

# Issues & Answers



May 2021

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## 2021 Legislative Session Raises Serious Questions

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



will voters remember about the 2021 legislative session?

The most enduring memory will be of a session conducted primarily remotely, with barricades erected on the capitol campus, mask-clad lawmakers and staff, and most committee and floor activity conducted via videoconference. We might chuckle when we recall hearing a legislator slip up via an unmuted microphone or seeing one of their pets or family members making an unscheduled cameo appearance

"The short memories of American voters is what keeps our politicians in office."

What made Will Rogers great is that his homespun humor always contained more than a few kernels of truth. Which raises the question, what

during debate on an important bill.

But over time, the ongoing impact of the decisions lawmakers made will supersede our memories of how they made those decisions.

From the perspective of direct impact on our banks, the combined efforts of our lobbying team, WBA members, and United Financial Lobby partners made the session an overall success. Not that there weren't serious threats. But the most problematic bills died or were amended to reduce their impact on our industry.

Once again, there was a proposal to eliminate the B&O tax exemption on first mortgage interest income for small- and medium-sized banks, but it failed to advance. A bill to make changes to the state credit union act was amended to remove language granting credit unions nearly unlimited equity investment authority. The bill ultimately failed to pass. Proponents tried a new approach to creating a state bank, which eliminated many of our concerns with previous proposals, but it too failed.

We ensured that proposals to enact new data

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## Issues & Answers – May 2021

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### On the Cover

An old combine sits in a field in the Palouse as the spring wheat awaits harvest.

*Photo courtesy Charles Knowles, flickr.com*

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privacy requirements once again recognized banks' federal privacy compliance obligations under Graham-Leach-Bliley. Ultimately, what could have been an unworkable compromise failed based on concerns from businesses and consumer advocates alike. The bill's primary sponsor has already indicated that he plans to work on this issue again in 2022.

A bill to authorize the filing of liens for unpaid wages passed, but not before it made clear that such liens would be in an inferior position to existing liens filed by banks who had lent to the business. A proposal to impose a new payroll tax to fund a public long-term care program was amended to provide more time for those with private coverage to opt out.

Ultimately, as vitally important as these and other policy wins may be, they pale in comparison to the long-term impacts of some of the budget and tax decisions made by the Legislature this session.

Last year, as the impacts of COVID-related business interruptions were emerging, there was speculation that 2021 would be a difficult session marked by debates over whether budget cuts or tax increases would be the best approach to close a significant budget gap. But that shortfall never materialized, making such a debate moot.

Better-than-anticipated revenue collections, coupled with a massive influx of federal stimulus dollars, allowed lawmakers to engage in one of their favorite activities, divvying up a growing budget pool.

The result was a \$59 billion operating budget for the 2021-23 biennium, a spending increase of more than 9 percent over the last biennium despite the pandemic, and more than 50 percent over the eight years since the start of the 2015 biennium. To fund that level of spending, lawmakers tapped not only federal dollars but also anticipated collections from a capital gains tax that is sure to be challenged in court and probably at the ballot box as well.

They also tapped approximately \$1.7 billion from the state's Rainy Day Account, which because of the declared emergency only required a simple majority vote instead of the normal 60 percent. They instead put a smaller amount, closer to \$1 billion, into a new reserve fund that can be accessed more easily.

Essentially, these moves presume that good times, a strong economy, and healthy revenue collections all will continue for the foreseeable future. But we know that elevators don't just go up; they eventually come down. We're not out of the woods on COVID-19 yet. Key sectors of the economy remain weak.

Looking ahead, we expect a continuing legislative agenda of significant spending increases, especially in social services, and a wide variety of tax proposals to generate the revenue needed to pay for them. Whether or not more money is needed, lawmakers will propose other new taxes to shift more of the state tax burden onto companies and affluent individuals.

How long can this approach to budgeting and taxation be sustained? That's a critically important question for the future of the state.

