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## Taking Care Of Each Other

by [Steve Brown](#)

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In Western cultures, legend has it that naughty children wake up Christmas morning to find their stockings filled with lumps of coal instead of the desired toys and delicacies. What you may not know is that the negative association between coal and Christmas dates back thousands of years. In folklore, people's homes are entered via the fireplace, bearing gifts for well-deserving boys and girls and coal for the badly behaved. Of course, coal also had a practical value before the advent of electric bed warmers. In the 19th century, the gift of coal might have actually been a welcome one. In modern times, however, we're confident that a clump of fossil fuel pales in comparison to the allure of an iPad or a Nintendo DS.

Whatever holiday one celebrates, most children look forward to presents at this time of year. Adults also enjoy gifts, especially those that involve money. Now that bonus season is upon us all, we call your attention to a recent survey by the executive recruitment firm Korn Ferry, so you can see how your bank stacks up against others.

From Sep 17 to Oct 20 of this year, Korn Ferry surveyed 518 executives at a cross-section of companies across the US. According to the findings, 39% saw no change in bonus levels from 2013, 36% said they expected bonuses to increase and 15% expected a decrease. Of the respondents, the bulk expected to pay some sort of bonus and only 10% predicted they would pay no bonuses at all this year.

As you're digesting these figures and what it means for your bank, keep in mind this fundamental principle: The more you take care of employees, the more likely they are to take care of you. Consider for instance the well-documented connection between how employees are paid and their happiness on the job. Notably, compensation/pay was ranked as "very important" by 60% of employees, making it the top contributor to overall employee job satisfaction, according to the SHRM's 2014 Employee Job Satisfaction and Engagement Survey.

There's certainly something to be said for paying bonuses, especially at holiday time. While there may be limited amount of discretionary money to go around, it behooves you to reward your best and brightest employees in a meaningful way to make sure they are with you in the New Year.

Remember that many employees, especially lower paid ones, may count on bonus money and raises to help make ends meet. For instance, bank tellers in the US make \$10.44 per hour on average, according to [www.payscale.com](http://www.payscale.com), only a few dollars above the federally mandated minimum wage, so even small bonuses matter.

To be certain, money is only part of the equation when it comes to keeping employees happy. Benefits, job security, work environment and potential for advancement are also extremely important components of job satisfaction. Still, it is important not to underestimate the emphasis employees place on cash.

Employees are a bank's lifeblood, so take good care of them all year long. When it comes to compensating employees for hard work, giving generously can help your bank reap long-lasting

rewards all year as you capture new customers and keep your sales teams happy, healthy and raring to go.

## **BANK NEWS**

### **M&A**

Iberiabank (\$15.4B, LA) will acquire Georgia Commerce Bank (\$1.0B, GA) for about \$195mm in stock.

### **M&A**

SmartBank (\$535mm, TN) will acquire Cornerstone Community Bank (\$412mm, TN) for about \$59mm.

### **Rate Movement**

Goldman Sachs is forecasting that strong economic growth will push the Fed Funds rate to 3.90% by the end of 2018.

### **Too Expensive**

The Wall Street Journal is reporting some large banks are pushing away larger corporate deposits due to Basel III liquidity changes (such deposits are considered a flight risk during periods of crisis) that require the largest banks to hold excess reserves on large deposit accounts.

### **Rate Hikes**

JPMorgan says they expect the Fed to remove the "considerable time" language at their Dec 17 meeting as they prepare to raise interest rates in mid-2015.

### **Malware Risk**

KrebsOnSecurity warns people not to click on emails received this holiday season that reportedly ask you to confirm an online e-commerce order or shipment. Banks may want to consider warning their customers that this sort of malware can ruin any holiday.

### **Vendor Risk**

Regulators say they expect banks to know every third party vendor who is accessing customer information in order to ensure proper oversight. We think this is also a good way to identify would be competitors who may have access to your customers. Once you have the list, our advice is to sit down as a management team and ask whether each vendor is - or could become - a risk to your franchise down the road to protect your business.

### **Apple Pay**

USA Today reports Apple Pay will see a large competitor in the form of Softcard, a joint venture between Verizon, T-Mobile and AT&T, that works through a smartphone. Softcard works on multiple devices vs. just Apple, so user adoption may be higher. We will have to wait and see how it all works, but bankers will be monitoring this new player closely.

### **Biometric Security**

The Associated Press reports Wells Fargo and JPMorgan are recording biometric details of customer voices as they seek to enhance their voice-printing technology offerings. The approach could help better authenticate customers and reduce fraud related to cyber attacks over time.

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