

Issues & Answers



April 2021

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Looking Beyond the Light in the Tunnel

*By Glen Simecek, President and CEO,
Washington Bankers Association*



In the classic Road Runner cartoons, when Wile E. Coyote saw a light at the end of the tunnel, more often than not it turned out to be an oncoming train – with results that were equal measures predictable and

laughable.

Today, after a year of public health crisis and economic disruption, we too can see what appears to be a light up ahead. And, for the first time in a very long time, it appears that it's not a runaway locomotive heading our way.

The good news is that Washington's coronavirus infection and death rates are among the lowest in the nation and continue to fall. Vaccinations are well underway and the distribution system should only get better as time goes

by. The Governor has directed resumption of in-person schooling and has authorized businesses – from sports teams to restaurants – to allow more customers in their facilities.

If these trends continue, the coming months should see emergence from pandemic conditions and a resumption of something more closely resembling “life as normal.” But this coronavirus has been a game changer, and no one should expect a complete return to the way we did things before we'd ever heard of COVID-19.

Hopefully, some of the measures we've employed over the last year – like wearing masks – can be discontinued at some point. Others, like frequent use of video conferencing, will probably remain part of our normal routines.

For bankers, whose services are so essential to business, family, and civic life, this transition raises many issues, from customer service strategies to human resource policies. Some of the more obvious of these questions include:

- With so many clients finally embracing

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On the Cover

Tulips bloom in massive fields throughout the Skagit Valley each spring, creating fields of color that draw thousands of visitors every year.

Photo by Megan Managan

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online banking, what is the future of our branch network and the people who work in those facilities? What enhancements could be made to our online banking platform to make it even more user-friendly and valuable for the customer?

- Now that many of our employees have demonstrated an ability to work virtually, who do we really need to be in the office and how often do they need to be there? How should our remote work policies change, and will a single policy fit all employees? Can we recruit more broadly for jobs that are primarily remote? How do we preserve our corporate culture in a more virtual environment?

- If fewer customers and employees are coming to branch offices, do we need as many as we have? If not, what are we going to do with all this unused office space?

- How can we build stronger personal relationships with our customers after serving them remotely for the past year? Can technologies that have helped us overcome social distancing restrictions be employed in new ways to actually enhance our services?

- How will customer and employee expectations and behavior change after the pandemic has disrupted their lives? Will people approaching retirement age choose to accelerate their departure rather than return to the workforce?

- As the economy returns to more stable conditions and emergency measures like the Paycheck Protection Program fade into the past, how can we help our clients – especially those in hospitality, commercial real estate, and other sectors hardest hit by the pandemic – recover?

- What other changes do we have to make to ensure a safe working environment for our employees? Will expectations for our client-facing staff change? How about our employee benefits? Our travel policies?

I certainly don't have all the right answers. But I do know that how well bankers answer these and similar questions will go a long way toward determining their continued success over the rest of this decade and beyond.

One of the primary benefits of membership in the Washington Bankers Association is the network of peers to learn from and share your experiences. While we await the times when we can be physically be together, a great way to begin developing your own answers is our annual Education/Human Resources Conference, which will be held virtually at the end of May. The committee members who have been working on the conference agenda have been giving plenty of thought to many of these questions and the conference is sure to provide timely insights to your HR and leadership teams.

We can only hope that today's sense of cautious optimism continues to grow more powerful in the days ahead – and that the light we are seeing really is the end of what has been a very long tunnel.

READY TO LEARN?

Get the latest on WBA events online at
www.wabankers.com/calendar

A Robust Recovery Requires Consistent ‘Rules of the Road’



By Rob Nichols, President and CEO, American Bankers Association

Over the course of the pandemic, the U.S. economy has been tested like never before and has more than proven its resilience. That's thanks in no small part to our large and diverse financial system: a network of financial institutions of all sizes, charters and business models that

are dedicated to providing the products and services that consumers and businesses need to thrive.

The diversity of our financial system is something that is uniquely American. It is important that we preserve that diversity—but we must do so in a manner that ensures a level playing field between providers of financial services and protects all consumers equally.

In ABA's recently released Blueprint for Growth—a banker-driven document that will serve as our advocacy north star in the year ahead—we identified the need to promote innovation and ensure consistent regulation as one of the top priorities for the industry in 2021.

This is not a new goal, but it remains important at this moment in time as we confront the challenges of modern life—from emerging technologies to a changing climate to recovering from a global pandemic.

Banks have always embraced innovation. Indeed, innovation has a vital role to play in increasing economic competitiveness, promoting financial inclusion and expanding access to banking services. But financial innovation only provides these benefits when undertaken in a safe, responsible manner.

This means that a consistent set of regulatory standards must be applied to providers of financial services—be they credit unions, banks or fintech firms. Unfortunately, we've seen several instances in recent months of firms attempting to circumvent these regulatory standards by seeking charters that would allow them to access the banking system without being subject to the same rigorous regulatory standards that apply to the nation's banks.

