

Issues & Answers



April 2023

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Don't Rush to Judgment



By Glen Simecek, President and CEO, Washington Bankers Association

The headlines haven't been positive for the banking industry over the last month. They've been the exact opposite, with the reports of bank failures and capital crises

at some institutions seemingly resurrecting the ugly ghosts of 2008.

But as I pondered these recent headlines, I thought of two Midwesterners, very different men but each wise in their field.

The first was Harry Truman, who once said, "You should never form judgments from front page headlines. As with a contract, the fine print on the inside pages should be carefully studied."

Similarly, the Oracle of Omaha, Warren Buffet, said, "I think the worst mistake you can make in stocks is to buy or sell based on current headlines."

Although the two men made their point dif-

ferently, these icons said that the best course of action is to look past the headlines, which tend to simplify complex issues and analyze all the details with a long-term perspective.

We have been conveying this message to elected officials, both in Olympia and Washington, D.C. We believe that, despite the headlines, Washington's banking industry remains strong and moving forward to continue serving local families, businesses, and communities. Our recommendation is one of patience, focusing on gathering information on what is happening rather than jumping to quick conclusions that could have serious unintended consequences or create unwarranted fears for the public.

Fortunately, in Olympia, this message is consistent with what is being said by the Department of Financial Institutions (DFI). Over the last couple of weeks, DFI has participated in legislative work sessions and a meeting of the state's Public Deposit Protection Commission, which comprises the Governor, Lt. Governor, and State Treasurer. WBA representatives have

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Issues & Answers – April 2023

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Connect with the WBA online by following us on our social
media accounts.

On the Cover

Apple blossoms line the trees throughout Washington state in April. It also signals the beginning of festival season in North Central Washington, such as Wentchee and Chelan, home to Apple Blossom festivals. *Photo courtesy of Nicholas Blumhardt, Flickr.com*

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also appeared at some of these meetings, and we continue to talk individually with legislators on these issues.

We expect that these efforts are just the beginning of our conversations with state and federal regulators, our elected officials, and the public. We need consumers to understand that deposit insurance isn't a "government bailout" but a banking industry-funded safety net that benefits any consumer using it. In doing so, we also need them to understand which deposits are and are not currently protected.

We also know that government officials will remain keenly interested in the roots of the current situation and whether any further steps should be taken to protect consumers in the future – and that interest isn't going to fade anytime soon. The first Congressional hearings were held the last week of March and will only be the first of many to come.

Despite our confidence in the fundamental soundness of Washington's banking industry, neither the DFI leadership nor the WBA board of directors is taking a "head in the sand" approach to our industry's challenges. We recognize that consumer confidence is tenuous and that the Fed faces difficult – some would argue "no-win" – decisions between accepting a higher rate of inflation or imposing additional rate hikes to curb inflation at the risk of creating further instability on the balance sheets of some banks.

For our part, the WBA has dove into an information-gathering mode with both feet. We've constantly been talking with bankers around the state to get a better feel for what is happening in their branches and trying to understand what those trends might mean for the future of our members and our industry. We've also acted as a conduit for lawmakers interested in learning more, connecting them to local bankers from their district to provide more information and answer questions. The WBA board has been meeting to discuss strategies and potential policy actions, including advocating for expanded deposit insurance. I can assure you that the board is highly engaged in developing a framework that enables all banks to remain relevant in the future. We also remain deeply connected with our partners at the American Bankers Association and state banking associations across the U.S. Such as it did in the early days of the pandemic, our Alliance has provided a fast and easy way to share information and resources.

With this goal in mind, I hope you will continue to share your experiences and ideas. None of us have all the answers, but collectively we have great ideas that will serve us well moving forward. The strength of our industry has always been its ability to stand together, and we must once again be united in our response to today's challenges. The WBA remains ready to support our members and help craft that response.

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Meeting in the Middle(ware)



By Rob Nicoles, President & CEO, American Bankers Association

For community banks seeking to remain competitive in today's crowded financial services marketplace, innovation is imperative. A relationship with a core provider can make or break an institution's innovation goals, and for too many community banks, legacy core technologies are holding them back.

This is a critical challenge that ABA set out to solve through its Core Platforms Committee, which was founded in 2018 to engage the top players in core processing and help break down the barriers that impede banks' ability to offer customers the products and services they want. Since the committee was founded, we have improved the lines of communication with the core providers, and we remain optimistic about the commitments we've received from many of these firms to improve in this area.

But for many banks, innovation remains a struggle. In fact, it's estimated that more than two in five U.S. banks are still running core banking processes on legacy systems that were designed nearly four decades ago. In a recent ABA survey, 42% of bankers expressed dissatisfaction with the service they receive from their core provider, identifying several pain points including a limited ability to customize offerings and subpar integration capabilities with other technologies.

However, undergoing a complete core conversion is a massive undertaking that comes with signifi-

cant costs, complexities and risks, and many banks are understandably hesitant to abandon their long-time core provider. So how can community banks bridge the gap?

One possible alternative to a "rip and replace" strategy is to employ the use of middleware—a solution that leaves existing core systems in place, while wrapping the core with a new layer of technology, typically an API architecture. This architecture enables banks to reduce reliance on their legacy core to deliver products faster; collect, maintain and use customer data more effectively; and foster partnerships with fintech companies. It's a strategy that can considerably reduce the timeline for bringing new products and services to the market while reducing reliance on a legacy core system.

ABA's Office of Innovation highlights the case for middleware in a newly released whitepaper, "Exploring Banking Middleware Solutions." The paper provides an in-depth look at how banks can benefit from incorporating a middleware layer into their core systems and gives a snapshot of the middleware vendor landscape in the U.S., as well as considerations banks should take into account when engaging with a middleware vendor. I urge you to read the white paper, which you can access at aba.com/Middleware, and check out the other resources the Core Platforms Committee has made available at aba.com/core.

