



Correspondent Views

BANKERS' BANK OF THE WEST newsletter for community banks

PRESIDENT'S MESSAGE

1st Quarter • 2022

A time for leveraging momentum, renewing connections, taking initiative

In March I attended the Independent Community Bankers of America convention in San Antonio. Earlier, in the fall of 2021, I had the opportunity to participate in the Symposium for Community Bank Directors—an event presented by the Western States Director Education Foundation.

Remarkably, both functions drew record attendance by community bank executives and directors. What's more, they both attracted many first-time attendees. I believe this level of engagement demonstrates community bankers' determination to move forward no matter what obstacles might come up. The fact that the Omicron variant did not diminish bankers' enthusiasm or appetite for the educational functions speaks volumes about community bankers' resolve and focus.

As COVID-19 continues winding down, we at Bankers' Bank of the West are looking forward to sponsoring and participating in 11 trade group conventions and conferences involving 14 state trade associations this year. We are sponsors of the 2022 Symposium for Community Bankers as well (see page 2).

In addition, BBW and our sister company, CivITas Bank Solutions, are sponsoring and presenting a **Payments and Cybersecurity Conference** in Westminster (just west of Denver) in April. Because the needs of payments, bank operations and cybersecurity are growing ever more connected, the program will incorporate sessions that touch on faster payments, fraud, cryptocurrencies, and central bank digital currencies, among other industry topics of interest. (For complete information and registration, visit bbwest.com.)

As Bankers' Bank of the West and its affiliate companies—CivITas Bank Solutions and Bank

Strategies LLC—make travel plans for 2022, we are acutely aware that community banking has never been more essential to local communities. Community bankers have proven themselves the real leaders in providing financial services for their communities. (Just ask any small business owner or farmer!) Our people are eager to meet with community bankers to cement our dedication to supporting the industry.



Bill Mitchell
President & CEO

Not only am I bullish on community banking; I'm also enthusiastic about the future of Bankers' Bank of the West and its affiliates. Never has our company been stronger, either financially or in enterprise risk management. Nor has a CEO of BBW ever had a stronger team to work with. Our collective professional expertise runs

deep in the areas of traditional correspondent loans, cards, and cash management services as well as in the cybersecurity and management consultative arenas.

At a recent three-year strategic planning session, our company's senior management team and board of directors established priorities to ensure we remain a key provider of a wide variety of correspondent services to community banks for years to come. Like the unique banks we serve, we are embracing the future with confidence and a powerful sense of purpose: **We champion community banking.**

2022
Bankers' Bank
of the West
Payments and
Cybersecurity Conference
@ Marriott Westminster, Colorado

Payments
April 27th – 28th

Cybersecurity
April 28th – 29th

TAKING NOTE

INCREASE IN SAME DAY ACH DOLLAR LIMIT

A new rule that took effect March 18 has further expanded Same Day ACH capabilities. The anticipated effects of raising the Same Day ACH dollar limit to \$1 million per payment include improving Same Day ACH use cases and spurring greater adoption.

Prior to the new rule's implementation, ACH end users had often requested that the dollar limit on ACH be raised. A dollar limit increase that took effect in March 2020 was quickly followed by a jump in the average Amount of Same Day ACH payment from 46% in February to April 2020. In addition, overall Same Day ACH dollar volume rose by 86% in 2020.

We recommend visiting the Nacha website to obtain more information, a summary of expected benefits, answers to frequently asked questions, and a video on the evolution of Same Day ACH.

STAY SMART: KNOW THE RULES AND GET THE TOOLS

The changes, acceleration and technology inherent in the payments industry come with increased risk and regulatory compliance. To ensure your staff has the tools and knowledge of new ACH rules, plan to attend the 90-minute Wespay-led **New Rules Update** webinar on Friday, April 22. The webinar will be recorded and made accessible to your bank for playback at any time.

To request the registration form and a list of 2022 Wespay courses scheduled exclusively for BBW customers, email ops@bbwest.com.

DID YOU KNOW?

CivITas Bank Solutions, a Bankers' Bank of the West Bancorp, Inc. company, recently conducted a webinar discussion of the Federal Reserve's 40-page paper, "Money and Payments: The U.S. Dollar in the Age of Digital Transformation." More than 100 bankers attended the free hour-long presentation, which was delivered by **Anne Benigsen** and **Chris Tuzeneu** (from BBW and CivITas). More webinars will be held in the future; check acivitas.com/training for announcements.

Follow CivITas Bank Solutions on LinkedIn for cybersecurity-related tips, news & videos



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.



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An overview of the past year from the industry vantage point

Jim Swanson, President ▪ Bank Strategies LLC, a Bankers' Bank of the West Bancorp, Inc. Company

Despite the pandemic, the community banking industry remained healthy overall in 2021. The FDIC reported only 46 problem institutions as of September 30, the lowest number in nearly two decades.

Bank earnings for the year were aided by PPP income and reduced loan loss provisions, which helped offset margin compression from low interest rates and excess liquidity. At the beginning of 2022, however, margin compression remained an ongoing concern. While the Federal Reserve is widely expected to start raising rates to combat inflationary pressure not seen since the 1980s, this could further hinder loan growth and expose interest rate gaps in balance sheets.

