

# Issues & Answers



November 2022

## In This Issue

- Page 1** President's Message
- Page 3** ABA Column  
Industry News
- Page 4** Upcoming WBA Events  
Events Calendar
- Page 5** WBA Hosts Women in Banking Conference  
Emerging Leaders & Executives Learn from Drew Bledsoe
- Page 6** WBA Member News
- Page 10** What to Expect from Consumers This Holiday Season
- Page 12** Despite Pandemic, Record 96% of US Households Were Banked in 2021

## So Nice To See You Again



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

Back in the day, AT&T promoted their long-distance telephone service with ads of people talking on the phone, followed by the tagline: "Long distance – it's the next best thing to

being there."

It was effective advertising: first, because people could relate to the pleasure of keeping in touch with family and friends, and second, it didn't overpromise. It didn't say long-distance calls were just as good as being there.

For the last two years, much of our work, from board meetings to conferences to advocacy with elected officials, has been conducted via Microsoft Teams, Zoom, and other video conferencing platforms. These virtual meeting tools have allowed us to maintain connections and to continue delivering valuable services to our members. They've been the "next best thing," but they have fallen short of "being there."

We recently completed our annual cycle of Legislative Roundtables around the state, meetings held in person for the first time since the fall of 2019. We met with dozens of lawmakers from both parties and heard their priorities for the coming legislative session. We also were able to share our perspectives on these and other issues. Most importantly, these sessions gave local bankers another opportunity to build or renew their relationships with their elected representatives serving in Olympia.

A video conference allows the sharing of priorities and perspectives. But it doesn't enable bankers and senators to discover that they have mutual friends or interests. For that, you need the kind of casual conversation that can only take place at an in-person gathering. It was very satisfying to get back to that format this fall.

Similarly, we were able to resume our annual banker visits to DC this year. While we had been able to meet with federal regulators and members of our state congressional delegation via video conference over the last couple of years, it simply wasn't the same as being on the ground in our

**Continued on page 2**





## Issues & Answers – November 2022

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

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### On the Cover

Golden larches are highlighted against the brilliant blue  
backdrop of Washington's Alpine Lakes.

*Photo by Washington State Department of Natural Resources  
via Flickr*

## Continued from page 1

nation's capital.

In addition to the inspiration provided by being surrounded by some of the most enduring symbols of our democracy, I think we are more likely to get the undivided attention of our meeting partners when we are in their offices. The result is a better flow of information, stronger working relationships, and more effective meetings.

Advocacy is one of many WBA programs where a return to in-person sessions pays dividends.

Later this month, we will have an in-person ceremony to recognize and celebrate our most recent class of Executive Development Program (EDP) graduates. These committed bankers have completed a comprehensive and challenging program under difficult circumstances, including the use of virtual programming when in-person sessions couldn't take place. After all they had to do to complete the EDP course, it will be fitting that we can gather and toast their persistence and accomplishments.

While I'm on the subject of the EDP, I want to remind all our members that registration for the 2023 program cycle is currently open. Most of the sessions will be held in person in Seattle. This is a fantastic program for bankers who aspire to, or have been identified, assume leadership positions within their organization. You can find more details and registration information online at [www.wabankers.com/edp](http://www.wabankers.com/edp).

Planning for our spring conferences is well underway, and it, too, will be held in person. Look for more information about the Northwest Compliance Conference and a combined Retail, Education, and Human Resources Conference soon.

Over time, as we return to a "Before-Covid" environment, I expect we'll also return to the point where it's no longer noteworthy that a given meeting or conference will be held in person. But in our desire to get to that point, we shouldn't forget what virtual meetings allowed us to accomplish. We were able to keep moving forward and, in some ways, increase participation among members whose schedules or locations might otherwise have prevented their engagement. Where it makes sense, certain events are likely to continue as virtual-only.

We will try to remember and take advantage of what we learned about virtual meetings and apply those lessons where they make sense to increase participation.

But we will also remember our renewed appreciation for the value of "being there."

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# Reining in a Regulator Gone Rouge



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

In an American Banker op-ed earlier this year, I called out the CFPB under the leadership of Rohit Chopra as a “regulator gone rogue.” I’m not alone in my criticism: in September, 12 Republican lawmakers took the bureau to task over what they called a “radical and highly-politicized agenda unbounded by statutory limits.”

