UTAH BANKER

ISSUE 2 | 2021

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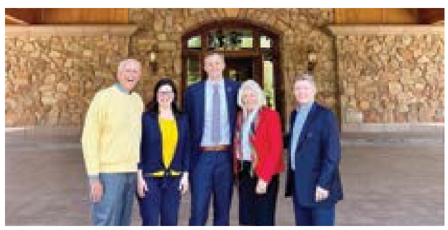

Howard Headlee
President and CEO
Utah Bankers Association

The debate surrounding the credit union tax subsidy has taken a lot of twists and turns over the past 25 years, but banks scheming with credit unions to divert the credit union tax subsidy into the pockets of bank shareholders is not something I saw coming.

In April, Vystar, a $10 billion Florida based credit union acquired $1.5 billion Heritage Southeast Bank located in Georgia by paying an 80% premium to the bank's shareholders. Vystar could justify paying such a large premium for the bank because the bank becomes much more valuable to Vystar when the bank's future profits become tax-exempt.

For those scratching their heads, here is what this means. The shareholders of Heritage Southeast Bank discovered a way to take the money the bank would have paid in taxes over the next several years, and with the help of the executives at Vystar, they put the money that would have gone to public schools and national defense into their own pockets.

In effect, unelected credit union executives have assumed the privilege of appropriating public money and have voted to divert money away from public programs into the pockets of bank owners. This is outrageous, but typical of tax subsidies. Over time, very smart people find ways to exploit tax subsidies in ways that were never intended.

Congress made it very clear in the 1934 Credit Union Act that this subsidy was intended to "make more available to people of small means, credit for provident purposes." This made total sense back then; economic times were tough and poor people were having a hard time getting access to credit. The tax subsidy was intended to help them.

But Congress didn't adequately tie the subsidy to that mission. The efforts of credit unions to serve the poor are not measured in any way. In fact, a recent GAO study revealed that today, banks are doing a better job of serving the poor than credit unions. Just look at the new branches of the largest credit unions and you will find that most are being built in the wealthier parts of town.

A century later, with no limits in place, the tax subsidy that was meant to help the poor gain better access to credit is instead being used to line the pockets of bank shareholders.

Ironically, current leaders in Congress are still looking for ways to expand financial services to the poor. Just last month, while Congress was holding hearings on how to expand credit to poor and underserved communities, Lake Michigan Credit Union was using its tax subsidy to purchase a Tampa, Florida bank that focuses on aircraft financing, clearly not a strategy to serve the poor.

I may take some heat for saying it, but it is unquestionably wrong for bank shareholders to pocket a tax subsidy that was meant to help the poor. I understand the law allows it, and bank board members are obligated to search out the best deal, but I'd be a hypocrite if I failed to call out the continued exploitation of this tax subsidy just because it is benefitting a few bankers.

What's even more disturbing is what I believe is driving these deals. It's not because turning traditional credit unions into mammoth "fake" credit unions is good for credit union members. Afterall, why would any credit union member want to pay higher interest on loans and receive lower interest on deposits so their credit union can accumulate enough capital to pay a massive premium to bank shareholders in another state? Perhaps this is one reason customer satisfaction has been higher for banks than for credit unions the last two years.

I fear that the driving factor behind these deals is the insatiable desire of credit union executives to grow the size of their business to drive up their salaries. It's hard to prove because many credit union executives are exempt from the laws that require non-profit entities to disclose what they are being paid. But when you realize that these executives hand-pick their boards and carefully control the information they provide to the tiny percentage of members that show up to their annual meetings, higher salaries are inevitably tied to the size of their institution and that's what I believe is driving their growth.

There is so much wrong here, but every time the banking industry raises questions, the lobbyists for these large credit unions convince Congress to look the other way. Now that banks and credit unions are working together to divert resources away from public programs and into the pockets of bank owners, perhaps Congress will wake up and someone outside the banking industry will start asking some tough questions. Email Howard at howard@utah.bank. ■

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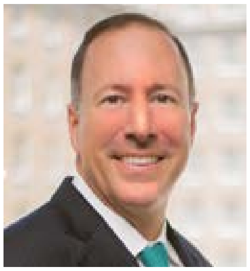


Rob Nichols
President and CEO
American Bankers Association

PERSPECTIVE ON THE PAYCHECK PROTECTION PROGRAM

At the end of May, the government's Paycheck Protection Program ended. If Congress does not extend the program, we can expect the "Monday morning quarterbacking" about the impact of the program on the economy, its design and implementation, and its ultimate cost to begin. Those are appropriate questions to ask as we consider the lessons learned from the nation's response to the coronavirus pandemic.

Here's what I know already: The most extensive small business rescue program in U.S. history would have been an unmitigated failure without the extraordinary efforts of America's banks and their dedicated employees. This program would never have produced the positive results it did without the incredible collaboration between ABA and our state association alliance partners.

It's easy to forget what the world was like when PPP first launched in April 2020. The nation's economy had essentially shut down, many Americans were isolated in their homes, and businesses of all sizes were dealing with the stark new reality posed by COVID-19.

Banks across the country were trying to figure out how to keep the banking system fully functioning in the middle of a global pandemic and how to help their customers survive the economic disruption while also trying to figure out how to protect the health and safety of their employees and customers from an invisible threat.

Against that backdrop, the federal government asked banks and other financial institutions to help the Small Business Administration launch the Paycheck Protection Program. On paper, the program dwarfed any previous SBA lending program in its history, and the agency was asked to launch it within days of lawmakers passing the CARES Act.

That launch, to be generous, did not go perfectly. SBA's technical systems, built for its more traditional 7(a) lending program, could not handle the incredible load demanded by a program of this scale. The agency staff was overwhelmed and was slow in issuing the guidance banks needed to begin processing loans, and the guidance they did release was contradictory.

From the start, ABA and our state association alliance partners encouraged banks to step up and participate in PPP despite all the obstacles and step up you have. As of April 11, banks were responsible for 80% of the nearly 9.6 million PPP loans and 93% of the $755 billion in PPP funding. I am particularly pleased to see how banks of all sizes supported the program.

From our largest members to our smallest, the commitment to our small business customers has been truly remarkable. We have been united in this effort.

Banks were able to step up because the ABA, working with our state association partners, was able to keep members informed on the program and its many iterations. In daily Zoom calls in the early months of the pandemic, state association executives served as an early warning system, keeping us updated on operational issues popping up, which we relayed back to SBA. Meanwhile, ABA provided members and state associations the latest SBA changes in real-time.

At one point, ABA hosted a PPP webinar for bankers, only to find that SBA employees in some parts of the country were trying to register. We learned that they were getting better information about PPP from ABA and the state associations than from SBA headquarters.

ABA and the state associations also partnered on targeted ad campaigns to encourage minority- and women-owned businesses to consider applying for PPP loans. This was just one of many industry initiatives to try and make sure PPP funds reached every business that needed them.

PPP will always have its critics. Some people remain fixated on the large businesses and public companies that applied in the first wave, only to be shamed into returning PPP funds. To be fair, many of those businesses met the initial eligibility requirements set by Congress. Government watchdogs remain rightfully concerned with inexcusable examples of fraud and abuse, many spotted by banks working with law enforcement.

Others have suggested that banks earned a windfall from PPP. The reality is that for most banks, the cost of diverting staff from other lines of business to reset systems and oversee this massive new program made PPP lending a break-even business at best. And yet, all of those bankers also tell me they would participate again under similar circumstances because supporting PPP was the right thing to do for their customers, communities, and the country.

I am hopeful we won't need another small business rescue program anytime soon. If we do need another PPP, please rest assured that we have learned some valuable lessons, and ABA and our state association alliance partners will once again be with you every step of the way. ■

Email Rob at nichols@aba.com.

