

Issues & Answers



January 2023

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January: A Time for Resolutions & Legislation



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

Benjamin Franklin once wrote, "Be always at war with your vices, at peace with your neighbors, and let each

new year find you a better man."

With that spirit of self-improvement in mind, January is traditionally a time of reflection and planning. For most of us, that means making resolutions to eat better, get more exercise, or learn a new skill. Those of us at WBA may be making similar personal pledges, but we also have an organizational commitment that's front and center this time of year.

The 2023 Legislature will be gavelled into session on January 9 and run for 105 days. Over the course of that time, lawmakers' primary job will be to negotiate operating, capital, and transportation budgets for the

2023-25 biennium. But if history repeats itself, we can also expect to see 1,500 to 2,000 bills introduced for consideration.

The people considering those bills will include many new faces, with approximately 15 percent of the seats in Olympia being filled by new legislators. Perhaps more importantly, very few legislators have served during a time when revenue wasn't growing dramatically. Fortunately, today's lawmakers won't be dealing with the kind of revenue cliff we saw in the 2008 Great Recession. However, there are still enough uncertainties in the economic forecast that the Legislature should avoid the aggressive spending increases we've seen of late, such as the current biennium's 22 percent increase over the 2019-21 budget period.

Another challenge for WBA members and the rest of the business community is that the Democrats increased their majorities in both chambers by one seat, to 57-41 in the House and 28-21 in the Senate. That statement is not meant as a commentary on the

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media accounts.

On the Cover

Evergreens hang heavy with snow in the Snoqualime National
Forest.

Photo by U.S. Forest Service PNW Region

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merits of either party, but instead, a recognition that split majorities or even narrower margins historically have resulted in more negotiation and moderation in the policies adopted.

Recognizing this legislative environment, WBA's Government Relations Committee has identified a list of priorities that will be the focus of our advocacy efforts in this session. While other issues may – and quite probably will – emerge, our initial priorities will be:

- **Taxes** – WBA will oppose any new additional or increased taxes on the industry, including proposals to eliminate existing benefits or expand the national bank B&O tax surcharge to additional banks.

- **Fair Access** – WBA will oppose the imposition of new requirements on the financial services industry to mandate what clients banks serve. Similarly, we will oppose proposals that increase the cost of doing business or compromise banks' ability to lend prudently in Washington state.

- **Data and Privacy** – WBA will work to ensure that any new personal data privacy legislation acknowledges the current level of federal oversight and includes an exemption for institutions subject to federal Graham-Leach-Bliley Act regulations. We will oppose general data privacy legislation that establishes a new private right of action, which would create unnecessary and unacceptable new costs for the industry. Finally, we will oppose blanket proposals to limit or tax artificial intelligence, blockchain, and similar banking-related data science applications.

- **Credit Unions** – WBA will oppose any additional expansion of credit union authorities into areas of business served by banks and other tax-paying lenders. We will also encourage legislators to consider tax loopholes that subsidize credit unions that have strayed beyond Congress's original intent.

- **State Bank** – WBA will once again oppose the creation of a state bank that includes a public deposit option or one that competes with banks and private sector businesses. Depending on the details, we may consider a version of previously introduced legislation that would provide for a new infrastructure funding vehicle, recognizing that such a vehicle already exists in the Public Works Trust Fund.

- **Technical Bills** – WBA will advocate for technical fixes to existing statutes to clarify that lien priority is "first in time, first in line" for all deeds of trust and mortgages, not just construction loans, and to update the authorized investments statute to remove the requirement for bonds, certificates, or notes to be sold on the secondary market rather than directly by the bank.

We will provide WBA members weekly updates on these and other issues throughout the session. We will also let you know when we need our members to weigh in on a topic. Because as Ben Franklin also wisely observed, "We must; indeed, all hang together or, most assuredly, we shall all hang separately."

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Continue Professional Education at 2023 WBA Conferences & Programs

To kick off the New Year, there's no better time to prioritize professional development and education. Join us for one of the many WBA Conferences or Development Programs this year.

We'll kick things off mid-March with the **2023 Northwest Compliance Conference** at the DoubleTree Hotel, Seattle Airport. This two-day event focuses on all that compliance professionals need to know about changes in the industry.

