

## OLYMPIC SIZE MARKETING & FOREIGN EXCHANGE

by [Steve Brown](#)

The numbers for the upcoming 2008 Summer Olympics in Beijing are staggering. Check these statistics: Number of events, 302; athletes, 10,500; viewership, 4B; people that think mascot Haunhaun looks like Guy Fieri from the Food Network, 2B. As you can imagine, every single resident of China is ecstatic for the Games, with the exception of the 1.3B that are already sick of the marketing hype.

It is comforting to know that even in a communist country, the 2008 Olympics have a record number of corporate sponsors. At notable one is Haier, which is (we kid you not) the official hot water heater of the Olympics. As a sports fan and a banker, you are probably wondering if you can cash in on this marketing frenzy. The solution is, in 2 words - foreign exchange ("FX").

Your bank undoubtedly has customers traveling to the Games or other international destinations that need local currency. At PCBB, we specialize in helping banks facilitate FX transactions, no matter whether they are currency, letters of credit or other foreign exchange. Through our network, we can help you garner increased fee income, while preventing your customer from going to a larger financial institution.

While we recognize some banks don't have customers going to Beijing next month, like any good marketing program, it doesn't really matter. The point here is that you can use the Olympics to market FX to all your customers doing business overseas.

In this current global economy FX transactions have grown to exceed \$2T per day. If you are not offering these services (historically only available from large money center banks), you can bet that is exactly where they are obtaining them. Through PCBB, community banks have the ability to offer this growing product to their clients.

To some community bank officers, FX may not be fully understood. Banks can provide a whole suite of FX products to customers, while PCBB takes on the trading and operational risks. In so doing, banks can act as a broker, while easily adding a high profit product to cross-sell.

Let this Olympic season serve as a reminder that this indeed is a global economy. This increases the need for foreign exchange services for community bank clients. If your bank has an interest in learning more about this service, contact us and we will get you out more information about our FX program.

For everyone else, we can't wait until the Opening Ceremonies on August 8th. That is when the Parade of Athletes symbolizes the essence of the Olympics by walking into the stadium - adorned by corporate logos.

## FUNDING TACTIC

After the fall of IndyMac and Countrywide (2 of the largest issuers of high priced CDs in the last 2Ys), some retail and corporate customers at community banks are starting to draw the correlation

between banks that pay high rates (desperate for funding) and those that don't. Banks that have been disciplined in local deposit pricing and proactive in promoting the safety and soundness of their institution have seen a material increase in lower cost, less interest rate sensitive deposits. In other words, priced deposits are a strength. Given public concern, now is the time to devote more resources to service-based deposit efforts.

## **BANK NEWS**

### **JP Morgan**

The bank reported 52% lower profits, but handily beat Wall Street estimates, helping to push its stock price higher. JP increased loan loss reserves by \$1.3B, wrote down mortgage-related assets and leveraged loans by \$1.1B and absorbed \$540mm in costs related to the Bear Stearns acquisition. ROE fell to 6%, compared to 14% last year.

### **Merrill**

Merrill Lynch has reportedly struck a deal to sell its share of Bloomberg for \$4.5B, according to the Los Angeles Times. Merrill is struggling with ongoing credit issues and experts predict it will write down up to \$5B this quarter.

### **FBI Probes**

IndyMac, along with Countrywide and 19 other financial institutions are under investigation by the FBI for possible fraud. Countrywide founded IndyMac in 1985, but they separated into independent companies in 1997.

### **Subpoenas**

The SEC has issued over 50 subpoenas to hedge fund advisory firms including Deutsche, Goldman and Merrill as part of its investigation over stock price manipulation related to Lehman Brothers and Bear Stearns.

### **Bank Plans**

A new study finds that within the next 2Y, 67% of banks intend to roll out expedited payments and 57% will offer online bill pay with credit cards. Only 25% are planning to provide person-to-person transfers through cell phones, though 50% of banks will offer this service though the web.

### **No More Shorts**

The SEC issued an emergency order blocking "naked" short selling of 19 major financial companies including FNMA and FHLMC. Naked short selling occurs when traders sell stocks short without either owning them or borrowing them first.

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