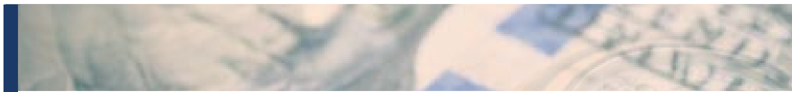
One Step Closer to Instant Payments With the FedNow℠ Pilot Program

By Jay Kenney, SVP & Southwest Regional Manager for PCBB

The Federal Reserve's development of its instant payment infrastructure, the FedNow Service, is making "good progress," according to FedNow Program Executive Kenneth Montgomery. The industry-wide launch timeline has moved up to 2023, and the pilot program has started with various financial industry players as participants, including PCBB. FedNow will increase the instant payment service options for financial institutions and their customers.

As one of 120 pilot program participants, PCBB has an opportunity to provide feedback on service implementation and how community banks would use this solution, as well as shape the direction to ensure the payment rails are cost-effective to implement. PCBB hopes to help other community bankers by being an intermediary, so they won't need to expend their own time and labor while getting the benefits of a new payment service.

"We are thrilled to be a participant in the FedNow Service pilot program. This gives us an opportunity to assist the Federal Reserve in developing an instant payments strategy, roadmap, and various approaches for adoption for the industry," states Sonia Portwood, EVP, Business Development and Strategic Execution of PCBB.



"We are thrilled to be a participant in the FedNow Service pilot program. This gives us an opportunity to assist the Federal Reserve in developing an instant payments strategy, roadmap, and various approaches for adoption for the industry."

The FedNow Service will be developed in phases so that testing and learnings can be folded in during development and advanced customer experience features can leverage technology innovations.

Program phases

- Initial launch will provide core clearing and settlement functionality to facilitate the most popular uses, such as instant account-to-account transfers and bill pay.
- Subsequent phases will enable instant payment for additional types of uses, as well as extra features related to fraud prevention, error resolution and case management.
- Future phases will include other features as program testing provides more information about what the industry needs and additional technology modifications that may be required.

How it will work

This instant payment service will initially be open to those depository institutions that have accounts at the Federal Reserve's 12 Reserve Banks and 24 branches in the United States. The Federal Reserve's broad reach, based on connections and customer service relationships with more than 10,000 diverse financial institutions across the country, will support a nationwide infrastructure for these instant payments. Compared with other payment methods, FedNow will expedite the settlement time tremendously. Other faster payment options, such as same-day automated clearing house (ACH), are processed through the Federal Reserve's platform. The settlements happen in batches, being settled a few times per day. With the FedNow Service, the recipient would have access to the funds in less than 30 seconds.

Business use cases

The FedNow Service will give community banks the ability to provide instant payments to their customers, effectively leveling the playing field. This allows them to better compete with fintechs as well, which have been dominating in this space. Furthermore, it lets businesses more effectively manage their cash flows in that they can deposit and withdraw funds immediately, as needed. This instant payment system will save businesses time, too.

Allen Sztukowski, SVP of Operations at PCBB notes, "Business use cases involving real-time payments with FedNow have a tremendous potential, both in terms of volume and efficiency gained for all parties."

The FedNow Service instant payment system is on course and moving full steam ahead. As a pilot participant, we look forward to assisting with the developments needed to satisfy the payment needs of community banks and customers alike. ■

Jay Kenney is a Senior Vice President and Regional Manager at PCBB. You can reach him at jkenney@pcbb.com.

COMPLIANCE **CORNER**

THE BLACK AND WHITE OF TRID TIMING

By John Berteau, Associate General Counsel, Compliance Alliance

There are so many ways to violate TRID. Mastering the content requirements (knowing what to put where) is difficult for even the most seasoned compliance professional and is the source of numerous violations. Conquering the timing requirements (knowing when to give what) seems to be a much easier assignment, but it too causes numerous violations. When it comes to what information to include in disclosures and in which section, there are many gray areas, too much, in fact. However, the regulations are a lot more black and white when it comes to giving the disclosures.

Let's face it, TRID is difficult. First, even the name is challenging: TRID is an acronym made up of other acronyms. TRID is short for TILA-RESPA Integrated Disclosures. TILA is an acronym for the Truth in Lending Act, and RESPA is an acronym for the Real Estate Settlement Procedures Act. Second, many things related to TRID are conditional: the definition of "application" differs from most other regulations. There are multiple definitions of "business day," and the regulations do not even address every common scenario, let alone every conceivable scenario. Third, the requirements are spread out: be sure to check the regulation, the commentary, the published guidance, any FAQs, and the occasional final rule preamble if you want to understand a requirement the best you can.

If you've read this far, then you should know that the TRID requirements are largely about giving an applicant two "named" disclosures: the Loan Estimate and the Closing Disclosure. The

Loan Estimate is a reliable estimate of costs provided early in the process to loan applicants to allow them to shop around for the best loan. The Closing Disclosure is a detailed listing of costs given just before closing to let the applicant know the confirmed cost of credit.

In order for an extension of credit to be subject to the TRID requirements, it must be all of the following: 1) closed end, 2) made to a consumer, 3) for a consumer purpose, and 4) secured by real property. Once you've determined that your extension of credit is subject to the TRID requirements, the clock may have already started.

Before closing a loan, the bank must send the Closing Disclosure to the applicant. The closing disclosure must be received at least three business days prior to loan closing, using the definition that includes all calendar days other than Sundays and legal public holidays.

The Loan Estimate (Contents: 1026.37; Timing 1026.19(e))

The clock on the TRID timing requirements begins as soon as the bank receives an "application," which is defined specifically as submitting the applicant's name, income, Social Security number, collateral property address, estimated value of the collateral property, and the loan amount requested. Once a bank has received all six pieces of information, the clock has started, and the bank is required to send the applicant a copy of the Loan Estimate within three business days. For this purpose, a business day is any day that the bank is open for carrying on substantially all of its business functions. This means some banks will count Saturdays for this window to send the Loan Estimate, and others will not. The regulations do not require that the initial Loan Estimate be received by any particular number of business days, so any questions of the receipt of the Loan Estimate are almost always relative to loan closing.

The bank is only required to honor the estimates given on the Loan Estimate for 10 business days, after which the Loan Estimate expires. If the applicant decides to proceed after expiration, it is up to the bank to honor the existing estimates or provide an applicant with a new Loan Estimate with new estimated costs. Expiration is determined using the definition of business day, including Saturdays for some banks but not for others.

Occasionally a fee will need to be increased due to inaccurate information relied on by the bank when issuing the Loan Estimate. This situation is referred to as a changed circumstance, change in circumstance, or change of circumstance. Regardless of what it is called when this occurs, for the bank to pass this increase off to the applicant, the bank must send a revised Loan Estimate within three business days of learning of the increase in the fee, using the definition of business day.

For the purposes of loan closing, any revised Loan Estimate must be received no later than four business days prior to loan closing. This definition of business day includes all calendar days other than Sundays and legal public holidays. This is sometimes called the "specific definition of business day." However, since this is a receipt requirement and not a sending requirement, it is important to point out that a TRID disclosure is considered to be received three business days after it is sent, using the definition that includes all calendar days other than Sundays and legal public holidays.

The Closing Disclosure (Contents: 1026.38; Timing: 1026.19(f))

Before closing a loan, the bank must send the Closing Disclosure to the applicant. The closing disclosure must be received at least three business days prior to loan closing, using the definition that includes all calendar days other than Sundays and legal public holidays.

If there is a change to the loan such that the APR becomes inaccurate, there is a prepayment penalty added, or there is a change in loan product, the bank is required to provide a revised Closing Disclosure to the applicant. This Closing Disclosure must be received at least three business days prior to closing, using the definition that includes all calendar days other than Sundays and legal public holidays.

After closing a loan (but within the 30 calendar day period following closing), an event in connection with closing causes the Closing Disclosure to be inaccurate, and the inaccuracy results in a change in the amount paid by the consumer, the bank must send a copy of the revised Closing Disclosure no later than 30 calendar days after discovery of the inaccuracy.

If the bank discovers a non-numeric clerical error within the 60 calendar day period following the loan closing, the bank is required to send a copy of the revised Closing Disclosure no later than 60 calendar days after loan closing.