## READY TO LEARN?

Get the latest on WBA events online at  
[www.wabankers.com/calendar](http://www.wabankers.com/calendar)

# Banker Spotlight: Erin Krawczak



*Periodically we profile a Washington banker. If you have a banker you would like to spotlight, please contact Megan Managan at [megan@wabankers.com](mailto:megan@wabankers.com).*

## **How did you get started in the banking business?**

I graduated with a business degree and was hired into human resources upon graduation. I was very excited to be working in my field of study. After our second child was born, I stayed home briefly, and then an HR position opened up at Peoples Bank. My friend working in the staffing industry strongly encouraged me to apply since she had heard such wonderful things about Peoples Bank and how amazingly they treat their employees. Peoples Bank had been my parent's bank when I was young, and their branch, the Cordata Branch, was the bank's newest flagship branch at the time when my mom would "go into town" to do her shopping and banking. I applied, was hired, and have been here for over 18 years. It's been an outstanding career, with amazing leadership and incredible teammates. I'm so glad I listened to my friend all those years ago!

## **What advice would you give to someone who is considering a career in banking today?**

Banking is such a wonderful career. There are so many avenues in banking to choose from. The sky is the limit for someone who is driven and just getting started in the banking world. What I find exceptional is the fact that an employee may start as a universal banker with their finance or accounting degree, but could potentially be promoted in compliance, accounting, real estate lending, commercial lending, you name it. How amazing that you can work for one company, but explore and discover yourself and what inspires you, all under the same umbrella, without having to change employers....EVER. Not all companies can allow you that type of exploration.

## **How are you involved in your community?**

Pre-pandemic, I was in a classroom full of second graders teaching them about financial literacy through Junior Achievement. Since I'm a trainer, it was a natural fit for me to be in the classroom! It was great to see their excitement each week learning about the inner workings of money in our society, and specifically, how community banks contribute on so many levels to the success of that neighborhood and household. I also head up our Peoples Bank Wellness Committee which offers each employee paid time off for their community service, so I get the opportunity to work alongside all 480 employees giving back as well. A recent community service project involved gath-

**Day Job:** AVP/ Training & Development Manager at Peoples Bank

**Success is:** Success is helping those around me reach their maximum potential.

**Defining Life Moment:** Graduating from college while holding only what I could fit in a few boxes in my hands, with the entirety of my hopes, dreams, and life stretched out before me.

ering activity books and crayons for the kids staying at Seattle Children's Hospital. It's refreshing to see our employees, executives, and bank customers get so involved in that giving process. It makes my heart swell with pride to work and live among such generous individuals. The hospital had asked specifically for yellow crayon donations since those seem to be the color used most often as these sweet little children draw happy sunshine smiley faces. What a great opportunity! We've also done community sock donations, food bank, baby needs collections, and Habitat for Humanity construction builds to name a few. Now that Habitat build was hard work – I'll keep my day job!

## **Why do you take time from your busy schedule to volunteer?**

It's so foundational for truly appreciating the goodness I've been given in my own life, and we've all experienced that goodness. Serving others is where it's at!

## **If you were to thank one person for helping you become the person you are today, who would it be and what did they do?**

My mom. She was such an incredible woman of knowledge, strength, and fortitude. She grew up under difficult circumstances, but just did it! I miss her every day.

## **How has your involvement with the WBA helped you advance your career?**

WBA has been pivotal in my personal growth and development. They've been right there to assist in my career growth, whether it's attending and participating in the Women in Banking Conference, graduating from the Executive Development Program, or by participating in the Emerging Leaders Conference. Having attended these development programs myself enables me to assist others on their path of growth and development. I am happy to be involved with the Education Committee to share ideas and strengthen our curriculum and the Training & Development Program at Peoples Bank.

## **What do you do for fun when you're not in the office?**

I love to hike, ride bikes, and travel. Last summer we took our bikes on the ferry to Orcas Island and pedaled to the top of Mt. Constitution. Don't be overly impressed, since we were on eBikes, but ours are only pedal assist, so we still had to pedal. For my 50th birthday, my husband chartered a catamaran and a captain, and we sailed around the U.S. Virgin Islands. What an incredible trip that was; we may never vacation on land again!