Unfortunately, the bureau has continued to push legal boundaries on several different fronts in recent months.

First, the bureau has waged an aggressive PR campaign against so-called “junk fees”—using a term it coined to demonize the legitimate fees, including overdraft fees, that banks charge consumers for the products and services they offer. Throwing these fees in with things like concert ticket processing fees, resort fees and other surprise fees charged by retailers and hospitality businesses was a deliberate move to confuse the public about the well-disclosed fees they currently pay. (For the record, banks don’t charge resort or ticket fees, nor does the CFPB have authority to regulate those types of fees.)

Another alarming step by the Chopra bureau was its decision to update the UDAAP section of its exam manual in a way that fundamentally upends the regulatory approach to fair lending supervision and enforcement, without providing industry stakeholders or the public the opportunity to provide feedback through the notice and comment process under the Administrative Procedure Act. Instead, the CFPB chose to take a backdoor route to expand its authority—giving itself the ability to examine for alleged disparate treatment or impact across all areas of bank operations using the authorities granted by the Dodd-Frank Act under its authority to prevent “unfair, deceptive or abusive acts or practices.”

In reality, the CFPB’s authority to enforce anti-discrimination laws is limited to credit products. It’s clear that

this move is an attempt by the bureau to set itself up as a “super-regulator” of financial practices using authority Congress did not give it.

To be clear: ABA fully supports the fair enforcement of the nation’s anti-discrimination laws. We simply believe these laws should be enforced by regulators within the boundaries set by Congress. This updated manual does not qualify.

Given that the bureau has not seen fit to rescind the manual—despite previous calls from ABA and other trade groups—we were left with no choice but to pursue legal action. ABA’s lawsuit, which was filed in late September jointly with the U.S. Chamber of Commerce, the Longview Chamber of Commerce, the Texas Bankers Association, the Independent Bankers Association of Texas, the Texas Association of Business and the Consumer Bankers Association, alleges violations of the APA in three ways.

First, the bureau is exceeding its statutory authority outlined in Dodd-Frank, which is clear that “unfairness” under UDAAP and discrimination are distinct concepts that should not be conflated. Second, the updated manual is “arbitrary and capricious,” in violation of the APA. Finally, it violates the APA’s procedural requirements because it constitutes a legislative rule that failed to go through notice and comment.

It’s never our preference to take legal action against a regulator. And this lawsuit doesn’t mean we’ve given up on finding common ground with the bureau. In fact, on issues like the need to protect consumer data, or the need to make sure nonbanks face the same regulatory requirements as banks for similar activities, or the importance of relationship banking, our goals are very much aligned.

But when a regulator—any regulator—takes a step like this to dramatically expand its regulatory reach without authorization from Congress or any opportunity for the public to weigh in, ABA will respond on behalf of our members and the industry we represent.

## Industry News

### New Hires

Nicole Francis  
Client Services Coordinator at Olympia  
Federal Savings

Lance Glenn  
System Administrator at Olympia Federal Savings

Tricia McGary  
Loan Processor at Olympia Federal Savings

Shea Wahlstrom  
Digital Outreach and Communications  
Coordinator at Olympia Federal Savings

Ian Wood  
Mortgage Loan Representative at Peoples Bank

Francisco Pascua  
Residential Loan Officer at Sound Community Bank

Ana Liza Grandner  
Senior Vice President and Chief Payments Officer at First Fed Bank

### Promotions

Brandi Larson  
Residential Loan Officer at Sound Community Bank

I.V. Reeves Jr.  
Corporate Responsibility Officer for the Pacific Northwest at KeyBank

Derek Pender  
Regional Retail Leader for South Puget Sound & Alaska at KeyBank

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

# Plan Ahead for WBA Conferences In 2023

With the close of the third quarter, the WBA has pivoted to planning for events in the upcoming year. Before the pandemic, WBA often ran 10 or more annual conferences dedicated to specific segments of the banking industry.

