Georgia Not Really the ‘Chernobyl of Banking’

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Small Business Council great tool for small employers

Did you know 80 percent of the Savannah Area Chamber of Commerce’s 2,200 plus members are small businesses with less than 25 employees? The Chamber has a council to provide its small-business members with the resources they tell us they need to help build their businesses, learn best practices, network and become more involved from an advocacy standpoint on behalf of small businesses.

These businesses are not only a driver in our community, but also a vital piece of the national economy. Numbers released by the Small Business Administration reflect how the existence of small businesses can stimulate economic growth and hopefully improve economies around the world. Small businesses:

• Represent 99.7 percent of all business firms
• Employ half of all private-sector employees
• Pay 45 percent of total U.S. private payroll
• Have generated 60 to 80 percent of net new jobs annually over the past decade
• Create more than 50 percent of non-farm private gross domestic product.

The Chamber’s Small Business Council is a great way to get to know other business owners, meet potential clients or be introduced to other business professionals in the area.

With the down economy, it is more apparent that people want to do business with people they know and trust, and part of that trust starts when the Small Business Council is one way you can grow your business.

The council meets the first Tuesday of each month at the Savannah Morning News Auditorium. Networking begins at 11:30 a.m. followed by the SMART lunch program, which focuses on topics that affect small-business owners.

All member businesses are welcome to attend. Not a Chamber member? Call us to find out about member benefits and be our guest at the next Small Business Council meeting.

For membership information, contact member services manager Susan Smith at 912-644-6434 or ssmith@savannahchamber.com.

NEXT SMALL BUSINESS COUNCIL/SMART LUNCH SERIES

Where: 11:30 a.m. networking; noon lunch Oct. 6
Where: Savannah Morning News Auditorium, 1375 Chatham Parkway
Speaker: Trip Tollison, COO/VP, Government Affairs Council of the Savannah Area Chamber of Commerce, will present " Legislative Update for Small Businesses."
Cost: $10
Reservations: Required by noon on the
Thursday before the event
Contact: Susan Smith at 912-644-6434 or ssmith@savannahchamber.com.

Future SMART Lunch Series programs:
Nov. 3: Hannah Byrne, partner/chief creative officer of SmashDab Studios, will present “Going Virtual — Using the Internet to Keep Your Business Connected.”
Dec. 1: Will feature the always popular “Speed Networking.”

Georgia not really the ‘Chernobyl of Banking’

The critical tipping point in losses in 2009 was the number of bank failures in Georgia during the past 18 months. The damage was done, and the media paid more attention to issues facing Georgia banks.

Almost a third of Georgia’s 324 banks have failed. How bad is it really? Absolutely not a ‘Chernobyl of Banking’.

First, the majority of banks in Georgia are community banks between $50 million and $999 million in size. This group had losses year-to-date of $384.8 million — comparable to other states such as California and Florida that experienced high bank growth rates and new banks created within the past 10 years.

Second, most of the banks that failed in Georgia were small, often relatively new banks with limited loan portfolios, primarily in commercial real estate loans. Based on FDIC projected losses, Georgia banks are far behind California, Florida and Texas.

Fact is, the losses in California are triple the amount of all losses incurred in closing Georgia banks. The recent failure of Colonial Bank in Alabama is projected to cost the FDIC approximately $2.8 billion — an amount close to the combined amount for all of Georgia's bank closings.

Third, most of the bank failures were concentrated geographically in a 75-mile radius around Atlanta. Georgia banks will continue to be challenged by the consequences of the broad and deep recession and the collapse in values in the residential and commercial real estate market in the months ahead.

More banks will fail. However, most of the state’s banks will weather the storm, continue to contribute to the long-term growth of Georgia and offer safe, risk-free investment alternatives for depositors.

Edward H. Sibbald is the BB&T executive in residence in banking, College of Business Administration, Georgia Southern University, and director of the college’s Center for Excellence in Financial Services. He was in commercial and community banking and related financial services for more than 30 years, served more than 20 years as a board member of several community banks and served as chief financial officer and division executive for retail banking for a $2.4 billion community bank in Illinois. He may be contacted at eshibald@georgiasouthern.edu.