## 2021 VIRTUAL EDUCATION/HUMAN RESOURCES CONFERENCE

May 25-26, 2021

See the agenda and register online at [www.wabankers.com/edhr](http://www.wabankers.com/edhr)

# Join Us for the 2021 Virtual Convention and More

WBA is pleased to partner with the Oregon Bankers Association to present the **2021 Virtual Convention** this July.

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

The full agenda is now available online and includes sessions with Karen Shaw Petrou about her latest book "Equality, Equity, and Inclusion: How Bankers Can Change Financial Policy to Make Still More of a Difference".

Scott Fieber, the chief strategy officer for Cook Security Group will host a session on building the branch of the future in real-time, outlining how to utilize technology and limited employees to grow each location.

Elliot Garbus, a strategy and management consultant will cover the autonomous future of transportation and how impacts and advances in this sector will impact others like in finance.

FDIC Chair Jelena McWilliams will return for an industry update along with Chief Innovation Officer Sultan Meghji.

Dr. Matt Roberts, an agriculture economist with The Kernmantle Group, will talk about trade and how it benefits all sectors of the economy as well as policies the U.S. needs to pursue to help everyone.

In the closing session, Art delaCruz, chief operating offi-

cer at Team Rubicon and former Top Gun pilot, will share how his 22-year career in the Navy and current role helping veterans and first responders can inspire others to lead with excellence.

More information about the event can be found online at [www.wabankers.com/convention](http://www.wabankers.com/convention).

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

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

Registration is also now open for the **Credit Analyst Development Program** beginning September and the **Retail Branch Manager Development Program** starting in October.

The **Northwest Agriculture Conference**, **Women in Banking Conference**, and **Bank Executive Conference** are also slated for fall and early winter.

Please visit the WBA website at [www.wabankers.com](http://www.wabankers.com) for more information about registering for any of our upcoming programs.

## Events Calendar

**May 25-26** – Virtual Education/Human Resources Conference

**June 16-17** – Virtual Fintech Conference

**July 14-16** – 2021 Virtual OBA/WBA Bankers Convention

**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

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

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# 2021 WBA & OBA

## VIRTUAL CONVENTION

### JULY 15-16

Register online at [www.wabankers.com/convention](http://www.wabankers.com/convention)

# 2021 Washington Legislative Session in Review

By Megan Managan, Director of Communications and Government Relations, WBA

When the State Legislature convened its first-ever virtual session in early January, not even lawmakers knew what to expect. However, when the Legislature adjourned sine die on Sunday, April 25, not only had they passed an agreed-upon budget for the next biennium, they had also passed several major policy initiatives.

In the lead-up to Session, legislators and the Governor's office outlined an ambitious agenda, including addressing pandemic-related issues, tax policy reform, environmental policy updates, and overhauling policing-related policies.

Heading into Session, there had been many discussions about state revenue's and whether or not the pandemic caused shortfalls in need of additional revenue. In the end, revenues came in higher-than-anticipated and thanks to additional federal stimulus funds, lawmakers had a surplus for the next four years. The final budget of \$59 billion for 2021-23 increased spending by more than \$5 billion.

Here is a look at legislation the WBA Advocacy team worked on this year:

**Taxes:** Despite the surplus of funding this year, lawmakers approved a new tax on capital gains. While it will almost certainly face a court challenge, the 7 percent tax is aimed at capital gains over \$250,000, a step toward fixing what lawmakers have called "Washington regressive tax structure".

**Consumer Data Privacy:** The WBA Advocacy team spent much of the interim and Session working with sponsors and stakeholders on consumer data privacy.



The Senate bill included a data-level exemption for GLBA and other business-friendly measures such as the right-to-cure violations. Reminiscent to years past, the bill was heavily amended in the House with the new version including a private right of action. The bill failed to receive a vote on the House floor, once again stalling the legislation. It is likely to return in 2022, and WBA and our team will continue advocating for strong protections for the industry.

