

**LIBRARY BULLETIN NO. 24**  
**September - December, 2004**

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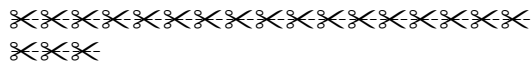


**008. Effective watchdog or heavy-headed monolith? /Michael Perry**

Recent times have been a little tough for the UK's Financial Services Authority (FSA). The author reports on the beleaguered regulator. pp. 32-33

**009. Sarbanes – Oxley: two/ Ingle Dawson**

Perhaps the most vital corporate governance legislation in recent years, the author looks at the Sarbanes- Oxley Act, which, now two years old, continues to place ever greater responsibilities on America Inc. pp. 38-40



**BANK DIRECTOR 3<sup>RD</sup> QUARTER, VOL. 14, NO. 3, 2004**

**010. Hawke's vision/ Jack Milligan**

With a keen eye trained to identify, comptroller of the currency John D. Hawke Jr. has proven he has the mettle to be the national banks' top regulator. Here, he speaks frankly about recent controversies and the challenges facing his agency

and the bank directors today. pp. 17-24

**011. Texas proud/ John R Engen**

Southwest Bancorporation's forward -thinking board has ridden its conservative culture to become one of the hottest success stories in Houston. Now the directors are sitting tall in the saddle. pp. 26-34

**012. Weighty challenges: legal issues for bank boards/ Charles Keenan**

Directors carry quite a load these days and, more and more the burden of legal compliance falls on their shoulders. pp. 36-44

**013. Shifting gears/ Jack Milligan**

Directors must know how an increase in interest rates will affect their institution in order to make prudent decisions. pp. 46-52

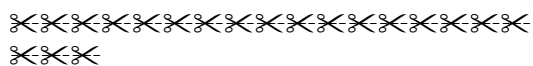
**014. Bans in insurance: acquisitions, growth, and measures of success/ John M Wepler, Tom Linn and Patrick T Linnert**

The acquisition of an insurance broker does not automatically translate into an integrated program that will meet the

needs of the bank's core customer base. Successfully cross-selling is the next frontier of banks in insurance. pp. 54-60

**015. High-performance business banking/ Alex Sheshunoff and Robert Neuhaus**

The most important new force in the market will be a highly focused and extremely knowledgeable community bank that can garner a sizeable share of the business banking market. pp. 66-68



**CREDIT RISK & LENDERS' DESKMATE VOL. 4 NO. 4 OCTOBER-DECEMBER, 2004**

**016. Lending inside the box/Dev Strischek**

The author shows how any box can be made bigger by stretching the dimensions. While the perfect box can grow just by finding loans with all the right stuff, the other seven boxes also can have their dimensions stretched-by sliding in various financial covenants and conditions that moderate or mitigate the negative attributes and enhance the positive aspects. pp. 11-22

**017. Risk is more than credit/ Carlos Munoz**

The capacity to manage risk, and with it the appetite to take risk and make forward-looking choices, are key elements of the energy that drives the economic system forward. Managing risk must begin with an understanding of the directional nature of the risk, and those directions differ. This article follows the creation and implementation of Dime Bancorp's Risk Management Committee that takes a multi-pronged approach to risk management oversight. pp. 24-33

**018. The role of asset management companies in distressed assets resolution/ Abraham Amkpa**

This article seeks to clarify issues pertaining to Asset Management Company's (AMCs) and the framework for operations; especially with reference to the East Asian experience and success factors in achieving it's objectives. pp. 35-52

**019. Risk management of electronic banking and electronic money payments/ Seto Adegboye**

This article highlights key considerations for banking organizations as they develop



authors. Takeovers can only work if they are small or involve a meeting of equals. p. 22

**026. Three days of the snail / Alicia Wyllie**

Why does it take so long to clear a cheque and why is the process so secretive? The author looks at the slow efforts to speed things up. pp. 32-37

**027. A friend in need/ Tony Gandy**

Liverpool Victoria's expansion in the 1990s left it dealing with an increase in administration at the expense of its own customers. The solution outsourcing asks the author. pp. 38-41

**028. Lifting the lid on the future/ Victoria Furness**

Corporate performance management says the author enables the company to look at its business, analyse its data and plan ahead. pp. 42-48

**029. Customer retention: rules of engagement/ Thomas Olsen and Xavier Brice**

In the midst of a takeover, the acquirer's most significant asset is often overlooked the customer. The authors list four rules to making the post -

integration period less problematic. pp. 54-55

**030. How to cross-sell: revenue and kings/ Richard Higham**

The key to successful cross-selling, says the author is to understand what the customer wants, develop a clear strategy and keep the sales barons in check. pp. 58-59

