

Trust But Verify

It's an unfortunate reality in business that a decision maker who faces a conflict of interest will sometimes, if not often, make a bad call. All the more reason to follow the rule made famous by former President Ronald Reagan "Trust But Verify."

One of the key functions of the MST Loan Loss Analyzer (LLA) is making certain loans that are classified, are severely past due and involve a high balance receive the required review. What has been discovered in a number of banks implementing the LLA is that some loans which are alarmingly past due with high balances have not been classified at all. Often, the responsibility for grading these loans falls on a banker that is adversely impacted by such a decision.

Unfortunately, the level of professional integrity is often a function of how good or bad business is at the time a decision needs to be rendered. Tools exist that will keep your trusted staff members honest, regardless. And while the LLA is designed to automate the calculation of the ALLL, it will also give you the power to verify your trusted bankers are making sound decisions.