

Issues & Answers



April 2024

Conventional Wisdom



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

Estimates are that approximately 1.8 million conventions, conferences, and trade shows are

staged in the United States each year. We know so many things are competing for your time, in addition to gatherings of virtually every trade and business association you can imagine.

At the Washington Bankers Association, we, too, offer our members a range of conferences, but the signature event each year is our Convention. This year, that gathering will be held June 26-28 at the picturesque Skamania Lodge. It will again be presented to our Idaho, Nevada, and Oregon Banking Association peers.

While we might not know what's on the agenda at other associations' events, I

know that our bankers expect our Convention to provide them with timely and helpful information regarding the trends impacting our industry. Much thought and effort has gone into ensuring that the event will do just that while offering plenty of networking opportunities for attendees to make new contacts and reconnect with old friends.

Here are some of the agenda highlights for this year's event:

- A fireside chat with Michelle Bowman, a member of the Federal Reserve Board of Governors, moderated by Brent Beardall, President and CEO of WaFd Bank.
- An update from Rob Nichols, President and CEO of the American Bankers Association, on the regulatory tsunami and how the industry is pushing back, as well as the other efforts, including litigation underway, and from a senior

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Issues & Answers – April 2024

The official publication of the Washington Bankers Association is sponsored by Vericast and WBA Professional Services.

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Clint Stein, President & CEO,
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representative of the Independent Community Bankers Association;

- Regulatory updates from Paul Worthing, Regional Director of the FDIC, and Charlie Clark, Director of the Washington State Department of Financial Institutions and Vice Chair of the Council of State Banking Supervisors;
- First-person account from a D.C. insider of the political landscape, from both the national and regional viewpoint in 2024, from Jeff Dufour, Editor in Chief of the National Journal;
- Discussion of “A New Model of American Banking” with John Maxfield, who publishes the well-regarded Maxfield on Banks industry newsletter;
- A look at team leadership, with a healthy dose of Ted Lasso thrown in, from Dr. Bobby Low, head of People Science at Motivosity, a leading human resource consulting firm that specializes in employee recognition, motivation, and corporate culture

That’s a lot of substance packed into just a couple of days. We are confident that the convention will have something valuable to offer anyone who serves in a managerial or leadership role within a bank. And speaking of value, remember that your WBA membership includes at least one complimentary registration for the convention.

This year, we have the unique opportunity of being the only group onsite at the Lodge during the event. This means attendees will have plenty of opportunities to explore and take in this scenic location with its gorgeous views of the Columbia River.

However, space is already filling up at the lodge, so you should plan on confirming your attendance plans as soon as possible.

Even if we can’t promise you a Bigfoot sighting this year, we guarantee an enjoyable and thought-provoking Convention.

We look forward to seeing you there.

Contact Us

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Call us at (206) 447-1700 and visit us on the
web at wabankers.com.

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On the Cover

The pier at Des Moines Marina glows orange against the backdrop
of a sunset over the Puget Sound.

Photo courtesy of Brett Curtliss, Flickr

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WBA & Bankers Participate in ABA Summit in D.C.

The American Bankers Association (ABA) Washington Summit, held in March 2024, brought together key figures from the banking industry, regulatory agencies, and Congress to discuss the future of banking, regulatory challenges, and legislative priorities.

Over several days, 10 members of the Washington banking community participated in the Summit, which offered a blend of forums, panels, and keynotes addressing critical topics facing the banking sector.

The event started with breakfast, which participants of the Emerging Leaders Forum and Women and Allies Forum attended. An early highlight of the Women and Allies Forum, where Brad Johnson and David Smith, authors of *Good Guys* and *Athena Rising*, discussed the importance of allies in transforming bank culture. This session was complemented by a Women CEO Leadership Panel that featured influential figures like Mary Kay Bates, CEO of Bank Midwest, and Lisa Oliver, President and CEO of The Cooperative Bank of Cape Cod, discussing leadership strategies for women in banking.

Concurrent forums for emerging leaders highlighted the ABA's commitment to supporting diverse segments within the banking community. These sessions preceded a networking luncheon that fostered connections among participants from various forums.

A vital feature of the Summit was the general session on the second day, opened by Rob Nichols, president and CEO of the ABA. This session was followed by insightful discussions on the resilience of the banking sector, the impact of regulatory changes, and the outlook for the future of banking. Notable speakers included John Asbury, Brent Beardall, and Kenneth Kelly, who shared their perspectives on the industry's challenges and opportunities.

The summit also tackled crucial legislative and policy issues, with speakers such as House Majority Whip Tom Emmer (R-MN) and former regulatory officials providing valuable insights into the legislative priorities and regulatory environment. A significant focus was placed on advocacy efforts, particularly in opposition to the Durbin-Marshall bill, which threatens popular credit card reward programs. The Points Guy founder Brian Kelly joined Nichols to discuss strategies for preserving these programs.

The event concluded with sessions on banking for veterans, the impact of potential changes to the Federal Home Loan Banks and Fannie Mae/Freddie Mac, and the importance of financial inclusion through the Bank On initiative. Political analysts Donna Brazile and Mike Murphy offered election-year takeaways, providing a bipartisan analysis of the current political landscape.



Senators Jon Tester (D-MT) and Katie Britt (R-AL) discussed legislative and policy issues impacting banks, underscoring the ABA's role in facilitating dialogue between the banking sector and policymakers.

The attendees from Washington State also spent portions of the trip visiting with members of the state's Congressional delegation. They focused on how the CFPB's Section 1071 rule will impact the business lending sector and encouraged support of the ACRE Act.

WBA will return to D.C. in September for the annual PNW Capitol Hill Visit with the Oregon and Idaho Bankers Association.

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Legislature Falls Short on Financial Education Bill

At the start of this year's 60-day Legislative Session, lawmakers had a long wish list of items they hoped to accomplish despite a short window of opportunity.

