



# Issues & Answers

October 2023

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## Thank You to Lawmakers and Bankers for Participation in 2023 Roundtables



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

From Mark Twain to Will Rogers to today's "Daily Show," there's a long-standing tradition in America of mocking elected officials.

Take the old saying about the Texas legislature: "If you can't drink their whiskey, date their women, take their money, and vote against 'em anyway, you don't belong in office." Or the caricature of the old Southern senator trying to avoid taking a position on some issue: "Some of my friends are for it, and some are against it, and I'm with my friends."

In one sense, such humor is something to celebrate because it epitomizes our country's fundamental and constitutionally protected commitment to free speech. People in too many other countries could face dire conse-

quences for launching such barbs.

But on a more critical level, after having completed this year's round of pre-session lunches with lawmakers from around the state, I'm inclined to echo the sentiments of former Maryland Governor Bob Ehrlich.

"It's appropriate to celebrate public service and the thoughtful people who choose to serve," he said. "They symbolize what is good and decent about this historic citizen legislature, and we thank them."

At our briefings, I was continually impressed with the quality and the dedication of the legislators who met with us. Running for and serving in public office is a lot of work and requires sacrifices of the elected officials and their families. They give up a good chunk of their privacy and don't always get a lot of thanks in return. And effectively serving in what is supposed to be a part-time legislature requires a full-time commitment.

We don't always agree with the policies

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## Issues & Answers – October 2023

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proposed, the debate's tenor, or Olympia's legislative outcomes. One-party control of the legislative and executive branch doesn't help matters either because it eliminates the need for the give-and-take debate and compromises that result in more balanced policies.

Nevertheless, the people willing to serve in the legislature overwhelmingly are doing it for the right reasons. They want to help people and make Washington an even better place to live and work.

Of course, the range of bankers who took time to participate in these critical sessions was equally impressive. WBA members demonstrated the breadth and depth of skills required to fully meet the financial needs of the people of Washington. The legislators heard from experts in business banking, mortgages, agricultural lending, credit administration, regulatory compliance, community engagement, and other bank functions. Thanks to all of you who participated!

The range of issues we discussed was similarly broad. It illustrated not only the challenges facing the families and businesses of our state but also the diversity of the communities we all serve.

In every session, we discussed economic conditions and how higher interest rates and gas prices impact banks and their customers. But that general conversation was always imbued with some local flavor. In the Tri-Cities, for instance, we focused on the challenges those factors pose for farmers and ranchers. At the same time, in markets like Tacoma and Mt. Vernon, we talked more about how they impact housing affordability and make it harder for families to qualify for mortgages. Our conversations covered the first mortgage interest deduction and general taxes, workforce development, financial literacy, and other issues.

As important as these issues are, our sessions provide another vital benefit. They're an opportunity for legislators to meet their local banker constituents and learn more about your support of your local community. To continue that relationship-building process, I encourage you to look for an opportunity to invite local lawmakers to visit your offices or to participate in events you sponsor with community organizations.

The legislators who attended our luncheons consistently expressed an interest in learning more about how the banking business works and a willingness to come to events and offices if they're invited. Our WBA staff are ready and willing to help set up those visits if needed.

Like the Southern senator in the joke, lawmakers get pulled in many directions on almost every issue. Building relationships with them is crucial to ensure that we are among the "friends" whose opinions are considered when they're in session.

### Contact Us

Contact the Washington Bankers Association at 601 Union  
Street, Suite 1720, Seattle, WA 98101

Call us at (206) 447-1700 and visit us on the  
web at [wabankers.com](http://wabankers.com).

### Connect With Us

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

### On the Cover

Trees in the Seattle Japanese Garden, located in the Washington  
Park Arboretum, shine in the fall sun. The garden is 3.5 acres and  
opened in 1960 and is one of the most highly regarded  
Japanese-style gardens in North America.

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# Advocating for ACRE: How to Help Rural America



By Rob Nichols, President & CEO,  
American Bankers  
Association

Farmers and ranchers today face numerous challenges: from the skyrocketing costs of materials to supply chain disruptions to difficulties purchasing rural land—all while interest rates are rising. As a result, many are relying more on credit than ever before. For those who are young, beginning, or socially disadvantaged farmers, these obstacles can seem insurmountable—in fact, 69% of young farmers say that access to capital is a top challenge to beginning a career in farming.

Fortunately, there is a simple solution that can help make credit more accessible to these agricultural borrowers: the bipartisan ACRE Act, a bill that ABA is aggressively championing in Congress.

Formerly known as ECORA, this bill would amend the IRS code to level the playing field for banks—especially community banks—by allowing lenders to exclude from gross income any interest they receive on loans that are secured by farm real estate or aquaculture facilities. The bill also allows for the exclusion of interest on certain home mortgage loans in rural communities.

Removing the taxation of interest will bring down the cost of making these loans, making them more affordable for farmers, ranchers, and rural homeowners. In fact, ABA estimates that this important legislation could expand access to affordable agricultural and home loans to more than 4,000 rural communities across the U.S. and deliver approximate-

ly \$1.4 billion in annual interest expense savings to farmers and ranchers in 2023—savings that can make a crucial difference to the nation's producers.