During the pandemic, most of those events transitioned to online, virtual-only conferences, as necessitated by the ongoing health crisis. As we emerged from this time of significant disruption, WBA felt it was time to revisit our conference format.

In doing so, WBA staff reviewed attendance trends over the last five-plus years, costs to host each event, and input from past attendees and members of committees. Not only has the number of banks and bank employees in the state declined over the last decade, but costs have also increased dramatically, and in some cases, over 30 percent of what was just a year ago.

After consulting with WBA committee members and the WBA Board of Directors, the staff has charted a new course for 2023.

In mid-March, WBA will host 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 a combined **Retail Banking, Education, and Human Resources 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.

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.

During the spring, WBA will also host the **Virtual Fintech Conference**, co-sponsored by the Utah and New Jersey 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.

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.

Outside these conferences next year, WBA will continue to provide our Development Programs to help bankers expand and advance their careers.

The **2023 Executive Development Program** begins in January and features a rigorous 12-session program designed for future leaders in the industry. Registration prices increase in late December, and the program regularly sells out, so early registration is recommended.

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.

Please visit the WBA website at [www.wabankers.com](http://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

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

**May 4-5** – Retail/Education/Human Resources 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

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



## Registration Now Open for 2023 Executive Development Program

Don't miss our comprehensive 12-month program cultivating a new generation of bank leaders. Classes begin January 18.

[www.wabankers.com/edp](http://www.wabankers.com/edp)



# Bankers Welcomes Return of In-Person Women in Banking Conference In Seattle

In late October, the Washington Bankers Association and bankers from throughout the state came together for the first in-person Women in Banking Conference since 2019.

After two years of virtual events, it was great to have a packed room full of attendees at the annual leadership conference held at the Renaissance Seattle Hotel downtown.

The event started with an energetic session on leadership and coaching by Shana Erickson, the founder and executive coach for Erickson By Design. During her session, she highlighted ways to leverage the best design thinking practices and apply them to every aspect of attendees' lives.

Megan Managan, director of public affairs for WBA, provided a legislative and advocacy update, sharing with attendees how they can get involved and why it is essential to be an advocate for the industry.

Duncan Taylor, WBA's SVP and chief operating officer, shared the WBA's updated Bankers Care Initiative and how banks across the state could get involved.

Taylor then transitioned to moderate a panel discussion about employee resources groups at local banks. The panelists included Dia Dissmore, SVP/market HR manager at Bank of America, and Ryan Greer, employee engagement specialist at Peoples Bank. They shared how their organizations have built these groups, with Bank of America starting over two decades ago, while Peoples Bank only recently added ERGs. The pair also discussed what advice they would share for banks considering starting their own and the benefits they've seen from providing this

[Continued on page 9](#)



## Emerging Leaders & Executives Learn from Drew Bledsoe

WBA hosted two new events this October to bring together emerging leaders and executives. These two groups gathered in Spokane and Seattle for two evenings of networking and a fireside chat with Drew Bledsoe, former NFL quarter and owner of Double-Back Winery.

The events featured networking among participants who played a BINGO game crafted to get people moving around a room and meeting new people. For many, this was the first networking opportunity they had with others in the industry since before the pandemic began, and the room buzzed with energy.

Following networking, Bledsoe and WBA SVP and COO Duncan Taylor hosted a fireside chat,

[Continued on page 9](#)



## U.S. Bank Volunteers at Issaquah Salmon Days

This fall, members of the U.S. Bank team from the Issaquah and Sammamish branches volunteered at the Issaquah Salmon Days festival.



The bank volunteers hosted a contest for the visitors who had been a customer the longest. The winner had been with the bank for 52 years.

## Bank of America Announces 2022 Neighborhood Builder Grant Recipients

In early October, Bank of America in Seattle announced that two local organizations would receive its 2022 Bank of America Neighborhood Builders grants for their work removing economic barriers and advancing economic opportunity.

Community Roots and FamilyWorks received a \$200,000 grant over two years, along with leadership training for the executive director and emerging leaders.

"Seattle's nonprofits are the backbone of our community—working shoulder to shoulder with individuals, families, and community members to understand and address complex and enduring obstacles to economic stability and advancement," said Kerri Schroeder, president of Bank of America Seattle. "Our approach through Neighborhood Builders is to support diverse nonprofit leadership and direct flexible capital, training, and other resources to position these high-performing nonprofits and their leaders for long-term success and resilience."