They were required to draft and pass a supplemental budget, and thanks to a continued strong economy, they could balance the budget this year without new revenue.

Thank you to the WBA's Government Relations Committee, Legislative Ambassadors, Board of Directors, and Bankers Day on the Hill attendees for their input and time this year. WBA's Advocacy team relies on many people to provide feedback and intel; it wouldn't have been a successful year without them.

Knowing it was an election year, lawmakers drafted and introduced many "messaging bills" that had little chance of moving but signaled possible future intent.

Another significant sign of an election year is the number of lawmakers announcing their intentions to run for another seat or retire. Sixteen lawmakers in the House and Senate are either retiring or running for another office and will not return to their current seat, while five are running for other office but would return to their current seat if not elected.

Now that the session has adjourned, here is a look at the legislation WBA monitored this year and the outcomes.

Taxes

The 2024 session was the second of the two-year biennium, meaning any bill introduced in 2023 was automatically available for consideration.

For the banking industry, we've closely watched SB 5493, the proposal to eliminate the B&O tax exemption for interest income on first mortgage loans. This year, the bill failed to have a single hearing.

Much of the conversation during the session around taxes revolved around an update to the Real Estate Excise Tax (HB 2276), which was reworked to include a transfer tax for homes over \$3.025 million while lowering the lowest rate category.

While the bill remained in play until the final week of the session, there was never enough consensus to push it forward.

Another tax proposal would have allowed local governments to triple the growth rate of property tax collections from 1 percent to 3 percent. It also was a point of discussion for much of the 60 days but failed to gain traction.

We expect some form of these proposals to return in 2025.

Special Deposits

In the interim last year, WBA worked with local members of

the Uniform Law Commission on SB 5801 concerning special deposits. The legislation provides legal clarity to deposits that wouldn't otherwise fit into a specific category and are often held for a determined amount of time before being dispersed. This includes security deposits for an apartment, where the landlord may eventually return part or all of it to the tenant. The bill, which is model language, was opt-in, so banks in Washington can choose to participate if they want to, but it is not required. The bill passed both Chambers and was expected to be signed by the Governor.

Financial Education

Long a WBA priority, this year, Washington State Treasurer Mike Pellicciotti sponsored legislation (HB 1915) to add a financial education graduation requirement for Washington students. The bill passed the House unanimously and the Senate 47-1; however, the Senate amended it, changing it to not be a mandatory graduation requirement. The House did not concur with the changes, and the Senate was also unwilling to discuss them, and the bill died as the session adjourned.

Artificial Intelligence

Artificial intelligence was expected to be one of the most significant topics during the session. While lawmakers did not end up introducing the 10-plus bills that were anticipated, several were the focus of great debate.

Most agreed early on that a substantive bill related to AI needed to wait until more technology details were determined. That meant most lawmakers focused on two bills that would create a task force to study AI and its implications. The task force aimed to develop a study and recommendation for new regulations.

SB 5838 started with a large task force of over 40 members but was amended to a much smaller group of nine. That group included elected officials or other government employees but not business community members.

When the Senate bill moved into the House, it was amended to add a few new members to the task force, including members of the business and technology communities, which the Senate agreed to.

While the discussion around generative AI is just beginning, we continue to remind lawmakers that many in the industry have been using some form of AI for decades and that new regulations or laws should be consistent with federal rules.

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Events Calendar

April 11 – Management Development Program

April 19 – CBA Annual Conference; Hawaii

April 24-25 – Virtual Engage Conference

April 26 – Purpose, Passion & a Plan Future Leaders Event

April 30 – Understanding Bank Performance

May 8-10 – IBA, OBA, WBA Agriculture Conference; Idaho

May 30 – PSBJ Women Who Lead Summit; Seattle

June 11-14 – ABA Compliance & Risk Conference; Seattle Convention Center

June 17-21 – DFI Next Generation Financial Leaders Workshop

June 26-28 – 2024 Annual Convention; Skamania Lodge

July 30 – Future Leaders Networking Night at Spokane Indians

August 6-8 – KBA Fraud Academy

August 8 – Future Leaders Networking Night at Seattle Mariners

September 19-20 – Virtual Credit, Lending & Compliance Conference

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

Unlock the Future of Banking: Join Us for 2024 Annual Convention at Skamania Lodge

This summer, Washington state bankers are invited to the picturesque Skamania Lodge for an event filled with insightful discussions, networking opportunities, and strategic workshops designed to shape the future of banking.

The Annual Convention, which runs from June 26 to June 28, features a comprehensive agenda that addresses the interests and concerns of executive-level bankers.

Keynote presentations and breakout sessions featuring industry leaders are at the heart of the Convention.

Noteworthy speakers include Chris Nichols, director of capital markets at South State Bank, who will delve into the strategic utilization of Generative AI in banking—a topic of immense relevance given the rapid technological advancements in the sector.

Rob Nichols, president and CEO of the American Banking Association, will explore the opportunities awaiting the banking industry in 2024 and beyond,

promising insights into upcoming trends and challenges you won't want to miss.

The Convention also offers a range of breakout sessions, including discussions on navigating demographic shifts, mergers and acquisitions in the current regulatory and economic climate, and the nuances of investment tax credits.

Regulatory updates from the Conference of State Bank Supervisors and the FDIC will provide valuable information on compliance and operational excellence.

This year, we are also excited to welcome Federal Reserve Board Governor Michelle Bowman, who will be interviewed by WBA Board Member Brent Bear-dall, president and CEO of WaFd Bank.

A session not to be missed is John Maxfield's "A New Model of American Banking," which offers a visionary perspective on the industry's future.

The event also includes a unique session with Dr. Bobby Lowe, inspired by Ted Lasso, focusing on positive leadership principles—an

essential skill set in today's dynamic business environment.

Networking opportunities are not just a side benefit but a vital part of the Convention.

Social events like the Casino Night Reception and group dinners are designed to facilitate connections beyond the Convention, offering you the chance to meet and learn from your peers in a relaxed setting.

