



Inquiry & Insight: Stock Buy Back, Branches, Diversity

by [Steve Brown](#) Topics: [strategic planning](#)

Summary: Today we bring you questions from our readers on buying back stock, branch modification considerations, and diversity.

Did you know the unicorn is the national animal of Scotland? This is due to its importance in Celtic mythology. Sometimes you don't find things out if you don't ask. In that spirit, we provide you with some of our readers' questions and our insight in addressing them.

Q: With all that's been going on, might it make sense to buy back stock?

A: We've seen several recent share repurchase agreements, which could be for a number of reasons, including the desire to offset lackluster demand. Plus, with many bank stocks trading below tangible book value, buying back shares can be a shareholder-friendly move that supports the stock price and offers other benefits as well. This move could seem especially attractive to banks with excess liquidity. Just make sure your balance sheet is sound and you have ample loan loss provisions before heading down this road.

Q: We're discussing paring back on our branches? What considerations should go into this decision?

A: When closing a branch, it is usually done as a reaction to changing demographics, the ability of the branch to meet its goals, branch utilization, retaining key staff, the impact on CRA, and other community factors. The key question is - does that branch fit into your strategic plan? Who's using the branch, why, and at what cost? Would you be better suited to migrate from a branch to a Loan Production Office? Or consolidate offices and offer a standalone ATM? After you complete your analytical review including utilization, deposits, staffing models, and community and regulatory impact, then you make your decision. This is an important decision that needs to be done thoughtfully with consideration not only to the branch analytics but also to the impact on your institution, your employees, the community, your reputation, regulatory perception, and long-term profitability.

Q: Citibank's announcement of its first female CEO has us thinking once again about diversity. How can we help ensure our workforce is more diverse and what are some things CFIs are already doing?

A: One good place to start is by focusing on recruiting through affinity groups and minority colleges and universities. This was among the suggestions proffered by the House Financial Services Committee last year. Other action points include closing the pay gap for women and minorities and increasing investment in the areas of leadership training and development. Some CFIs have recently pledged to boost diversity among senior managers and others have committed to changing talent-management practices to foster greater diversity. We're encouraged by these efforts, but achieving the end-goal is still largely a work-in-progress.

ECONOMY & RATES

Rates As Of: 10/13/2020 04:24AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.10	0.00	-1.45
6M	0.11	0.01	-1.47
1Y	0.13	0.01	-1.44
2Y	0.15	0.02	-1.42
5Y	0.32	0.04	-1.37
10Y	0.75	0.07	-1.17
30Y	1.54	0.09	-0.85
FF Market	FF Target		Fed Disc
0.09	0.25		0.25
SOFR	Prime		Unemp
0.09	3.25		7.90

BANK NEWS

Coronavirus Communication Guidelines

[JPMorgan Chase recently had a coronavirus case](#) in one of their buildings. However, policy dictates that only those employees who worked on the same floor or were in contact with the infected person were notified. The bank did not want to alarm employees in a large building. The CDC recommends if a case is confirmed at a business, "employers should inform fellow employees of their possible exposure to COVID-19 in the workplace but maintain confidentiality as required by the Americans with Disabilities Act."

German Branches Closing

Effective immediately, [Deutsche Bank stated that it will shutter 100 branches](#) of 500 in its domestic market of Germany to save costs as the coronavirus has changed banking behaviors.

Streamlined Forgiveness Application for Loans \$50K Or Less

The SBA released a [streamlined loan forgiveness application](#) for PPP loans of \$50K or less. Eligible loans only account for 9% of overall PPP loan dollars, yet they amount to around 66% of all PPP loans.

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 a future Inquiry & Insight issue. I look forward to hearing from you!

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