This simple, commonsense solution does not require the creation of new government payments or programs—quite the opposite. It provides an avenue for increasing competition and generating growth in rural communities efficiently and organically. It also levels the playing field between all agricultural lenders, which will result in more choices and lower rates for rural borrowers.

ABA has been a vocal proponent of this bill, and we were pleased to see such a significant response from lawmakers in this Congress. The ACRE Act already has 20 bipartisan cosponsors in the House and has been introduced in the Senate by Sens. Jerry Moran (R-Kan.) and Angus King (I-Maine).

Lawmakers now have an opportunity to help sustain and grow rural America by sending this bill to President Biden's desk. That's why ABA is urging bankers and their customers to get in touch with their members of Congress and urge them to pass the bill. Bankers can contact their lawmakers easily through ABA's grassroots platform, SecureAmericanOpportunity.com. The association has also prepared a toolkit, accessible at [aba.com/ACREtoolkit](http://aba.com/ACREtoolkit), that provides an issue background, talking points and key points that bankers can use when explaining to lawmakers why this law is needed.

Our nation needs a thriving agricultural sector. With your help, we can help remove one of the roadblocks standing in the way of the nation's farmers and ranchers.

The graphic features a pink background with a pattern of small white triangles. On the left, there are two blue rectangular boxes representing phishing emails. The top box is from 'k Bank' and says 'We have a special offer for you Click the link in this email to rec...'. The bottom box is from 'Pinecreek Bank' and says 'URGENT! ACTION REQUIRED We need your account PIN to verify...'. Both boxes have a white hook icon attached to them, suggesting they are bait. On the right, a white box contains the text: 'DYK 96% of phishing scams happen over email? When scammers come knocking, you don't have to take the bait.' Below this, it says 'Learn how to spot a scam at BanksNeverAskThat.com'. At the bottom center is a blue and white logo that says 'BANKS NEVER ASK THAT .com' with a red exclamation mark icon. At the bottom left is a circular logo for the Western Bankers Association (WBA). At the bottom right is the American Bankers Association logo.

**DYK 96% of phishing scams happen over email? When scammers come knocking, you don't have to take the bait.**

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Register your bank to participate for free! Learn more: [www.aba.com/advocacy/community-programs/banksneveraskthat](http://www.aba.com/advocacy/community-programs/banksneveraskthat)



# 2023 Legislative Roundtables Focus on Economy

The Washington Bankers Association (WBA) held its 2023 Legislative Roundtables in September and early October. The roundtables were held throughout the state and were attended by bankers and lawmakers from across the state.

The roundtables focused on a variety of legislative issues important to the banking industry, including:

- Financial education/literacy
- Banking regulation
- Economic development
- Housing affordability
- Cybersecurity

The bankers had the opportunity to meet with their elected officials and discuss these issues in detail. They also learned about the latest legislative developments and how they could impact the banking industry.

The WBA Legislative Roundtables are an essential opportunity for bankers to engage with their elected officials and make their voices heard on issues that matter to the industry. The roundtables also help build relationships between bankers and policymakers, which is essential for effective advocacy.

Here are some of the key takeaways from the 2023 Legislative Roundtables:

- The state's revenue forecasts continue to hold strong, but there are some signs revenue is starting to slow. The industry will need to be mindful of future shifts in the economy and the potential to create new taxes.



- Banking regulation is another critical issue, and bankers must work with policymakers to ensure that regulations are fair and balanced.
- Economic development is a crucial growth driver, and bankers must promote policies support-

**Continued on page 11**

## Bankers Participate in AWB Policy Summit in Spokane

WBA member bankers recently participated in the annual Association of Washington Business (AWB) Policy Summit, held September 20-21 in Spokane.

The annual event brings together policymakers and stakeholders from around the state to discuss various business-related topics, including taxes, technology, and other issues facing the state's business community.

During this year's event at the Davenport Grand Hotel, bankers participated in a panel discussion on housing, and another panel of bank CEOs shared an economic update about the industry.

During the afternoon session, The Year of Housing and Best Practices, Chris Patterson, community solutions advisor at Washington Trust Bank, and Dustin Koons, vice president of affordable housing lending at Banner Bank, shared how recent legislative changes are impacting housing and some of the ways banks and the community are working together to make housing more affordable.

In the closing session of the afternoon, WBA board members Jack Heath, president and COO of Washington Trust Bank, Eric Pearson, CEO of Community First Bank, and Sue Horton, chairman, president, and CEO of



Wheatland Bank, discussed the current industry outlook and how bankers are proactively working with local communities and businesses.

The event also featured sessions on AI and a dinner discussion with former Secretary of Defense Dr. Robert Gates.

# Unlocking Leadership Excellence with WBA's Executive Development Program

In an ever-evolving financial landscape, the role of banking leaders has become more crucial than ever before. Since 2010, the Washington Bankers Association has recognized this need for exceptional leadership within the banking industry. It is pleased to announce that registration for the 2024 Executive Development Program (EDP) is now open.

The banking sector operates within a dynamic environment influenced by rapidly changing technologies, shifting regulations, and evolving customer expectations. EDP was crafted to empower current and aspiring banking leaders with the skills, knowledge, and networks necessary to excel in their roles.