A prime example of this is Figure Bank, which recently filed an application for a national banking charter through the OCC that, among other things, would allow it to operate without deposit insurance. If ap-

proved, this charter would enable Figure Bank to apply for membership in the Federal Reserve system while avoiding compliance with regulations like the Community Reinvestment Act.

We'll continue to oppose the approval of charters like these, and we'll continue to push back against any efforts that would enable new entrants into the financial services marketplace to cherry-pick which rules of the road apply to them.

We'll also continue our efforts to advocate against further tilting the field for tax-advantaged entities like credit unions and the Farm Credit System. For example, we are pushing strongly against a recent National Credit Union Administration effort to further loosen field of membership restrictions—a move that even the agency's former chairman blasted as “abandon[ing] rigorous and introspective analysis and its congressional mandate to stay clearly within the four corners of the Federal Credit Union Act.”

And, should policymakers accelerate attempts to push the Federal Reserve or the U.S. Postal Service into retail banking, we'll continue making the case that this kind of involvement is unnecessary, because consumers are already being well-served by a broad and diverse financial services sector. In 2019, the share of unbanked U.S. households reached a record low of 5.4 percent, according to the FDIC, and banks are working to close that gap through the Bank On movement. With a fast-growing number of banks signed on, Bank On-certified accounts are now offered in 28,000 branches nationwide, in 99 out of the 100 largest metropolitan markets and in all 50 states.

In order for us to be able to convey this message, however, we must ensure that community banks have the capacity and ability to keep innovating. That's why we've been working diligently through ABA's Core Platforms Committee to smooth over some of the bumps in the road that have historically held banks back from rolling out new digital products and services that their customers want and that they need to remain competitive.

By supporting the digital transition—an effort that was well underway before the pandemic, but is now accelerating at an even faster pace—America's banks can continue to their work to support an economic recovery that is robust and inclusive.



STAY CONNECTED THIS LEGISLATIVE SESSION

Sign-up for the weekly Legislative Update e-newsletter by contacting megan@wabankers.com.



Registration Now Open for 2021 Virtual Convention

Once again this summer, WBA is pleased to partner with the Oregon Bankers Association to present the **2021 Virtual Convention**.

This year, we're offering bank-level registration based on asset size so banks can take advantage of this great learning opportunity by bringing the whole team. Sessions will focus on trends and challenges facing the industry, as well as ways to stay engaged at the local and federal levels.

Featured speakers include Elliot Garbus, a strategy expert who focuses on how the autonomous future of transportation will dramatically impact our daily lives; Karen Shaw Petrou, managing partner at Federal Financial Analytics, will dive into her provocative analysis of the Federal Reserve's impact on and the future of wealth in America and its glaring inequalities. Art delaCruz, a former Top Gun pilot will talk about his path after leaving the military. And we're honored to be once again be joined by FDIC Chairman Jelena McWilliams and the FDIC's new Chief Innovation Officer, Sultan Meghji.

More information about the event can be found online at www.wabankers.com/convention.

For those looking at other ways to build their skills, WBA is offering three Development Programs this spring, along with our slate of virtual conferences.

Starting on April 28, we'll be offering a virtual session of the **Management Development Program**, while the virtual **Commercial Lending Development Program** will begin on April 8. Both programs are designed to help students build strong foundations in their core areas of the bank and prepare bankers for new responsibilities.

On May 4, the **Virtual Understanding Bank Performance Program** will begin. This eight-session program helps bankers understand how the bank not only builds the bottom line but the strategic maneuvers and policies that will help the organization get to where it needs to be.

UBP was crafted to help bankers assess and analyze a bank's financial performance using real data from a model bank, as well as their own. Students will become familiar with balance sheets, income statements and learn how to apply key performance metrics to data in those documents. The program will finish with students putting into practice what they've learned in a capstone project.

On May 25-26, WBA will host a virtual **Education/Human Resources Conference**, focusing on how the pandemic has impacted the industry and what training and education professionals need to know. Sessions will cover how banks can update their procedures and plans to fit with the new normal.

We will host the second annual **Virtual Fintech Conference** on June 16-17. This event features all of the various ways that technology and banking intersect and opportunities for new partnerships.

In the fall, bankers can choose from the Credit Analyst Development Program or the Retail Branch Manager Development Program. The Northwest Compliance Conference, Women in Banking Conference, and Bank Executive Conference are also slated for fall and early winter.

Please visit the WBA website at www.wabankers.com for more information about registration for any of our upcoming programs.

Events Calendar

April 8 – Virtual Commercial Lending Development Program

April 28 – Virtual Management Development Program

May 4 – Virtual Understanding Bank Performance Program

May 25-26 – Virtual Education/Human Resources Conference

June 16-17 – Virtual Fintech Conference

July 15-16 – 2021 Virtual OBA/WBA Bankers Convention

**Classes and conferences will be virtual unless otherwise noted.
To register or to learn more about any of the listed events, please visit www.wabankers.com/calendar.*

OREGON
BANKERS
ASSOCIATION



2021 WBA & OBA

VIRTUAL CONVENTION

JULY 15-16

Register online at www.wabankers.com/convention

Virtual Senior Credit Conference Reflects on a Year of Changes

In early March, credit bankers from across Oregon and Washington gathered virtually for the annual Senior Credit Conference. It was a chance for members of the industry to reflect on a year of changes, following the 2020 event held just as the pandemic began.

