

# Issues & Answers



August 2021

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## Diversity, Equity, and Inclusion: A Competitive Advantage



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

Throughout our careers, we have experienced various efforts to encourage diversity, equity, and inclusion (DEI) across all spectrums of Americans' lives.

In the 1970s, the banking industry was tasked to play a role with the enactment of the Community Reinvestment Act. While today's CRA is woefully outdated thanks to technology trends and the way Americans conduct their banking, it remains a powerful tool for DEI. Unfortunately, I don't think CRA ever achieved the level of inclusion that it was intended to.

CRA, along with other newer proposals, such as mandating increased diversity on boards and shareholder focus on DEI metrics, are other examples of the steps our industry has been making in the journey of DEI. Despite these efforts, these pro-

grams never seemed to reach full potential, perhaps because so much of what is at the heart of these conversations is woven into the fabric of our communities and defy a one-size-fits-all approach. Instead, we find that movements like Occupy Wall Street and the social unrest of this past year have forced many of us to consider how we make a more focused effort to serve people who feel left behind or overlooked.

Recently, many of our member banks have been participating in the Coalition for More Housing Choices which seeks to remedy the legacy of redlining and lack of homeownership in BIPOC communities. This group has brought together local governments, agencies, nonprofits, and banks to look at ways to create more housing choices in Washington state. As a participant, it's become clear to me that despite a great deal of effort on creating affordable housing over the last decade, in many cases we've barely scratched the surface of what needs to change.

New programs and increased funding for affordable housing is a great step, but if we don't look at the underlying issues, like zoning policies, those programs may not be widely adopted or benefit

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### Connect With Us

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

### On the Cover

The Blue Angels zoom past a building in downtown Seattle in August 2019, the last time the team performed during Seafair. The jets participated in a virtual show in 2021.

*Photo by Megan Managan*

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the communities that need it most. That's just one example of myriad challenges facing not only banking, but builders, nonprofits, and governments.

Many of you have shared your organization's DEI journey, showcasing new and old efforts to reach new customers, employees, and more.

I believe, and hope, that today's growing focus on DEI will follow trends we've already seen, quickly becoming so embedded in our culture that it becomes how we do things.

As with housing, government focus provides one piece of the puzzle. For banks, that means recognizing that regulators will be looking closely at their DEI programs and results. One example is the recent emphasis on real estate appraisers and the potential for bias in their work, given a lack of diversity in the profession and the unfortunate history of redlining practices.

Ultimately, full acceptance and celebration of DEI principles will rest with the individual actions of thousands of private sector organizations and institutions, including banks.

There are strong arguments for banks to embrace DEI as a fundamental part of their business strategy. Studies have shown that fully integrating DEI in your operations can bolster financial performance, foster innovation, and growth, highlight your organization as an employer of choice, and increase employee engagement. In other words, DEI can help your bottom line.

According to recent research from the international consulting firm McKinsey & Co., companies with gender diversity are 25 percent more likely to be profitable than their peers, and those with racial diversity are 36 percent more likely to be profitable. But DEI goes beyond just racial and gender diversity. It also includes political, religious, and socioeconomic status. McKinsey also argued that the business case for DEI is stronger than ever because companies that welcome diverse talents and encourage the sharing of multiple perspectives are more likely to emerge from the pandemic stronger and better positioned to deal with a rapidly changing business, social, and governance environment.

Given this compelling case for an organization to incorporate DEI principles into its business practices, what are some things that should be considered when moving forward?

First, DEI must be a value clearly and consistently embraced and practiced by the executive ranks. The tone is set at the top. If DEI remains an HR-driven initiative, it's more likely to be seen as another temporary sidebar program that will lose steam over time.

Second, the strategy for executing an effective DEI commitment will vary from bank to bank based on the communities they serve and their current internal culture. There are no one-size-fits-all solutions, so each bank must develop and execute its plan.

Finally, in an era when all employers face challenges recruiting quality employees, thinking about diversity can help grow your talent pool. There's an old saying that "like hires like," so consciously working to overcome that tendency will help your bank attract new people to our industry and better reflect the markets you serve.

Diversity, equity, and inclusion are more than current buzzwords. DEI is a complex issue encompassing many business and societal factors. To help you develop, refine and execute your bank's DEI strategy, the WBA's DEI Taskforce has assembled a helpful resource guide with references from a wide variety of sources. It will be available on the WBA website at [www.wabankers.com/dei](http://www.wabankers.com/dei).

Throughout history, banks have competed on many fronts. At times, safety and soundness have been critical. Some customers will always see rate comparisons as the competitive benchmark. In terms of technology, there was a time when having the most comprehensive ATM network was an important advantage, and today offering the most versatile and customer-friendly online banking platform can provide an edge.

Looking ahead, banks may well find themselves competing based on diversity, equity, and inclusion. The winners will be those that consistently demonstrate an understanding of and commitment to meeting the needs of a diverse community. Those who successfully do so will have a workforce that truly reflects their community.

Buckle up – it should be an exciting and rewarding ride!

# Time's Up: Congress Must Stop Credit Union Purchases of Taxpaying Banks



*By Rob Nichols, President & CEO,  
American Bankers Association*

After tapering off during the pandemic, the trend of credit unions buying taxpaying community banks is back—and credit unions are becoming more aggressive than ever in their pursuit of acquisition targets. The first half of 2021 has

already seen two precedent-shattering deals: Jacksonville, Florida-based VyStar Credit Union's acquisition of a \$1.6 billion Georgia bank—the largest purchase of a bank by a credit union to date—and more recently, Iowa-based Green State Credit Union's announcement that it would simultaneously acquire not one but two community banks in the Midwest.