**Credit Union Act:** Early in the Session, legislation was introduced as a technical update to the Credit Union Act. Buried in the bill was a section that would have given credit unions the ability to invest heavily in equities, far above and beyond any limitations banks have. After working with the Department of Financial Institutions, the credit union lobby, and Senator Mark Mullet, we were able to remove that section of the bill in favor of working during the interim on a compromise. Even though the rest of the bill was largely innoc-

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## Industry News

### New Hires

Adam King  
Vice President and Relationship Manager at Washington Trust Bank

Sean Regmi  
Development Operations Engineer at Coastal Community Bank

Rowena Dacones  
Vice President and Commercial Banking Officer at Peoples Bank

Johnny Smith  
Vice President of Lending Services and Residential Loan Officer at Pacific Crest Savings Bank

John Hill  
Senior Vice President and Director of Community and Business Banking at 1st Security Bank of Washington

Diana Shiner  
Senior Vice President and Fiduciary Strategist at KeyBank

### Promotions

Ali Alsos  
Senior Vice President and Director of Digital Solutions and Deposit Operations at Peoples Bank

Kimberly Carhee  
Senior Vice President and Loan Operations Manager at Heritage Bank

Lindsay Paylor  
Senior Vice President and South Sound Commercial Team Leader at Bank of the Pacific

### Board of Directors

David Tingstad  
Mountain Pacific Bank

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

# WBA Member News



## HomeStreet Bank Donates to Seattle-Area Nonprofits

In April, HomeStreet Bank announced several donations to Seattle-area nonprofits.

Each organization received \$5,000 to help continue its mission in its communities. Donations were presented by HomeStreet branch manager Nicole Rosling to Hunger Intervention Program and Lake City Partners Ending Homelessness.

The bank also announced a \$1,000 donation to the Mill Creek Food Bank in mid-April.



## Sound Community Bank Donates and Volunteers in Community



At the end of March, Sound Community Bank announced a donation to the Port Angeles Symphony's program Adventures in Music.

The program helps enrich children's lives through music. The bank's donation of \$4,000 will help fund the program and ongoing efforts.

Members of the University Place Sound Community Bank team volunteered at Wapato Lake in Tacoma, helping to clean up part of the park. Volunteers dug up ivy, cut down large vines, and helped with general maintenance.

Toward the end of April, the bank announced members of the Port Angeles team volunteered at the School Supply Shred Event. The event helped raise money for kids in need of school supplies and haircuts.

## Baker Boyer Bank and Kiwanis Donate School Supplies



Baker Boyer Bank teamed up with the Kiwanis Club of Kennewick and donated almost \$2,000 worth of supplies to students at Park Middle School and Amistad Elementary in Kennewick.

As many children headed back to the classroom for the first time in almost a year, schools in the Tri-Cities area asked for donations of supplies since students could not share items due to continued COVID restrictions.

"Providing them with individual supplies not only allows them to do the work they are supposed to be doing at school but also have safety and the confidence that they have their own stuff and can do what they need to do each day," said Mistee Verhulst, Baker Boyer Bank.

Some of the supplies included individual packs of glue sticks, crayons, whiteboard markers, and rulers.

## Peoples Bank Announces 2021 Community Stewardship Award Recipient

This spring, Peoples Bank announced the latest recipient of its annual Community Stewardship Award.

For 2021, the honor went to Lorena Urrutia for her work and contributions to the Wenatchee Valley community.

Urrutia is a mortgage loan officer at the Wenatchee Financial Center. The award is given each spring to an employee who volunteers their time and resources to enhance, preserve and promote a thriving community.

She was recognized for her ongoing involvement with the Wenatchee Confluence Rotary, National Association of Professional Mortgage Women, and Women's Service League of North Central Washington. She is also a board member of the North Central Washington Hispanic Business Council and has received awards for her leadership on civil rights and social justice issues.

Raised in the Wenatchee Valley as a first-generation Latina, Urrutia serves in the community to help others find

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resources and opportunities.

"My favorite quote is, 'be the change you wish to see in the world,'" she said. "To me, this means making a difference by volunteering my time and giving back to the community, as well as doing my best to support and build strong professional relationships with customers. I am honored to be the recipient of the Peoples Bank Community Stewardship Award. It's an amazing feeling to be recognized for helping others and doing what I love to do."

