

## ESTABLISHING & MAINTAINING REFERENTIAL INTEGRITY

by [Steve Brown](#)

We could not help but marvel at the comments reported by Reuters about a minister in India's most populous state. Keep in mind this guy runs a state that is bigger in population than Brazil. Anyway, apparently very much on the side of corruption being an acceptable practice, he said it was ok for politicians to steal, as long as they "worked hard and put their heart and soul into it." All we can say is the more we find out about what makes people tick, the stranger things seem to be. Speaking of strange things, today we discuss referential integrity. This concept is a foundational principal in the world of database theory. It mandates that relationships between database tables remain consistent. When one table has a relational link to another table, the concept of referential integrity dictates that you may not add a record to the first table, unless there is a corresponding record in the second table. For example, assume that there is a link between a customer table and a loan table in a database. If a customer record were deleted in the customer table, then the loan record would seemingly exist without a proper link back to a borrower. The end result would be a lack of referential integrity between the two tables and the references between the data would have been lost and therefore violated. One question to ponder along similar lines is whether we have referential integrity in our organizations. Do we have a consistent message, or do we speak one way and behave another? For instance, did your impression of Chicago Bears quarterback Jay Cutler change after last Thursday's loss to the Green Bay Packers and he got mad at his offensive line? We will not think of him as being aloof and unengaged any longer. Our favorite quote related to how he got into it with one of his lineman, saying "...this isn't just a hobby for me. If we're not doing things the right way, I'm going to say something. If they want a quarterback that doesn't care then they better get someone else." Earlier this week, a friend who is head of marketing at an internet company was imploring senior managers about the need to be excited about the company's products. To him, there seemed to be a huge gap between the culture as it was and where they needed to go to be successful. During a presentation, he sensed that some of the executive managers were on board, while others were not. We don't suggest that you push your team around like Jay Cutler did his left tackle; but, we all need to be in the game when it comes to maintaining excitement, vision, leadership, relationships and integrity at the bank. Banking is a full contact sport that demands referential integrity to be successful and corporate culture is important. Marketing needs Operations; Operations needs Finance; Finance needs Lending; and Lending needs Marketing. Vision and initiative are imperative so we know where we're going and what we need to prioritize. Everyone should be focused on helping customers be successful, so they want to maintain relational integrity with the bank. Really listening to customers is also mandatory, if we want them to listen in turn. By working to combine the strengths of people in a framework of positive teamwork, we can achieve goals no one person or group could do alone. Finally, we need to be more than a community banker operating in a community and truly become a member of that community who just happens to be a banker. As you seek to find relational integrity in your banking life, be sure to take the time to take care of yourself as well. Exercise, continue to learn, read good books and spend quality time with family and friends. Such things will not only help you develop meaningful relationships that create synergy, but are also built on principals that stand the test of time. The process won't be perfect, but by doing our best we will know the strength of trying. As with football, at times, it will even be important to take your

colleagues / linemen out to dinner to help smooth things over. Irrespective of set-backs, bruises and sore muscles, everyone can have referential integrity if they try.

## **BANK NEWS**

### **M&A**

Wintrust Financial (\$17B, IL) will buy the parent of Hyde Park Bank & Trust (\$390mm, IL) for \$27.5mm in cash/stock.

### **M&A**

Three credit unions in OH are merging together to form a new one called Pathways Financial Credit Union (\$187mm, 6 branches, 25,500 members). The three (Members First Credit Union, Powerco Credit Union and Western Credit Union), were not in financial trouble, but took the action in order to expand, better deal with regulatory pressures and offer more products.

### **Program Ends**

The SBA reports its 2Y program that allowed small businesses to refinance commercial real estate into SBA 504 loans is now ending.

### **Branch Closures**

FirstBank (\$12.1B, CO) will close 15 branches, amid lower traffic and a change in customer behavior to more online activity. After the closures, FirstBank will have 118 branch locations.

### **Branch Closures**

Frost Bank (TX) will close 4 branches as it seeks to streamline operations and boost efficiency. After the closures, Frost will have 111 branch locations.

### **Fraudster**

The trader arrested in 2011 for fraud who worked at Swiss bank UBS and lost \$2.3B (plus reportedly risked \$12B in losses following 2Ys of risk-taking activities and fraud) was in court this past week. The trader, Kweku Adoboli, was arrested for lying to the bank, falsifying records and inventing clients as part of his cover up to generate profits.

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