Inquiry & Insight - Deposits, Buybacks & Tracking

regulatory deposits Mergers and Acquisitions

Summary: In our third "Inquiry and Insight" issue, we share more interesting questions from our readers and provide relevant and insightful answers.

The Spring 2019 Merrill Edge Report finds some interesting things about how Americans save. It found: 85% of respondents believe how they manage their money would make their parents proud; 68% purposefully delayed or abstained from certain activities (vacation, buying a car, buying a home, etc.) to pay off debt; and 56% reward themselves when they meet a financial goal. We hope this information gives you a few more ideas to help market more of your services, perhaps.

We continue this month with our new Inquiry and Insight feature. This month we focus on virtual deposit tickets, how to best track quarterly regulatory compliance for examiners and repurchasing of shares vs. M&A. Enjoy this new feature.

Q: Is anyone doing virtual deposit tickets? What are the pros and cons? A: Customers using mobile check deposit capabilities like it when banks will allow them to just take a picture of any check and send it along to the bank in return for a virtual deposit ticket. This takes some work on the bank's end of the transaction, which is why we have heard varying experiences in processing them. The size of the bank matters, but more importantly, the number of virtual deposit tickets the bank is processing. Pros for the customer includes: improved cash flow; greater productivity; reduced expenses; fewer trips to the bank; increased flexibility to scan, balance and transmit check deposits 24/7 every day. For the bank, your team captures happier customers, along with more easily searchable data for research, greater transparency for BSA/AML and other things. Cons seem to include: sometimes difficult to locate information depending on the system used and the like.

Q: Banks are borrowing to repurchase shares vs. M&A. Should my institution be doing this? A: This will really depend on the goals of each financial institution. In and of themselves, stock buybacks are not a bad thing. Institutions that buy back shares usually help shareholders by boosting the stock price, increasing earnings per share (by reducing the number of shares) and other factors. Stock price is one factor in M&A on both sides of the ledger (buy or sell), so talk to an investment banking professional first to incorporate your own circumstances to best serve your shareholders.

Q: How do other financial institutions track their quarterly regulatory compliance for the board & examiners? A: It is assumed that this question is focused more on ways to deal with issues that surfaced in the last exam or from an audit. Banks have tried many different things here, but one that we have found works very well is to track enterprise-wide business risk reviews on one report. This can be a spreadsheet that breaks down matters by function, date of prior report, scope of review, company conducting the review, engagement dates for the review and date report was received or is expected to be received. Then, on another report (issue tracking), you can track specific open items that need resolution. These should identify the source; risk rating (high, med, low); finding; recommendation; response; owner; target resolution date and the updated status.

We will return next month with more questions, so stay tuned.

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!