**FINANCIAL WORLD  
OCTOBER, 2004**

**031. Managerial makeover/ Remus Brett**

People remain wedded to the concept of the branch yet are constantly let down by the service they receive. One answer says the author is to return the bank manager to center stage. pp. 18- 20

**032. Crossed wires/ David Carpenter and Stephen Adler**

Customers are increasingly confident in using direct banking methods but are being hampered from swapping channels, say the authors. p. 22

**033. Face to face with the future/ Jon Watkins**

Telephone and Internet banking has had to take a supporting role to a re-energized branch



**041. On good authority/  
Alfred Legner**

The ability to communicate an organization's vision is a more important leadership attribute than banking expertise and professional qualifications, says the author. pp. 16-17

**042. Stateside and  
cheapside/ Mary Starks and  
Essie Linton**

Why is the cost of securities clearing and settlement in Europe higher than the US, and how can it be addressed. The authors take a fresh perspective. pp. 18-19

**043. Chewing up the hours/  
Petra Cook**

The number of people working longer hours for scant reward is increasing in the UK- especially in the financial services sector. The author looks at how the "do more for no more" culture is taking its toll. pp. 20-21

**044. Balance of power/  
Robert Chote**

To restore its credibility among developing countries, the IMF, says the author, has to scale down the influence of Europe and the US. pp. 22-27

**045. To protect and survive/  
Jon Watkins**

As the security alert on Wall Street amply illustrated, the money centers of the west remain a prime target for A-Qaeda. The author reports on how financial institutions are meeting the threat posed by world terrorism. pp. 32-37

**046. Getting over the  
message/ Victoria Furness**

The Inter-bank messaging service, swift, is secure, resilient –But not cheap. As members gather for its annual Conference, the author looks at how the service can continue to grow. pp. 44-46 &48

**047. Innovation: ideas into  
profit/ James Andrew,  
Charmian Caines and  
Thomas Klotz**

Innovation in financial services can bring massive returns, say the authors. But don't leave it to chance. Measure the product, evaluate the market and success will be yours. pp. 51-52

**048. Brand it like Beckham/  
Eila Rana**

When business leaders need to boost their image they call Lesley Everett. The author talks to the woman who helps people

create their own brand to stand out from the crowd. pp. 58-59

**HARVARD BUSINESS REVIEW NOVEMBER, 2004**

**049. Take the money –or run? / John W. Mullins**

Everything's going well for start-up Petrolink until a venture capital firm makes an unapproved change to the contract. Even if the deal still looks promising, will the fledging company later regret doing business with the firms, asked the author. pp. 35-47

**050. The CEO's real legacy/ Kenneth W. Freeman**

Most chief executives are loath to give up the power, perks, and prestige that come with the job. Here's the story of an incumbent CEO who set ego aside to actively manage the process of finding and grooming a successor- and helped strengthen his company along the way. pp. 51-58

**051. Getting past yes: negotiating as if implementation mattered/ Danny Ertel**

Why do so many deals that look good on paper end up in tatters? Negotiators are often so focused on doing whatever's necessary to close a deal that

they pay little attention to how –or if the parties can actually make the agreement work. pp. 60-68

**052. Bringing customers into the boardroom/ Gail J. McGovern et al**

Most boards lack a clear understanding of how well their marketing functions support their strategies for top-line growth. Here's a simple set of tools boards can use to ensure that marketing is effectively aligned with strategy. pp. 70-80

**053. The Wild West of executive coaching/ Stratford Sherman and Alyssa Freas**

Bad executive coaching is widely available, wastes lots of money, and can even do harm. Good coaching, on the other hand, produces clear business results by recognizing that there are key parties in any good coaching relationship: the coach, the coachee, and the client who pays the bills. pp. 82-90

**054. Aligning incentives in supply chains/ V.G.Naryanan and Ananth Raman.**

A supply chain works well only if companies' incentives are aligned- that is if the risks costs, and rewards of doing

business are distributed fairly across the network is flirting with disaster: excess inventory, stock-outs, incorrect forecasts, inadequate sales efforts, and poor customer service. pp. 94-102

**055. Rapid fire fulfillment/  
Kasra Ferdows, Michael A  
Lewis and Jose A. D Machuca**

To maximize your entire supply chain you may have to make some pretty counterintuitive moves- like sending trucks away from the warehouse half empty or running factories only during the day shift. Find out why such penny-foolish tactics add up to a pound- wise strategy. pp. 104-110