Acquisitions like these are a bad deal for taxpayers, a bad deal for communities, and a bad deal for consumers.

At a fundamental level, they erode state and federal tax bases, diverting funds away from important infrastructure projects and other government initiatives. Perhaps even more egregiously, in the case of VyStar—which paid an 80% premium on its acquisition transaction—the firm's tax-exempt status means that American taxpayers effectively subsidized the purchase.

Analysis by the Government Accountability Office shows that credit unions are now serving more middle- and upper-income customers, rather than customers of "small means"—the congressional mandate behind the credit union tax exemption. Rather than focusing on low-to-moderate-income communities that share a common bond, credit unions are increasingly targeting a wealthier client base, marketing wealth management services, luxury goods financing, and commercial banking services. This is simply not what credit unions were created to do.

Consumers also lose out when credit unions gobble up community banks, given that credit unions are not held to the same rigorous regulatory standards as banks when it comes to consumer protection or community reinvestment.



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These deals are also bad for the credit union industry itself, as small credit unions are increasingly forced to compete with an expanding cadre of large, growth-oriented firms. Despite all this, credit unions continue to persist in their pursuit of community bank acquisitions, aided and abetted by the National Credit Union Administration, which went so far as to attempt to formally codify this process with a proposed rulemaking last year—a step ABA vigorously opposed.

These efforts represent yet another assault on the statutory definition of "credit unions" enshrined in the Federal Credit Union Act that has been going on for years. It's even been acknowledged at the highest levels of NCUA's own leadership—one need look no further than former NCUA Chairman Mark McWatters' warning that the agency he once led has become "inappropriately emboldened" and has allowed the institutions it is charged with supervising creep far beyond their statutory boundaries.

It's time for Congress to step in.

Lawmakers must determine whether these types of acquisitions and the negative consequences that follow align with the public policy goals Congress intended when it created the credit union tax exemption in the first place.

Until they do, the banking industry must continue to push back—as it has in states like Iowa and Colorado, where state regulators have determined that local statutes do not allow credit unions to acquire state-chartered banks. ABA will continue its advocacy against these types of mergers—as we did in a recent letter to the OCC, highlighting the particular threat they pose to the mutual bank business model.

We'll continue to make these arguments loudly and often because we know that when taxpaying banks are overtaken by tax-exempt credit unions, everyone loses.

## Events Calendar

**September 30** – 2021 Virtual Credit Analyst Development Program

**October 6** – 2021 Hybrid Retail Branch Manager Development Program

**November 4-5** – Virtual Women in Banking Conference

**December 2-3** – Virtual Bank Executive Conference

**January 2022** – Hybrid Executive Development Program, Seattle

To register or to learn more about any of the listed events, please visit [www.wabankers.com/calendar](http://www.wabankers.com/calendar).

# 2021 Virtual Convention Focuses on the Future

By Megan Managan, Director of Communications & Government Relations, Washington Bankers Association

For the second year, the WBA and OBA Convention was held virtually, bringing together bankers from across the Pacific Northwest to learn from industry experts.

The event kicked off on Thursday, July 15, and was emceed by Ardis Kelley, chief strategy officer for the Federal Home Loan Bank of Des Moines.

Mark Zinder, president of Mark Zinder and Associates, hosted the keynote session, discussing how this latest crisis may not be that different than previously thought. While black swan events often are heralded as unexpected, some themes continued to repeat even during a worldwide pandemic. Zinder looked at how the industry arrived at its current point and where he expects current events will take us next.

In the second session of the day, Karen Petrou, managing partner of Federal Financial Analytics, shared the themes highlighted in her newest book *Engine of Inequality: The Fed and the Future of Wealth in America* which focused on ways that monetary policy and bank regulation have increased wealth inequality. Her session outlined solutions to be considered and strategic advice for bank executives.

During the only panel discussion of the event, bankers discussed how their organizations have approached diversity, equity, and inclusion over the last year and what their next steps are. The panelists included Jeff Deuel, CEO of Heritage Bank; Naomi Mercer, SVP & Diversity, Equity, and Inclusion for the American Bankers Association; Chabre Vickers, VP & Community Development for Wells Fargo; moderated by Linda Navarro, President & CEO of the Oregon Bankers Association. During the discussion, the bankers highlighted some of the things they are doing to build inclusion within their institutions



and what they've learned throughout the process so far. Attendees picked among four different breakout sessions to attend during Convention. Sessions included understanding risk management and risk scores with Bart Smith, partner and managing director of Performance Trust Capital Partners; ways banks can compete with digital banks and Google Plex, outlined by Dave

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## Legislative Roundtables Return In September

After hosting Legislative Roundtables virtually in 2020, we'll be adding in-person Legislative Lunches to the schedule this fall.

Bankers are invited to attend one of the events, held both in person and virtually, in September.

Each event is a chance for local bankers to learn about the latest

legislative issues, including what happened during the 2021 Legislative Session, what we expect in 2022, and other policies impacting the industry.

Following the briefing with WBA lobbyists, local lawmakers will join us, giving bankers the chance to visit with elected officials.

This event is open to WBA member bankers only and is free to attend.

Please contact Megan Managan at [megan@wabankers.com](mailto:megan@wabankers.com) if you would like to learn more or register for any of these events.

Please note, for virtual roundtables, a Zoom link will be sent after registrations have been processed.

