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### Local Banks Bloom After the Doom and Gloom

New focus on good business practices and getting to know customers well

As perennial as your favorite native Georgia plants, the community banks and financial institutions of Gwinnett County have begun to emerge from a hard winter spent trying to survive the fallout from a turbulent 2009 and the aftermath of U.S. President Barack Obama's label of "fat-cat bankers" during his State of the Union address in January.

A priority moving forward into 2010: disassociating local institutions with the mega-banks and Wall Street bailouts that have darkened the image of the financial services industry. Community-based banks and credit unions have launched a massive image improvement campaign.

Amidst it all, Gwinnett area financial institutions are stable and thriving with new ideas and business solutions to strengthen customer relationships and their local marketplace. One of the key steps to achieving this goal: educating customers about the distinct benefits of banking with locally-based banks and credit unions.

Most banks and credit unions in Gwinnett are small, community-oriented and strive to keep their assets local by cultivating personal relationships with their clients. As a rule, community financial institutions know their customers. There is a personal component to lending, and community lenders tend to look at more than "on paper" financials because they are familiar with a customer's reputation, resources and talents.

"In today's economy, it is important for our bank and our customers to know each other as more than a business contact, but also as a member of a shared community," says Chris Mixon, community executive and SVP for Bank of North Georgia in Johns Creek, Norcross and Suwanee. "Our commitment to local market decision-making allows customers to know that the real decision-makers reside within their communities."

"The inherent structure of our credit union is to put our members – our customers – first," says Georgia's Own Credit Union president and CEO, Charlotte Ayers. "We are a member-owned institution. This not only elevates level of service, but also results in much better value as earnings are returned to our members, rather than stockholders, in the way of better rates and fewer fees."

Because credit unions are member-owned, account holders are actually part owner in the enterprise. Credit unions are also not for profit. Members may be offered fewer and smaller fees, better interest rates and dividends that reflect a share of any profits made. Anyone in the U.S. can become a member of a credit union based on where you live, where you work and the associations to which you belong.

#### Strength and Performance

With federal banking regulators pushing for strict new standards and more responsible lending practices, 80 percent of Georgia financial institutions currently meet or exceed previously established "well-capitalized" guidelines.

One of the highest performers in the Gwinnett community is The Brand Banking Company, a full-service bank with seven area locations. Brand's philosophy combines old-fashioned personal service with the convenience of modern technology. A strategy Brand CEO Bartow Morgan found success with over the last year or so has been creating products that help customers weather the storm.


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- Teaching and Technology
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- It's Decision Time



"We have good credit customers that deserve credit," says Morgan. Adjusting the standards for these kinds of borrowers resulted in Brand being able to offer a 3.49 percent mortgage. In another successful program, Brand partnered with the Foundation for Northeast Georgia to create down payment assistance for homebuyers in Gwinnett County.

Since the real estate bubble burst in 2008, a handful of Gwinnett area financial institutions have closed. But, Gwinnett bank failures represent just seven percent of the closures across Georgia over the last few years despite the fact it is the state's second largest county. As local banks and credit unions gradually recover with the economy, effort has been focused on maintaining good business practices moving forward into greener pastures.

Because lenders have had to set aside funds to cover potential loan losses, capital has been down. But, the Georgia Banker's Association is lobbying to ease pressure and allow more time for recovery and to free up funding for loans. And, in early 2010 Governor Sonny Perdue signed legislation that allows state-chartered financial institutions to renew loans they were previously unable to renew because of capital erosion.

#### A New Climate

The number one priority at Gwinnett banks and credit unions is to continue to make certain that the loans they approve are appropriate for their customers. On the bright side, they do not feel the Wall Street-push mega banks endure to keep their quarterly earnings rising. If a customer succeeds, the local lender succeeds.

"Now more than ever, clients view us as a resource to advise them on the feasibility of a project, possible pitfalls, and long-term financial help," says Bank of North Georgia's Mixon. "Our approach to lending has been consistently focused on providing clients with solutions that do not jeopardize their ability to succeed."

With customer wariness following bank closures across the nation last year, Gwinnett financial institutions have sought to remind their customers that the FDIC insures deposits up to \$250,000. Ironically, during The Great Depression, the majority of failed banks were small – but in the current economic climate, community banks and credit unions are doing just fine while some of the largest institutions are faltering.

"Operating in the best interest of our customers is a time-honored tradition here," says Ayers of her credit union's approach. As a result, Georgia's Own has remained extremely healthy amidst the financial meltdown, with a strong lending position and capital levels above what regulators consider well-capitalized."

Doom and gloom be gone. The balance sheets of Gwinnett financial institutions are healthy, hardy and pushing their roots deeper into the community. The sun is coming out and these local banks and credit unions are here to stay.

#### What Can Your Community Bank or Credit Union Offer?

- A focus on the needs of local families, businesses and farmers – not on serving large corporations.
- Most loans channel into the neighborhoods where their depositors live and work, which helps keep the local community vibrant and growing.
- Officers are generally accessible to customers on-site.
- Officers are typically deeply involved in local community affairs.
- Many are willing to consider character, family history and discretionary spending when making loans.
- Decisions on business loans are made locally, not in another state.
- Lower fees on average than large, multi-state institutions – including little or no ATM surcharge fees.
- An understanding of the needs of small-business owners – community financial institutions are themselves small businesses.

