

## Preparing For The Unexpected

by [Steve Brown](#)

Extra - extra read all about it! Ordinary bankers transformed as if by magic into an action superheroes! Really, it recently happened at one of our customer banks in Central Washington. The story of what this bank went through to take care of their customers in truly adverse conditions merits an article and some ideas for every bank's disaster preparedness and business continuity plan.

This small town bank was in the path of a very large forest fire and as the fire came close, keeping the bank functioning grew into an epic adventure of improvisation. The bank already had some things in place that helped them. For instance, they had a branch automation system that used scanned images for deposits and checks and those images went to the data processor for credit and were then available for customer use. The problem was that this was an epic fire, so outside the box thinking was also critical.

Electricity in the bank was the first thing to go, but the bank had a dedicated T1 line for internet plus two backup internet systems and an AT&T hotspot, so they were not too worried. Unfortunately, all 3 internet systems failed as 20 miles of fiber optic cable that served the town were burned. The hot spot soon followed as the cell towers failed one after another as generators ran out of fuel and couldn't be reached to be refueled. The good news is that the bank's land telephone line was functioning (albeit barely) for local phone calls. As is frequently the case in rural areas, everyone in the bank had the same mobile carrier, AT&T, with the exception of one person. That Verizon phone became the lifeline of the bank.

The bank's dedicated super-hero, the CFO, finally got around all the closed roads to get a Verizon hotspot in a neighboring town. The bank was run for 8 days on that one cell phone. The bank managed back office wire transfers and settlement through PCBB by photographing wire forms and instructions on the phone and emailing photos. Go try that with a big bank correspondent!

For the bank though, this adventure was far from finished. As is often the case with a weather disturbance created by a large forest fire, a huge thunderstorm broke loose. The resulting flash flood poured into the basement of the bank, where the electric generator was cranking away. Quick thinking and fast action by staffers got everything moved out of harm's way so business could continue as "normal", or at least as normal can be, running a bank on one cell phone and an electric generator.

Banks take their disaster preparedness and recovery planning seriously, but this tale really brings the concept of what can happen to another level. Many bank plans consider an outside catastrophe but focus on incidents that could happen within the bank rather than a complete breakdown of all surrounding infrastructure due to a natural disaster. It's not a time when your customers can lose access to their money either. Numerous bank customers in this situation were evacuated and some lost their homes in the fire.

We told a story last winter of iced roads preventing one bank's employees from getting to work for days. That bank had one remote laptop, but needed two for the required dual control to carry out cash transactions. We urge bankers to take these tales and study their own disaster and business continuity plan. Some rather simple ideas like not having everyone on the same cell phone carrier can be really important. Now that everyone is so dependent on internet, a backup satellite internet service especially in more remote areas could make a major difference. We always hope that no one will ever have to fully implement their disaster plan, but for the time it becomes necessary, test, test, and retest to be sure all the elements of possibility are considered.

# ECONOMY & RATES

## Yesterday

Treasury yields rose just under 1bp as investors sold off positions to make room for a total of \$40B of new issue supply throughout the rest of this week.

## Today

Yields are currently up 1bp as market participants gear up for [retail sales numbers](#) later on this morning.

Rates As Of: 08/13/2014 07:49AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.03	0.00	0.00
6M	0.05	0.00	0.00
1Y	0.08	0.00	0.00
2Y	0.42	0.00	0.00
5Y	1.58	0.00	0.00
10Y	2.42	0.00	0.00
30Y	3.25	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.25	0.00	
Prime	Unemployment	Oil	
3.25	0.00	\$0	

[More Market Rates](#)

## BANK NEWS

### Customers

A Fed survey finds that while 60% of people said they were OK with their financial situation, 25% said they were just getting by and 13% said they were struggling. About 33% said they were somewhat or much worse off financially than they were 5Ys ago and 34% said they were about the same.

### Cash Rich

S&P analysis finds 18 American businesses held 36% of all corporate wealth in 2013, a 33% jump from 2009.

### Social

As you think about where to focus your social media marketing dollars consider the following statistics from Mapplinks: Facebook has 1.3B monthly active users (72% of online adults visit it at least 1x per month), YouTube has 1B users (80% is from outside the U.S., 6B hours of video is watched each month), Google+ has 540mm monthly active users (average time spent on Google+ is 7 minutes per month), Twitter has 255mm monthly active users (500mm Tweets sent each day and 78% of active users are on mobile), Instagram has 200mm monthly active users (23% of teens consider it their favorite social network), LinkedIn has 187mm monthly active users (39mm students and recent college grads are on it) and Pinterest has 40mm monthly active users (80% are female, 23% use it at least 1x per day).

### Reviews

A survey by Dimensional Research finds 90% of people who recalled reading online reviews said it influenced their buying decision. Are you tracking online reviews of your bank and responding when needed?

### Housing

The ABA reports loan production sources for single family residential loans was primarily retail at 82%, followed by online sources at 6%.

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