Community Roots Housing is a public development authority with a mission to build vibrant and engaging communities. Their work is focused on affordable, equitable, and sustainable development. They operate over 1,600 apartments serving more than 2,200 residents throughout the Seattle area.

FamilyWorks provides nutritious foods, essential services, and a supportive community to families across North Seattle. They operate two food banks, a family resource center, and satellite programs to bring food and family resources to schools and other community partners.

Throughout Puget Sound, the Neighborhood Builders program, which started in 2024, has invested \$7.6 million in 38 nonprofits.



## First Fed Bank Supports Harvest of Hope

The First Fed Bank team recently joined an effort to raise funds for local cancer patients being treated at Olympic Medical Cancer Center and supported by Harvest of Hope.



## HomeStreet Bank Donates to Issaquah Food and Clothing Bank

HomeStreet Bank announced a \$5,000 donation to the Issaquah Food and Clothing Bank in late September.

The bank donates to organizations where its employees volunteer. The bank made this donation in honor of the work done by the Issaquah branch, which regularly volunteers at the food bank.

## Baker Boyer Bank Hosts Miles for Charity Event

Throughout September, Baker Boyer Bank hosted a charity matching event; for every mile bankers walked, the bank would match \$1 for nonprofits.

Employees walked 5,000 miles in 30 days, and the funds will be divided among three charities that address food insecurity.





### **Commencement Bank Participates in Community Events**

Throughout the autumn, volunteers from Commencement Bank participated in several community events.

Bankers went to the Thurston Chamber of Commerce morning mixer at Hands on Children's Museum, while others taught a money counting class at the same museum.

Others were checkpoint sponsors for the Evergreen Christian School Glow Run.

### **Sound Community Bank Earns American Bank Most Powerful Women in Banking Top Team Award**

Sound Community Bank was named one of the American Banker Most Powerful Women in Banking Top Teams this fall.

The team recognized by the magazine includes Laurie Stewart, Heidi Sexton, Erin Nicolaus, Diana Everett, Diane Harrison, Jen Mallon, Meghan Dort, and Kirsten Pavlak.

"We are honored and humbled to receive this prestigious national recognition; earning the Top Team Award is both a testament to our commitment to diversity, equity, and inclusion and recognition of the important role women leaders play in the success of our organization," said Stewart, the bank's president, and CEO.

Stewart was also named to the Women to Watch list by the magazine.

### **HomeStreet Bank Donates To Pierce County Library Foundation**

HomeStreet Bank announced a \$500 donation to the Pierce County Library Foundation in mid-October.

The donation was in honor of Wendy Colebank, a digital marketing director at the bank. She has volun-

teered over 35 hours as vice president and philanthropy chair of the board of directors.



### **JPMorgan Chase Pacific Northwest AsPIRE Business Resource Group Volunteers at Foodlife Line**

Members of the JPMorgan Chase Pacific Northwest AsPIRE Business Resource Group leadership and members volunteered at Food Lifeline this fall.

The group sorted and packed 6,3000 pounds of grapefruit and 2,000 pounds of garbanzo beans so they could be distributed to local food banks and distributors in the area.



### **Liberty Bank Volunteers at Kathleen Sutton Fund**

The Liberty Bank team recently spent time volunteering with the Kathleen Sutton Fund.

The fund works to reimburse transportation costs for women who are undergoing cancer treatment and who live in Clallam, Jefferson, Kitsap, and Mason Counties.

The fund was established almost 20 years ago, reimbursed over \$750,000 in travel expenses, and helped 1,263 women.

The bank staff helped manage the fund's front desk during its annual gala.

### **Washington Trust Bank Supports Passages Family Support**

Washington Trust Bank donated \$34,500 to Passages Family Support in late September.

The organization recently purchased a building in



Continued from page 7



west Spokane, and the bank's donation helped facilitate the sale.

Passages is a licensed, outpatient mental health clinic providing recovery-based support services, coordinated care, classes, and advocacy for youth, children, and families. The new facility will allow Passages to expand its services.