Last year proved one of the best in some time for the agriculture industry due to improved commodity prices and stimulus funding from the Cares Act. Still, operators will face challenges this year with higher input costs and continuing supply chain issues.

After a pandemic-driven slowdown in 2020, merger and acquisition activity picked up again in 2021. This continues to chip away at the number of bank charters nationwide and alter the competitive landscape as well. M&A pricing trends also increased in 2021, returning to pre-pandemic levels. De novo activity remained slow with just eight charters approved in 2021.

In many circles, 2021 became known as the year of the Great Resignation, during which employers saw record turnover in staff. The pandemic appears to have changed what employees expect from employers, including flexible and remote work arrangements. Banks will be forced to adapt to these challenges to effectively compete for talent.

Managing technology change remains at the forefront of the industry. Whether the focus turns to navigating the payments revolution, keeping up with fintechs, developing apps, utilizing internal databases, or managing information technology and cybersecurity risks, banks need to become educated and stay current on the technology front.

Jim Swanson, a financial services industry professional with decades of broad experience, is the principal of Bank Strategies, an autonomous division of Bankers' Bank of the West. His background includes ten years in lending roles including chief credit officer and eight years as a commissioned bank examiner with the Federal Reserve Bank of Kansas City. He has worked as a community bank consultant for a decade. To learn more about Bank Strategies' consulting services, email jim@bankstrategiesllc.com or call 303-903-9369.



2022 Symposium for Community Bank Directors theme: Traversing the road to success

The Western States Director Education Foundation will hold its 45th annual **Symposium for Community Bank Directors** October 31 to November 1 at the Westin Kierland Resort & Spa in Scottsdale, Arizona. Registration is under way, and all community bank directors and executives are invited to attend.

The event is an opportunity to take part in important conversations, ask tough questions, hear from subject matter experts, make new contacts, and come away with an inspired vision of what is possible.

The educational program will include an economic forecast, a discussion of capital markets,

a presentation on strategies for succession planning and talent management, and a session on cryptocurrency.

Also planned is a moderated panel discussion on financial technology.

Visit wsdef.org for event details, partial list of speakers, testimonials, and registration.



**Western States
Director Education
Foundation**

Anticipating your customers' questions about international money transfers

Ian Zarac, VP—Financial Institutions ▪ Currency Exchange International

Customer expectations have never been higher than they are today. Transferring money electronically has become simple and intuitive with fewer clicks needed. The bank's challenge is to deliver the speed and maintain the customer's trust when moving money internationally.

One way to provide faster payments is by sending wires in the beneficiary's local currency instead of in US dollars (USD). Sending payments in your beneficiary's local currency can shorten the time it takes for the funds to become available, ensure the amount of funds arriving to the beneficiary, and be more cost-effective.

Let's consider some common customer questions to see how sending FX wires can give your bank an advantage.

How can I pay my beneficiary quickly?

When paying a foreign beneficiary in USD, funds will likely be converted, which can take longer for them to be available in their bank account. In contrast, you can minimize delays by sending money in the local currency, streamlining the delivery process, and allowing beneficiaries to receive their funds faster.

CXI (Currency Exchange International) is a Bankers' Bank of the West international upstream partner for wires, currency orders, and international check processing. For help with questions related to international wires, contact BBW's Wire Department staff at 800-318-8393.

SPOTLIGHT ON ERIC HALLMAN

After serving community banks in a variety of roles across four decades, **Eric Hallman** joined Bankers' Bank of the West in February as a vice president of bank card sales and support. He and his new colleague, David Philippi, have already made in-person visits to several banks in Colorado and Nebraska—the first of many such trips.

"I enjoy getting out to what I like to call the client's back yard," Eric said. "The ability to connect virtually is a great convenience, but face-to-face conversation is also crucial to building relationships."

Eric's experience in the financial services industry includes lending



How can I reduce fees paid?

Sending USD internationally may involve an additional bank in the routing of your transaction. The receiving bank can also apply a fee to convert your dollars into the local currency. FX wires enable customers to avoid additional fees and reduce payment costs.

How can I get the most for the funds I send?

When a foreign bank converts USD funds it has received into the local currency the bank's exchange rate is often less favorable than our rate. Customers can compare rates in advance and select the best option by paying in local currency.

How can I send the precise amount of foreign currency?

When a wire is sent in USD, the value of the transfer from when it is approved and when it lands in the beneficiary's bank account can be different due to fluctuating exchange rates. If a wire is sent in the local currency, the rate of exchange and costs are calculated up-front, ensuring the full amount gets to your beneficiary.

and business development as well as community bank trade association management—namely, the Independent Community Bankers of America and, more recently, the Nebraska Independent Community Bankers. Having also worked 18 years in sales for SHAZAM, he brings a background in payments to his role at BBW.

Eric and his wife, Shirlee, have six grown children and nine grandchildren who live as far afield as North Carolina, Illinois, Iowa, Kansas, and Arkansas. Between frequent family visits, the Hallmans enjoy spending leisure time watching spectator sports and doting on their four-year-old Bernese mountain dog.