ABA is deeply committed to helping its member banks succeed—regardless of where they are in their innovation journey. Our Office of Innovation works exhaustively to stay on top of the latest trends, connect banks with strategic partners and pave the way for responsible innovation policy in Congress and at the regulatory agencies.

Successful innovation is key to the preservation of the broad and diverse community banking sector that makes our nation's financial services industry the envy of the world.

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Build a Strong Foundation with Virtual Understanding Bank Performance in April

In light of recent events, it has never been more crucial for all industry members to understand how and why a bank makes its decisions. How are risks assessed, and why are certain moves more welcomed than others?

Our newest virtual program, **Understanding Bank Performance**, covers all those questions and more, beginning April 10.

This 8-session online class will help individuals understand how banks evaluate themselves and others, how to read balance sheets, understand credit and liquidity, and much more. The program finishes with a proforma capstone project evaluating Silicon Valley Bank.

A recent program student described how helpful and timely the program was: “The course has helped me be familiar with banking finances. While there is clearly still much I need to learn, I really enjoyed the course and found them to be incredibly helpful. It was interesting viewing the sessions with some hindsight following all of the news across the industry, especially how liquidity has come under a microscope. The information was incredibly valuable, and I greatly appreciate the opportunity to learn.”

The WBA is partnering to cohost the program with the California, Colorado, Kansas, Maryland, and Utah Bankers Associations, so that space will fill quickly!

WBA also offers virtual sessions of our **Commercial Lending Development Program** and the **Credit Analyst Development Program** this August and September.

The **CLDP**, which begins in early August, helps bankers learn more about the bank’s highly competitive commercial lending segment and builds a solid foundation for bankers to learn and grow. Industry leaders teach this eight-session program with decades of experience.

The **CADP** will begin in mid-September. It is ideal

for new and experienced analysts better to understand their role in the industry and organization while providing skills needed for all types of economies.

Both programs are being offered virtually, giving bankers the flexibility and convenience to attend classes from where they need to be.

This year, the programs are being co-sponsored by our partners at the Montana Bankers Association and the West Virginia Bankers Association, so space is limited and expected to fill quickly.

This spring, we encourage banks to consider sending aspiring managers to the **Management Development Program** beginning in April.

The program covers the current state of the banking environment and why managers need to understand the larger picture, the importance of emotionally intelligent leadership, performance management to develop, train and retain future leaders, compelling interpersonal conflict and negotiation, and communication for results and employee engagement.

The **MDP** will begin in April and features in-person and virtual sessions.

This year, WBA is again co-sponsoring the **American Mortgage Conference**, hosted by the North Carolina Bankers Association and the ABA on May 1-3 at Wild Dunes Resort on Isle of Palms in South Carolina. This conference is the premier event for the mortgage industry in the country. It brings together leaders from banking, mortgage, policymakers, and investors to share information about the latest issues, analyze changes, and more.

On May 4-5, WBA will host the newly revamped **Engage Conference** at the Washington Athletic Club in Seattle. This conference will include tracks focused on each bank area. The combined conference will also bring together bankers who often work closely together.

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Events Calendar

May 4-5 – Engage: Retail Banking, Training & Engagement Conference, Washington Athletic Club

May 6-9 – CBA Annual Conference, Maui

April 10 – Virtual Understanding Bank Performance

April 13 – Management Development Program

May 1-3 – American Mortgage Conference, South Carolina

May 11-12 – IBA, OBA, WBA Agricultural Banker Conference, Meridian, Idaho

June 26-28 – 2023 Annual Convention, Sunriver Resort, Sunriver Resort, Oregon

August 7 – Virtual Commercial Lending Development Program

Sept. 7-8 – Credit & Lending Conference, Washington Athletic Club

Sept. 14 – Virtual Credit Analyst Development Program

October 23-24 – Virtual Financial Technology & Security Conference

To register or to learn more about any of the listed events, please visit www.wabankers.com/calendar.

WBA Attends ABA's Washington Summit



In late March, the WBA and a group of bankers from across the state participated in the 2023 American Bankers Association Washington Summit in Washington, D.C.

The conference featured sessions with leading policymakers and members of the Biden Administration, such as Treasury Secretary Janet Yellen, Interim Acting Controller of the OCC Michael Hsu, as well as hearing from the new majority leader of the House Financial Services Committee Rep. Patrick McHenry, ranking member Rep. Maxine Waters and more. Recordings of the sessions are available online at <https://www.aba.com/training-events/conferences/washington-summit/look-back>.

During the event, the group also had the chance to visit Capitol Hill and met with members of the Washington Congressional delegation, including staff from Rep. Schrier, Glusenkamp Perez, McMorris Rodgers, and Newhouse.

The team discussed ACRE, which would provide increased capital options for agriculture businesses and rural housing, as well as answering questions about the state of the banking industry.

The WBA and the Oregon and Idaho Bankers Associations will also visit Washington, D.C., in mid-October.



Meet Washington's Newest Congressional Representative



In January, Washington's newest Congressional representative was sworn into office after a stunning win in the state's 3rd district, which includes most of Southwestern Washington. Rep. Marie Glusenkamp

Perez, a Democrat, was given a 2 percent chance of winning the race before the primary election. But once incumbent Rep. Jamie Herrera Beutler lost to her challengers in the primary, the door opened for a new member.

In February, WBA President & CEO Glen Simecek met with Rep. Glusenkamp Perez, and this month, a contingent of WBA staff and bankers met with her staff during the ABA Washington Summit.

As we forge a new relationship

with her office, we wanted to share a short profile about our newest Congressional member with our members.

