

ABA's Yingling: traditional bankers must extend their leadership

Calls on them to be guardians of public's trust

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Even as protesters began to converge on the Sheraton Chicago hotel earlier this week, bringing banners reading "Stop Bank Greed," ABA's chief executive officer, Edward Yingling, cited the demonstrations in his annual address to the industry as an example of one of banking's two biggest challenges—misdirected attacks on traditional banking. The protesters either did not know—or did not care—that the bankers gathered for ABA's Annual Convention had little to do with the causes of the financial crisis, and were, in fact, hurt by it themselves. As Yingling observed, the meltdown resulted from the practices of mortgage brokers and Wall Street giants such as Lehman Brothers and AIG, among others, as well as from misguided government policies, not from the business of most banks—accepting deposits and making loans in their communities.

Something else needed

"We all need to keep speaking for traditional banking," said Yingling, "because if we don't speak for banking, others will. We all, in our own small way, must be leaders for our industry, and for our country. We must point the way for a financial services industry of the future that is strong, stable, and fair to all."

Yingling added that there is something else banks must do. He called on them to extend their leadership to all parts of the financial services industry. Referring to the "bad actors" and "bad policies" that "clearly harmed the country," Yingling said, "We must never again allow anyone—anyone, anywhere—in the financial services industry to do such harm." As the leaders of the financial services industry, Yingling called on traditional banks to extend that leadership to all parts of the industry including mortgage brokers and Wall Street speculators.

Yingling then added: "There is something else we must do. Something closer to home. We must recognize that there have been some—a small minority—but some, within our industry who have not done the right thing. Some simply have not been fair to their customers. In the future, when we see such unfairness, I believe we must address it and stop it."

True bankers have earned the trust of their customers and their communities, he said. "As we come through these tough times and look ahead, we must be guardians of that trust, and thereby restore public faith in our banking system."

Manage this risk, too

The second major challenge the industry faces, is the massive and complex financial services reform legislation now being debated in Congress. ABA supports reform, Yingling said, "yet this legislation will redesign the financial services industry and determine whether we can compete or not. And Congress could get it wrong."

He called on bankers, who have already been active in contacting their members of Congress, to do more. "You know you have credit risk," said Yingling; "I am asking you to write at the top of your weekly 'to do' list two words—political risk. And I am asking you to promise to work on that at least once a week."

Read Ed Yingling's speech

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