### Columbia Bank Participates in American Heart Association Heart Walk

This fall, 15 members of the Columbia Bank team participated in the annual American Heart Association Tacoma Heart Walk.

The bank is an annual AHA support, which helps fund research, extend life expectancy, and address nutrition security and mental well-being for those in need.

### Sound Community Bank Volunteers at Welfare for Animals Guild Dogtoberfest

The Sound Community Bank team recently supported the Welfare for Animals Guild Dog-



toberfest.

The organization's mission is to protect animals from neglect, abuse, and exploitation and advocate for the animal's interests and welfare.



### Olympia Federal Supports United Way of Thurston County

The Olympia Federal Savings team recently volunteered at United Way of Thurston County.

The bank volunteers are supported by United Way and Family Education and Support Services.



### KeyBank Announces Grant to Chief Seattle Club

In late October, KeyBank Seattle announced it made a grant of \$200,000 to Chief Seattle Club.

The funds will help the Club continue to offer its traditional mental health services.

*If you have news to share about work your bank is doing in the community, please send it to Megan Managan at [megan@wabankers.com](mailto:megan@wabankers.com). Submissions are run on a space available basis.*

# HAVE NEWS TO SHARE?

Email it to [megan@wabankers.com](mailto:megan@wabankers.com) to be included in an upcoming *Issues & Answers*





## Continued from page 5

resource to employees.

After lunch, Arwen Becker, who runs LIFE with Arwen, shared her personal story with attendees. As a very young divorcee, Becker had to learn to change her lifestyle and work to help others avoid similar pitfalls that she had earlier in her life.

The conference closed out with Sherry Winn, founder of

The Winning Leadership Company, discussing her three essential ingredients for success. As a former Olympian and national championship basketball coach, Winn translated her success in sports into lessons to help bankers succeed in their careers.

Following the conference, attendees networked at a reception in the hotel, sharing insights from their day and what they learned by participating in the conference's BINGO game, designed to encourage people to mingle.



## Continued from page 5

discussing Bledsoe's career, leadership practices, and advice for younger professionals. He highlighted how his experiences in

sports transitioned well into owning his own business and what working under various coaches taught him about management.

Attendees also could pre-pur-

chase bottles of DoubleBack and Bledsoe Family Winery wines.

Thank you to Ferguson Wellman for sponsoring this series of events.





# “Ho, Ho, Ho!” or Just “Ho-Hum?": What to Expect from Consumer This Holiday Season

*By Matthew Tilley, Executive Director, Content Marketing, Vericast*

Not to sound too cliché, but the holidays are “right around the corner.” And there’s no question that the current economic environment has forced adjustments by both consumers and retailers. What’s different this year? How will it affect holiday spending? Which consumer segments plan to go all out this holiday season, and which segments will be reining it in?

To answer these questions, we asked consumers in our June Awareness-to-Action Study\* about their holiday shopping plans, preferences, and priorities. Here are some highlights from the survey.

Let’s first look at how this holiday season differs from recent ones.

## **Inflation Levels You Can’t Ignore**

We must mention the elephant in the room: inflation. Record inflation weighs heavily on retailers, consumers, and the U.S. economy. Consumers see evidence of inflation every time they make or plan to purchase. According to the Numerator 2022 Holiday Preview Survey, nearly 90% of consumers surveyed expect inflation to affect their 2022 holiday shopping and spending. And a majority (59%) expect the impact will be moderate or significant.

## **Supply Chain Challenges**

Supply chain challenges persist, although they have improved since last year. Consumers are now conditioned to the idea that their favorite brand or product may not be available. They may be prepared to identify a plan B if they can’t find the specific product they need.

## **Gas Prices Affecting Travel**

After months of high gas prices, consumers are finally feeling some relief — but prices are still much higher than they were just one year ago. This affects everything from holiday plans to shopping trips to the store.

## **Uncertainty About Covid Variants**

The holiday season has much to do with gathering with friends and family. Presumably, consumers are learn-



ing how to live with and manage the reality of variants, waves, and outbreaks of the COVID virus as a way of life. For some, that means holiday celebrations may be a last-minute decision.