If the amount paid by the consumer exceeds the amount indicated on the Closing Disclosure, the bank must provide a refund, and a revised Closing Disclosure, to the consumer no later than 60 calendar days after the loan closing. ■

John S. Berteau serves as Associate General Counsel for Compliance Alliance. He has nearly fifteen years of combined experience in the financial services industry. At Hancock Whitney Bank, he worked in environmental risk management and compliance (CERCLA/RCRA/Wetlands). At Alorica, the nation's fastest-growing BPO, John worked in tandem with some of the largest banks in the U.S., helping to evaluate financial risks. He holds Bachelor's and Master's Degrees in History from the University of New Orleans, a Juris Doctor from Loyola University New Orleans, and is a licensed attorney in the state of Louisiana. In addition to being one of our featured authors, John has recently taken over the editor role for C/A's Access magazine. As a hotline advisor, John helps C/A members with a wide range of regulatory and compliance issues.

What Community Banks CAN DO FOR VACCINATIONS

By Shawn M. Choate, SVP Human Resources

Vaccinations have become a top priority for businesses across the country as more employees are beginning to return to the workplace, and community banks have been no exception. If you have not started to plan already, now is the time to think through how to best bring your employees back.

Offer Incentive Programs. Though some employees may already be vaccinated, as many employees as possible need to get vaccinated to keep everyone happy and healthy. To help those who may be hesitant, Ogden-based Bank of Utah has initiated an incentive program for its 380 employees across the state to get a COVID-19 vaccination. The bank offered to pay $250 to each employee who provided proof they were fully vaccinated by July 1, 2021.

Shawn Choate, human resources director for Bank of Utah, stated, “We hope to reduce situations where unvaccinated employees are exposed to the virus and have to quarantine, and we want to ensure that all our employees can come to work and remain healthy.”

Choate continued, “Last year at this time, there was so much uncertainty and fear due to the COVID-19 pandemic. But here we are now, hopeful and close to feeling back to normal, thanks to the hard work and countless hours of health and medical scientists who have developed and tested vaccines to prevent the harsh impact of the disease. We hope our bank team members will take full advantage of the vaccine if at all possible.”

Be Flexible. When considering an incentive program for your employees, banks need to consider an employee’s scheduled time to get the vaccination and factor in the time necessary to recover from any possible side effects. If an employee cannot schedule an appointment or attend a walk-in clinic outside of work hours, Bank of Utah is providing up to two hours of paid time off to receive a vaccine. And, if an employee has an adverse reaction to the vaccine and is unable to work, the bank will give that person up to two days of paid time off to recover.

Don’t Forget. Though incentive programs are intended to encourage all employees to get a vaccine, banks should be prepared to respect those who chose not to get vaccinated. It can be a sensitive subject for some employees and should be treated with the utmost care.

“The bank understands there are employees who may have a disability or a strongly held religious belief that prevents them from getting vaccinated, and we respect that,” says Choate. “And of course, we encourage those employees to contact human resources (HR) to discuss their situations in private.”

Continue with Guidelines. As your branches start to open back up, it is best to continue following suggested guidelines to ensure your employees and customers feel safe to return. By continuing to pay attention to recommended guidelines, you are also helping prevent viruses from spreading further.

Bank of Utah urges employees who are not fully vaccinated to continue to wear masks and socially distance themselves. And, the bank continues to ask those employees who are vaccinated to be respectful of requests by others to wear a mask.

As brighter days continue ahead, make sure your bank is prepared to welcome back your teams with an enhanced plan and ways to ensure everyone’s comfort and safety. ■

THE EDULOGUE

By Beth Parker, Director of Education, Utah Bankers Association

The Value of Training
Outstanding organizations realize how vital training is to their success and continue to invest in it, even in challenging times.

Despite the cost of training to employers, if consistent, the return on investment is substantial. Training improves employees' skills and provides the knowledge and tools needed to face the many changes in the industry. This, in turn, increases the profits and efficiency of the organization.

If an employee's performance appraisal suggests the need for improvement on a particular subject or skill, training can help satisfy that need. On the flip side, when an employee is identified as a top performer, training may help prepare them to move into a higher role and take on additional responsibilities.

Training employees helps them feel like the company is invested in them. With continued education, employees learn new skills and improve their abilities. They become better workers, feel like more productive members of the organization and have increased morale.

The importance of training your employees – both new and experienced – cannot be overemphasized. If you still doubt, here's the synopsis:

Improved employee performance – Competent employees on top of changing industry standards help your company hold a position as a leader and strong competitor within the industry.

Improved employee satisfaction and morale – Employees who feel appreciated and challenged through training opportunities feel more satisfaction toward their jobs.

Addressing weaknesses – Providing the necessary training creates an overall knowledgeable staff with employees who can take over for one another as needed, work on teams or work independently without constant help and supervision from others.

Increased productivity – Productivity usually increases when a company implements consistent training.

Increased innovation – Ongoing training and upskilling of the workforce can encourage creativity. New ideas can be formed as a direct result of training and development.

Reduced employee turnover – Recruitment costs go down due to staff retention.

The Utah Bankers Association provides members with various timely, high-quality and cost-effective educational offerings to help bankers from entry-level through executive management develop their professional and technical skills. Check utah.bank/education regularly for upcoming programs and events and watch for future "Spotlight on Training" emails coming once monthly to your inbox. ■

WOMEN IN BANKING CONFERENCE

The 2021 UBA Women in Banking Conference, "Rise Up! Building Confidence to Embrace Change" was held on April 21st with more than 500 bankers joining the virtual event on Zoom.

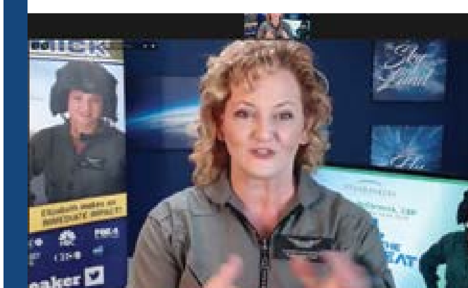
The conference kicked off with a positive message from Diane Passey, a counselor at Intermountain Healthcare, on "Building Life Resilience." Diane provided valuable advice on growing an unshakable core of calm, strength, and happiness plus tips for staying positive during current stressful times.

An impressive group of powerful and inspirational bankers including Jennifer Christopulos, Zions Bank; Cari Fullerton, Bank of Utah; Kisty Morris, Morgan Stanley; and moderator Trina Eyring, Zions Bancorporation took part in a panel discussion on "Take Your Seat at the Table." The panel's message was that in order to be heard and assert influence, we as women bankers need to prepare for opportunities to make a difference — and be ready when those opportunities come along.

Sui Lang Panoke, Zions Bank, led a session on the importance of DEI in the workplace and recommended some approaches banks can make to successfully attract and retain a talented and diverse workforce, ultimately leading to the success of their bank and to the industry.

Following the DEI discussion, Lindsey Piegza, Ph.D., Chief Economist and Managing Director, Stifel Corp. provided an informative and timely economic outlook, focusing on the reaction to the Coronavirus Pandemic, including the monetary policy response from the Federal Reserve and the Biden Administration's top agenda items.

The conference closed with an address from former US Army Black Hawk Helicopter Pilot Elizabeth McCormick, who shared stories of how she beat overwhelming obstacles as a helicopter pilot and closed with inspirational tips on boosting confidence and elevating effectiveness. ■



DO FEDERAL DEFICITS MATTER?

By George Sutton, Jones Waldo

"Modern Economic Theory" (MET) has drawn increasing interest as the federal government accumulates record deficits and the national debt grows into the trillions of dollars. Traditional economic theory says deficits are bad because they cause inflation and impose unfair burdens on future taxpayers to repay the debts. MET says federal deficits do not matter. They are just accounting. Twenty years of record deficits with no inflation is the first hint MET may be right. If anything, interest rates are too low. MET says the federal government's primary role is maintaining the optimal balance of supply and demand in the overall economy, not balancing government collections and spending.

MET says the most basic economic factor is the capacity of the economy to supply goods and services. Depressions and recessions happen – indeed are defined – as farms and factories and other businesses remain idle due to lack of demand and lack of money to spend. The government's goal should be to manage the level of demand by regulating the money supply.