Given the caliber of this event, it's no surprise that space at the Skamania Lodge is filling quickly.

Bankers interested in attending are encouraged to book their accommodation soon as the Lodge is expected to sell out. For reservations, visit wabankers.com/convention.

This summer's Convention is not just an event but a pivotal moment for the banking community to come together, share insights, and pave the way for a future of innovation and growth in the banking sector.



WBA Celebrates RBMDP Graduates in March

The Washington Bankers Association (WBA) proudly announces the graduation of a group of bankers from the Retail Branch Manager Development Program (RBMDP).

This program, held virtually from October through March, provides bankers with the knowledge, skills, and insights needed to thrive in the dynamic banking landscape.

The program's graduates have demonstrated exceptional dedication and commitment to enhancing their banking management and leadership expertise.

Congratulations to the following graduates:

Jessie Davidson, 1st Security Bank; Angela Forsythe, Kitsap Bank; Melony Heim, 1st Security Bank; Jeff King, 1st Security Bank; Alisen Mayfield, Kitsap Bank; Maira Schuster, 1st Security Bank; Rachene Randolph, 1st Security Bank; Julie Ranson, First Fed Bank; Shannon Stepp, 1st Security Bank; Corrin Wallace, First Interstate Bank; Sheri Williams, 1st Security Bank; and Cori Winton, 1st Security Bank.

RBMDP covered a wide array of topics essential for today's banking leaders, including but not limited to exploring opportunities in banking, bank lending essentials, leadership, high-performing team dynamics, effective communication, and customer engagement excellence. The program empha-



sized theoretical knowledge and practical application through real-life case studies, interactive discussions, and mentorship, ensuring participants could translate learning into actionable strategies in their respective roles.

The RBMDP graduates will be able to use their enhanced skills and insights into the nuances of retail banking to navigate the challenges and opportunities that lie ahead in the evolving banking sector.

The next round of RBMDP will begin in the fall of 2024.

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Greenhouse Gas Emissions

After California passed a law in 2023 requiring businesses to report their greenhouse gas emissions, it was expected that Washington would introduce something similar.

SB 6092, aligned with the California version, would require any business making more than \$1 billion in revenue to report to the state emissions on scope 1, 2, and 3, covering direct and indirect greenhouse gas emissions. Following the bill's passage last year in California, Gov. Newsome said significant amendments would be needed and did not include any funding for the new reporting regime in his budget.

The Senate amended the bill to study the implementation of such a rule and its impact on the state and businesses.

While it passed out of the Senate in mid-February with a vote of 30-19, it failed to be called to the House floor before the final policy deadline.

The Legislature has focused on climate over the last few years, and we expect similar bills to return in 2025. Similarly, the SEC released its long-awaited rule for publicly traded companies, driving the conversation. Notably, the SEC rule did not include scope 3, indirect emissions.

Initiatives to the Legislature

Six initiatives to the legislature were filed with the Secretary of State at the end of 2023 and into early 2024. Initiatives to the Legislature require that during the session, the Legislature either adopt the measure as proposed. It becomes law, the legislature can reject it, and the initiative is placed on the ballot, or lawmakers can propose a different measure on the same subject, called an alternative, and then both the original initiative and alternative are on the ballot for voters to choose between.

During most of this year's session, lawmakers debated what an alternative was or could include. In the final two weeks, lawmakers agreed to hear three of the six initiatives. Lawmakers passed the following, which means these will not appear on the

ballot in November.

- Reasonable police pursuit (I-2113)
- Clarifying prohibition on state/local income tax (I-2111)
- Establishing the parental bill of rights in public education (I-2081)

That leaves the other three initiatives (eliminating the capital gains tax, rescinding the Climate Commitment Act cap and trade program, and making the state's long-term care payroll tax an optional opt-in program) on the ballot.

Other Topics

Throughout the 60 days, lawmakers considered a wide variety of other legislation, including:

- HB 1589, which passed both Chambers in the final 48 hours of the Session, allows Puget Sound Energy to combine natural gas and electric services into a combined rate structure, which was previously not allowed. It also will enable PSE to move away from natural gas use and increase costs for customers using it.
- HB 1893 would have provided unemployment benefits for striking workers or those locked out. The business community strongly opposed the bill, and while it passed the House, it failed to advance beyond the last cutoff in the Senate.
- HB 2094 and HB 2095 were bills dealing with administering and regulating consumer gift cards and loyalty programs and setting out conditions under which the state could claim outstanding balances as unclaimed property. One of the bills required companies to keep a registry of who purchased gift cards to be notified when an unused balance would be given to the state as unclaimed property, despite Washington law that gift cards never expire. The business community raised serious concerns with both bills, highlighting the logistical and administrative challenges the legislation would create. Neither bill advanced to the opposite Chamber this year, but we expect similar proposals to return.

Again, thank you to everyone who helped the WBA Advocacy team this year. We look forward to working with you in the interim!



U.S. Bank Volunteers Clean Up Green Lake Park

The local U.S. Bank team recently volunteered at Green Lake Park in Seattle, part of a regular visit to help pick up litter.

The group also regularly volunteers at Food Lifeline, packing food for those in need.



Washington Trust Bank Volunteers Participate in Boys & Girls Club Doors to Dreams Event

The Washington Trust Bank team in Spokane recently spent a Friday evening volunteering at the Boys & Girls Club Dorrs to Dream event.

The team helped staff with the check-in and check-out process for the gala, ensuring that the process went smoothly for those in attendance.



U.S. Bank Bank Resource Group Celebrates Lunar New Year

The local U.S. Bank Asian and Pacific Islander Bank Resource Group (BRG) recently participated in Lunar New Year celebrations in the International District in Seattle.

Members of the group volunteered at the bank's table, sharing information with the community and participating in other events.



1st Security Bank of Washington Donates Kitsap Community Foundation

1st Security Bank of Washington announced this winter a donation to the Kitsap Community Foundation.