What does all this mean for consumers and their shopping behavior? We asked them, and here’s what we learned:

## **They’re Looking For Deals**

Consumers are focused on stretching their dollar

[Continued on page 11](#)



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## Continued from page 10

further with a cloudy economic outlook hanging over their heads. They're more attentive to prices — our 2022 CPG + Grocery TrendWatch\*\* notes that 61% of those surveyed say rising prices are their biggest shopping challenge — and they're searching for a bargain. And according to our June Awareness-to-Action Study, 27% of consumers surveyed say they will look for stores that offer the best deals and sales when it comes to shopping for gifts this year.

### They Plan To Spend Less

Although some consumers surveyed indicate they plan to spend more this year, including Gen Z (32%), parents (27%), and those who are very comfortable financially (32%), it should come as no surprise that, in general, people say they plan to spend less this holiday season than they paid last year (46%). This is reportedly due to consumers choosing to dine out less over the previous few months of the year (41%), especially Gen X (47%) and those with limited financial means. But some consumers (21%), including Gen Z (37%) and those with more disposable income (35%), expect to dine out more this year than last year.

### They Plan To Shop Later In The Season, Some Up To The Last Minute

Our survey data indicates that people plan to delay their purchases this year. Slightly more than half of the shoppers (53%) will begin their holiday shopping in November or December. Those with a lot of savings and disposable income are more likely to get an earlier start to their shopping before October (29%), while those experiencing financial challenges appear more likely to be last-minute shoppers, waiting until December to start making purchases (29%).

### They Plan To Shop In-Store And Online

Some shoppers may be ready to browse the aisles again, going into brick-and-mortar store locations where they can see and touch the merchandise, interact with

salespeople, and generally feel the hustle and bustle of the holiday season. Twenty-three percent of people we surveyed plan to shop more in-person for food and beverages for holiday parties and meals, while 14% plan to do more online shopping for these items. Regarding shopping for gifts, 32% plan to shop more online, but 22% intend to shop more in person.

Considering consumers' holiday plans, what can brands and retailers do to meet shopper needs and maximize the busiest, most profitable quarter of the year?

**1. Deals, deals, deals:** This one's straightforward. Consumers are looking for brands that offer deals. In fact, 60% of respondents to our June survey say coupons and discounts are more important than ever. If you want to catch shoppers' attention, give them what they're looking for — offer a discount or special deal.

**2. Engage in continual conversation:** As indicated above, some consumers will begin shopping in October or earlier, while others will wait until November or December. Retailers and brands will have to work particularly hard to connect with consumers throughout the season since shoppers might shop late in the season or early due to myriad factors. Plan to extend your marketing throughout this year's shopping period, so you capture their attention when planning and purchasing.

**3. Use omnichannel marketing:** There's no single outlier regarding how consumers like to receive their deals, so a "one-size-fits-all" marketing approach is insufficient. Brands and retailers should cover their bases by engaging an omnichannel strategy that reaches their target customers at all the various places they may seek information about a product or brand.

**4. Make it easy:** Consumers will be shopping in the store and online, both in equally heavy numbers. Present them with a seamless experience, making it easy to access products and discounts wherever they plan to purchase.



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# Despite COVID-19 Pandemic, Record 96% of U.S. Households Were Banked in 2021

Despite the unprecedented economic challenges posed by the COVID-19 pandemic, nearly 96 percent of U.S. households were banked in 2021, according to the latest national survey released in late October by the Federal Deposit Insurance Corporation (FDIC).

