



# Correspondent Views

**BANKERS' BANK OF THE WEST** newsletter for community banks

1st Quarter 2021

## PRESIDENT'S MESSAGE

### With positive signs coming into view, can well-founded optimism be far behind?

Spring is in the air!

As I write this, I cannot help recalling that just a few weeks ago, my neighborhood in the northern Colorado Front Range area received more than 30 inches of snow. Fast-forward to the present: The snow has melted, the Colorado Rockies have started their Major League Baseball season, and the forecast is for 70-plus degree weather.

Spring generates optimism, and its sharp contrast is especially welcome now. Over the past 12 months our country was affected by a pandemic unlike any health crisis in a century.

But in the face of that threat, community bankers took an optimistic—albeit *cautiously* optimistic—approach concerning local economies and their customer bases. This reasoning was not naive: Community bankers understood we were in unique, unsettling economic times. It was the close relationships that you as community bankers naturally cultivate with your customer base that gave you a good sense of how your customers, and your local economies, were faring.

I serve on a number of banking-related boards and committees in the industry, some of which include representatives from large banks. Bankers from large organizations did not share the same optimism in 2020, primarily because they did not have

the same familiar relationships with their local communities that community bankers enjoy. Fast-forward to spring 2021 and it is the community banker's cautious optimism that has proven a more accurate appraisal of the resiliency of small business, ag producers, and local economies.

Certainly the restaurant and travel industries have been hard-hit over the last 12 months, and the impact on commercial real estate has yet to be determined. Still, we are seeing strong signs that many industries are bouncing back, with community banks staying at the forefront in support of these industries, whether in the role of providing SBA PPP stimulus loans or working with customers with temporary cashflow issues. It was community banks that kept their doors open throughout the pandemic, helping their customer base to keep their doors open.



Bill Mitchell  
President & CEO

Bankers' Bank of the West has maintained the same cautious optimism the past year as the banks and bankers we have the privilege to serve. While significantly increased deposits and the current rate environment will have an impact on earnings ratios, our fundamentals, including asset quality, remain strong. I for one believe that as the year progresses, "cautious" will be used far less often to qualify "optimism," with outright optimism winning out. *Spring is in the air.*

Registration open: **WSDEF Symposium for Community Bank Directors**

**October 24-26, 2021** ■ JW Marriott Scottsdale Camelback Inn Resort & Spa, Arizona



### Program presenters include:

- Rebecca Romero Rainey, President & CEO  
Independent Community Bankers of America
- Dr. Stephen Happel, Professor Emeritus of Economics  
Arizona State University W.P. Carey School of Business
- Tara Humston, SVP-Supervision & Management  
Federal Reserve Bank of Kansas City
- Dr. David Kohl, Ph.D., Professor Emeritus, Virginia Tech

Agenda, resort details and registration portal at **WWW.WSDEF.ORG**

**www.bbwest.com**

## TAKING NOTE

### PROFESSIONAL ACCOLADES

In the position of compliance analyst for Bankers' Bank of the West since the spring of last year, **Sharvelle Washington** has focused on assignments requiring expertise in compliance and vendor management.

Recently, she passed the rigorous Certified Anti-Money Laundering Specialist exam, earning the much sought-after CAMS certification in the process. By fortifying her knowledge and skills, Sharvelle has positioned the bank to meet future compliance requirements.

Well done, Shar: Your BBW colleagues couldn't be more pleased and impressed by your hard-earned achievement!

### SHINING IN THE ELECTRONIC PAYMENTS SPHERE

In February, the Western State Acquirers Association, a nonprofit organization devoted to the ongoing education and interaction of people in the electronic payments industry, announced the election of **Kate Holloway** as a director on the WSAA board. She had been a member of the association's advisory board since March 2020.

An officer with BBW's Bank Card team, Kate has worked for the bank since 2013, making her mark as a relationship specialist, team leader, training facilitator, and project manager. She earned the Certified Payments Professional designation from the Electronic Transaction Association.

A round of applause for Kate's professional involvement and accomplishments!

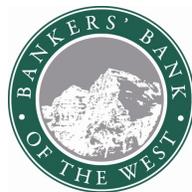
### FOSTERING FINANCIAL LITERACY FOR YOUTH

Preparing young people with the financial tools, knowledge and hands-on experience needed to thrive in the free enterprise system is a goal BBW's CFO & SVP **Chris Hill** has long been passionate about. With more than 25 years in finance and banking, he considers financial education for youth "an incalculable benefit that promotes greater economic inclusivity."