### 2021 Legislative Roundtables

September 9	9:00 – 11:00 a.m.	Wenatchee	Virtual
September 9	1:00 – 3:00 p.m.	Peninsula	Virtual
September 10	9:00 – 11:00 a.m.	Vancouver	Virtual
September 14	11:00 a.m. – 1:30 p.m.	Spokane	Washington Trust Bank
September 15	11:00 a.m. – 1:30 p.m.	Tri-Cities	SpringHill Suites Kennewick
September 21	11:00 a.m. – 1:30 p.m.	Seattle	Washington Athletic Club
September 22	11:00 a.m. – 1:30 p.m.	Tacoma	Heritage Bank
September 23	11:00 a.m. – 1:30 p.m.	Bellevue	Westin, Downtown Bellevue
September 24	11:00 a.m. – 1:30 p.m.	Mt. Vernon	Skagit Valley Convention Center

# WBA DEI Taskforce Builds Resource Library of Best Practices for Bankers

Last summer brought race relations to the forefront of our national dialogue. Many businesses reevaluated their efforts around diversity, equity and inclusion, and the relative progress that has been made over the years. The banking industry participated in many of these efforts and while some success has been realized through CRA, fair lending requirements, and other mandates, many banks found their progress disappointing and struggled to do more.

At the WBA, we joined these efforts starting with frank discussions with our board of directors and committees. While opinions varied for a variety of factors, everyone acknowledged the WBA had a role to play-- to support our members as they developed strategies that reflected their own business and the communities they serve. To assist us in this process, we turned to our members who embraced the challenge of identifying practical, tangible tools for our members to begin or further their journey.

The team quickly identified several key hurdles such as building leadership support for DEI (setting the tone at the top), developing the business case for DEI, and recruiting and retaining a diverse workforce that feels included and welcomed in the bank's culture. They also helped develop a roadmap for those banks just beginning the DEI journey that includes a template along with a critically important check list.

Their efforts can be found on the WBA website at [www.wabankers.com/dei](http://www.wabankers.com/dei). The site includes a library of resources, guidelines, tool kits, best practice models, and training resources for member banks. We are grateful for the work done by this diverse group of individuals from 12 of our member banks.

"We heard from our member banks that they were looking not only for resources but opportunities to share information and strategies to further DEI initiatives within their organization and the communities they serve," said Glen Simecek, president and CEO of the Washington Bankers Association. "This group outlined not only what was working in their organizations, but best practices from around the country. We truly appreciate their insights and willingness to share, and we hope this library of information can help others in the future."

"I was honored to join the WBA DEI Task Force to share my passion and experience with other banking professionals," said LaVonne Olsen, Senior Vice President, Human Resources Director at Peoples Bank. "There is something awe-inspiring about bringing people together who are working towards a shared purpose, particularly when you know the work can benefit so many across the banking



industry. It is my sincere hope that our collective advocacy for DEI helps other institutions enhance the experience of employees and customers by fostering belonging and inclusiveness for all people."

The task force acknowledged their work had only begun and recommended that the diversity, equity, and inclusion work continue as a WBA committee. The WBA DEI Committee will provide a clearinghouse for bankers to meet, review and share industry concerns. It will also inform WBA's DEI education priorities for conferences and development programs. The DEI Committee can also help remind us of the strategic value of maintaining diversity, equity, and inclusion as a business priority now and in the future.

WBA thanks the DEI Task Force members for their participation:

- Jim Anderson, SVP/Talent Development Director, Banner Bank
- Jeane Daley, DEI Officer/VP/Training & Development, Heritage Bank
- Francis Janes, Industry Relations and Partnerships Director, Beneficial State Bank
- Aaron Meyers, Chief Human Resources Officer, Olympia Federal Savings
- Kristie Nockleby, SVP/Director of Administrative Services, Columbia Bank
- Dia Dissmore, SVP/Global Human Resources, Bank of America
- Hollie Brown, VP/Marketing Director, Peoples Bank
- Nicole Bascomb-Green, VP/Community Affairs Manager, US Bank
- Lisa King, SVP/Chief People Officer, WaFd Bank
- Erin Nicolaus, EVP/Chief Human Resources Officer, Sound Community Bank
- Frank Robinson, Diverse Markets and Community-Based Programs Executive, Union Bank
- Guillermo Cartagena, Director of IT Software Development, Washington Trust Bank
- LaVonne Olsen, SVP/Human Resources Director, Peoples Bank

## WBA Fintech Committee Adds Security Focus

This fall, WBA will be expanding the scope of its' Fintech Committee to include a security focus.

Earlier this year, several WBA members expressed interest in sharing information about physical and cybersecurity throughout

the bank.

The newly expanded Committee will hold its next meeting in September.

The Committee helps plan the annual Fintech Conference, and also discusses issues relating to

fintech, IT, operations and security.

If you are interested in being involved, please contact Duncan Taylor at [duncan@wabankers.com](mailto:duncan@wabankers.com).

# WBA Member News

## Coastal Community Bank Sponsors Stanwood Camano Island Soap Box Derby



In early summer, Coastal Community Bank sponsored the annual Stanwood Camano Island Soap Box Derby competition.

Camano Island branch manager Kirstin Tyner and her son helped get the bank's soapbox across the finish line, while CEO Eric Sprink served as the race starter.

## First Federal Announces Two Additions to Club 100

First Federal announced this summer that two more employees joined the Club 100 ranks, having volunteered over 100 hours this year.

Katie Marks earned the honor thanks to her work with the Port Angeles School Board, helping them navigate the pandemic by planning, building policy, and engaging with the community. During graduation, Marks handed out diplomas to seniors.

Christine Walsh Rogers also joined Club 100 this year, having spent time volunteering on a variety of issues, including housing policy, increasing homeownership, and healthcare.

She was also part of the team at the bank which helped build the Port Angeles Dream Playground in mid-July.

## HomeStreet Bank Donates to Community Roots Housing



In late June, HomeStreet Bank announced it would be making a \$10,000 donation to Community Roots Housing (CRH).