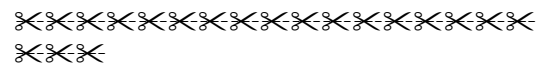
**056. CRM done right/ Darrell  
K. Rigby and Dianne  
Ledingham**

Customer Relationship Management systems don't have to be technological black holes into which organizations throw money. There's a smart way to approach CRM that delivers competitive advantage. pp. 118-129

**057. Time-driven activity-  
based costing/ Robert S.  
Kaplan and Steven R.  
Anderson**

Traditional activity-based costing takes too long to

implement is expensive to build and maintain and is badly suited to the complexity of most businesses' operations. A new scalable approach provides meaningful cost and profitability information quickly and inexpensively. pp. 131-138



**HARVARD BUSINESS  
REVIEW OCTOBER, 2004**

**058. Civics and civility/  
Leigh Buchanan**

When a new employee injects political debate into the office bloodstream, the Clarion Company -once a politics-free zone-begins to feel like Sunday morning TV. As the energy level rises, feathers start to ruffle. pp. 35-46

**059. Presenteeism: at work  
but out of it/ Paul Hemp**

It's a problem that's estimated to cost U.S companies more than \$150 billion a year in lost productivity. Employees are on the job but because of illnesses or other medical conditions not fully functioning. You can tackle presenteeism through targeted investments in your workers' health. pp. 49- 58

**060. Seven surprises for new CEOs/ Michael E Porter, Jay W. Lorsch and Nitin Nohria**

As a newly minted CEO you may think you finally have the power to set strategy, the authority to make things happen and full access to the finer points of your business. Think again. pp. 62-75

**061. Blue ocean strategy/ W Chan Kim and Renee Mauborgne**

When companies compete by grabbing for a greater share of limited demand, products turn into commodities and everyone gets bloodied. There is another way. With blue ocean strategy, growth can be both rapid and profitable. pp. 76- 84

**062. How industries change/ Anita M. McGahan**

Research indicates that industries evolve along one of four distinct change trajectories, depending on whether their core assets or core activities (or both) are threatened with obsolescence. Your innovation strategy has no chance of succeeding unless it matches the industry's trajectory. Do you know which path you're on? pp. 86-94

**063. The triple – a supply chain/ Hau L. Lee**

Companies that focus on making their supply chains faster or more cost-effective won't stay ahead of rivals. Building a supply chain that is agile, adaptable and aligned is the key to gaining the upper hand. pp. 102-112

**064. Leading a supply chain turnaround/ Reuben E. Slone**

From competitive liability to world-class asset- here's how Whirlpool's supply chain organization reversed its downward spiral. pp. 114-121

**065. America's looming creativity crisis/ Richard Florida**

The United States has big and immediate problems, from the war on terror to the loss of manufacturing jobs to China, India, and Mexico. But the nation is overlooking the biggest threat to its economic well-being: the erosion of its creative talent, which has always been the true source of its growth. pp.122-136

**066. Cultural intelligence/ P. Christopher Earley and Elaine Mosakowski**

Misunderstand an action or gesture in an unfamiliar culture (whether a foreign country or the engineering department), and you're likely to find that any



with productivity and creative energy. pp. 76-85

**072. Deep Smarts/ Dorothy Leonard and Walter Swap.**

People with deep smarts now your business, your customers and your product lines inside and out. This kind of know-how takes years to acquire –and no time at all to loose when your veterans walk out the door. It’s critically important to pass along such expertise to novices in the organization. But what comes first-the learning or the doing? pp. 88-97

**073. Diversity as strategy/ David A. Thomas**

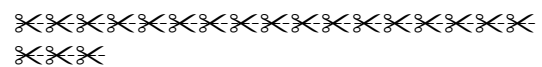
By partnering with employees to promote diversity IBM not only became a more attractive place to work it also created millions of dollars in new business. pp. 98-108

**074. Customer-centered brand management/ Roland T. Rust Valarie A. Zeithatml and Katherine N. Lemon**

Brand management still trumps customer management in most large companies, and that focus is increasingly incompatible with growth. Here are seven ways to put brands where they belong- in the service of growing customer equity. pp. 110 –118

**075. Building deals on bedrock/ David Harding and Sam Rovit.**

If you think the main purpose of mergers and acquisitions is to grow big fast, think again. Fifteen years of data and experience show that deals work under only two circumstances: when it does best or when they help it evolve, as the basis of competition in your industry shifts. pp. 121-128



