

## OF LIFE AND LIVELIHOOD

Isaac Rits, Virtually Hosted by Burke & Herbert Bank

For most of my life, I have more or less overlooked the magnanimity of the role of the bank in a community. Understanding that it was a place where money was housed and collected interest, I largely ignored the crucial function of the bank in the economic life of a society. Banks are more than just storehouses. They are conduits for the financial, cultural, and industrial flourishing of a community. Through the Bank Day, made possible by the fantastic efforts of the Virginia Bankers Association, I learned about some of the ways a bank is central to a thriving community, and how I can take steps to be a thriving member of that community. Three fundamental concepts were imparted to me through my experience with Bank Day. The first is what action steps I can take *immediately* for my own financial benefit and security. The second is the ways in which banks support themselves and their employees. And the third is the multitude of services the bank provides for their community.

Even as a student, there are many steps I can take right now to improve my personal financial life. For example, one of the simplest options available to me is putting away money in savings, and allocating approximately six months of expenses worth of money to an emergency fund. Calculating the amount that I spend on needs over the course of six months is not particularly difficult, and setting that aside, even if just to create a habit for the future, is highly beneficial. Another key to financial success is developing a close relationship with my bank. Economics is all about *relationships*, and the way I relate to those with whom I entrust my money – and who may entrust money to me – is crucial. I do not know whether or not I will one day need a loan for a small business, but I do know that I will one day need a loan for a house, and having a mutually trusting relationship with the bank is absolutely vital. During the Bank Day, when the panel of small business owners gave us fundamental advice to economics and bank relationships, there was one consistent thread: if you are friends with your bank, they will treat you the best that they can.

One of the best ways to form a relationship with the bank is to work in one! There is a special level of job security when the economic ebb and flow of a society is dependent upon your place of work. An excellent example is the response to the Covid-19 pandemic by Burke and Herbert Bank in Fairfax County. Through the FDIC via the bank's bond investments, the bank was able to stay solvent and keep paying its employees, thus insulating them from the many who lost jobs and livelihoods during the pandemic. Because of the stability inherent in a banking job, not only did the bank employees keep their jobs, they were able to continue to help the community! With such self-sustaining, insulating qualities, the bank is clearly an excellent organization to be involved with, as it takes care of its own exceedingly well.

The generosity does not end at the walls of the bank, however. The services provided by the bank to its community are plentiful, and even by simply encouraging their employees to become involved in local organizations, the bank stimulates the life and breath of its community. As previously stated, banks are a literal conduit for the economic transactions of a community. When everyday citizens put their money in the bank, it generates interest and does not fluctuate in value, thus providing incentive for the citizen to keep their money there. But the money does not stay there. When a businessperson needs a loan, assuming they have handled their own finances well, the bank will take the money they have accrued and loan it to the businessperson, enabling them to generate even more wealth. And where does the businessperson store that wealth? The bank! According to *America's Banks*, Virginian banks have lent 13.8 billion dollars just in small business loans! This ingenious system creates financial prosperity for all who are responsible with their own money.

But what if disaster strikes? Once again, Burke and Herbert Bank provides an excellent example of how the bank cares about its community. The oldest bank in Virginia, it is known as the savior of Mt. Vernon, and continues to care for its community to this day. Although the CARES Act was written by the government, they relied upon the banks to administer it. The Paycheck Protection Program (PPP) put 2.5 trillion dollars into the economy, and it was the hard work of the banks that accomplished it. Mr. Joe Collum of Burke and Herbert Bank related on the Bank Day that they were working 12-16 hour days for 8 weeks, just to make sure that the businesses and individuals who banked with them were taken care of. According to "Mango"

Mike Anderson, a local restaurateur, “They’re the only thing that kept my business afloat.” That is an incredible level of commitment to their community.

The Bank Day taught me many things, including steps I can take to achieve financial security, the protections the banks provide their employees, and the many ways banks support their communities. The most influential and inspiring topic was the relationships that can be developed with local banks, often lasting for generations. As can be seen from the pandemic, banks are life and livelihood-savers, and society would not survive without them.

Sources:

- <https://americasbanks.aba.com/state-national-data/virginia>, Accessed March 28, 2021.
- Joe Collum, Bank Day, March 16, 2021.
- “Mango” Mike Anderson, Bank Day, March 16, 2021.