In its 2009 Second Quarter Update report, the Georgia Bankers Association reported the concerns of bankers with respect to existing regulatory practices. The GBA listed several areas in which banks are seeking greater flexibility from regulators. Three suggestions would give bankers time to weather the current economic storm.

### Weathering the storm

In its 2009 Second Quarter Update report, the Georgia Bankers Association, the primary trade association for banks, reported the concerns of bankers with respect to existing regulatory practices. The GBA listed several areas in which banks are seeking greater flexibility from regulators.

Many of the items were important technical items related to accounting treatments and appraisal methodologies, but three suggestions would give bankers time to weather the current economic storm.

1. **First, banks have increased loss reserves to accommodate increased nonperforming and defaulted loans. However, banks only can include 1.25 percent of risk-weighted assets under existing calculation guidelines for regulatory capital.**

In effect, about $1.9 billion in capital is not being included in equity ratios for regulatory purposes. This cap needs to be doubled or removed completely.

2. **Second, regulators are requiring banks under administrative agreements to maintain equity ratios well above regulatory guidelines or to raise additional capital within short time frames such as 90 days. This places an undue burden on banks in current conditions in which investor capital for community banks is limited.**

3. **Third, regulators are requiring banks to reduce the amount of brokered deposits as a source of funding. Requirements to repay and not renew brokered deposits upon maturity, except by written waiver in limited cases, may create a liquidity crisis for some banks.**

### Flexibility in this requirement is needed to allow banks to renew (not increase) existing brokered deposits upon maturity or at least provide a reasonable time period to wind down this source of funding.

Regulators’ reconsideration of these three practices would be a positive step in providing banks with time and flexibility to work through current issues and regain their strength as markets rebound.

Otherwise, weakened banks will continue to fail, and banks with proven performance, but facing loan-quality problems, will have more difficult hurdles to surmount.

In their time of need, regulators should recognize and support the commitment banks have made to their communities during the past 10 years.

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**Tips from SCORE**

**Neglecting marketing? That’s a big mistake.**

If you are in business, you want to stay in business and see your company grow. Marketing is an important effort in gaining prospect attention, building product or service demand and winning customers.

Your marketing effort is the total of the sales, pricing, promotion, distribution and customer service efforts implemented to promote the flow of goods or services from your business to the consumer. Marketing includes having the right merchandise or service, selecting the right location, enacting effective sales programs and promoting your company and its wares to the buying public.

It’s easy for the small-business owner to find excuses for neglecting marketing. Most small businesses operate on a no-frills budget, and many owners consider marketing as something they can’t afford or a soft expense. However, without marketing, how do you propose to gain those much-needed customers that mean sales? If you do not effectively market your company, brand, image and products or services, you won’t be in business for long.

Marketing is an investment in future sales. As an entrepreneur, you must always be looking into the future and to the next sale. Customers need to be aware of your company and what it offers. Keep in mind the four P’s of marketing — product, promotion, place, and price. These four elements need to work in tandem to generate consumer interest and trigger the buying response in your audience.

Develop an annual marketing plan within your overall business plan.

Figure out when you need to expend resources on a special price promotion, new product launch or advertising awareness campaign. Other aspects of your promotion may be outdoor signs, direct mail pieces, joint promotions or product brochures.

Service Corps of Retired Executives was formed in 1964 as a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small businesses. Contact the Savannah chapter at 912-652-4335. For information go to www.scoresav.org.