Assessing risk, liability and asset management investments among U.S. and Foreign Banks: Bank of America, Wells Fargo, and Wachovia

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Assessing risk, liability and asset management investments among U.S. and Foreign Banks: The Exploratory Study of Financial Competitors- Bank of America, Wells Fargo and Wachovia

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Abstract

Breadth

In recent years, banks have had a positive and negative impact on assessing risk, liability and asset management from other competitors such as Bank of America, Wells Fargo and Wachovia. There have been many recent discussions about the U.S. and International banking management and investments. The Federal Reserve and the U.S. Exchange Commission are finding ways to evaluate the negative and positive behaviors exhibited by other financial institutions, which has an impact on the global economy, and in regards to financial management and investments. Authors such as Berger, Klapper and Turk-Aris (2009), Blount (2008), Carter (1990), Cooper (2009), OhUallachain (1994), Ramchander and Jayanti (1999) and Tiller (1989) have examined financial risk, liability and asset management investments among foreign and domestic banking, in terms of their underlying principles of leadership, management and banking theories that has an impact on today’s global economy.

The breadth examines analyzes the dynamic methods of banking and investment selection, which have contributed to new financial opportunities and innovations among financial institutions throughout the global economy. The breadth continues to analyze theorist perspective of financial banking, management, investment strategies and improvements, mergers, leveraged buyouts, and acquisitions. The breadth will conclude with strategies of improving the banking system with financial planning, banking securities, options, insurance, future markets and global asset allocations.
Abstract

Depth

There have been failures and improvements in the banking system. Financial leaders will face tough times ahead with the major decline in the banking systems and investments today. Leaders will need to analyze how the banking institutions integrate risk and asset management to help improve the financial system and management. The depth will provide emphasis on past and present researchers that have specialized in leadership behavior, financial and management systems. The depth examines current research from various theorist perceptions about positive and negative learning behavior from leaders in the financial system. The depth demonstrates and critically analyzes theories of international and domestic banking among Banks of America, Wachovia, Wells Fargo and the World Bank.

The depth addresses various changes in leadership, financial systems and management performance in banking. The depth analyzes financial trading, stability and partnership among foreign and domestic banks. The depth concludes with the analysis and improvement strategies that would help banks from reaching global “financial” failure.
Abstract

Application

Professional Practice: Application of Investments and International Finance and current research indicates that leaders have been evaluating banking investors and shareholders trading among banks. The social changes in financial banking and investments have a positive and negative impact on the economy, banking leadership and management. Leader’s engagement in the banking system has a profound impact on financial leadership duties and the ability to perform well in the organization. The application of the theories of Groskaufmanis and Ochs (2007), Laopodis (2008), Royal and O’Donnell (2008), Sepehri, Werner and Narkiewicz (2007), Sutherland (2002) and Thevenoz (2008) enlightened by current research will provide the background for the future study of banking and financial changes in foreign and domestic investment. The application examines the importance of financial management in banking among U.S. and Foreign banks: Bank of America, Wachovia, Wells Fargo and the World Bank. The application also addresses the social changes that impact the financial performance and leadership learning behaviors in financial banking systems; along with evaluating theories of financial management from a financial theorist perspective, and the understanding of banking competitors.
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It is important to understand the new era of financial banking among various banks by measuring the investment, mergers, buyouts, leadership behavior strategies, financial goals, international and domestic banking. Customers, bankers and financial leaders in the corporate world need to create new innovative strategies to assist the financial industry in financial banking today. It is vital that the financial industry understand the importance of any activity which concerns budget execution and appropriation accounting process and laws. In order for banking organizations to achieve successful results in the financial world, they must be able to work in tandem and contribute to high performance services among customers and stakeholders.

Banking is defined as a business which consists of a banker and bank (Webster, 2008). Investment is defined as funds that usually come from profit or income (Webster, 2008).

Finance is defined as funds or other liquid resources from a business, government or financial organization (Webster, 2008). According to Webster (2008), finance can also be the system that includes the circulation of funds that grants credit, make investments and provisions for banking facilities. International Finance is defined as the branch of economics that studies the funds of foreign investments, profits, trading and exchanges (Webster, 2008). Domestic Finance is defined as is defined as the branch of economics that studies the funds of their home investments, profits, trading and exchanges (Webster, 2008).
Understanding International and Domestic Finance

In order to understand international and domestic finance, there need to be a foundation of where they both begin. Domestic finance begins at home and International finance begins globally. International and domestic finance works as a partnership of import and export trading and investing; where Domestic finance works within their own branch of “home”, government or organization as International finance deals with the global spectrum of finance and exchanges of services.

According to Cooper (2009) there are different type of concept that banking regulation should entail about international and domestic finance. There are judgments and risk that banking takes in terms of risk and national interest of reaching an agreement as to the rules, laws and trading of banking investors.

According to Cooper (2009) U.S. and Foreign banks: Bank of America; Wachovia, Wells Fargo, and the World Bank are financial institutions that will continue to be a part of the financial world and the future ahead. With these banks being foreign and domestic, they are leading our financial economy to the brinks of financial freedom with mergers of other banks and partnerships across the United States and abroad. In order for better results with banks such as Bank of America, Wachovia, Wells Fargo, and the World Bank; the financial leaders to consider increasing incentives for customers and businesses, which will increase profit and earnings within the banking system.
According to Berger, Klapper and Turk-Ariss (2009) it is important that market power has an effect on bank loans. Banks control the endogenously that measures the market power of bank loans. Endogeneity depends on the overall bank risk, loans and capitalization. With the high rates in market power, the banks steadily increase loan rates for customers to ensure profit and risk liability. With the bank rates increase and decrease, the stability of market competition for customers will result in banking failures and risk of stabiling the monopolistic system.

Berger, Klapper and Turk-Ariss (2009) quoted,

“As banks continue to gain market power, their values and profits continue to increase. Because values and profits represents intangible capital that will only be captured if the banks continue to remain in business. Such banks faces high opportunity costs of going bankrupt and they become more reluctant to engage in activities. Banks tend to behave prudently by holding on to more capital by lessening risky and portfolios. Alternatively, when banks gain market power, it is also possible that their risk of exposure increases dramatically. The banks competition of stability contends that financial stability increases as the degree of competitiveness is lessened. Banks with market power will earn more profit by charging customers and businesses higher interest rates on consumer and business loans (Berger, Klapper and Turk-Ariss, 2009).“

Bank of America has an increasing competition and driven banks that focus on customer satisfaction. Bank employees are a major determinant to customer attitudes and behavior among the institution.
Wells Fargo customer satisfaction and cultural diversity is the highest commitment to the banking industry. Customers report favorable and unfavorable views of service quality and performance about banks, along with the perception of respect, honesty and integrity among employees and higher officials. There are various leadership styles in banking and gaining the commitment of employees and customers. There have been a vast majority in banking leadership, which consist of task and people-oriented styles. Transformation and Transactional leadership plays an important role in the performance of banking leadership within the financial system. Here are three banking dimensions: "(a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization."

According to Blount (2008) with the banking industry moving at an accelerated pace, there are various differences between the U.S. and International baking system in which the government has different approaches on capitalization and laws. Banks continue to learn more about the global capital market and what it takes to be successful in the future.

Wachovia Bank, there have been positive relationships and commitment in improving the banking system and organizational efforts in providing quality assurance in superior customer service. In the continuum efforts to work ethics, bank tellers and bank personnel has been identified as having a strong correlate in maintaining customer satisfaction.
Employee satisfaction in banking has often been conceptualized as containing supervisory relationships, future growth and opportunities, positive work environment, benefits and rewards for positive work performance.

Leadership styles in banking are based on bureaucratic authority and legitimacy with the financial institutions. Leaders have emphasized on work ethics, assignments, goals and standards for the institution. Leadership in banking tends to focus on compliance and task that needs to be completed. Most leaders in banking rely on rewarding and punishing to influence employee behavior and performance.

Banking leadership styles help motivate followers by appealing to employee’s morals and values. Banking leaders must also be able to articulate visions for the institution and the employee’s must be able to accept the credibility and integrity of the financial institution by working in the best interest of the customers and the strategic goals of the financial system and bank. Bank leaders can motivate employees to work beyond financial institutions expectations.

Charismatic leadership in banking places a great deal of trust on leaders and management judgment of supporting the values and mission of the institution. Leaders and Management must be able to resolve financial matters and problems among customers that relates to employees; along with encouraging the employee and be willing to stand for the rights of both the employee and in the best interest of the customer.
As to the second factor, individualized consideration, banking leaders demonstrate concern for the individual needs of followers, treating followers on a one-to-one basis. Using processes such as mentoring, transformational leaders also raise need perspectives and the goals of followers; that is, they not only identify individual needs, but also raise them appropriate to the challenges confronting followers. Intellectual stimulation is the third key component in the transformational leadership process. With intellectual stimulation, banking leaders encourage followers to question their old way of doing things or "to break with the past."

According to Hagaman (1990), there are many reasons as to why foreign banks have widened their interest. Most U.S. banks are currently owned by foreign nationals. Most banks give better reception to banks of the financial world. Therefore, U.S. economy is regarded as a good place to invest even short of buying a bank. The banking returns in the U.S. dollars often compare favorably with those in other currencies.

When the construct of organizational commitment (i.e., affective commitment) is examined in the context of Blount's (2008) view of leadership, some interesting possibilities emerge. For example, banking leadership might exhibit strong positive relations to organizational commitment, given the strong feelings of emotional attachment it is expected to foster. In contrast, banking leadership (management-by-exception) might foster reduced commitment because employees want to avoid superiors who appear only when things go wrong.
Customer contact personnel who perceive that they are managed via a banking leadership style will have a higher level of organizational commitment than those managed via a banking leadership style.