CRH provides housing to low-and-moderate income families and helps to integrate them into their communities.

CRH also provides services such as workshops to support budgeting and saving, as well as job training programs and resume writing workshops.

Frank Alvarado, a vice president at HomeStreet, serves on the CRH board, helping support their mission.

## Sound Community Bank Makes Community Donations



This summer, Sound Community Bank announced several donations to organizations within the bank's community,

including the Olympic Peninsula YMCA to support the 2021 Impact Campaign, which benefits children's programs at the YMCA.

The bank also supported Richmond Junior Football's Myles Gaskin Camp in early July. The camp was free for over 300 kids in grades kindergarten through eighth in Shoreline. The Cedar Plaza Sound branch hosted a booth full of fun prizes for the kids.

The bank's Port Angeles branch worked with Habitat for Humanity Clallam County by sponsoring the gutters and downspouts on a new home being built in Port Angeles.

In June, the same team participated in the United Way of Clallam County United We Hike, a month-long hike-a-thon. As a co-sponsor of the event, members of the Port Angeles team showed off their hiking skills and preparation



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at the branch.



#### **WaFd Bank Makes Community Donations**

WaFd Bank announced several community donations this summer.

Members of the team helped organize snack

packs for the United Way as part of the 2021 Day(s) of Action.

In June, J. Skelly, branch manager, presented a donation to Housing Hope for \$3,500 for the family services program.

The program combines affordable housing with social services to help families experiencing homelessness and poverty to increase self-sufficiency and escape poverty. Participants receive individual support services, including goal setting and achievement, education, and employment support. Skelly is a member of the North County board.

#### **Columbia Bank Announces Acquisition of Merchants Bank of Commerce in California**

Columbia Bank announced earlier this summer it would be acquiring Merchants Bank of Commerce in California, Columbia's first foray into the California market.

With the addition, Columbia Bank will have over 150 branches in Washington, Oregon, Idaho, and California with \$19 billion in assets.

"We are delighted to welcome Merchants Bank of Commerce clients and employees into the Columbia Bank family, extending our footprint beyond the Northwest and into California," said Clint Stein, Columbia's President, and Chief Executive Officer. "We have tremendous respect for the Merchants Bank of Commerce franchise and view this as an opportunity to expand with an organization that aligns with our long-standing commitment to clients and community. Northern California shares many similarities with the Northwest in both metropolitan and rural markets, making expansion into this region a natural extension of our existing footprint. We appreciate how the management team has grown this franchise in a profitable manner and are excited to have them join Columbia to help manage our

California expansion."

#### **Peoples Bank Announces \$5,000 Donation to Northwest Youth Services**

At the end of June, Peoples Bank announced in honor of Pride Month, it would be making a \$5,000 donation to Northwest Youth Services to help in their continued support of LGBTQ+ youth in the community.

Northwest Youth Services is a nonprofit in Whatcom and Skagit Counties that helps teens and young adults experiencing homelessness. They offer housing, street outreach, help with job placement and school placement, and provide mental health services to those in need.



#### **Baker Boyer Bank Donates to Emmaus Counseling Center**

Earlier this spring, Baker Boyer Bank announced it donated \$1,000 to Emmaus Counseling Center.

#### **Olympia Federal Announces Yearly Philanthropy Totals**

Olympia Federal Savings announced this summer it had set a new personal record for giving and volunteerism at the bank in the last year.

In the previous 12 months, the bank donated \$465,000 in gifts and sponsorships to nonprofits and employees volunteered more than 1,000 hours to 20-plus local organizations.

#### **Bank of the Pacific Supports Willapa Center Housing Project**



Bank of the Pacific recently attended the groundbreaking for the Willapa Center housing project, that the bank sponsored through the Affordable Housing Program grant offered by the Federal Home Loan Bank of Des Moines.

The Willapa Center is a joint Pacific Housing Authority project which will include a 30-unit, multi-family mixed-use project in Raymond at the previous location of the historical Willapa Hotel, which burned in 1998.

Construction on the project will begin this fall.

*If you have WBA member news to share, please email Megan Managan at [megan@wabankers.com](mailto:megan@wabankers.com). Submissions are run on a space available basis.*

# 27 Graduate from 2021 Virtual Management Development Program

At the beginning of July, the Virtual Management Development Program welcomed 27 new graduates to the ranks of alumni.

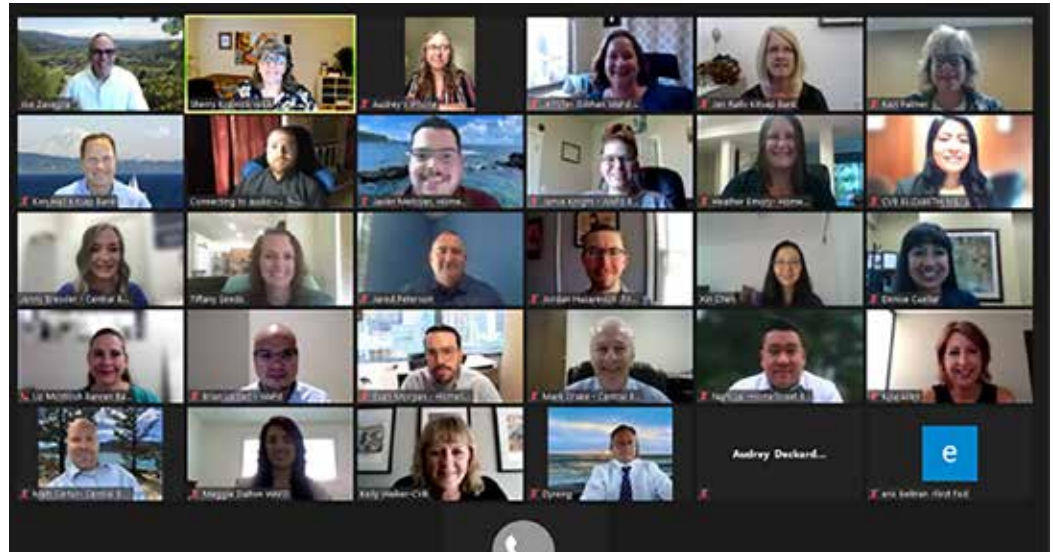
The second-largest class the program has had since inception in 2012, 40 percent of the students attended from outside of Washington.