### Commencement Bank Donates Eggs to Auburn YMCA Easter Hunt



Due to ongoing COVID restrictions, the annual Auburn YMCA Easter Egg Hunt took a different flair this year, as members of the Auburn Commencement Bank team handed out eggs to people driving through who visited the event.

The team filled 1,000 toy-filled eggs in preparation, and

visitors also had the chance to see special guests like Sheriff Woody from Toy Story and more.

### U.S. Bank Announces Support for Asian American and Asian Pacific Islander Organizations

In early April, U.S. Bank announced it would be making \$60,000 in donations to support Asian American and Asian Pacific Islander (AAPI) communities to combat biases and acts of violence. The U.S. Bank Foundation grants were distributed to organizations in Seattle and other locations throughout the U.S.

In Seattle, the Chinese Information Service Center received a donation to help fund ongoing work on anti-hate and bias programs supporting members in King County and to support students and school districts as they return to in-person learning.

### Columbia Bank Celebrates National Volunteerism Month

In honor of April's National Volunteerism Month and Melanie Dressel Community Commitment Month, members of the Columbia Bank team were encouraged to volunteer their time throughout April.

Some of the organization's team members volunteered which included boxing up food at the Fish Food Pantry in Southwestern Washington, weeding and prepping gardens at the Tacoma Rescue Mission, and filling over 20 trash bags during a neighborhood clean-up with the Historic Fairhaven Association in Bellingham.

*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.*



*Congresswoman Kim Schrier (WA-8) visited several businesses throughout her district in late March and early April which received PPP loans.*

*The businesses and bankers had the chance to share how the program worked and the ways it helped their business.*

*Thank you to Columbia Bank and Commencement Bank for arranging for visits with customers, including the Enumclaw Expo Center (right), Buds & Blooms (top left) and Tom Pie Diamond Jewelers (lower left).*

# Harnessing the Power of Payments for Customer Engagement



*By Christine Courtney Director, Product Management - Payment Services*

To sell or to engage? This is the question many financial institutions struggle with relative to customer interactions. We have an answer: Engagement wins.

According to Javelin Strategy & Research, financial institutions can boost the profitability of new checking account customers if they successfully engage them.

Additionally, fully engaged customers provide an estimated \$212 more in annual profit and own up to three more financial accounts. If you are not fully engaging your customers, there's money being left on the table.

In other words, if you are interacting from day one to build engagement, it translates to more profit.

So, why are financial institutions having such a hard time with this process? It's hard to do efficiently and effectively. You need a way "in" with your new customers. You need an active, automated process to drive engagement — and payment instruments are a great place to start.

We believe one of the most effective ways to do this is through payments — specifically checks and cards. While many bankers don't talk much about checks anymore, about 70 percent of consumers still need and use checks. In fact, "order checks" is among the top terms people search for on a financial institution's website. Unfortunately, fewer than half of the customers who need checks get them from their financial institution.

If you're not trying to capture check orders, you're missing out on an enormous engagement opportunity, and you're leaving money on the table. Studies show that about 40 percent of check writers get their checks elsewhere.

The same is true with cards. Debit card activation is one of the key indicators of full engagement. If you're not issuing and activating a card at account opening or immediately thereafter, you're missing an important engagement opportunity.

## **Engagement through payments: seamless, simple and strategic**

Capturing these engagement opportunities requires a consistent process that is simple and seamless both for the customer and the financial institution, and strategic for the

future of the account relationship.

How can you make sure your new customers have the payment instruments they need and leverage them to deepen the new relationship?

## **Here's the vision:**

*Seamless.* The process should begin at the time of new account opening with a reminder to order checks. If checks are not ordered at the time of the new account being opened, a digital reminder should be sent to the consumer. This digital outreach — to new customers who don't order checks at account opening — should include a link to easily order checks, increasing your first check order capture rate.

For accounts opened in-branch, having this process in place takes the pressure off harried staff to accomplish these tasks. The process also provides an opportunity to establish personalized, non-salesy conversation with customers regardless of the channel through which they initially established a relationship with the financial institution.

