

How is My Bank Doing?

Without a doubt, these are turbulent times in our economy and in the financial services sector. Headlines continue to emphasize examples of this, including banks with problems.

Still, I would encourage you to look beyond the headlines. For one, you'll find that 98 percent of Georgia-based banks are considered "well capitalized" by regulatory standards, which means they have a capital/asset ratio greater than 10 percent. Likewise, 65.3 percent of Georgia banks have non-performing assets of less than 2 percent of total assets. Again, that's good news.

Of course, no matter how good, even these are big-picture statistics. What you need to know is, "How is my bank doing?" The answer is probably "OK" or better.

And, hopefully, if you really have a relationship with your banker — for instance, if you know their name and they know you by name and on sight — you already know how things are going at your chosen financial institution. If not, this is a good time to ask.

It's important to have at least a general idea of your bank's strategy, now and in the past. In other words, what risks have they taken, what are their standards for underwriting, are they well-capitalized, and so on. Bottom line: Are they focusing on quantity or on quality?

Banks that are experiencing problems now are suffering the results of decisions made long ago. That's why I note your need to know about the bank's strategy looking forward — and back.

Ask what measures they are taking to ensure that you personally reap the rewards of good decisions. For instance, can they ensure that you have maximum protection for your funds, above and beyond the standard FDIC deposit insurance? And, again, if you have a relationship with your banker — and, preferably, with more than one representative of your bank — they've already broached such sub-

jects with you. If you've never thought of your banker as a pro-active partner, it's time to shift that thinking.

I'm an advocate of community banks. In fact, I'm such an advocate of the community bank model that I helped found one. You see, in my experience, community banks exemplify the relationship aspect of banking about which I have been writing. Inherent in the community focus is more personalized risk assessment; simply put, they are not going to put their clients, local investors or their community reputations on the line.

A community bank does everything other banks do, but with a focus on personal service and community reinvestment. Community banks are owned by and serve the needs of local communities, regardless of whether the transaction involves metro Atlanta, as in the case of a local builder or developer, or whether the transaction has national or international aspects, such as wiring funds across the country or the world.

It is more than just good public relations, it is good business. Local decision-makers are invested, physically and financially, in making sound financial decisions that support the community. For those that live and work in our community, that means building a relationship with bankers and a bank that has roots in the community.

Community banks are interested in partnering with customers — individuals and businesses who take measured, reasonable risks in order to better their own financial situation, grow their businesses and, ultimately, build a stronger community.

What's the state of banking at your bank? □



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