

TAKING WORK HOME & GENERATING MORE EARNINGS

by [Steve Brown](#)

There is so much going on these days and people are so worried about hanging onto their jobs, a new study finds about 1 in 10 workers in the US take some of their work home on a typical workday. The most common reason stated was to finish the task or catch up. We don't know about you, but given all the pressure on the banking industry, we would venture to say the numbers are most likely at least double that percentage for bankers.

We were also intrigued by the results of a survey by USBanker that asked bankers what they expected to do to generate earnings in coming quarters. Virtually all of the community bank executives we speak to are trying to figure out what to do to "retool" their business model in this ever-changed world.

Looking at that survey, it was interesting to note that the single biggest response at 54% was that no moves would help very much until jobs and the housing markets bounced back. That response was far and away the single biggest, blowing away #2, which was "all of the above" at 20%.

Coming in at the 3rd position was to hire revenue producers and invest in promising lending niches at 12%. This is indeed an opportunity, but bankers should also be reminded that regulators look closely at any new product line you might enter into to be sure adequate seasoned staffing is around to deal with nuances that invariably surface when expanding into new ventures or lending channels. Make sure you have the expertise, documentation, systems, policies and procedures in place and ensure proper vetting has occurred analyzing the risk/reward tradeoffs (including stress testing and the exit strategy) up front. There is no substitute for having highly qualified staff for any new lending area you may want to pursue.

Tied for 4th and 5th position at 7%, bankers said they were focused on cutting more expenses; trimming rewards; raising fees; and fighting to win key lobbying battles. Here, bankers are analyzing which products and services simply might not make ongoing sense due to low adoption rates, high costs or a risk/reward profile that is out of kilter. Branch sales are expected to pick up in the coming quarters, as bankers look to restructure some delivery channels, leverage technology and seek out smaller footprints to save money. It goes without saying that care should be taken when cutting costs, but this is nonetheless a key area bankers will have to address to create a leaner and meaner corporate structure and survive into the future.

Nearly all bankers we know are actively discussing the impact of Dodd Frank and other regulatory changes on the overall business model in meeting after meeting, so you are not alone. Unfortunately for all, there are no easy answers, so costs must be maintained, new revenue options should be explored and good old fashioned banking principles should be maintained until things settle down further and stronger economic growth appears. Working to ensure your best customers are happy, higher coupon loans are reviewed for potential prepayment and working deposit costs down are all part of the process. You don't always have to take work home, but these are tough problems to solve, so don't worry too much if you end up doing just that.

BANK NEWS

Bank Closed (48 YTD):

Regulators closed Mountain Heritage Bank (\$104mm, GA) and sold it to First American Bank and Trust (\$452mm, GA). First American assumed all deposits (no premium) and most of the assets under loss share.

Failed Banks

Quick analysis of all banks that have failed this year finds 4% had no buyer, 73% were done via loss share and 23% had no loss share and were purchased at a discount without government support.

Citi Hack Attack

After upping the number of accounts that were breached last week, this morning the bank revealed that \$2.7mm was stolen from about 3,400 accounts of the 360k hacked accounts on May 10.

Interchange

The Fed will issue its final interchange rule at a meeting this Wed afternoon.

Generating Fees

In order to offset lower interchange revenue, Bank of America will start charging \$5 for lost debit cards (unless stolen) and \$20 for delivery.

Muni Stress

A report by IHS Global Insights projects the unemployment rate will stay above 10% in 69 metropolitan areas and 50% of all US cities will not see jobs levels return to pre-recession levels for 3 more years. Meanwhile, a US Conference of Mayors report indicates 75 metropolitan areas will continue to see double digit unemployment through 2011.

Housing

Housing guru Robert Shiller is predicting another 10% to 25% drop in home prices in the next few years.

Summer Costs

Air conditioning accounts for 60% of summer electric bills.

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