On May 4-5, WBA will host the newly revamped **Engage: Retail Banking, Training, and Engagement Conference** at the Washington Athletic Club in Seattle. This conference will include tracks focused on each bank area. The combined conference will also bring together bankers who often work closely together daily. The agenda will consist of Lisa Fain, CEO of The Center for Mentoring Excellence, with a 90-minute workshop on mentoring.

Also, in May, WBA is co-sponsoring the Idaho and Oregon Bankers Association **Annual Agriculture Conference**. The 2023 event features Dr. David Kohl, a nationally-regarded speaker on agriculture banking topics, and Mike Pearson, the host of Agriculture of America!, a weekly show about all things agriculture.

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

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

Outside these conferences next year, WBA will con-

tinue to provide our Development Programs to help bankers expand and advance their careers.

The **2023 Executive Development Program** begins on January 18, with limited space available. This rigorous 12-session program is designed for future leaders in the industry. Designed to help bankers expand their knowledge and skill, this program offers everything they need to ascend to the C-Suite in their organization.

The **Management Development Program** is also scheduled to begin in mid-April, while the **Credit Analyst Development Program** and **Retail Branch Manager Development Program** will be held in the autumn.

On January 25, WBA is launching its newest program, a **virtual cybersecurity tabletop exercise** run by NUARI, a nationally recognized leader in cybersecurity. The event is open to any financial institution doing business in Washington state and includes unlimited virtual registration.

Attendees will be given a scenario and guided through the exercise while testing their procedure and protocols in real time. The training is designed to help institutions gain valuable insight into their processes and test planned responses.

WBA is also excited to be partnering with the Utah Bankers Association and 15 other states on the **Society of Bank Executives**.

The Society focuses on providing education and networking for bank executives. Each session focuses on a specific topic, including two virtual sessions, before an in person event dedicated to the same issue.

The next session begins in early February and more information can be found online at executives.bank.

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

Events Calendar

January 18 – Executive Development Program

January 25 – NUARI Virtual Cyber Tabletop Exercise

February 2 – Society of Bank Executives

March 16-17 – 2023 NW Compliance Conference, DoubleTree Hotel, Seattle Airport

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

April – Management Development Program

June 26-28 – 2023 Annual Convention, Sunriver Resort

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

October – Retail Branch Manager Development Program

October 23-24 – Virtual Financial Technology & Security Conference

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

Let Your Voice Be Heard at 2023 Bankers Day on the Hill



Registration is now open for the 2023 Bankers Day on the Hill event on January 26 at the Olympia Ballroom.

Join us to hear from WBA Lobbyists Trent House and Carrie Tellefson about what is happening in Olympia, where

we are in the legislative process, and what the industry's top issues are.

Participants will head to Capitol Hill for meetings with legislators after the briefing and lunch.

Registration is only open to

WBA member bankers, costing \$50.

Secure a spot online at bankersconference.com/hill.

Please join us in 2023 and let your voice be heard!

Join Us in D.C. for 2023 ABA Washington Summit

Registration is now open for the American Bankers Association 2023 Washington Summit.

Held in D.C. on March 20-23, this event is a chance to learn about the latest in the banking industry and meet with Congressional leaders.

The Summit also includes special breakout tracks featuring the Mutual Banks Forum, Emerging Leaders Forum, and Women and Allies Forum.

Registration is free for any banker, and WBA will be coordinating meetings with the state's Congressional delegation.

Learn more and register online at www.aba.com/summit.



2023 BANKERS DAY ON THE HILL January 26 • Olympia Ballroom

Voice your support for the banking industry!

Register online at:
www.bankersconference.com/hill





Heritage Bank Hosts Food Drive Before Thanksgiving Holiday

Shortly before Thanksgiving, several employees at Heritage Bank organized an “everything but the turkey” food drive at one of the bank’s back-office locations.

The result was that employees donated over 1,300 pounds of food to the Emergency Food Network and distributed it to families in need during the holiday.