MET evolved due to a change in money itself. Consider from where money comes. The rules are different for the federal government because it creates the money and everyone else spends it. The government still taxes and borrows, but those now play different roles in fiscal management. For the federal government to spend money, Congress must first pass an appropriations bill and then the Treasury directs the Federal Reserve to issue the payments. The Fed creates the money with a few keystrokes that add numbers to the payees' bank accounts. Taxes are used to inhibit or encourage certain kinds of spending, draw money out of the economy if it overheats, and redistribute wealth. U.S. government securities continue to be sold because they are useful to entities needing very safe investments. Ultimately, federal deficits are just accounting, not real debts.

That was not always the case. Balancing the budget was necessary when the dollar was, theoretically, at least, based on the "gold standard." Each dollar used to be backed by gold or silver. The paper money – then named gold and silver certificates – was technically a receipt for a certain amount of gold or silver. Creating additional paper money would only devalue the existing currency if the amount of gold or silver remained the same. In theory, spending power was based on the amount of gold backing the currency, not the amount of currency circulating in the economy and the amount of goods and services it could buy.

The federal government didn't even issue paper money until the Civil War. Before that war, paper money was issued by state-chartered banks. It was a weak system that worked because there was so little commerce compared to today's economy. Most people lived on farms and grew or made most of what they used and consumed.

The federal government began issuing paper dollars in the 1860s when a single national currency was needed to pay for the war. Dollars were needed after the war because so many people left the farms for factory jobs in the cities and required a reliable currency to pay rent and buy food and clothing. The gold standard was adopted to build trust in the new currency.

From the beginning, the gold standard was more an illusion than reality. The amount of gold backing the dollar was always less than the total amount of dollars in circulation, and that ratio declined over time to virtual insignificance. The government's gold reserves were a symbol of value, while the real value was a developing belief in the economy and the competent management of money by the government.

The gold standard ended in 1971 when the French government began demanding the U.S. redeem dollars for gold. President Nixon responded by revoking the gold standard and closing the gold window. By then, the dollar no longer needed gold backing, leaving the French with the option of exchanging their dollars for other currencies instead. In effect, this showed that the dollar had become so well established, relative to other currencies at least, that its value was presumed and given no thought by anyone except economists at the Federal Reserve and U.S. Treasury. Dollars are now just a utility in the most successful economy in history. The value of a dollar is directly measured by the value of all the goods and services it can buy.

In terms of federal fiscal policy, this evolution of priorities from balancing the budget to managing the money supply was the beginning of modern economics. The key questions today are whether enough money is flowing through the economy to sustain it at full capacity and full employment and, conversely, whether there is too much money, which could cause inflation.

Underlying all of this is the one economic principle that has never changed. Basic economics says the healthiest economy is equally balanced between supply and demand. A drop in demand causes a recession or depression. Too much demand increases prices and causes inflation, and inflation can wreck an economy. A successful economic policy maintains the right balance.

This transition of priorities began in the Great Depression when a few economists and businesspeople questioned the need to balance the federal budget. Utah native and First Security Bank Chairman Marriner Eccles, who became the first chairman and the "father" of the modern Federal Reserve, made his reputation in Washington initially by encouraging Congress to run a deficit to reverse the effects of the Depression. He said the main problem causing the Depression was "the velocity of money," meaning how much and how fast money was moving through the economy. British economist John Maynard Keynes came to the same conclusion around the same time. But their model still retained the notion of a balanced budget by repaying the debt resulting from deficits with surpluses collected after the economy recovered. MET takes that a step further by considering budget balance irrelevant.

The deficits in the early 1930s worked but were too small to restore the economy fully. There was a constant concern over the debts. By 1937, the federal government went back to a balanced budget and the depression quickly returned. When WWII began, the government ran considerable deficits to bring the economy up to full capacity to supply the war. By 1945, the true measure of the nation's economic capacity was that the U.S. was producing half of all of the goods in the world. A good measure of the nation's industrial capacity was that the U.S. Navy, seriously outnumbered in the first months of the Second World War, was bigger than the combined navies of every other nation when the war ended. The key to avoiding an economic collapse when military spending was cut after the war was enacting the GI Bill to provide returning soldiers with money to buy houses and go to college. That helped maintain overall spending by directing it to nonmilitary goods and services.

Another crucial economic principle is that avoiding inflation is essential because a healthy economy requires stable asset values.

The key questions today are whether enough money is flowing through the economy to sustain it at full capacity and full employment and, conversely, whether there is too much money, which could cause inflation.

Inflation devalues the relative buying power of currency by increasing the cost of goods and services. That benefits debtors by enabling them to pay their debts with money worth less than when they became indebted. It works fine for building equity in a house over 30 years but makes extending credit difficult or impossible when inflation rates are volatile.

That matters because credit drives most of the economy today. In the past, cash was used for all but the largest purchases, such as houses and cars. Today payment in cash is rare and credit is used for most purchases, even the most mundane. Credit has significantly expanded demand and added to the overall prosperity we have enjoyed during the postwar period.

Modern economics focuses on maintaining supply chains. That is especially important because supplying goods and services →

→

is what creates jobs. When the supply side contracts, businesses fail, unemployment rises, and a vicious cycle begins. It is as simple as people buying items or not. Items include houses or rent, food, clothing, cars, and education. All supply chains – except government spending – end with a consumer purchase. The government's primary tool to prevent contractions is to keep the money flowing and support personal income through job programs and grants when needed.

The government continues to borrow amounts equal to the deficit, but it could just issue the money. The government can issue money to pay all of its debts whenever they come due. But even that is unnecessary. The Federal Reserve has independent authority to buy bonds and securities and could pay off all outstanding government bonds without an appropriation by buying them, then paying itself or just writing off the debt. The Fed is in the unique position of having the unlimited capacity to buy securities and no necessity to make a profit. That is how a central bank is supposed to work.

Taxes and borrowings have become more important as tools to manage how much money flows through the economy. If there is a disruption in demand due to a pandemic or problem in the credit markets, the government can inject more money into the economy. This would maintain demand without causing inflation, as long as the money supply does not exceed the supply of goods and services.

Taxes, along with other actions by the Fed, such as managing interest rates, can inject new money or draw excess money out of the economy. However, to work best, tax decreases should favor lower-income people. They will spend the additional money, which is crucial to increasing demand. Wealthy people tend to save the extra money they get from a tax decrease.

Deficit hawks see the main flaw in the current deficit model as the extent to which interest on government debt is overwhelming the budget. To manage this successfully, the government first needs to understand what amount of government debt the economy needs and how much debt needs to be circulating to help the Fed manage the money supply. It is another supply and demand equation. The economy uses a certain amount of government debt for various purposes. Suppose the supply of government debt was reduced. In that case, it might create excess demand for other securities, which would enable issuers such as companies and local governments to sell their securities for lower rates, which would undermine the Fed's ability to manage interest rates.