Glusenkamp Perez grew up in Washougal and earned her bachelor's degree in economics from Reed College. A year after graduating, she and her husband opened their auto-repair business in Portland.

Glusenkamp Perez launched her first bid for public office in 2016,

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22 Graduate from 2022 Retail Branch Manager Development Program

In mid-March, 22 students graduated from the Retail Branch Manager Development Program.

The program, which began in October of 2022, went through six sessions focused on retail banking, leadership, customer service and experience and more.

This program also celebrated the final class taught by long-time WBA instructor Joe Zavaglia, who helped create the Development Programs.

Congratulations to the following students for successfully completing the program: Jamie Baublits, 1st Security Bank of Washington; Rebecca Beard, Umpqua Bank; Emily Bennis, 1st Security Bank of Washington; Madhavi Denduluri, 1st Security Bank of Washington; Jana Diles, 1st Security Bank of Washington; Erika Frazier, Olympia Federal Savings; Justin Jacobs, Olympia Federal Savings; Jessica Lutz, Kitsap Bank; Christy McEvoy, First Interstate Bank; Jason Morgan, Kitsap Bank; Sara Myers, First Fed Bank; Miriam Nation, Cashmere Valley Bank; Regina



Neighbors, Umpqua Bank; Nick Pruett, 1st Security Bank of Washington; Caren Reed, Cashmere Valley Bank; Brian Reinhardt, 1st Security Bank of Washington; Janice Rindfleisch, Commencement Bank; Kimberly Tucker, First Fed Bank; Amanda Turpin, 1st Security Bank of Washington; Katrina Wardlaw, 1st Security Bank of Washington; and Kamarie Wilson, HomeStreet Bank.

The next session of RBMDP will begin in October.

ABA Report: Farm Bank Lending Increased to \$103.1 Billion in 2022

Despite headwinds in 2022 due to supply chain disruptions, shocks to supply and demand, volatility in commodity prices, and geopolitical uncertainty, agricultural lending by U.S. farm banks increased 8.1% in 2022 to \$103.1 billion, according to the American Bankers Association's annual Farm Bank Performance Report. The report attributed the change to a 9.7% increase in outstanding loans secured by farmland and a 5.9% increase in agricultural production loans. According to the report, farmland continues to provide a strong equity base for producers to tap as land values saw strong growth in 2022 after plateauing for several years.

"Farm banks enjoyed strong growth and performance in 2022, despite remaining disruptions from the COVID-19 pandemic and rising economic uncertainty," said ABA's Chief Economist Sayee Srinivasan. "Moving forward in 2023, the agricultural sector will continue to face challenges due to monetary policy actions targeting persistent inflation in the United States, and increased uncertainty from geopolitical factors. Nevertheless, farm banks remain well-positioned to continue serving the needs

of their customers and communities, with strong asset quality and healthy capital levels."

The report—an analysis by ABA's economic research team based on FDIC and USDA data—examines the performance of the nation's 1,488 banks that specialize in agricultural lending. ABA defines farm banks as banks whose ratio of domestic farm loans to total domestic loans is greater than or equal to the industry average.

The report shows that farm banks are also a major source of credit to small farmers—holding more than \$43.8 billion in small farm loans, including \$9.3 billion in micro farm loans at the end of 2022. A small farm loan is a loan with an original value of \$500,000 or less and a micro farm loan is a loan with an original value of \$100,000 or less.

Farm banks' asset quality improved in 2022 as measures of loan delinquency remained low by historical standards. Noncurrent loans at farm banks stood at \$1.5 billion at year-end 2022, representing 0.49% of the loan portfolio of farm banks. The median noncurrent loan ratio for farm banks dropped by 14 basis points to 0.19%. By comparison, the noncurrent loan ratio for the broader banking sector was 0.24%.

In 2022, 98.4% of farm banks were profitable, with 48.7% reporting an increase in earnings. Farm banks also served as job creators, adding more than 800 jobs in 2022, a 1.1% increase, and employing

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more than 75,000 rural Americans.

