

WHAT IS WITH THE ADS?

by [Steve Brown](#)

In case you hadn't noticed, over the past several weeks, we have inserted advertisements for some of our product offerings most requested by community bank clients. Today, for example, we

highlight our International Services on the 2nd page of this publication. Why are we doing this - to raise awareness about products and services we offer that are specifically designed to help community banks increase revenue, control risk or boost fee income. We believe these products and services can benefit your bank and we want to make sure you know about them.

Banks are in the business not only of making loans, but also to provide financial solutions to their clients. International services fit that bill perfectly. For example, consider that retail-oriented banks may need to provide customers with foreign currency or checks for their travels abroad, while business banks have a group of customers or potential customers that conduct business outside of the US that also need such services. Growing companies are global and community banks can support this by outsourcing international services. Doing so gives your bank instant expertise, while increasing opportunities to boost both fee income and spread income. To support our community bank clients, we focus on pairing the very best and experienced personnel with state-of-the-art technology. This helps disperse the cost across hundreds of banks and the approach has been effective.

When it comes to international services, most banks fall into one of 3 categories: 1) They handle foreign currency and wires now, but you inadvertently do it by benefiting larger competitors in your market; 2) They don't offer such services and your customers go elsewhere to take care of their international needs; or, 3) They don't believe you have any demand for the product.

Not having the demand is the easiest one to counter. To help you, we conduct free analysis to determine what type of revenue your bank could actually produce based on your size, geographic location and customer base. Believe it or not, about 60% of the banks in the country could generate a material amount of value for their customers and income simply by offering an international suite of products. In addition to the inherent fee income, it helps in retention and customer acquisition.

On the other hand, if you fall into the camp that thinks you might have demand but aren't sure what to do next, we can help you set up a test case to validate your assumption. Our turnkey service requires no upfront fees, a contract that you can cancel at any time and only a \$10k deposit to cover credit risk. After that, we can assist you in training, marketing, sales and operations to help your bank launch a fully functioning international department on par with almost any major bank in this country.

Finally, if you already handle international activities, but use a larger national bank, you are helping your competitors get stronger. In the alternative, consider that our program has fees are about 30% less than these behemoths and our execution/service really set us apart. Remember, our sister company Pacific Coast Bankers' Bank is a bank owned by community banks so we want you to succeed. You don't need to be a member or owner to take advantage of any of our services - you just need to be a community bank.

If you have been thinking about how to offer international services to your customers, but don't want to let the larger competitor "fox" into the hen house, contact us. If you are not yet there, take a look at our series of ads and let us know what you think of our "Be a Hero" campaign.

BANK NEWS

M&A

Old Florida National Bank of Orlando (\$373mm, FL) will acquire SBA 504 lender Mercantile Capital (FL) in an all stock transaction expected to be completed in the 1Q of 2011. Mercantile does 504 lending in 30 states.

Failed Bank Economics

Analysis done by KBW finds that due to demand for FDIC-assisted failed bank sales, that price discounts have become smaller, more credit risk is being taken and higher premiums are being paid for deposits. For investors, KBW reports the average capital gain booked on these deals has fallen to 2.5% of assets acquired, down from 4.5% in 2009. In addition, the average discount paid for assets of a failed bank is down to 9.5% vs. an avg. of 14% in 2009.

Roundtable

The FDIC will hold the first in a series of "roundtables" of banks, industry experts and interested parties in order to solicit feedback on several elements of Frank-Dodd.

Equity Tidbits

The average price-to-equity ratio stands at 12.2x of forward earnings, down from 23.1x at its peak in 2008 (the largest drop since 2003). Also, for the first time since 1997, fewer than 29% of ratings for stocks covered by brokerages worldwide are "buys."

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