Banking leaders intrinsically foster job satisfaction through goals and values of the customers, employees and institution. Banking leaders help encourage their followers to accept responsibility and autonomy through increasing the level of satisfaction and accomplishment. To maintain quality service to customers, banks must be able to understand the customers, show respect and resolve problems in a timely manner. Leaders in banking also provide customer surveys and monitor calls for quality assurance purposes. This is an exceptional banking method of understanding the problems and resolving issues before they escalate into more serious problems in banking competition. Additionally, since banking leaders are focused on the individual development of their followers, employees should have a sense that someone is caring for their needs. Conversely, employees under the quid pro quo approach of banking leaders might find fault or dissatisfaction with the equity of their reward systems. Further, in the management-by-exception approach, the banking leader is more apt to be perceived as someone who is actively searching for deviations. Under this type of atmosphere, it is often perceived that one mistake outweighs ten successful contributions.

This study attempted to examine the connection between transactional and banking leadership and employee commitment and job satisfaction in two service industries. As predicted, banking leadership was found to have a higher correlation with the dependent variables than banking leadership.
Further, these findings seem to support Blount's (2008) model that suggests that banking leadership is more predictive of individual and group performance. Additionally, the results provide added support for prior research that has shown the use of managing-by-exception is an ineffective leadership style (Blount, 2008).

According Cooper (2009), banking leaders are likely to find more ready acceptance in organizational units, in which there is receptivity to change and a propensity for risk taking. In contrast, in organizational units bound by traditions, rules, and sanctions, leaders who question the status quo and continually seek improvement in ways to perform the job may be viewed as too unsettling and, therefore, inappropriate for stability and continuity of the existing structure (Cooper, 2009). Thus, units open to creative suggestions, innovation, and risk taking (i.e., units supportive of innovation) may be more conducive to transformational leadership than organizational units that are structured, stable, and orderly.

In the present study, it is reasonable to assume that both the banking and food store organizations have stable or mechanistic structures. As such, Cooper's model suggests that a transactional leadership style might be more suitable. The data in this study, however, showed that the employees of both the banks and the food stores preferred banking leaders. One plausible explanation for this interesting finding is that the system of reinforcement in mechanistic organizations is so thoroughly entrenched in the organizational structure, that the leaders themselves do not need to actively or overtly provide contingent reinforcement.
Additionally, the findings confirmed that charisma adds unique variance beyond contingent-reward behavior in relation to leader effectiveness. These findings are consistent with other research conducted in industrial settings that has demonstrated the importance of charismatic leadership (Waldman, 1987). Their contentions are based on the notion that at these levels there is the greatest need for change. Presumably, lower-level managers implement the decisions of the higher-level charismatic leaders by using contingent rewards.

According to OhUallachain (1994), there has been a high concentration of foreign banking and investment patterns among domestic banks. The author suggested that area size, population and personal income are not good predictors of foreign banking activities. Foreign banks are relied heavily on analysis of major centers where business is conducted on a constant basis. Most skilled professionals in banks accumulate a better understanding of the services their organization can provide and the financial requirement of its customers. When engaging in foreign investment, banks decide what is preferably good to produce certain services in the economy to satisfy customers, businesses and investors.

OhUallachain (1994) quoted,

“Customers in specific foreign and domestic markets often require unique financial assistance. The most important differences in the financial market and institutions are the regulatory framework. With foreign and domestic investments by banks, it is established that labor forces in the economy integrate financial assistance to all in unique situations that are favorable to the requirements by the bank and its investments (1994).”
Miami, New York, Los Angeles, San Francisco, Chicago, and Atlanta are the connection that integrates domestic and international financial systems. As banking becomes global, there will be high-order metropolises that will lead to a diminution in their financial status. In 1980 and today, Japanese banks have made a tremendous contribution to most of the U.S. capital. The U.S. has become highly dependent upon foreign resources of capital investment.

The findings indicate that there is no difference. Female managers are equally as likely to use a transformational “banking” style as males, and when they use a transformational style it contains similar levels of charisma, intellectual stimulation, and individual consideration. This study provides evidence to support the use of transformational leadership to increase the job satisfaction and organizational commitment of customer contact personnel. These outcomes become more significant as service organizations attempt to empower their workers and strive to retain customers through relationship strategies. Further, this study provides a first-time look at the impact of a transformational leadership style on relatively low paid and high school educated customer contact personnel at multiple organizations. The results seem to indicate that transformational leadership and particularly charismatic is preferred by these employees. Additionally, the findings indicate the results can probably be generalized across similar organizational service structures.
Cooper (2009) defined banking leadership with respect to how followers perceive and act toward the leader. For example, followers are seen striving to emulate their transformational leaders; they place a great deal of trust in their leader's judgment, as well as mission; they support the leader's values and typically adopt them, and frequently form strong emotional ties to the leader. Further, it might be suggested that banking leaders develop within their subordinates the attributes of charisma, intellectual stimulation and individual consideration. Further, these findings have implications for the training and development of service organization leaders. Given the discriminant validity of the banking system, training programs could be developed to work on improving the behaviors and skills that result in effective banking leadership. Additionally, the results indicate that leadership-training programs must continue to emphasize the ineffectuality of a management-by-exception style. Employees view banking as disempowerment and micro managing. Also, it is important to note the contribution of intellectual stimulation to employee job satisfaction. The fact that it was particularly significant for the checkout personnel might suggest that its importance might increase as jobs become more routines and organizations fail to provide the stimulation contextually.

Lastly, these findings should have an impact on the way we recruitment and promote leaders in the service environment. Future research needs to bridge the gap between personnel selection and leadership theory (Kuhnert & Russell, 1990). Because the banking system has been recommended as a possible selection tool (Waldman et al., 1990), it is worth examining the degree to which the questionnaire can augment or replace more traditional selection methods, including personality inventories (Hogan & Hogan, 1994).
Additionally, since charisma is the most predictive of the transformational factors, future efforts are needed to further examine its makeup and whether it can be effectively learned?

New financial opportunities and innovation among banking

Research and interviews with industry executives conducted by Bank of America that the values have shown that by 2015 new trends will force banks to generate growth through continuous innovation or be left behind.

1. Two mega trends are predicted to shape the industry:
2. Customers redefine the rules of the game: as customers are becoming more savvy they are also increasingly demanding responsiveness and transparency from their banks.
3. Universal banks and ultra-focused niche players thrive: large players benefit from super scale while niche players aggressively pursue the most desirable customers. Banks in the middle will suffer from this situation.
4. Three other important trends emerge from the Bank of America study:
5. Changes in human capital: more complex to manage.
6. Regulations: heightened requirements for privacy and security.
7. Technology: improvements introduce unprecedented functionality.

Banks will have to adapt to rapidly changing customer expectations over the next ten years. Population growth will increase both new opportunities and challenges among banking. Older customers are more loyal than younger customers. Younger customers are technology savvy and highly inclined to research and negotiating deals. Decision complex among customers will be demanding due to the specific services that will satisfy the customer’s needs.

Surveys show that customers are becoming more mistrustful of banks. As technology and competition increase it is becoming increasingly easier for people to research, compare and change banks, driving switching cost toward zero.
Customers are better informed and more discerning. Banks, therefore, need to adapt to ensure they can meet the increasingly eclectic demands of customers and their unpredictable behavior. They will need to provide:

1. greater choice and personalization of products and services;
2. greater customer advocacy, using customers' information to proactively suggest solutions that meet their needs;
3. greater perceived value relative to the competition; and
4. greater transparency as tolerance for "fine print" is disappearing and customers want to avoid useless fees.

Extraordinary service and a superlative customer experience are the most sought-after capabilities but difficult to replicate. Loyalty will have to become the target of some marketing efforts.

In 2015, we will see two prominent forces of competition among traditional banks, non-traditional banks and international banks. Large banks such as: Banks of America and the World Bank will continue to expand through acquisitions until the gap between potential targets and acquirer narrows. Moderate size banks such as Wells Fargo and Wachovia will continue to grow and expand along with larger banks that would have a dynamic impact on banking competitions.

1. Specialized banks will continue to enhance market differentiation to offer greater choice and personalization to customers. They will compete aggressively with traditional banks and gain attractive acquisition potential for larger banks intent on targeting specific markets.
2. Specialist providers will also have a powerful, although different, impact. They will partially offset the advantages enjoyed by larger players thanks to superior capabilities in operational functions, customer intimacy and/or risk and capital management.
3. Non-bank banks will be able to compete aggressively on price and convenience by leveraging their desirable brands, capital, quality customer service reputations as well as national and international distribution networks. Wells Fargo, Wachovia, Bank of America and the World Banks are already part of a list of non-bank banks that is bound to lengthen.
In order for Wachovia, Wells Fargo, Bank of America and the World Bank to survive, they must be able to intensify competitive forces in banking; banks have been prepared and are well responsive to the changing and emerging conditions of the financial market. Banks competitive edge in the financial market must be able to develop new innovative strategies that will help support the employees in performing their job efficiently and effectively; along with increasing customers and bank growth. In order to sustain value in banking, leaders must be able to provide new products and services to meet the needs and expectations of the customers. New innovation is banking are: E-banking for new deposits and loans, account (existing, new and closed), product integration and international expansion and the convenience for customers and businesses.

