Relationship Rebuilding: Tactics for Stronger Client Connections During COVID

By Amber Seitz

Picture walking into a bank branch. A familiar face greets you by name before asking, “How can I help you today?” You chat for a few minutes about life, family, and what’s happening in town while you conduct your banking business. You’re picturing a community bank... Six months ago.

Relationships have always been the hallmark of community banking. But today, many branches remain closed, and in those that are open customers are greeted by masks, not faces. In today’s novel circumstances, what can community banks do to maintain their relationship leverage? In a word: proactive. (Okay, two words.)

Banking is one of the few industries left that is proverbially traditional. The pandemic forced change on nearly every business sector, but the “button-down brigade” industries like finance and law needed to jump the farthest to go from Then to Now. Overnight, working from home and flexible hours became an operational necessity rather than a “someday, maybe” perk.

Overall, Wisconsin’s banks transitioned very well; bankers buckled down and focused on serving their customers in a time of need. “It was all hands on deck during the height of PPP processing,” said R. David Fritz, Jr., managing partner at Executive Benefits Network (EBN). “Banks didn’t need to reach out to clients because clients were reaching out to them. That’s shifted a bit now.”

Now that we’re in the new, covidian world for the long haul, banks should apply that same level of dedication to service in new ways, rather than hope for a return to “normal.”

(continued on p. 24)

COVID-19’s Long-Term Repercussions for CRE

By Amber Seitz

It’s not exactly a bubble, but there are dark clouds on the horizon for commercial real estate. Commercial real estate (CRE) loans are under pressure, squeezed between two external forces brought on by the novel coronavirus pandemic: shutdowns and work-from-home (WFH) arrangements. And the long-term effects could strain bank portfolios as they work to provide “prudent accommodations” to struggling borrowers. Are we in the calm before the storm?

Several sectors—most notably hospitality, retail, and food and beverage—are still reeling from forced closures and additional government ordinances and cleaning requirements designed to slow the spread of the virus. The initial hit to the hospitality sector was the immediate impact of the pandemic on transportation and business travel, according to Michael Wear, CRC, owner and principal of 39 Acres Corporation, which specializes in banker education and consulting in the areas of credit risk and loan portfolio risk management.

“The second punch came from local government ordinances prohibiting groups and requiring extra cleaning procedures,” said Wear. According to data from the Bureau of Labor Statistics, about 4.8 million leisure and hospitality jobs have been lost since February, and the sector could lose over $120 billion this year—half its revenue.

This spring, government-ordered lockdowns forced the global business world into the largest-ever WFH experiment, with (surprisingly, to some) positive results. “There’s going to be an absolute shift in demand for office space in the future,” said Stanley Koopmans, senior vice president – commercial relationship manager at the State Bank of Cross Plains. “I hear many of my customers saying they’ve not seen a decrease in productivity, and in many cases, they’ve seen an increase. They still want office space for those employees who want to come in, but they may not need as big of a building.”

(continued on p. 22)
Networking, Development Key for Industry Success

By Paul Kohler

On Aug. 13, we celebrated the 15th Annual WBA Chairman’s Membership Appreciation Golf Outing, and it was an outing like we’ve never seen before. Despite physical distancing and other health precautions, the 130 bankers and vendors gathered enjoyed a day on the links full of great networking opportunities. Thank you to everyone who attended, and especially to our sponsors who helped make this event possible.

The purpose of the outing, as the name suggests, is to thank WBA’s member banks. To all of the banks and bankers present at the outing, I extend my sincere thanks for your decision to support our industry through your membership in our association. This dedication demonstrates your commitment to Wisconsin’s banking industry and to your customers and neighbors.

Also, I would be remiss if I did not express my thanks and appreciation to the exceptional companies who partner with the WBA as Associate Members. These companies provide the products and services community banks need to serve our customers in an increasingly competitive and fast-changing marketplace. Networking, like at the golf outing, is an important component to professional development. Few tactics are more effective for banks to recruit and retain employees than supporting the growth of bank staff. By equipping bank staff with the latest information and peer connections, banks help ensure their clients and customers have access to a pool of experts.

Our association’s education and training offerings are second-to-none, and new live, virtual offerings have the added benefit of promoting networking with non-competitors. Whether the topic is marketing practices, security concerns, or strategic direction, it’s simpler to share and give advice with peers outside your bank’s footprint.