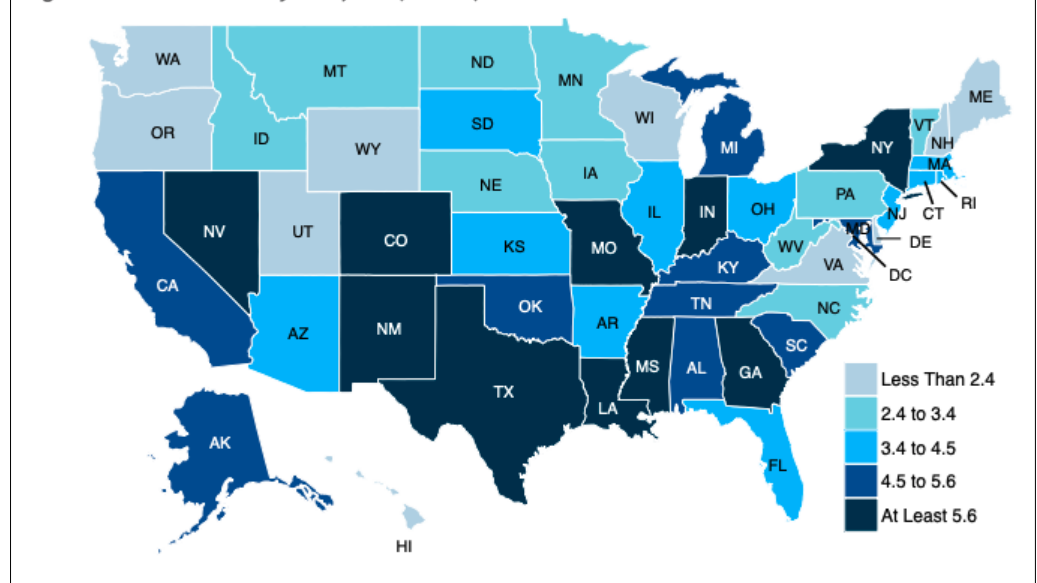
The FDIC's 2021 National Survey of Unbanked and Underbanked Households also found an estimated 4.5 percent of U.S. households (representing 5.9 million households) lacked a bank or credit union account, the lowest national unbanked rate since the FDIC survey began in 2009.

"We welcome today's encouraging news that the number of unbanked in the U.S. is now at its lowest level since the FDIC started tracking this data," said American Bankers Association President and CEO Rob Nichols. "The 17 percent decrease in the number of unbanked from 2019-2021 shows that a concerted effort by the banking industry, government agencies, and community groups can make a meaningful difference in expanding access to banking services, even in the middle of a global pandemic. This is progress that every American should celebrate."

According to FDIC's latest biennial survey, approximately 1.2 million more households have been banked since 2019. Nearly half of newly banked households that received government payments said these payments contributed to their decision to open an insured bank or credit union account. Meanwhile, 14.1 percent of households (representing 18.7 million households) were underbanked in 2021, meaning they had a bank or credit union account and used nonbank financial products and services.

"During the pandemic, consumers opened bank accounts to access relief funds and other benefits quickly and securely," said FDIC Acting Chairman Martin J. Gruenberg. "Safe and affordable bank accounts provide a way to bring more Americans into the banking system and will continue to play an important role in advancing economic inclusion for all Americans. Today's results highlight the importance of ensuring consumers who are receiving benefits or starting a new job, two key bankable moments, can easily find

Figure 3.3 Unbanked Rates by State, 2021 (Percent)



and open a bank account that meets their needs."

Since 2009, the FDIC has asked households about their use of banking and financial products and services through the most comprehensive survey of its kind. In 2011, 8.2 percent of households were unbanked; the improvement from that point represents 5 million additional households with banking relationships over the most recent decade.

"America's banks' strong commitment to financial inclusion contributed to this progress," said Nichols. "In particular, we want to recognize the growing number of banks that now offer low-cost, easy-to-use Bank On-certified accounts. Since ABA encouraged every bank in the country to offer Bank On accounts two years ago, the number has skyrocketed by nearly 700%, with certified accounts now available in more than 40,000 retail banking locations across the United States, from the very smallest community banks to the very largest global banks.

"Thanks to the dedicated efforts of the Cities for Financial Empowerment Fund, which created the Bank On standards, as well as the regional Bank On coalitions that bring together financial institutions, local government officials, and community leaders, we believe there is a tremendous opportunity to further reduce the number of unbanked in the country."

Key findings in the FDIC 2021 survey include:

- National Unbanked Rate Drops to Record Low: An estimated 4.5 percent of U.S. households were "unbanked" in 2021, meaning that no one in the household had a checking or savings account at a bank or credit union. This represents approxi-



mately 5.9 million U.S. households, compared to 7.1 million in 2019.

