

# Developing Bank-CBO Partnerships

# Learning Objectives: Understanding the Steps in Creating Partnerships

- Understand the local market
- Understand local banks
- Identify your sources of influence
- Talk with bankers

# Motives of Bankers

## **Motives of bankers for partnering:**

- Welfare of the community and the bank
- Market share
- Income
- Risk mitigation
- Reputation
- Community Reinvestment Act

# Understand the Market: Ascertain Credit & CD Needs

- Economy
- Demographics
- Housing conditions
- Business conditions
- Employment picture
- Bank lending and service gaps
- Public and private investment
- Sources of support and subsidy



# Understand Local Banks

- What sizes are they?
- What geographies do they serve?
- Who are their customers?
- Who are their competitors?
- What are their CD activities?



# Develop Effective Partnerships with Banks

- Is there significant community support for your idea or initiative?
- Can you help the bank reach new customers?
- Is your proposal consistent with the bank's business model?
- Can you provide publicity for the bank?
- Is your proposal appropriate for your organization's financial condition?
- Do you have a strong leadership team and business plan?

# Partnership Examples

- Loans, accounts and other services
- Customer sharing and referrals
- Loan layers and participations
- Investments
- Donations
- Operations and governance



# Talk to the Regulators

- Public File in each bank
- Comment to the regulatory agencies on:
  - Credit and financial services needs
  - CD needs and opportunities
  - Bank performance
  - Your relationships with banks
  - Applications
  - Changes in regulations
  - New issues





# CRA Strategy Development

- What are some examples of community development projects that are underway in your community that are intended to benefit LMI people and communities?
- Which have utilized multi-sector, collaborative partnerships? Which partnerships have involved financial institutions?
- Which partnerships and projects are working fairly well, or have worked fairly well in the past?

# CRA Strategy Development

- What are the obstacles, or have been the obstacles in the past, to collaborative partnerships with financial institutions?
- Have they been addressed, and if so, how?
- What are the potential opportunities for such partnerships?
- What are potential strategies to develop or enhance such partnerships?