Investing in your institution’s up-and-coming talent is especially important. WBA’s BOLT group and upcoming Emerging Leaders Virtual Series is a perfect opportunity. Since the program is virtual, not only will attendees gain access to engaging and informative speakers and sessions, but also a broader network of non-competing bankers to lean on throughout their careers.

By investing in the growth and development of our industry’s future leaders—including their professional networks, formal training, and leadership opportunities—Wisconsin’s banking industry will help secure a successful future through these volatile times.

Kohler is president of Charter Bank, Eau Claire and the 2020-2021 WBA Chair.

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Political contributions are fuel for positive change.

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» Supports candidates from both parties.

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★ Biggest Advantage: Triples the impact of your contribution; shares the credit with your bank, your industry, and WBA.

Act Now | www.wisbank.com/Advocacy

Political contributions are not tax deductible. Corporate contributions are prohibited by law. Authorized and paid for by the Alliance of Bankers Conduit and Wisbankpac, Debra Nabholz, Treasurer.
Things might look a little different now. We might not be able to shake your hand or meet you face to face. And just like you, we’re relying more on technology to stay connected.

But no matter what, **we’re here for you**. And when this is all over, we’ll still be here, stronger than ever, a partner you can count on – now and going forward.

**Why You Can Be Confident with Bell Bank as Your Partner**

We are and have always been downside risk managers. That’s part of what makes us so strong and allows us to be committed to correspondent lending – a growing part of our company.

As your community banking partners, we want to help you through this unprecedented time. While we’re being more conservative in our overall lending, we’re still purchasing high-quality participations and offering bank stock financing.

Additionally, we can offer:

- A full line of insurance products
- Business leasing opportunities
- SBA loan assistance
  (our SBA expert program group would be happy to answer questions regarding SBA programs – including the Paycheck Protection Program)
Advocacy Update

Time to Break Open Your Advocacy ‘Piggy Bank’

By Mike Semmann

Have you donated to the Alliance of Bankers of Wisconsin Conduit? Thank you so much! Your funds go to pro-banking candidates. We’ve all seen what happens when anti-banking legislators are in charge: more red tape and higher taxes. Proposals on the federal and state levels could change the way we offer products, process electronic payments, raise capital, make new loans, and even how we talk with our customers.

If you do not care where your funds go but have already donated to the conduit, you can transfer those funds to Wisbankpac. The PAC is administered by WBA staff and the decision is made internally on where those funds would be best used.

November is getting closer every day, and candidates that support the industry will need these funds more and more. They do no good sitting in your conduit account, so please be sure to release them over the course of the campaign.

Are you receiving emails but do not wish to donate to any of the candidates listed? You can always respond with any other candidate you choose. We do have a prohibition on donating to presidential campaigns as the compliance requirements are too great.

Please contact me with any questions at 608-441-1206 or msemmann@wisbank.com.

Semmann is WBA executive vice president – chief operations officer.

“Ambitious But Realistic Objective”

OCC to Introduce Special Payments Charter This Fall

By Amber Seitz

“Why create a new charter? To adapt the financial services industry to changing consumer behaviors,” Brooks explained. “I don’t buy the argument that granting a special-purpose charter is somehow an existential threat to the incumbent banks.”

One argument against launching a special payments charter is that it would bring unfair competition to the marketplace and threaten traditional banks. Brooks doesn’t agree. “I think the traditional [banking] model is always going to have value because deposits are a cheap source of funding and we have a federal regime that includes deposit insurance,” Brooks explained. “I don’t buy the argument that granting a special-purpose charter is somehow an existential threat to the incumbent banks.”

Another argument relates to financial inclusion. Since the Community Reinvestment Act

(continued on p. 7)
Join the WBA’s Capitol Day(s) kickoff during the WBA Management Conference, then join with hundreds of bankers around Wisconsin to share what the banking industry is doing to support Wisconsin’s businesses and families.

After the kickoff event, held Sept. 16, WBA will be hosting multiple Capitol Day(s) on different dates to engage legislators. Pick the event or events that fit your schedule and addresses who currently represents you in the Legislature.

**September 16**

**Capitol Day Kickoff Agenda**  
(During Management Conference)  
- Welcome  
- Assembly Speaker Robin Vos  
  (invited to address the group)  
- Legislative update  
- Senator Janet Bewley  
  (invited to address the group)  
- Conclusion

**September 17-30**

**Capitol Day with Your Legislator Agenda**  
(Various dates/times)  
- Welcome  
- Legislative Guest Speaker addresses the group  
- Legislative update/issues  
- Discussion with event host, bankers, and legislator  
- Conclusion

★ Register online at [www.wisbank.com/CapitolDay](http://www.wisbank.com/CapitolDay).

