

## BE PREPARED - NEW REGULATION FORTHCOMING

by [Steve Brown](#)

We just recently returned from a brief vacation in Southern Europe. While that may sound a bit over the top, we thought some travel bargains might be had, given the economic climate and that we could perhaps learn new tricks from banks stressed in the region. We actually didn't

seem to save much money, since everyone figured us for Americans right away and we were dismayed to be confronted with unseasonably foul wintry weather, despite the calendar saying spring was upon us. On a similar note, regardless of the fact that everyone seems to be reading about regulatory relief these days, our tireless network of bankers nationwide has discovered a few new disturbing signals from regulatory bodies that we thought were worth sharing.

First up, it seems that regulatory agencies are becoming increasingly worried about the performance of community bankers. Not in the traditional sense, but rather that given all the difficulties community banks are facing these days, concerns are developing that some must be using performance enhancing substances to succeed in such a challenging environment.

As such, in a rare collaborative effort, the FDIC has asked all other regulators and the United States Anti-Doping Agency (USADA) to assist them in testing community bankers for a number of substances that will be identified in a soon to be published Financial Institution Letter "banned list." Information available to date suggests that the initial list will include caffeine, human growth hormone and excessively sugary pastries.

We have also learned that the FDIC has hinted at proposed new methodology for evaluating bank metrics as part of the exam process. All FDIC insured institutions will be expected to be at the mean of their respective peer groups for all 17 of what have been identified as "Salient Performance Advancement Metrics" (SPAM). Any bank found to be below peer mean for a given metric will be required to submit a "Future Long-term Action Plan" (FLAP) to the FDIC that identifies in detail how the metric(s) will be improved to the peer mean within 180 days and remain so in the future. Conversely, any bank that is above peer mean for any metric(s) will be required to submit a "Comprehensive Risk Improvement Management Plan" (CRIMP) that identifies how the institution is safely managing the additional amount of risk it has assumed in order to exceed the peer mean. Banks exceeding the peer mean for 3 or more metrics could be subject to more frequent testing by USADA.

If you are still reading, we take a moment to note that today is also April Fools' Day and sincerely hope you have enjoyed this little respite from the pressures of daily banking. Play a joke on someone else today, smile, laugh and have fun.

Then, join us tomorrow when we return with actual news, advice and insight on how best to handle the fickle weather of banking today.

We also send a special thanks to a community banker named "Scott" (name changed to protect the innocent), for much more than just a small idea on this subject.

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## **BANK NEWS**

### **Mandatory Filing**

Effective today, banks must file BSA reports (including Currency Transaction and SARS) electronically to FINCEN using the BSA E-Filing System.

### **Bankruptcy**

A federal judge will rule today whether the City of Stockton, CA will become the most populous city (300k residents) to file for bankruptcy.

### **Oops**

CNNMoney reports 25% of people surveyed have lost or forgotten about a key financial document and 60% said they could not find paperwork they needed at a moment's notice. Maybe your bank can offer a checklist to help guide potential customers as a way to capture new ones.

### **Branch Closures**

US banks and thrifts closed 2,267 branches in 2012, according to SNL Financial, pushing the total number to 93,000, the lowest level in 6Ys.

### **Complaints**

A report in the WSJ finds the CFPB database information just released shows there have been 90,000 complaints filed with the agency since Dec. 2011. Of those, 55% related to mortgages and 22% were tied to credit cards. By bank, Bank of America came in with the most complaints at 23% of the total, followed by Wells Fargo, JPMorgan Chase, Citibank and Capital One.

### **Home Expectations**

The National Association of Realtors reports 75% of homeowners think the listing price on their home recommended by their broker is too low.

### **No Jobs**

A study by Pew Research finds 25% of people aged 18 to 34 have moved back home and live with their parents given a still weak economy.

### **Mobile Data**

Cisco predicts mobile data traffic will jump 1,700% by 2017.

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