*Simple.* All set-up and ordering must be "Amazon® easy." For example, check ordering should be quick — done in only a few clicks, if possible. Check designs and quantity choices should be offered to match your customer's lifestyle. Our research confirms that reasonable, "all-inclusive" pricing should include free standard shipping. In fact, according to a survey, free shipping leads to more sales: 84 percent have specifically made a purchase because shipping was free.

*Strategic.* The delivery vehicle should be engaging, too. Deliver checks and cards in a personalized mailer designed with engagement in mind, branded with your financial institution's logo, colors, look and feel.

Take advantage of this sure-to-be-opened mailing with personalized messaging to create a branded, new account welcome kit experience. This additional brand recognition opportunity engages your customers, reinforces your brand and puts your check package to work for you each time customers write a check — without tapping into your marketing budget! And keep in mind that once you establish this interaction and trust, future personalized communications become a natural way to cross-sell based on what you know about your specific customer's needs.

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ISSUES & ANSWERS

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### Immediacy = imperative

Timely and relevant interactions with new accounts result in highly engaged customers. Using payment methods as the way in, leads to a better overall experience. Checks and cards delivered with personalized messaging increases engagement, increases product usage and decreases attri-

tion, which leads to net account and balance growth. It's a win-win!

And every financial institution likes those kinds of results, right?

*Christine Courtney is the Director of Payments for Harland Clarke. Christine is responsible for the development and implementation of Harland Clarke's personal and business check lines.*

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uous, it also failed to receive a vote on the House floor.

**Municipal Deposits:** Credit unions also sought to expand their municipal deposit capabilities to the rest of the state, after a compromise in 2019 limited this access to all but the five most populous counties. This bill passed both chambers and was signed by the governor.

**Public Finance Cooperative:** Returning in 2021 was a perennial issue, the state bank, but with changes compared to previous legislation. This version would have created a public finance cooperative

to allow municipalities, tribes, and other local government agencies to put money into a pool and pull money out, largely for infrastructure projects. While we continue to see this as unnecessary and unwise, this version eliminates many of the most pressing concerns we have raised in the past. For the first time, the bill passed the Senate and the House Committee of jurisdiction but did not receive a vote on the House floor.

**Long-Term Care Insurance:** Two years ago the Legislature passed legislation to create a new state-run long-term service and support program. Due to funding issues, this bill added a payroll tax to fund the

program. Employees who choose not to find a private carrier by November 1 will pay .58 cents per \$100 of their payroll beginning January 1, 2022.

WBA appreciates the continued work of our Government Relations Committee, Legislative Ambassadors, and bankers across the state who provided feedback, testimony, and wrote comment letters this year. Your continued support and advocacy allow us to educate lawmakers.

*Look for more information coming later this summer about our fall Advocacy events, including the Legislative Lunches, Washington D.C. trip, and more.*

## Need assistance with virtual events?

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For more information, contact Duncan Taylor at [duncan@wabankers.com](mailto:duncan@wabankers.com).



**BANKERS CONFERENCE**

A DIVISION OF WBA PROS

# Uncovering Fee Income and Yield Opportunities in a Challenging Market

By Keith Gruebele, EVP/ Vice President, Bankers Healthcare Group

The pandemic has brought a lot of change to financial institutions, including how to engage with your borrowers, serve their needs, and drive additional revenue into your bank. For many, this includes looking at partnering with alternative lenders.

With the right lending partner, community banks can strengthen and diversify their loan portfolio through new income opportunities. A strategic partnership can provide you with access to quality loans that align with your business goals and enable you to work toward your growth plans—without additional time or cost.

These five questions can help you quickly uncover a potential partner's credibility and commitment so you can focus on increasing your revenue while mitigating your risk:

## 1. What is your track record of success?

Gauge how the lender has endured market changes. The economy is still recovering and this won't be the last downturn—seek to understand how they navigate uncertainty. You want a resilient partner that can originate quality loans for your portfolio at any time, has a track record of success, and can adjust its business model to meet your needs.