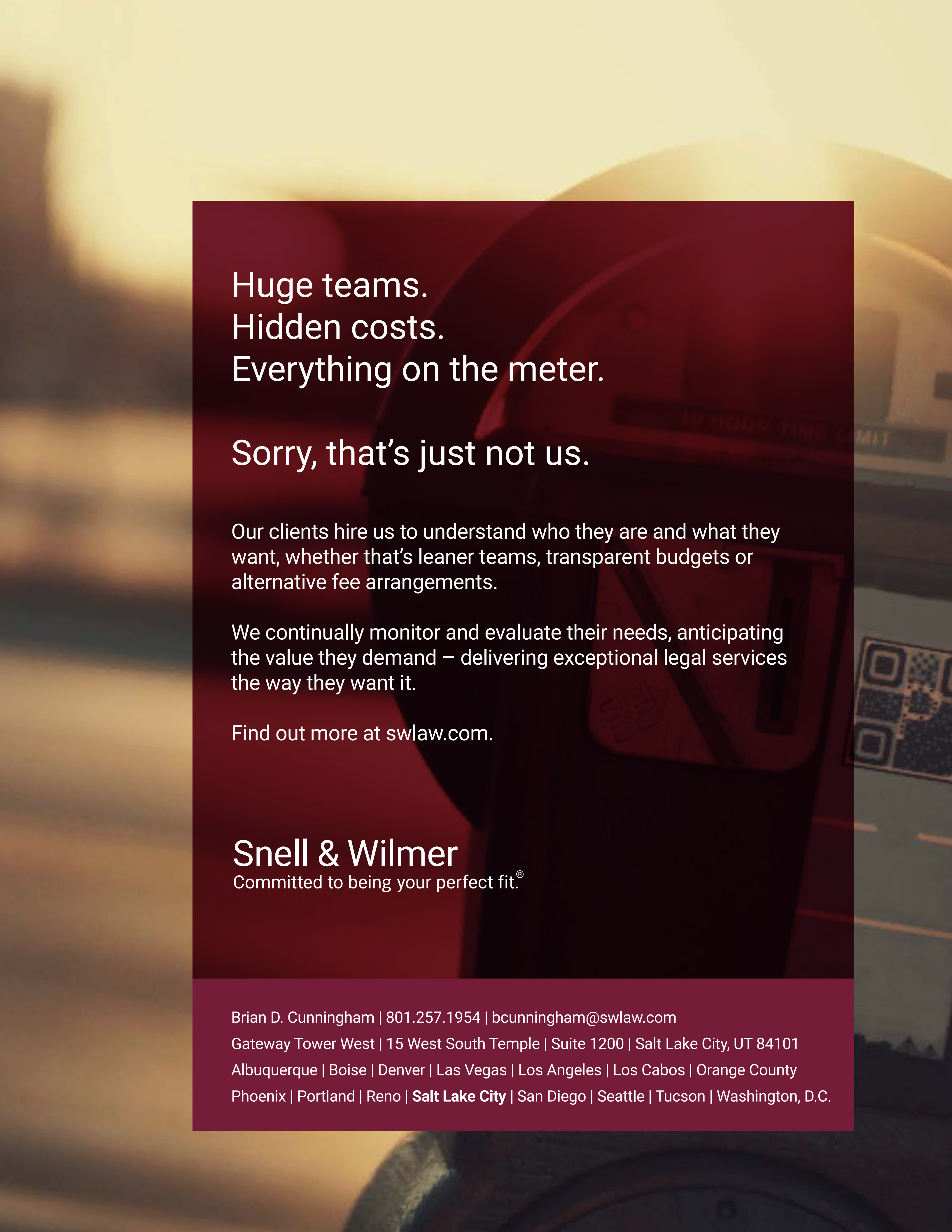
Another issue is emerging that is harder to manage. The total economy does not just measure supply and demand. Inflation can happen in specific markets even though the overall economy has record low inflation. A good example is housing. Too much credit in the early 2000s created too much demand. That caused a huge bubble to burst in 2008, bringing about the Great Recession. Even after tightening credit standards, housing costs are once again rising at excessive and unsustainable rates in many parts of the nation.

The biggest possible flaw in this system is that politicians control it. We must trust them to pull money out of the economy when it begins to inflate, and one way to do that is to raise taxes. In effect, modern federal budgeting shifts taxation from collection before spending to a cleanup role after the spending. And that should often include increasing taxes if federal spending begins overstimulating the economy.

What could possibly go wrong? ■

The biggest possible flaw in this system is that politicians control it. We must trust them to pull money out of the economy when it begins to inflate, and one way to do that is to raise taxes.

Mr. George Sutton served as the Utah Deputy Commissioner of Financial Institutions from 1983 to 1987 and as Commissioner of Financial Institutions from 1987 to 1992. He served as president and CEO of one industrial bank and helped organize several others. He has served on several boards of directors, including Glacier Bancorp and Glacier Bank, Synchrony Bank, the Utah Housing Finance Agency, the Conference of State Bank Supervisors, the Utah Symphony, the Utah Association of Financial Services, GMAC Capital Corporation, WebBank and Community Nursing Services.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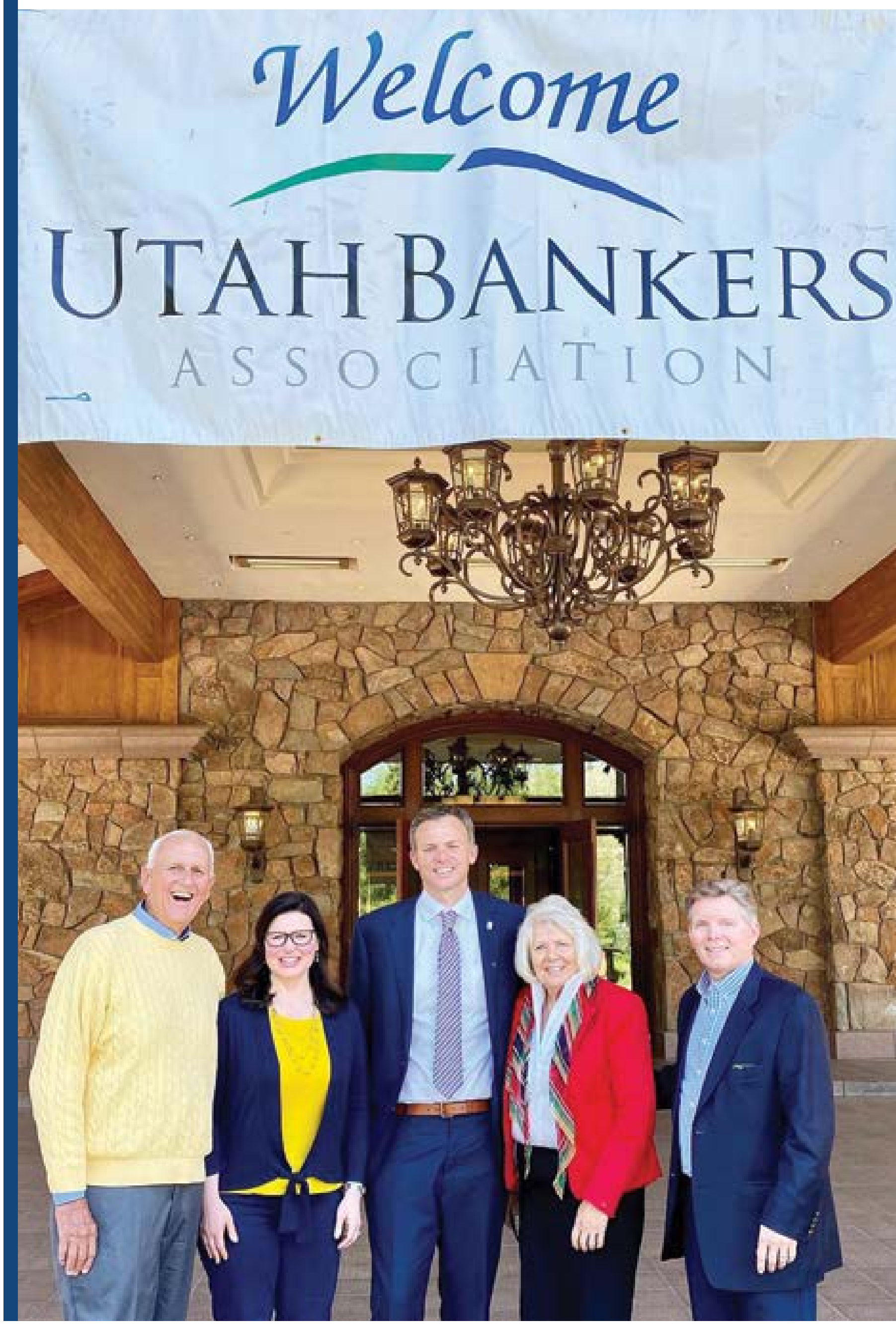
113TH ANNUAL UBA CONVENTION

With an impressive lineup of speakers, perfect weather, world-renowned entertainment, great attendance, and the natural beauty of Sun Valley, this year's convention was one for the books.



The 113th Annual Utah Bankers Association Convention was held at Sun Valley Resort in beautiful Sun Valley, Idaho, June 27-30, 2021. This was the first live meeting held by the UBA since the pandemic. With close to 400 bankers, guests and business partners in attendance, all were excited to be back together once again. With an impressive lineup of speakers, perfect weather, world-renowned entertainment, great attendance, and the natural beauty of Sun Valley, this year's convention was one for the books.

