

THE OLYMPICS AND BANKING

by [Steve Brown](#)

We really enjoy the Olympics, which brings together nearly 11k athletes competing in 302 events in 28 sports. The Games begin on Friday, so we have decided to weave that theme into each of our articles this week. Our discussion this morning begins with an Olympic effort to hold our tongues that was required of us over this weekend.

This weekend we went into a Wells Fargo branch in our neighborhood. Our goal was to close out a specific account. Upon entering the branch, a friendly teller asked if she could help. That is pretty good customer service we thought, as we stepped up to the window. After a brief discussion related to the account, the teller invited us over to her desk so we could sit down. This is where things begin to get really interesting.

Our teller first dialed someone for assistance. She talked to that person, told them her name, spelled it, gave them what sounded like an employee number and then began to discuss what we were trying to do. After a few minutes, she was transferred to another area. We know this because she covered the mouthpiece with her hand, leaned toward us and said, "the hold time right now is 3 minutes, so let me know if you think we have waited that long."

After sitting there in silence for a little while, we decided to do a test. We asked her what the maximum amount of money a family of 4 could put into a bank and still have FDIC insurance. We know what you are thinking - if anyone at your bank came in and inquired about the "maximum amount of money" that could be deposited, bells would go off and some senior staff would be called to assist. She decided to wing it.

Our friendly bank staffer began by saying that a married couple was technically 2 people, so it would be ok to leave \$200k in a single account and still have it insured. We were floored, but pretended not to let on. She then dug up a brochure that talked about FDIC insurance and handed it to us.

We decided to press the issue, so we asked if she was sure about the insurance part, as it did not sound right. At this point, she waived down another person who offered to help. We asked him the same question and he said he didn't know, but that the best way to find out was to call the FDIC. We thanked him for his "help" and said our teller had been kind enough to supply us with a brochure.

Now with an elapsed wait time of about 5 minutes, our friendly staffer finally connected with someone on the phone. She was given yet another 800 number. She then turned to us, covered the mouthpiece with her hand again and commented how ridiculous this all was. Clearly the 800 number is a critical piece of this bank's business model.

Whomever she was transferred to must have been good, because they seemed to have all the answers to her questions. Unfortunately for us, just when things seemed to be going well, our teller was told she would need to wait for some calculations and information to be faxed over to the branch. She was told it would take up to 60 minutes. We decided to go home, left her our phone number and asked that she call when the fax had arrived.

As we got up to leave we were referred to a private banker. Unfortunately, since this person sets their own hours, no one knew when she would be in, so we walked away with just a business card. In the end, we found this move not very helpful.

To date, there has still been no contact from anyone at this institution. This leads us to believe that either our friendly teller has no interest in capturing our "maximum" deposit or everyone is waiting for the private banker to show up for work.

This crazy exchange probably could have happened at many banks, but it was certainly eye-opening. As with the Olympics, teamwork is critical to winning. Take a walk around one of your branches this morning and ask the same question we did. If the response isn't immediately forthcoming or is murky, ramp up the training and make sure staff know where to go for help. Handing someone a brochure on how to contact the FDIC is good, but providing personal assistance in this time of stress is better.

BANK NEWS

Closed

The FDIC shut down First Priority Bank (\$259mm, FL) on Friday, costing the federal insurance fund an estimated \$72mm. SunTrust Inc. will purchase \$42mm of First Priority's assets, assume \$214mm in insured deposits and reopen 6 branches as SunTrust Bank today. A subsidiary of Beal Bank Nevada will purchase another \$14mm of the bank's assets. First Priority is the 8th FDIC-insured bank closed this year and the 1st in Florida in 4Ys.

Lending

According regulatory data, as of 2007, 13.1mm loans were made to small-businesses and 219k went to small-farms. The bulk of these loans were under \$100k.

Liquidity

Market players are discussing the impact in liquidity as a result of a sharp drop in Primary Dealers. The number has fallen from its peak of 46 in 1988 to 19 as of last month, when Bank of America acquired Countrywide.

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