

THE BATTLE OF AGINCOURT

by [Steve Brown](#)

If you are low on capital, struggling for earnings and feel that you are at a disadvantage because of size against competitors, consider the success of Henry the 5th of England against the French army on the fog-laden morning of October 25th, 1415, in Agincourt, France. Henry V led an army of 6k men on a 2 month journey into France with barely any armor and no horses. The French on the other hand, were not only on their own territory, but had an overwhelming force of 40k soldiers, almost all in armor and mostly on horses. Despite seemingly insurmountable odds, the victory of England over France in the Battle of Agincourt may serve as a roadmap for banks looking to battle larger competitors. So how did Henry V win?

Henry V won with superior leadership, flexibility and innovation. While King Charles the VI of France stayed in Paris, King Henry fought alongside his men. Not only did that send a message of how critical the battle was, but more importantly, it gave Henry V a chance to understand the battle first hand. After Henry V noticed that the French used a 5 ft pike, he ordered a 6ft pike for his army, giving them an extra foot of advantage in order to deliver a lethal blow. Instead of training his men on the traditional crossbow, Henry V knew that he had to strike first and so trained his men in the faster loading and longer flying long bow. Then in a last moment innovation, Henry V had his men carve sharp stakes and implant them into the ground. Finally, Henry V picked the time and place of his battle. After finding a spot he wanted to fight, he advanced and then retreated, luring the French back to his chosen spot-an open field full of deep mud due to recent rain.

Once the tactical stage was set, Henry V gave the motivational speech of a lifetime that is still quoted before battles today. While most managers might have bellyached about not having enough troops, Henry V asked men to leave, so he would not have to share the post war glory. Henry V painted a vision of victory coining the term "band of brothers." He said not only will those that stay to fight emerge victorious, but they will be heroes to their country and to their children. At the end of the speech, Henry V had to do all he could keep his troops from not attacking the French during the night.

On the morning of the battle, Henry V's troops did their final pull back and sucked the enemy in. The French horses charged and were impaled on the stakes covered in mud and grass. The line of horses and fallen men slowed the French advance and bottle-necked them in a funnel of forests on either side. While the French were hemmed in, the English unleashed an array of arrows that killed hundreds. Instead of taking to the forest and fighting a guerilla war with his smaller force, Henry V realized that the lack of armor allowed his warriors the gift of mobility. Henry V's army chose to fight right in the middle of the muddy meadow where horse speed was negated and heavy French armor hindered movement. The extra mobility and the longer pikes proved useful, as the English routed the French. When the fighting stopped after several hours, the French had lost 6k men and the English about 450. The quick loss of life gave the French pause and moved them into a rapid retreat.

Like Henry V, community banks have the advantage of choosing the time and place of their battles. Small size allows community bankers to innovate products, pricing and technology faster than the competition, while proximity to the battle allows a quicker feedback loop. Given the state of the industry, banks must understand that they don't have to win or hang on to every customer, just the profitable ones. Banks need to lock in good borrowers with fixed rates to hedge against credit risk and

inflation (while managing interest rate risk) as relationship value is built over the long-term. Banks must quickly roll out products to generate fee income and be less reliant on credit going forward, while investing in technology to help lower costs. Building a better bank is never easy, but like Henry V, we must shake off tradition, get entrepreneurial and use both size and leadership to our advantage in the battle against larger banks.

BANK NEWS

SBLF Update

The Treasury approved another \$418mm in SBLF funding for 37 banks, pushing the total so far to 80 banks and more than \$1B in capital dispersed. The statutory deadline to distribute funds is Sep 27.

New Debit Fees

In order to offset about 50% of the revenue lost through Durbin, major banks have begun introducing monthly fees for debit card purchases. Wells will begin testing a \$3 monthly charge for debit cards in various states in Oct; JP Morgan has been testing various fees; Regions is charging \$4 per month and SunTrust is charging a \$5 monthly fee.

Eurozone Risk

US regulators are increasingly worried about the US operations of European banks and the ability of said banks to fund their US arms in the event of a financial crisis. Meanwhile, the ECB indicated a single bidder borrowed \$500mm yesterday for a week, under a facility that had been largely dormant over the past year (indicating rising stress).

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.