The convention kicked off with an exhibit hall during registration that featured a wide range of exhibitors in over 40 booths. Bankers and families alike enjoyed the fun and inviting atmosphere while exhibitors conversed with bankers representing Utah's diverse banking industry.

At Monday's Business Session speakers included an address from Mark Zinder posing the question "is it different this time?" considering current events, how we were, and where we go from here. Two key regulators spoke to attendees, including FDIC Chairman Jelena McWilliams, who joined via Zoom and provided an update from the agency.

Governor Randal Quarles, Federal Reserve Bank, spoke on the potential benefits and risks of a Central Bank digital currency before sitting down for a fireside chat with Harris Simmons, Chairman and CEO, Zions Bancorporation.

During lunch, newly appointed U.S Congressman Blake Moore addressed attendees talking about how he intends to advocate for the industry in Congress and reminisced about as a child coming to the UBA Convention in Sun Valley with his father who was a prominent banker in the community.

The Business Session also featured two different panels, "Washington Insiders" with Chris Polaszek, The Polaszek Law Firm; Geoff Gray, Grayco; and Mike Nielsen, CGCN Group; who had a lively

discussion on what is happening in Washington D.C. Following that panel was the "Leading Approaches for Developing and Evolving Sustainable DEI Strategy" Panel, featuring Sui Lang Panoke, Zions Bank; Curt Queyrouz, TAB Bank; Angela Tompkins, CMS Energy and moderator Ross Romero, Inclusion Strategies. The panel addressed strategies in transforming their organizations' culture, increasing employee engagement, and building internal capacity to assess and sustain DEI efforts.

And of course, on Monday afternoon, bankers along with their family members gathered for the ever-popular Bingo game. Over 500 individuals joined in on the fun!

On Tuesday, after a full day of activities, outgoing UBA Chair Kristin Dittmer, EnerBank USA and ABA Chair Jim Edwards were honored at the Chairman's Reception and Dinner. That evening six bankers were recognized with 40 Year Service Awards (page 20), retiring board members were recognized, and Doug DeFries, Bank of Utah, was awarded the UBA's highest honor, the Distinguished Banker Award (page 21). As the sun set on a beautiful day in Sun Valley, attendees were entertained by the world-renowned Sun Valley Ice Show and a fireworks display.

On Wednesday, the closing business session opened with an address from ABA Chair Jim Edwards, CEO, United Bank, who spoke about the incredible effort from banks on PPP and how 96% of account holders rate their banks' customer service as excellent! Then Chairman of the Emerging Bank Leaders, Ben Browning, Bank of Utah, provided the annual EBL report where he spoke about the various events held during COVID and the outlook for EBL.

During the annual membership meeting, bankers elected new UBA leadership for 2021/2022, including Eric Schmutz, President & CEO, State Bank of Southern Utah, as UBA Chairman. The business session continued with our final panel, "Building Industry Influence – Insights from Bank Leaders," featuring Scott Anderson, Zions Bank; George Daines, Cache Valley Bank; Doug DeFries, Bank of Utah and Mark Packard, Central Bank, moderated by Howard Headlee. The convention wrapped up with an amazing presentation by former astronaut and author Jim Wetherbee who provided insights and suggestions on how to develop and maintain risk awareness and the principles of operating excellence.

The UBA convention continues to be a family banking tradition that provides the perfect venue for networking, business, and relaxation. Mark your calendar for next year's event, the 114th Annual UBA Convention, scheduled for June 26-29, 2022, in Sun Valley, Idaho. ■

113TH ANNUAL UBA CONVENTION

40 YEAR SERVICE AWARDS 2021

Six bankers were honored with 40 Year Service awards at the 113th Annual UBA Convention held in Sun Valley on June 29, 2021.

Honored at this year's event were: Frank Browning, Chairman of the Board, Bank of Utah,; Dawna Dehart, Chief Administrative Officer, Cache Valley Bank;, Pete Ellison, Board Member, First Community Bank;, Kent Landvatter, CEO, FinWise Bank,; Ron Ostler, President, Comenity Bank;, and Lanor Warby, Executive Vice President, State Bank of Southern Utah.

The award is designed to honor bankers within the banking industry who have given their time and service to the benefit of banking. To be eligible, honorees must have achieved 40 years of continuous service in banking, be currently employed by a member institution, meet the established criteria for the award and be nominated by their Bank's CEO.

We would like to express a special thanks to these individuals for their long-standing service to the banking industry. Congratulations! ■

Utah Bankers Association Honors Bank of Utah President and CEO, Douglas L. DeFries, with DISTINGUISHED BANKER AWARD

Doug DeFries, President and CEO, Bank of Utah was presented with UBA's highest honor, the Distinguished Banker Award at the 113th Annual UBA Convention. From time to time, the UBA recognizes an individual who has made an outstanding contribution to their community, their bank and the banking industry. Since the award was introduced, only 25 individuals have been given this honor.

Since joining Bank of Utah in 1986, DeFries has led the bank through various economic cycles impacting the state and the country. Under his leadership, Bank of Utah has become one of the highest-performing banks in the nation. In addition to overseeing the bank's operations, DeFries has strived to incorporate ways for Bank of Utah to help those in need in the community. He has served for many years on the board of directors and as chairman for the Ogden/Weber Chamber and has served on numerous boards in the area. DeFries has given back to the banking industry specifically through his time on the Utah Bankers Association board where he has also served as chairman. On a national level, he continues to serve on banking committees, including the American Bankers Association. ■

From time to time, the UBA recognizes an individual who has made an outstanding contribution to their community, their bank and the banking industry.

BANKERS ON THE MOVE

BANK OF UTAH

Rick Northcott, from Bank of Utah, will step into the role of mortgage loan officer, bringing seven-plus years of customer service and sales experience to Bank of Utah's Lindon branch.

Mary McBride, of Bank of Utah, has been appointed to the board of trustees of Davis Technical College Foundation which provides scholarships, equipment, and financial support to the College for technical education that promotes economic growth and student development .

CENTRAL BANK

Andrew Adams has been appointed Assistant Manager of Central Bank's Spanish Fork Office.

Jolene Dalton retired from Central Bank after 43 years of service.

Cynthia Harward was promoted to Manager of Central Bank's Mapleton Office.

Glen Roach retired from Central Bank after 41 years of service in the Spanish Fork Office.

ENERBANK USA

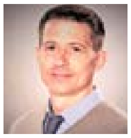
EnerBank USA's Dave King, Vice President, Research and Analytics, has been named to the board of directors of the Home Improvement Research Institute (HIRI).

EnerBank has hired Allyson Torsak as its new senior vice president, chief strategy officer. Ms. Torsak will identify, evaluate and execute on strategic initiatives to support EnerBank's mission to be America's home improvement lender of choice

KEY BANK

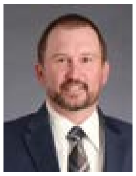
Tyson Chase from Key Bank has been promoted to a relationship manager for Key Private Bank.

TAB BANK



Ryan D. Gabriel Joins TAB Bank as Vice President, Business Development for the Pacific Northwest and Western Canada.

TAB Bank's Gina Mackenzie Named to Northeast Chapter of IFA Board / Chairperson of Women's Division.



Dustin Jacobson Joins TAB Bank's Business Development Team as Vice President and Business Development Officer.

Nilendu Saha Joins TAB Bank in their Executive Leadership team as Chief Technology Officer.

U.S BANK

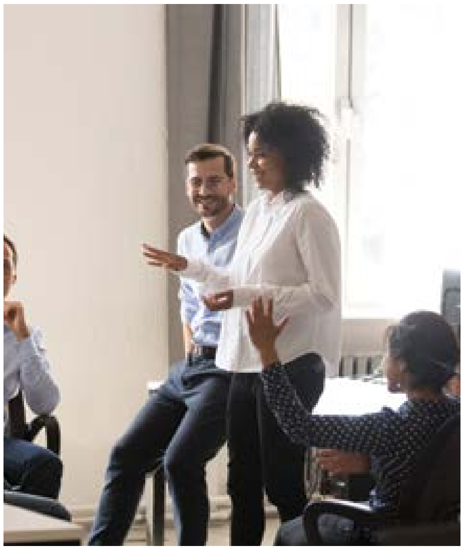
Bash Yaqoobi is the new branch manager at the Syracuse Smith's U.S. Bank in-store branch.