## A Holistic Approach to Leadership Development

The EDP is more than just a training program; it is a comprehensive journey to foster leadership excellence. The program aims to enhance technical and critical soft skills essential for effective leadership in today's interconnected world.

Participants of the program engage in a carefully curated curriculum that covers a wide array of topics, including:

- **Strategic Leadership:** Gain insights into crafting and executing strategic plans that drive the growth and sustainability of your bank in a rapidly changing financial landscape.
- **Innovation and Technology:** Navigate the digital revolution by understanding the latest technological trends and their applications in banking operations and customer interactions.
- **Risk Management:** Learn to navigate risk and uncertainty confidently, ensuring your institution's stability and resilience.
- **Ethics and Governance:** Explore the ethical dimensions of banking leadership and understand the importance of maintaining strong governance practices.

- **Customer-Centric Approaches:** Master the art of providing exceptional customer experiences, a cornerstone of success in the competitive banking industry.
- **Networking Opportunities:** Connect with a diverse group of peers, mentors, and industry experts, expanding your professional network and fostering collaboration.

## Customized Learning Experience

One of the program's unique strengths is its ability to accommodate various learning styles and career stages. Whether you're a seasoned banking executive or a rising star within the industry, the EDP offers a tailored experience that meets your specific needs.

Participants can expect a blend of in-person and virtual learning sessions, allowing flexibility and accessibility. This approach ensures that even the busiest professionals can benefit from the program without compromising their current roles.

## A Catalyst for Career Growth

The Executive Development Program has already gained recognition for cultivating the next generation of banking leaders. By investing in leadership development, banks can unlock their full potential, adapt to challenges, and drive innovation in an industry that plays a central role in the global economy.

If you're looking to elevate your banking career, enhance your leadership acumen, and contribute to the continued success of your institution, the Executive Development Program is a journey worth embarking upon.

To learn more about the program and how to apply, visit [wabankers.com/edp](https://wabankers.com/edp) and take the first step toward unlocking your leadership excellence.

## Events Calendar

**October 12** – Virtual Retail Branch Manager Development Program

**October 23-24** – Virtual Financial Technology & Security Conference

**October 30** – Virtual Understanding Bank Performance

**January 10** – CBA Bank President's Seminar

**January 23, 2024** – Executive Development Program

**February 7, 2024** – Bankers Day on the Hill

**April 19** – CBA Annual Conference; Hawaii

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

# Paul Worthing Named FDIC San Francisco Regional Director



The Federal Deposit Insurance Corporation (FDIC) has appointed Paul Worthing as the regional director of the San Francisco Region. In this position, he directs Risk Management and Consumer Protection supervision programs for financial institutions headquartered in the Region.

Worthing has been with the FDIC for over 33 years and has held several leadership positions within the Division of Risk Management Supervision, including deputy regional director in the San Francisco Region for the past six years and assistant regional director in the San Francisco Region for seven years.

He began his FDIC career as a bank examiner

in the Fort Worth, Texas, Field Office and later served as a senior bank examiner in the Phoenix, Arizona, Field Office. Worthing also held case manager and senior case manager positions in the San Francisco Regional Office.

He holds a bachelor of science in accounting and finance from the University of Nebraska at Kearney. He is also a graduate of the Graduate School of Banking at the University of Wisconsin.

He fills the vacancy created by the retirement of Kathy Moe on August 30, 2023.

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system.

The FDIC insures deposits; examines and supervises financial institutions for safety, soundness, and consumer protection; makes large and complex financial institutions resolvable; and manages receiverships.

## 2023 ABA AGRICULTURAL BANKERS CONFERENCE

**November 5–8**

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Get strategies to support your institution's future and plan for growth at the nation's premier conference for ag bankers.

We'll look at what's in store for ag this year and beyond, from Farm Bill reauthorization to ESG issues, artificial intelligence and more.

**REGISTER NOW** [aba.com/AgConfSA](https://aba.com/AgConfSA)



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# Highlights from the 2023 Credit & Lending Conference in Seattle

This year's Credit & Lending Conference, held on September 7-8, brought together some of the industry's brightest minds to discuss the evolving landscape of banking and lending. Here's a brief look back at the highlights:

In the Washington Athletic Club's Crystal Ballroom, Glen Simecek, the President & CEO of WBA, alongside Fred Holubik from Kitsap Bank, set the tone for the day with a warm welcome.

Ron Shevlin, chief research officer and managing director at Cornerstone Advisors, started off the conference with a comprehensive look into how ChatGPT is influencing the banking sector. Addressing the potential use cases of AI and its organizational impact, Shevlin emphasized the necessity for banks to effectively deploy the technology.

The first round of breakout sessions featured a deep dive into various subjects including:

Dallas Munkus, Managing Director at RMSG Analytic Consulting, explored strategies for intelligent loan growth, emphasizing product expansion, marketing strategies, and strategic partnerships.

Eric VanDoran, Director at WIPFLI, touched on the lingering impacts of COVID on loan review best practices.

Jorge Sun, CEO of LendingFront, illuminated the advantages of leveraging data to enhance client relationships through digital lending.

