



## Strategies For Institutions To Stay Independent

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

**Summary:** Having the right approaches in place can increase the strategic importance of independence for all your stakeholders. We have some key strategies to start.

Many young adults want independence. But, it is especially hard these days. TD Ameritrade recently surveyed young millennials (24-29Ys old) where 57% say that the coronavirus has largely affected their financial independence.

Similarly, many community financial institutions (CFIs) are trying to hold onto their independence. While some may be turning to mergers to increase stakeholder value, others still want to remain independent. It may be tough during a pandemic, but it can be done successfully. Having the right strategies in place can increase the strategic importance of independence for your shareholders, customers, and community. Here are some key strategies to start.

1. **Devise a solid action plan.** If you're committed to maintaining independence, you need to start with an action plan on how you're specifically going to do that - and how that's going to benefit all stakeholders. Your plan should explain how you're going to grow earnings per share, provide an appropriate return on equity, and provide shareholder liquidity with the right holding company structure. Your plan should also designate certain tasks to certain people to increase accountability, and you need to regularly evaluate its effectiveness.
2. **Ensure robust talent succession.** You need to have a succession plan for not only your C-suite, but also for your board. For internal staff, this means having a robust talent management program that details concrete steps in grooming potential successors and other executive managers. You also need to develop a plan to bring in new blood to your board as older directors leave or as you need to expand board expertise, particularly in new technologies.
3. **Attract millennials.** You will want to be sure to find ways to attract more millennials and Gen Zers as customers. They will gradually buy more products and services as they advance in their careers and start families. To be most attractive to younger generations, it's paramount to stay on top of the technologies that they are increasingly demanding, which also means potentially partnering with fintechs.
4. **Reinforce community commitment.** Your plans for maintaining independence also means making sure to update your commitments to the pressing needs within your community. Demonstrate how your institution's independence makes a real difference in your community's welfare. One CFI based in the South even posts its "Declaration of Independence" on its website: *"We declare our intention to remain an independent and locally-owned bank staffed by caring and knowledgeable community bankers who listen, understand and dedicate themselves to doing everything possible to help fulfill the earthly dreams of the good people"* of its community.

If you are thinking of staying independent, as many CFIs are, there are definitely ways to do it successfully. The first step is to make a plan and then continually demonstrate how all of your stakeholders are better off for it. Good luck out there!

## ECONOMY & RATES

Rates As Of: 08/21/2020 05:53AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.09	0.01	-1.45
6M	0.11	0.02	-1.47
1Y	0.12	0.02	-1.44
2Y	0.14	0.04	-1.43
5Y	0.27	0.06	-1.42
10Y	0.65	0.12	-1.27
30Y	1.38	0.18	-1.01
FF Market	FF Target	Fed Disc	
0.09	0.25	0.25	
SOFR	Prime	Unemp	
0.07	3.25	10.20	

## BANK NEWS

### Office Market Decline

Cushman & Wakefield CEO Brett White [expects it will be 2-3Ys before the US office market will recover](#). The firm forecasts that US office vacancies could go as high as 18% in the next 24 to 30 months, with rents expecting to decline between 5% and 15%.

### Anticipated Losses On Refinanced Mortgages

[A new fee imposed on refinanced mortgages](#) by Fannie Mae and Freddie Mac may be a sign of potential turbulence in the housing market. The fee, which goes into effect next month, is approximately 50 basis points on each loan Fannie and Freddie guarantees, or an average of \$1,400.

### Wells Fargo Cuts Expected

Wells Fargo is expected to make big cuts on expenses, including its reducing consultant expenses and cutting thousands of internal positions. Wells currently employs 266,000 people worldwide.

## TWO APPROACHES TO STRESS TEST

Now more than ever, it is important to stress test loans of all types from multiple perspectives. Choose your approach and get expert help, as needed. Learn more about [stress testing](#) today.

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