Students began the program in April, learning about the current banking environment, leadership, communication, as well as performance management, and more.

Congratulations to Kyla Allen, North Cascades Bank; Eric Beltran, First Federal; Jenny Bressler, Central Bank Utah; Matt Carter, Central Bank Utah; Xin Chen, Sound Community Bank; Beth Crocker, HomeStreet Bank; Denise Cuellar, HomeStreet Bank; Maggie Dalton, WaFd Bank; Audrey Deckard, First Federal; Mark

Drake; Central Bank Utah; David Dyreng, Central Bank Utah; Heather Emory, HomeStreet Bank; Jennifer Gillihan, WaFd Bank; Ken Hall, Kitsap Bank; Jordan Huzarevich, First Federal; Jamie Knight, WaFd Bank; Nam Le, HomeStreet Bank; Liz McIntosh, Banner Bank; Elizabeth Mejia, Cashmere Valley Bank; Javier Metoyer, HomeStreet Bank; Evan Morgan, HomeStreet Bank; Kari Palmer, HomeStreet Bank; Jarden Peterson, Central Bank Utah; Jan Ralls, Kitsap Bank; Tiffany Seeds, Banner Bank; Brian Valdez, WaFd Bank; and Kelly Walker, Cashmere Valley Bank.

The next Management Development Program will begin in spring of 2022.



## 8 Graduate from 2021 Virtual Commercial Lending Development Program

In late July, eight bankers from throughout Washington completed the 2021 Virtual Commercial Lending Development Program.

Over multiple sessions from April to July, participants learned about the various aspects of commercial lending, including performing in-depth financial analysis and cash flow, loan structure, documentation, business development and negotiations, and more.

One graduate of the program said: "The CLDP was very valuable to me in my career development having learned from a wide variety of instructors who used lecture, case studies, outside panel experts, etc. The different topics and instructors helped keep the course engaging in the virtual format. Also having a small class size really helped keep



participation levels high and easy to ask questions!"

Congratulations to Cody Brunker, Sound Community Bank; Nancy DeLuca, HomeStreet Bank; Tyler Gore, Commencement Bank; Gary

Grant, HomeStreet Bank; Ashley Mahan, Baker Boyer Bank; Kimberly Morrier, HomeStreet Bank; Brittany Parkhurst, SaviBank and Kelly Vuong, First Financial Northwest Bank.

# The Top Things You Need to Know To Unlock Millennial Lending Opportunities

By Marc Meoli, Senior Sales Engineer, Harland Clarke

You probably already know that millennials (defined by Pew Research Center as being born between 1981 and 1996) are an economic force to be reckoned with. They will soon be the largest living generation in the U.S. and by 2020, they are projected to contribute \$1.4 trillion to annual consumer spending.

Millennials are a vast and very diverse consumer group. Differences are reflected in their ages, ethnicities, interests and incomes, to name a few factors. As lending prospects, millennials pose a unique challenge to financial institutions; however, for those that get products and engagement right, the opportunities far outweigh the challenges.

Having come of age during or after the Great Recession, millennials display a unique attitude toward lending. Still, the vast majority remain aspirational in terms of home and auto ownership. Due to the sheer size of this generation, millennials show the greatest demand potential for loan products in the U.S., with mortgages, auto loans and credit cards among the top three loan products in demand. Understanding millennials current borrowing needs and behaviors is essential for building long-term relationships with them.

### Here are the top four things you should know to help leverage Millennial lending opportunities:

#### 1. For millennials, there's no place like home.

Despite recent economic upheaval and bearing the brunt of student loan debt, millennials have solid home ownership aspirations. According to research from the National Association of Realtors, millennials represent the largest share of home buyers at 37 percent, and 65 percent of those are first-time home buyers. Extraordinarily, 98 percent financed their home purchase from a lender — 28 percent more than the next highest-financed group (older Baby Boomers).

In addition to the sheer volume of home financing, millennials also required the greatest percentage of financing relative to the total purchase amount. Sixty percent of millennials financed 90 percent or more of their entire home purchase.

This means that, while there is a tremendous amount of mortgage lending opportunity among this generation for lenders, financial institutions wishing to appeal to these consumers will need to access available demographic and behavioral data and then use analytical tools to ensure they are hitting the right buyers at the right time, i.e. first-time home buyers.

#### 2. Millennials are throttling up auto lending.

Millennials are beginning careers, marrying and starting families—all of which usually drive automotive needs. According

to J.D. Power, millennials were responsible for 29 percent of all new vehicle sales.

What's the outlook for financial institutions in automotive lending to this group? Good and maybe getting better — by 2020, they're forecasted to account for 40 percent of all new vehicle purchases. Additionally, research from Cox Automotive suggests that rather than being concerned with a vehicle's total price, millennials tend to shop with a monthly payment in mind.

Again, these trends show that traditional financial institution lenders need to consider how they communicate options and processes to appeal to this vast market opportunity.