In January, Chris was elected to the boards of directors for Young Americans Bank, YAEF Investments, LLC, and holding company Young Americans Education Foundation, which also serves as the parent to the nonprofit Young Americans Center for Financial Education. This role will enable him to contribute guidance, support and oversight to these exemplary organizations. Thanks for your dedication, Chris!

## ABOUT

*Correspondent Views* is published by Bankers' Bank of the West for independent community banks in our service area. To add yourself or someone else at your bank to our email distribution list, please send your request to [info@bbwest.com](mailto:info@bbwest.com).



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## Recent events and retail trends signal growing appetite, expectations for e-commerce

*Bankers' Bank of the West Bank Card Department*

Since the start of the pandemic, more businesses have been moving to e-commerce to augment—or in some cases replace—their storefronts. A U.S. Census Bureau report estimated total U.S. e-commerce sales in 2020 at “\$791.7 billion, an increase of 32.4 percent (±1.8%) from 2019.”\*

This change, combined with newer generations’ enthusiastic adoption of e-commerce, suggests that both the prominence of e-commerce and the demand for merchant services will continue to escalate. Banks seeking strategies for earning the business and loyalty of younger generations of customers would be wise to take notice and plan accordingly.

Community banks take pride in educating their customers, so they should be well-informed on the advantages of e-commerce, how to discuss it with their merchants, and what those merchants need to be successful online. Bankers who are familiar with the struggles that businesses experience in searching for e-commerce solutions can better inform and advise them, building value into the relationship.

### Take fraud, for example.

Predictably, the jump in e-commerce sales in early 2020 was followed by an upsurge in e-commerce fraud. To combat fraud threats, BBW formed a relationship with Vesta, a leader in card-not-present (CNP) and e-commerce fraud protection, which offers merchants a Payment Guarantee fraud prevention solution. The participating merchant is billed for approved transactions only. Vesta will pay the merchant 100% of the transaction amount on all Vesta-approved transactions that result in a chargeback classified as fraud. Vesta will also cover any chargeback fee the merchant may incur.

### Small business can accept more cards.

In the past, many small and medium-sized businesses decided not to take American Express® because of the perceived higher merchant fees associated with it. At the time, merchants also needed a direct relationship and approval process with American Express; they could not set up American Express through their merchant provider.

Today the OptBlue payment processing option enables merchants that meet certain qualification criteria to process American Express transactions through Bankers’ Bank of the West. With OptBlue, qualifying merchants have a single relationship, one billing statement, and one deposit for all card types—American Express, Discover®, Mastercard®, and Visa®. With American Express acceptance, smaller merchants can more easily serve customers with a strong preference for the brand.



### Smarter tools make a difference.

The traditional terminal of yesteryear is giving way to full business management solutions capable of supporting inventory management, marketing, payroll, customer rewards programs, and other operational tasks. The Clover® suite of solutions allows merchants to stay nimble, run their businesses profitably, and maximize productivity. Clover comes with more than 20 pre-installed apps, and merchants can find hundreds more in the Clover App Market.

We believe these and other promising innovations will position community banks like yours for long-term success in the communities you serve. Please let us know how we can support your bank in advising and serving future generations of entrepreneurs.

*For more information on products mentioned here, call the BBW Bank Card team at 800-601-8630 or email [bankcards@bbwest.com](mailto:bankcards@bbwest.com).*

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\*U.S. Census Bureau News. Quarterly Retail E-Commerce Sales 4th Quarter 2020 [CB21-23] released Feb. 19, 2021. [https://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf).

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## INTRODUCING CHRISTA WELLS

BBW recently welcomed **Christa Wells** to its team as a front desk receptionist and administrative professional. She has a two-decade background in supporting a variety of industries ranging from healthcare to defense.



One of Christa's prior positions entailed international and domestic travel in the position of tradeshow coordinator and meetings manager with an engineering firm.

"Vancouver and Montreal were my favorite places," she said. "My most amazing Canadian experience was attending a bull riding event in Calgary. Those riders were tough and brave."