The conference kicked off with a keynote from FDIC Chair Jelena McWilliams, joined by members of her team. They provided a review of where the industry stood after a year of dealing with a global pandemic, as well as ways the agency had been helping banks respond.

McWilliams's session was followed by a political update with WBA President

& CEO Glen Simecek, WBA Lobbyist Trent House and Oregon Bankers Association's VP, Government Affairs Director, Kevin Christensen. They reviewed what the Oregon and Washington legislatures had been working on and what trends they have seen in recent months.

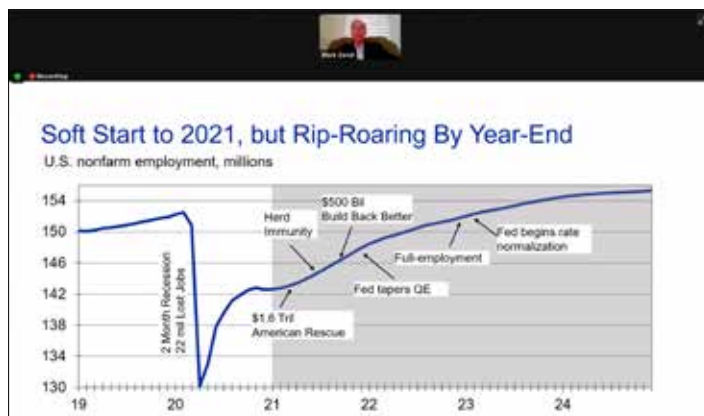
Jeff Lyon, chairman of Kidder Mathews, hosted a session on the impacts the pandemic has had on CRE. He said the pandemic will continue to impact offices as many businesses have accepted work-from-home as a viable option, and that it will change the way companies view their office space. Lyon said across the Pacific Northwest, he

expected suburban markets to open sooner, given that urban markets require more moving pieces, such as willingness to use public transport and capacity limitations.

In the final live session of the day, Moody's Chief Economist Mark Zandi dove into how the pandemic has impacted the economy and what he sees as we begin to emerge from the shutdowns. Zandi explained that while there was an initial large dip in employment numbers early in the pandemic, trends have begun to rise, and expected the U.S. to be back to full employment by late 2022.

"The economy is going to be booming by early next year," he said, as restrictions are loosened and more people get the vaccine and feel comfortable being

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Industry News

New Hires

Ken Wenglewski
Residential Loan Officer at Sound Community Bank

Shanna Frazer
Residential Loan Officer at Sound Community Bank

Casey Hendrickson
Residential Loan Officer at Sound Community Bank

Saundra Gregory
Residential Loan Officer at Sound Community Bank

Cheryl Patterson
Senior Vice President, Business Development Officer, Commercial Lending at HomeStreet Bank

Cynthia Scott
Senior Vice President, Internal Audit at Seattle Bank

Mary Grace Roske
Senior Vice President, Marketing and Community Relations at Seattle Bank

Addriane DeVito
Cash Management Officer at Mountain Pacific Bank

Erik Carter
Vice President, Deposit and Treasury Officer at Seattle Bank

Pamela Baade
Director of Client and Community Relations at PNC Bank

Beth Sarvela
Senior Director of Enterprise Risk Management at Coastal Community Bank

Promotions

Jennifer Nino
Chief Accounting Officer at Heritage Bank

Steven Evans
Executive Vice President and Chief Lending Officer at First Sound Bank

Mason Azose
Assistant Vice President and Relationship Manager at First Sound Bank

Vern Woods
Vice President and District Branch Manager at Peoples Bank

Kim Walley
Vice President, District Branch Manager at Peoples Bank

Troy Wills
First Vice President and Regional Retail Manager at First Federal

Christy Rookard
First Vice President and Regional Retail Manager at First Federal

Marlo Desser
First Vice President, Construction & Appraisal Supervisor at First Federal

Beth Halady
First Vice President and Retail Operations Manager at First Federal

Crystal Radwanski
First Vice President and Digital Solutions and Innovations Manager at First Federal

Christie Sharpe
First Vice President and Controller at First Federal

Grey Bowden
First Vice President and Regional Commercial Credit Administrator at First Federal

Dan Potapenko
First Vice President and Internal Audit Manager at First Federal

Lisa Priest-Hill
First Vice President and Risk Compliance Officer at First Federal

Allison Mahoney
First Vice President and First Federal

Cathy Montford
First Vice President and Human Resources Director at First Federal

Christine Walsh Rodgers
First Vice President and Product Strategy Leader at First Federal

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Banner Bank

John Pedersen
Banner Bank

Pamela Andrews
1st Security Bank of Washington

Doug Fieldhouse
Shield Compliance

Record Attendance at Virtual Marketing & Retail Conference

In February 2020, the Retail Sales & Leadership Conference was the last WBA event held in person before the pandemic began. Fast forward a year, retail bankers, along with bank marketers from across Washington, gathered virtually for the first joint conference, which boasted record attendance.