The bank donated \$1,500 to help the local nonprofit.



Kitsap Bank Donates to Tacoma/Pierce County Habitat

Kitsap Bank announced at the end of February a \$10,000 donation to the Tacoma/Pierce County Habitat for Humanity.

The donation helped fund the organization's annual Changing Lives Luncheon, celebrating the last year.



Sound Community Bank Peninsula Team Participates in Olympia Medical Center Foundation Event

The Sound Community Bank team from Sequim and Port Angeles attended the Olympic Medical Center Foundation Red, Set, Go! Heart Luncheon.

The annual event raises awareness about critical heart health issues for women on the Olympic Peninsula.

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Yakima Federal Donates to Mid-Columbia Children's Museum

Yakima Federal Savings and Loan announced this winter a donation to the Mid-Columbia Children's Museum.

The \$2,000 donation helps the organization continue its mission to bring STEM/STEAM-centered opportunities to children in the Tri-Cities.



Community First Bank Participates in Chamber Banquet

The Community First Bank team participated in the annual Greater Connell Area Chamber of Commerce's Annual Banquet in February.

The event highlights the businesses that make Connell unique and celebrates outstanding contributions to the community with the annual awards ceremony.

JPMorgan Chase Seattle Banker Earns 2023 National Achiever Award

JPMorgan Chase announced in February that Seattle-based Community Manager Rocky Fong was named one of the bank's 2023 National Achiever award winners.

Fellow Seattle leaders presented him with the award in honor of his work to bridge the gap of racial equity, provide financial education, and make positive impacts in the community.

Kitsap Bank Donates to Housing Resources Bainbridge

In early February, Kitsap Bank announced that it would donate to Housing Resources Bainbridge, one of its 2024



community partners.

The bank donated \$5,000 to help with the organization's mission to preserve the diversity and vitality of Bainbridge Island by providing and maintaining affordable housing opportunities.



HomeStreet Bank Branch Participates in West Seattle Financial Literacy Event

The HomeStreet Bank West Seattle branch recently participated in another Empowering Women Event focused on education around cybersecurity.

The guest speaker, Rojin Heidari, provided a wealth of information about helping businesses and consumers keep their information safe and what to do when something goes wrong.

U.S. Bank Seattle Hosts First Women's Resource Group Event

The U.S. Bank Seattle team recently hosted its first Women's Employee Resource Group event.

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Industry News

New Hires

Tim Cassels
Chief Financial Officer at StateBank Northwest

Adam Lervik
Senior Vice President and Commercial Market Leader at Peoples Bank

Jorge Alvarez
Branch Manager at First Fed Bank

Tricia Collins
Relationship Banker at First Fed Bank

Anthony Tomashek
Vice President and Commercial Banking Officer at Bank of the Pacific

Suzanne Nester
Compliance Manager at First Fed Bank

Lynette Reynolds
Professional Banker at Liberty Bank

Georgia Sayed
Relationship Banker at First Fed Bank

Callum Auer
VP/Commercial Banking Officer at Bank of the Pacific

Matt Craner
Vice President and Commercial Banking Officer at Bank of the Pacific

Promotions

Jessica Connolly
Assistant Vice President and Branch Manager at Kitsap Bank

Abbygail Sill
Senior Creative Manager at First Fed Bank

Sarah Damele
Commercial Relationship Banking Leader at Wells Fargo

Gina McMann
Senior Mortgage Loan Officer at Peoples Bank

Kelly Miller
Assistant Vice President, Assistant Controller at Kitsap Bank

Erik Freeberg
Vice President and Commercial Banking Officer at Heritage Bank

D. Garrett Lund
Area Retail Leader at KeyBank

Board of Directors

Sean Brennan
First Fed Bank

Retirements

Eric Eid
Chief Integration Officer at Umpqua Bank

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

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The team hosted a lunch and discussed making small choices that led to significant changes.



Banner Bank Participates in Bellevue Women's Leadership Conference

The Banner Bank Bellevue team recently participated in the Bellevue Chamber of Commerce's Women's Leadership Conference.

The event, which was held at the end of February, featured a half-day of networking and a session with businesswomen from the community. It featured a session titled "Bank On Yourself," featuring JPMorgan Chase's regional chairwoman Kerri Schroder and Amber Shroyer from the bank.



Sound Community Bank Sponsors Sequim Sunshine Festival

At the beginning of March, Sound Community Bank once again sponsored the 5th Annual Sequim Sunshine Festival.

The event features fun activities to celebrate the end of winter and the beginning of a new season. The bank sponsored the illuminated drone show on Saturday.

First Financial Northwest Bank Volunteers at Snohomish Wine Festival

The First Financial Northwest Bank team recently volunteered at the Snohomish Wine Festival.

The bank auction team helped with the checkout process at the event, ensuring a smooth experience for winners and attendees.



Chase Hosts Financial Workshop

The Puget Sound JPMorgan Chase bank team recently worked with the Evergreen Way Goodwill in Everett to host a financial workshop.

The event brought together the Home and Hopes Community Land Trust to discuss shared equity homeownership and how they help and work with moderate-income families.

Olympia Federal Savings Donates to South Puget Sound Habitat

Olympia Federal Savings announced in February that South Puget Sound Habitat for Humanity was the bank's Two Cent partner of the month and earned a donation of \$2,620.

The bank partners with a new nonprofit organization every month, donating two cents from each debit card transaction during those 30 days.



Yakima Federal Savings Participates in Junior Achievement Fundraiser

At the beginning of March, the Yakima Federal Savings team participated in the annual Junior Achievement bowling fundraiser in Yakima.

This year's event featured a Vegas theme and helped JA continue its work and conduct financial literacy courses in local schools.

BankWork\$ In Washington Celebrates Two Graduations

The BankWork\$ program in Washington celebrated a new group of graduates at both the YWCA and Career Path Services organizations.