First Financial Northwest Bank Donates Over \$13,000 to Local Non-Profits in 2022

Throughout 2022, through the First Financial Northwest Bank’s “dress down for charity” events, the bank could donate over \$13,000 to local non-profits.

The bank has also donated two full barrels of food to the Salvation Army and continued to collect donations throughout the holidays.

Banner Bank Branches Sponsor Local Foster Children

Throughout the fall, the Banner Bank branches in Moses Lake, Tri-Cities, and Hermiston, Ore., worked together to collect donations for Mo’s Place as part of the Kicks for Kids shoe drive.

The branches sponsored several kids in foster care in Benton, Franklin, Walla Walla, and Columbia counties by buying new shoes and socks for the holiday season.



Washington Trust Bank Donates to Project Beauty Share

Washington Trust Bank recently partnered with Project Beauty Share to provide a \$1,000 donation.

The organization provides personal hygiene items, cosmetics, and beauty products to women and families overcoming abuse, addiction, homelessness, and poverty.

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Save the Date!

SWING for the FENCES

2023 ANNUAL CONVENTION

SUNRIVER RESORT

JUNE 26-28, 2023

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The Crew in Blue also donated 120 items to honor the bank's 120 anniversary this year.

First Fed Foundation Awards 22 Grants Worth \$400,000 This Autumn

This autumn, the First Fed Foundation announced it had awarded grants to 22 organizations totaling \$400,000.

"The nonprofits receiving grants are bringing housing, help, and hope to community members in Clallam, Jefferson, Kitsap, and Whatcom Counties, and the city of Bellevue," said Norm Tonina, President of First Fed Foundation's Board of Directors. "In this grant cycle, we focused our giving on several of the greatest needs in our communities, including averting homelessness, increasing the availability of and access to affordable housing, addressing food insecurity and the lack of childcare, and supporting opportunities to stimulate economic development."

Since the Foundation began making grants in 2015, the organization has donated \$6.1 million, including \$800,000 in grants in 2022.

1st Security Bank of Washington Partners with Puyallup Food Bank, Thurston County Food Bank

On Giving Tuesday, members of the 1st

Security Bank of Washington partnered with the Puyallup Food Bank to provide a donation and volunteers.

"We are thankful for all that the Puyallup Food Bank does for our community, and we are honored to partner with them in their mission," said the bank.

The bank also made a \$5,000 donation to the Thurston County Food Bank.



Banner Bank Collects Over \$51,000 for Local Food Banks

During the Banner Bank annual Fall Fund Drive, when the bank collects donations for local food banks and food-service programs, the bank was able to raise over \$50,000.

Branches throughout the Banner footprint collected items and monetary donations, equaling \$51,700, distributed to local food banks and food service programs in the area where the bank operates.

Kitsap Bank Logs Over 75 Hours Teaching Financial Literacy

Kitsap Bank announced this fall that in 2022, employees across the organization had logged 77 hours teaching financial literacy and served more than 350 students.



Washington Trust Bank Donates to Northwest Scouts

In honor of Giving Tuesday, Washington Trust Bank announced it was joining the Northwest Scouts for its Scouting for Food food drive.

The bank donated 120 items, which helped the scouts get to more than 45,000 pounds of food for local families.

Sound Community Bank Branches Partner with Local Organizations to Support Giving Trees

Throughout the Sound Community Bank branch

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Industry News

New Hires

Ana Liza Grandner
Chief Payments Officer at First Fed Bank

Kevin Janusz
SBA Program Manager at First Fed Bank

Aaron Hannon
Relationship Manager at Washington Trust Bank

Keith Harris
Director of Information Technology at Washington Trust Bank

Stephanie Nicklaus
Managing Director, Community Banking & Strategic Development at 1st Security Bank of Washington

Promotions

Lori Blain
VP/Area Manager, Southern Region at Heritage Bank

Jim Morehead
Market President, Seattle at Bank of America

Jeremey Williams
Community Relations Manager Executive at Bank of America

Alex Yang
Seattle Market Executive at Bank of America

Elissa Eddie
Senior Vice President and Market Sales Leader at KeyBank

Andrea Robertson
Branch Manager at First Fed Bank

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

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network this holiday, the bank partnered with local organizations to support giving trees.

