

# Vital information you can take to the bank

By Dan Prince

Attending to the financial affairs of a growing church is no small task. More people mean more giving and additional expenses, staff, salaries, benefits and complicated budgets. You get the idea. It's not uncommon for the banking practices of a growing church to fail to keep pace with the increasing sophistication of its ministry practices. The pressing opportunities to serve people can push the need for updated business policies and procedures to the back burner.

**Just as a company would expect its bank to understand its business model, you want your bank to appreciate the uniqueness of your ministry model and support it.**

While understandable, this dynamic can translate into a slow, silent siphoning away of church finances. As your church grows and weekly income rises, failure to manage those funds wisely can cost your church money that could and should be invested in ministry. You can reduce this risk by taking several key concepts to your banker or prospective financial services provider.

**Seek a financial partner, not a transaction manager.** Better banking practices begin with relationships, and relationships involve knowing and being known. You need a banking resource that both cares about and understands your church. Just as a company would expect its bank to understand its business model, you want your bank to appreciate the uniqueness of your ministry model and support it. Is your bank familiar with church giving and expense cycles, and are they willing to provide lines of credit to see you through the traditionally low giving months? They should be.

For your part, take the initiative to get acquainted with your banker and the team of people you'll be working with. Learn who does what. Find out what they need from you; ask what they think constitutes a good customer. Be intentional about investing in this relationship.

**Evaluate the total relationship, not just the rates.** Rate is just one of many factors you should consider when building a banking relationship. What are fees costing you? Are minimum balances required? What about credits to offset transaction fees? Do you have access to the service and convenience of online banking? What about training opportunities and resources to better equip your staff? When you need to finance an expansion project, will your banker be there to support your vision? It's easy to grab a higher rate and feel like you've done your due diligence in stewarding ministry monies, but all of these factors and more suggest that simply shopping a good rate can be a poor banking practice over the long haul.

This may represent a paradigm shift. Just as ministry isn't about buildings and programs but about relationships with people, the same can be true about banking. While developing relationships takes work, the pay-off is significant. Instead of focusing only on the rate or fee of one product or service it's important to consider the cost/value ratio of the total banking relationship. Then ask, "Are we paying a fair price for this package of products and services?"

In this context a no-fee checking account, for example, will seem much less important compared to the greater rate of return on excess operating capital you receive by using an analyzed checking account, a sweep account (overnight investing), and other available financial tools.

**Maximize earnings on all your funds.** As a church grows, the practice of parking excess ministry funds in the church checking account or a low-interest savings account needs to change. Financial institutions have become increasingly creative in developing products and services to meet the needs of their business customers. You should expect a similar level of service when it comes to managing your ministry's operating capital.

Expect your financial institution to both offer and recommend cash management options to maximize your earnings, not only on operating account funds but also on reserves and capital campaign funds. Ask for details about how account balances, as well as the number and kinds of accounts you have, can affect your overall earnings. Explore whether automating some or all of your banking processes could improve efficiency and save the church money.

In an increasingly sophisticated banking world it's important to recognize your responsibility to be an educated banking customer. Online resources abound to help you keep abreast of the ministry implications of financial services industry trends. This includes the Web sites of banking institutions.

**Admit fraud happens.** Ministries don't like to talk about fraud, but it happens more often than anyone cares to admit. For example, internally a lack of appropriate policies and procedures for handling church finances can create temptations that are too strong for some people to resist.

Often a number of individuals are still authorized as signers to represent the church for various financial functions due to lingering agreements, but they are no longer serving in the position for which they needed that authorization or are no longer attending the church.

**Communicate regularly with your banker.** As a ministry evaluates banking resources the importance of relationship cannot be overstated. Regular communication provides the platform

to keep this relationship healthy. However, it's a two-way street. You can contribute greatly to this key relationship by making the time to communicate your needs and expectations. Let your banker know how you're currently managing your cash flow. Ask questions and ask for insights and ideas. Open the door to future phone calls about products or services that might better serve your church's needs.

Your candor sets both a tone and an expectation for the kind of open and honest communication you need and expect in this important relationship. It also helps you know whether your banking relationship is meeting your objectives. By keeping you abreast of creative new banking and financing options, your banker can truly partner in making your ministry more effective.

Whether your growing church is medium-sized or mega, good stewardship requires that you talk about these concepts with your current or prospective banking partner. If you keep the conversation going, your business practices, along with your church, will keep growing as well!



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