
Does Your Bank's Market View Jibe With What Customers Are Telling You?

A young lender with whom I used to work called me the other day to wish me a Happy New Year. After getting caught up on kids, spouses, and the like, I asked him how loan demand was at his statewide affiliate of a large regional bank holding company.

"We're not doing much," he responded.

I then asked him whether this was due to a deterioration of the external environment or whether the holding company's loan review staff was becoming more conservative.

He thought for a moment and said, "I think loan review is more scared of the environment than the lenders."

That's insightful, if you're wrestling with why things seem to be so "slow" while individual customers often are able to share anecdotal information that things may be a bit better.

A salesman selling oriental carpets told me on a recent weekend that his store is seeing a small but detectable uptick in floor traffic.

Do you see a disconnect between your bank's reading of the market and your customers' view?

How many of you have been reminded lately of the classic comment by Pogo, Walt Kelly's famous cartoon character possum: "We have met the enemy, and he is us?"

About Ed O'Leary:

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lender and workout expert O'Leary spent more than 40 years in bank commercial credit and related functions, working with both major banks as well as community banking institutions. He earned his workout spurs in the dark days of the 1980s and early 1990s in both oil patch and commercial real estate lending.

O'Leary began his banking career at The Bank of New York in 1964, and worked at banks in Florida, Texas, Oklahoma, and New Mexico. He served as a faculty member and thesis advisor at ABA's Stonier Graduate School of Banking for more than two decades, and served as long as a faculty member for ABA's undergraduate and graduate commercial lending schools.

Today he works as a consultant and expert witness, and serves as instructor for ABA e-learning courses and a frequent speaker in ABA's Bank Director Telephone Briefing series. You can hear interviews with Ed about workouts [here](#) . You can e-mail him at etoleary@att.net. O'Leary's website can be found at www.etoleary.com.