Jill Castilla, CEO of the Bank of Edmond in Oklahoma, delivered a keynote address, focusing on ways bankers on the call could take simple ideas and make them into effective tools to help their communities and customers.

Amber Farley, EVP of emerging media at Financial Marketing Solutions, dove into ways to effectively use social media to advance a bank's brand. After a 30-minute general session, bankers picked a retail- or marketing-specific breakout session where Farley discussed each topic in more depth.

Following her session, attendees went into debrief discussions, talking about how they've used social media in the last year to highlight their customers and communities, as well as ways marketers have been using the platforms.

Attendees had the opportunity to choose between five concurrent sessions, watching one on the first day and the second on day two of the event.

Chris Cheetham-West, president of LR Training Solutions, discussed



ways banks can use SEO for maximum results, diving deep into ways to improve ranks on search engines and

tips marketers can use on other platforms. Debra Jasper, founder and CEO

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18 Graduate from Virtual Retail Branch Manager Development Program

In mid-March, 18 bankers from throughout Washington and Oregon celebrated completing the virtual Retail Branch Manager Development Program.

The program, which began in October, featured six virtual sessions focused on everything from strengthening client relationships, communications, management skills, leadership, and more.

"I love how this class isn't just about sales," said one graduate. "There is some psychology behind it. We are talking about ways to connect with people of all walks of life and how we can become better leaders through emotional intelligence and communication."

Congratulations to Gena Bidema, Clackamas County Bank; Ravy Bo, 1st Security Bank of Washington; Candice Cotterill, 1st Security Bank



of Washington; Monika Culton, 1st Security Bank of Washington; Anna Ellison, First Federal; Bruce Eremic, Kitsap Bank; Megan Holder, Clackamas County Bank; Kristin Larsen, 1st Security Bank of Washington; Nathan Lovegren, Peoples Bank; Tai Lu, Columbia Bank; Kelly McConnell, First Federal; Abra McKean, 1st Security

Bank of Washington; Lydia Moore, Columbia Bank; Kevan Neill, Kitsap Bank; Bryan Sarmiento, 1st Security Bank of Washington; Sierra Schram, Peoples Bank; Felicia Seymour, Sound Community Bank; and Jerri Smith, North Cascades Bank.

The next RBMDP session will be held this fall.

Emerging Leaders Celebrate Leadership at Virtual Conference

In late March, bankers gathered virtually for the WBA's first virtual Emerging Leaders Conference, focused on all aspects of leadership.

The conference kicked off with Kendra Ramirez, CEO of Reset and Kendra Ramirez Digital Agency, discussing imposter syndrome. She shared the ways thoughts can trip each of us up and how to tame the inner critic and daily

practices to overcome those ideas.

Jackson Hataway, SVP of marketing, communications, and member services for the Missouri Bankers Association, who also emceed the conference, hosted a session on balancing technology and people after 2020. He went into how so much of the world was forced to turn to digital solutions in the last 12 months, accelerating the trend greatly, but that

banks will still need people and ways to think differently about the problems we're all facing today.

The day closed with a panel of human resource professionals including Marilyn Hoppen, SVP of human resources at Kitsap Bank; Katy Bruya, SVP, and chief human resources officer at Washington Trust Bank; along with Mike Nelson, SVP and director of talent and development at Heritage Bank. The trio discussed how things have changed for HR in the last year, thoughts about the future, and ways attendees can help build culture and employee engagement at their institution.

On the second day, Glen Simecek, president and CEO of the Washington Bankers Association, moderated a legislative update with Naomi Camper, chief policy officer at the American Bankers Association, and Megan Managan, director of communications and government relations at the WBA. Their discussion covered state, local, and federal legislative issues, including how things have

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out and about.

In agreement with Lyon, Zandi said he felt work from anywhere will be a long-term consequence of the pandemic, shifting the way people approach office space and where they live. He also touched on a few vulnerable points in the economy, including housing, interest rate, and inflation risk, and the long-term budgetary impacts of the massive stimulus from the federal government.

On day two of the event, Jeff Rulis, senior research analyst from DA Davidson, reviewed where the industry in the Pacific Northwest sits compared to the rest of the country and how stimulus efforts have impacted banks credit metrics and what investors are looking for going forward.

Dan Martini, vice president of congressional affairs for the American Bankers Association, provided attendees an

update on SBA programs, including the Paycheck Protection Program and other traditional lending programs offered by SBA. He outlined some of the recent changes and what banks should consider as the program drew to a close.

George Diaz, senior risk management examiner at the FDIC in Seattle, and Shannon Tushar, chief of examinations at the Department of Financial Institutions, joined Simecek for a panel on regulatory issues. Both Diaz and Tushar complimented the banks for their work helping customers throughout the pandemic and reviewed what their agencies are looking at throughout the industry.