Back in the main session, an expert panel, including Al Davis, Principal at Revitalization Partners, Rob Draper, Principal at Draper Capital Advisors, Eric Peterson, Attorney at Spencer Fane, and Tara Schleicher, Principal at Foster Garvey, unpacked the complexities surrounding problem loans, providing attendees with actionable strategies. The group shared ways that receiverships can benefit both businesses and banks looking for an alternative to bankruptcy.

During lunch, Daniel Warner, Vice President of Sales at Vericast, offered invaluable insights on enhancing customer loyalty and engagement during uncertain economic climates.

In the second round of breakout sessions during the afternoon, speakers covered a variety of topics, including:

Steven Vandelier and Alex Cortada from TruStage Compliance Systems demystified the Small Business Lending Data Collection Rule, while Eric Cook, Chief Digital Strategist at WSI & The LinkedBanker, showcased strategies for leveraging LinkedIn for lending



success. Rob Draper, Principal at Draper Capital Advisors, then explored the 2023 Credit Uncertainties to look out for.

In the final general session updates of the day, Joel Deis from Marcus Millichap, presented an update on real estate trends across several areas, before David Wood, co-head of Bank Advisory Services at Voya, discussed the challenges of managing concurrent loan growth & credit quality pressures.

On day two of the conference, Ryan Rehman, principal at Homestat, a Product of Superior Informatics, delved into recent changes in banking regulations for commercial and residential property evaluations,

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## Kitsap Bank Donates to Port Angeles Fine Arts Center

Kitsap Bank announced it was making a \$1,000 donation to the Port Angeles Fine Arts Center late in the summer.

The organization supports creative programming in the community, bringing together art, nature, and science.

## Liberty Bank Supports Silverdale Rotary Duck Race

Liberty Bank was a sponsor of this year's Silverdale Rotary Duck Race.

Galina Georgieva, a vice president and relationship manager at the bank, sold tickets for the event, which included over 13,100 tickets to raise over \$50,000 to help the community and other nonprofits supported by the Rotary Club.



## First Interstate Bank Donates to Innovia for Wildfire Emergency Response Fund

At the end of August, First Interstate Bank announced a \$25,000 donation to the Innovia Foundation to the Wildfire Emergency Response Fund for those impacted



by fires in Eastern Washington.

The foundation will provide grants to local nonprofits working to provide relief for individuals and families most impacted by the fires.



## Baker Boyer Bank Participates in Walla Walla Fair & Frontier Days

As a presenting sponsor, the Baker Boyer Bank team participated in the annual Walla Walla Fair and Frontier Days parade this summer.

The group walked the parade route, celebrating an event famous throughout the area.



## Cashmere Valley Bank Volunteers at Ellensburg Hoedown

The Cashmere Valley Bank team recently volunteered at the annual Ellensburg Hoedown.

The group spent the day celebrating the festivities throughout town and saying hello to residents.

## First Fed Bank Celebrates 100th Anniversary

At the beginning of September, First Fed Bank celebrated its 100th anniversary.

The bank hosted a day of celebration on September 3, including live music, family festival events, and more.

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## Industry News

### New Hires

Olive Goh  
Executive Director at JPMorgan Private Bank

James Harding  
Executive Director at JPMorgan Private Bank

Jorge Valcarcel  
Executive Director at JPMorgan Private Bank

Nicole Bascomb-Green  
Head of Community Lending at Umpqua Bank

### Promotions

Stephanie Nicklaus  
Executive Vice President and Chief Credit Officer at 1st Security Bank of Washington

Kurt Swanson  
Commercial Banking Team Leader at Heritage Bank

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



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### **Olympia Federal Savings Donates to Thurston Economic Development Council**

The Olympia Federal Savings August Two Cents partner was the Thurston Economic Development Council.

The bank donated \$2,976 to the organization, which works to create a dynamic and sustainable economy supporting the values of the people who work and live in the area.

The program donates two cents from each debit card transaction to a local nonprofit.



### **Banner Bank Donates to Bellingham Technical College**

Banner Bank's North Sound Commercial Bank Center team donated \$2,500 to the Bellingham Technical College Foundation's general scholarship fund.

The donation will help the BTC programs, including advanced manufacturing, business, nursing, allied health, fisheries, and aquaculture programs.



### **First Financial Northwest Bank Participates in Hospice of the Northwest Annual Gala**

The First Financial Northwest Bank team recently participated in the annual Hospice of the Northwest Gala and Auction.

The event focused on raising awareness and funding for the organization, which supports compassion and dignity in every moment of life.



### **First Fed Bank Adds Another Club 100 Member**

In the late summer, First Fed Bank announced that Bonnie Totten earned a spot in the 2023 Club 100.

Totten volunteered over 100 hours this year, serving as secretary of the board for the

Ocean Shores Outdoor Recreation Club, a non-profit family camping club.



### **Bank of the Pacific Supports Aberdeen SummerFest**

The Bank of the Pacific volunteered for the annual Downtown Aberdeen SummerFest this summer.

The group of Joey Elder, Anthony Elder, Emily Collins, Klover Johnson, Taylor Cook, Cyndi Lawrence, Rachael Hulscher, Jamie Jimenez, Desi Schindler, and Emma Van Syckle volunteered in the community the bank has called home for many years.



