
TAPPING INTO SENTIMENT

by [Steve Brown](#)

Down at Zuccotti Park in NY, the Occupy Wall Street (OWS) movement is in full swing and remains all the rage in the national media. We find it interesting that other than complaints over middle class disenfranchisement, the movement lacks clear objectives and yet garners so much press. While many pundits believe the lack of leadership and specific grievances will cause the movement to dissipate, we believe that this lack of central control will allow the movement to grow and morph. The void of guiding principles, combined with the global popularity, media coverage and social media dialog, says it doesn't matter where the anger is coming from, as the movement is more than just social noise. It is our opinion that this movement gets louder and is here to stay, at least through the 2012 elections. While our point today could be part of the problem or part of the solution, we highlight to community bankers that the movement presents a unique and potent opportunity to frame a discussion within your own community.

A few banks have already embraced this movement by placing pro-OWS banners, press releases or videos on their websites. Those that have, report surprise at the amount of coverage they have received both by the local press and in some cases national news outlets. To clarify, we are not advocating that you jump on the OWS bandwagon for the sake of publicity, only that you take the opportunity to use the populace frustration to better define your institution. This can be along the lines of anti-big bank sentiment, it can be a positive pro-customer message or it can be purely educational. It can even discuss the role of the Fed or current issues in housing finance. Whatever the message, developing talking points and a tactical media plan can prove effective at filling the message void at the local level.

As we wrote about a few weeks ago, unless you have a handle on profitability, the mistake would be to fill this void with a "low fee," "free checking" or "high deposit rate message." While these would go over well, they do two things that work against you. One, the message would come across as shallow and self-serving - concepts that are the antithesis of the movement. More importantly, the long-term cost could be extraordinarily high, as your bank has the potential of attracting and retaining the least profitable customers. We would submit a better approach would be to frame your version of the movement through themes like transparency, accountability, disclosure, job creation through credit, financial literacy or similar memes to help dampen interest/fee sensitivity instead of exacerbating it.

Another mistake would to try to do anything that wasn't authentic. Ben & Jerry's ice cream, a company with strong social conscious credibility, jumped on the movement early. The problem was that the company is now owned by giant Unilever and it fired 242 workers last year. If your bank's position is that these protesters ought to stop costing the municipalities money in extra sanitation and public safety and use their time to go find a job, that's fine (as there is room in the debate for a counter view).

While the irony of us advocating trying to capitalize on an anti-capitalistic message is not lost on us, our point is only that the movement presents an ideal forum to energize your community and your employees to a greater good. While the public may not know what the movement stands for, it is a lesson of balance and at its core is a message that community banks have always believed in - community banking is about more than just profit.

BANK NEWS

4 Closed (84 YTD)

Regulators closed 1) Old Harbor Bank (\$216MM, FL) was sold to 1st United Bank (\$1.3B, FL). 1st United gets 7 branches, all deposits and entered into a loss share on 72% of assets; 2) Decatur First Bank (\$192MM, GA) was sold to Fidelity Bank (\$2.1B, GA). Fidelity gets 5 branches, all deposits and 58% of assets under loss share; 3) Community Capital Bank (181MM, GA) was sold to State Bank & Trust Co (\$908mm, MS). State gets 2 branches, all deposits 78% of assets under loss share; 4) Community Banks of Colorado (\$1.4B, CO) was sold to Bank Midwest (\$2.9B, KC). Bank Midwest gets 40 branches, all deposits and 52% of assets under loss share. In a very strange twist, the Fed made history by invoking special powers to shut the bank down after the bank became critically undercapitalized (a role usually performed by state regulators).

Even Lower

Economists from Merrill Lynch have released a report indicating America's credit rating will probably get cut again before the end of 2011, threatening renewed market turmoil. The report said the congressional "super committee" on deficit reduction is unlikely to meet the Nov. 23 deadline to identify \$1.5T in deficit cuts over the next 10Ys. S&P and Moody's have the US credit rating on "negative" watch.

FDIC Vice Chair

President Obama said he will nominate former Fed KC President Thomas Hoenig Vice Chair of the FDIC. Hoenig retired on Oct. 1 after 20Ys at the KC Fed.

In Control

The AZ Director of Insurance seized PMI Group's mortgage insurance unit and cut cash payments to policyholders to 50% of claims, with the rest deferred. PMI is ranked 2nd in terms of policies-in-force with \$123B of coverage.

Division Sold

Banco Santander (owns Sovereign Bank, DE) said it has reached a deal to sell 35% of its US consumer finance unit for \$1.15B. A group of private equity firms will get a 25% stake and the remaining 10% will be controlled by Santander's CEO.

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