## 2. How do you make lending decisions?

Quantitative analytics and historical borrower data are key, as they uncover variables that predict risk. Utilizing data is commonplace today, but a partner that dives deep into the analytics can make better predictions when

originating loans, resulting in a stronger return on the portfolio you purchase.

## 3. How do you attract borrowers?

You want access to expertise and experience. The best way to attract the highest quality borrowers is through selective targeting and investing in marketing. Partners that execute innovative, highly targeted campaigns across every marketing channel, and are precise in who they lend to, offer a unique advantage in the marketplace. This ultimately creates a better loan offering for your bank.

## 4. How does your underwriting process create efficiencies for our bank?

Evaluating credit files is time consuming. Your partner should offer a simplified underwriting process with consistent loan packages, so you can quickly and easily analyze files to make informed purchasing decisions.

## 5. What is your commitment to service?

Borrowers seek out their local community bank because of the personalized level of service you provide. Your partner should also place a high value on service to ensure a positive borrower experience every step of the way.

The pandemic has been challenging for community banks across the country, but it has also posed a new opportunity for banks to partner with alternative lenders to drive fee income and new revenue streams into your business. Adding high-performing assets and maximizing yields can help boost your profitability, for those who are willing to seek out new partners this year.

*Keith Gruebele is Executive Vice President of Institutional Relationships at Bankers Healthcare Group. BHG has been lending for nearly 20 years, and is the #1 source for medical and professional loans across the country. More than 1,200 banks have partnered with BHG and see \$0 loss on the BHG Core Loan portfolio, record volume available, and a 3.25-6% return. For more information, visit [www.BHGLoanHub.com](http://www.BHGLoanHub.com).*



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# Four Solutions to Fix Your Bank's Digital Customer Acquisition Funnel

By Nicky Senyard, CEO and Founder, Fintel Connect

It's no secret that digital can drive scalable customer acquisition across virtually all B2C industries and verticals. This is especially true for banking and personal finance: industries that were initially built on white-gloved customer service, and are now enhancing their offerings via digital platforms.

Banks that allocate adequate budget and effort into digital can offer greater customer satisfaction. In fact, a 2020 study from J.D. Power confirms that the "most satisfied retail banking customers" use both digital and branch services to conduct personal banking.

And with social distancing not ending any time soon, this also means that prospective customers that are shopping for bank products now expect to learn everything they need to know about your bank online – without stepping foot into a branch.

If you ask any marketer exactly how a bank can win those new customers online, it's almost inevitable that you'll talk about marketing funnels: the method by which a bank attracts, nurtures, and eventually converts a new customer.

But even the most well-researched, strategically planned funnels aren't immune to problems. For example, your initial clickthrough rate might fall well behind industry benchmarks. Your clever email subject line might not yield the number of opens you expected. Or you might have miscalculated how much budget you needed to allocate for top of funnel (awareness and initial traffic) versus bottom of funnel (leads and approved customers).

It's usually easier to spot a funnel's problems than solutions. The question is: how do you tackle and correct those problems?

Here are four common challenges that banks may face with their digital customer acquisition funnel, and tips for how to solve them.

## Four Elements of the Customer Acquisition Funnel

For the basis of this article, we'll use the following funnel model for customer acquisition:

- Awareness: Becoming aware of your brand, using tactics both offline (print, billboard, television) and online (content marketing, social media, SEO, SEM, paid advertisements,

affiliate marketing)

- Interest: Finding more information via online store, customer testimonials, newsletter, sales sheets

- Decision: Comparing options via email marketing, promotions, remarketing

- Action: Ready to make a decision via shopping cart, checkout, requesting a review, and referrals



## Problem #1: Awareness channels are costly, competitive, and hard to attribute to sales

Fintechs and larger financial institutions often have bigger budgets and take up more

room online with their awareness campaigns. With these budgets, they also have the infrastructure to know precisely how much they're willing to budget for everything from awareness to acquisition, and how much the customer is ultimately worth.

Community banks and mid-size banks, on the other hand, may struggle with gaining transparency into the ROI of their own awareness channels, and understanding the lifetime value of customers.