### **Heritage Bank Hosts Annual Volunteer Day in September**

On September 13, Heritage Bank hosted its annual Volunteer Day.

Employees across the bank's footprint spent the day working in the community, helping countless organizations and communities.

A few projects included the Longview team cleaning up downtown while members of the Stanwood branch worked at MustLuvBoxers Rescue. The Auburn, Federal Way, and Tacoma headquarters teams gathered to bag and sort dry and canned foods to help feed over 250 families for over a month.

Another set of volunteers worked at the Neighbors Helping Neighbors Volunteer Day at the Junior Achievement Education Center. At the same time, a group in Yakima spent the afternoon at the Yakima Union Gospel Mission Summit Thrift Store.



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### First Interstate Bank Host Annual Volunteer Day

First Interstate Bank hosted its annual Volunteer Day in early September, encouraging employees to spend an afternoon in the community.

The First Interstate Bank Seattle team volunteered with Insuperity at Chinook Farms in Snohomish.

The farm includes a large land dedicated to growing vegetables for local food banks.

In Ephrata, the team worked with the Columbia Basin Foundation, which earned a First Interstate Community Grant earlier this year, to assemble survival packs.



### Commencement Bank Volunteers with Greentrike

Commencement Bank recently volunteered with Greentrike to help them prepare for the new Power of Play at the Children's Museum of Tacoma.

The group bundled 1,125 diapers to go to families in need during the organization's upcoming Monarch Diaper Bank while also labeling and stuffing 400 envelopes for the Power of Play, assembled 150 cookie bags, and cut out over 450 bear and squirrel templates for the children who will visit the museum.

### Umpqua Bank Charitable Foundation Awards Grants Worth \$310,000

The Umpqua Bank Charitable Foundation recently announced its latest round of grant funding, providing 54 grants worth \$310,000 to local nonprofits across the bank's footprint.

This is the second cycle of three in 2023 by the bank.

"The local nonprofits receiving grants have shown unwavering passion in supporting communities in need through direct-service programming," said Randy Choy, Vice President of Philanthropy Programs and Managing Director of the Umpqua Bank Charitable Foundation. "We look forward to our partnership and the work we will do together."

The bank's corporate giving program has invested \$18 million in communities across Oregon, Washington, California, Idaho, and Nevada since the foundation was created in 2014.

"The Umpqua Bank Charitable Foundation plays a critical role in partnering with nonprofit organizations that are making a difference in our communities," said David Moore Devine, Chief Marketing Officer at Umpqua Bank. "These strategic grants underscore our continued dedication to serving as a catalyst to building healthier, financially stable, more resilient, and inclusive communities throughout our footprint."

Each nonprofit received a grant between \$5,000 and \$10,000 and was selected for demonstrating a commitment to improving economic success for under-resourced individuals, families, and small businesses.



### 1st Security Bank of Washington Director Honored at Puget Sound Business Journal Event

1st Security Bank of Washington's team recently attended the Puget Sound Business Journal's Director of the Year event, where board member Mike Mansfield was named the 2023 Director of the Year.

Mansfield currently serves on 12 boards and is the chief financial officer of Pacific Pile and Marine.



### KeyBank Hispanic Latinx, Pride and African Heritage Business Impact Networking Group Celebrate Hispanic Heritage Month

In late September, members of the local KeyBank Hispanic Latinx, Pride, and African Heritage Business Impact Networking Groups hosted a Hispanic Heritage Month

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celebration.

The KeyBank teammates enjoyed a fiesta celebration and donated \$2,500 to El Centro de la Raza, a longtime community partner.

The employee groups allow teams to connect with others they may not otherwise have the opportunity to work with and support each other.



### U.S. Bank Hosts Financial Education Event

U.S. Bank recently hosted a financial education event with El Centro de la Raza and three other community organizations.

The event focused on micro and small business owners, sharing information about finances and business growth.



### Chase Supports Backpack Giveaway at Everett Community College.

Recently, JPMorgan Chase Vice President and Community Manager Paul Butler prepared backpacks for a Backpack Giveaway at Everett Community College.

The bank provided 75 backpacks for the upcoming event with water bottles, pens, and other swag. The items went to local students preparing to go back to school.

*If you have news to share, email [megan@wabankers.com](mailto:megan@wabankers.com).*

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ing small businesses and job creation.

- Housing affordability is a growing problem in Washington state, and bankers will need to work with policymakers to find solutions.
- Cybersecurity is a primary concern for banks, and bankers must stay up-to-date on the latest threats and best practices.

The WBA Legislative Roundtables were a valuable opportunity for bankers to learn about the



latest legislative developments and how they could impact the industry. The bankers also had the chance to meet with their elected officials and discuss these issues in

detail. The roundtables are essential to the WBA's advocacy efforts and help ensure that the banking industry's voice is heard in Olympia.

  
**WBA Advocacy**  
**MAKE YOUR VOICE HEARD!**

Use our new advocacy platform to share your views with Congress, state legislators, and more!



Check out the online action center here:  
**[votervoice.net/wabankers/home](http://votervoice.net/wabankers/home)**

# Navigating First-Party Data, Privacy, and Consumer Trust and What Lies Ahead

By Matthew Tilley, Executive Director, Content Marketing, Vericast

In today's ever-evolving marketing landscape, many professionals grapple with the intricacies of identity interoperability and the ethical gathering of personally identifiable information (PII). With regulatory boundaries still taking shape, compliance remains a moving target.