The free 8-week training program provides individuals with the skill set necessary to have successful careers in the banking industry.

Following the graduation ceremony, the individuals participated in a job fair with the bank and credit union partners who were looking to hire new bankers.

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Heritage Bank Volunteers at Emergency Food Network

The Heritage Bank team in South Puget Sound recently spent a day volunteering at Emergency Food Network.

The group packed over 5,200 pounds of apples to help those in need.



Kitsap Bank Donates to ShareNet Food Bank

Kitsap Bank donated \$2,500 to ShareNet Food Bank in mid-February.

The donation helped the Food2Go Project in Kingston, which provides weekend take-home food to students in need at any Kingston public school.



First Fed Bank Donates to Port Angeles Food Bank

As part of the annual holiday food drive, First Fed Bank announced earlier this winter a \$5,000 donation to the Port

Angeles Food Bank.

The bank pledged to match donations given, and the donation reflected the generosity of the bank's employees and customers.



Kitsap Bank Donates to Feiro Marine Life Center

Kitsap Bank announced earlier this year a \$1,000 donation to the Feiro Marine Life Center in Port Angeles.

The donation will help the organization continue increasing awareness and connecting the community and environment by providing local marine and watershed learning experiences. These include touch tanks with sea stars, hermit crabs, and more.



Washington Trust Bank Supports United Way of Spokane County

This year, Washington Trust Bank announced a \$18,500 donation to United Way of Spokane County on behalf of the bank's Spokane-area employees.

The funds were raised during the bank's annual United Way Campaign, an annual tradition. The donation helps the organization support vital programs and services in the area.



KeyBank Participates in Go Red for Women Event

The KeyBank team in Seattle recently participated in the 20th Annual Go Red for Women event, celebrating the American Heart Association's 100th year.

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2024 Financial Services Trend Watch: Attrition to Acquisition, the Evolution of Banking Loyalty

The financial service industry faces a powerful convergence of opportunities, challenges and conflicting narratives in 2024.

Vericast's Financial TrendWatch draws on wide-ranging and robust data from our Awareness-to-Action Survey to deliver a pulse check on consumer behavior, uncovering the complexity layers defining customer acquisition and loyalty. It also explores the digital transformation of traditional banking practices and delves into the enigmatic yet increasingly influential Generation Z.

Financial TrendWatch offers marketers actionable intelligence, expert observations, and penetrating insights, empowering financial institutions to lead with forward-thinking strategies that resonate with a diverse customer base.

1. Redefining Loyalty in Financial Services

Understanding the New Dynamics of Customer Loyalty and Switching Behavior

Exploring the shifting landscape of customer loyalty in the financial services sector, this section highlights the influences on consumer decisions regarding their primary financial institutions. It focuses on key demographic trends and the factors that drive loyalty and switching behavior changes.

Customer loyalty in financial services is not extinct but has transformed. Financial institutions that adapt by offering value, technological advancements, and personalized rewards can effectively attract and retain customers. This new era isn't about the death of loyalty but its transformation and the strategic initiative and response that can turn change into opportunity.

Despite the belief that customer loyalty is waning, 52% of financial institution customers consider themselves very loyal, primarily turning to their primary institution for economic needs.

76% of customers seek ways to save money and increase earnings. Financial institutions should look to prioritize customer well-being, time, and money savings to encourage higher loyalty

A significant 77% of customers expect to be rewarded for their loyalty.

A large majority of ZIP codes have shown a decrease in banking loyalty compared to last year. Now is the time for institutions to capture new customers, with many seeking the best deals. According to S&P's Capital IQ Pro Data Navigator, loyalty has decreased in 78% of ZIP codes this year.

"That's a pretty big change. Cost-conscious customers are looking for the best financial deals. This presents a ripe opportunity for institutions to attract a customer base ready to move for better offers," said Chris Phelan, Director, Sales Strategy & Analytics

2. Branches: Still a Cornerstone in Consumer Banking Balancing the Digital Shift With the Enduring Value of Physical Locations

Investigating current consumer perspectives, Vericast analysis reveals the relevance of branch locations in the decision-making process for selecting financial institutions. It addresses the nuanced balance



between the convenience of digital platforms and the continued importance of physical proximity for banking services.

Despite a digital shift, 39% of consumers consider proximity to home a crucial factor, while 32% value convenient hours and locations.

95% of banks invest in initiatives to improve in-branch experiences, aspiring for more immersive and personalized customer engagements.

A significant portion of consumers (36%) favor institutions with branches near their work, with 29% emphasizing the importance of convenient ATM access.

Despite their increasing preference for digital channels, the strategic presence of ATMs and branch services remains critical for Gen Z and millennials (27% claim its importance), particularly as cash usage experiences a resurgence for transactions in services like dining out.

Nearly half (49%) still prefer branch interactions, although Gen Z's preference is lowest (38%). Financial offers are more likely to elicit a response (62%) when institutions have nearby branches.

The significance of branch locations has not diminished but has been redefined in today's banking sector. Institutions that blend the convenience of digital services with the personal touch of physical locations can cater to a broader spectrum of customer preferences, ultimately driving loyalty and engagement.

The choice of financial provider is often reconsidered following a move, with 21% contemplating new financial institutions during significant life changes.

While consumers still need branch locations, 25% of Gen Z would opt for a financial institution that offers a completely online account opening process.

The reduction of branches nationally underlines the need for strategic outreach. Each remaining branch serves a larger population, presenting both opportunities and challenges in a competitive landscape.

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3. Decoding Channel Communication Preferences: Harnessing Omnichannel Responsiveness in Financial Marketing

Current trends across our industries revealed a revived openness to receiving marketing offers via mailboxes and inboxes. Our study examined the receptiveness of different generations to various marketing approaches, emphasizing the importance of a strategic omnichannel approach.

44% of those receptive to receiving offers prefer direct mail, including postcards, while 46% are open to email offers.

