



Non-Profit Community Investments

by [Steve Brown](#)

In 1901 Mary Harriman, the debutante daughter of railroad magnate E.H. Harriman, was a 20Y old Barnard College student. She began volunteering at a tenement project in Manhattan after attending a lecture about the Settlement Movement. This socialist movement was aimed to bridge the gap between the wealthy and the poor. Convinced she could do more to help, Harriman drafted roughly 80 of her debutante friends and created the Junior League for the Promotion of Settlement Movements. After it quickly became clear that specialized skill sets were needed to aid the people seeking help, Harriman recruited experts to train Junior League members. Known today simply as the Junior League, the non-profit has since grown into an international organization focused on training women to improve their communities through volunteerism. Notable Junior League members include Eleanor Roosevelt and Sandra Day O'Connor, among others.

The Junior League is just one example of a non-profit organization where individual branches operate independently. From the Boy Scouts and Girl Scouts, to the Salvation Army, there are countless nonprofit charities and membership organizations across the country. Community bankers know these organizations need banking services for their day-to-day operations and are actively involved in working with such organizations. These days, however, many smaller non-profits and membership organizations have found it much more difficult to switch banks and have found larger banks rarely welcome their business with open arms.

Some say the Patriot Act is one key reason switching banks is more difficult because the leadership of such non-profit organizations tends to change far more frequently than within traditional businesses. As such, in many cases new signatories can be required annually as officers and board members rotate into different positions. This switching has led many non-profit organizations to find it more difficult to navigate the documentation required for opening new bank accounts or altering existing ones. Since the total holdings of such organizations tends to be fairly insignificant, in many cases non-profits find the major banking chains are less than eager to take on their business and do not go out of their way to help.

This is an ongoing opportunity for community banks. Beyond just courting the business of smaller non-profits, community banks should also consider partnering with local organizations because of the incredible marketing opportunities such relationships can present. Partnering with non-profits not only creates awareness about a bank's brand among the members of such organizations, but also within the communities where these organizations focus their efforts. Partnering can be as simple as providing a convenient location where a local charity can place a box for community members to drop off donations for a food or coat drive. This not only affiliates your bank with a good cause, but also physically draws consumers into your bank, giving employees the opportunity to develop relationships.

If Mary Harriman's efforts proved anything, it is that the reach of non-profits can be far and wide. Community bankers understand this, but it is always a good idea to keep testing things to see where opportunities may surface or can be further enhanced.

BANK NEWS

M&A Activity

1) First Savings Bank of Hegewisch (\$610mm, IL) will acquire Lake Federal Bank, FSB (\$66mm, IN) for an undisclosed sum. 2) Rockland Trust Co (\$7.2B, MA) will acquire Bank of Cape Cod (\$261mm, MA) for about \$30.7mm in stock.

Branch Activity

1) Umpqua Bank (\$23B, OR) will consolidate 26 branches/stores as the bank adjusts to changing customer behavior around increased usage of online and mobile banking services. 2) Reliance Bank (\$168mm, AL) will acquire 4 AL branches and 1 NC loan production office from SouthBank (\$65mm, AL) for an undisclosed sum.

Guilty

Jeffrey Cho, a former senior analyst at the Fed Chicago, has pled guilty to stealing 35 confidential financial documents from the Fed.

Libor Change

The Financial Times reports the Intercontinental Exchange (ICE), which took over administration of Libor starting in 2014, is now overhauling the way the index is calculated to reduce reliance on bank estimates.

Energy Risk

Fitch Ratings is predicting the default rate for high yield debt holders of energy companies will surge to 20% this year and the rate for oil gas and exploration companies will jump to 35%.

Small Biz Marketing

Research by Infusionsoft and LeadPages of small businesses finds: 49% say their current marketing efforts are not effective vs. 38% who say they are, and 14% who are not sure.

Political Issues

A survey of global CFOs by CNBC finds the most important political issues to their companies are: corporate tax reform (46%), Fed monetary policy (13%), cybersecurity (8%), immigration (8%) and income inequality (8%).

Fined

Bloomberg reports the SEC has fined AIG advisors \$9.5mm to settle federal claims that they charged unnecessary fees on at least 1k mutual fund clients.

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