1. Focus on core strength and partner for everything else: banks will need to identify every component of their business and assess which are truly differentiating and strategic. Specialization will help ensure that banks invest and focus their innovation efforts on strategic components.

2. Optimize the potential of each customer relationship: banks will have to transform themselves into customer-centric firms. They will be able to know who the most profitable customers are and build the right relationships. Innovations in the areas of customer analytics will become increasingly important. Process innovation will be essential to successfully execute customer-centric strategies.

3. Harness the potential of the workforce through effective performance management: it is recognized that an organization's people are critical to its business performance. Banks will need to change their talent development programs and review their incentive and performance management strategies. They will also need to facilitate communication of knowledge to fuel new innovative ideas.

4. Recognize that technology will be a critical element of success: forward-thinking banks will leverage advanced technologies that can support the four strategic imperatives. Investment in advanced technologies can contribute significantly to optimizing the return on a bank's innovation investment.
Based on intensive case studies of innovative banking, banking processes the need for new strategic actions in financial accounts and deposits, along with the strategic reflection-on-action among identifying the theoretical knowledge of creating such dimensions in the institution.

Investment strategies, mergers, leveraged buyouts and acquisitions

In financial banking, investing is important to customers and their future. Investing in various stocks, CD’s and other investment has been increasingly important for older and younger customers to save for emergencies or their well beings. Viewed from this perspective, an individual's job, employment stability, and earning potential should strongly influence her investment strategy.

According to Ramchander, Reichert and Jayanti (1999), domestic and international banking benefits from market imperfection is no different from non-financial corporations. Therefore, banks competition seeks locations where they can place facilities for advantages. Some advantages may arise to the establishment of low cost banking technologies for intermediation and favorable endowments, higher profit in market capitalization, which reduces asset risk and the size of the banking market. There have been low spreads between foreign banks pay on domestic deposits.

The interest rate that foreign banks receive on domestic loans is indicative of their use of lower cost and factors of production, whereby more favorable local credit market conditions. Therefore, banks (foreign and domestic) with narrow interest rates would likely spread and establish branches across the world.
Ramchander, Reichert and Jayanti (1999) quoted,

“There are banks from other countries where the banking industry has a large market capitalization have a greater ability to penetrate foreign market than banks in low market capitalization. Banks have too much capital which is able to issue uninsured liabilities at a lower rate, which assumes a greater level of credit risk than other less capitalized banks (1999).”

Another life cycle of investing can generally help smooth lifetime of consumptions and big turn downs of standard living. Financial planning and investing is a big part of safe investment and personal wealth for customers.

It is important for banks to become more familiar in understanding what the customers want and needs in investing for the future; along with increasing and coordinating attention to investment policies and practices of human capital.

According to Tiller (1989), foreign banking is required to notify the Federal Reserve Board on a quarterly basis of all shares acquired, directly or indirectly, during the quarter, of corporations engaged in activities in the United States.

Tiller (1989) quoted,

“There have been effects on other foreign banking arrangements is existence in the United States at the time of the Federal Reserve Board ruling on exemptions. The Federal Reserve Board exemptions for existing foreign branches and agencies continues in
force as long as the foreign government-owned holding corporations adhere to the requirements that a majority of their business be conducted outside the United States and the companies do not acquire control of a U.S. Bank. In the future, these holding companies fail to meet the stipulated criteria; the Federal Reserve Board has discretionary power to apply the Bank Holding Company Act to these entities and to require the foreign government to choose between divestiture of non-conforming commercial enterprises or withdrawal from the U.S. Banking market (Tiller, 1989).”

Bank mergers had no effect on consumers and businesses that wants to obtain the credit that they desire, but banks had to increase their rates on loans and products to ensure that revenues will rise before mergers begin. Some mergers had no significant effect reported interest loans and rates, along with most recent rates and loans on non-price terms (e.g., collateral requirements, compensating balances and service fees). Some mergers had an adverse effect on products that included ratings of accessibility of account manager, services offered, capability of staff, and lending criteria. These deals in mergers among banks consist of leveraged buyouts and lenders negotiation among capital and profit. Because of the failures in the securitization market for banks (whether syndicated loans, products, or mortgage securities), other banks have been forced to provide assistance to other banks in order to save credit support, equity and rates.

Domestic Banks are also tapping to other lenders and foreign banks to help with the capital in sponsoring acquisition financing which is subject to restrictions with the sponsors and its affiliates.
In recent years, banks equity sponsors have been able, in many (but not all) acquisition financing and credit, to include provisions that allow other banks or affiliates to purchase fractions and portions of loans and capitals made under those provisions. From a lender’s perspective, some of these provisions conflict with traditional expectations of loan parties and consumers of the equity in loans will not acquire interests in senior loans and that such purchases that should not be permitted as banks violate expectations of pro rata pay-down among lenders before any recovery by equity holders.

In every banking deal, clauses have crept into a number of financial deals. The clauses have distinguished from marketing deal structures in which investing equity funds to be unaffiliated with the sponsors have been part of investing negotiation and equity mergers among foreign and domestic banking. With certain clauses by the FDIC and the SEC, there has been a great deal of provisions and laws which clauses banks to underline new transactions among products and consumers. Interest rates among banks have increased dramatically over the past few years; below, there are charts that show a tremendous increase in foreign and domestic banking interest rates over the years.
From 2006 through 2009, all four banks have had a tremendous increase of rates on consumer loans, home loans, investments and accounts. It is important to understand that banks equity tends to closely aligned with the interests of other lenders (unless the funds holds an indirect and direct equity position in the borrowers capital. Banks clauses has little uniformity in the way that banks draft rates and lending provisions, which impacts the rates on products and services. There are many provisions that are often excluded from the initial draft of credit agreements that allows sponsored entity to purchase bank debt.

Some banks choose not to include restrictions at their peril. Wachovia and Wells Fargo do not include and rarely willing to remove or change their provisions and clauses to their rates nor sponsors.
Banks have pushed for commitment to decrease rates and resolve credit problems among businesses and consumers once certain restrictions and laws and lifted by the FDIC and SEC. Banks can only lend certain amount of funds based on requirements and lending restrictions based on bank clauses and federal guidelines. Many of the banks costs of incentives, such as original issue discount and upfront fees, are borne directly by the lender; although provisions in some credit agreements now require the lenders to be made whole the these types of losses.

As the bank supply of syndicated debt continues to exceed among the investor base, banks may see more lenders agreeing to allow other banks to purchase debt, in which turns traditional banking markets on its head. More increasingly, when the credit and recessions crunch ends, banks may face competition from other banks to set up debt funds from other financial institutions.

Banks have more sizable funds that have the capital and resources to originate deals. During the pre-acquisition phase of an impending purchase of a bank by another financial institution brings stress and anxiety towards employees and management. These feelings are associated with the lack of understanding of what the future effects and transactions that will bring to the institution. Changes made in a financial institution causes layoffs to dramatic changes in banking laws, procedures, benefits and salary structure.

It is important for management of the acquired institution to promptly inform the employees of the changes in which will be taking place once the acquisition occurs.
In some cases, employees has been reassured that their jobs, benefits and salaries would remain the same. However, there are still uncertainties and animosities related to the way the operation of the bank will change once acquisition is completed. In some banking systems such as Wells Fargo and Bank of America management did not provide any information about changes in the banks operation once mergers and acquisition is completed. But it is expected that the operations will remain unchanged for a certain period of time. The CEO’s of Wells Fargo and Bank of America made sure that every employee had a chance to voice their concerns. The CEO’s had established regular meetings in when they kept the employee’s abreast of changes and transactions among mergers and acquisitions.

In the fall of 2008, Bank of America (buyer) decided to bid for the purchase of a small community bank (Merrill Lynch). Upon receipt of the offer, the banks Board of Directors met to discuss the mergers. In order to appease the rumors that are spreading throughout the banks departments, the CEO decided to address the banks personnel in order to inform them of the offer. The CEO gave the rank and file some background information about Bank of America, and what the expectations were from the buyer’s leadership team. The CEO mentioned that all employees in the bank would keep their jobs and that there will be no changes in the banks operation, once Bank of America acquisition is completed. During 2008, Merrill Lynch accepts the offer, and the CEO had communicated immediately to the employees about the merger.
The Riegle-Neal Act of 1994 had allowed the financial institutions to change dramatically due the reduction of barriers to intrastate banking. During the 1990’s, the financial institutions led all other institutions in terms of banking mergers. Consolidation with the financial industry was greatly reduced the number of financial holding institutions in the United States. Interstate banking restrictions allow domestic banks to acquire other banks throughout the United States to process transactions across state lines. Merging banks across states will minimize processing expenses and reduce operating inefficiencies. In the 1990’s banking institutions were never this dynamic. In 1980s, some states allowed banks to expand throughout state regions (but not as new entry). These banks expanded until 1990s, when national agreements superseded most banking laws and institutional guidelines. In 2009, banks entry into new market is heavily dictated by the prospects of future capital and profits. Therefore, new banks attract high profits, market size and growth better than existing banks; however, acquisitions and mergers continue to make headlines with national banks acquiring smaller banks in order to penetrate existing gains and market shares.

Banks and financial institutional leaders should expand their study in understanding the financial and competitive market of products and services. With the financial banking industry growing rapidly and competitive markets are at stake; banks need to look at the rates that are being offered to consumers and businesses, along with profits and revenues needed to stay a float in the financial industry.
Financial banking today

According to Kimmitt (2007) “the banking dialogue is critical to protecting our economy from the threats posed by illicit financing. The United States Treasury Department has long been engaged in the dialogue with banking members in an effort to strengthen the economy and the competitive market. Banking leaders and the government need to collaborate in an effort to protect and secure our financial system from domestic and international abuse (2007).”