Gen Z strongly prefers social media ads (26%), double the average receptivity, suggesting potential for targeted social strategies.

Incorporating digital strategies alongside direct mail can significantly enhance engagement. Our data show a roughly 39% incremental lift in household response rates when adopting this multichannel approach.

A sizable 71% of consumers welcome offers from financial institutions, indicating a heightened receptivity compared to the previous year.

Most Gen Z (81%) and millennials (82%) show the highest openness to financial marketing offers among those with existing bank or credit union accounts.

Effective communication in the financial sector is not a one-size-fits-all approach. It requires an intricate understanding of channel preferences across generations and a strategic mix of direct mail and digital media to maximize reach and engagement.

At Vericast, we understand that diverse media strategies are essential to successful financial marketing. We also recognize the critical importance of acquisition, so we've developed Checking Engine, a tailored solution that combines direct mail and digital media strategies to resonate across different generations, maximizing customer engagement and optimizing acquisition rates.

The effectiveness of marketing in financial services increasingly depends on an omnichannel strategy. This approach involves a synchronized media selection that aligns with the institution's overarching goals and caters to its audience's varied preferences.

Financial services can create a seamless consumer experience that resonates across multiple platforms by leveraging a combination of direct mail and digital channels.

A deeper understanding of generational communication preferences is vital in crafting these strategies. The digital savvy of younger demographics, mainly Gen Z and millennials, indicates a strong preference for digital ads and email communications.

"Recognizing and responding to these preferences with tailored marketing approaches enables financial institutions to connect more effectively with these key consumer segments, setting the stage for enhanced engagement and long-term loyalty," said Stephenie Williams, Vice President of Product and Strategy of Financial Services, emphasizes the importance of a balanced channel strategy, noting, "An omnichannel strategy is essential for engaging diverse consumer segments effectively. Integrating digital with direct mail offers a comprehensive way to enhance visibility and drive meaningful action."

Exploring Factors Influencing Consumer Banking Decisions

While interest rates have traditionally been a primary factor in financial decision-making, modern trends indicate a shift in mindset as consumers place more value on savings, non-interest-based rewards, communication options, and customer service. This section examines the various incentives influencing consumers to open new accounts and the generational distinctions.

Consumers weigh various factors: 35% value the absence of monthly fees and the availability of cash incentives, 29% prefer no minimum balance requirements, 25% prioritize interest rates,

including APR and APY, and 21% appreciate ATM fee refunds.

Although 26% of consumers cite better rates as a consideration for switching banks, cash incentives (25%) and major life changes (21%) are close behind.

Gen Z shows equal willingness to switch to better technology and rates (25%), with a notable emphasis on customer service (22%).

Low rates on interest-bearing accounts are a lesser concern for Gen Z, mentioned by only 8%.

4. Rethinking the Role of Interest Rates

Interest rates, while significant, are just one component of the decision-making process for consumers. A multi-faceted approach that addresses varied customer needs and builds brand loyalty can lead to sustained market growth and differentiation.

Financial institutions can distinguish themselves by focusing on customer service, account protection, and accessibility for advice and interaction beyond competitive rates.

While cash incentives and competitive rates can attract new customers, long-term investment in branding can negate the need for rate chasing, setting a financial institution apart from the competition.

5. The Ultimate Debate: Product vs. Brand Balancing Product Offerings With Brand Recognition in Consumer Banking

The longstanding debate in marketing — whether to lead with a product or brand — remains complex within the banking industry. Vericast research explores the consumer response to banking offers, the impact of brand familiarity, and how a financial institution's identity can influence product appeal.

While product offers attract attention, an institution's distinctive brand and culture ultimately resonate with consumers. Identifying as innovation—or education-focused or known for competitive rates and low fees can define the market position.

A significant portion of consumers (67%) are more responsive to offers from banks they recognize.

The highest receptivity is toward checking account offers (36%), followed by savings accounts (33%) and card purchase incentives (31%).

Crafting marketing strategies in the banking sector requires a deep understanding of generational preferences.

Knowing the types of banking offers that resonate with each age group and aligning them with an institution's established brand is a cornerstone for developing impactful marketing campaigns. This marketing synergy between generational desires and brand strengths can set a financial institution apart in a crowded marketplace.

At the same time, brand and product integration are fundamental to successful consumer engagement. This approach ensures that customers are immediately drawn to the products' tangible benefits while forming a lasting connection with the brand's identity. It's a harmonious blend that delivers short-term acquisition wins and promotes long-term loyalty.

For more on harnessing the synergy between product offerings and brand strength, read Lisa Nicholas's blog, *Unleashing the Power of Brand Marketing in Consumer Banking*. Discover strategies that fuse brand equity with product appeal for a formidable market presence.

People may only fully grasp what a financial institution offers with communication. Maintaining a presence and blending brand storytelling with clear product benefits are crucial. This dual approach, appealing to emotions through the brand and addressing consumer needs with products, is vital," said Lisa Nicholas, Senior Vice President, Financial Institution Marketing Products & Strategy.

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6. The Social Media Age Social Speaks as Consumers Increasingly Look to Various Platforms for Financial Advice

While it's often thought that social media is the go-to for modern financial advice, particularly among Gen Z, the reality is more subtle. This TrendWatch section explores the platforms where different generations seek financial guidance and the potential for financial institutions to engage through influencer marketing.

Gen Z's preference for platforms like TikTok and YouTube reveals demand for engaging, educational, and financial content. 26% of Gen Z turns to these video-based platforms in comparison with the overall respondents' ranking of 7%.

Over a third (37%) of banking executives recognize influencer marketing as a potent tool for forging authentic consumer connections.

Financial advice is sought across various channels, with a significant reliance on personal networks and traditional financial advisors, especially among older generations.

Embracing the digital dialogue, financial institutions can capitalize on the trend of social media as a source of economic wisdom.

By crafting relatable content and forging partnerships, institutions meet Gen Z where they are and lead trending topics in financial education and empowerment.

