTIVE



Chain Bridge Bank's
John Vogt, Executive Vice President
& Chief Commercial Banking Officer

Local Bank Turns Kids into Savers

while Building a Community Connection

Bank Builds Community Connection by Turning Kids into Savers

By Pamela Barnett



In an exceedingly complex financial world, financial illiteracy is on the rise, and the damaging effects of that trend are all-too apparent. Even basic money management skills are often lacking in today's adults and many parents feel ill-equipped to teach their kids about money and investing. In McLean, VA, Chain Bridge Bank, a community bank, saw the benefits that a robust financial and practical life-skills education could impart to children, and working in partnership with the nearby K-6 Franklin Sherman Elementary School, cut the ribbon on an in-school bank in October 2008.

Working with the school and the school's Parent-Teacher Association to bring financial literacy and savings awareness to its young community members are Chain Bridge Bank President & CEO John Brough and Executive Vice President and Chief Commercial Banking Officer John Vogt. For Vogt, the project has an especially personal angle: The inspiration for the in-school bank came from Vogt's wife, who headed the school's PTA.

Among the program's aims is to help students learn about the importance of saving and other money management topics. Fourth-through sixth-grade students staff the bank, which imparts lessons about personal responsibility and important social skills via hands-on experience in a financial setting, while also supplementing the math and financial education curriculums. The student positions are unpaid, but the prestigious jobs, for which students must interview, are their own compensation, Vogt said.

The student bank, which is legally considered a courier service as opposed to an actual banking institution, lets schoolchildren in grades one through six open up a savings account and make regular deposits while they are at school, a practice which gives them a

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feeling of confidence and maturity, as well as a concrete lesson in the power of compound interest.

"It's been very successful," Vogt added, noting that around 200 of the school's roughly 350 students participate as depositors in the program.

The bank offers a 5% per annum interest on the first \$2,500 for one year. Account holders also are gifted with a piece of candy each time they deposit \$1. (Sorry, readers, both the candy and 5% rate are for participating school kids, only.) The generous rate was set to help the primary school children get a better taste of what it means to save their money and watch it grow. Above \$2,500, the rate reverts to whatever the bank is paying on a standard account.

The bank operates out of a teller station set up in the school's cafeteria, where kids work as tellers, branch managers, assistant branch managers, and marketing specialists, whose job it is to drum up business for the student bank via in-class presentations and commercials aired on the school's in-house TV station.



On deposit days, which are conducted during Monday lunch periods, the student employees work under the supervision of Chain Bridge Bank staff, who place the collected monies in a safe for transport back to the Chain Bridge Bank.

Kids who want to withdraw money have to physically come to Chain Bridge Bank with their parents, but the children have full access to their accounts via online banking and receive account statements in the mail.

The way Brough and Vogt see it, the in-school bank is a reflection of a larger commitment that the two-year-old Chain Bridge Bank has to being a true partner in the community. Said Brough, "We thought it would be a neat idea to target the traditional delivery methods of a bank, such as the Chamber [of Commerce] but also go outside the box and say, 'How else can we help in the community?'"

"To have established an in-school bank feels completely natural for a community bank," Vogt added. "It is inherently the right thing to do as a community bank for financial literacy." Not only has the partnership enriched students' financial acumen, it has fostered goodwill among their parents, with anecdotal evidence suggesting that the project has led to an uptick in business for Chain Bridge Bank. "That's just a side benefit to doing it," Vogt said. "The true reason to do it is because it is exactly the type of civic activity that a community should be doing and enjoys doing."

It's that commitment to serving the com-

munity in which they live that makes community bankers an especially valuable resource for small and medium-sized businesses, Brough said. He also noted that Chain Bridge Bank is itself a small business and understands the value of "responsiveness and customization of [banking] solutions ... rather than being pushed into a one-size-fits-all product that has been formatted to benefit a bank."

Vogt added, "A bank that is a small business knows what it takes to succeed: It's a 24-7, 365-day effort." Personalized solutions are something small businesses seem to understand and appreciate, and community banks tend to have more flexibility than do larger banks with their attendant bureaucracies, he says. "I think small-business owners want a return to a banking relationship. At Chain Bridge Bank, we don't have a 1-800 number. ... We have our cell-phone numbers and email addresses on our business cards."

The consistency of service, low-turnover among personnel, and financial stability all make community banking a good fit for small and medium-size businesses. Brough went on to state that "Small businesses need the attention of their bankers. We're here for the right reasons." Vogt added, "We're not checking a box on the corporate ladder of some large multinational bank. We're here because we like working in a community, we like what we do."

Turning to what entrepreneurs should look for in a banking partner, Vogt suggested the ideal banker will offer a combination of "old-fashioned" customer service and the latest techno-

logical solutions.

"It's the community banks that often deploy the latest technology the quickest," Vogt said. "There's no waiting on a large institutional organization to be able to turn and adapt to it. The highest technology platforms are important to small-business owners because they inherently understand that is the most cost-efficient way to run a business. Combining cost effectiveness with high-touch customer service ... is a winning formula."

Vogt continued, "A community bank gives you the best shot at having a real partner that goes beyond merely the taking of deposits and making loans. It's someone who helps you think about your business, offers you feedback and advice, and wants to partner with you ... to help you grow your business. It's been very effective for us. The essence of community banking is knowing your customer and working together in partnership with them."



President & CEO
John Brough