INDUSTRIAL BANKS
A Quick Guide

NAIB National Association of Industrial Bankers

ILCs 101

For over a century, ILCs have provided reliable and safe financial services to consumers and businesses. They follow the rules of traditional banks and have shown a unique ability to be innovative and preform well.

QUICK FACTS:

- Started in **1910** by Arthur J. Morris.
- Serve a **wide range** of individuals and industries.
- Weathered the great depression & **recent financial crisis** well.

More info on "Industrial Banks 101: Who They Serve"

STRENGTH & STABILITY

ILCs have been at the forefront of banking innovation while operating within the traditional rules of banking and have managed to outperform all other FDIC insured institutions.

QUICK FACTS:

- ILCs enjoy a **4.5 - 10.5%** better avg **Return on Equity** than non-ILCs.
- ILCs are a full percentage higher on avg **Return on Assets** than non-ILCs.
- ILCs are subject to **traditional banking regulations**.

More info on "Industrial Banks: A History of Stability & Strength"

BROKERED DEPOSITS

The FDIC should review the exclusion of all fully-insured brokered deposits from the definition of the term "core deposit" used in the Uniform Bank Performance Report.

QUICK FACTS:

- The definition of a "core" deposit is **not in the regulation**.
- Brokered deposits are proven to be **very stable** in bad economic times.

More info on "FDIC: It's Time to Update the Definition of Brokered Deposits"

THE BARTH CIBFS REPORT

James R. Barth of Auburn University conducted a study for CIBFS on how ILCs have performed compared to other FDIC insured institutions. ILCs perform better than all other FDIC institutions.

QUICK FACTS:

- ILCs have **outpaced non-ILCs for 15 years** in key performance indicators.
- ILCs **actually grew** during the recent financial crisis.

"Industrial Bank Performance: A Summary of the Barth CIBFS Report"

THE VOLCKER RULE

The Volcker Rule imposes rules on ILCs that result in unnecessary regulatory burdens, restricts business growth, and slows down investment. It is inapt for ILCs.

QUICK FACTS:

- Doesn't account for **differences** with Wall Street banks.
- ABA estimates it will take **6,600,000 hours of work** to implement the law

More info "The Volcker Rule & Industrial Companies: Unnecessary Harmful Consequences"

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