Crafting Content That Cashes In on Engagement

To engage with and guide younger audiences, financial institutions should consider a strategic approach to content on social media through financial hacks and savings tips. Partnering with influencers can help financial institutions grab attention and establish trust and relatability, particularly with Gen Z consumers who value advice from familiar faces on their favorite platforms.

It's not a matter of whether FIs should be on social platforms but how they will appear on these channels. It's important to focus on one channel at a time to understand communication styles and how your customers interact and expect to be interacted with. It's crucial to build relationships. Be authentic; users are willing to forgive small mistakes when they have a deeper relationship with a brand and its values." — Alessandra Pecoraro, Paid Media Director.

7. Cracking the Gen Z Code: Understanding Gen Z's Banking Behaviors and Preferences

While Gen Z might seem enigmatic, closer examination reveals clear preferences and priorities in their banking habits. The final chapter of TrendWatch dives into what Gen Z values in their financial institutions and how they differ from previous generations.

This generation appreciates more proactive outreach from banking staff, lower loan rates, and personalized offers than any other age group.

Gen Z prioritizes personal interactions and video banking options, signaling a desire for both high-tech and high-touch banking services.

A notable 72% of Gen Z have encountered issues with their primary financial institutions, with high ATM fees, inconvenient locations and hours, and a lack of financial education topping their list of grievances.

Gen Z is a significant gauge of where the financial industry is heading. Their distinct preferences for technology, transparency, and personalized services demand a shift in how financial institutions approach banking. By understanding and adapting to these preferences, financial institutions can unlock the potential

of serving this tech-focused, highly collaborative, self-reliant, and pragmatic group shaping the future of financial services.

As Vericast further explored Gen Z's banking behavior, it became evident that their digital fluency deeply influences their expectations and banking choices, engagement and education.

Financial institutions should focus on engaging Gen Z with educational resources and content that address their unique needs and pain points.

Gen Z sets itself apart by placing a premium on proactive outreach from banking staff (12%), favorable loan rates (11%), and personalized offers (11%) more so than other generations when choosing their primary financial institution.

Align services and marketing efforts with Gen Z's top financial priorities for 2024, such as credit card openings, savings accounts, and investment apps.

Recognize Gen Z's inclination toward online-only banking, emphasizing the need for digital innovation and agility within traditional banking models.

Notably, Gen Z is most interested in initiating checking or savings accounts and is more inclined to transfer their accounts to a different financial institution.

For 2024, building up savings is Gen Z's top financial goal, with 43% prioritizing this objective. Additionally, Gen Z's ambitions include opening a new credit card (27%, compared to 13% across all generations), starting a savings account (23% vs. 12%), and investing in stocks through platforms like Acorns, Robinhood, or Invest (20% vs. 12%).

While most Gen Z (61%) still prefer traditional banks for their financial transactions, nearly a third (29%) are leaning toward online-only banks, a marked increase from the 17% average across all generations.

Strategy is about data, precision, and efficiency. The TrendWatch report, with its clear industry intelligence and expert analysis, empowers financial marketers and executives to transform today's challenges and narratives into tomorrow's opportunities. Vericast guides financial institutions to spend their marketing dollars wisely, focusing resources on targeted, responsive initiatives that reach the most likely benefit from their products and services, ensuring maximum impact and value from every dollar spent.

About Financial Trendwatch

The report explores emerging trends in consumer behavior that significantly impact the financial services industry. It offers valuable insights, addresses challenges, uncovers opportunities, and suggests innovative marketing strategies to channel through this evolving sector. The Vericast Awareness-to-Action Study, conducted in November 2023, involved 1,815 respondents. The participants, all at least 18 years of age and residing in the contiguous United States, were carefully selected through an online consumer research panel. Most of the questions focused on individuals who engage with banks, credit unions, or FinTechs, providing a broad view of the sector's evolving dynamics.

About Us

Vericast is your trusted marketing influence and activation partner, committed to delivering better outcomes through a unified, data-driven approach. Powered by advanced technology, extensive experience, a solid commitment to security and privacy, and a passion for excellence, we enhance brand performance for over 15,000 companies, including over 1,100 financial institutions. Trust us to drive performance for your brand. Discover more at Vericast.com.

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The group heard from survivors and medical professionals at the event, bringing greater awareness to the risks and warnings of cardiovascular disease.



Local Organizations Earn 2023 FHLBDM Affordable Housing Program Grant

In February, the Federal Home Loan Bank of Des Moines announced the recipients of this year's Washington Affordable Housing Program grants.

The banks and organizations they've partnered with were recognized at an event led by FHLBDM President and CEO Kristina Williams.

In partnership with the Downtown Emergency Service Center, Heritage Bank received \$1 million, while WaFd Bank, in collaboration with OPAL Community Land Trust, also earned \$1 million. HomeStreet Bank, working with Habitat for Humanity Seattle-King County, received almost \$500,000.

In total, 60 projects were awarded AHP grants worth \$46 million.



Bank of America Seattle Team Hosts Women's Day Event

The Bank of America Seattle team recently hosted an International Women's Day event.

The group came together and brought donated women's clothing to be given to the bank's community partner, Jubilee Women's Center in Seattle.

The event shared information about career growth, becoming a mentor, and more.

Washington Business Bank to be Acquired by Sound Credit Union

Washington Business Bank announced a new deal to be acquired by Sound Credit Union in March.

"Washington Business Bank has served as a cornerstone

for local business owners for more than twenty years," said Don Clark, President and CEO of Sound Credit Union. "We look forward to providing these new members the same level of excellent service, an expanded suite of products and services, as well as all the benefits membership in a credit union brings to help their businesses and families thrive."

Both organizations' boards of directors have approved the transaction. The combined institution will have \$3 billion in assets, \$2.3 billion in loans, and \$2.5 billion in deposits and locations throughout King, Pierce, Snohomish, and Thurston counties.