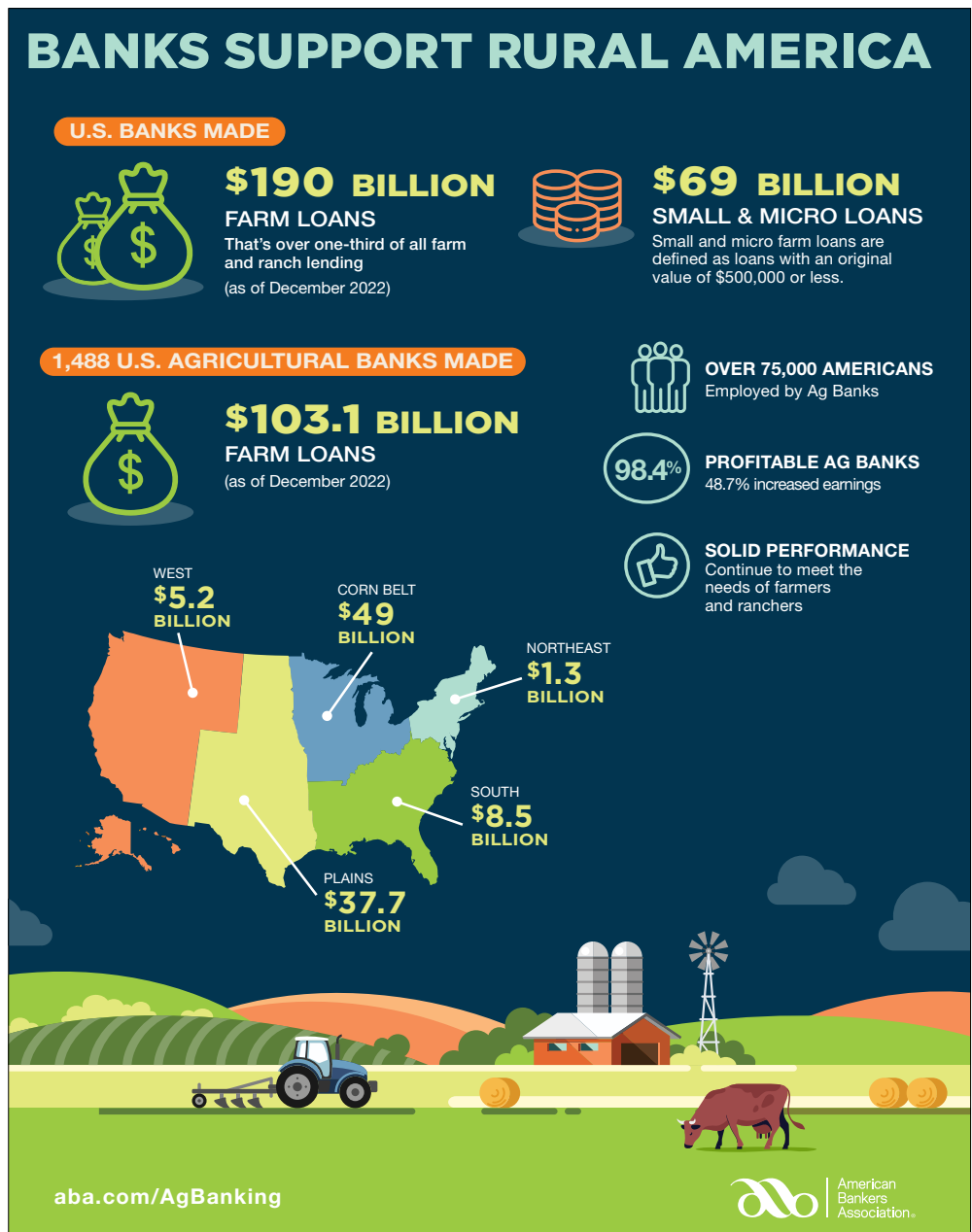
Farm banks have also built strong, high-quality capital reserves and are well-insulated from risks associated with the agricultural sector. Equity capital at farm banks decreased 15.4% to \$41.9 billion in 2022 while Tier 1 capital increased 8.7% to \$50.9 billion.

The entire banking industry – not just farm banks – provides farmers and ranchers with the credit they need. At the end of 2022, banks held nearly \$190 billion in farm and ranch loans. The U.S. banking industry is also a major source of funding to small farmers. Small loans continue to make up over a third of banks' farm and ranch lending with \$69 billion in small and micro farm and ranch loans on the books at the end of 2022. This included more than 693,000 microloans worth over \$16 billion.

"Last year's numbers show the strong support banks provide to the ag economy, but there is more banks can do with help from Washington," said Ed Elfmann, senior vice president, agricultural and rural banking policy at ABA. "To increase credit availability in rural America, ABA is a strong supporter of the Access to Credit for our Rural Economy Act (ACRE), which will be introduced in the near future. The legislation will lower the cost of making a loan backed by agricultural real estate, thereby increasing community bank participation and competition in the rural real-estate market. It's a targeted approach that will save rural borrowers approximately \$400 million in interest on real estate loans this year if enacted."

The Farm Bank Performance Report also provides regional summaries:

- The Northeast region's 9 farm banks decreased farm loans by 13.08% to \$1.3 billion in 2022. Ag production loans fell 2.96% from the year before while farmland loans increased 14.53%.
- The South region's 137 farm banks increased farm loans by 11.98% to \$8.5 billion in 2022.



Ag production loans rose 14.87% from the year before while farmland loans rose by 11.00%.

- The Cornbelt region's 694 farm banks increased farm loans by 8.83% to \$49.0 billion in 2022. Ag production loans rose by 7.44% from the year before while farmland loans rose by 9.80%.
- The Plains region's 574 farm banks increased their farm loans by 5.98% to \$37.7 billion in 2022. Ag production loans rose 2.51% from the year before while farmland loans increased 9.07%.
- The West region's 45 farm banks increased their farm loans by 10.47% to \$5.2 billion in 2022. Ag production loans rose by 13.86% from the year before while farmland loans rose 8.27%.

Learn more about ag banking and this annual report online at www.aba.com/agbanking.

NW Compliance Conference Focuses on Upcoming Regulatory Changes

In mid-March, compliance bankers across Oregon and Washington came together for the annual Northwest Compliance Conference in SeaTac.

This year's event focused on the many upcoming regulatory changes and how the changes will impact the industry and the compliance departments.

The event started with a welcome from WBA President & CEO Glen Simecek, who shared some of the legislative policy work the association was doing in Olympia and Washington, D.C.

Amanda Cenicerros, vice president and compliance manager for Banner Bank hosted the first session on mortgage servicing and the latest regulatory changes and updates. She outlined best practices to ensure mortgage programs comply and ways to incorporate first and second-line testing.

ABA's Rod Alba, the SVP/Mortgage Finance and Senior Counsel, and Anurag Argarwal, president of RiskExec, Asurity, discussed developments in HMDA and issues that will continue to arise without new rulemaking in place.

Continuing the lending theme, Sharon Stedman, principal of Stedman Consulting, returned to the conference to share about fair lending. Her session covered ways to assess and monitor appraisal bias, updating monitoring programs for fair lending with the new census maps, and aligning programs with UDAAP.

After lunch, Lisa Furman, SVP/Compliance Risk at WaFd Bank, presented virtually on CRA, including sharing the potential changes ahead for modernization and other issues for banks to consider.

Rob Newberry, the senior advisor at Abrigo, presented on the CFPB's Section 1071. He shared how the proposed rule will apply to institutions and what to consider as potential impacts.

