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Christian Financial World Sees Silver Lining in Banking Mess

Firms have generally avoided debt and speculative practices, experts and insiders say.

Ken Walker | posted 9/29/2008 07:24AM

With this year's battering of Wall Street financiers, Christian-owned banks, credit unions, and investment houses are looking like a safer place for investors and ministries to park their money.

Deposits are up 12 percent this year at the Evangelical Christian Credit Union (ECCU). While the stock market was suffering its worst one-day loss since 2001 in September, the Christian Community Credit Union (CCCU) added 200 accounts, swelling its membership to nearly 30,000.

"We don't do residential mortgages or investment vehicles that have underlying mortgages," commented Mark Holbrook, president of ECCU, which manages \$3 billion in assets. "We do banks and loans for ministries. The vast majority of churches and ministries are fundamentally sound."

"We've never made any subprime loans," said CCCU CEO John Walling, pointing out it has had no write-offs in 32 years of offering church and ministry loans. We have very low losses; our delinquencies are less than one percent."

The problem is centered on the housing sector and at Wall Street's upper echelons, said Rusty Leonard, founder and CEO of Stewardship Partners Investment Counsel of Matthews, North Carolina.

Since there isn't much representation of Christian financial firms in those arenas, he doesn't expect to see much impact from the Wall Street mess.

"Christian firms, financial and otherwise, are generally better off because they tend to avoid debt and speculative practices," Leonard said.

There are exceptions. Two Christian-owned banks in Atlanta have failed since last year, most recently Integrity Bank in late August.

Whether the Christian financial industry could imitate Wall Street's merger climate remains to be seen. While no one *Christianity Today* spoke to was aware of any imminent combinations, the CCCU retains a merger consultant and has had preliminary discussions about acquiring a smaller credit union.

"Money is tight for all areas of businesses so it wouldn't surprise me," said C. Michael McCormick, president of the National Association of Christian Financial Consultants. "But the banks I'm familiar with aren't going through what major banks are. Community banks have standards to help them avoid problems."

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But as with the rest of the country, investors and churches are understandably nervous. Many financial firms took to posting financial statements and other documents on their websites to help reduce phone inquiries.

"We are encouraging customers to keep an eye on their long-term objectives," said Curt Sharp, public relations officer for GuideStone Financial Resources, financial partner of the Southern Baptist Convention. "We're trying to reassure them that we've gone through times like this before."

Though declining to discuss the situation further, Thrivent Financial posted a letter on its website reassuring its Lutheran customers that it maintains high credit ratings. President and CEO Bruce Nicholson noted that since the last substantial market downturn in 2002, it had increased its surplus by 70 percent.

Dick Towner, director of Willow Creek Community Church's Good Sense financial ministry, hasn't sensed panic among investors. However, he detects concern among ministries — particularly those in the shadow of Wall Street — that year-end donations may sharply decline.

Yet he also sees a silver lining in the financial clouds.

"This is a time that can bring us back to the sensibility of what's important," Towner said. "We have for some time needed something that would grab our attention and say, 'Hey, this can't go on forever. We can't spend more than we're making.'"

Still, amid the largest Wall Street firms going under, merging or changing their operational make-up, individuals and churches are looking for safety. That makes banks and credit unions — which offer either federally backed or private deposit insurance — more attractive.

Those with accounts above the \$100,000 federal limit would be wise to divide them up among several institutions, Towner said.

However, Holbrook points out that those who can't afford to move money around are more likely to pay more attention to the institution's health: "We've had several ministries move significant amounts of money toward us for that reason."

Walling thinks investors should pay even closer attention to a company's moral underpinnings. Aside from financial soundness, CCCU's chief executive said they should examine its Christian principles.

"[Is it] an organization that is funding loans and supporting ministries you know are blessing people?" Walling asked. "Or are you putting your money with a financial institution that is funding things you wouldn't be very proud of?"