

Get Your Beauty Rest

by [Steve Brown](#)

While reading in bed the other night, we came across an article on a Swedish study about sleep, or actually lack of sleep and how it can make people appear unattractive, unhealthy and sad. The lucky people in the study were photographed on two separate occasions, once after 8 hours of sleep and once again after remaining awake for 31 hours. Forty people then rated the photos on a set scale for fatigue, sadness and physical appearance. The individuals in the sleep-deprived photos were universally perceived as being sadder, in poor health and in general less attractive.

Appearance isn't everything but it's important for those of us who face customers every day. The Swedish study found that people's faces convey a great deal of information upon which other humans base their interactions. A tired face can generate empathy - I had better be nice because my banker looks beat today. Or it may signify weakness and an opportunity for exploitation to the less savory person - I can probably finagle something here because my banker looks like he/she hasn't slept in a year.

The Bureau of Labor Statistics (BLS) tells us that employed Americans between the age of 25 and 54 sleep an average of 7.6 hours per day. That said, some 20% of Americans report they get less than 6 hours of sleep per day and a survey by the National Institutes of Health found the number of people saying they had at least 8 hours of sleep had significantly decreased in recent years. Our sleep habits are affected by our schedules, but other factors can play a big part even when people reserve enough time. Our sleep deficit can be related to the consumption of too much caffeine, nicotine or alcohol. Especially for bankers, work-related stress can also be a factor - long hours at the office or working on the computer until the moment we go to bed.

Sleep deprivation is connected to a growing list of real health risks like heart disease, diabetes and obesity. Not to mention underperformance at work, irritability, depression, diminished motor skills, poor decision-making, inability to concentrate and an inability to handle stress. All are factors that can make us less efficient and generally less enjoyable to be around. These can also add up to difficulties with interpersonal relationships both at home and at work.

We are not in the business of giving out health advice in this publication. Usually our story lines are more concerned with banking strategies. We know some of our articles about rules and regulations are quite effective in putting some readers to sleep and keeping others up all night. We thought we would pass along this thought about the importance of sleep though as we roll towards Q4 and begin to wind up the year. Community bankers deserve a break now and again so we remind hard working bankers to reserve the time to get a little more exercise, spend a bit more time with friends and family and especially to get more sleep. It not only will make your lives richer, but will also most likely make you work better and more efficiently.

As you processed this information, you may feel your eyelids drooping. In the interest of not looking fatigued, sad or unattractive at work for your colleagues the next day, it might make sense to slip under the desk ala George Costanza from Seinfeld and say lights out and good night!

BANK NEWS

M & A

First PacTrust Bancorp (\$2.5B, CA) operating as Banc of California has acquired investment advisory firm Palisades for an undisclosed sum. Palisades advises on the acquisition, management and disposition of residential mortgage loans and manages over \$1.7B in loans.

Expected ALLL

The OCC has endorsed FASB's proposal on impairment accounting known as the Current Expected Credit Loss (CECL) model. CECL would require banks to impair loans based on current estimates of contractual cash flows not expected to be collected at each reporting date. Estimates would be based on past events, including historical loss experience with similar assets, current conditions and reasonable and supportable forecasts that affect the expected collectability of the assets' remaining contractual cash flows. The OCC's impact analysis finds the estimated impact from this change would be an increase in loan loss reserves "perhaps in the neighborhood of 30 to 50% system-wide if applied today."

Loan Losses

The Wall Street Journal reports OCC Comptroller Curry is warning banks not to reduce loan loss reserves too quickly and said regulators plan to press the issue with banks. Curry said reversing reserves could set the stage for future problems, particularly given how banks are loosening credit underwriting standards to generate loans right now.

Fed Tapering

JPMorgan projects the Fed will taper asset purchases by \$15B in Sep.

Federal Funds

As things stand right now, the market projects the Fed Funds rate will be close to 1.00% in the 1st half of 2015, then rise to 2.00% by the 1st half of 2016 and reach 3.00% by the 1st half of 2017. Things could change of course, but that is how things roughly stand right now.

Small Biz Lending

NFIB research finds 85% of businesses say a commercial bank is their primary financial institution.

Regulation

Basel III is 972 pages long.

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