The day finished with a hot topics panel discussion featuring David Hatfield, a senior examiner at the FDIC, and Stedman.

On the second day of the conference, which focused on operations, ABA's Jonathan Thessin, senior counsel of regulatory compliance, shared the latest information regarding overdraft and NSF fees, including what bankers can expect from the CFPB in the coming year.

Terri Luttrell, compliance and engagement director at Abrigo, hosted a session on the AML Act of 2020 and the latest FinCEN priorities. With the new ALM law, bankers must be prepared for the changes to the beneficial ownership rules and how to implement new processes.

Up next was Diana Kern, a senior trainer at SHAZAM, covering debit card fraud and error claims. As a specialist in Reg E, Kern highlighted best practices for handling error and unauthorized use claims, as well as requirements from card companies.

After lunch, Luttrell returned for a session on SARS and ways to make sure they were read. She shared top tips for catching law enforcement's eyes and patterns to craft the story to garner attention.

Kern closed out the conference with a session on third-party payment apps, focusing on handling the increased fraud rates in person-to-person payments and best



practices for this type of error resolution.

The conference ended with another hot topics panel, this time featuring Kern and Luttrell answering questions from the audience.

Banner Bank Loan Officer Named Realtors Affiliate of the Year

Kristi McPherson, a residential loan officer in Wenatchee for Banner Bank, was recently honored for her work there.

The North Central Washington Association of Realtors named McPherson their affiliate of the year for her work with residential customers.



Sound Community Bank Sponsors the Asia Pacific Cultural Center's New Year's Celebration

At the end of February, Sound Community Bank sponsored the Asia Pacific Cultural Center's 25th Anniversary New Year's Celebration.

The Sound team enjoyed the performances offered by the community and had the chance to meet with many local clients.

Umpqua Bank Partners with LISC to Expand Affordable Homeownership Programs

Umpqua Bank, which recently finalized its merger with Columbia Bank, announced earlier this year that it created a new grant program to fund creative solutions to address barriers to home ownership specific to communities of color and rural communities in Oregon, Washington, and California.

The Local Initiatives Support Corporation (LISC) and the bank partner to expand homeownership through locally-driven strategies that break down financing barriers and fuel wealth building.

Through the Umpqua Bank Charitable Foundation, the bank contributed \$500,000 in targeted capacity-building support, which will prioritize local strategies. Beneficiaries will include a diverse array of communities facing barriers.

"This kind of capacity-building support is like oxygen for nonprofits, and we are so grateful to Umpqua for recognizing

the value of flexible funding for racial equity in homeownership," said Denise Scott, president of LISC. "For LISC, this allows us to work with local partners to prove and scale approaches and then take the lessons learned to other communities, where local leaders can replicate the impact. Essentially, Umpqua is multiplying the effect of its funding and will reach people and places well beyond its initial investment thanks to the resources it will leverage from like-minded partners."

In Washington, the funding will help LISC work with the City of Seattle and the Black Home Initiative to design and manage predevelopment funds to support new construction.

Washington Trust Bank Supports Community Cancer Fund

Washington Trust Bank supported Community Cancer Fund's CCF Assists drive this winter.

For every pledge made, the bank matched up to \$5,000, helping to raise \$10,000 to support local cancer patients and families in the Inland Northwest.



Baker Boyer Bank Helps Pack Lunches at Local Foodbank

Baker Boyer Bank helped pack lunches at the BMAC Food Bank in Walla Walla in late winter.

The 1,600 lunches were for the Backpack Bridge Bag Build program, which provides food to local students and families to ensure they have access to nutritious meals outside of school.

Umpqua Bank Awards Grants to 56 Nonprofits

This winter, Umpqua Bank announced its foundation awarded grants to 56 nonprofits throughout the bank's footprint, including in Washington.

The donations totaled \$331,500 and were part of the bank's overall foundation and corporate giving program, which has invested over \$17 million since 2014.

"We're deeply committed to helping nonprofits provide critical community services that improve the economic prosperity for under-resourced individuals, families, and small businesses," said Randy Choy, Umpqua Bank vice president of community giving and managing director

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of the Umpqua Bank Charitable Foundation. “We look forward to continuing aiding organizations through volunteerism and grants throughout 2023 and are grateful for all the hard work by these nonprofits in our regions that help better the lives of others in need.”

Nonprofits were selected from applications throughout the final three grant cycles of 2022 and demonstrated a commitment to serving low-to-moderate-income populations in at least one of eight categories: family engagement and resiliency; financial competency; housing stability and home ownership; college, career, or technical readiness; entrepreneurship and business expansion; vibrant and equitable neighborhoods; technical and digital connectivity; and small business support and financial guidance.

Olympia Federal Savings Donates to Rebuilding Together Thurston County

Earlier this year, as part of the \$.02 program, Olympia Federal Savings announced that its partner, Rebuilding Together Thurston County, received a \$2,500 donation.

The organization provides free home repairs and handicap modifications for low-income homeowners who are elderly, disabled, families with children, and veterans in need.



First Financial Northwest Bank Volunteers with Junior Achievement

Volunteers from First Financial Northwest Bank recently spent time at the Junior Achievement Washington Finance

Park, where they helped students prepare for future career readiness and financial skills.



JPMorgan Chase Seattle Supports GSBA Impact Awards

Seattle JPMorgan Chase team members recently attended the GSBA Impact Awards event.

The event honors businesses, non-profits, and community leaders who exemplify the highest standards of their profession, promote diversity and inclusion in the workplace, demonstrate leadership and invest time and resources in the community.



First Interstate Bank Volunteers at 2nd Harvest

The First Interstate Bank Spokane team recently volunteered with 2nd Harvest, a Spokane-based food distributor.

