Societal Impact through Community Banking Research:

Southeastern Louisiana University’s

Finance Student Competition Team

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1. **Description of the Innovative Strategy or Program**

**a. Dimensions**

Southeastern Louisiana University’s College of Business is committed to its mission to “positively impact the local and regional communities we serve”. Southeastern’s Finance Degree Program follows that mission in its own unique way by engaging students in serving the regional banking community. In doing so, they not only impact the community but also provide challenging, motivating, and relevant academic experiences for students.

Southeastern’s Finance Program executes its service to the regional banking community through a “Special Topics in Finance” course. In this course, business majors compete in a semester-long, nation-wide case study competition hosted by the Conference of State Bank Supervisors (CSBS) and the St. Louis Federal Reserve Bank. Through this competition, each team partners with a local community bank to conduct original case studies on relevant topics. In 2021, Southeastern students partnered with Liberty Bank & Trust, the largest African American owned minority bank in the U.S., to examine how Liberty responded to the Covid-19 pandemic and addressed its commitment to diversity and inclusion. The students provided the bank with quantitative data demonstrating the substantial economic impact of its loan program supporting underserved communities. In prior years, Southeastern’s students worked with local banks to address other topics, including small business lending (2016), succession planning (2017), financial technologies (2018), regulatory relief law (2019), the Bank Secrecy Act (2020).

For the project, students work directly with bank representatives to write a case study. The process includes meeting with bank representatives to understand their unique challenges and perspectives, conducting interviews with external bank stakeholders, analyzing bank financials using statistical tools and software, writing the case study, and presenting to bank representatives and stakeholders as well as to the CSBS judges, including representatives of the Federal Reserve and FDIC.

**b. Innovativeness or Uniqueness of Strategy**

Southeastern’s Community Banking project seamlessly ties together the Finance Degree program’s academic goals with the College’s mission to positively impact the community. It offers students unique networking and practical learning opportunities

***Networking:*** The CSBS competition gives students opportunities to interact with bank executives, state and federal regulators, the Louisiana Bankers’ Association, the partner’s customers, and politicians. The competition provides students with a platform to interview anyone that they deem necessary to add value and perspective to the case. Students work diligently to identify the most relevant sources of insight and prepare extensively for each interview. Due to the teams’ past successes (first place (1), 3rd place (2), finals (5 out of 6 years)), Southeastern students have met an impressive number of highly successful people in the industry, including Jerome Powell, the current Federal Reserve Chair, James Bullard, St. Louis Federal Reserve President, Charles Evans, the Chicago Federal Reserve President, countless bank executives and regulators, and Steve Scalise, U.S. House of Representatives.

***Practical Real Learning:*** Rather than learning about bank financials in a lecture, students learn by doing - full immersion approach. In working with Liberty Bank, students learned about the real challenges faced by an African American owned bank with a mission to help underserved communities achieve financial freedom. Understanding these challenges helps validate the significance of what they are learning. Students also develop resilience by managing the pressure of interviewing bank officials and stakeholders that might be potential employers. Not only do they learn specifics about financial performance and regulatory frameworks, among other things, they learn to drive questions in the direction they need to gather information, rather than reacting to a professor’s question on a test. It is a conscious, goal-oriented process to shed light and add value; light even the partner may not have known to exist. In addition, students interested in graduate studies have the opportunity to engage in original research techniques and technical software at a level they wouldn’t otherwise be exposed to.

***Alignment with AACSB Assurance of Learning***: External judges from the Federal Reserve System, CSBS, FDIC, OCC, bankers’ associations judge the cases in multiple rounds. Students are provided with unbiased constructive criticism as well as benchmarking across schools nation-wide that inform an assurance of learning program.

1. ***Societal Impact***

**a. Force for Good**

In addition to providing an outstanding learning experience for students, the Community Banking Project helps to support banks in the region (who do not have the same resources as national banks) by providing them with research, analysis, and inspiration. Working with the CSBS case study competition serves as a conduit for community banks to help tell their individual stories. For the Spring 2021 semester, by working with Liberty Bank & Trust, the Southeastern team learned about what inclusion and diversity truly means. Not only did the team have the opportunity to tell an inspirational story about their African American owned partner bank’s struggles and achievements, but they found that Liberty Bank’s commitment to lending to underserved communities has a large economic impact on the entire community, not just African Americans.

The teams help community banks quantify their performance and the economic impact they have on their communities. For example, Southeastern teams have conducted analysis for their bank partners and uncovered information, such as:

* evidence that our partner bank’s $250 million small business loan portfolio created over $1 billion worth of taxable sales in Louisiana, 8670 jobs and nearly $318 million in taxable earnings; about a 400% return into their community (2016).
* evidence that, should the partner bank’s CEO leave unexpectedly and have to be replaced by an “average CEO,” shareholders may lose nearly $400,000 to their bottom line; quantifying the CEO’s value to his shareholders (2017).
* quantitative evidence that the return on the bank’s FinTech investments off-set short term disruptions from weather events like hurricanes and flooding; softening the hit to the bank’s performance ratios from evacuating the bank’s branches (2018).

***b. Size of Impact:***

The impact of Southeastern’s Community Bank project extends to Southeastern students, the regional partner banks, and the communities they serve. Since 2016, Southeastern has formed six teams to compete in the Community Banking Competition (29 students). These students have made stellar connections and have secured outstanding job opportunities. Students that have been employed by partner banks, Louisiana’s Office of Financial Institutions, FDIC, and St. Louis Federal Reserve Bank, to name a few. One student entered a PhD program in Finance and two entered elite M.S. programs in Finance and Statistics extending research that inspired them from the experience.

Community banks are a critical resource driving economic opportunity in our region, often for members of society who may not get similar service from national banks. Community banks invest heavily in the communities they serve. Southeastern Finance teams have worked with four banks in our region. The teams have provided these banks with critical information about their economic impact, provided deep analysis on specific topics, and helped them tell their stories.

1. **Transferability to Other Institutions**

This program is easily adopted at any institution with a committed administration and a faculty member with the passion to mentor students. The CSBS competition allows universities to enter as many teams as they wish, scaling the program up or down as they like with a single bank partner or with many. Supporting community banks helps support the economic viability of the entire region and those who live in it.