“The United States Treasury Department has increased their efforts in sharing key financial information to the banks and the financial world about the potential threats of conducting business with those who misuse the financial system. The Treasury Department has launched an unprecedented outreach to the banks and meeting with more than 50 banks globally. They also engaged in domestic institutions concerning the compliance with bank secrecy and other anti-money laundering obligations in order to strengthen the ability of financial institutions to aid in the law enforcement efforts (Kimmitt, 2007).”

“The Treasury Department has recognized the banks have accepted additional costs in the effort of embracing new responsibilities, and closely examining the regulatory environment to ensure a balance and effective banking compliance regime (Kimmitt, 2007).”

According to Kimmitt (2007) “found that the banks share commons interests and objectives with the financial community in dealing with the threats in the domestic and international banking system. Banks want to avoid and identify risky and dangerous consumers and businesses that could harm the institution and reputation. The banks notify the government concerning the threats concerning those who fraud, misuse and abuse the financial system.”
“The Treasury Department has been concerned with the safety and security of our financial system and has redoubled their efforts to protect national security interest since post-9/11. The government, along with the collaborative efforts of the banks, have redefined the mission of finance through active engagement, multilateral action and domestic capabilities among perpetrators and threats. Since post-9/11, the banks have the primary objective to promote economic growth by welcoming foreign trade and investments. During the era of financial globalization, I believe that our efforts should to preserve the domestic and international financial system’s integrity and also serve to strengthen America’s economic security and prosperity (Kimmitt, 2007).” It is more important that the banking leaders and government should work together to secure America and the financial global economy through checks and balances.

Discussion

Banks engage in a wide variety of lending, deposit gathering and fee-based activities in their financial processes. Many banks within the institution contribute to various facets of the intermediation process. Many banks products and services such as Bank of America and the World Bank have different profit margins and risks. In order to manage bank performance across any resources and organizational dimensions, the CPM tool must be able to have key measurements and monitoring tool sets. The CPM tool set must measure returns, parse revenues, costs and activities to the services and products which banks produce. The CPM tools would include fund transfer pricing (FTP) that assign costs to operating activities. The same tools can be used to measure other products and services through customer-segment and profitability.
Banks need to consider reengineering effective cost and margin management among potential activity and prices on products and services. Banks need to consider assessing operational performance against standard market comparable benchmarks which provide management with decision making information, not only about what did consumed resources cost, but what should they cost at a different production capacity levels. The second CPM tool set assesses the risk models, financial risk of balance sheet positions and operational activities. Banks such as Wells Fargo and Wachovia products produced and services are rendered and can be assessed along a risk spectrum from low-risk to high-risk.

Higher-risk products and activities require a higher level of capital and profit to cushion the banks for unexpected losses. Risk measurements are not easy to construct as risk management models and adoptions, nor is it unique to each financial institution. However, there are risk-taking in banks performance activities and should be compared on a common basis among risk management models.

Implications for Further research

Banks marketing theories must appreciate the fundamental role that stakeholder culture among banking plays in influencing the relationships between financial stakeholders and consumers.
It seems that institutions such as Merrill Lynch, an initial cautionary approach towards domestic and internationalization was attributable to control and restraints planed on the bank by investment banks expectations regarding domestic market expansion opportunities from Bank of America.

On another level, I may argue that it is a result of deeply-noted cultural difference endemic in specific banking and national cultures, with the identities of the United States led investment banks and international banks colliding and contending for supremacy. I believe that the richer insights can only be achieved when cultural and historical legacies of domestic banks and international banks are recognized as partially, but integral to relationship development.

This perhaps explains why investment banks (domestic) do not fully appreciate the complexities of international banks or what an international bank such as the World Bank could contribute to investments in other markets. The reasoning sits well with the financial acumen of investment bankers rather than their knowledge of international banking issues. There is also a vast chasm that separates the culture of an investment banker (domestic) from an international banker. Exploring the culturally embedded attitudes of banks (international and domestic) stakeholders remains an important challenge for banking theories in financial marketing.

In order to understand financial banking behavior, it is important to understand the level of market turbulence. In the mid-1990s, the dynamics between domestic and international banks regarding investment and financial exchanges have changed. All aspects of the domestic banking institutions had undergone significant restructuring.
Domestic banks came under intense pressure from the government to internationalize and to increase the scale and scope of foreign exchange operations among domestic banks. Foreign banking strategies have been the result of ideas and knowledge introduced by investment bankers across the nation. While bank leaders can clearly be identified as an important “simulator” of the decision-making process, the initiating and legitimating processes of international banking change appears to be drive, for the most part, by the domestic banks through the persuasive behavior of financial analyst and advisors. It is apparent that if both domestic and foreign banks work collaborate for the global economy, it will promote fee-driven revenues from both banks globally and be able to serve the nations economy financially.
In understanding current research in investment and international finance, financial leaders and organization must realize the importance of integrating risk and asset management in today’s global economy. Leaders have failed to analyze the failures and mergers of major banking institutions and investments, along with demonstrating and critically analyzing particular theories of investment in international and domestic banking, while effectively using current research studies from various financial theorists.

This discussion focuses on past and current research that explores various types of financial management on leadership behavior among risk management, banking stability, banking mergers, corporate governance, strategic planning in risk and financial management, financial historical perspective, acquisitions, integration of banking and commerce, asset and liability management in financial crisis, and debt crisis that impact the future of lending.
The author examines banks management performance and how professionals collaborate with their counterparts regarding the risk unit and making sure that the unit delivers accurate profitability numbers to management. The author discusses the need for finance and risk professionals to work closer together to meet financial compliance. Banks with proper technology foundation is tightly integrating risk and finance management to achieve significant long-term benefits and regulatory compliance; including to improve operational processes and efficiencies, along with reducing losses and enhancing prices and better financial reporting. These improvements are more efficient in systems integration for staff to produce significant payback on business analytic capabilities.

The author demonstrated the effectiveness of designing and implementing a plan for enhancement of financial systems and to assess the high-level of organizational design and data management. The implementation of the new system is broken down into phases to understand the logistics of facilitating progress tracking and minimizing risks. The system will align finance and risk data management along with program management governance and communication. Operationally, the financial system will deliver a range of benefits and avoid cost through systems integration, enhancing data quality, consistency between risk and finance data, automated reconciliation, and the involvement of risk in the computation of regulatory capital.
The author concluded that banks with greater technology will be able to integrate and achieve financial results on a long-term basis. A new financial system will help solve problems that deal with risk management, inconsistencies of data quality, redundant financial data and operational cost with financial institutions.


The author examines analytical framework for active foreign exchange management that integrates concerns of risk-return objectives with macro-prudential, macroeconomic and sovereign debt management. The framework allows general objective functions that does not restrict stochastic processes among investments, but can be incorporated in many types of macroeconomics. The author discusses the kinds of risk constraints to obtain goals for central bank requirements of liquidity, safety, returns and stability. Feedback between outcomes and decisions is an easy tool to revitalize functions outcome and distributions. The author apply framework to several common management problems that focus on formulation of model equations, estimation and density functions. The author compares approaches among central banks and discusses advantages of strategic approaches.
The author demonstrated the effectiveness PC-based model platforms, along with the approaches of management problems and tools used to revitalize central and commercial banking around the world. The author concluded the strategic allocation of benchmarking management objectives and analyze long-term effects on exchange rates, changing correlations, extreme events and contingent liabilities that impacts assets and derivatives. Lastly, the author approaches his model development as a helping tool to clarify the strategic aspects that are involved in risk management.


The author examines banks advantages on knowing when and how rates should be moved. The author provided a Community Bank Competitiveness Survey that was used to see how banks prepare for rate changes in the environment. The author demonstrated the effectiveness of bankers and how they prepare for rate changes (increase or decrease).

The author concluded that in 2003, 43% banks reported that deposits growth had exceeded loan demand. The author national survey of banks responded that Federal Home Loan Banks averaged about 5.5% of their portfolios with home loan bank funds; and about 37% funded 6% more of their loans with bank advances on their home loans.

The author examines the U.S. commercial banking industry and provides a unique laboratory and studying effects of technological change and regulatory urban economic activity in a geographical location. The author explores changes during 1990 about the banking locations. The author found that acquisitions and mergers have allowed publicly-traded banks to move their bank headquarters from smaller cities to larger cities, with the existence of agglomeration economy. Most branches over the past years have remained stable over time because of the geographical location.

The author demonstrated the effectiveness of geographical location where banks explore opportunity for banking activities. By 1990, there were more than 14,434 commercial banks in the United States, which virtually unchanged from the number of banks almost 50 years later. By 1994, the government lifts the geographical restriction, which allowed banks to across state lines to conduct financial transactions. The McFadden and Riegle-Neil Act allow banks to conduct business and financial transaction across state lines. Banking advances in telecommunication and technology help improve the growth of banks and geographical locations to assist in monitoring transactions and operations. In 2005, commercial banks have grown to 7,887 over the past two decades.
The author concluded that branches have tripled automation over the recent years with automated teller machines (ATM) and commercial banks in the United States since 1998. Commercial bank industry offers a unique opportunity to research and investigate the effects of regulatory and technological changes in the banking industry and how it has changed over the past decades.