Jack Downie is the new branch manager at the Layton U.S. Bank branch.

Cyler Rodabough was named Digital Lead for U.S. Bank in the Salt Lake City market

Aurora Hemming was named Digital Accelerator for U.S. Bank in the Salt Lake City Market

Sandra Hollins has joined Zions Bank as a program administrator in Community Development. ■



OPPORTUNITIES IN PARTNERSHIP: Ways Community Banks Can Benefit from Today's FinTechs

There's no question that the pandemic caused devastating loss throughout the country. But as the world begins to open back up, companies are evaluating what their "new normal" looks like and identifying ways to drive more revenue into their business.

The pandemic forced us to find new ways to interact with customers. As a result, expectations for engagement have significantly increased. Apps like GrubHub and Instacart have become wildly successful because of their convenience factor. Consumers expect that from the companies they do business with, alongside providing a digital experience, ease of communication and more.

These expectations transcend all industries – including financial services. Many of today's banks have recognized this shift and are looking for new ways to attract, engage and retain their customers, all while providing a great experience.

The increasing role of technology
The proof of the shift to digital is in the data. As a result of COVID-19, 50% of consumers now interact with their bank weekly through mobile apps or websites – up from 32% two years ago. Additionally, a recent survey by FIS shows that, in the past 12 months, 37% of consumers began a new banking relationship with a major national or global bank that had a well-established online portal and 18% of these consumers opened an account with an online-only direct bank.

For community banks known for offering a high-quality customer experience and putting their customers first, this could be an area of concern. However, data from PwC shows that community banks are keeping their finger on the pulse by finding complementary partnerships that will evolve the operations and service they provide customers. Over the next three to five years, 82% of financial institutions expect to increase their partnerships with FinTech, with an average return on investment of 20%.

While others might be waiting years to build or launch partnerships, now is the perfect time for you to benefit from what other companies can offer your institution.

Benefits of partnering with FinTech
Here are some of the advantages of embracing outside partnerships:

- **Creating additional channels for engagement** – Consider a partner who can help expand your communication channels and build a digital presence: from updating your website to launching a mobile app or online portal to implementing more frequent email or text message communications.

- **Diversifying your portfolio** – Go beyond your local borrower base and ensure your excess cash strengthens your bottom line with a partner that can originate a variety of high-quality loans.

- **Protecting your business and customer base** – Investing in a partner with a strong focus on risk, compliance, and identity fraud prevention can give you peace of mind that your Know Your Customer (KYC) procedures are compliant, along with other regulatory guidelines.

- **Generating supplemental income** – Tap into new sources of revenue for your bank, including referral opportunities and loan sources that drive fee income.

How to choose the right FinTech partner
Not all partners are created equal. To ensure you are protecting your customer experience and driving your bottom line, look for these key characteristics when vetting potential FinTech partners.

- A track record of success, including being able to navigate economic downturns

- A strong focus on data and quality, with the ability to determine which loans will perform best in your portfolio

- A streamlined process, making it easy to implement new solutions and not slow down your business

- A commitment to providing best-in-class service with quality solutions that will enhance your customers' experience

With consumer expectations and the benefits of partnership rising in equal proportion, now is the perfect time to review your operations, identify areas of improvement for your bank, and see FinTech as a partner with whom you can collaborate to strengthen your business.■

For more information, contact your BHG representative, Meaghan Kincaid, at 315-509-2635, by email at mkincaid@em.bhgbanks.com or bhgloanhub.com/MeaghanK.

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MEMBERS

We would like to welcome our new Associate Members:

BackBase - Backbase is a fast growing fintech software provider that empowers financial institutions to accelerate their digital transformation and effectively compete in a digital-first world. We are the creators of the Backbase Omni-Channel Banking Platform, a state-of-the-art digital banking software solution that unifies data and functionality from traditional core systems and new fintech players into a seamless digital customer experience. We give financials the speed and flexibility to create and manage seamless customer experiences across any device, and deliver measurable business results. We believe that superior digital experiences are essential to stay relevant, and our software enables financials to rapidly grow their digital business. More than 120 financials around the world have standardized on the Backbase omni-channel banking platform to streamline their digital sales and self-service operations across all digital touchpoints. Our customer base includes ABN AMRO, Bank ABC, Barclays, BPI, CheBanca!, Citizens Lightstream, Credit Suisse, Fidelity, HDFC, IDFC, KeyBank, Ila Bank, Me Bank, Navy Federal, PostFinance, RBC, RBS, Standard Bank, Societe Generale, Truist, U Bank and Westpac.

Bank Compensation Consulting - Bank Compensation Consulting specializes in assisting financial institutions with the evaluation of their compensation programs by identifying deficiencies in their current programs and creating customized plans and offsetting the cost with Bank-Owned Life Insurance (BOLI). BCC has completed SSAE 18-SOC Certification and provides ongoing administrative support and guidance on these plans.

Bell Bank - Headquartered in Fargo, N.D., Bell Bank is one of the largest independently owned banks in the nation, with assets of more than $9 billion. As a privately held company, owned by several majority stockholders, about 140 additional stockholders and Bell employees through an employee stock ownership plan (ESOP), we don't have the pressure of next quarter's earnings. Instead, we focus on a healthy balance of profitability, growth and nurturing relationships. Unlike a typical correspondent bank, Bell's focus is working as your partner. We have larger hold limits, so we won't resell your loan participation with us. We also have a team dedicated to correspondent banking and credit, so we can provide flexible underwriting, competitive lending terms and prices, fast decision-making and consistent communication. Having partnered with more than 300 other independent community banks across 16 states, we'll help you enhance your customer relationships through our experience-based expertise in participation loans, bank stock and ownership loans and equipment financing. In providing these services, we become your behind-the-scenes partner, helping you work in a larger relationship without threatening your relationship with your customer. Call 701-298-1500 to learn how. Bell Bank, member FDIC.

FBBS - FBBS was founded in 1984 to service community banks and their investment portfolio needs in a simple and straightforward manner. For over 30 years, FBBS has worked with over 1,000 clients in more than 25 states. Initially founded with the purpose to service community bank investment needs, the scope of our client coverage has evolved over time. Today we service investment needs for not only community banks, but also trust companies, insurance companies, investment advisors, wealth managers, municipalities, corporations and individuals. No matter the type of client, we are committed to upholding our philosophy of exceptional service through individualized attention. Our experienced traders and sales representatives are dedicated to providing the appropriate products, services and trade execution tailored to our clients' needs. The FBBS team believes the success of our clientele is the future of our firm.

Kadince - Managing, tracking, and reporting on community involvement is time-consuming. Kadince streamlines community involvement management for financial institutions. With Kadince, you will save time so you can make a greater impact in your community. Kadince can also streamline your marketing approval management, and complaint management.

Lendio Utah -Lendio is a marketplace for business loans. Our network of lenders fund all industries with a variety of loan products including lines of credit, short-term working capital, equipment financing, factoring, SBA, and term loans.

Stephens Inc.- Stephens Inc. is an investment banking advisor to a broad spectrum of financial services companies. Representative clients include: regional and various community banks and thrifts, consumer finance companies, broker/dealers, wealth managers, insurance brokers and underwriters and third-party administrators. The Financial Services Group serves public and private companies in addition to private equity groups. Since January 1, 2016, Stephens Inc. has advised on 67 M&A transactions in the banking sector with a total transaction value of $12 billion. In addition to our M&A experience, we have lead-managed or co-managed more than 72 equity and debt offerings in the banking sector since 2016, with a total offering value approaching $7.7 billion.

BANK KUDOS

BANK OF UTAH

BANK OF UTAH WINS NORTHERN UTAH SILVER AWARD AND THE BEST OF SOUTHERN UTAH 2021

Bank of Utah, a community bank with $1.9 billion in assets, was recently honored as a recipient of the Best Bank of Northern Utah Silver Award for its Cache and Box Elder County locations and won The Best Home Loan Office of Southern Utah 2021 for the third year in a row for its St. George home mortgage division.