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Industry News

New Hires

Amy Price
Vice President and Small Business Relationship
Manager at Washington Trust Bank

Tom Rees
Vice President, Mortgage Banking at Seattle Bank

Howie Wu
Head of Product and General Manager of CD Valet
at Seattle Bank

Kayla Lewis
Vice President, Client Experience at Seattle Bank

Steven Gerlock
Senior Vice President, Deposit Operations and Client
Experience at Seattle Bank

Sharleen Bonville
Senior Vice President and Fintech Risk Manager at
Seattle Bank

Ryan Hirokane
Senior Marketing Operations Specialist at First Fed
Bank

Yatin Pradhan
Vice President and Product Manager at Seattle Bank

Ryan LeCocq
Vice President and Banker at JPMorgan Private Bank

Ryan Douglas
Senior Vice President and Risk Officer at Pacific
Crest Savings Bank

Shawn Carlson
Commercial Banking Officer at Peoples Bank

Mike Cross
Commercial Banking Officer at Peoples Bank

Anndi Pena
Senior Mortgage Loan Officer at Peoples Bank

Steve Wilde
Senior Loan Officer at Peoples Bank

Promotions

Anna Duncan
Director of Retail Banking at Baker Boyer Bank

Zoe Brown
Senior Marketing Communications Manager at First
Fed Bank

Sylvia Gonzales
Assistant Branch Manager at First Fed Bank

Kyle Trader
Commercial Banking Officer at Peoples Bank

Retirements

Dawyna Scarano
First Fed Bank

Barbara Whitlow
Olympia Federal Savings

Dana Floth
First Financial Northwest Bank

Phyllis Campbell
JPMorgan Chase

Have Industry News to share with WBA? Email megan@wabankers.com or call (206) 344-3472.

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The group of bankers from 13 branches helped organize and pack food that helps kids in the community via the Bite to Go program.



Bank of the Pacific Supports Aberdeen Rotary Foundation

Bank of the Pacific recently supported the Aberdeen Rotary Foundation during its annual auction.

The bank volunteers included Anthony Elder, Desiree Schindler, Emily Collins, Taylor Cook, Rotary President Kati Kachman, and Joey Elder.

This year's auction raised over \$30,000 to help the local community.

HomeStreet Bank Hosts Donation Drive for Big Brothers Big Sisters of Puget Sound

Throughout March, HomeStreet Bank branches throughout Puget Sound participated in a clothing drive for Big Brothers Big Sisters of Puget Sound.

Donations and proceeds supported the organization, which connects children with adult mentors.



Community First Bank Sponsors the Down Syndrome Association of the Mid-Columbia's Rock Your Socks Run

Community First Bank sponsored the annual Down Syndrome Association of Mid-Columbia's Rock Your Socks run event in early spring.

The event raises awareness for the organization, which works with individuals with Down Syndrome to enhance their lives by providing support, resources, and information to families and community members.

HomeStreet Bank Donates to Families Unlimited Network

As part of its HomeStreet Bank Volunteer Grant program, the bank recently awarded a \$500 donation to Families Unlimited Network.

The grant was made in honor of Evan Wimberly, who spent over 35 hours volunteering with the organization.

Mountain Pacific Bank Hosts Shoe Drive for Girls on the Run of Snohomish County

Mountain Pacific Bank announced earlier this year that its business of the month was Girls on the Run of Snohomish County, and as part of this, it hosted a shoe drive for the organization.

The donations collected will help over 300 girls who need new shoes for those participating on a scholarship.

Girls on the Run teaches critical life skills through small teams with trained volunteer coaches to inspire girls in all aspects to strengthen confidence and other life skills via interactive lessons and physical activity.

Banner Bank Loan Officer Honored in Federal Way

Banner Bank's Tony Cox, a residential loan officer in Federal Way, was recently honored by the Puget Sound Mortgage Lenders Association.

The Association named him Loan Officer of the Year and selected him to join the 2023 Roundtable team.



KeyBank Sponsors Big Brothers Big Sisters Big Impact Event

KeyBank recently sponsored by Big Brother, Big Sisters of Puget Sound's Big Impact event.

The event focused on the power of mentorship and celebrated the organization's Matches of the Year.



Kitsap Bank Donates \$5,000 South Kitsap Helpline

Kitsap Bank's Bethel and Lunch branches hosted the Port Orchard Green Drinks event with the South Kitsap Chamber of Commerce in late March.

As part of the networking event, the registration fees from those who attended were donated, along with a donation from the bank, for a total of \$5,000 to the South Kitsap

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3 Ways Consumers Are Shifting Their Financial Goals

By Alexa Bennett, Content Marketing Manager, Vericast

If you tune to a news channel, there's a good chance you'll hear the words 'economic downturn' or 'looming recession.' There is a lot of chatter and it can be hard to sort through it all.

The past few years have been a constant struggle and these challenging times have changed people's behavior and businesses' outlooks. As a result, money management is more critical than ever.

Saving is encouraged and people are looking to put more in their retirement and emergency funds while trying to manage their day-to-day expenses. This behavioral shift will impact the offerings of banks and credit unions.

Financial institutions are selling a range of products, services and offers to attract customers. But are their offerings in line with what people expect from their bank or credit union? Let's find out.

