Bank CEOs seek to assure investors this is not a repeat of ’08

By Nathaniel Popper and E. Scott Reckard, Los Angeles Times

Wall Street retreated back into panic mode amid growing worries about the economy, prompting leaders of major U.S. banks to take the rare step of assuring jittery investors that a repeat of the 2008 financial crisis was not about to happen.

The chief executives of the nation’s three biggest banks — JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc. — are fighting speculation that they are in trouble and leading the nation back into recession.

Banking stocks have recently slumped to levels not seen since Wall Street’s meltdown three years ago, when the industry received a massive government bailout to avert collapse. They also led the market’s huge dive Wednesday, when the Dow Jones industrial average plunged 520 points.

During the stock market’s rout, a leading index of bank stocks dropped 7.1% — far outpacing the Dow’s 4.6% slide. Over the last month, banks performed worse than any other sector in the broad Standard & Poor’s 500 index, dropping 22%.

“With the stock prices down so much and the memories of 2008 so fresh, there are probably a lot of people who could use some reassurance that we aren’t going to repeat that situation,” said Jim Sinegal, a bank analyst with Morningstar. “With the stock prices down, everyone is trying to address it all at once.”

Banking executives have scrambled in the last 24 hours to broadcast the message that their balance sheets are sound.

JPMorgan Chase CEO Jamie Dimon made a television appearance in California on Wednesday to talk about the health of his bank just hours before BofA CEO Brian Moynihan submitted to a telephone grilling from skeptical investors. And Citigroup’s Vikram Pandit earlier this week sent a voicemail to the bank’s employees asking them to tell customers the company was in good shape.

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