Born in Rocky Ford, Colorado—an area known for growing delicious Rocky Ford cantaloupe—Christa spent her teenage years in the rural northeast quarter of the state, where she enjoyed riding her dirt bike in the open ten-acre fields.

Her duties at BBW include calendar management for the bank's executives as well as coordination of certain trade association convention and conference arrangements.

Outside of work, Christa, a certified aerobic instructor, enjoys working out, golfing, and gardening. She is an active volunteer for the Parkinson Association of the Rockies (PAR).

## Does your bank appeal to the CrossFit crowd?

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boutique facilities are seeking a more personalized and interactive experience and willing to pay a premium for it as well.

If you've read this far, you're probably wondering how this article relates to banking. Well, during many deep, forward-thinking conversations I've had with community bankers, once we get beyond ever-present concerns over matters like the economy and interest rates, handling PPP loans, or preparing for the next regulatory exam, a growing concern I hear is the aging demographic of their banks' customer base.

The issue is increasingly on bankers' radar, and many are still at the drawing board pondering how to tackle it. I sense a common concern that the challenge is magnified by the perception that younger generations view banking more as a commodity and approach it with more price sensitivity than the prior generations who formed the banks' core customer base.

Another factor is that generational transfers of wealth will likely shift money to younger generations—people who may be less inclined to be bank customers, or might consider banks "less convenient," much as I did my health club.

I see this as one of the top strategic concerns community banks must manage in years to come. Ironically, while bankers grapple with this, boutique clubs in the fitness industry appear to be drawing younger generations by fulfilling their needs in a way that seems squarely in the wheelhouse of community banks. This gives me optimism that community bankers can attain similar success, though getting there will entail figuring out how this translates to banking. After all, I'd viewed the fitness industry as a commodity before the growth of boutique fitness clubs proved me wrong.

One of life's persistent lessons is that you cannot achieve a goal unless you focus on it. Even though community bankers have many balls in the air already, understanding and focusing on what appeals to the next generation of customers must become an organizational priority. No magic bullet exists for solving this dilemma—and yet simply getting off the dime and engaging in some meaningful internal dialogue and strategy formulation is a great starting point you can build on.

*Strategic planning facilitation is one of Bank Strategies' core service offerings. If we can assist you in this area, please call us at 303-903-9369 to discuss your needs, or email [jim@bankstrategiesLLC.com](mailto:jim@bankstrategiesLLC.com).*

## To the question of complimentary updates on info technology and security news: yes, please

Thus far in 2021, BBW SVP-CIO & CISO **Anne Benigsen**—who also serves as the president of **CivITas Bank Solutions**, a BBW affiliate company—has led or served as a speaker for three topical webinars for bankers interested in IT and IS news and issues. Bankers' Bank of the West promoted the free events by email.

If someone at your bank wants to receive invitations to similar complimentary webinars in the future, please email—noting "technology and security webinars" in the subject line—the name and email address to [info@bbwest.com](mailto:info@bbwest.com). (We recommend ensuring email from [acivitas.com](http://acivitas.com) and [bbwest.com](http://bbwest.com) is approved in your organization.)

## MEET AUSTIN MOORE

Born and raised in Florida, **Austin Moore** relocated three years ago to the Denver metro area—a move prompted in part by job prospects in information security and technology. Austin joined BBW in June 2020 as a senior IT support specialist. By year-end, he had earned the Certified Ethical Hacker credential, which signifies, among other things, deep knowledge of system weaknesses and vulnerabilities as well as legitimate ways of testing and assessing the security posture of target systems.



Austin now works as an information security analyst for BBW and for CivITas Bank Solutions, a Bankers' Bank of the West sister company. He and the other members of the IT and IS group video chat regularly to stay focused and cohesive as a team.

“Work-wise, when an issue or problem comes up, it becomes my personal challenge to solve,” he said. “I’m definitely persistent.”

“Another way of putting it is that Certified Ethical Hackers use their powers for good,” he said.

Since moving West, Austin has enjoyed the new friendships he’s made, the change in seasons, and Colorado’s high country. His interests include bouldering, hiking, and ping pong.

## Onward, with appreciation for the past and enthusiasm for tomorrow

*Mary Brown, Vice President—Cash Management Services ■ Bankers' Bank of the West*

One constant you can always count on is change. And so, it is with both joy and sadness that I will retire from banking on March 31.

