Inquiry & Insight - Leverage, Payments & Social

payments regulatory marketing

Summary: In our new BID feature, "Inquiry and Insight", we provide questions from readers and bankers and do our best to give you relevant, insightful answers.

Insight is about getting an accurate and deeper understanding about something, while inquiry is the act of asking for information. So, on that note we want to welcome you to the second issue of a new BID feature we call "Inquiry and Insight." For those who may have missed Issue #1, you can read it here.

This format allows us to more broadly share specific questions we receive from our bank clients, regulators and other industry professionals. On a monthly basis, we publish the questions asked most often or most relevant to current issues, as we do our best to give you relevant and insightful answers. We hope you enjoy this new feature and feel free to send us your own inquiries/questions for an upcoming issue as well.

Q: The leverage ratio may be changing for community banks and the comment period is now over. How will this change affect community banks, if at all? A: The latest proposal on the table is an 8% community bank leverage ratio, which is not ideal for most banks. As such, bankers are understandably concerned that this could have unfortunate and even unintended consequences. The good news is the change isn't set in stone yet, so there's still time to have your voices heard. Banks have another chance to voice their opinions on this matter, given that the FDIC has requested feedback in a related area around proposed revisions to the call report (which introduces reporting requirements on the proposed leverage ratio). Comments are due June 18, so those who believe 9% would be more appropriate for community banks or some other structure, still have a bit of time to express this opinion.

Q: How fast do faster payments need to be? A: There's no doubt that the US is moving toward a faster payments model, but community banks needn't worry too much at this point. Certainly, the battle is raging, but no one yet looks like a clear winner and questions remain as to whether the world needs real time payments or just faster payments. At this point for example, it remains unclear still what role, if any, the Fed will have here, though the ICBA is gunning for heavy involvement. For now, it makes sense for community banks to keep a close eye on how things develop, knowing that it could be some time before there's real progress in this area. PCBB has been actively exploring faster payment options and is committed to helping community banks be successful. So, stay tuned for more information on this.

Q: We don't have a social media policy. Should we have one and what should it include? A: Banks should absolutely have a social media policy to reflect modern realities. Employees are using social media, customers are using it and competitors are using it too, so there's a huge likelihood that social media is being used in your branches and all over the bank. The policy itself should be set by a committee made up of compliance, marketing, HR, and IT representatives. Though policies can vary by bank, they all should include a code of conduct, the major do's and don'ts, and consequences for noncompliance. The policy should be updated periodically and reviewed annually with employees. It should also be used when onboarding new staff.

HAVE A QUESTION FOR INQUIRY AND INSIGHT?

Send any questions to me at steve.brown@pcbb.com and I will try to address them in one of the upcoming issues. I look forward to hearing from you!