**MANAGEMENT TODAY  
OCTOBER, 2004**

**076. How to manage your boss/ Stefan Stern**

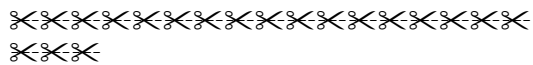
Trying to keep the boss sweet is a time-consuming business, but it helps if you know what’s coming. The author provides a non –exhaustive guide that will help you master your relationship with the one who must be obeyed. pp. 50-55

**077. Sell it off buy it back/ Dominic Prince**

Some entrepreneurs sell their company, watch it decline and buy it back, usually at a knockdown price- but it’s not always about the money, says the author. pp. 57-63

**078. Wining the talent war/Management Today**

Management Today round table on how to attract and keep the best staff. pp. 70-75



**MANAGEMENT TODAY  
SEPTEMBER, 2004**

**079. The business of terror/ Harry Wynne- Williams**

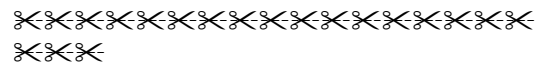
Three years on from 9/11, the terrorist treat persists a War on Terror is being waged and the troubles in Iraq show few signs of abating. But one person’s risk is another’s opportunity, and for the private protection and security industry more anxiety means more business, reports the author. pp. 47-53

**080. Naked ambition and how to get it/ Rhymer Rigby**

There’s no denying that it’s powerful stuff, but can you grow it? Can you take your personal drive down to the career gym and bench-press your long-term goals? The author examines the climbing instinct – or lack of it. pp. 54-59

**081. I showed them the future and they ignored it/ Martin Hayward**

Long-tem social technological and demographic changes can wreck the largest of corporate ships and firms spend big money on trend-spotters to try to dodge icebergs. So why do they end up hitting so many of them? The author knows the answer. pp. 68-69



**THE RMA JOURNAL  
OCTOBER, 2004**

**082. Banks take on ID theft challenge/ Phillip J. Britt**

Financial institutions are stepping up their efforts to protect customer identity and account information, trying to stay ahead of criminals who are using new technologies as well as old technologies to defraud banks and their customers. pp. 22-26

**083. Current fraud management techniques in consumer lending/ Michael E. Collins**

The author provides an overview of mitigants for consumer fraud based on trends observed by the Federal Reserve Bank of Philadelphia. pp. 28-31

**084. Know your customer-really!/ Jack Sonnenschein**

Even the best companies can be, have been and are unwitting money-laundering accomplices. As models mature in accuracy and sophistication, it makes sense to use one for monitoring customers' tendencies toward money laundering. Here are guidelines for developing customer, country/ geography and product/transaction risk models and integrating them to arrive at an overall risk indicator. pp. 34-37

**085. Due diligence/ Harris S. Berger and William F. Gearin**

Does anyone believe borrower due diligence is no longer a core requirement in good lending practices? This article seeks to convince you of due diligence's increasing relevance in an intensifying fraud environment and discusses broad parameters for a due diligence program. As any seasoned lender will tell you, recognizing red flags is an important key to an effective due diligence program. This article captures those flags to help you mitigate fraud in your institution. pp. 39-44

**086. Pattern recognition software and dramas of deception: new challenges in electronic financial services/ James F. Bauerle**

Patterns of deception are built on drama. Like magicians at a circus, those practicing the

deception must divert attention from what is actually taking place by creating another story that masks reality. We may like to refer to these people as "bad actors," but the successful ones are very good actors indeed. Six tips are provided to help the banker make these actors take their final bow. pp. 46-49

**087. This may be the best strategy to reduce online fraud risk/ Stephen Barney**

Fraud looses continue to plague online retailers, even though some recent statistics suggest that the tide is turning. A new study by Experian fraud analysts explores an innovative new data enhancement strategy to help make mitigating fraud risk a reality. pp. 50-52

**088. Bank fraud in Asia/ Jee Meng Chen**

A sampling of frauds experienced in Asia shows that many "new" frauds are actually old schemes with a new twist. Thus, good old-fashioned due diligence combined with new technology-based solutions, is called for. Three caveats discussed here are management left unchecked, outdated audit techniques, and packaged deals. pp. 56-60

**089. Credit risk measurement: avoiding unin-tended results: loan loss reserves and expected losses/ Peter O. Dais and Darrin Williams**

This article examines the potential pitfalls in comparing loan loss reserves to measures of expected loss. These two concepts are similar, but perhaps not as directly comparable as is often assumed. pp. 68-71