Funds for bank-focused training intended to remove barriers, open career paths

Sharvelle Washington, Compliance & BSA Officer ■ Bankers' Bank of the West

Education is key to career growth. Whether the learning process takes the form of completing a certification or obtaining a bachelor's degree, it can raise your career to the next level. The cost of further education can be discouraging. However, the work of MinBanc Foundation could (and has) put that next level within arm's reach for many.

MinBanc Foundation is a one-of-a-kind organization that supports minority- and women-owned banks. By partnering with the National Banker's Association, American Bankers Association, and Bank of America, the foundation provides up to \$5,000 per qualified bank for manager-level employees to further their education in bank-focused training.

This financial assistance could enable a manager-level banker to advance to an officer level. Since launching the program, the foundation has awarded more than



\$600,000 to 143 FDIC-insured banks in underserved communities in 24 states.

For me as a minority woman, education has meant the difference between holding the job I used to have and making a meaningful contribution in the career I am now thriving in. I once thought my work experience and work ethic would allow me to compete with applicants who had more education, but that was not the case. Once I completed the education, my career fell into place. I now find myself looking for opportunities to gain more knowledge that will take me to the next level. My position with BBW has enabled me to do just that by passing the ACAMS (Association of Certified Anti-Money Laundering Specialists). The ability to grow my career through education keeps me engaged and invested in my future.

Sharvelle Washington, who has worked for BBW since May 2020, is a Certified Anti-Money Laundering Specialist. Her next career goal is to pass the Certified Regulatory Compliance Manager test. To learn more about MinBanc Foundation, visit minbanc.org.

PREVIEW of the 2022 Payments and Cybersecurity Conference:

Two of the many dynamic speakers on the April 27-29 conference program

For more than two decades, self-described recovering corporate executive **Cindy Solomon** has helped companies around the world develop Courageous Leaders™ and high-performing teams focused on achieving results and creating exceptional customer experiences.

An author, respected leadership expert, and dynamic keynote speaker, Cindy passionately espouses her mission—"to radically update the way we think about and practice leadership."



Cindy's real-world business stories, relevant information and easily applied advice

has empowered audiences across the globe to create the success they want in their careers as well as their personal lives.

Kevin Olsen—popularly known as the **Payments Professor**—educates financial professionals on myriad electronic payments topics including ACH, P2P, disaster recovery alternative payments, audits, remote deposit capture, risk assessments, and more. Leveraging his extensive expertise, and taking an "edutainment" approach to training, he makes learning fun, energizing—and memorable as well.

His certifications include Accredited ACH Professional (AAP), National Check Payments Certification (NCP), and Accredited Payments Risk Professional (APRP), among others.



Kevin, the senior vice president of payments solutions for VSOFTE Corporation, is keen to share the latest trends in electronic payments.

Some common-sense tactics for staying informed on the IT and IS front

Anne Benigsen, President ■ CivITas Bank Solutions, a Bankers' Bank of the West Bancorp, Inc. company

For at least two decades, community bankers have talked about information technology moving quickly. For almost 10 years we've seen information security moving at the speed of light. How can we bankers and working managers learn all we need to know given the impacts on our departments, our banks, and our lives?

For starters, we should be at least knowledgeable enough to question what's going on.

Few if any professionals in our industry could put their primary responsibilities on hold while they build in-depth IT and IS knowledge. But bankers do need to devote some time to learning where the gaps are. How much time should you carve out for this? I would suggest 15 minutes a week or one hour a month. That's the equivalent of one webinar a month, or a few articles or podcasts each week from a trusted source. Seek out reputable information providers—sources that will allow you to ask questions, enhance your performance, and positively impact your bank.

Next, seek out good, pertinent articles and webinars. Not all IT and IS subject matter is relevant to our industry. Narrow the field to sources you trust: If a company you've never heard about asks you to attend the greatest webinar about the coolest new product, you could end up wasting an hour in a group pitch. Instead, consider utilizing your trusted vendors

and trade associations. Keep regulators in mind as well, because they often offer webinars on curated topics that apply to our industry. Following such industry-focused entities on LinkedIn or Twitter can lead you to articles and resources of interest.

Remember too that being part of groups like the Financial Services Information Sharing and Analysis Center (FS-ISAC) can help you find resources and connect with community-focused financial institutions across the country.

Another powerful strategy for staying informed—and at the top of your profession—is to attend conferences. With the needs of community banks in mind, Bankers' Bank of the West and CivITas Bank Solutions will hold a conference exclusively for community banks April 27 through 29 in Westminster, Colorado. The program will focus on both payments and cybersecurity education because the needs of bank operations, payments and cybersecurity are becoming increasingly intertwined—especially in the areas of fraud, cryptocurrencies, faster payments, and central bank digital currencies.

In short, then: To stay informed enough to question what's going on in the IT and IS space, devote some time to furthering your education in those areas. Follow reliable sources of expertise, and make it a point to participate in relevant webinars and conferences.

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