

WOMEN CLIENTS

by [Steve Brown](#)

Ask people to list the most influential women of all time and names like Cleopatra, Eleanor Roosevelt, Queen Elizabeth, Helen Keller, Florence Nightingale and Joan of Arc will pop into their heads. Because women are so important, we pondered the lack of women-focused programs at independent banks and wondered why that might be the case. Given extreme competition, bankers everywhere are seeking new customers, so why not women? Despite the fact that women outnumber men in this country, it amazes us that all but a few independent banks still have no special programs designed for women clientele. Bankers assume that when it comes to product offerings – everyone is pretty much the same. Bankers may change their tune, however, particularly after the following information is considered: 1) Women account for 49% of all law and medical school students, which are higher paying jobs in general. As such, they are also a good source of deposits for banks. 2) Women represent 43% of all people in the country with at least \$500k in deposits. In addition, 60% of this most affluent group manages their own money and most are between the ages of 45 to 54. 3) Over the past 5Y, the number of woman-owned businesses WOB has grown by 42%, compared with 23% for all companies. Further, WOB with more than 500 employees have grown by 140% over the past 7Y. 5) WOB now account for 30% of the all businesses in the U.S. 6) Breaking down businesses by type, a whopping 69% of WOB are in the service sector. 7) There are 7,240 WOB with 100 employees or more. WOB generate more than \$275B in gross receipts each year. 8) Slightly more than 51% of all WOB have at least one loan outstanding, 18% have at least one bank line of credit and 26% have at least one loan from a non-bank lender. In addition, 34% of WOB have borrowed \$50k or more against secured credit facilities; they employ approximately 27mm people and contribute \$2.6T to the economy. Women who own their own businesses have an average income level 2.5x higher than those who earn a salary and a net worth 6x higher. Statistics also show that WOB use less commercial credit than their male-owned counterparts and rely more on business earnings as a primary funding source. In short, many are in a better credit position than companies run by their male counterparts. Interestingly, some of our analysis uncovered that about 56% of WOB earning \$1mm or more annually may also be borrowing at an average rate 110bp higher than companies run by their male counterparts. This may indicate a lack of competition in this sub-sector and provide an opportunity for independent banks. At the very least, perhaps this pricing difference helps explain why large national banks have lending programs in the tens of billions of dollars focused on women-owned businesses.

BANK NEWS

M&A

Cathay General Bancorp (\$7.6B, CA) will acquire United Heritage Bank (\$60.4mm, NJ) for \$9.4mm in cash, or about 1.9x book.

M&A

New England Bancshares (\$272mm, CT) will purchase First Valley Bancorp (\$184mm, CT) for approximately \$25.9mm, or 1.9x book. In addition to the purchase price, New England Bancshares will infuse \$12mm of capital into First Valley and keep the separate charter.

Citigroup

The nation's largest financial institution said that it is considering scaling down its branch plans from 200 stores to closer to 100 due to the success of its online bank, Citibank Direct. 8 months into it, the online product has brought in more than \$9B in deposits.

Turkey Day

A survey by HR firm Challenger, Gray and Christmas finds 70% of companies will close on the Friday between Thanksgiving and the weekend.

Housing Issues

The OTS will convene a national housing forum this Monday to discuss the impact of the housing market on thrifts, the risks in alternative mortgage structures (negative amortization, interest only, etc.), consumer protection issues and mortgage fraud. We are looking to send a representative there and will report back.

Economy

A group of 50 top economists is forecasting 2007 will bring a 2.5% GDP, unemployment rate of 4.9% and Fed Funds of 5.25%. The group said a 27.5% drop in construction activity in October and a deeper than expected softening in the housing sector will continue to slow the economy.

Better Complaints

The OCC and Conference of State regulators have agreed on protocols for the efficient exchange of consumer complaints. Prior to this, consumers that filed a complaint with a state department of financial institutions, saw it die if the bank had a federal charter (and vice-versa).

Technology

A survey of CIOs indicates 63% plan to upgrade their security infrastructure in 2007, seeing it as a priority. Meanwhile, banks spent about \$50B on IT last year, a number experts say will grow to \$62B in the next 3Y.

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