

## Medical Professionals And Financial Literacy



by [Steve Brown](#) Topics: [business customers](#), [profitability](#), [customer retention](#)

**Summary:** Community bankers support medical professional customers already. However, many in this group need special attention, since their education did not include how to grow their practices, let alone just run a business.

You might be interested in some data from the most recent FDIC Q1 Quarterly Banking Profile. For starters, there are 5,362 insured institutions in the US vs. 5,607 as of the same period last year. If this continues there will be 4,289 institutions in 5Ys and 3,430 in 10Ys. That is a smaller number, but it is still large when you look globally. For instance, close neighbors Canada and Mexico only have about 88 and 48 banks, respectively. Meanwhile, other major countries like Germany have 1,800, followed by Italy (580), France (400), UK (300) & Japan (199).

Counting is fine of course, but we know community banks do way more than that. In fact, many community bankers help various sectors including doctors, dentists and other medical professionals, for instance. This group needs a special focus, because their intense schooling did not include education on how to grow their practices, let alone just run a business. Moreover, research has shown that the average medical student lacks knowledge of some of the finance literacy basics.

Indeed, researchers gave medical students a personal finance literacy test and the mean score was just 52%, according to a [study in the International Journal of Medical Education](#). Only 20% knew that if interest rates rise, bond prices tend to fall, and just 13% knew that no-load mutual funds carry no sales charges.

Several community banks are helping in this area we found. For instance, a community bank in PA offers specialized personal banking services to medical professionals, including refinancing their significant amount of student debt. In addition to commercial mortgages, the bank also offers financing for professionals to start their practices, as well as financing for buy-ins or buyouts of practices.

Another community bank in MO offers up to 100% financing of the practice buy-in amount, plus up to 10% additional capital, with terms up to 10Ys. For professionals opening their own practice, the bank offers up to 80% financing of all start-up costs, and for those wanting to expand or remodel their medical facilities, the bank offers interest-only loans for the first 6 months while the improvements are being completed, with terms up to 7Ys. The bank also offers 100% financing on new and used equipment, plus 20% for soft costs incurred for installation and shipping, with fixed-rate terms up to 10 years.

Yet another community bank in LA offers 100% financing for many products for eligible borrowers, including medical equipment loans, working capital loans, medical office construction or refinance loans and practice acquisition loans. In fact, 100% financing also extends to personal loans and home mortgages and the bank also offers free investment services.

In addition to offering a wide variety of commercial and personal products and services, banks can create blogs that post informative articles to help medical professionals both in their practices and their personal lives.

Finding more ways to help medical professionals can strengthen relationships and also could prove profitable for your bank. We hope this article has given you some food for thought on this

topic, no matter the number of banks you are competing with now and in the longer term future.

# ECONOMY & RATES

Rates As Of: 06/17/2019 11:02AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.18	-0.16	-0.17
6M	2.19	-0.15	-0.28
1Y	2.04	-0.16	-0.56
2Y	1.86	-0.06	-0.63
5Y	1.84	-0.07	-0.67
10Y	2.09	-0.04	-0.60
30Y	2.58	0.01	-0.44
FF Market	FF Target	Fed Disc	
2.36	2.50	3.00	
SOFR	Prime	Unemp	
2.35	5.50	3.60	

[More Market Rates](#)

## BANK NEWS

### Branch Closures

[US bank will close 13%](#) of its full service branches in Chicago (21 of 156), following similar actions by Bank of America (closed 16 branches), JPMorgan Chase (-18) and Fifth Third (-50). While Fifth Third's was mostly related to an M&A event, the other banks cite changing customer banking behaviors and accelerated migration toward digital and mobile.

### CEO Equity

A Bank Director survey finds that while 76% of bank CEOs at public banks receive equity grants, that percentage drops to only 26% at privately held banks.

### BSA Request

[A group of 51 state bankers associations](#) are asking Congress to support a bill that would have the Financial Crimes Enforcement Network (FinCEN) create a database of beneficial ownership information to assist with know your customer and other BSA/AML requirements. This is common in other countries and would certainly make things easier for community banks.

## HEDGING SERVICES FOR COMMUNITY BANKS

Community bankers seeing long-term fixed rate demand from business clients can transform payments into a floating rate on their books using [Borrowers' Loan Protection \(BLP\)](#). Contact us today for more information.

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