The author examines risk management in trading, along with the policies and procedures of risk exposure within the financial operating units. The author finds that the financial market, regulators, participants and policy maker’s experiences and observations among trading risk is within a framework of rules and policies. The author demonstrates the effectiveness of risk management trading within foreign and domestic units.

The author concluded that risk management rules need to be in developed in units that handle financial marketing and transactions. There should be a sound trading environment of derivative products and cash securities that are emerging and developing among internal units.
The author examines the emerging market of investment, along with funds transferring in financial corporations. Financial markets continue to open up their economy to foreign investment and capital market. When changes in politics occur, the loss of currency convertibility assumes crucial importance of financial investments. Credit risk can become a complex matter when the government imposes exchanges control in investments and foreign trading.

The author demonstrates the effectiveness of the emerging economies, along with establishing committees that promote growth and cash flow in a derivative market. The creation of a successful and promising financial markets depends on the soundness of the foundations in which it’s contrived. The financial market need to embrace new cash flow in foreign investment and willing to trade products and services across the country that is regulated by changes in policy and trading laws.

The author concluded that investments in the emerging financial market can have significant risks and rewards. Financial institutions need to understand the qualification and measurement of trading, along with special emphasis on quantitative tools that is used among identifying, measuring, managing and controlling financial trades in banks.

The author examines Banks of America Vice President Kimberly Glowish and how the company changed significantly within the last six years. The author discusses the role of risk management and how it has become more complex and interesting. Ms. Glowish is responsible for insurance risk in mutual funds. Ms. Glowish has been active in that position for the past 15 years and worked in various companies such as HSBC and automotive leasing. Ms. Glowish also work at Wachovia as a risk management before transitioning to Bank of America. Ms. Glowish stated that “Bank of America is continuing to grow and change continuously as an institution. Bank of America can be challenging due to the merger and acquisitions that occur when companies transition to other financial institutions.

The author demonstrated the effectiveness that Bank of America has managed two teams to assist with the purchases of insurance. The teams are divided into two groups (Property and Casualty), which the team handle large volumes of claims throughout the east and west coast. Her team serves on monthly operational task that involve ensuring that Bank of America enterprise risk management efforts are insurable.

The author concluded Glowish has been an active VP at Bank of America for more than 15 years and have shown exemplary performance in risk management and continuing to ensure that Bank of America performance in the financial system is secured by insurance risk management and increasing demands for professional development in mergers and acquisitions among financial transactions and transitions.

The author examines the responsibilities of supervisory authority in a stable and efficient financial system. The author discusses the stability and efficiency of the financial and banking system. The author uses a stress test tool that demonstrates traditional supervisory practices in the financial environment. The stress test establishes basic guidelines and principles in providing a systematic approach on financial stability in the banking system. The author explains the methodology of the stress test by using a complexity and risk profile.

The author demonstrates the effectiveness in sensitivity analysis and economic stress in the financial system. Scenario analysis was also examined by the author, which resulted in profit loss in accounts and risk factors in account line items. The author assess various techniques in using capital ratio, interest rates and annual figures that reflects the impact of the stress test on the financial systems conditions in the economic environment. The scenarios assessed the profitability and capital adequacy of banks and international convergence of capital measurement and standards in banking performance.
The author concluded that the guidelines that were given in the article were to help validate risk and stress among financial systems and banks. Being able to demonstrate scenarios and carry out stress test for both supervisory authorities and individual institutions among the financial system. The author assessed the risk profiles in banks and the stability of the financial system as a whole. The experience gained in this article was to develop and establish a broad contingency plan that would help solve financial management crisis.


The author examines the Federal Reserve System, the U.S. Department of Justice and U.S. Banks to analyze the Antitrust Divestitures in Bank Mergers. The results have examined that 751 bank branches in June of 1989 through June 1999, there were many mergers in U.S. Banks and possible competition issues in policies that accepted branch divestitures as an antitrust remedy, which was successful for a long period of time. Some of the author’s findings suggested that inconvenience and disruption for customers were greater when the branch divested as a part of a bank merger than when the bank primary acquisition was not divested. When integrating banks by divestiture, it will be more difficult than integrating any other banks due to some branch sales are less likely to have leaders, management and staff to help transition the process smoothly.
The author demonstrates the effectiveness of transitioning bank operations to another bank. It is very difficult for banks to buy another bank because of the large amounts of profit and deposits loss over a loss period of time. The author explained that divested banks tend to provide competition by being able to retain and attract deposits as well as other banks. Antitrust authorities and bank regulators need to consider further examination in competitive analysis and proposed banks mergers that effects pre and post acquisition. Divestitures are important to mergers and bank policies which incorporate antitrust authorities and regulations that have an impact on the selling and competition of bank branches.

The author concluded that deposits at divested branches have declined during a short period of time. About 30 to 70 percent bank branches have been divested instead of operating by acquiring banks or firms. After deposits decline, divested banks grow at a comparable rate to other banks, which effectively attract and retain customers.


The author examines the corporate governance of overlapping regulations in banking. Bank leaders, CFOs and politicians believe that there are excessive burden and concerns of laws and compliances that are imposed by Bank Secrecy/Anti-Money Laundering (BSA/AML), advanced measurement approaches (AMA) and Sarbanes-Oxley Act (SOX).
These banks regulations are based on internal control structure and provide solid framework on management and operational capital and risk. The Intelligence Reform and Terrorism Prevention Act of 2004- ACH Guidelines changes, Check 21, and competition with technology-based products and services have been a challenge in banking holistic and risk management approaches.

The author demonstrates the effectiveness in corporate scandals and public distrust in the community and the environment. The author discusses the overlaps and inherent leveraging in regulatory practices and competitive advantages to progressive banking institutions. The author explores and emphasize on the compliance requirements and the changing of corporate governance and financial functions in the banking system. Banks leadership and management have full responsibility of regulatory compliance of the bank. The author clearly stated that in recent surveys, many bank managers were pleased with the accuracy and confident in the financial reports of SOX. SOX clearly benchmark operational goals and targets for providing compliance efforts among financial institutions quantitative and qualitative analysis.

The author concluded that financial institutions must be able to develop and integrate risk management framework and comprehensive assessment of risk across customers, geographical locations and lines of business among financial institutions. The financial institutions need to strengthen there ability to review overlaps and risk in regulatory compliances, along with strengthening technology, personnel and banking culture. The author assesses what is needed to gain investors confidence and move ahead of competition in risk management enterprises.
The author expresses how banking Board of Directors, Audit committees and management of financial institutions will face major challenges in enhancing risk management in levels of IT security and allocations to meet resource compliance requirements.


The author examines the integration of banking and commerce, along with the risk and return using efficient portfolio analysis. The author identified and number of possible benefits for combining commerce and banking into the portfolio diversification in the creation of internal capital market. The author demonstrates the effectiveness of banking management and combining portfolios of risk reduction into corporate management that has a substantial diversification in lower and higher returns of equity. The author analyzes the diversification in non-financial firms that has a potential increase in efficient portfolios.

The author concluded that bank management diversification must be selective in reduction of lower return risk in portfolios among significant economies of scale and scope of retail and wholesale corporations.

The authors examine the early 1980s, the global recession and the fall in commodity prices produced a sharp curtailment of developing countries' earnings while real and nominal interest rates surged, straining those countries' financial resources. The author demonstrated the effectiveness of fulfilling financial commitments, and this triggered the international debt crisis of 1982. The initial management of the debt crisis has been satisfactory in general.

The author concluded that in arriving at an evaluation of the future prospects of international bank lending, it is useful to consider foreign banking activity in: 1. the international short-term transaction business, 2. medium- and long-term lending, and 3. direct investment activities in the international banking area. Banks will have to continue to make sacrifices if they want the long-term quality of their assets improved and to maintain their strategic interests as international financial institutions. The debtor countries can help by opening up their financial markets and granting new franchises. The International Monetary Fund and the World Bank should continue to provide balance-of-payments assistance and development finance.


The author examines the market and risk management innovations of safe and sound banking. The author suggests and comments on major innovations in troubled banks and enhancing the market discipline and disclosures.
The author demonstrates the effectiveness how 9/11 attack has a significant impact on the financial and environmental changes in banking. The banks have become increasingly important to credit risk and the disruption of failed trades and disruption in the payment system of the Federal Reserve. The author makes a point about the major development in processing banks that trillion dollars of assets under management has key players in infrastructure of financial risk exposures in deposits.

The author concluded that bank failures and frauds in operational expansion and risk among large U.S. Bank institutions. Some losses have been over $25.9 billion and over 9.6 percent of processing and legal errors. Processing errors occurs when banks do not fully understand the risk management process of financial operations. Other major innovation in financial institutions is global banks, which has risk management, economic capital and corporate governance. The author stated that trillions of dollars from large banks that operate globally can become a national focus on supervision and regulation of deposits and sound banking in economic capital and financial management.


The author examines how the banks need expertise in judging the creditworthiness of borrowers under certain conditions. The author discusses how lending money to borrowers need to be closely examined and analyzed due to default rates, recovery rates and interest rates of loans.
The author demonstrated the effectiveness of aiming to focus on creditworthiness and how lending money under certain requirements should be analyze by management and experts that understand how to examine credit reports and scores of borrowers. The author concluded that banks should be able to hire employees with the expertise in understanding financial marketing among creditworthiness and lending.


The author examines the efficiency of asset-liability management in financial crisis. The author discusses how to maximize bank profits and be able to handle various risks in reaching goals in revenue, capital adequacy, liquidity, market share, legal requirements and institutional policies. The author explains how commercial banks have goal programming in risk-taking behaviors. The author study has presented facts that market perceptions can be troubling during certain crisis. The author provides strategic models that would assist the financial system in contingency preparations and decision making among various economic scenarios.

