

Community Banking and Personal Finance

In Community: Where You Bank Makes a Difference

By Nancy Sheppard

Many consumers today continue to feel wary about Wall Street banks with their government bailouts and big bonuses paid with the consumer's tax dollar. This frustration has given way to consideration that may be new for many – a relationship with a community bank. You're probably aware of one or more smaller community banks where you live or work, but how many of you have gone in and inquired about what it might mean to move your money to a community bank?

With the proliferation and presence of big banks today, there are still many consumers that are unaware of the impact a small bank has on its community. Community banks have a unique relationship with their communities, one that has been around for more than 200 years. The kind of relationship community banks have is not easily replicated by big banks (despite fancy advertising campaigns stating otherwise) and often is a large driving factor of what makes

the community flourish.

Community banks play a large role in the fabric of their neighborhood. They make 67% of outstanding U.S. small business loans. Decisions on lending are made locally. The management teams are involved in civic activities. For some communities, they are one of the largest employers in town and it's quite common to see a neighbor or friend as a bank employee. The volunteer support given by community banks is seen not only in their sponsorship of the local Little League but in the lending provided to local non-profits that may otherwise have a difficult time getting a loan from a large bank. There are nearly 8,000 community banks in the U.S. with more than 50,000 locations—in fact, community banks constitute 97% of all banks in the U.S.

With the federal government bailouts of some of the largest financial institutions in the U.S., both local businesses and consumers are starting to make greater consideration for moving their money from these “mega banks” to a

community bank near them.

In a day and age where the ethics and ethos of the leaders of financial institutions are being questioned, a growing number of people are looking for a different kind of banking experience—one that they know will be in positive support of the community they work and live in with management they know and trust to do the right thing.

In early 2010, a group of Bay Area bankers put their heads together to develop a way to educate citizens about the advantages of community banking. These bankers knew that consumers were becoming more attuned to the “power of choice” and wanted to make active decisions that allow them to participate in and give back to their communities. From this discussion came the iBankLocal program and its website, ibanklocal.org. Represented by over 26 banks in the Bay Area, the iBankLocal.org website offers an easy-to-use search feature to find a community bank close to you and provides resources to show you how easy it is to move your accounts. The website also offers connections to information that consumers and small businesses need to make the choice to move from a big bank to a community bank.

And locals aren't the only one starting to take note. Those in government have increased their awareness of the value local banks have to the economy and the communities they serve. Elizabeth Warren, assistant to President Obama and special advisor to the Secretary of the Treasury, reached out to community bankers in a late October trip



to California. She asked for a meeting with a small group of bankers to hear their views on regulatory reform and to discuss the newly formed Consumer Financial Protection Bureau.

The bureau's charge, she says, “is to protect the American family” from unscrupulous products and service providers in the financial services environment. Warren made it clear that she understands the role community banks serve in their communities. “You see your customers in the community, at church and rotary,” she stated, “and you have a hard time building a business model out of using deceptive practices or gouging your customers.” She pointed out that many of our competitors are anonymous to the consumer and that her mission is to make sure there is a level playing field.

With the five largest banks controlling about two-thirds of assets in the U.S. banking

system, it is likely the “too big to fail” banks are here to stay. However, citizens now have the power to help turn around the trend in which fewer banks are controlling the nation's banking system by using the ibanklocal.org website to guide them.

So know that where you bank does make a difference in your community. The power of choice and action is yours and ibanklocal.org can help!

Nancy Sheppard is President



& CEO of Western Independent Bankers, a trade associate for community banks in the West. In coordination with the California Independent Bankers, Western Independent Bankers manages the iBankLocal program.



MAUREEN RICHARDSON CFP®

Richardson Elite Financial Strategies
2410 Camino Ramon, Suite 316, San Ramon
(925) 355-1588, www.richardsonelites.com

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Guy A. Greco,
Vice President/Branch Manager, Danville
925.314.2853
guygreco@herbank.com

387 Diablo Road, Danville, CA 94526