If you have any questions regarding the Capitol Day(s) efforts, please contact WBA’s Mike Semmann at [msemmann@wisbank.com](mailto:msemmann@wisbank.com).
Legal Counsel You Can Bank On.

In these difficult times, community banks throughout the Upper Midwest and beyond rely on Reinhart for its comprehensive range of industry-tailored legal services.

We have helped clients across the region adapt to the new banking realities, including government loan programs, protocols for practical masking/distancing policies, and litigation assessment and mitigation.

Midwestern community banks also turn to Reinhart for their operational and strategic needs, including mergers and acquisitions, branch purchases, capital offerings, shareholder management issues, corporate governance, regulatory compliance concerns and examinations.

*How can we help you?*

**John Reichert**  
414.298.8445  
jreichert@reinhartlaw.com

**Melissa Y. Lanska**  
414.298.8706  
mlansa@reinhartlaw.com
When There’s an Exception to the Rule
What banks should disclose regarding funds availability

If bank’s funds availability policy differs from its practice, what should be disclosed?

**Answer:** The disclosure provided by a bank must reflect the availability policy followed by the bank in most cases, even though a bank may in some cases make funds available sooner or impose a longer delay.

Regulation CC requires a bank to provide a disclosure describing its policy as to when funds deposited in an account are available for withdrawal. This disclosure must reflect the policy followed by the bank in most cases. For example, a bank may have a policy of next day availability. However, in practice, this bank generally does not delay availability and instead provides same day availability. In this case, bank’s disclosure and policy does not match its actual practice. If this bank’s standard practice is to offer same day availability, then its policy and disclosure should match that practice.

Reg CC also states that in disclosing the availability policy that it follows in most cases, a bank may provide a single disclosure that reflects one policy to all its transaction account customers, even though some of its customers may receive faster availability than that reflected in the policy disclosure. Thus, a bank need not disclose to some customers that they receive faster availability than that reflected in the policy disclosure. If, however, a bank has a policy of imposing delays in availability on any customers longer than those specified in its disclosure, those customers must receive disclosures that reflect the longer applicable availability periods.

In either case, a bank’s disclosure should reflect its policy, which should be consistent with practice. In the scenario that some customers receive faster availability, despite a policy to the contrary, it’s important to note that faster availability in this scenario is the exception, rather than a reflection of a bank’s typical practice. Reg CC requires disclosures for customers to understand their relationship to the accounts, and when their funds are available, so those disclosures should reflect bank’s actual practices.

Birrenkott is WBA assistant director—legal. For legal questions, please email wbalegal@wisbank.com.

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WBA CFPB Clarifications Regarding LIBOR Sunset and Reg Z

**Summary of a recent comment letter below**

On June 4, 2020 the Consumer Financial Protection Bureau (CFPB) released a notice of proposed rulemaking (proposal) to address the sunset of LIBOR, which is expected to be discontinued after 2021. The proposal would provide examples of replacement indices that meet certain Regulation Z (Reg Z) standards, permit creditors new means to transition home equity lines of credit and credit card accounts from LIBOR to a replacement index, and address change-in-terms notice provisions. WBA filed comments on Aug. 4 in support of CFPB’s efforts to clarify compliance with Reg Z given the transition from LIBOR.

For copies of this or other WBA comment letters, please contact the WBA Legal Department at 608-441-1200 or visit www.wisbank.com/CommentLetters.

The WBA Legal Department advocates for the industry by writing comment letters to federal and state regulators on proposals affecting the industry and by filing friend-of-the-court briefs at the request of WBA members and per approval by the WBA Board of Directors.

Visit www.wisbank.com to learn more about this topic and other compliance-related issues.

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Legal Hotline:
The WBA Legal Department does more than address legal concerns for the association; it provides tangible assistance to member banks via its free legal call program. The association’s team of attorneys work to relieve some of the industry’s compliance pressure as a timely resource for a wide variety of legal inquiries.

Submit your legal inquiry via email (wbalegal@wisbank.com) or by calling the legal hotline at 608-441-1200.

Note: The above information is not intended to provide legal advice; rather, it is intended to provide general information about banking issues. Consult your institution’s attorney for specific legal advice or assistance.