The author demonstrates the effectiveness in the development of stabilization in the financial system and the economy. The author demonstrates how the financial system can become so apparent in the emerging market and vulnerable to financial crisis and economic distortion. The author analyzes the strategic effects on managerial operations in banking during financial crisis.
The author concluded that foreign commercial banks have been taking risk under optimistic and pessimistic economic scenarios. The author suggests that bank leaders should apply the models of improving the economic environment and the decision making tools for banks operating under uncertainty.


The author examines the uncertainty in the implementation of monetary policy and the management of risk. The author discusses the speech of Mr. Paul Tucker – Executive Director for Markets at the Association of Corporate Treasurers and a member of the Monetary Policy Committee. The author explains the short-term goals sterling money and the uncertainty that is facing the financial market and organizations. The author outlines the new framework in implementing monetary policies that would help avoid risk among financial businesses, mismatch asset liability, pension funds and foreign business investments.

The author demonstrates the effectiveness in financial markets of funds and asset-liability management in capital marketing. The author expresses the structural factors of reduction in risk premier in ex-post asset returns and liquidity among prices. The recent innovation in structured finance has included in trade-off demands in financial engineering and stress conditions in the banking system and liquidity under adverse circumstances. The author discusses the risk in credit assets among commercial banking liabilities that businesses are providing liquidity insurance for, along with the securitization market on loans and financial leveraging.
The author concluded that banks need to have macroeconomic stability, financial innovation, and effective risk management for capital marketing, investment, profits and revenues. The author expresses concern that the banks should identify the uncertainties in risk management and be able to price and manage the global imbalanced economy. The author studied that uncertainties are stemming from monetary policies and implementations. Banks need to have a clear framework in decision-making on monetary policies and implement interest rate decisions in modernizing the sterling money market.


The author examines the Charles Calomiris book with the U.S. banking regulation in historical perspective. The author analyzes Mr. Calomiris work in a historical of baking regulation and political economy perspective. The author explains the regulations in minority interest pass legislation and the effects of the Great depression, with respect to the political entrepreneurial skills and expertise of Rep. Henry Steagall. The author stated that the U.S. banking system has been vulnerable and inefficient to regional economic banks, loan portfolios and the diversification in geographical locations.

The author demonstrated the effectiveness in Calomiris argument about banking restrictions only served the wealthy farmers and not the minorities. The author explains that deposit insurance is justified as a response to depositor’s inability to differentiate banks and loans that are unlike to be repaid by good lending decisions.
Calomiris reinterpret the history of economic failures by demonstrating the withdrawals during panics among failed banks. The author stated that Calomiris has played an important role in explaining the conditions in financial marketing and discipline in banks.

The author concluded that Calomiris views about deposit insurance and how the public subsidy was unstable due to the undiversified banks and market failures in inefficient banks and federal home loans. The author stated that Calomiris believe that the future of banking reform can be established through political constituencies. For example: Freddie Mac, FHLB and Fannie Mae are political banks that are regulated by the government. In order to create political constituencies, there need to be offsets of other banking trends that will increase the ability to compete without government assistance. For example, if technology allows banks to create and implement their own electronic payment system, and avoid the Federal Reserve payment system, then the banks would have to develop a new charter to regulations and cost.


The author examines the trends in the Federal Reserve and the Basel II A-IRB Bank governance. The author stated that the Basel II is set to take effect in United States in 2009. In 2006 there were 22 banks that have been identified as Basel II A-IRB adopters. The author results are compared with positive governance and current views. The Federal Reserve System is to increase oversight and a risk management framework on the financial system, by using the Basel II to provide exemplary governance and structure to the U.S. banking system.
The author demonstrates the effectiveness in providing governance structure to the financial institutions in the U.S. that is headed by the Federal Reserve System. The author explains the governance structure in regulatory agencies that oversees the financial and corporate institutions in the United States. The author analyzes the banking structure and provides insight to the election process structure of the Federal Reserve Board. The Federal Reserve Board wants the banking system to initiate best practices and corporate governance in creating and implementing Basel II in the United States. The Board wants the banking system to provide guidance in management oversight in implementing and calculating risk-based capital requirements with the 22 banks.

The author concluded that the purpose in analyzing the journal is to gain insight in the structure of Federal Reserve Board Systems and see how they adopt the Basel II system, which assist banks in governance structure and risk management under proper guidelines and standards from the Federal Reserve Board. The Federal Reserve System wants the banks to practice good governance structure, which was perceived as “good” by financial and academic media standards. The Federal Reserve System is responsible for regulating and monitoring the financial system, along with the A-IRB Banks, which is ultimately responsible for the US Financial Intermediary System. The author expresses that is it important that the financial system maintain banking governance and standards in all aspect of organizational standards.

The author examines the knowledge-based perspective of acquisitions and post-acquisitions among corporation performance. The author discusses the integration and capability-building mechanisms of acquisitions and post-acquisitions. Acquisitions experience is codified in systems, manuals and other post-acquisition-specific tools. The author has used 228 samples of acquisitions in the U.S. banking system to demonstrate the knowledge in a strong and positive way of examining the post-acquisition integration and the effects of codification. The author states that when merging and replacing top management in a firm, it gives a negative impact on organizational performance.

The author has demonstrated the effectiveness of replacing top management in the organization on acquisition performance. The author results shown that replacement is a major impact in organizational performance, along with pre-acquisition levels is at a all time low due to the replacement of top management. The degree of codification has a positive but strong influence on acquisition performance. Some acquisitions might require more complex integration within organizations and acquire competition in the same geographical area that would create a higher potential for efficiency-driven cost among acquisition reduction.

The author concluded that the study has various limitation of focusing on foreign and U.S. bank mergers and acquisition.
There should be capability-building mechanisms and integration decisions that deal with various mergers that can be complex within the limit of acquisition performance. The author has attempted to bridge and integrate different theoretical perspectives that are highly visible in financial acquisitions. The author wants to create value and improve banking post and pre acquisitions that have an impact on operational performance.
Introduction

In August 2007, there has been an international crisis in credit and some profound changes in the financial institutions. Mortgage lending has been a significant increase among borrowers. Financial institutions of all sizes have acquired exposures of mortgage lending and household lending. Banks have increasingly relied on funds that were raised by selling security loans in international markets while borrowing from other banks. Banks have continued to alter management and credit risk through related pricing models and derivative assets. In 2008, international banking has led to liberation of financial activities, capital flows and interest rates.

In 2009, the share of banks in borrowing has declined dramatically. For instance, in the USA, the financial institutions have lost shares relative to mutual and pension funds. Most banks tend to rely on retained profits and other internally generated funds, while obtaining external funds through financial securities market. Customers have engaged and relied heavily on investing their money and a variety of assets, rather than depositing their money into a savings account. Banking technology has been a widespread innovation to help customers to choose the best products that will meet their needs. Leading development in banking technology will enhance the way customers can do business throughout the world. The United States banks such as Bank of America and other banks (non-depository and depository) have the most technology of the economy that is measured by software and hardware expenditure, which is in relation to value added.
Customers and business transactions have become increasingly cheaper over these few years, but fixed capital expenditure and skilled labor requirements overheads have become heavier. Consequently, the cost efficiency of banking and new technology has been a mixed perception; the point is that viewing the heightening profitability of banks in recent years, particularly in the UK and the United States allowed new revenues streams and interest income loans to be properly maintained by new IT financial systems.

_Theoretical perspective from theorist on Financial Management, Banking and Stability_

There has been a major impact on credit allocation and the socialization of credit management and risk. Credit management in banking and borrowers has become a quantitative measurement in marketing outcomes. Therefore, new elements of fragility have been introduced in banking management and stability with the affect of epistemological limitations and statistical inference. With the risk of new technology and financial management, both international and domestic competitiveness of banking has contributed to new lending techniques and expansions throughout the global economy.

Domestic banks have created a new financial market with traditional social and cultural barriers that have impeded on foreign banks. The behavior of large international banks suggest that there are considerable advantages in the new markets and taking advantage of profitable niches that has an exclusion of lending to medium and small businesses and enterprises.
According to Cooper (2009), the neoclassical theory of banking has become a branch of microeconomics. There is a much broader view of financial intermediation along with the analysis of contemporary banking and the recent years of witnessing banking proliferation and increase importance in managing risk and information-theoretic models. In August of 2008, it was transpired that some banks failed and inadequately did not take appropriate steps to managing risk among financial accounts and profit losses.

According to Dos Santos (2008) quoted,

“Transformation of banking by stressing the rise of fee income as component of bank profits, as well as the importance of banks lending to households, of lending by intermediary to intermediary, and of banks participating in financial markets on their own account. However, critical approaches to finance have generally not resulted in theoretical innovations regarding banking in contemporary capitalist economies (2008).”