The conference closed with Scott MacDonald, president, and CEO of the Southwestern Graduate School of Banking, discussing what he sees ahead of the industry as the pandemic ends. He explained ways the industry can continue to move forward, but also areas to watch.

Attendees of the conference had the opportunity to watch breakout sessions both days of the event, with a choice of four sessions. Those included a look at workout strategies by Rob Draper, SVP and director of special credits at Columbia Bank; receiverships in a COVID economy by Kevin Hanchett, a principal with Resource Transition Consultants; ways to avoid capital loss from problem loans with Michael Martin, EVP/COO and general counsel at Northrim Bancorp; and how to identify problem loans in a portfolio by conference emcee Dennis McCuiston.

Thank you to the conference sponsors for helping make this year's event possible: Columbia Bank, Harland Clarke, and PCBB.

THANK YOU TO OUR SPONSORS!



HARLAND CLARKE



WBA Member News



Sound Community Bank Supports Local Organizations

In early 2021, Sound Community Bank teams contributed and volunteered with several local organizations.

The bank announced it would be contributing to support Peninsula Friends of Animals (PFOA).

The nonprofit helps Olympia Peninsula with animal rescue efforts and other needed services.

"Thank you to PFOA for all you do in our communities," said the bank.

Shelli Robb-Kahler, hub branch manager of the bank's Sequim branches, presented the donation to Danette Grady, executive director of PFAO.

In late February, members of the Port Angeles team participated in a beach clean-up event.

The team picked up litter and spotted treasures left by the Port Angeles Rocks group.

The Branch Support and Cash Management team volunteered with the Seattle Animal Shelter. The team moved large piles of mulch into the play yard to help provide dogs with a fresh place to play.

Washington Banks Celebrate Random Acts of Kindness Day



On February 17, also known as Random Acts of Kindness Day, WBA member banks surprised their communities and customers.

The Washington Trust Bank team surprised customers and communities with gift cards to local businesses, purchased coffee for customers, and more.

"We are so grateful for our amazing customers and community," the bank said. "We hope you were all feeling the kindness."

Similarly, members of the 1st Security Bank of Washington team also surprised people with cookies, coffee, and more.

WaFd Bank Foundation Announces Donations



Early in 2021, the WaFd Bank Foundation announced several new donations to local organizations in the community.

The bank donated \$2,500 to Skagit Habitat for Humanity, \$10,000 to CASA, \$3,000 to Northwest Youth Services, and \$2,000 to Foster Hearts.

The bank also made a \$3,000 donation to the YWCA Seattle | King | Snohomish BankWork\$ program, which WaFd has been a long-standing partner.

"Your support means so much to all of our students that you coach, mentor, and most of all help change their whole lives" said Mercedes Rippel, program manager for the YWCA Work\$.

Wells Fargo Awards \$350,000 Grant to Ventures

In late February, Wells Fargo announced a \$350,000 grant to nonprofit Community Development Financial Institution Ventures, to help small businesses stay open and save jobs in the greater Seattle area.

The funds will help Ventures provide 170 micro-grants, low-cost emergency loans, technical assistance, and long-term business coaching for diverse, low-income entrepreneurs.

"For more than five years, Ventures has collaborated with Wells Fargo to advance economic opportunities for the most vulnerable and under-served small businesses across the Puget Sound," said Ventures Executive Director Beto Yarce. "This funding will allow Ventures to make direct capital investments in Black, Indigenous, people of color (BIPOC), LGBTQ+ and minority-owned businesses. We are grateful to have Wells Fargo's support and trust."

The grant is part of Wells Fargo's Open for Business Fund program, which launched in 2020 as a small business recovery effort across the U.S.

"We want small businesses to know they are not alone. We are going to continue to come together as a community to foster an inclusive recovery and strengthen the small business sector for the long term," said Dwight Prevo, Wells Fargo's Washington community development officer. "Our Open for Business Fund draws on the expertise of nonprofits like Ventures to help expand additional capital, emergency relief, and technical assistance to minority-owned businesses."

Kitsap Bank Announces Surprise Valentine's Day Donations

On Valentine's Day, Kitsap Bank announced it would be donating \$15,000 to local nonprofit organizations, part of the bank's continued Making a Difference for Our Community Program.

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For every hour Kitsap Bank employees volunteered in 2020, the bank donated money to a nonprofit of their choice. Employees volunteered over 1,400 hours in their communities, despite the many challenges seen in 2020. Selected nonprofits were notified of the donation on Valentine's Day.

"Kitsap Bank has a strong tradition of community involvement," said Steve Politakis, CEO of Kitsap Bank. "I am proud that our employees, even with the pandemic, were able to find a way to safely give back to their communities."

In total, 19 organizations received donations. Throughout 2020, the bank provided over \$500,000 in financial support to over 100 nonprofits through the bank's Community Connections program.

