



Community Financial Institutions And Social Change

business customers strategic planning

Summary: Community financial institutions are always supporting their communities. Yet, with the recent shift in public sentiment, it could be worthwhile to ensure your community alignment.

In the 1800s in Ireland, people used turnips to carve jack-o-lanterns instead of pumpkins. I am guessing that turnips were a bit larger than they are today, as things change over time.

Society can change over time too, as is evident with the recent shift in public sentiment. Over the past year, the values of tolerance and equality have increased in importance for the US population in general. According to consumer intelligence firm Resonate, 53.7% of the population deemed equality as an important value as of June 2, while 52.3% deemed tolerance as an important value. Equality rose 10 points over last year and tolerance increased almost 13 points. These numbers do not take into consideration regional differences, but they do provide an interesting backdrop for nationwide changes in public sentiment.

Since each community financial institution (CFI) supports the needs of its communities, the shift in sentiment may impact your community and thus your institution. We wanted to share some ways that other financial institutions are reviewing their values and communicating with their employees and customers in light of this shift.

Some banking executives of big banks -- such as JPMorgan Chase and Citibank -- recently issued companywide communications reiterating the commitment of their company to supporting diverse communities and fostering a culture that exemplifies these values. We know that you are closely aligned with your communities already, but it still could be valuable to review your policies with the current sentiment in mind.

Now is a good time to take the pulse of the community around you when it comes to financial and volunteer commitments too. For example, Bank of America was early to the table in pledging to commit \$1B over several years to be used for job training, health, small businesses, and housing.

The emphasis will be on minority communities facing a disparate share of troubles in the wake of the pandemic.

We have found examples where CFIs are supporting their diverse communities as well of course. One CFI created Individual Development Accounts, which allow low- and moderate-income community members to save for a particular goal such as education or even a home. The account holders must meet savings goals and attend literacy classes to qualify, but in return, the CFI matches their savings goal 2-1. Another CFI raised \$1.5MM to enhance an education program for at-risk youth in its community.

Every community is different and will have varying needs and goals of course. But the exercise itself of reviewing your policies and efforts is important in making sure your institution's goals and those of the community are still in sync. Once those goals are established, or re-established, CFIs can assess what changes, if any, are needed to ensure efforts are directed to the right places for continued alignment with your communities. A little fine-tuning can go a long way.

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