



# INAFP

Inland Northwest Association for Financial Professionals

## INAFP NEWS

October 2008

[www.inafp.org](http://www.inafp.org)

### September Meeting Recap

“Have we anticipated enough bad news?” That was one of the questions posed by Randy Barcus of Avista Utilities when discussing the national and regional economy at our recent INAFP monthly meeting.

Randy's Regional Economic Outlook for 2009 calls for:

- Slower job growth but unlikely there will be employment decreases in next five years.
- The Region's real estate problems now mirror the rest of the country.
- Housing market not expected to pick up until 2010.
- Population growth has slowed; not expected to pick up until the housing market opens up in 2010, 2011 and 2012.
- Cities sales tax revenues expected to be flat due to heavy retail discounting.
- Luxury items sales have drastically slowed and expect the trend to continue in 2009.

In regard to the national economy, it appears that the stimulus checks prevented the US from falling into a recession the first half of the year as the dollar continued to weaken and exports were strong.

Some economists predict that the US will fall into a recession during the 4<sup>th</sup> and 1<sup>st</sup> quarter of 2008 and 2009 as exports continue to slow and consumer spending decreases.

### THINGS YOU SHOULD KNOW ABOUT THE SAFETY AND SOUNDNESS OF WASHINGTON BANKS

From Washington Bankers Association  
[www.wabankers.com](http://www.wabankers.com)

#### Customer deposits are well-protected

- Deposits are insured for up to \$100,000 per depositor per insured bank by the Federal Deposit Insurance Corporation (FDIC). Retirement accounts are insured by the FDIC for up to \$250,000.
- Your accounts can be structured to provide even more insurance coverage – you should talk with your banker about how to do this, or go to <http://www.fdic.gov>.

#### Washington banks are financially sound: highly capitalized and prepared for economic fluctuations

- Most banks have been in existence for decades and are experienced in dealing with the ups and downs of the economy.
- Bank capital levels – which serve as a buffer against any losses – are at all-time highs. As of the end of 2007, Washington's 80 FDIC-insured commercial banks reported nearly \$5.8 billion in equity capital. This figure is up almost \$2 billion since December of 2005.
- These same institutions earned nearly \$592 million last year.
- Washington banks maintain a healthy level of reserves, with a provision for potential credit losses of nearly three times their actual charge-offs.

### **Washington banks manage risk well, contributing to their financial strength**

- The industry has made significant advances in collecting data, benchmarking performance, identifying key risk factors, and taking steps to control those risks.
- Washington banks have strong asset quality: non-performing assets in 2007 were less than one percent of their total assets.
- Net charge-offs at Washington banks in 2007 were only 0.13 percent of total loans and leases.

### **Washington banks and the Washington economy are stronger than in many other areas of the country**

- Despite slowing, the Washington economy still has strong sectors in trade, technology, services, and manufacturing.
- The American Bankers Association reports that Washington has one of the five lowest mortgage delinquency rates in the nation.
- The Department of Financial Institutions (DFI) reports that Washington's past-due rate of 0.93 percent compares favorably to the nationwide figure of 2.47 percent.
- Most Washington banks have not engaged in the aggressive sub-prime mortgage lending that is creating turmoil in the housing industry.

### **Regulation and supervision of bank risk has improved**

- Federal laws adopted since 1991 have significantly strengthened bank oversight and regulation.
- The FDIC maintains a list of banks that it is monitoring closely to ensure they continue to comply with sound financial management practices. This list is not new; it has existed for years.
- The FDIC does not publish the list because it doesn't want its concerns to unduly influence consumer behavior.
- That list today is fraction of the size it once was. Today there are reportedly about 90 financial institutions of all types on the FDIC list, compared to some 500 in the early 1990s.

### **A falling stock price does not mean that a bank is in danger of failure**

- Stock price simply reflects supply and demand in the investment market. These days even healthy banks are out of favor with investors, but it doesn't make them any less healthy.
- As a comparison, Microsoft's stock price is down 2.2 percent over the last five years, but its profits have doubled over that period.

## **Lack of sleep leads to job dissatisfaction**

From [accountingweb.com](http://accountingweb.com)

A survey from the University of Florida reveals that lack of sleep not only makes people tired and irritable, it also causes them to dislike or even hate their jobs the next morning. The effects were more pronounced among women, who reported suffering more fatigue and hostility and being less attentive and happy than their male counterparts.

"It's intuitive that one might feel a little irritable, but to experience emotional spillover to the point of actually feeling less satisfied with work is a little surprising," says Brent Scott, a University of Florida graduate student assistant in management who led the research.

"These differences may have something to do with society's expectations for men and women," Scott continued. "Women are encouraged to be nurturing and more emotionally expressive than men, who have been taught to remain stoic and restrain their emotions."

Employees reported higher rates of job satisfaction if they had slept soundly the night before and lower levels if they had experienced insomnia.

Although it is known that sleep restores the body, particularly the brain, it is less understood how it affects emotions and attitudes. Scott says, "Given that most employees spend the majority of their waking hours at work, it's curious that the effects of lack of sleep have not been examined more thoroughly within the working environment."

"Undoubtedly one of the reasons Americans are getting less sleep is the growth in dual-career couples," he said. "When husbands and wives both work, they come home having to do household duties and take care of children, which leaves them little time for sleep."