## Solution: Performance marketing

In the absence of big budgets, banks can partner with financially-focused influencers and publishers, who can be a credible source that tells the story of a bank's brand and products, while simultaneously moving consumers further down the funnel. This channel is also highly budget-friendly because it's performance-based: banks only pay for new customers gained.

Additionally, performance marketing can be hyper-targeted: working with niche influencers and publishers enables banks to direct their performance marketing to refined, captured audiences.

## Problem #2: Customers are falling off your website at the Interest stage

With many generational cohorts being avid mobile or tablet users, your bank's website must fit into these device viewports to avoid disrupting your digital experience. Common problems for bank websites include:

- A call-to-action that's buried in the middle of text, leaving the customer unaware of where to click next
- The look and feel of the website appearing dated, impacting a customer's perception of the bank's technical abilities
- Too much information presented, making it difficult for your customer to grasp your key messages.

Negative online experiences can impact a prospective customer's interest in your brand and dissuade them from moving further down your marketing funnel.

## Solution: Prioritize mobile customer experiences

To capture and retain customer attention, make mobile a



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priority. Simple, intuitive interfaces must be available on a bank's mobile site and app. Content should be written and displayed for readability, with direct call-to-actions like "Apply Now."

A frictionless mobile experience ensures your potential new customer stays interested in what your bank has to offer.

### Problem #3: Customers reach the bottom of your funnel but don't purchase

If your customer hasn't pushed the "submit" button to open an account or apply for a financial product, their pain points (convenience, time, value, etc.) might not have been fully addressed. Instead, they might leave your check-out process to conduct more online research on comparable products. Your bank might also not have acquired enough information at this stage to re-market to these prospects and bring them back to finish their checkout.

### Solution: Showcase your bank product's through credible partners

Your bank can use industry research to identify the optimal channels to re-market to your audience. It can also partner with influencers via performance marketing, which can reach customers already at the bottom-of-funnel

stage of completing a purchase decision. Partnering with publishers and influencers reinforces your values and can be the tipping point that converts a potential customer's "maybe" to a "yes."

### Problem #4: Printable PDFs or in-person requirements that fracture your Action stage

Though easy to make available online, printable PDF applications remove all the advantages of digital and cause banks to lose out on critical parts of a customer's digital footprint. Extra lift for the customer is required to print, scan, or visit a branch to complete. This additional lift is then transferred to your staff, who need to file, validate, input, scan or otherwise manually transfer the PDF into your bank's core system.

From a compliance stance, paper also increases resource requirements. In lieu of an automatically compiled digital customer file that's easily made available to regulators on request, your bank staff would need to manage pages within physical files and visually scan for information required.

### Solution: An efficient check-out system that puts your customers first

An effective account opening system is seamless and minimizes the effort both applying for a bank account and managing the application. Platforms like

MK Decision, for example, provide this technology for banks: customers have the option of adding multiple products to cart, have pertinent information like addresses and name pre-filled to reduce typing inaccuracies, and their platform authenticates their bank accounts for immediate funding.

### Conclusion

As the world continues moving forward into the "new normal" for the indefinite future, it's important to remember that the definition of "new normal" is continuously evolving, particularly as new fintechs emerge and customer expectations change. To ensure your bank continues to evolve and adapt appropriately, banks must leverage the right marketing technology to attract, nurture and convert customers in their funnels.












*Nicky Senyard is the CEO and Founder of Fintel Connect, a leading performance marketing company that serves financial services by driving customer acquisition in a cost-effective, compliant way. Their technology supports a wide range of tier one banks, community banks and fintechs through its extensive network of publishers, and fully scalable tracking and reporting technology. Connect with Nicky on LinkedIn or learn more at FintelConnect.com.*

## Influencer Marketing Webinar

Thanks to Fintel Connect for helping set up a special WBA members-only webinar in April on influencer marketing.

You can see a recording of the event on the WBA Youtube channel at [www.youtube.com/watch?v=g4Kk5x-8L0dQ](https://www.youtube.com/watch?v=g4Kk5x-8L0dQ).

Get to know today's panelists

			
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