Marketers must make a steadfast commitment to compliance and transparency while prioritizing the trust they build with their customers. In this enlightening Business to Human podcast featuring Hans Fishman, Vice President of Product Management at Vericast, and Jesse Redniss, Chief Executive Officer and Co-Founder of Qonsent, we delve into the critical role of trust in data sharing.

Join us as we explore:

- The imperative of educating consumers on privacy and data usage.
- Opportunities that emerge in the realm of high-growth marketing.
- Upcoming deadlines associated with privacy legislation.
- The Vital Connection: Empathy and Consumer Education in Privacy

At times, marketers fall prey to erroneous assumptions about privacy and data handling. Some rely on their privacy policies or legal teams to shield them, while others settle for minimal compliance that meets both legal requirements and consumer expectations.

According to Jesse, there's a crucial missing piece, and it might surprise you.

"Privacy and consent are deeply intertwined with real people," Jesse asserts. "It's about fostering transparency, trust, and genuine human connections."

Today, it's no longer sufficient to treat data usage and privacy as purely legal or compliance matters. Marketers who resist or fail to adapt to current demands risk falling behind. The time has come to forge stronger connections with consumers, enthusiasts, and brand advocates. This foundation must be built upon trust and transparency. In the complex realm of data usage and privacy, consumer education stands as a linchpin.

Hans emphasizes, "We must prioritize reducing friction and putting consumers at the center of the experience. It's not just a matter of user experience; it's about presenting essential information upfront so consumers can make informed choices."

As regulations like the California Privacy Rights Act (CPRA) are enforced and similar laws emerge, it becomes increasingly vital for marketers and organizations to comprehend the requirements and establish a robust foundation of trust with their consumers. Achieving this entails clear communication and education regarding the collection and utilization of consumer data, along with measures to ensure data privacy.

### Pursuing High-Growth Marketing (and the Opportunities It Unveils)

In the realm of data, marketers, analysts, and business leaders find themselves inundated with a vast sea of information. In today's digital age, immense volumes of isolated data are readily available. Regrettably, many are more preoccupied with the opportunities this data presents than with how it is ethically gathered. Given the mounting legal consequences and penalties, focusing on ethical data collection is no longer optional.

While some marketers may seek to avoid the time investment required

for ethical data collection, Hans contends that the rewards will far surpass the demands. Moreover, these measures will soon become indispensable as enforcement tightens—delaying such efforts will do no favors to any organization or marketing team.

However, increased transparency and education concerning data usage also open doors to numerous possibilities in high-growth marketing. For instance, loyal fans or customers with a strong affinity for your business or product may be more inclined to share additional data in exchange for information or exclusive product releases.

Hans emphasizes, "The synergy of trust, access, and data information creates a significantly more profound and enduring consumer-brand relationship. It transcends a transactional bond."

While data collection is often associated with digital experiences like website interactions, online shopping, and research, it can also wield substantial power in physical stores—an aspect often overlooked.

"We can invite consumers to join our loyalty program with a simple QR code scan at the point of purchase decision," Hans explains. "This isn't like a banner ad or CTV ad where consumers can't react quickly enough. Here, consumers can make well-considered decisions, fostering relationships within the in-store environment."

When consumers possess a clear understanding of how their data is collected, its purpose, and the benefits they gain from this exchange, they become more willing to share additional information. This, in turn, empowers marketers to allocate their time and resources more effectively, especially as identifying attribution becomes more challenging.

Jesse underscores, "The most crucial task for a marketer today is transitioning an anonymous audience into a known one. Without this clarity, gauging the effectiveness of different marketing efforts becomes a daunting task."

### Privacy Legislation: What Lies Ahead

While CPRA was enacted in 2020, we've only recently entered the phase of rigorous enforcement. As technology advances and data proliferates, personally identifiable information (PII) continues to expand beyond traditional notions.

"It's no longer limited to just your name, phone number, home address, social security, and credit card details," Jesse explains. "It now encompasses your IP address, device IDs—all the devices connected to you and your household."

Even the smart devices we use contribute to this growing pool of PII. Presently, there are few established standards regarding these devices and the data they gather. Over time, initiatives will emerge to define interoperability standards, data handling, collection practices, and privacy protocols.

Hans anticipates that federal and state-level legislation may be closer than we think. Rather than awaiting these regulations and enforcement actions, which could disrupt business operations, he urges marketers and companies to proactively address these concerns.

"Fear of disruption is valid—it took us decades to compile our customer lists," Hans acknowledges. "However, this very fear should drive us to act now and proactively tackle the challenges. The work done so far suggests that it's not as daunting as it appears—it's manageable."



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# Don't Fight the Tape: Get Beyond Chasing New Deposits

By Mike Branton and Gregg Early, StrategyCorps

It has been a wild ride for banks and credit unions. The shift from a low-growth, low interest rate environment to its complete opposite in less than 12 months has created significant turmoil for the entire sector, particularly with community financial institutions (FIs).

