

A time of testing

January, a difficult month in the best of times, was particularly doleful this year. Not even the presidential inauguration nor the heroics of U.S. Airways's Capt. Chesley Sullenberger could thaw the country's economic (and meteorological) chill for long.

For bankers in particular it was a tough month. Fourth quarter numbers and the resulting headlines were very negative. Not for every bank, of course. A group of community bankers in this issue (p. 14) discuss the wide range of economic conditions they faced—from dire to quite good—as of yearend. But clearly the impact of the financial crisis, which like some fiend in a horror movie, keeps coming back, and the effects of the recession are affecting everyone. (Wells Fargo senior economist Scott Anderson gives an eye-opening economic assessment on page 44.)

It is a time of testing—for banks, bankers, and the industry. Trouble always is a test. You find out what you're made of, what you believe in, and who you can count on. It also forces people to think, to face reality, and often to redouble their efforts to rise to the challenge. Not everyone does, of course. Trouble tends to bring out both the best and the worst.

At the industry level, troubled times like we're in now can have a polarizing effect or can be a positive force for change and cooperation. It's very important that it be the latter, not the former.

Polarization can occur because the actions of certain players irk many others. Citicorp is one example. It's New York swagger and brinkmanship have long rubbed many people the wrong way. Bankers might be excused for thinking, "They had it coming," whatever it ends up being for the troubled giant. It's not just Citicorp, however. There are other banks of all descriptions at which fingers might be pointed within the industry.

Everyone has opinions—that's fair enough. But as Diane Casey-Landry, ABA's chief operating officer, says in the article about her appearing on page 33, "We are one industry and we need to stay united." This is no time to be "throwing rocks at each other."

The blame game ultimately backfires, she points out, because in this situation there are enough mistakes to go around.

If we've learned nothing else from the financial crisis and economic downturn, it is that no one is immune. Events can turn, and have turned, so swiftly that even the seemingly rock solid have been rocked overnight. Better not to crow, for crowing has a way of turning into a very public meal; nor to point fingers. For if people were really honest, they would acknowledge that every balance sheet has its share of mistakes and that circumstances are often a big factor in how things play out.

Nevertheless, privately we can wonder how on Earth anyone could have done such and such. Publicly, however, Casey-Landry is right. It is one industry. And when it's under assault, which it is now—by events, in the eyes of the public, by people in government, in the media—the reaction should be to link arms. Not as a way to obscure facts or deny reality, but to effectively deal with the challenges from without and from within.

This period is the greatest challenge most people in banking have ever faced. It is the time to work together to defend the industry's rightful role. But also—and, equally important—to recognize what needs to be improved.

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