#### 3. Millennials are leading the "cashless" movement.

While consumers of all ages and socioeconomic backgrounds are increasingly embracing electronic payment methods, millennials are leading the way. According to research from Capital One as reported by SWNS Digital, 34 percent of them "rarely" or "never" carry cash, compared to 25 percent of those over the age of 55. And, 41 percent of millennials consider carrying cash inconvenient.

Though millennials tend to be debt-averse, many have embraced credit card use based on its convenience over cash and have also been enticed by rewards programs targeted to their demographic—45 percent applied for a rewards card in 2017.

When it comes to credit card selection and usage, millennials can be full of seeming contradictions. To leverage opportunities to cross-sell credit cards and amplify line usage, it's essential that financial institutions carefully design card products with the right mixture of rate and fee characteristics, as well as rewards and perks specifically designed to entice them. Having the right tools available to present options can increase the take rate and consumer satisfaction.

#### 4. To unlock Millennial lending opportunities, understand and embrace their complexities.

As already mentioned, due to the sheer size of the Millennial generation, there is a great degree of variance in demographic features making them hard to nail down, but one thing they have in common: they are fast becoming the most educated generation in American history. One-third have earned at least a bachelor's degree.

Education and income, as expected, are likely to play important roles in millennials' financial decision making. An important consideration in marketing to millennials is life stage. While the youngest of the group are college students, the older members are well into careers and growing their families. Clearly, the financial needs on both ends of the spectrum will vary.

Financial services marketers who want to acquire millennial

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ISSUES & ANSWERS

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consumers with the most potential for profit must ask some key questions:

- Which financial products are most likely to appeal to millennial consumers at particular life stages?
- Can they afford these products?
- How do I get them interested and engaged?

Unlocking these insights will require marketers to rely heavily on data and analytics. Traditional marketing programs may not be sufficient to engage this generation. Due to high expectations shaped by data-driven retailers such as Netflix and Amazon, FIs need to design personalized and relevant messaging and offers leveraged across all channels—it will become increasingly insufficient to expect

Millennial consumers to come looking for you to meet their needs. “Right offer, right channel, right time” has been a marketing mantra for many years, but it’s more important now more than ever. Millennials simply expect FIs to know what they need, when they need it and the only way to meet that expectation is using a data driven approach to needs analysis.

Despite the challenges posed to financial institutions as loan prospects, this generation is leading loan demand, and it is critical for financial institutions to tap into this growing demand. By understanding the experiences

and life stages of this group, financial institutions can tailor their programs to market to and serve this generation.

Our strategic, data-driven marketing programs are designed specifically for financial institutions to help navigate the complexities of millennials and other valuable segments.

## Industry News

### New Hires

Jackie Smith  
Assistant Vice President and Branch  
Manager at Kitsap Bank

Teddy Bakke  
Commercial Banking Officer at Peoples  
Bank

Amanda Sherman  
Universal Banker at Olympia Federal Savings

Ryan Saldana  
Assistant Branch Manager at Olympia Fed-  
eral Savings

Brendan Callen  
Universal Banker at Olympia Federal Savings

Lilian Mobuogwu  
Customer Service Representative at  
Olympia Federal Savings

Stephanie Summers  
Customer Service Representative at  
Olympia Federal Savings

Afrodita Castaneda  
Customer Service Representative at  
Olympia Federal Savings

Jennifer Severson  
Executive Vice President and Chief Financial  
Officer at United Bankers' Bank

Ray Harvey  
Vice President, Regional Mortgage Manager  
at First Federal

Jason Joiner  
Vice President and Business Development  
Officer at Peoples Bank

Kurt Kvamme  
Mortgage Loan Representative at Peoples  
Bank

Allie Sanchez

Vice President and Mortgage Loan Center  
Manager at Peoples Bank

Jon Kacirk  
Senior Director Banking Operations at  
Sound Community Bank

Bereket Abraha  
Vice President and Business Development  
Officer at Peoples Bank

Krista Jones  
Vice President and Mortgage Loan Center  
Manager at Peoples Bank

Christopher Martinez  
Assistant Vice President and Branch  
Manager at Peoples Bank

### Promotions

Lindsay Paylor  
SVP Commercial Banking Manager, South  
Sound Region at Bank of the Pacific

Robin Bookter  
Branch Manager at First Federal

Rachel Fischer  
Senior Vice President, Director of Data,  
Model and Cyber Risk Governance at  
Columbia Bank

Bryan McDonald  
President and Chief Operating Officer at  
Heritage Bank

Josh Stendera  
Executive Vice President and Chief Credit  
Officer at North Cascades Bank

Shelley Bird  
Executive Vice President and Chief Financial  
Officer at North Cascades Bank

Kyla Allen  
Executive Vice President and Director of  
Retail Banking and Marketing at North  
Cascades Bank

Lisa Hefter  
Executive Vice President and Chief  
Operating Officer at Peoples Bank

Carrie Heaton  
Assistant Vice President and Branch  
Manager at Kitsap Bank

Jackie Smith  
Assistant Vice President and Branch  
Manager at Kitsap Bank

Jennifer Evans Thompson  
Executive Vice President and Director of  
Mortgage Banking at Peoples Bank