Career Path Services BankWork\$ Celebrates First Graduation of 2021 Program



In early March, the Career Path Services BankWork\$ program celebrated the first of its graduating classes of 2021.

The program, which has moved to a hybrid model due to the pandemic, had three students graduate in March. Following the virtual ceremony, the graduates participated in a virtual job fair.

"This is a powerhouse group of individuals who are dedicated to learning and growing," said Nate Mazzuca, regional manager of CPS. "The courage in each and every one of you inspires us."

One of the graduates said she had struggled to find something before that interested her because she was "seeking a career, not a job" and that the program had given her a kick start into an industry she was excited to dig into.

KeyBank Announces \$40 Billion Investment in Local Communities Throughout Seattle Area

KeyBank announced in early March it would be building on early fulfillment of its groundbreaking \$16.5 billion Community Benefits Plan and would increase the commitment to \$40 billion. The investments focus on economic access and equity for underserved communities and populations.

This includes \$1.7 billion of investments in Great Seattle, supporting small business and home lending in low-and-moderate income communities, affordable housing, and community development projects, and philanthropic efforts targeted toward education, workforce development, and safe, vital neighborhoods.

In the first four years of the community investment in the area, KeyBank invested more than \$1 billion in affordable housing and community development projects. The bank originated \$264 million in small business loans to businesses in low-and-moderate income communities, while also providing \$494 million in mortgage lending to the same communities and made \$5.2 million in transformational philanthropic investments. These included grants to Seattle's Neighborhood House, Boys & Girls Club of King County, El Centro de La Raza, Technology Access Foundation, and more.

First Financial Northwest Bank Donates to Greyhound Pets



In early March, First Financial Northwest Bank announced it would be donating to Greyhound Pets, Inc.

The \$650 donation helps the organization with its continued mission of caring for dogs in the community.

HomeStreet Bank Donates to Tacoma Pierce County Habitat for Humanity



Early in 2021, HomeStreet Bank donated to Tacoma Pierce County Habitat for Humanity.

Peter Carlstrom, of the bank's Tacoma branch, presented the check to the Director of Site Development and Construction.

First Financial Northwest Bank Opens Issaquah Branch



In March First Financial Northwest Bank celebrated the opening of its newest location in Issaquah.

The Issaquah Chamber joined the celebration where they welcome the bank to the community.

Coastal Community Bank Announces 2020 Giving Totals

In March, Coastal Community Bank announced the totals from the bank's 2020 giving campaigns.

The bank's employee giving fund, which is supported by donations contributed by employees, provided \$79,000 in grants to 22 local nonprofits. All funds are directed by employees through a grant advisory committee.

Employees also volunteered with over 119 nonprofits throughout the year, surpassing 5,737 hours, and helped with event sponsorships for 112 organizations.

If you have WBA member news to share, please email Megan Managan at megan@wabankers.com. Submissions are run on a space available basis.

WBA Endorsed Vendor: Harland Clarke

What's Next for Cards: Contactless Cards, From Novelty to Essential Capability in Six Weeks



By Nicole Machado, Executive Director, Product Strategy, Cards, Harland Clarke

The world is reconsidering how we do things. Over the course of a few short weeks, new realities have reshaped our thinking. We have suddenly become acutely aware of the spread of viruses, and the role that contact plays in their spread. As a result, demand for technologies that eliminate the risk and

alleviate the fears of consumers and merchants is skyrocketing.

About 38% of consumers now view contactless as a basic need or feature of payments — up from 30% a year ago.

It's far too early to understand all the long-term effects social distancing, in-home sheltering, and a closed economy will have on consumer lifestyle and behavior. Nonetheless, the recent surge in contactless payments will not reverse as the pandemic fears subside. There is quick and tangible evidence that contactless payment capability powers a better customer experience. It is faster, easier and more convenient in addition to the obvious safety benefit of avoiding contact with common surfaces — like cash and payment terminals.

Experts estimate about 65% of U.S. merchant locations accept contactless payments. What the payment industry needed to drive adoption was trial. It needed consumers to try it once, and those benefits would present themselves.

The pandemic sparked that trial and is quickly turning consumers into adopters of this better payment experience.

Contactless Card Technology Has Now Fully Emerged

While still considered an emerging technology by some, contactless, or tap- and-go, credit and debit cards currently comprise more than half of all payment cards issued in the world.

Millions of consumers enjoy the speed and convenience of contactless payment technology for everyday purchases.

Start Offering Contactless Now to Stay Ahead of a Flattening Curve

Consumers want it. Merchants support it. And no longer can issuers afford the luxury of time. Keeping your card top-of-wallet with cardholders means staying ahead of a

flattening curve. The good news is, as a result of the U.S. EMV® Liability Shift of 2015, you probably already issue chip-enabled cards, which means you are halfway to offering customers the security and convenience of dual-interface.

Consumers Demand the Freedom of Choice

Dual-interface cards offer consumers the choice of payment technologies — contact (EMV chip) and contactless (tap-and-go antenna). The flexibility of payment options is one of many reasons why dual-interface cards are widely considered the base card payment technology moving forward.

