

NEGOTIATING WITH BANKERS NIB -Part 3

Non-interest Bearing accounts (NIB)

Part 3

I will make this observation as one who has dealt in multi million $ deals a few times in my past.

You will be surprised at how much the experiences and repeated comments you have been exposed to in rooms such as this will suddenly be triggered by certain questions posed by the exchange specialist who will ask of you that will suddenly leap to mind so relax and depend on your common sense and those things you have read and subconsciously retained

By rule you certainly have the right and the banker has the obligation to show the public screen but they do not need to show any internal or so called back screens but again this is where your negotiation skills will or should kick in.

“Mr Banker: your opportunity to retain under management the majority of these funds vs me taking this account to a firm like Merrill Lynch is your willingness to give me the optimum exchange rate. Do we understand this?”

Believe me, your bank experience will be so much different at your exchange appointment than any other bank experience has ever been in the past.

Then you were grovelling at their feet to get a small loan. Now their fear will be they say or do something that causes you to seek a different financial institution and that afterwards you tell the bank

board of directors of your displeasure

Be kind, professional, and stern on what you expect from them in order to keep your business

It may surprise you what they offer, but that will come in later sit-downs, not at the exchange time.

Snake was asked about non-interest bearing accounts

What is your opinion on the placement of funds in non-interest bearing account for a little while?

Snake replied

Under the current Fed Reserve fiat currency system if you deposit funds into a federal or state chartered bank outside of a non-interest bearing account (NIB or NIBA) then the bank immediately can obtain a 90 to 10 credit from their Federal Reserve Bank branch.

Where they are unable to obtain those credits, if you choose a non-interest bearing account, those funds must be maintained in the bank receiving the deposit and held for safe keeping

To put numbers to this -

You deposit your week’s pay of $1,000 into your checking or savings account. Your account is credited with the deposit. But the bank goes to their Federal Reserve Bank (say in Dallas) and the bank immediately gets a $900 credit against your deposit that they can loan (to another customer) a portion or all of the $900 credit your deposit generated.

In a NIBA no such $900 credit back to the bank is created thus no loan and no interest income on my loan

You place your funds in a NIBA and advise the bank the sooner a wealth manager is in your presence, the sooner everyone involved in this transaction can start making money or you may be forced to open a Money Market Fund with a brokerage house and let them make investment recommendations in lieu of leaving the money with the bank

It is in the bank’s immediate interest to get you to invest your funds in those products where they can earn.

And the greater rate they are willing to offer on your exchange the more they can invest on your behalf. And then have their back door of 90% (credit from the Federal Reserve Bank) that you will never participate in from an earnings point of view