Eric Fohn  
Vice President and Agricultural Lending  
Manager at Peoples Bank

Jodi Rose  
Assistant Vice President and Retail Branch  
Manager at Peoples Bank

### Board of Directors

Beth Stipe  
Chair of North Cascades Bank Board of  
Directors

Sylvia Hampel  
WaFd Bank

Sean Singleton  
WaFd Bank

Shawn Bice  
WaFd Bank

Gabriel Galanda  
First Federal

### Retirements

Laura Smith  
Bank of the Pacific

Ginny Snyder  
Coastal Community Bank

Thomas Kelley  
Board of Directors at WaFd Bank

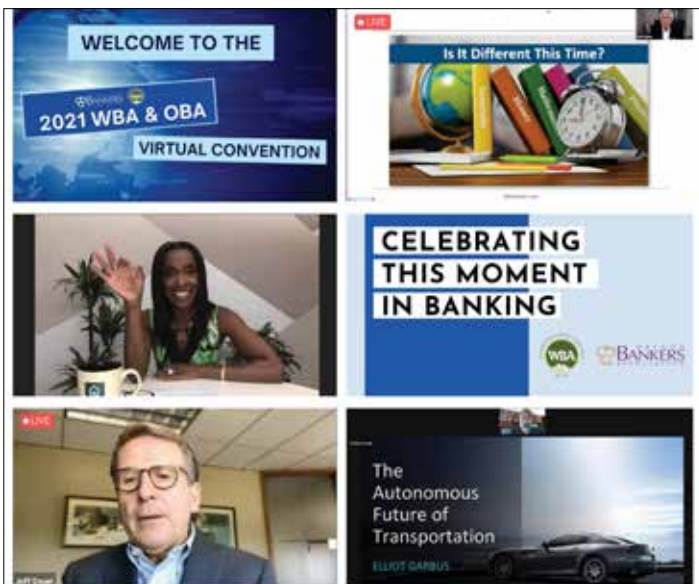
Barbara Smith  
Board of Directors at WaFd Bank

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

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DeFazio, partner at StrategyCorps and Ron Shevlin, director of research for Cornerstone Advisors. Scott Fieber, chief strategy officer at Cook Solutions Group, outlined ways to build the branch of the future in real-time, while Lorelei Juntunen, partner and VP of operations at ECONorthwest, discussed ways to increase housing in both Oregon and Washington, through legislative and industry action.

In the final session of the first day, Elliot Garbus outlined the autonomous future of transportation. Garbus spent over 30 years working at Intel where he was the vice president and general manager of the Transportation Solutions Division, which worked heavily on autonomous driving and intelligent transportation. His session covered ways that connected transportation and automated driving will make our lives easier and how technology developed for it will change all industries, not just transportation.

On Friday, July 16, day-two of the Convention began with a regulatory update from FDIC Chairman Jelena McWilliams and FDIC Chief Innovation Officer Sultan Meghji. McWilliams outlined what has changed at the agency over the last year, as they addressed the pandemic, PPP, and other issues facing the industry. Meghji discussed new efforts the FDIC is undertaking to encourage innovation within the banks and partner organizations.

Jim Edwards, CEO of United Bank in Georgia and current ABA chair, provided an update from Washington D.C. and the ABA. He thanked the banks for their tireless work over the last year and expressed hope that sooner than later everyone would be able to gather again in person.

During the WBA Annual Meeting, WBA Board of Director Chair Joe Kiley, president, and CEO of First Financial Northwest Bank thanked not only the association for its work over the last year but also fellow directors for their continued oversight and insight.

Matt Roberts, an economist with The Kernmantle Group, hosted a session about why trade policy directly benefits the economy, who it helps, and how. He also highlighted policies that are needed to make sure everyone can benefit from a global market.

In the closing session, Art delaCruz, chief operating officer of Team Rubicon and former Top Gun pilot, talked about leading with passion. Team Rubicon is a group of veterans and first responders who rapidly deploy to areas experiencing an emergency. He shared how his experiences in the Navy shaped his leadership style and the ways those lessons translate into the corporate world.

The 2022 Convention will be held July 11-13 at the Coeur d'Alene Resort in Idaho with the Idaho, Oregon, and Nevada Bankers Associations.

### WBA Adds Three New Directors to Board

On July 16, during the WBA's annual meeting, part of the 2021 Virtual Convention, the WBA Board welcomed three new directors. They include:

- **Matt Deines**, President & CEO, First Federal who will be assuming the position of WBA Education Committee Chair.
- **Bryan McDonald**, President & Chief Operating Officer, Heritage Bank
- **Kerri Schroeder**, President - Seattle, Bank of America

The WBA and the Board of Directors also recognized the following outgoing directors for their years of service:

- **Jeff Deuel**, Heritage Bank
- **Steve Politakis**, Kitsap Bank, former WBA Education Committee Chair

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# Offer Customers the Services They Need and Let Them Decide

By Mark Roe, Executive Vice President of National Sales, JMFA

It's been more than a year since the coronavirus pandemic disrupted our businesses and our lives. And while there are encouraging signs of improvement in the economy, unemployment numbers continue to fluctuate.

While some Americans are feeling more encouraged about their finances than they did last year—according to a recent Pew Research Center survey—many remain worried about meeting some of their basic needs. Just over a quarter of respondents (27%) said they are concerned about paying their bills and healthcare costs, and about one-in-five worry about paying their rent or mortgage (19%). In addition, about half of the respondents (49%) said their family's financial situation is about the same as it was a year ago, three in 10 said it has improved and 21% responded it is now worse than a year ago.

In all likelihood, these numbers represent the make-up of your customer profiles. Some feel confident in their financial situation. Others may struggle from time to time, experiencing a shortfall in their checking account before payday arrives. And there are some that may be more severely impacted by an unforeseen reduction in work hours or loss of employment. The one thing all customers have in common is the need to have easy-to-understand options should any unexpected expenses or error cause their checking account to be overdrawn.