How Consumers View the Economic Slowdown

Financial institutions may feel the economic slowdown impacting their customers in the following ways:

1. *Rising Prices Will Effect Consumer Spending:* Ninety-three percent of people face challenges in the U.S. owing to rising prices and unexpected purchases. This will greatly impact spending as the public will prioritize necessities over leisure. Thirty-seven percent of Americans do not plan to make major purchases, and 70% want to cut expenses everywhere possible. These are grim numbers for banks and credit unions. As a result, financial services marketers must be agile to respond to this worsening economic scenario and move aggressively to attract and retain consumers.
2. *Lack of Savings:* Unfortunately, 63% of Americans are living paycheck-to-paycheck. This means customers will dip into what little savings they have to make ends meet, causing financial institutions to struggle to maintain core deposit levels necessary to support growth and stability.
3. *Financial Health and Literacy:* During the pan-

demic, people have realized the importance of financial literacy and money management. And, now more than ever, they are looking to their financial institutions for knowledge and advice. People are actively looking for ways to help the rebuild their savings and have a cushion during tough times. Their desire for financial literacy and increased savings is being reinforced by high inflation combined with an economic slowdown.

Banks and credit unions can build trust and loyalty by educating people on financial matters, promoting financial health and good decision-making and, in the process, highlighting products and services that target their wants and needs.

How Are Consumers Planning to Survive the Economic Slowdown

It is true that core deposits are decreasing, but there are many factors impacting consumers' ability to save. 41% of customers are trying hard to save.⁴ They no longer want to live paycheck-to-paycheck and are aspiring to save to prepare for unexpected and challenging situations that may arise in the future.

Financial institutions must be aware of these factors when considering the falling rate of deposits. Banks and credit unions can benefit from the consumers' savings mindset by introducing small savings schemes which will motivate people to put away even a few dollars a week. Positively reinforcing – and rewarding! – saving behavior pays off in the long run through consumer trust, loyalty and gratitude. Once the economy picks up and customers have more cash, they will likely start saving more.

People Are Looking for Deals and Discounts As They Struggle to Make Ends Meet

Bargain hunting isn't a tactic only for the retail industry, it's an important strategy for financial institutions to compete as well. Scraping the non-sufficient balance charges, account maintenance charges, and minimum balance maintenance charges – even temporarily – will

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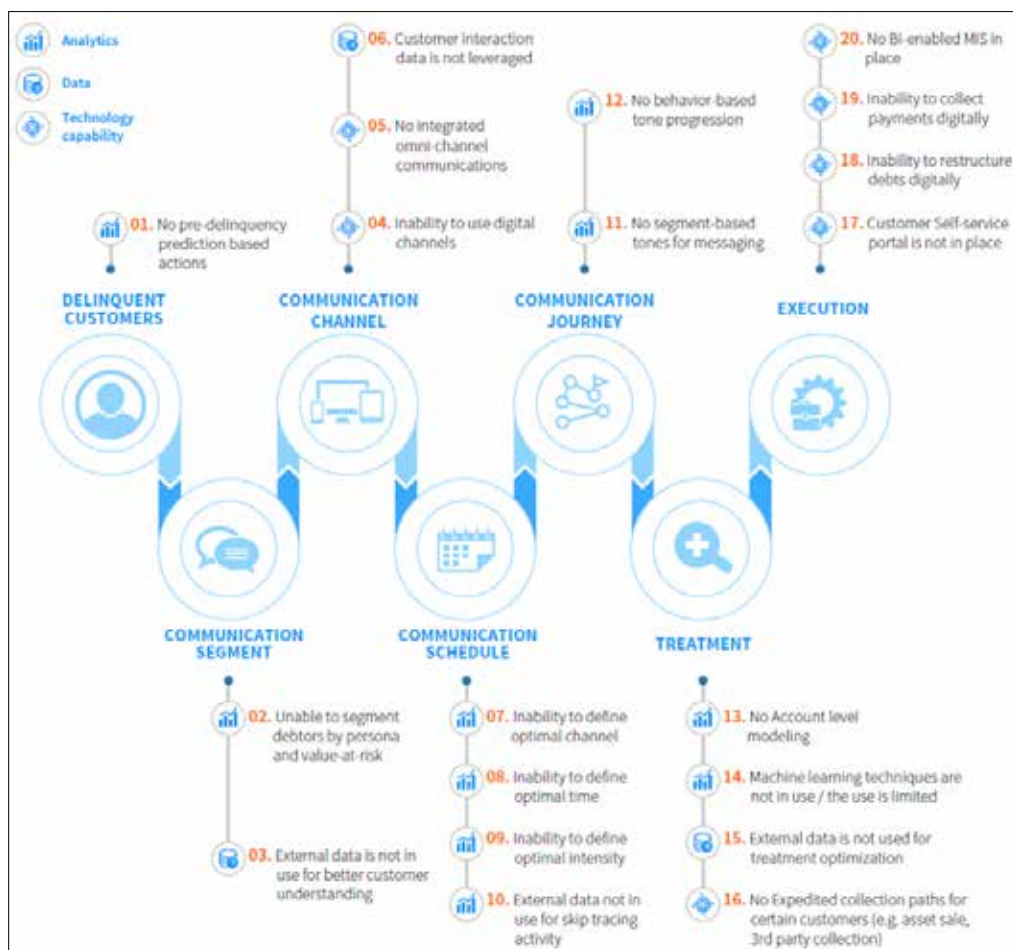
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Readjusting Debt Collections to the New Customer Preferences

By Anurag Mukherjee and
Daniel Yakimenko, EXL

Challenging Disruptions

We live in a very interesting time when one unprecedented event replaces another. Four years back, COVID impacted almost all aspects of our life and changed the landscape of many industries, including debt origination and debt collection industries. Even though the main impact of the pandemic is in the past, customer behavior and preferences have changed perpetually: the segment of customers with high digital activity has been growing rapidly for the last 3 years. Such customers prefer digital over conventional across all the types of their activity and expect Amazon-type customer experience in all interactions, including debt collections.



Signs of a problem

Now, when we start seeing a surge of delinquencies driven by the political and structural crisis of world economics, the question arises: are we as a lender ready to deal with its consequences in the new era of digital preference of our customers?