But returning to “normal” isn’t going to look at all like the status quo we’ve been in for the past 13 years. There’s a new normal taking shape and it means that community FIs need to find new ways to think about managing the risks and exploring new opportunities to compete in this environment.

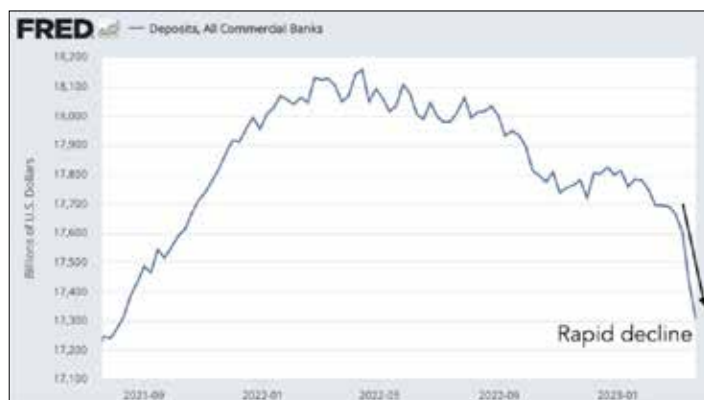
Single mindedly hunting for new deposits is going to be an ineffective short-term effort that won’t alleviate significant long-term challenges that are transforming the financial sector.

## The New World

Short term, the Fed and the FHLB opening their credit windows to allow community FIs the liquidity they needed to get them through staved off the worst of this first wave. However, as The Economist observes, we’re now entering an entirely new environment where size and scale matter to generate earnings to create sustainable value rather than just revenue growth:

“America’s banks are worth only about their combined book value, having traded at nearly a 40% premium at the start of the year. The likely result of their low valuations, combined with a landscape in which size matters, is a tried-and-tested response to banking crises over the past four decades: consolidation.”

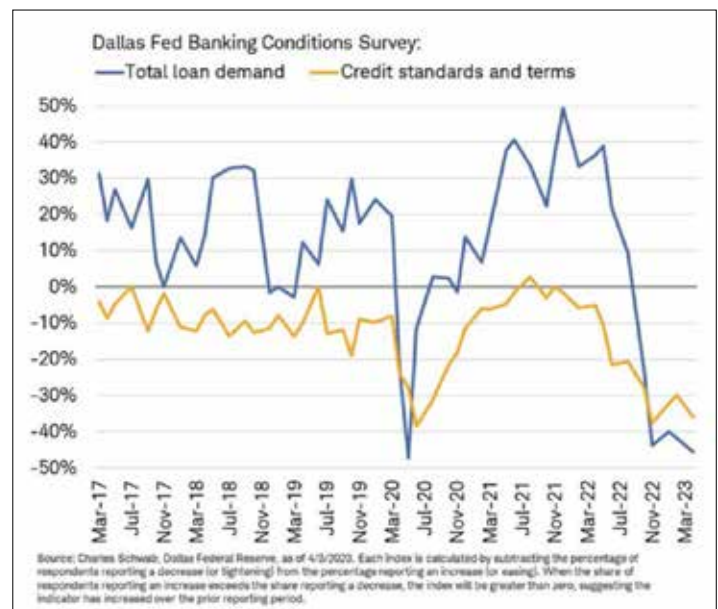
The biggest challenge for community FIs is the loss of deposits as many customers hunt for higher yields. Many community FIs have adopted growing deposits as their go-to strategy, yet the graph below shows this strategy has some significant headwinds:



Deposit pricing based on interest rates is now making deposit acquisition competition more difficult and expensive.

Digital banks are leading the way with high interest savings or checking accounts and are quickly (in some cases immediately) passing through interest rate increases paid on deposits due to Federal Reserve rate hikes. This is decreasing the lag time between the interest rate adjustment for loans and deposits that banks depended on for a NIM earnings boost.

As we can see below, demand for loans is also making this more difficult.



This is putting significant pressure on market share for community FIs from a consumer confidence perspective as well as a rate perspective.

And if you overlay these graphs with the KBW Regional Banking Index, you can see how it has been reflected by the markets:

Unsurprisingly, this is directly reflected in market share for community FIs as well.

Community banks and credit unions only have about 15% of the total deposit market share. Deposit market share is dominated by the top 150 largest banks and of this group, the largest 4 mega banks.

## A New Challenge

And if pressure from large FIs weren’t enough, now there are digital players in the mix.

Consumers across all demographics who are

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switching primary FI relationships are flocking to the larger banks, especially the mega banks, and digital banks.

What's more, only 11% of consumers are looking to change primary banks annually and for those that are, they're choosing digital banks like never before. For the first time ever, in every major demographic, more consumers identify their primary FI as a digital bank rather than a traditional one. That only adds to the competitive pressure on community FIs.

### The New Bottom Line

Suffice it to say, most community FIs can't compete on price, scale or marketing prowess versus the mega banks or digital ones. They're outgunned in terms of new customer acquisition and trying to retain their best customers/members from moving to one of these types of FIs.

For community and smaller regional banks and credit unions (under \$50 billion in assets in particular) to meet the goals of their top priority of retail deposit growth, they must invest in product differentiation that attracts the attention of consumers in terms of relevant value to their lifestyles beyond banking.