**090. Modeling ratings migration for credit risk capital and loss provisioning calculations/ Jorge Sobehart and San Keenan**

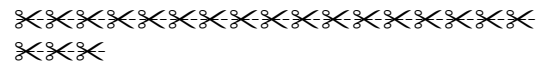
This article presents a way to leverage ratings agency data that can provide greater flexibility and stability of results in simulation-based estimates of future portfolio losses. pp. 74-81

**091. The case for turnaround consultants/ Gerard Elias**

Banks dealing with middle-market or small-business customers may be less familiar with the applications for turnaround consultants and this article offers more insight into the field. This case presented for consultants includes a case study. pp. 82-85

**092. Step forth hives: birds of a feather get stuck together in a honey jam/ Dev Strischek**

In the best of all loans inventory is never defective and collateral holds value, commercial real estate retains its value during lengthy periods on the market, and personal circumstances do not affect guarantor strength. Unfortunately, all these are sticking points in this spilled milk about a honey distributor. pp. 88-92



**THE RMA JOURNAL  
SEPTEMBER, 2004**

**093. Tomorrow's retail risk manager/ Phillip J Britt**

As banks become larger, the focus and training for retail risk managers become more specialized around specific products and services like indirect auto lending credit cards etc. Yet the future senior-level risk executive needs to be more of a generalist to successfully oversee several areas of risk. Bank executives risk managers and trainers discussed how they see the risk environment and the necessary training for the risk managers of the future. pp.24-28

**094. Stress testing 2004-05 retail originations/ Joseph L Breeden**

A few years back lots of people used the words " stress testing," but not many people knew how to stress test portfolios. Then came Basel 11 and a ready response to "Why stress test?" But more recently, we've come to see that there's business value in stress testing and this article offers both the rationale and the basics. Although stress testing is often discussed in terms of model stability or operational risks, the emphasis here is on macroeconomic stresses. pp. 34-37

**095. Optimization-based decisioning: unlocking the hidden complexity premium for large consumer lenders/ Drew Eginton and Yuri Galperin**

Decisioning methodology implementation based on high scale mathematical optimization sounds challenging, but the premise of this article is that there is a bounty of benefits for those institutions taking that challenge. The authors review innovations over the past two decades in business-to-consumer decisioning identify their limitations, and demonstrate how they contribute to, and sustain the yield improvements possible

through optimization today. Organizational prerequisites and common barriers to success also are discussed. pp. 40-45

**096. Empirical validation of retail credit- scoring models/ Grigoris Karakoulas**

Despite its emphasis on credit – scoring/ rating model validation, Basel 11 does not impose any standards on the process. This article presents a methodology for validating credit - scoring and PD models, focusing on retail and small business portfolios. pp. 56-60

**097. The Human (e) side of crisis management/ Gerald Lewis**

A town is flooded out. Your bank's branch gives employees two days off and then wonders why productivity continues to fall in the ensuing weeks. Systems recovery must include human systems, which are more complex and unpredictable than the most sophisticated electronics. A comprehensive plan and resources should be in place to anticipate crises. An EAP can help. pp. 62-67

**098. Detection and prevention of mortgage loan fraud/ Vernon Martin**

Mortgage fraud is much more common than most lenders

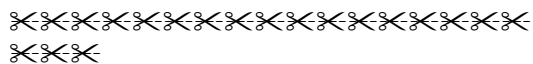




Is it an uptick, or just a tic? In any given year, it's tough to characterize an entire industry. But a note of cautious optimism seems justified in this year's survey of the e-learning market. pp. 20-28

**110. The right track/  
Kristine Ellis**

Companies are using assessments more proactively to make sure their employees' training starts off and stay on the right track. pp. 40-45



**US BANKER SEPTEMBER,  
2004**

**111. The inside job/  
Karen Krebsbach**

Your employees wouldn't rip you off, right? Think again. Their theft will cost banks \$2.4 billion in 2004. pp. 24-25

**112. The changing face of  
loyalty programs/  
Matthew De Paula**

A flurry of new breeds of loyalty schemes is bringing varied brands together through coalitions that multiply rewards, lower risk and spread cost. Financial firms are profiting. p. 26

**113. Deals on the fly again/  
Michael Sisk**

The value of deals in 2004's first six months hit \$118.7 billion. Here's a tantalizing thought: Bank M & As could beat the 1998 record. pp. 41-46

**114. How to offer  
investments is perennial  
headache/  
Lee Conrad**

Community banks are offering more investing products than ever to retain their customers, but they continue to grapple with control issues over who owns the customer relationship. p. 48