Giving trees supported the Welfare for Animals Guild in Sequim, the Multicultural Child and Family Hope Center in University Place, Christmas for Children in Port Ludlow, Hope Sparks in Tacoma, First Step Family Support Center in Port Angeles, and more.

HomeStreet Donates to YouthCare Seattle

HomeStreet announced this fall that it made a \$5,500 donation to YouthCare Seattle.

The organization works to end youth homelessness in the greater Seattle area.



Banner Bank Donates to Helping Hands Food Bank

In early December, the Banner Bank Sedro-Woolley branch announced a donation to the Helping Hands Food Bank.

The funds will help the organization provide food to needy people this holiday season.



Kitsap Bank Employees Volunteer as Bell Ringers

During the holiday season, Kitsap Bank team members volunteered by ringing the Salvation Army bell at various locations throughout Kitsap County.

The donations help those in need and those served by the Salvation Army mission.

Olympia Federal Savings Donates to Our Ark

In November, Olympia Federal Savings announced that its November Two Cent partner, Our Ark, received a donation of \$2,640.

The organization provides street outreach, mentorship, job and life skill training and helps build self-esteem.

The bank's Two Cent program donates \$.02 of each debit card transaction monthly to a local nonprofit.

Sound Community Bank Hosts Food Drive for Concern for Neighbors

The Sound Community Bank Mountlake Terrace branch recently hosted a food drive benefiting Concern for Neighbors Food Bank.

The organization serves residents in Brier, Mountlake Terrace, and south Lynnwood.



Community First Bank Participants in Annual Bike Build

Community First Bank and HFG Trust volunteers participated in the 13th annual bike build this fall.

The group of 1,300 volunteers built 1,600 bikes for

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kids in need in the local community.



Peoples Bank Volunteers at Christmas House

The Peoples Bank team volunteered at the Christmas House in Everett this winter.

The organization was started in 1981 by a Snohomish County local who wanted to provide gifts to needy children. In the years since, the tradition has grown, and in 2021, it provided over 38,000 gifts to over 6,000 children.

Olympia Federal Savings Hosts Concern for Animals Pet Food Drive

This fall, the Olympia Federal Savings team hosted a pet food drive at several branches, collecting donations for Concern for Animals.

The bank was able to collect pet food items and other donations to be donated to help families and pets in need.



HomeStreet Makes Volunteer Grant to LASA

In honor of HomeStreet's Kamarie Wilson, who spent 31.5 hours volunteering with LASA this year, the bank announced it made a volunteer grant to the organization.

The \$500 grant will help the organization continue its

work of preventing homelessness.



Cashmere Valley Bank Participates in Yakima Lighted Parade

The Cashmere Valley Bank team participated in this year's Yakima Lighted Parade, celebrating the season and providing hot chocolate throughout the event.



First Interstate Bank Donates to Wellspring Family Services

First Interstate Bank announced this winter that it was making a Believe in Local grant to Wellspring Family Services in Seattle.

The \$2,500 grant will help the organization continue its mission of preventing homelessness.

The bank also donated \$3,500 toward their annual Giving Together campaign and \$10,000 from the Seattle market, for a total of \$16,000.

In 2021, Wellspring assisted 2,888 families in finding housing services.

Washington Trust Bank Partners with Spokane County United Way to Donate Hygiene Supplies

Washington Trust Bank partnered with Spokane County United Way this winter to purchase and donate hy-

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HAVE NEWS TO SHARE?

Email it to megan@wabankers.com to be included in an upcoming *Issues & Answers*





giene supplies.

The bank donated \$15,000 to purchase soap, shampoo, conditioner, toothpaste, and deodorant, which were, in turn, contributed to hundreds of local families.

"These items are expensive and at times very hard

to procure," said Chuck Teegarden, executive director of Communities in Schools Spokane County. "We are extremely grateful for this opportunity and value our partnership with Washington Trust Bank and Spokane Country United Way.



7 Students Graduate from Career Path Services BankWork\$ Program

Seven students graduated from the Career Path Services BankWork\$ program in the South Sound in early December.

The students completed the free 8-week training program, learning skills necessary to become successful bankers.