It was a privilege to have met, visited, and worked with many dozens of fine bankers (and genuinely good people) over the past 40 years. And I’m fortunate to have been involved in various facets of the banking industry, having worked for a core/data processor, a community bank, the Federal Reserve Bank of Kansas City—Denver Office, and ultimately, Bankers’ Bank of the West.

The changes I witnessed on the data processing side of banking were amazing: ACH evolved from mag tape to electronic files. Check processing advanced from paper moving around the country to electronic files. I not only saw many regulatory changes but also was directly involved in the effect of the Monetary Control Act and the monitoring of Reg D compliance. And as



**Mary Brown** looks forward to doing more hiking and camping with her husband, Dave, in their retirement.

the progress unfolded, I gained the experience and knowledge needed to meet with bankers, provide them with updates, and offer ideas on the best ways to move forward.

I will miss the travel and educational conferences, but most of all I’ll miss the people I’ve met and formed relationships with. I’m grateful to Bill Mitchell and to the colleagues at Bankers’ Bank who have been a part of my work family for 13 years.

The bankers’ bank business model is one of the greatest boons to community banking to have emerged during my career. I encourage you to form a relationship with

Bankers’ Bank of the West if you haven’t already done so. Considering the benefits BBW can bring to your business, I think it’s the best thing you could do for your bank.

It has been a privilege to have known and worked with you, and I will miss you all.

## The BRIDGE platform: a solid foundation from which to move forward

The July 2020 adoption of BRIDGE, the popular advanced online cash management system for our community bank customers, has been followed by the rollout of added capabilities—one being the option of retaining access to seven years of historical data. More enhancements to the platform are on the horizon.

BRIDGE customers are now able to opt in to the following risk management services at no additional cost.

**Anomaly detection:** A service that monitors originated ACH and wire transfers for unusual activity based off dollar amount, receiver, originator, or other factors you choose.

**ACH credit risk monitoring:** A tool that helps you manage financial risk related to ACH originators after guidelines have been defined for your corporate customers.

To request details, email [ops@bbwest.com](mailto:ops@bbwest.com).

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## Does your bank appeal to the CrossFit® crowd?

*Jim Swanson, SVP—Bank Strategies ■ a Bankers' Bank of the West Bancorp Company*

Last year definitely brought change on many fronts. On a personal level, I dropped my membership at the health club I had belonged to for nearly 25 years. Though the pandemic factored into my decision, the reasons were broader: the club was no longer convenient to where I lived, facility maintenance seemed to be waning, and I had some fitness equipment at home—so why pay for something I could do in my basement?

I had mulled the decision for a long time, and yet it took just a quick phone call to end that relationship. The club representative didn't ask why and offered no incentive keep me as a customer. In fact, the only meaningful comment offered was a reminder that the subscription rate I had been paying would not be available if I opted to rejoin—more of a threat than an effort to keep my business. Ultimately, my 20-plus year relationship was terminated in a matter of minutes. The episode reminded me of the time I closed a long-standing bank account that ended up at a large bank following a series of acquisitions.

The health club I belonged to was very traditional: a big-box facility with weights, weight machines, cardio equipment, and some exercise classes. It's what many people my age envision when they think of a health club. Thinking back on my later years there, it struck me that most of the people I

saw there were roughly my age (i.e. not young) and working out in isolation with ear buds on. I'd assumed this was because my visits were typically first thing in the morning, and young people don't like to get up early—right?



Jim Swanson

But as I went about daily life, I couldn't help noticing all the boutique CrossFit facilities that had seemingly popped up all over, with people working out in groups, pushing tractor tires, using medicine balls and elastic bands—things my old health club didn't have. The clientele seemed much younger, too. Coincidence, I wondered?

As a matter of fact, it's no fluke. According to the "2019 IHRSA Health Club Consumer Report," fitness activity participation at health clubs varies across generational groups, with Z and Millennial generations inclined to engage in group-based activities and Gen Xers and younger Boomers favoring cardio and strength training equipment. The report resonated with my own experience as a GenXer.

Looking further at the boutique facilities, I understood people weren't attracted to them because of price. Membership rates of \$200 to \$300 a month seemed common and markedly higher what I had been paying. It seems when it comes to fitness, younger generations and others attracted to the

*Continued on p. 4*

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