



Marketplace Flash

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A New Model for Banks

If you have ever borrowed money from a bank that offers FDIC insurance, you know there are some tight rules. Since the federal government instituted FDIC insurance in the 1930s, banks have been subject to the oversight of government employed bank examiners. These examiners impose tight criteria for loans; hence, banks tend to be very conservative lenders leaving little room for subjectivity. However, banks do have some latitude for determining credit worthiness, but tend to be very cautious about deviations from accepted norms.

In March 2003, a new bank opened in a suburb of Minneapolis. Unlike most banks, the loan officers of this bank make loans based on both the numbers and their heart. For example, a couple applied for a loan to refinance their home. Prior to the application for refinancing, the husband, who was self-employed, experienced a business failure. While he was seeking employment, the couple fell behind on their house payments. Finally, the husband was able to secure a good job, but by then the couple was seriously delinquent with numerous creditors including the mortgage company. Despite the husband's new job, the mortgage company chose to foreclose rather than give them time to get their payments caught up. The couple came to Chuck Ripka, Senior Vice President of the bank, for help. Prayerfully Chuck considered the matter. He realized they experienced some difficult times and made some poor choices, but were people of good character and appeared to learn from their mistakes. Chuck understood that the couple's poor credit rating was an aberration and did not really reflect their willingness and ability to pay their obligations. He also noted that the loan-to-value ratio of 60% was very favorable. Relying on his spiritual senses, the loan-to-value ratio, and the character of the people, he overlooked the bad credit rating and made the loan. This was a decision that few bankers would make, but it reflected the reality of the situation and the compassion of the bank. As a result, this couple enjoyed keeping their home and a reduced monthly payment. The bank has a grateful new customer and a new performing loan.

Chuck and his team approach business holistically. With each customer transaction and interaction, both the spiritual and physical dimensions of reality are considered. Character counts as much as credit ratings. Many bankers have the reputation of only wanting to help those who don't need help. Chuck is a banker who wants to help everyone that he can, even the down and out. He doesn't operate foolishly; he operates prayerfully and prudently. So far, the results of Chuck's business model are stunning. After 10 months of operation, deposits exceed \$43 million, which is 2.5 times the original projection of the business plan. Chuck invites communication at cjripka@aol.com.