After the graduation ceremony, students participated in the job fair, interviewing with local banks for open positions.



Mountain Pacific Bank Adopts a Family for the Holidays

Mountain Pacific Bank partnered with YWCA Seattle King Snohomish during the holiday season for the Adopt a Family program.

Bank employees raised \$1,450 to help cover gift cards for a family's holiday dinner and gifts.

First Financial Northwest Bank Co-Sponsors Cookies With Santa Event

First Financial Northwest Bank co-sponsored an an-

nual Cookies with Santa event in December.

Local children and their families had the chance to meet Santa and make cookies while also providing donations to the Issaquah Food & Clothing Bank.

U.S. Bank Makes Holiday Cards for Local Communities

In December, the U.S. Bank Women's Employee Resource Group gathered at four bank locations to create and write holiday cards.

The group finished with over 500 cards delivered to local organizations that give cards to people who usually wouldn't receive any in the mail.



Washington Trust Bank Surprises Communities with Tree Holiday Trees

In December, the Washington Trust Bank teams in Eastern Washington helped spread cheer by surprising local shoppers with free holiday trees.

In total, the bank gave away 120 trees across the Northwest.

Olympia Federal Savings Donates Toys to Boys & Girls Clubs of Thurston County

The Olympia Federal Savings team donated toys to the Boys & Girls Clubs of Thurston County.

The gifts are given to local children who made wish lists through the organization during the holiday season.



1st Security Bank of Washington Donates to Harvest Against Hunger

1st Security Bank of Washington announced in mid-December that

it made a \$5,000 donation to Harvest Against Hunger.

The organization connects farmers, packing facilities, transportation providers, and food banks to ensure no food is wasted.

If you have WBA member news to share about work being done in your local community, please send it to Megan Managan at megan@wabankers.com and tag us on social media by using #BankersCare.

Vericast's New Market Intelligence Platform Helps FIs Grow with Unprecedented Access to Real-Time Data & Insights

Gathering data is not a concern for most financial institutions. Making sense of it is.

To solve this challenge, Vericast announced the debut of its Market Intelligence Platform. This financial industry-first data visualization dashboard delivers real-time insights that enable smarter marketing decisions and optimize spending.

The first-of-its-kind Market Intelligence Platform leverages multiple data sources, artificial intelligence, and advanced proprietary technology to provide unmatched insights into real-time consumer behavior at the household and neighborhood levels.

Insights are fueled by consumer credit activity, competitor interest rates, and marketing channel spend, among other demographic data. Additionally, Vericast's proprietary Consumer Graph technology, powered by billions of data signals across millions of households, provides insights and predictions on consumer intent to purchase. Combining data elements into a single market view allows marketers to optimize marketing spend based on their business objectives.

"This new enablement tool opens the door for financial institutions in America to realize their full potential," said Lisa Nicholas, vice president of Financial Services at Vericast. "With the Vericast Market Intelligence Platform, we drive a focus on the measurable impact to conversion and profitability by helping our clients better understand and activate their data to determine the best audiences for marketing and personalized engagement."

"Vericast's Market Intelligence Platform em-

Industry-First Financial Technology that Drives Smarter Marketing Decisions

- Online and offline consumer behavior of financial products and services
- Consumer categories searched by markets and how they can personalize the experience
- Market activity, saturation, and potential
- Investment opportunities
- Competitor penetration and spending

powers financial institutions to make data-driven decisions and determine the return on investment of valuable marketing dollars," said Sara Becker, Senior Vice President, Director of Marketing and Communications at First Interstate Bank. "The intuitive, easy-to-understand dashboard provides meaningful insights critical to bank marketing in this highly competitive landscape. The fact it is provided to clients at no cost is just another way Vericast demonstrates its commitment to the financial industry as a whole—by arming banks and credit unions with relevant tools and information to be the best we can be."

Thousands of financial institutions have relied on Vericast to deliver the intelligence they need to amplify their marketing efforts and ROI for decades. "With the Market Intelligence Platform, for the first time, financial institutions can focus strategies on market profiles versus a blanket campaign, see actual results, and invest in locations where there is the greatest impact," said Nicholas.



