

Coronavirus Part Three

by Charles B. Wendel

In last week's newsletter I wrote there were several areas a bank's crisis team needed to focus on right away as part of dealing with coronavirus:

- Caring for employees as number one
- Meeting customer needs
- Revisiting the strength of the balance sheet
- Considering current and future income streams
- Determining your M&A strategy post-coronavirus (buy or sell?)
- Streamlining and simplifying internal processes

As several readers pointed out, I forgot to mention regulators. They need to become active partners of the banks as the industry works with its various stakeholders. As has happened before, one part of the government may say lend more and be more flexible, but if the regulators do not adapt and instead say, "Yes, lend more, but don't go outside the lines we have set," the banks cannot do their job and any economic help they can provide will falter.

Unlike the last economic crisis bankers are not the bad guys (or women) in this one. Bankers can play a very positive role in our recovery. The last time the industry reacted to attacks as if it was the Pillsbury Dough Boy getting punched again and again. This time they can rightfully show their value to the community and, I hope, regain some of the respect the industry deserves. Regulators (and bank management) could screw this up.

And, as I suspected, Citibank marketing and Citibank reality are not in synch. Here is a small but telling example of one bank failing its employees and another showing how much they care. When I went to the local Citi branch last Wednesday, I was surprised to see no hand sanitizing gels anywhere. I asked the teller, and he very nicely offered to give me some of the sanitizer he kept next to him, saying the bank had run out. This is exactly the type of critical issue that top bank management should focus on. In New York its prisoners are making hand sanitizers, maybe bank execs can do the same?

On the other hand, another bank I know has been very focused on supporting its employees. This bank made sure its branch staff had disinfectant wipes and bank sanitizers by line and security staff delivering sanitizers to various parts of the bank's footprint. As one banker wrote "We gotta take care of our front-line troops." Let me repeat that wonderful phrase: "We gotta take care of our front-line troops." You know those employees must appreciate the concern and respect this shows for them. Banks that cannot do things like that should close, and more are.

One branch that closed near me in Miami was Capital One's branch in Brickell City Center, a major development that has helped turn this area in to a destination for tourists and a desirable living area. CapOne had a coffee shop in that branch and also regularly featured local performers to show its link to the community and attract potential

customers. Umpqua was likely ahead of every other bank else in pursuing this approach, an idea that made a ton of sense to me, given the excess space, the opportunity to differentiate the branch, and celebrate the community. But, is this approach dead? Will people want to hang out with other people as before or should branches become even more transaction oriented than they are?

Another branch near me remains open but will only let one or two customers in at a time. In Brazil, locked doors keep customers out until security checks them out and then they meet with banks very discretely, cut off from others with no one else nearby. That is for security reasons, but who knows if we are heading to that.

Finally, it has been interesting to see the various emails touting webinars and reports, some of which seem woefully out of touch right now. Some scavengers are already circling overhead with emails from “commercial recovery” companies starting to appear after years of drought for some of them due to the good economy. In that vein I also read that a group of corporate recovery lawyers last week formed a group to support Biden, figuring that their business was about to pick up.

My favorite is a webinar is titled as follows:

“All About Civility- Eliminating a Culture of Gossip, Rumors and Destructive Behavior.”

While we can all work toward increased civility, when we come back together gossip and rumors will likely run amok more than ever before, and good luck trying to curtail them.

For example, this weekend I realized when I was sitting outside enjoying a beautiful starry Miami night that, if a UFO were to glide by, I would not be all that surprised. Or, maybe that star was not a star?