CREATING THE BID AND ITS PURPOSE

by Steve Brown

About 16Ys ago, we had the idea to create a daily publication designed specifically for community bankers. We add a few hundred new bankers or regulators each week to the distribution list of the Banc Investment Daily (BID) and readership is now over 40k. Given that growth, about every 2Ys we stop to take a moment and explain the intent of each area within the BID. We do this to help make sure readers can effectively utilize everything the BID is designed to offer, while avoiding embarrassment at cocktail parties.

First and foremost, the BID is 100% focused on community bank issues, designed to provide thought-provoking information - all presented in an easy-to-read single page format. It has never been longer than one page in length, but every single space within that page is maximized every single day.

The creative process is also unique, as it begins around 4:30am PT and ends promptly (ok, most of the time but we really try) at 6:30am PT each morning. That provides time to create, edit and refine the BID and also ensures it gets out to everyone just in time for that 1st or 2nd cup of morning coffee. Topics come from a variety of sources, including bankers themselves (one of our favorite sources - although once again we go on record saying we have not put listening devices in anyone's board room); regulators (from conferences, face to face meetings, via phone or email - but always anonymous); industry experts (these can run the gamut from banking attorneys, accounting firms, technology and other companies - as long as they have a specialty in community banking) and from our own research.

The BID basically breaks into two major sections. The first is the left side of the page (which we internally refer to as the "Top Left") and the second is the rest of the publication (which we internally refer to as "everything else."

The Top Left is basically our "idea of the day." The primary goal of it is to keep things fresh by putting a new spin on an old idea, getting bankers thinking, alerting you to upcoming regulatory issues, spreading the word or educating. Creating this section takes 2 hours every morning and tying it back to a random (and seemingly unrelated) picture is a critical part of the process (we believe that as with someone in solitary confinement, you have to focus on small things and build around them so you don't go crazy). Sometimes we start with a nascent idea (oh yea, we also try to sprinkle in at least one big word to keep everyone's vocabulary sharp) and find a random picture that seems to work, while other times we challenge ourselves by creating an idea after the picture has been selected.

Believe it or not, the rest of the publication takes just as long as the Top Left. To make sure bankers stay on top of things, we focus on key economic data for the day, update everyone on what moved yields up or down yesterday, how things are shaping up today and find pertinent stories bankers need to know about. To do this piece alone, we scour hundreds of sources, weed out only the best few and make sure you know about them.

We often get questions about the rate box at the bottom as well. It contains the monthly change in Treasury yields (so you can keep track of your mark to market and better manage your loan/deposit pricing for various maturities); Libor is included since it is the de-facto funding level for large banks worldwide; the Swap rate is provided as a snapshot to assist in pricing loans; and Fed Funds futures are captured so you know when the market thinks the FOMC will raise or lower rates next. At the bottom running across, we also give daily updates on money market mutual funds and portfolio deposits (to keep you aware of overnight pricing levels); the Prime rate (everyone forgets now and again); overnight Libor (so you know where overnight funding around the world is in relation to Fed Funds) and the TED Spread (bigger numbers show less liquidity and so you can track how liquidity changes by monitoring 3M "risk free" Treasury movement vs. 3M "bank funding costs" Libor).

In closing, we are proud to say we have not missed a single business day of the past 4,000+ creating and distributing the BID and we thank you for your readership.

BANK NEWS

Clarification

In yesterday's edition we warned bankers that 12% was the new 10% for risk-based capital and we got a lot of emails asking for more information. To clarify, regulations remain at 10%, but we have heard from many bankers that examination teams (as well as recent C&D's in the public domain) are pushing banks with CRE/Construction concentrations) to move to 12%.

Bank Capital

There is a push by the ABA and others to include ALLL into capital calculations. This would put some $48B into bank capital, while helping about 100 banks that are on the bubble of being currently below well-capitalized.

Customers

Research by Forrester finds 27% of consumers who bank online have purchased at least one financial product online. About 15% of those opened a deposit account.