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Climate Change & Climate Risk Management for Financial Institutions



*By Julia A. Gutierrez
Director of Education,
Compliance Alliance*

Climate change and risk management have become a hot button topic for financial institutions in recent years

as a result of the rising concern by policymakers, international organizations, financial regulators, and so many others. There has been such a push in recent years for a more environmentally friendly world as we see changes in organizational resources and operations, investor expectations, environmental activists, and even the expectations of the current administration. With all the focus on environmental safety, considering the impacts and learning how to manage the risk is the inevitable for financial institutions.

What Is Climate Change?

When it comes to climate change, this is considered to be a change in global or regional climate patterns. More specifically, a change in global or regional climate patterns from the mid-20th century through today, which has been largely attributed to an increase in atmospheric carbon dioxide levels which are produced by fossil fuel usage. It can be a controversial topic among various group but whatever side of the fence you stand on when it comes to climate change, there are climate-related financial risks faced by banks and managing that risk can be critical.

What Type of Risk Should Financial Institutions Consider?

According to the varying regulatory agencies, climate change and the transition to a low carbon economy have been identified as factors which have contributed to emerging risks in which financial institutions and the overall financial system of the United States are faced with. The agencies indicate that banks will likely be impacted by physical risks and transition risks associated with climate change. The harm to people and property which arises from acute, climate-related events (flooding, hurricanes, heatwaves, etc.) is considered physical risks. Stresses to financial institutions as a result of the shifts in policy or consumer or business sentiments, or changes in technology in order to limit the impact of climate change are considered transition risk. Basically, transition risk is the risk as a result of the transition to a more environmentally



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friendly process or way of conduction business and operations. Other risks that financial institutions should consider as it relates to climate change and the environment include credit risk, market risk, liquidity risk, operational risk, and reputational risk. Banks must consider the various areas of risk, especially as they consider the safety and soundness of their institution.

Principles for Managing Climate Related Risk

While there isn't specific regulatory guidance for achieving compliance and managing the risk related to climate, at the current time, we are likely to see this type of guidance in the near future. Regulatory agencies have addressed the issues and have requested feedback for managing the risk and are looking at implanting regulatory requirements for large financial institutions. This would include banks with over \$1 billion in assets. The OCC (Office of the Comptroller of Currency) along with other regulatory agencies have released guidance, requests for information, and a set of principles by which financial institutions should consider in managing climate related risks. The information released by the OCC includes a set of general principles as well as the specific areas of risk management.

The general principles touch on governance; policies, procedures, and limits; strategic planning; risk management; data, risk measurement, and reporting; and scenario analysis. The general principles provide guidance for developing an effective framework that is essential to the bank's safe and sound operations. The principles outline expectations for board and senior management oversight, guidance for developing a written program, the areas of consideration for planning which should take into account the bank's overall business strategy, risk appetite, and financial, capital, and operational plans. It is also important that management is involved in the oversight of the development and implementation process for identifying, measuring, monitoring, and controlling climate-related financial risk exposure within the bank's management framework. Sound climate risk management is dependent upon the availability of relevant,

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Turn Your Attention to Wire Fraud Prevention

By UBB Operations

Picture It: Stanley Jones, a long-time bank customer approaches the teller line at your financial institution, some printed emails in hand and a sense of urgency written all over his face. Mr. Jones tells Sara, the young, newly hired teller, that he needs to send a wire transfer, and it needs to be done quickly. Sara leans into her training and begins asking Mr. Jones some additional, clarifying questions regarding the nature of the wire. Mr. Jones gets more and more frustrated, finally blurting out, "My grandson is in trouble! Stop asking me questions and help me get this done!"

As you read the scenario between Mr. Jones and Sara, red flags were likely popping up in your mind. Is Mr. Jones the victim of an elder abuse scam? Could this situation be an email account compromise? Is Mr. Jones's sense of urgency a tactic used by the scammers to get him to act quickly without considering the source of the request for funds? On top of the obvious business red flags, there are the complicating factors of customer dynamics. Is the customer always right? Sara is a young, newly hired teller, and Mr. Jones has banked with you for years. Sara is unsure how far she should push Mr. Jones; she doesn't want to make him upset or make him feel like she is questioning his integrity.

