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Officials Share Insights on Future of GA. Community Banking

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COMING MONDAY
Ronnie Cleve is a kitchen manager and barista at the Sentiment Bean coffee house.

BUSINESS CALENDAR
SEALS: membership social — The Southwestern Association of Legal Assistants will host a membership social. When: 5:30 p.m. Thursday. Where: Lulu’s Chocolate Bar, 43 Martin Luther King Jr. Blvd. For more events, go to savannahnow.com/exchange.

Bank to recycle electronics
The Coastal Bank will accept electronic items for recycling, free of charge, at all area branches and at the bank’s operations center in Pooler from 10 a.m.-2 p.m. in honor of Earth Week.

CityTalk inside
Bill Davers talks about Savannah’s population loss and the potential ramifications for public policy in the city.

Official's insights on future of Ga. community banking
By ADAM VAN BRIMMER
adam.vanbrimmer@savannahnow.com

The drop in prices in town and the stigma of rush-hour traffic back-ups siphoned off some of those who remained. Officials share insights on future of Ga. community banking

Savannah’s bedroom communities have largely dissolved through the national and regional housing slump. Development slowed considerably as economic uncertainty and tighter lending standards shrunk the supply of buyers. The drop in prices in town and the stigma of rush-hour traffic back-ups siphoned off some of those who remained.

The drop — five percent — in 2010.

"Godley has as it all, and I’m not just saying that because we build out there," said Jerry Wareall, whose home-sales company, Landmark 24 Realty, is active in several Godley subdivisions.

"With all the new shops and restaurants going in out there over the last decade and the schools... it’s a self-contained community right there." Godley residential development began near Pooler Parkway

THE ‘GODLEY’ REAL ESTATE MARKET

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In the news.

Karen Payne received a circle of excellence award for being in the top 20 staffing specialist/recruiters in the country as a staffing manager/recruiter for Snelling. Lori Hinebaugh Pitt was recognized for being number one in the nation.

q: The current economic decline is widely considered the worst since the Great Depression, surpassing even the savings and loan crisis of 30 years ago. Has the severity of this decline altered the way you approach your job, either from a philosophical or a pragmatic standpoint?

Regulators talk about establishing a “new normal” — a baseline, if you will — for evaluating a community bank’s risk profile. That will present a challenge for community banks to survive and those with good capital ratios. Are they getting into areas they have more problems yet? You look at whether they have a long history of serving communities well and those who chose to participate in and those with good capital ratios that will be able to withstand this crisis.

Q: A slew of new regulations and legislation aimed at consumer protection have come down the pike over the last two years. Many are or will be put into place largely due to the misbehavior of the big banks. And while community banks are technically exempt from some of these regulations, they are having to put costly infrastructure in place to deal with these new rules. Do you see this current environment as posing any real problems for the community banks and shifting the focus toward larger banks?

Wise (Fed): In general, compliance costs are going up, and that will present a challenge for community banks to operate as efficiently as possible, but we all agree that the community bank charter is viable. Is there a certain size for a community bank to be for it to be successful? You don’t really peg a size. A lot of it depends on the local market, that the bank operates in, thriving local market and can act very quickly on those. And legitimate. If so, we need to re-examine our community banks and sort of inject capital, we need the regulator’s role is not to instill uncertainty to raise capital and attract investment? Can the regulator play a role in instilling confidence in banks with those new rules. Do you think the current economic climate we’re in — that bank will be viable in that market.

Q: Given the stark differences in the way the big banks do business versus small banks, do you envision a day when there is some flexibility and perhaps even different guidelines based on the size of banks?

Wise (Fed): We always tell an institution that the control environments and the policies and procedures and all of the processes that a bank has in place need to be communicated with the size and complexity of that institution. As a regulator, what we expect to see out of a Bank of America or a SunTrust versus a community bank can be vastly different. We’re not looking for the same level of sophistication. Every institution needs to understand its risk profile.

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Banking

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