This means these products must be consumer appealing while also being versatile in terms of revenue generation - particularly products that generate recurring, consumer-friendly non-interest income that's value-based and not penalty-based.

Also they need to develop acquisition marketing programs that are highly targeted and offer

unique, differentiated and more valuable products, and a robust "account rounding" sales strategy to get more deposits and relationships from existing customers/members to complement the net new deposits from new customers/members.

Banking has changed and it's important that community FIs understand that this isn't going to simply blow over.

This doesn't mean that they have to abandon their prudent, conservative financial discipline and swing for the new digital fences, but it does mean there needs to be more adaptation to the new normal than simply relying on the tried and true approaches of the past to solve the real challenges of the present.

For more information on how StrategyCorps solutions can provide a bridge to a new approach to building value for customers/members and growing primary accounts, primary accounts, feel free to contact us.

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## Continued from page 10

ensuring attendees were well-prepared to navigate them.

The next two sessions featured panel discussions focused on a regulatory update and industry update.

These panels featured industry veterans like Matt Harvey, Program Manager at DFI Division of Banks, George Diaz, Sr. Risk Examiner at FDIC, Peter Bentley, Chief Credit Officer at Washington Trust Bank, Josie Marinov, Head of Enterprise Risk Management at Umpqua Bank, and Matt Ray, EVP/Chief Lending Officer at Heritage Bank, each offering their unique insights on the evolving financial landscape.

Steve Scranton, Chief Investment Officer and economist at Washington Trust Bank closed out the conference with a much-anticipated discussion guiding participants through the current economic cycle and stimulating deeper thought about the economy's trajectory.

The 2023 Credit & Lending Conference was a resounding success, presenting a plethora of insights and strategies for today's financial professionals. It served as a testament to the dynamic nature of the credit and lending world and the ever-present need for innovation, strategy, and adaptability. We eagerly await next year's conference and the wealth of knowledge it promises to deliver.





# Department of Commerce Launches Equitable Access to Credit Program

The Equitable Access to Credit Program, a tax credit program, awards grants to qualified lending institutions to provide businesses in historically underserved communities with access to credit.

## About the Program

The Equitable Access to Credit Program offers businesses and individuals with state business and occupation tax (B&O) liabilities a unique opportunity to contribute and receive tax credits.

By making cash contributions equivalent to their B&O tax liability, participants can receive a dollar-for-dollar tax credit from the Department of Revenue (DOR). Businesses can contribute up to \$1 million annually to the Program and receive tax credit.

The Equitable Access to Credit Program, authorized by [HB 1015 \(RCW 82.04.449\)](#), provides a tax preference mechanism that generates funds for grants to qualified lending institutions.

These grants, funded through contributions in exchange for B&O tax credits, are dedicated to providing access to credit for historically underserved communities.

A minimum of 65% of the value of all grants awarded in any calendar year must be allocated for native Community Development Financial Institutions (CDFI) or grantees to provide services or invest, or both, in rural counties as defined in [RCW 82.14.370 \(PDF\)](#).

The Program's goal is to encourage investment in small, rural, and underserved business to boost community and economic development in Washington.

Additional information on the grant component of the Equitable Access to Credit Program will be available in the future.

## Contributing is easy!

- Let Commerce know you intend to contribute by completing the [Contribution Request Form](#).
- Commerce will provide the contribution account link and instructions.
- Once your contribution is received, Treasury will provide confirmation and receipt for your records.
- Commerce will send the confirmation to the Department of Revenue.

- DOR will process the [B&O tax credit](#).
- E-File your B&O Taxes indicating the "Equitable Access to Credit" tax credit.

Once your business has reached its annual contributor limit of \$1 million or the program has reached its annual cap of \$8 million, the state will not accept further contributions for the year.

## Contribution Requirements

- Money must be received by Treasury and processed by the Department of Revenue before the credit is claimed.
- Credit cannot exceed the B&O tax liability due for the reporting period.
- Credit may be claimed in the current year or carried over for up to two succeeding years.
- Credit you earn from contributions in the current calendar year cannot be used against B&O tax liabilities in a previous calendar year.
- No refunds of the credit will be approved.
- No application is necessary for the credit (but adequate records must be kept by the business so that the DOR can verify credit eligibility).
- Businesses are required to file electronically with the DOR for all returns.
- Credits are available on a first-in basis.

The maximum amount any single business may contribute (and associated credit it may earn) in a calendar year is \$1 million.

You cannot earn credit for contributions made after June 29, 2027.

You cannot claim credits earned from the previous contribution calendar years after December 31, 2029, even if the credits are unused.

B&O taxes are due for monthly reporters on the 25th of the following month. Quarterly filers must report by the end of the month following the close of their quarter, and annual taxpayers must file by the end of January.

Any tax-related questions regarding these contributions should be directed to the Internal Revenue Service at [800-829-1040](#) or the Washington Department of Revenue at [360-705-6705](#).

## Have a question?

For additional information about how to contribute, contact the Department of Commerce Program Manager, Shiloh Penland via email at [Shiloh.Penland@Commerce.wa.gov](mailto:Shiloh.Penland@Commerce.wa.gov) or by calling [360-890-2288](#).

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