The Marxist framework has analyzed the transformation changes in banking and investing among the political and global economy. The Marxist analysis of banking commences the distinctive concept of interest and loan bearings of capital and investments. Banking strategies in investment and capital have helped consumers and businesses with earn interest and profit strategies. Trading in interest-bearing capital has been the banks major accomplishment that involves credit relations.
Lapavitsas (2007/2003) quoted,

“Yet banks do not only handle interest-bearing capital. Balance sheets and income statements show that banks earn income from the plain handling of money, such as transmitting it abroad and undertaking foreign exchange transactions. Banks, therefore, are also money-dealers, that is, commercial enterprises that specialize in managing money flows and hoards. As has been proposed elsewhere within a Marxist framework, banks can be treated as money-dealing enterprises that also have specialist skills in transacting interest-bearing capital. Their profits derive from fees for their money-dealing services plus interest spreads from transacting in interest-bearing capital. The function of financial intermediation, i.e. of collecting idle money across society and transforming it into loan able capital, properly accrues to banks only after establishment of money markets that allow for the trading of loan able money capital among banks. This simple framework is capable of offering insights into the recent transformation of banks and the impact of new technology. The rise of fee income, for instance, is not necessarily problematic theoretically, since banks are not posited as deposit-taking intermediaries at the outset. The problem is, rather, to determine the mix of money dealing and money-lending functions of banks, and the refinements assumed by these functions (Lapavitsas, 2007; Lapavitsas, 2003, Chapter 4).”

Banking transactions and money-dealing is shifting towards new developments in capitalist finance and profits. Financialization is a part of contemporary capitalism, whereby revenues and loans are able to possess a great deal of rising indebtedness and domination of private life by financial concerns. New technology is banking is now an integral part in credit scoring and financial indebtedness. Risk management and information gathering are an inherent function of the financial system that specializes in interest-bearing capital and the amount to promise that the borrower pays the bank to collect the balance of the payment amount. Banks tend to possess technical means of new technology that whereby causing a transformational change in banks practices and performance among interest and revenues.
Banks and profitability spreads between lending rates and borrowing while ascertaining the creditworthiness of borrowers, along with financial marketing mediation and services. Well capitalized banks such as Bank of America and Wachovia has gained capitalization and market power to ensure that profitability and borrowers are given the satisfaction to quality of products to meet the needs of the customers. Banks have provided cost to handling product marketing conditions and money capital from loans that has potential profit and revenues.

*Theorist point of views on finances, Money-dealing, IT and lending (Foreign and Domestic)*

Funds-dealing has been an integral part of domestic and foreign banking. Money lending operations provide a vital role in commercial banking among customers and businesses. To be more specific, commercial banking has financed their lending by attracting deposits and exchanges among banking transactions. Depositors expect the bank to provide a wide range of services in means of exchanging payments, access, hoarding and etc. When banks provide services they want to make sure that the movement of clients accounts are important to making lending decisions.

New technology has been a major part of banks when handling deposits for customers and commercial businesses. Most of all transactions between banks and depositors are automated and is transmitted through electronic communication systems that significantly changes the way financial systems conduct business.
The transformation of automated systems have reduce the cost for banks and helps restructure the way banks conduct financial dealings and improve the cost and efficiency of transactions. Banks efficiency of operations appears to have increased over the years, due to scanning, electronic transmission of large volumes of payments, real-time settlements and internet submissions.

According to Kawano (2005), every country is developing and experiencing liberation and foreign bank entry. Both the Philippines and India financial liberation has triggered significant competitiveness adjustment among domestic banking, including extensive IT investments and payment-system networks. Mexican banking systems after 2007 have experienced improvements in its cost efficiency and technological innovation in its payments systems. With new technological innovations, banks have experience cost efficiency that attributed to the increase of expenditures and the modernization of money dealing and electronic communication among customers and businesses. Inter-bank electronic payments have been used for several decades, along with e-banking, debit cards, computer banking, e-bill payments and electronic checks.
The US households that bank on technology have grown since 1995 and have tripled in 2001, by using debit cards and electronic payments over the internet. In 2001, Turkish banks currently offered e-banking for all major commercial banks in the Philippines, Mexico, India, Argentina and Brazil. In the future, electronic deposits and e-banking will have significant obstacles to face for customers and businesses that are not equip with using new technology and also the fear of e-banking safety and security of conducting financial transactions over the internet.

According to De Santos (2008), it is important to understand the concerns of making payments online and the security risk that comes with financial management. Internet banking transactions is a key to low cost processing of payments. It seems to remain that internet and new electronic technology will continue to succeed in financial transactions over a long period of time.

The accelerated transformation of e-banking has been an asset to the financial system around the world. Customers now tend to use e-banking, internet, fax, and ATM machines to handle various account transactions; but banks will continue to need tellers for face-to-face transactions and assistance with problems concerning accounts and financial transactions. Tellers have to input data and solve simple mechanical and manipulation problems with financial technology. Each banking branches have a front desk, which provides customer service to members and customers, while the back office handles complex tasks that involves financial assets and transactions.
Implications for further research

Banking has been a major transformation over the last three decades and has provided different types of lending, financial liberalization, new technological innovation in ways of conducting financial business. In 2009, the sources of banking profits have changed significantly and continue to shift attention to customers and businesses. Banks today continues to increase technology and telecommunication when dealing with deposit managing operations, e-banking networks and ATM’s. ATM’s and other automated systems and transactions have become the leading factor in the economy today by ways of automation and internet.

Automated transactions have improved over recent years that have increased cost-efficiency of banks. The profitability of new technology in banks over the recent years has generated profits and revenues. New technology has allowed banks to systematically process credit-scoring requirements and extract profits from international banks. The new technological advancement has made it possible to engage in financial marketing mediation and banking management risk. Banks have relied on computational intensive process that allowed statistical inference on generated quantitative estimates for different types of financial risk. Therefore, banks were able to expand new markets in financial derivative securities and other operations. As banking market grow the role of qualitative judgment, relational and practices information in banking has increased dramatically. Some banks such as Wachovia and Wells Fargo has declined in their ability to use new and innovative computation methods, while still continuing to use past practice experience of bank management.
With Wachovia and Wells Fargo contributing to systematic instability in risk management, it will decline in customers and businesses because of using past management practices in a new financial era. New technological advances have been encouraged in foreign and domestic banks in order to meet the demands of the consumers and the mandated laws of government.

Banks have been deploying new innovative strategies in technology and enhancing protective tools to protect customers and businesses from law breakers and hackers that would cripple the financial system and economic stability. There has been a transformation in banking and major developments in new technology that plays a vital role in the world’s economy. There has been a credit crunch in 2009, which has taken unforeseen losses in the United States mortgage market that is a systematic risk among banks and profit losses that has inefficiencies and instabilities.
APPLICATION
AMDS 8633: PROFESSIONAL PRACTICE:
APPLICATION OF INVESTMENTS AND INTERNATIONAL FINANCE THEORY

INTRODUCTION

Trading is consisting of proprietary positions, which include investments and financial instrumentations that can be available for sale or resale. Domestic and international financial entities have the intentions of benefiting from sales prices and purchases of investments, products and services. Trading risk among banks can happen when the trading income will decrease due to adverse prices and changes in traded financial instrumentation. Banking risk management among trading, helps monitor risk of proprietary trading among financial institutions, either foreign or domestic.

Banks trading risk on a short-term horizon positioning during marketing and re-evaluating daily performance is measured by profit and losses that will impact financial banking statements and income. Proprietary trading has become a major impact on day-to-day business of the financial institution, which provides the operational beliefs about the tendencies of financial marketing in banking services. Wachovia, Wells Fargo, Bank of America and the World Bank have developed the need for better risk management systems and internal controls of financial systems and operations. Banks risk management process allows a wide range of measurements that has identified guidelines and procedures that are suitable for management information systems that examines traders reporting, risk controlling and activities.
According to Groskaufmanis and Ocks (2007), banks continue to manage confidentiality agreements that are not solely involved through official and unofficial creditor committees. Some banks confidentiality agreements appear mostly through debt and credit markets. Most credit agreements often afford lenders to operate information beyond the companies’ disclosures. Most banks will share information with investors and will press to do so under certain guidelines of the confidentiality agreement.

Groskaufmanis and Ocks (2007) quoted,

“All banking staff must effectively secure confidentiality agreements and to ensure that investment decisions are based on what the customers, businesses and investors wishes to disclose. With the non-disclosure agreement, the legal risk changes dramatically when the information is subject to any form of confidentiality agreement (2007).”

Today’s banking market in cash securities and derivative products of services all has needs and constraints on the economy. Financial leaders and investors need to consider implementing risk management and strategies in order to meet banking expectations. Bank of America, World Bank, Wells Fargo and Wachovia, along with insurance companies have established new agreements and units for traders and financial engineer to redesign and restructure products and services to meet customers and businesses needs and expectations.

In the fact-pace and rapidly changing financial market, closer supervision and better management in trading is needed to fight against risk that poses a threat to customers and the financial system.
Today, the financial system has developed and implemented clearer legal environment, accounting standards and risk management to protect the financial systems and accounts from predators. Banks consider measuring risk that should help banking and economic collapse from unforeseen surprises in the financial institutions.

Theories and current research findings from authors about trading and risk management

For most financial institutions, proprietary trading among financial securities are taken on by the financial entities along with meeting the goal of profiting from actual and expected differences between sales prices, price variations and purchase prices. Securities in trading appear on market values and a balance sheet in the financial institutions that shows how gains and loses reflects on income. Securities on investment provide additional income that financial institutions are classified and held to maturity.

According to Thevenoz (2008), banking investors do not physically hold investment securities anymore. Banking securities are held and transferred through sophisticated, complex and international network of financial intermediaries, which includes security deposits and brokers-dealers.