"We are grateful to our customers and professional business partners who are responsible for this honor," said Douglas L. DeFries, president of Bank of Utah. "This past year has been full of challenges for everyone, and we appreciate our dedicated staff who have continued to offer exceptional service during this pandemic."

Award recipients for Cache Valley Media Group's Best of Northern Utah and Canyon Media's Best of Southern Utah are selected based on community responses and voting.

TAB BANK

TAB BANK CREATES OPEN BANKING PLATFORM AND STREAMLINES LENDING PROCESSES WITH MULESOFT

MuleSoft, a provider of the world's #1 integration and API platform, announced that TAB Bank is using MuleSoft to build its open banking strategy and grow an ecosystem of partners. TAB Bank is a modern, digital-only bank specializing in serving small and medium enterprises (SMEs) that account for most businesses in the United States. TAB Bank's online-only customer base depends on digital experiences that are easy-to-use and connected. With MuleSoft's Anypoint Platform™, TAB Bank can quickly meet customer expectations, now processing SME loans 60x faster than before.

TAB BANK PROVIDES TRANSPORTATION FACTORING COMPANY IN MICHIGAN WITH A $5 MILLION REDISCOUNT CREDIT FACILITY

TAB Bank is pleased to announce it has provided a $5 million rediscount credit facility for a trucking factoring company located in Michigan. The facility is based on a multi-year agreement and will provide the means necessary to grow and expand the company's growing portfolio.

The company was primarily looking for a funding partner with experience in lending to and financing companies in the trucking industry. Their search led them to TAB Bank.

U.S. BANK

U.S. BANK HELPS LAUNCH THE NEWEST EXPANSION PROJECT FOR THE SUAZO BUSINESS CENTER IN OGDEN.

U.S. Bank Foundation helped launch Suazo Business Center's newest expansion project in Ogden with their new Business Information Center. Working in partnership with the City of Ogden and Weber State University, the Center's purpose is to help recruit individuals in the area's underserved community – Latinos, Blacks, other communities of color, women, and low-income entrepreneurs – who desire to start or expand a business. Suazo aims to help entrepreneurs navigate and understand the complexities of running a business through their bilingual services, specifically for communities that have historically lacked small business support.

ZIONS BANK

ZIONS BANK CELEBRATES OPENING OF GARDEN CITY BRANCH

Together with Garden City government and business leaders, Zions Bank celebrated the grand opening of the city's only full-service bank in June. A ribbon-cutting ceremony for Zions Bank's Bear Lake Garden City branch, located at 557 North Bear Lake Blvd., was held on June 10.
Part of a new 40,000-square foot development includes Mike's Market, Ace Hardware, Beans & Brews, and Chevron. The new branch brings a banking presence to the growing resort town. It boasts enhanced digital features, including two ATMs that can deposit up to 15 checks or 50 bills at once and transfer funds between accounts.

"The importance of this branch in Garden City is monumental," said Steve Allred, Zions Bank's Garden City branch manager. "Residents here have gone without an actual, physical banking location for many, many years. For Zions Bank to come here, it's really important to the people of Garden City as well as for local businesses." ■

ARTICLE

Best Practice: Provide Personalized Product Recommendations During Online Account Openings

By Stephenie Williams
VP, Financial Institution Marketing Product and Strategy

The bar for digital personalization has never been higher

Increased use of digital banking, coupled with the reality that people just don't visit branches the way they used to, has made it more challenging than ever for financial institutions to deliver personalized customer interactions.

But don't be fooled into thinking unique conditions have increased consumers' tolerance for service that is less than personal. The fact is, consumer expectation for highly personalized online service has increased, as awareness and perception of emerging technology is at an all-time high.

Consumers expect their institutions to replace vanishing in-branch interactions with digital interactions that feel just as relevant, genuine and personal - or they look elsewhere.

Healthy long-term banking relationships begin with the ability for financial institutions to provide a personalized online account opening experience. One that offers insight and recommendations for products and services that fit the unique financial needs of customers and members.

Take Charidy and Thomas for instance . Newlyweds with a great life plan. New customers opening their first bank account together using a method that is now the new normal - online.

Left unassisted to self-select products and services, Charidy and Thomas are unlikely to take full advantage of the benefits available to them and left unaware of missed opportunities . It's a disadvantage shared by many others.

New customers self-select the most appropriate products only 30 percent of the time because they lack a deep understanding of the products and services being offered.

Source: IQ Analytics by Ignite Sales

Superior account openings start relationships off on the right foot

Technology has redefined how we connect with consumers. Financial institutions are now capable of delivering a wide array of online personal banking experiences. Chief among them is the ability to engage new customers and members in relevant Q&A dialogue and make real time recommendations on products and services based on those important digital conversations.

By simply asking a few basic questions about financial goals during an online account opening experience, institutions are able to obtain all the information needed to make effective, personalized product recommendations that best serve the needs of customers and members.

Using intuitive digital dialogues, it takes just a few minutes to not only learn Charidy and Thomas's current needs, but also about their future personal and financial goals. This initial digital conversation provides the information needed to recommend the best products based on their current financial situation .

It also offers insight and timing for future engagement opportunities designed to support every stage of their financial journey.

Using guided product self-selection, new customers choose the correct products 98 percent of the time.

Source: IQ Analytics by Ignite Sales

Turn passive users into active engagers
Even as you build out digital products and services, you want consumers to be active engagers of your online tools.

Accenture's Technology Vision 2020 Report reveals a key tech trend is to help people choose their own adventure. To redesign digital experiences with new models that turn passive audiences into active participants by "transforming one-way experiences into true collaborations."

Charidy and Thomas have a 401(k) retirement account, but that's all.
Their initial digital conversation informs us they are interested in other wealth management options to secure their future. They would like information on where to start.

One of the best ways for financial institutions to increase engagement is with tools that enable people to discover ways to grow their financial wellness.
From a how-to video on improving a credit score, to an online class on how to save for a home or launch a small business, the tools you provide customers and members will motivate them to seek more of your services within those sectors.

It also inspires them to reach out about other options, especially once they know you have more useful services. These initial conversations have the ability to create revenue, because you're showing them answers to questions about things they want to accomplish. Even if they're not ready to commit today, knowing their future needs will let you start that conversation at just the right time.

Charidy and Thomas have a detailed financial plan that affects all aspects of their lifelong journey together. They live in the present and look toward the future . The predictive capabilities you need to help them reach their goals and diagnose problems and challenges along their consumer journey comes from continued on- and offline engagement. In doing so, you win Charidy and Thomas's trust loyalty and respect

Mapping the digital consumer journey
Consumers are passionate about maintaining financial wellness as their lives change and evolve. Financial institutions that fail to provide the digital tools and platform to automate, simplify and satisfy growing demand for 24/7, year-round personalized service risk losing the loyalty and trust of customers and members to institutions that do.

84%
have not mapped their customer's financial Journey

Source: Lay, Robert James, "How to Create a Digital Brand Strategy for Optimal Growth," Digital Growth Institute, 2019

The digital consumer journey begins with a single step
Getting and keeping the attention of your customers and members comes down to reinventing the online account opening experience. Ideally, it's the start of a circular journey that lets you reach them at key moments with recommendations and advice that boost their confidence and help make their decision-making easier.

Stephenie Williams is the Vice President of Financial Institution Marketing Product and Strategy for Harland Clarke.

Stephenie has over twenty years of experience in Direct Marketing, Strategic Planning, Product Management, and Promotions in the financial services, retail and automotive industries.

Financial institutions that use online technology to engage families, support their values and priorities, assist them in building and preserving wealth responsibly, and help them meet their goals at every life stage, create strong professional and personal relationships that last a lifetime.

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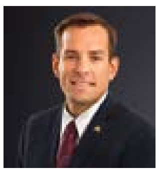

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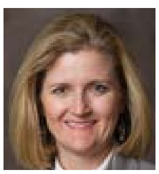

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