

Lizard People and Urban Legends

by [Steve Brown](#)

There is a polling organization called Public Policy Polling where pollsters ask pertinent questions about viewpoints regarding elections during political campaigns. They also ask some unorthodox questions. For instance, they recently released polling results about a number of conspiracy theories and we thought you would like to know what people are thinking. A full 29% of people believe in aliens, 21% believe they visited Roswell, NM in 1947, 14% believe the CIA developed crack cocaine and 14% believe in Bigfoot. Further, 7% believe that the moon landing was faked and 4% believe that lizard-people run the US. This poll was taken in March and it is possible, given the October government shutdown, that the lizard-people-in-charge changed polling results, as it should have been stronger. In any case, note that 4% of the population would total 12mm people. Think about that the next time you talk to a customer.

People love a good conspiracy and theories abound on the internet and social media. Web sites like Snopes explore urban legends, myths and rumors and have become an important checking point for almost any silly story (maybe including this one). Snopes divides its research into categories and we noted that many legends related to banking had to do with either inattentive or poor customer service. A well-known fact of customer service is that people remember and tell others far more frequently about poor service than good service. The same appears to drive what people believe.

Customer service lesson: A man who refurbishes old buildings and was dressed in shabby construction clothes asked for a validation on his parking stub after cashing a check. The teller refused, explaining that a transaction like a deposit was necessary for a parking validation. The customer then asked to speak to a manager who agreed with the teller. The customer then closed his account, which totaled more than \$1mm, and found another bank down the street. The moral of the story don't judge customers by their appearance.

A lesson in carelessness: A con artist noted that many people come into the bank and use the blank deposit slips on the counter, but then ask tellers to look up their account number. The con took home blank slips and pasted his account number using the same type-face as the bank's and left them in the cubbies on the teller desk. Customers didn't notice, tellers saw an account number and processed the deposit. The con man took in the day's deposits for the branch and ran away with millions. Most banks are very careful with customer verification and this scam wouldn't work with mobile deposit or other electronic channels, but the risk remains. As banks trim staff to improve efficiency, having enough staff to maintain quality control is important.

A few other fun legends in the verifiably false category: A person wrote a check on the side of a cow and cashed it. This is a tall tale from British literature. Finally, there's a story that the FDIC takes 99Ys to pay back depositors in insured institutions or only pays 1.5% of balances back to depositors.

As bankers, we know the difference between the truth, legend and what's outright incorrect, but it is important to remember that our customers may be swayed by misinformation. As such, part of your job as a key member of the community is to keep your customers and the public informed with real information.

BANK NEWS

Jobs

Fed Chair Bernanke said there is still an "awful lot of slack" in the labor market and cautioned "the unemployment rate probably understates the degree of slack in the labor market." Recent Fed research seems to indicate the Fed may be moving away from a 6.5% unemployment rate to raise rates to something more near 6.0% due to lower participation rates and other factors.

Another Muni BK

Desert Hot Springs, CA (about 110 miles east of Los Angeles) may be the next city since Detroit to file for bankruptcy protection following a sharp decline in revenue. The city of 26,000 people runs out of cash by Mar 31.

TARP Sale

The Treasury has accepted roughly a 45% discount on its latest auction of TARP shares in 7 banks, as it continues to liquidate positions. The Treasury holds shares in 102 remaining banks according to its report to Congress in Sep.

Lower Cost

A SocialMedia survey finds 62% of businesses say social media has reduced their marketing expenses and the same percentage said it had improved search engine rankings.

Repayment

FNMA and FHLMC have announced they will pay the Treasury \$39B by the end of this year. That will put FHLMC about \$9mm above the \$71.3B taxpayers injected into it during the crisis and put FNMA at \$113.9B vs. \$116.1B injected.

Housing

The MBA predicts mortgage originations could decline 32% next year, as rising interest rates slow activity. It expects mortgage rates will rise above 5% in 2014, leading refinancing activity to decline 57%, while new loans rise 9%.

TBTF

The Financial Stability Oversight Council (FSOC) plans to release an updated list of institutions designated as systemically important to the global financial system and subject to heightened regulation.

Customers

SocialMedia finds 97% of businesses say they use social media to market their services and 86% said it is important to their business.

Deposit Mix

To maximize pricing in a bank M&A situation, investment bankers typically like to see no more than 33% of total deposits in CDs.

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