Bank-portfolio investing is Topic A for Mark Medford of Vining Sparks

By Ellen Ryan
For the world, Memphis has produced many good things, including barbecue and Elvis Presley. For community banks, the city has produced Vining Sparks, the clearing broker serving the ICBA Securities institutional-portfolio-investing program. Though Vining Sparks hasn’t reached worldwide acclaim just yet, as an integral service provider of the ICBA Securities program, it has become important to the bottom lines of community banks across the nation.

Founded in 1981 to serve community banks, Vining Sparks serves institutional investors ranging from pension funds to insurance companies and municipalities. The firm’s annual trading volume is now more than $170 billion. In 2008, when cofounder Jim Vining retired, Mark Medford—a veteran banker, institutional investor and CPA—was tapped as his successor.

Today, Medford is Vining Sparks’ CEO and president, working with Jim Reber of ICBA Securities. Medford has also served on the board of the Securities Industry and Financial Markets Association and is finishing his two years as board chair of the Regional Bond Dealers Association.

Here, ICBA Independent Banker asks Medford about interest-rate swaps, banker education and championship dogs.

**ICBA Independent Banker:** What kind of investment-strategy expertise is available to community bankers through ICBA Securities and Vining Sparks?

**Medford:** Community bankers have access to a wide
A variety of services and expertise provided by professionals who understand banking and their disciplines. Our investment-strategies department provides ideas after considering a bank’s investment balance sheet, risk tolerance, goals and existing portfolio. Community banks can count on us for support, not just trade execution.

**IB:** Why is your firm’s connection with ICBA Securities important to community banks?

**Medford:** In addition to being ICBA Securities’ clearing broker, Vining Sparks provides all of ICBA Securities’ services, resources and staff. We offer education, analytics and expertise for community banks’ needs rather than focus just on specific transactions.

We also have a broad platform of services to support banks, including bond accounting, interest-rate-risk reporting, loan trading and—through Vining Sparks Interest Rate Products LLC—interest-rate swaps and related products.

**IB:** You mentioned education. What sort, and how does it work?

**Medford:** Education is one reason ICBA decided to set up ICBA Securities, and it remains paramount. It includes regional workshops, Webinars and our annual bank summit, which is this month. Community bankers will hear from speakers with expertise in specific areas, select the topics in which they are most interested and meet one-on-one with the professionals they deal with throughout the year. The summit’s scale and location here in Memphis allow us to present an educational program far more comprehensive than is possible elsewhere.

**IB:** Let’s talk about the marketplace. What products is ICBA Securities offering to community banks to prepare them for rising interest rates?

**Medford:** We’ve recently made significant enhancements to our Risk Manager system for interest-rate risk modeling and reporting, doubling the number of scenarios run to meet the best-practices guidelines that regulators issued this year. Our interest-rate-swap service includes not only transaction execution but also accounting support and education, making it possible for community banks to swap fixed-rate-term commercial loans or other items to reduce their exposure to rising rates.
IB: How close is the global financial-services industry to renewed stability?
Medford: That’s the most popular question I hear! Markets have made great strides. While struggles remain, mostly with loan losses, stability has returned.

IB: What’s ahead for community banks this year as they recover from recession?
Medford: Most community banks enjoy their strongest customer relationships in years, as they’ve been a source of great stability. Loan losses and the ever-changing regulatory and political environment will persist for a while. As for opportunities, community banks just have to do what they’re best at—understanding customers, maintaining relationships and acceptable risk profiles, building franchise value.

IB: What are prospects for community banks to raise capital?
Medford: In the near term, they’ll need to continue relying on shareholders, local investors and retained earnings. Capital management will be more important. The upside of capital being tighter and more expensive is that the competitive landscape is more favorable. It’s no longer easy for a new bank to get cheap capital and take market share immediately.

IB: Outside of work, what’s up in your life?
Medford: Suzanne and I have been happily married for 25 years. We’re active on numerous boards, including Methodist Le Bonheur Healthcare and Youth Villages, and train and compete with 10 Labrador retrievers. Suzanne and I enter them in the American Kennel Club performance competitions, especially the field trials, for championships and bragging rights. We love the dogs, and this provides a great outlet for competition out of the workplace.  

Ellen Ryan is ICBA’s associate director/publications.

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