- **National Underbanked Rate and Use of Nonbank Financial Products and Services Declines:** An additional 14.1 percent of households, or 18.7 million, were underbanked in 2021, meaning they had a bank account but used nonbank financial products and services during the year. Banked households' use of critical nonbank financial products and services that classify a household as underbanked declined by about one-third between 2017 and 2021.
- **Unbanked and Underbanked Rates Remain Higher Among Minorities:** In 2021, 2.1 percent of White households were unbanked, compared with 11.3 percent of Black households and 9.3 percent of Hispanic households. While this gap is sizable, it is notably smaller than just two years prior when the unbanked rate in 2019 among White households was 2.5 percent compared to 13.8 percent and 12.2 percent among Black and Hispanic households, respectively. In 2021, 9.3 percent of White households were underbanked, compared with 24.7 percent of Black households and 24.1 percent of Hispanic households.
- **Importance of Bankable Moments:** Among recently banked households that received a government benefit during the pandemic, almost half (45 percent), or 1.9 million households, said that the payment contributed to their opening a bank account. For recently banked households that started a new job, about a third (33.1 percent) said it contributed to their decision to open a bank account.
- **Mobile Banking Use Continues to Increase:** The use of mobile banking increased sharply among banked households between 2017 (15.1 percent) and 2021 (43.5 percent) and was the most prevalent primary method of account access. Using a bank teller declined but remained prevalent for specific population segments.
- **Reasons for Not Having a Bank Account:** About 21.7 percent of unbanked households cite "Don't have enough money to meet minimum balance" as the main reason for not having an account. "Don't trust banks" was the second most cited main reason for not having an account. The proportion of unbanked households citing fees or minimum balance-related reasons for not having a bank account fell from 38 percent in 2019 to 29.2 percent in 2021.
- **Use of Check Cashing and Nonbank Loans (e.g., Payday or Pawn Shop Loans) Decreases:** Use of nonbank financial transaction services, such as check cashing and nonbank credit products, in-

cluding payday or pawn shop loans, continued to decline. Unbanked households' use of nonbank check cashing fell from 30.2 percent in 2017 to 21.8 percent in 2021. Similarly, the use of nonbank credit also declined. In 2017, 7.4 percent of households had used at least one nonbank credit product tracked by the survey. In 2021, that share fell by 40 percent to 4.4 percent of households using those same products.

- **Use of Nonbank Online Payment Services Increases Overall:** Nonbank online payment services such as PayPal, Venmo, and CashApp have quickly become standard tools for many households—banked and unbanked—to conduct financial transactions. Nearly half of all households (46.4 percent) used a nonbank online payment service in 2021, including two-thirds of households younger than 35.

"Banked households appear to be using nonbank online payment services in conjunction with banking products by linking them to credit cards or bank accounts, while unbanked households are frequently using these services in place of a bank account," said Gruenberg. "The FDIC will continue its educational and outreach efforts to help consumers understand the benefits of a bank account, the consumer protections they afford, and the applicability of deposit insurance."

The FDIC launched the #GetBanked initiative at the onset of the pandemic as a way to inform consumers about how to open a bank account online and to facilitate the safe and timely distribution of Economic Impact Payments through direct deposit. As part of ongoing efforts to expand financial inclusion, the FDIC began a public awareness campaign in April 2021 with targeted advertising in select cities to promote the benefits of opening a bank account, including access to safer, lower-cost financial products.

"We will continue to support the Bank On movement, FDIC's #GetBanked campaign, and other initiatives to expand access to banking services so that everyone has the opportunity to enjoy the many benefits that come with a bank account," said Nichols.

In turn, the FDIC calls on community groups and government agencies to join the movement and help bring more people into the banking system. To learn more, go to [www.FDIC.gov/GetBanked](https://www.FDIC.gov/GetBanked) and follow the campaign at #GetBanked.

In partnership with the U.S. Census Bureau, the FDIC surveyed in June 2021, 15 months after the COVID-19 pandemic began, collecting responses from more than 30,000 households.

For more information on the survey findings, including custom tables and localized data, visit [FDIC.gov/EconomicInclusion](https://FDIC.gov/EconomicInclusion).



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