Thevenoz (2008) quoted,

“Because transfers and collateral transactions are critical to the liquidity of the financial markets and to financial stability, market participants and regulators have become increasingly concerned with the legal soundness, the internal consistency, and the international compatibility of national laws regulating the holding and transfer of securities held with an intermediary (2008).”
Foreign exchange trading has been a global financial triumph in the world today. Foreign and domestic trading arises from buying and selling of goods, along with tourism and investment across international and domestic boundaries. Foreign exchange has no physical location or marketplace like the New York Stock Exchange. Most exchanges from banks either foreign or domestic relates by means of telex, video conference, internet and telephone. The market is very dominated by major banks, foreign and domestic to provide exchanges, major currencies and services among customers. Banking systems have traded for their own account by proprietary trading; in which traders take various positions among foreign currency and bids.

According to Royal and O’Donnell (2008), human capital is valuable information and is currently being used by banking for equity markets in their decision processes. Banking with human capital offers a systematic way of examining potential future performance in profits, stock, and risk management. Human capital help provide opportunities to banks in order recognize problems ahead of time. The secret to banking performance lies within the financial leaders and management to read all the information, quantitative and qualitative, and act upon the information.

Royal and O’Donnell (2008) quoted, “Banking system must be able to enhance tools that will enhance the ability of the financial market and its professionals in order to bridge the gap between tangible and intangible analysis (2008).”
The financial institutions take immediate actions towards illiquid securities among domestic and foreign exchanges and rates that are very common in equities and the merging financial market. Securities of trading have been traded infrequently at low volume currencies. Trading prices should be regarded as the transaction prices that have arrived at by two counterparties under specified marking conditions. There are financial portfolio’s with long term investment horizons that has high and low liquidity that is needed to distinct risk measures among foreign and domestic trading. Foreign and domestic banking portfolios have invested in liquid currencies. Banking managers have invested in liquidation of portfolio reporting that focuses on 30 day period in trading and currency exchanges.

There are financial markets that has less-developed a high level of intervention that authorities tend to seek out to preserve economic permanence in banking. Most banks operating in this economy today is resolute by risk factors that cannot be well thought-out by banking leaders and governed by the forces of supply and demand. Under vital crisis, the emerging banks in this marking environment have assumptions of government-controlled risk management that is a sudden significance in severe devaluation and currency depreciation.

To be in the same line with the general scheme for risk measurement, the crisis greatest extent or threshold can be considered to be several times as the exchange rate volatility under normal market conditions. This would bear in mind movements not opt for up by the traditional risk methodology, which is based on historical market volatilities, and elucidated by the prompt end of situations that were sustained in large measure by government impediment.
Banks need to consider watching the emerging market, exchange rates and overvaluation of currency exchanges. With the emerging market, currencies to the U.S. dollar and internal inflation rates have increased above those of foreign banks. U.S. and foreign banks should consider further research in overvaluing currency that would sustain imports and exports, along with making exports of goods and services costly and contribute to a sizeable trade and imbalance in current accounts within the financial system.

According to Laopodis (2008), analyses have been offered to assess the behavior and feedback in trading and the emerging banking economy. The foreign exchange markets have developed economies, co-existence of noise traders along with funds that can not be denied. Some currency markets in banking are not efficient due to the decrease in investments and bad exchanges between rates and profits. There have been presences of asymmetric behavior which implies to traders which may rely on central banks for short-term profit.

There have been positive instances were the first-order autoregressive parameter has a positive and statistically significant in the currencies which are developed and is emerging in the economy today.

Laopodis (2008) quoted,

“There have been both positive and negative feedback among destabilizing trading, regardless of the number and volume of trade and traders in the market, even though traders may actually align a currency’s value with their long-run value; it is noted that trading increases the volatility of currency which will make market participants (including banks) will become sensitive to various fluctuations and serious implications of risk-return tradeoff. In other words, there are significant risk differences among currencies
that will have an effect on capital and investment flow, which will give a new direction among trading with countries resulting in profit and banking changes (2008). “

Al Janabi (2008) quoted, “In measuring banking market-to-market values and trading, leaders must be able to identify and take the first step in foreign markets, and individual exchange funds and securities. Risk management and trading is an important step in meeting the expectations of financial success and improving economy by pin-pointing risk measurements and marketing strategies in order to simply the number of market risk factors that has increased a number of rates on various products and services (2008).”

According to Al Janabi (2008), “there are risk limits among trading units and ensuring control of banks performance monitoring, reporting and controlling exchanges among foreign and domestic banks (2008).”

Understanding Implications for profitability and customer relationship management

Advances in technology and the deregulation of financial services have produced higher levels of banking competition and disintermediation. Foreign and domestic banking services such as mortgages are offered by providers while many higher profitable and fee-generated products and services, such as investments are obtained by the customer through banking requirements. Banks initiatives, such as Wachovia and Wells Fargo identify customers and businesses that have the potential to be profitable and able to become long-term with the bank.
Bank of America and the World Bank consider the valuable customers by identifying what products and services needed to draw customers to the bank. The banks have to not all customers are equally attractive to banks that can not produce the quality of services needed to fulfill the customers needs.

Banks need to identify potential profitable customers that would retain and grow as a member for a long period of time at the institution. If banks do not attract a certain amount of customers, then the problem will be costly.

*Understanding social changes in today’s global economy (banking and financial system)*

The financial industry has had a long history. Much of its development can be caused by providing international banking services. There have been many trends in U.S. and International banking which specifically deals with large community banks, with regards to providing international service to foreign countries. The FDIC and SEC has been a valuable asset to domestic and international finance among banks. Foreign and domestic banking has engaged in complex issues concerning developing customer relationships, serious impediments, profits, investments and revenues. Most domestic banks in the United States have been working collaborate with international banks to resolve economic issues and social changes in the financial and global economy.
In the future, banking leaders need to look more closely to the changing factors in bank rates, profits, revenues, products and services that will help the customers and businesses to ensure a stable economy. International and domestic competitiveness in the banking system is critical when facing issues of commercial activities among financial exchanges of rates and revenues. Banking leaders must be able to enhance and develop solutions to problems that will help increase profit and the economy from economic failure.

Discussion

With the popularity of the banking industry, managing service quality leads to good financial performance and customer satisfaction. There is a need for further research in the understanding of designing, developing and implementing better services and quality work performance in the financial industry. The important way of enhancing banking service understands the needs of the customers and the type of products and services that are rendered. It is very difficult to manage service quality consistently, directly and reliably as services have been characterized as intangibility, perish ability, delivery, simultaneous production and consumption. It is important to understand that banks services are delivered by the interaction of the customers and service personnel. It is possible that we can perceive quality service would be managed by dealing with employees appropriately. It is very important for employees to receive adequate training and to have shared understanding.
Interpersonal adaptability is very critical in personnel services that are a major relevance to the financial industry. Bank employees need to have the capability of interpreting customer’s problems, concerns and needs quickly and efficiently; alleviating customer complaints and adjusting their behavior timely to resolve complicated issues. Adequate training helps bank employees to understand the responsibility of monitoring their work performance and adapt to work routines in various circumstances. Training employees in customization, skills, leadership, development and performance management, along with information sharing is a process that will provide better problem-solving skills and to improve service quality among customers. Management will not be able to control service quality, but can enhance the employee by providing training to render service quality among customers.

Banking employees has a spectrum in fulfilling functions of their organization by shared understanding and achieving results in order to meet customer’s expectations. If banks such as Bank of America and Wells Fargo continue to utilize share understanding, then the employees will be more proactive by detecting and correcting problems in service, challenging routines and soliciting suggestions in order to keep the banks reputation at higher standards. Banking leaders need to understand their employees and create a climate for autonomy.
Bank customer satisfaction mediates between financial performance and quality service. As the banking environment shifts from being an industrial economy to a knowledge-based economy, banks have faced pressure because of marketing changes and adapting to customers expectations. With new technology, products and services, there are a growing number of customers that are researching banks to find the best products and services, along with understanding the banks performance standards, stability, and history in the financial industry. Some banks have positive and negative influences on customer services and financial performance. When a bank is not understanding of the customers and their financial performance, this will cause a negative effect on the customers and businesses, and will cause the customers and businesses to search for other banks with quality service and effective financial performance.

It is consistent with an understanding that banks should be able to improve their quality of service, in turn will reduce the number of complaints and service failures from customers, which will result in dissatisfaction. Customers that are satisfied with the banks performance will attract more services and positive feedback among other perspective customers. Managements and leaders in banking should be made aware of customer relations and learn to enhance and increase financial performance in products and services, along with quality customer satisfaction.
According to Sepehri, Werner and Narkiewicz (2007), the tools of policy and currency rely on effective banking strategies with understanding the increase and decrease in currency and exchange rates. The global economy for a dollar is based upon the policies and laws of the lenders qualifications and requirements of lending. With monetary policies and laws in foreign and domestic finance, it is hard to have banks lend money during these hard times. With the recession, lenders made it very difficult to lend funds to customers and businesses due to profit losses in the stock market. Banks tend to lend funds with raising interest rates to help increase profit losses.

Sutherland (2002) quoted, “Gathering the appropriate data elements to build customer relationship management will help banks to identify the problems and find solutions to take responsibility of margining a successful financial institution (2002).”

Banks have important variables to look for in services- customers, employees, service quality and financial performance. Banks management are not allowed to control service quality based on the nature of perish ability, intangibility, delivery, consumption and production.

However, management is allowed to control employee training, which in shared understanding allowing achieved desired levels of service quality. With management working collaborate with the employee; it will enhance service and quality of work performance, which will lead to good customer satisfaction and increasing financial performance.
It is important that banks need to play close attention to both its customers and employees simultaneously in the efforts to planning and evaluating financial performance and service quality. More attention needs to be placed on employee and customer relationship in order to maintain outstanding performance and long term commitment to the institutions.
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