

CHUMP CHANGE OR NOT?

by [Steve Brown](#)

The value of a given coin from the US Mint is driven mostly by the price of the metals that go into creating that coin. We find it interesting, therefore, that the cost to produce a nickel is running about 8 cents, when its face value is only 5 cents. Given that there are about 20B nickels in circulation, maybe we should collect them, melt them down (if it was legal), separate the metals and sell the bulk metal. That would bring in about \$600mm that could be spent to repay TARP, fuel the FDIC insurance fund for 15 minutes or use in an otherwise saintly fashion. We are just providing ideas to conscientious bankers out there with a big truck and a smelting operation to help during such troubled economic times.

If you found that interesting, consider a few more factoids we dug out of our deep trove of research:

- No Stress: Bankers who got all caught up in the 19 major bank "stress testing" that just concluded might be interested to know that 55% of people surveyed didn't even pay attention to the process. Even more interesting, 70% of those who did pay attention said the results didn't change their view of their bank and the vast majority of those said they would not change banks as a result of the testing.
- Low Commitment: A J.D. Power and Associates study just released found only 35% of customers are highly committed to their bank, down from 37% in 2008 and 41% in 2007.
- More Trustworthy: On the good news front, another study found nearly 2x as many people trust their bank (58%) vs. regulators (14%) or the Treasury (13%).
- FRB vs. Princeton: Minneapolis Fed President Gary Stern said a modest economic recovery is expected to slowly take hold in the 2nd half of 2009 and pick up steam into 2010. In comparison, a Nobel Prize-winning Princeton economist agrees that a modest recovery to begin in the 2nd half of 2009, but adds that job losses are likely to continue until 2011 (resulting in a "depressed" economy up to 2014).
- Balancing Act: A Wells Fargo survey just released finds 24% of homeowners do not have enough savings to cover living expenses if they lose their job; 34% have already had family or friends move in with them to save money; and 23% have boosted their savings.
- Still Lending: While bank lending activity usually slows during a recession, the ABA is reporting that during this recession, bankers have originated 12% more business loans and 9% more consumer loans.
- More Return: An in-depth study of 43 leading companies in the US and Europe finds that only 4% of total return on investment in a business comes from making technology improvements, while 96% is captured by improving productivity or business processes. Bankers looking to squeeze more from less these days may want to reexamine ways to improve productivity or enhance primary processes, before spending a nickel on technology enhancements.
- Marketing 101: It is estimated that Google now handles about 75% of all Web search flows. That is why we found it odd that when you search for "commercial real estate loan," just 2 banks popped up

on the first page.

- Get The Boss: About 50% of bank customers say they want someone to help them that can "meet all their needs." Customers defined 'meeting needs' as either the 1st or 2nd person they talked to at the bank being able to solve their problem. Be careful how many times you pass the baton to a coworker.

As we roll things up for today and you ponder the information provided, we thought you might like to know the cost to produce a penny is about 2 cents these days.

BANK NEWS

Credit Cards

The Senate passed the credit card reform bill (H.R. 627) that would restrict card issuers' ability to factor in risk when making credit decisions, increase the amount of disclosures and ban extra fees. The House is expected to vote on the measure as soon as today.

Equity Raise

Bank of America raised \$13.5B in stock at an average price of \$10.77, as the company moved to increase equity capital by \$17B overall. BofA's action followed similar moves by Wells Fargo and Morgan Stanley.

It's a small world in banking, too

Yesterday, Disney opened up an interactive banking 'ride' at its Epcot theme park in Florida. While we do not encourage banks to rush to Disney for financial services, the Disney-approach to banking will surely captivate the attention of our children - the future bankers.

PPIP Finally Moving

Secretary Geithner said the Treasury is working with the Fed and FDIC to launch the PPIP and begin buying \$1T of mortgage and other assets, as early as July.

Regulatory Change

The White House is reportedly considering taking some powers away from the SEC, as it prepares to release a complete regulatory overhaul plan as soon as next week according to news reports. Consumer finance protections and a possible shift of some supervision to the Fed are expected.

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