

The Future is Now

By [Stephen M. Klein](#)
September 29, 2011

Rocky Mountain High

As I return from a visit with a bank in Denver, just on the eve of our annual CFO Conference, I realized that the future is now ... not tomorrow or next year. We all must capitalize on the opportunities before us.

Capital is Still King

Even in these battered financial markets, several of our clients are in the midst of community/shareholder stock offerings. Capital remains essential as banks return to profitability. With historically low interest rates, eroding margins and increasing securities portfolios, capital is critical to future growth and meaningful profitability.

The Best Defense is a Good Offense

Through the economic debacle since 2008, most banks have played defense, cleaned up their portfolios and waited out the storm. Well, I think it is time to play some offense. While traditional loan growth is still tough, SBA lending and offering expanded products and services is one way to combat narrowing margins.

Stop Worrying About the Regulators

Yes, this is me speaking! While recognizing their enormous power and respecting their mission, we can no longer live in fear of the regulators. The best way is to have strong capital, some healthy growth, improved efficiencies and profitability. While questions still persist about the regulators' view of community banks, being proactive (not confrontational) seems appropriate. My sense is the "fear factor" the regulators operated under the last several years has dissipated as the pace of bank failures has slowed.

Confidence is Critical

Just like the economy, the lion's share of our challenge is restoring confidence in the banks. I think we should all work together to make this a top priority. As an industry, notwithstanding the current concern about a "double dip" recession, the vast majority of community banks have

CYBER-GRAHAMS



[Stephen M. Klein](#) counsels financial institutions about federal and state banking matters, and related SEC and financing issues. Applying his experience as a regulator, he also assists companies in regulatory enforcement, compliance and interventions, as well as capital formation, mergers and acquisitions and corporate governance.

withstood the storm. Community banks remain a part of the fabric of this country and it is time they started to hold their heads proud again. Truly, the future is now, if we make it happen.

If you should have any questions or wish to discuss issues specific to your financial institution please contact any of the following members of the Graham & Dunn Financial Services Team:

Stephen M. Klein (206.340.9648 or sklein@grahamdunn.com),
Kumi Yamamoto Baruffi (206.340.9676 or kbaruffi@grahamdunn.com),
or Casey M. Nault (206.903.4808 or cnault@grahamdunn.com).

Cyber-Graham® is published by Graham & Dunn as a service to clients and other friends. The information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the attorneys listed above or the attorney whom you normally consult.

Graham & Dunn PC • 2801 Alaskan Way • Suite 300 • Seattle • Washington • 98121