To help you answer that question, here is a list of the top 20 symptoms that, if not given appropriate attention, can lead to dire consequences for lenders. If you have at least 5 of those 20 symptoms, your debt collection strategy needs improvement.

Point of View

If you do see the aforementioned symptoms and ignore them, this will lead to a higher collections cost and lower collections efficiency, which may become a cornerstone of your P&L issues going forward. Many lenders intentionally do not develop their in-house debt collection capabilities, thinking that the third-party agencies will do the job for them, but as the previous recessions showed, the agencies will not be able to collect your portfolio at the same intensity hence efficiency when the delinquent portfolio volume rockets. You need to have your own scalable collections capacities to navigate the crisis

times, and digital collections are a perfect way to go.

EXL is the newest WBA affiliate member, focused on tailoring solutions to make the most of data, designed to make better business decisions and drive intelligence into your digital operations. Whether the goal is scaling the use of AI and digital, redesigning operating models, or driving better and faster decisions, EXL is here to partner with you to help you gain—and maintain—competitive advantage with efficient, sustainable models at scale. Their expertise in transformation, data science, and change management helps make your business more efficient and effective, improve customer relationships, and enhance revenue growth. Instead of focusing on multi-year, resource- and time-intensive platform designs or migrations, we look deeper at your entire value chain to integrate strategies with impact. We use our specialization in analytics, digital interventions, and operations management—alongside deep industry expertise—to deliver solutions that help you outperform the competition. At EXL, it's all about outcomes—your outcomes—and delivering success on your terms. Share your goals with us and together, we'll optimize how you leverage data to drive your business forward.

Continued from page 4

er daily. The agenda will consist of Lisa Fain, CEO of The Center for Mentoring Excellence, with a 90-minute workshop on mentoring.

This year, the WBA is partnering with the California Bankers Association for their **Annual Conference**, held May 6-9 in Maui at the Grand Wailea Resort. WBA members can register for this event and receive discounted CBA member pricing and enjoy all this gorgeous destination has to offer. To learn more, visit calbankers.com/ac23.

On May 11-12, the WBA is co-sponsoring the Idaho and Ore-

gon Bankers Association **Annual Agriculture Conference**. The 2023 event features Dr. David Kohl, a nationally-regarded speaker on agriculture banking topics, and Mike Pearson, the host of Agriculture of America!, a weekly show about agriculture.

In autumn, WBA will host the Credit and Lending Conference at the Washington Athletic Club on September 7-8. Previously the Senior Credit Conference, this event has been expanded to include lenders and will cover topics relating to the economy, current credit, lending regulations, and more.

In honor of Cybersecurity Awareness Month in October, we will host the Virtual Financial Technology and Security Conference on October 23-24, co-sponsored by the New Jersey and North Carolina Bankers Association. This event brings IT, operations, and security professionals from across the industry to discuss innovation and learn about the latest in the industry.

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

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address a very common consumer pain point: Fees. This move will help Americans save \$17 billion a year, but banks need to be faster to make these changes.

Customers Will Get Creative With Payment Methods to Stretch Their Dollar

As people struggle to strike a balance between meeting their day-to-day expenditures and a bit of comfort and luxury to make life easy, they will get increasingly creative with payments by utilizing options like

Buy Now Pay Later (BNPL), digital wallets, and person-to-person (P2P) payments.

FinTech companies are gaining ground here by offering BNPL services to cash-starved customers. Banks and credit unions should continue to educate people about the various payment methods available to them and the benefits of making payments through digital wallets.

Learn more about what consumers are thinking, saying and feeling when you view the 2023 Consumer Outlook report.

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campaigning for a local county commission seat. While she lost that race, her interest in politics continued. She went on to caucus for Sen. Bernie Sanders in 2016, worked in the Democratic National Committee as a state representative in 2020, and then, in March 2022, announced her campaign for the 3rd Congressional seat.

She says her experience running a small business

helps her understand the working class. As a young mom, she says, "things will not get better in government unless we start electing people who have the shared experience of so many Americans."

A self-described moderate, her focus and emphasis in her first term are on the interest of working-class voters. During her campaign, she focused on being pro-abortion, discussing her miscarriage, domestic manufacturing efforts, funding for microplastic research, and lower insulin price caps.



2023 ENGAGE CONFERENCE

MAY 4-5, 2023 • WASHINGTON ATHLETIC CLUB

Learn More and Register online at www.wabankers.com/engage

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Helpline.

The organization serves the needs of those fighting food insecurity in the community.



U.S. Bank SW Washington Team Volunteers Packing Food Boxes

U.S. Bank Southwestern Washington team members recently spent a Friday afternoon packing food boxes for SnowCap Charities.

The organization provides food and other services to those in need.



Kitsap Bank Supports Bayside Housing & Services

Kitsap Bank announced this spring that one of its 2023 community partners was Bayside Housing & Services.

The organization recently required the Old Alcohol Plant to use it as a creative, one-of-a-kind approach to temporary

housing. The location provides temporary housing, hotel room stays, a restaurant, and a gallery, which will help fund Bayside's operations.



Heritage Bank Volunteers with Emergency Food Network

In late March, the Heritage Bank team volunteered at Emergency Food Network in Puget Sound.

The group prepared 2,000 break bags for students in the area, who experience food insecurity, to ensure they have nutritious meals during spring break.



Banner Bank Celebrates New Ballard Commons Park

This spring, the Banner Bank branch in Ballard joined other members of the local community to celebrate the reopening of the Ballard Commons Park.

The park, which was under renovations by the City of Seattle Parks & Recreation, reopened just in time for spring.

If you have news about WBA members in the community, please share it with us! Send it to megan@wabankers.com and tag us on social media by using #BankersCare.

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