"Since our founding, our mission has been to work alongside small business owners across Washington to help them become more successful," said Jon Jones, president and CEO of Washington Business Bank. "We know these owners will find the same level of partnership with the Sound Credit Union team for years to come."



WaFd Bank Participates in Elizabeth Gregory Home Luncheon

Members of the Seattle WaFd Bank team recently attended the annual Elizabeth Gregory Home Luncheon.

The event supports EGH, which provides hope and help to homeless or at-risk women in the greater Seattle area.



SaviBank Hosts Orcas Island Chamber Afterhours

The SaviBank Eastsound Loan Production team recently hosted the Orcas Island Chamber of Commerce's Afterhours event.

The bank welcomed members of the Chamber and small businesses to see the office space and learn more

about the bank.

WaFd Bank Branch Hosts Diaper Drive

The WaFd Bank branch in Auburn hosted a diaper drive in March to help local families in need.

The branch's goal was to collect 2,500 diapers and wipes.

The drive was part of the bank's work with March of Dimes throughout March. The bank recognized that diapers and other supplies are not included in many government programs and are often high-need items for local nonprofits and other organizations working with children.

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HomeStreet Bank Donates to Issaquah Food Bank

In honor of employees volunteering, HomeStreet Bank announced a \$500 donation to the Issaquah Food Bank.

Uma Minakshisundaram volunteered 50 hours with the organization, earning the HomeStreet grant.



Baker Boyer Bank Earns Business Making a Difference Award

This spring, Baker Boyer Bank announced it earned the Business Making a Difference Award at the Celebration of Giving organized by the Blue Mountain Community Foundation.

The bank was recognized for its work supporting the Blue Mountain Region community.



Olympia Federal Savings Wins Built It Birdhouse Competition

Olympia Federal Savings announced in mid-March it earned first place at this year's Rebuilding Together Thurston County Built It Birdhouse competition.

The event focuses on ways to preserve and revitalize the community with local nonprofit partners. The competition showcased ways to make that happen in everyday life.



Community First Bank Participates in Rock Your Socks Event

The Community First Bank team recently participated in the Rock Your Sock event, which featured crazy socks for the Down Syndrome Association of the Mid-Columbia.

The event is hosted each year on World Down Syndrome Day. The organization works with individuals with Down syndrome to provide support, resources, and information to families and community members.



WaFd Bank Opens Tri-Cities Branch

WaFd Bank celebrated the opening of its newest branch, located in Kennewick.

The grand opening highlighted the new staff and building welcoming members of the community.



Banner Bank Donates Teddy Bears to Local Non-Profits

The Banner Bank team in Spokane recently decorated t-shirts and teddy bears for local non-profits in the area.

The 250 bears were given to the American Red Cross, Childhood Cancer Coalition, and Vanessa Behan to give to children in need.



KeyBank Opens New Branch on Redmond Ridge

KeyBank celebrated a new branch opening on Redmond Ridge at the end of February.

The ribbon cutting featured donations to two local non-profits, HopeLink and Together Center, which received \$10,000 from the bank to help with their mission.

"KeyBank is excited at the opportunity this new branch provides for us to become an integral part of the Ridge community," said Matt Hill, KeyBank's Seattle Cascades market president and commercial banking leader. "Redmond Ridge is the 17th most populated city in the state and continues to be a fast-growing hub for business and recreation. This new location highlights Key's continued investment in Washington, and we are excited to work more closely with our neighbors, clients, and community partners."

The new branch highlights the bank's financial wellness center model, with all transactions completed at desks rather than a traditional teller line.

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Banner Bank Provides Financial Education at Anacortes High School

Banner Bank's Racheal Meloche and her team recently presented to Anacortes High School students on financial education.

The bankers shared information about financial wellness, fraud prevention tips, and predatory lending prevention.



SaviBank Sponsors Skagit Valley Tulip Festival Gala

Members of the SaviBank team recently attended the Skagit Valley Tulip Festival Gala, which the bank sponsored.

This year's event featured a 1920s theme and celebrated the largest festival in Skagit County.

Olympia Federal Partners with Big Brothers Big Sisters of SW Washington

Olympia Federal Savings recently partnered with Big Brothers Big Sisters of Southwest Washington to introduce youth to finance careers.

The bank has participated in the Career Mentoring Exploration program since 2021 and highlights careers in the finance sector.

In the program, students are matched one-on-one with an adult mentor to learn about the various careers in the finance industry and discover new topics each month.

"OlyFed's commitment to their local community is evident



in their generous gift of their space, time, and expertise to students," said Moriah Chaldner, Big Brothers Big Sister SW Washington program director.

"We have been a longtime supporter of Big Brothers Big Sisters of Southwest Washington and invest every year in the organization's mission through sponsorship of their many fundraising events," said Ryan Betz with the bank. "We thought the mentoring program was the next best step in being an even stronger community partner."

Harborstone Credit Union Acquires SaviBank

At the end of March, Harborstone Credit Union announced a new agreement to acquire Savi Financial Corporation, the bank holding company of SaviBank.

The transaction was approved by both boards and is the credit union's second bank purchase. Last August, it announced a deal to acquire First Sound Bank.

When finalized, Harborstone will have \$2.7 billion in assets, \$2 billion in loans, and \$2.3 billion in shares and deposits, and it will have 27 branches in the greater Puget Sound area.

"We look forward to working with Harborstone Credit Union to continue our tradition of fostering meaningful customer relationships while positively impacting our local communities," said Michal D. Cann, Chairman and President of Savi Financial. "We are deeply focused on providing resources and services for our customers to succeed, and we believe that the additional services, products, and locations Harborstone Credit Union provides will help us continue to meet their financial needs. Through the unique structure of this acquisition by Harborstone Credit Union, we believe we are maximizing value to our shareholders who have supported us over the years."

If you have Bankers Care news to share, please email Megan at megan@wabankers.com.



MENTORSHIP MONDAYS

Every Monday at 2 p.m.