In the various payment channels available to consumers today, there are certain safeguards built in to prevent fraud from occurring. The debit and credit card industry has regulations, spending limits, behavioral anomaly detection software, and authorization filters among the fraud prevention tools in their toolkit. Similarly, consumers who are sending funds via ACH are protected by NACHA rules and regulations, authorization requirements, transaction limits, and more. Who or what is protecting consumers that want to send a wire transfer? We are! Financial service professionals are the FRONT LINE to prevent wire fraud.

There are several things we have a responsibility to do to help prevent fraudulent wire transactions from taking place, including verifying account holder identity, identifying red flags, and always reporting suspicious activity.

As fraudsters get more sophisticated, we must adapt our approach to verifying our customers' identities. The old methods of relying on caller ID, the last four digits

of an account holder's social security number, or even account history information aren't enough anymore; this information could have already been compromised. We need to be more creative in the ways we verify identity by digging deeper and asking questions that can't be easily spoofed by fraudsters. Some ideas include: what's your safety deposit box number, at which branch did you open your account, after authenticating a caller or upon an in-person visit, you could set up an account password to use in lieu of verification questions.

Asking the "who, what, when, where, why" while initiating a wire transfer can uncover unusual behavior, such as someone being taken advantage of or sending funds under other false pretenses. Looking for red flags can often help a fraudulent wire from being sent in the first place. Empowering your front-line staff to ask questions about relationship details, the purpose of payment, or unusual account activity can head off a potentially devastating loss for the customer. If your staff suspects a wire may be fraudulent, make sure they know it is okay to refuse to send the wire or get the bank's BSA or compliance officer involved.

Sometimes even with the best preventative measures in place, fraud can still happen. The quicker you can get word to the receiving bank that fraud has occurred, the better. Follow your bank's internal policies, file a suspicious activity report with FinCEN, encourage your customer to file a police report, and assure your customer that they are not in this situation alone.

To help prepare for what may be requested by the receiving financial institution, gather details and documentation regarding the fraudulent activity. This could include copies of your internal wire transfer request, a timeline of events, the nature of the transaction, payment details, and any law enforcement documents.

Fraud can happen at any financial institution at any time, and unfortunately, sometimes, we don't think about enhancing procedures to identify fraud until after it occurs. United Bankers' Bank is committed to assisting your bank in any way possible to help mitigate fraud.

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accurate, and timely data; therefore, management should incorporate climate related financial risk information into the bank's internal reporting, monitoring, and escalation processes to facilitate timely and sound decision-making across the bank. An important approach for identifying, measuring, and managing climate-related risks is the development of climate-related scenario analysis.

In order to ensure this framework is effective and successful, financial institutions should consider a risk assessment process as part of their sound risk governance framework. This will ensure that the board and senior management are able to identify emerging risk in order to develop and implement the appropriate strategies to mitigate and manage the risks. The guidance issued by the OCC suggests that financial institutions should consider incorporating climate-related financial risks when identifying and mitigating all types of risk. While the agencies will eventually elaborate on risk assessment principles in subsequent guidance, it is suggested that financial institutions consider credit risk, liquidity risk, other financial risk, operational risk, legal/compliance risk, and other nonfinancial risk.

Conclusion

While there isn't currently a specific set of guidance that financial institutions must abide by when it comes to climate risk, compliance, and management, this is an area which all banks should begin considering from a safe and sound banking standpoint. It is looking like the future guidance related to climate risk will only apply or be required by large financial institutions, however, the guidance and risk considerations should be contemplated by institutions of all sizes. Risks can impact even smaller institutions, therefore, taking a proactive approach rather than a reactive response is always the best plan of action. It is important that financial institutions stay abreast of the hot button area of climate change and climate risk, from a compliance and risk management perspective, as the society in which we are living continues to set a higher standard for an environmentally friendly world.

Julia A. Gutierrez serves as C/A's Director of Education; developing curriculum and presentations, as well as presenting at various schools and seminars; both live and in a livestream/hybrid format. Julia has over 20 years of financial industry experience to the Compliance Alliance team.

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