Here are a few more of the combined benefits of dual-interface cards:

- They're secure. The contactless technology of dual-interface offers the same protection as a contact-only EMV card. Making them more secure than a magstripe card or cash.
- They're just plain fast. Contactless transactions average 15 seconds or less. The reality is we live in a fast-paced, Amazon®-effect world. Time is precious; lines and waiting are unacceptable. In order to keep up, you must offer your customers a payment option that lets them tap and go.
- They're easier than cash. Ease of use could be a large contributing factor for adoption, particularly for transactions under \$25, of which 80 percent are currently made with cash.
- They put the cardholder in control. Contactless payments allow a cardholder to complete a transaction while maintaining possession of their card and without touching the point-of-sale device.

Consumers love their cards. For many of your customers, it's about time for first-gen chip card replacement. What better way to replace outdated technology than with state-of-the-art dual-interface technology that delivers a better cardholder experience that pays off for customers every day.

Contactless cards offer many benefits to your institution, as well. Industry research shows cards that contain both

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the chip and antenna grow interchange revenue, increase average card spending, support top-of-wallet status, and increase the potential to convert traditional low-cost, on-the-go cash purchases to cards.

Historically, technology has been a key driver of human behavior — interestingly, this time, it's the other way around.

Consumer demand for contactless payments is increasing. It's exciting just to be a part of it. It's making lives better, easier, more secure and safer. It's putting power into con-

sumers' hands and peace into their minds. All this makes delivering a complete card program more critical than ever.

Nicole Machado is the Executive Director of Card Services for Harland Clarke. She is responsible for the overall strategy and operations of Harland Clarke's card business, which includes card manufacturing, central issuance, instant issue, and prepaid solutions. Nicole uses her strong industry knowledge and strategic partnerships to lead Harland Clarke's card services improvement efforts to help our clients deliver highly engaging cardholder experiences.

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APRIL 20, 2021

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BankTalent HQ Virtual Career Fair on April 20

BankTalent HQ, which provides job postings specific to the banking industry, is offering a special virtual career fair on April 20.

From 7 a.m. to 2 p.m. PT employers will be able to choose select times to be available to chat with job seeking candidates looking for full-time, part-time and internship positions.

Candidates will be diverse students and alumni from colleges and university across the U.S.

To learn more or to register, visit <https://www.careereco.com/Fair/EventDetails?fairId=08ae6742-39d6-4a68-85c7-ace-600cf8408>.

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What Banks Need to Know When Providing Financial Services to Hemp-Related Businesses

By Julia A. Gutierrez, Compliance Officer, Compliance Alliance

The production of industrial hemp is an especially fast-growing industry especially since the passing of the 2018 Hemp Bill which clarified from a federal perspective that the cultivation of hemp is legal and no longer restricted to pilot programs for research purposes. While the production of hemp is legal, it is critical that banks understand the requirements, restrictions, and expectations when it comes to the production of industrial hemp. Banks choosing to provide financial services to hemp-related businesses should develop and implement a program that will allow for successful and compliant banking relationships.

Background

The 2018 Farm Bill legalized the production of industrial hemp when it was signed into law in December of 2018. Prior to the enactment of the Bill, the Controlled Substance Act (CSA) did not differentiate between marijuana and hemp meaning that hemp was considered a Schedule I substance which is illegal. Because industrial hemp comes from the plant species *cannabis sativa*, there is still some confusion surrounding its legalization. But to be clear, the Bill removed hemp from the definition of marijuana by the CSA. One thing to note is that despite the removal of hemp from the definition of marijuana, the Food and Drug Administration (FDA) still preserve authorities over hemp products, therefore, its products must meet all applicable requirements and standards.

In October of 2019, an interim final rule was issued which established a regulatory program for the domestic production of hemp to facilitate its legal production based on conditions set forth in the 2018 Farm Bill. The final rule was released on January 15, 2021, including changes to the interim final rule which are considered generally favorable for both the hemp industry and regulators alike. After the January 2021 release, the final rule was under review by the U.S. Department of Agriculture (USDA) but is now expected to move ahead as planned with an implementation date of March 22, 2021. There is one somewhat contentious aspect of the bill, which would require hemp testing labs to be registered by the Drug Enforcement Administration (DEA) that has been extended to December 2022.

Requirements and Limitations

The 2018 Farm Bill provided clarification for the cultivation of hemp. This means that it allows for the sale and possession of hemp-based products, provided these products are consistent with the constraints set forth in the Bill including those in the final rule. The Bill limits the level of tetrahydrocannabinol, better known as THC, to less than 0.3%. State departments of agriculture are required to create a regulatory framework or plan that would include collaboration between the state's governor, law enforcement and the United States Department of Agriculture to license and regulate hemp. This plan must be approved by the USDA. For farmers in states that choose not to have a USDA-approved program, they can still grow hemp and produce hemp-based products, but they will be regulated at the federal government level. The key is that hemp producers must be licensed and regulated which will mean some level of enhanced due diligence for financial institutions choosing to provide financial services for hemp-related customers. The

Bill requires sampling and testing with the final rule extending the sampling period to 30-day from its original 15 days in the interim rule.