The issue is becoming more and more important as Americans get less and less sleep. Another survey, this one from the National Sleep Foundation, found that Americans sleep an average of 6.8 hours per weekday night. As many as a quarter of those surveyed reported sleeping well only a few nights a month.

Employers contribute to the problem by making more demands. Employers should pay attention to workers' needs, though, because lack of sleep may ultimately hurt job performance. One of the first changes that might be apparent is employees being less willing to help co-workers who miss work because of illness or other reasons.

"With employers trying to squeeze every last bit of productivity out of employees and having them work extended hours, a 40-hour work week is basically non-existent anymore in some occupations," Scott says.

"Although managers often complain about employees' poor job performance, this research suggests that they actually may be responsible for it by creating conditions that lead their employees to suffer insomnia," add Jerald Greenberg, a professor of management and human resources at Ohio State University. "Hopefully, managers will take note by becoming part of the solution."

Companies can address the problem by giving employees flexibility in making their schedules, providing on-site child care and offering wellness programs designed to teach employees how to reduce insomnia. Businesses that fail to act risk more frequent turnover, if employees are not content in the workplace.

For their part, individuals can take steps of their own by exercising more and limiting consumption of caffeine and alcohol.

"We know from other research that people who are dissatisfied with their jobs leave organizations at higher rates than those who are happy and committed to their jobs," Scott concludes.

Forty-five employees at a Southeastern regional office of a large national insurance company participated in the study, which Scott conducted with University of Florida management professor Timothy Judge.

*Note: This information was culled from studies performed in 2006.*

## **2008 AFP Annual Conference in Los Angeles**

### **Original \* Essential \* Unbiased \* Information**

The 2008 AFP Annual Conference delivers original, essential and unbiased educational sessions, a renowned speaker lineup and diverse networking events. Join your colleagues at the Los Angeles Convention Center, October 19-22, at the most important event for treasury and finance.

**For an online brochure: <http://afp-events.epubxpress.com/>**

### **October's Meeting Topic**

#### **The Yield Curve and the Learning Curve: Adopting Institutional Investor Strategies for Investing Cash**

Please join us on October 22 and our speaker Mark Conner of Corporate Treasury Investment Consulting for a discussion on how corporate treasurers can gain the necessary skills for more effective and safer investment of their companies' cash.

## What is the CTP Designation?

From Association for Financial Professionals

The Certified Treasury Professional (CTP) designation sets the standard in the financial profession and is a symbol of excellence. In the financial sector, the CTP designation is the mark of highly skilled professionals who are serious about their profession, who are an asset to their organization and who meet the high standards of an internationally recognized organization.

More employers faced with critical staffing decisions are looking at the CTP certification as an added value in prospective employees.

### CTP Exam

The CTP exam is designed to test mastery of knowledge and skills required by treasury professionals to execute critical functions related to corporate liquidity, capital and risk management, such as:

- Maintain corporate liquidity required to meet current and future obligations in a timely and cost effective manner.
- Manage optimal cash positioning through forecasting and short-term investing and borrowing activities.
- Employ working capital strategies and tools to efficiently manage current assets and liabilities.
- Utilize various types of payment systems and Internet technologies to transfer monetary value and business documents between parties.
- Monitor and control corporate exposure to financial and operational risks.
- Optimize capital structure, manage costs of long-term capital and quantitatively evaluate capital resource investments.
- Manage cross-border funds movement and utilize internal trade financing methods.
- Coordinate financial functions and sharing of financial information with other internal departments.
- Delineate appropriate ethical behaviors expected in business activities.
- Recognize corporate governance issues that arise from the separation of corporate ownership and control.
- Executive fiduciary responsibilities related to employee retirement funds.
- Build cost effective relationships with financial services providers.

### CTP Recertification

CTP certifications are valid on three-year cycles, beginning July 1 in the year you passed the exam through June 30 of the third year. A CTP must earn a total of 36 continuing education credits within a three-year recertification cycle to main the CTP credential.

For additional information on the CTP designation and certification process, please visit the Association for Financial Professional's website: <http://www.afponline.org>.



## President's Message

Greetings & Welcome New Members,

A year ago, I wouldn't have believed that many of the big names on Wall Street would no longer be in existence as stand-alone entities. Bank failings, record stock market losses and government bailouts...this Fall is turning out to be a very tumultuous time, even more so than the normal political melee that an election year brings. Who would've imagined last year at this time, or even at the beginning of the Summer, that we'd be looking at the worst financial crisis in the US since the Great Depression.

How timely that our first luncheon of the year featured one of our perennial favorites – Randy Barcus from Avista Utilities providing some insight into the economic outlook for the next year. Randy's words were somewhat reassuring despite the negative economic hype that is so prevalent in the media these days. According to Randy, although he is anticipating a recession beginning the last quarter of this year, "it should be somewhat mild if we have anticipated enough bad news."

The INAFP is working to bring many more timely topics to you in the year to come. We are also hoping to improve networking opportunities at our monthly meetings. Please share this newsletter with your colleagues and business associates, as new members are always welcome.

I hope you will join us on October 22 as we discuss how corporate treasurers can gain skills for more effective and safer investment of their companies' cash. Mark Connor of Corporate Treasury Investing will be presenting "The Yield Curve and the Learning Curve: Adopting Institutional Investor Strategies for Investing Cash".

Best Regards,

Brian Eldred  
President  
INAFP

### **2008 – 2009 Board of Directors:**

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