



Leadership In Banking

by [Steve Brown](#)

The American Psychological Association reports 80% of Americans have confidence in their ability to manage their money. Yet, Time reports the top 5 money arguments between couples are due to frivolous purchases (46%), household budgeting (33%), credit card debt (26%), insufficient emergency savings (25%) and insufficient retirement savings (22%). Something about this picture doesn't compute, so in 2017 community bankers can lead their customers to good standards of money management.

Speaking of leadership, we look to recent comments by Mark Olson, Chairman of Trelia Risk Advisors. He notes that true leadership is earned as others see you lead and describe you as a leader, not by means of title or directive.

He goes on to say that these rules most certainly apply to community bankers, since the top industry achievers come from a variety of banks - large and small. He further states that the bottom-line effects of a good leader are "well documented."

So, what should community bankers think about when reviewing their bank's leadership? Olson gives this advice to bankers: For starters, understand that there's more than one successful leadership style. It depends on both the personality and level of experience of the executive and how these two elements coalesce with the institution and its culture. Second, successful leaders create a larger vision for their institutions. They unite people behind a common mission instead of drawing attention to themselves. Lastly, he notes that a successful leader won't be afraid to measure his own leadership success. There are certainly several ways of doing this. However, one method is to analyze the turn-over of high-valued employees. If the cream of the crop remains, you get high marks in leadership.

Weighing in on the matter, Forbes recently issued its list of top leadership skills. Some of these are timeless and others are new. The ones we found the most noteworthy are: 4) Navigation of Ambiguity - more important than ever to community bankers, as a new economic landscape emerges and technological development continues at full speed; 6) Multigenerational management - brings together millennials and baby boomers successfully to leverage specialized skills in each group; 13) Co-creative leadership - empowers and engages teams within banks for best overall results.

Providing additional thought on this subject, we point out a report by Accenture. It indicates "change leadership" should be viewed as essential in a fast paced world. They reiterate the need for nimble, innovative change leaders throughout all levels of the institution, in spite of the regulatory and financial constraints. These leaders must be empowered to take ownership in order to build trust within the bank and make timely decisions. Community banks may want to remember this, as the fight to transform continues in 2017.

No matter the source of inspiration, leadership is easy to talk about but not always easy to demonstrate. In this high tech, ever changing world, new leadership skills are needed. As community

bankers you are closer to your customers and your employees than the bigger banks. This makes the connection to great leadership a short and easy one. As such, help your customers manage their money better, as you help your employees thrive and you work to transform the bank amid industry changes.

BANK NEWS

M&A Activity

1) Farmers & Merchants Bank (\$745mm, VA) will acquire Valley Southern Title (VA) for an undisclosed sum. Valley provides title insurance and real estate settlement services. 2) First NBC Bank (\$4.9B, LA) will sell 9 branches, \$1.3B in loans and \$1.1B in liabilities to Whitney Bank (\$23B, MS) for an undisclosed sum. The move increases capital ratios for First NBC as it shrinks its balance sheet.

Director Age

Research by executive recruiter Spencer Stuart finds the average age of an S&P 500 independent director was 63.1Ys in 2015 vs. 62.1Ys in 2010. Meanwhile, the average tenure of a director remains about 8.5Ys.

Market Size

The total notional amount of derivative contracts held by insured US commercial banks and savings associations was \$177.5T as of Q3 2016.

Global M&A

Dealogic research finds M&A deals announced globally in 2016 reached \$3.29T - about 30% below the \$4.7T record reached in 2015.

Retail Sector

Macy's and Kohl's each reported weaker than expected earnings following a slow holiday season. Meanwhile, Sears said it would close more stores and sell its iconic Craftsman brand. The news cast a pall over the retail space and points to another tough year for the sector in 2017.

Bank Staffing

Quick analysis using FDIC data finds that since the end of 2007 through Q3 2016, the total number of full time equivalent employees at FDIC insured institutions has declined by about 8% or 171,549. Analysts say the trend is likely to continue in 2017, as automation and changing customer behaviors continue to outweigh other factors.

DDoS

IBM defines a denial of service attack as one that "attempts to flood a server or network with such a large amount of traffic or malicious traffic that it renders the device unable to perform its designated functions."

Distracted Employees

Deloitte research finds people unlock their cell phones 9x every hour.

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