## Transparency leads to better service experiences and stronger relationships

For many consumers, the difficulty in navigating uncertain financial situations is compounded by a lack of awareness or understanding of the services their financial institution provides. As lobbies return to normal hours of operation and customers continue to take advantage of increased digital channels to complete their transactions, you have an opportunity to build long-term relationships. Make the most of every opportunity you have to communicate with your customers to strengthen their product knowledge and increase their confidence in the services you provide.

Following are five areas to review to make sure your bank is giving customers the information they need to determine how your overdraft service option meets their financial security needs, while protecting you from compliance and legal risk.

1. Service awareness – Do your customers know that an overdraft program is a service you offer to cover short-

term liquidity needs—just like a line of credit or transfer from a checking account?

2. Account holder agreements – Do your agreements explain how your overdraft program works, how much it costs, how to use it responsibly or what can cause the privilege to be lost?

3. Disclosures – Do your disclosures explain how and when overdraft and NSF fees are charged on transactions involving debit card purchases and resubmitted transactions?

4. Preauthorization holds – Do your customers understand how debit card preauthorization holds can impact their balance and their transaction activity?

5. Available balance – If you assess overdraft/NSF fees based on available balance rather than actual (ledger) balance, does your account agreement describe the balance calculation method, as well as how subsequent transactions can impact the available balance resulting in overdraft/NSF fees?

## Service delivery channels may change, but maintaining trust requires always doing the right thing

Since the pandemic began, 43% of respondents to an EY Future Consumer Index survey have changed the way they bank. However, only 16% indicated that the way they bank will change over the longer term because of COVID. Key factors that will impact respondents' choice of banking preferences going forward include transparent practices and a desire to access services from an institution that behaves ethically.

Clear communication remains one of the most important aspects of maintaining a consumer-friendly, compliant overdraft solution. It gives customers a reliable option for maintaining financial security when the unexpected happens. If they need it, they know it's there and how to use it responsibly.

With the guidance of expert consultants who provide ongoing program evaluation and improvement advice, a responsible overdraft program—that provides options and peace of mind—can be a catalyst for long-term customer relationships, compliance certainty and a source of growth.

*JMFA is one of the most trusted names in the industry, focused on communication, transparency and improving client outcomes with a 100% compliant overdraft service and 100% contingency-based vendor contract negotiations. JMFA can help you deliver measurable results with proven solutions. To learn more, please contact your local representative or call us at (800) 809-2307.*

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# Robert “Bob” Anderson • 1929 - 2021



Robert Carl Anderson, of Seattle, died peacefully at his residence on Queen Anne the evening of July 8, just a few days before his 92nd birthday. Bob was born July 11, 1929, in

Portland, Ore., the son of Carl John Anderson and Helen Anderson (Budlong). Shortly after his birth, the family moved to Seattle where Bob grew up.

He graduated from Roosevelt High School and then the University of Washington where he received a bachelor's degree of arts in labor economics. While at the UW he met his wife, Dona. Bob and Dona were married on Christmas day, 1950. He was a veteran with six years of service, including active duty with the Naval Air Service during the Korean War.

Bob and Dona raised their four children in her hometown of Everett where he held jobs at Scott Paper Company and the West Coast Telephone Company. Most notably, in 1968 he was elected mayor of Everett where he served two terms, until 1977. He was proud to be able to help the Boeing company establish its 747 jumbo jet plant

at Paine Field; he often credited his staff for their ideas and teamwork in effecting Boeing's decision. This began the phasing out of the pulp and paper industry and the growth of light industry and technical business along the I-5 corridor from King County and counties north to the Canadian border.

In 1978, Governor Dixy Lee Ray appointed Bob as the Director of the Washington State Department of Commerce and Economic Development. In this capacity, he traveled to China with the Governor and met Deng Xiaoping. Bob was particularly proud of being a founding President and Director of the Washington State China Relations Council.

Bob held numerous positions, including President, Washington Association of Cities; Executive Vice President, Washington Bankers Association; Chair, Washington State Public Works Trust Fund Board; Trade Consultant to the Snohomish County government; Chair, Board of Directors, Export Finance Assistance Center of Washington; Marketing and Commercial Director for General Telephone Company. He also served as Vice Chairman of the Puget Sound Council of Governments and Chairman of the Puget Sound Air Pollution Control Commission. He was a former school board member and trustee of Everett Community College.

Bob loved sailing, rowing, running, his monthly book club...and nice cars...Bob loved cars and owned more than 25 different models over the years. He thoroughly

enjoyed keeping his cars in pristine condition and he never met a car he couldn't tell you a story about.

Bob was passionate about international trade and cross-cultural understanding. He and Dona, a noted fiber artist, enjoyed traveling all over the world. Bob shared his wife's passion for art which took them to Europe, China, Japan, India, Mexico, Central America, Indonesia, and many counties in Africa. Together they helped raise funds for the Everett Performing Arts Center as well as Everett's renowned Schack Art Center.

He was a loving husband, father, grandfather, and uncle; he was the eldest of brothers, Ken, Roger, and Rick Anderson. Bob was preceded in death by his parents and two brothers, Ken and Roger.

He is survived by his wife Dona and their four children, Dave (Nita), Carol Kafer, Doug (Tessie), Dick (Teresa), and his brother, Richard T. Anderson (Margie). He will be missed by grandchildren Micah Hutt (Katie), Mara Wollen (Ryan), Arielle Mayer, Karley Kafer, Taylor Anderson Thomas, as well as several great-grandchildren. Bob will also be missed by numerous nieces and nephews.

The family is grateful for the services of Cogir Senior Living Center of Queen Anne and Kline-Galland Hospice. In remembrance of Bob, kindly consider a donation to the Schack Art Center in Everett.

A memorial service will be held at the First Baptist Church in Everett on September 11 at 1:00 pm with a reception to follow.

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