



Performance
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Financial
Advisory

TKG Perspective

Teaching & Speaking Engagements

Pennsylvania Institute of Certified Public Accountants
Financial Institutions Conference
Crowne Plaza Valley Forge
King of Prussia, PA
September 28
Banking Industry Update

Computer Services, Inc.
Annual Conference
Nashville, TN
October 1
Financial Industry Overview

Bonadio Group/M&T Conference
Genesee Grande Hotel
Syracuse, NY
November 10
Financial Industry Overview

Conferences, Conventions & Other Events

Pennsylvania Association of Community Bankers
Annual Convention
The Broadmoor
Colorado Springs, CO
September 25-28

Pennsylvania Institute of Certified Public Accountants
Financial Institutions Conference
Crowne Plaza Valley Forge
King of Prussia, PA
September 28-29

New York Bankers Association
Financial Services Forum
The Breakers
Palm Beach, FL
November 2-4

Bonadio Group/M&T Conference
Genesee Grande Hotel
Syracuse, NY
November 10

Interview with Glenn E. Moyer, Former Pennsylvania Secretary of Banking and Securities

By: Jeffrey P. Marsico, Executive Vice President

Glenn E. Moyer recently joined TKG and three other complementary community bank consultancies as Senior Advisor after spending the previous four years as the Commonwealth of Pennsylvania's Secretary of Banking and Securities. Prior to his tenure in Harrisburg, Glenn was a lifelong banker and most recently served as CEO of National Penn Bank and its parent, National Penn Bancshares, Inc. He currently serves on the Board of Directors of Univest Corp. of Pennsylvania and its subsidiary, Univest Bank and Trust Co.

Given Glenn's background, we thought you may be interested to hear his insights on topics of the day.

TKG: When you became Secretary a little over 4 years ago, what was your biggest adjustment from being a 30+ year Commercial Banker to serving as PA's top depository institutions regulator?

Glenn: *While that adjustment feels like a long time ago, I recall a feeling of apprehension of whether I could fit in and be helpful, in a fair and balanced way, during an unprecedented time that demanded increased focus on the core safety and soundness mandate for the "old" Department of Banking. As Paul Harvey used to say "and that's the rest of the story", the initial steep learning curve allowed me to build on my experiences in the banking private sector, while beginning my work with a terrific team of folks in the Department.*

If I had to pin down one primary adjustment, it was understanding the differences that separate the regulatory and political worlds from the private sector mindset. And it's not about good or bad people or one point of view being perfectly correct or perfectly incorrect. Rather it's about always looking forward and trying to understand what's important in that person's world.

For the professional regulators and examiners, it's a focus on what can go wrong, how severe could it be and how far out in the future can they extend that possibility. We need to remember that if something goes well in an institution, someone in the institution gets/takes the credit. If something goes wrong in an institution, the examiners are directly in the crosshairs of blame. It takes a special kind of professional to survive and thrive in that world while keeping their emotions in check.

For the elected officials and professional staffers on the political side, unless you have made the choice to not seek reelection or retire, your primary concern is to be helpful, do no harm, get "good" press exposure in your District and/or your Commonwealth chamber, and then stand for election every two to four years. That timeframe requires almost constant campaigning and does not allow for much unfocused time on matters that might make sense, but are "non-starters" based on party priorities and/or majorities/minorities.

So, my challenge was to lay out a fact-based, forward looking plan, based on input and feedback from a broad-based group of interested parties; demonstrate how its completion would be good on many fronts; and then give lots of credit, in visible and meaningful ways, to anyone who got behind the plan. The sense of urgency is present in both worlds, but it plays out differently in each. I'm very proud of the folks in the Department of Banking and Securities who keep working at understanding that their efforts are about more than just what they do – it's also about how they do what they do!

TKG: And your adjustment back to the “private sector”?

Glenn: First of all, I would like to thank the many folks on both the personal and professional fronts who have been so kind in welcoming me back and in sharing their valuable time to help me think through my next steps. I am interested in staying active in the financial services space that I care a lot about, and which is still under pressure on many fronts. So over the next few years, I'm really looking forward to the primary work that I've taken on as Senior Advisor to The Kafafian Group (TKG) and three other complementary, well-respected Bank Advisory firms. I'm looking forward to working with many TKG clients and hopefully some new clients as we move forward.

TKG: What would be your most often-heard complaint from Bankers about Regulators?

Glenn: While it's not true, the one that I hear frequently goes something like “my regulator/examiners do not want my institution to succeed!” Given the regulatory and financial stress of the past 5-7 years - plus the small number of examiners who unfortunately have left impressions, intended or not, by their words or actions, that their criticism was personal - I understand where this complaint comes from. But think about it – given the decreasing number of charters nation-wide and the effect that this can and will eventually have on examiner/regulator career opportunities, what would be the logical basis for this oft-heard complaint?

TKG: What would be an “easy-fix” to improve Banker/Regulator relations?

Glenn: Unfortunately, there are no easy or quick fixes here. We need to keep in mind that in the pure and professional interest of the overarching safety and soundness regulatory focus, there is meant to be an ongoing tension between bank directors/management and examiners/regulators. That tension is meant to be healthy and constructive – as is the tension that exists in a strong bank director and bank management relationship. To get to that level, my sense is that we all need to keep our professional relationships in the financial services world forward-looking and fact-based, as well as to acknowledge that the race is long and worthy of our ongoing best efforts.

TKG: What do you perceive as the community banking segment's biggest challenge for long term success?

Glenn: Tough question, I think, because there are many smaller challenges that can add up to being major ones. But I'd share two perspectives – one internal to each community banking institution and then one externally to the overall segment. Internally, those banks with a well thought-out, balanced, and actionable Strategic Plan and where the Directors and Management team are committed to a robust and evolving risk management culture have a much greater opportunity for their longer term growth and success (however that's defined in their Plan...). Externally, while community-focused banks are wonderful at competition, (and I would embrace that competition as a key to longer term “winners” on many fronts), I would urge everyone in this space to actively look for more ways to speak with one voice in the regulatory, political, press and public opinion arenas. Too often, bankers pay lip-service to this suggestion or some banks voluntarily step up in their industry advocacy groups while others lay back. The power of a unified team, doing “good stuff” for both the business and consumer parts of our society, is nearly unstoppable!

Contact Glenn at gmoyer@kafafiangroup.com or 973-299-0300 extension 112.

TKG, as part of our consulting and advisory engagements, frequently evaluates our industry, its trends, successes, and challenges. We are pleased to share our thoughts with you, our valued clients and friends, in the form of this periodic newsletter. If you would like to discuss anything further, or learn more about our performance measurement, strategic planning, regulatory assistance, profit/process improvement or financial advisory services, please call us at (973) 299-0300 or visit us at www.kafafiangroup.com.