States and tribes are also able to implement performance-based sampling protocols considering factors such as whether a producer has consistently produced hemp plants over an extended period of time which comply with requirements or whether the producer is conducting research on hemp at an institution of higher learning or one that is funded by federal, state, or tribal government. This provides states and tribes with more flexibility in the sampling process. The negligence threshold for testing increased from 0.5% to 1%. Therefore, if hemp tests above the 0.3% limit but below 1%, this will not be a negligent violation. For hemp testing above the 0.3% THC, the final rule provides producers with additional options

for disposal such as plowing under, mulching/composting the hemp, disking, shredding the biomass with a bush mower or chopper. Overall, the requirement and restrictions for industrial hemp production are clear and provide an increased level of leniency with the passing of the final rule.

Developing a Hemp-Related Business Program

Once the bank has decided to extend their services to hemp-related businesses, they should ensure that they follow guidance and develop a program which will allow for a successful and compliant relationship. Banks should rely on guidance issued by the agencies including the Financial Crimes Enforcement Network (FFIEC) when considering or providing financial services to hemp-related customers along with ensuring that these customers are compliant with the 2018 Farm Bill requirements to include the requirements in the final rule. Banks are expected to take a risk-based approach when developing a program for hemp-related businesses, one that commensurate with their size, complexity, and risk profile. This can be done creating a risk assessment which will identify risk factors such as regulatory risk, compliance risk, credit and liquidity risk, reputational risk and any other risks associated with this industry. Banks should develop or revise their system of internal controls to monitor and mitigate these risks. They must ensure that they understand the nature and purpose of its customer relationships when developing a hemp-related customer risk profile at the time in which the relationship begins. The customer risk profile will affect the ongoing monitoring process used to identify risks posed and red flags which may indicate suspicious or illegal activity. A written program should also be part of the bank's hemp-related business program. The written program should define a hemp-related business. It should outline the bank's expectations for banking such businesses and provide guidance for the types of businesses which it will and will not serve.

The written program should outline the bank's expectations from account opening through the duration of the relationship with the hemp-related business customer to include steps for terminating the relationship should the risk exceed the risk level of the bank. Ongoing monitoring, to include monitoring on a risk basis, should identify and report suspicious transactions and maintain and update the hemp-related businesses customer information. Finally, the financial institutions should consult their regulators and their bank's legal counsel.



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of Mindset Digital, discussed with retail bankers how virtual is a new reality and what they can do on LinkedIn to build a unique voice and propel connections. Joe Sullivan, CEO of Market Insights offered two sessions, the first on strategies to keep banking human and the second on preparing for marketing success in a post-COVID-19 world. Jason Meucci, chief possibilities officer at Prelude to Leadership Consulting, discussed ways that cultures of care, connection, and contribution can

motivate people, improve retention and make change meaningful.

To close out the first day, emcee Jack Hubbard, CEO of St. Meyer & Hubbard, looked at how the next normal might impact selling, leading, and learning remotely. He said that approaches to training, coaching, and conversations will be forever changed by the pandemic and bankers need to be able to pivot to thrive.

On day two of the event, Joe Micallef with GrowUP Sales, hosted a session on engaging customers during difficult times. He talked about how banks can

not only help customers, but also use it to help grow the bank. He followed his general session with two breakouts, one focused on retail about creating amazing client experiences and a second on marketing around creating strong working relationships with other departments in the bank.

Jasper returned to close out the event with a presentation on ways to communicate clearly and effectively in a digital world.

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changed in Washington D.C. over the last six months, what lies ahead in terms of potential for a new stimulus package, and the importance of bringing people who are unbanked into the banking system.

Kate Zabriskie, the founder of Business Training Works, discussed virtual presentations and online meetings and specifically ways that attendees can build skills to make their meetings better. She highlighted key tips and ideas to consider before the meeting begins and when building a presentation.

Jason Meucci, chief possibilities officer at Prelude to Leadership Consulting, hosted a conversation with Derryl Willis, regional vice president at HomeStreet Bank, on leadership and ways that the ideas of care, connection, and contribution can help unlock potential, build teams and empower people.

Meucci shared how asking simple questions can help inspire teams and foster a stronger connection in the workplace, and in turn create better results.

The conference closed with a panel of CEOs discussing the challenges of the last year and ways they expect the industry will continue to change. The panel included Joe Adams, president and CEO of 1st Security Bank of Washington; Denise Portmann, president and CEO of Bank of the Pacific; and Clint Stein, president and CEO of Columbia Bank; moderated by Clarke.

The CEOs shared ways attendees could connect with mentors in a virtual world and how to build leadership skills while working outside of the office.


Thank you to our sponsors the American Bankers Association, Evergreen Business Capital, Harland Clarke, and WBA PROS for helping make this event a success.



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