Special OCC Charter (continued from p. 4)

(CRA) uses deposits as its basis, any payments fintech that does not accept deposits wouldn’t be subject to it. “What we have to do is be creative about the way that we measure the benefit created by our charter, and what is the rational, intelligent, but not overly burdensome concomitant benefit we’d expect them to plow back into their communities,” Brooks said. “Rest assured, these charters will have some kind of financial inclusion expectation.”

Listen to the entire interview and read analysis from **Forbes**.

Seitz is WBA operations manager and senior writer.
The 2021 Chairman’s Member Appreciation Golf Outing is scheduled for Aug. 19, 2021.

On Aug. 13, WBA Chair Paul Kohler, president and CEO of Charter Bank, Eau Claire, welcomed his fellow Wisconsin bankers and WBA members to the annual Member Appreciation Golf Outing. The traditional outing looked a bit different this year, with bankers and vendors keeping physical distance and a limited number of golfers, but the celebratory tone was the same.

Each year, this is the WBA Chair’s opportunity to thank the bankers of the state for their continued support of the association and Wisconsin’s banking industry through their membership.

Kohler and the WBA also thank all of the event sponsors and WBA’s entire Associate Membership for their continued generous support of the association and the banking industry in these uncertain, unprecedented times.

At left: It was a beautiful day for golf at Trappers Turn Golf Club!

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See You Next Year!

Fifteenth Annual WBA Chairman’s Member Appreciation Golf Outing

Aug. 13, 2020 • Trappers Turn Golf Club • Wisconsin Dells

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See You Next Year!
Support Behind the Scenes: WBA Associate Members

In today’s business world, no company is entirely self-sufficient. Niche expertise and product specialization have created a competitive landscape where interdependencies lead to growth and efficiency. In order to reach your bank’s strategic goals, you rely on third-party providers for a growing list of products and services so that you can focus on being there for your customers.

While you’re busy being there for your customers, WBA Associate Members will be there for you.

As your association, WBA is constantly building products, services, and partnerships that will help our member banks achieve their goals. WBA’s Associate Membership program is one of the key ways in which we support our member banks. “The WBA’s Associate Members play a very intricate role in the Wisconsin banking industry,” explained Nick Loppnow, WBA director—associate member and education services. “Most of it is behind the scenes, and it’s all to help enhance the banks’ ability to serve their customers and deepen their relationships.”

WBA currently has 150 associate member companies in industries ranging from law, risk management, accounting, and correspondent banking to insurance, IT, marketing, and architecture. This broad spectrum of members means there’s a WBA Associate Member for every third-party partnership your bank relies on to serve your customers. “The WBA’s Associate Membership program offers banks the opportunity to look for companies to fit their specific needs,” said Loppnow. “All of the associate members go through an approval process to ensure that the WBA recommends high-quality companies to its bank members.”

In addition to this staff vetting, the WBA Board of Directors is informed of all new associate members and asked for any feedback on the companies. In fact, many new associates join WBA at the recommendation of a current customer that is a WBA Member Bank.

Through this review process, WBA and its directors strive to accept membership only from companies which are dedicated to serving the banking industry and provide exceptional products, services, and customer support. While our associate member companies pay dues, just like bank members do, the program is not a free-for-all. “Many of our associate members go above and beyond simply paying their dues by supporting the association’s efforts to educate and bring bank members together at events,” said Loppnow. “Our associate members thrive on sharing their expertise by presenting on hot topics and supplying articles, white papers, and resource websites as well as dedicating funds through sponsorships to help enhance the bankers’ experiences at WBA events.”

WBA Associate Members, through their membership, demonstrate the same dedication to customers and the Wisconsin banking industry that WBA Member Banks show their own clients and communities through their exceptional service.

Visit www.wisbank.com/resources/associate-members for a searchable index of all WBA Associate Members.

New WBA Associate Member

New Audit and Risk Assessment Services Available for WBA Members

The WBA Board of Directors has approved the following service provider as a new WBA Associate Member.

AffirmX
www.affirmx.com
Frederick, Md.
Contact: Dana Carrington
Tel: 612-961-0479
Dana.Carrington@affirmx.com
AffirmX was originally established to help financial institutions stay on top of governance, risk, and compliance. Traditional “boots on the ground” models of consulting are costly in terms of both the utilization of company resources and the time and billing rates of senior consultants and their associated expenses. To solve this problem, we created a hybrid solution: patented technology plus experienced analysts. Our service model provides risk assessments, audits, and other regulatory services almost entirely off-site, which is a particular advantage in these days of COVID-19. Through the use of our patented Risk Intel Center platform, necessary documents can be uploaded directly to our U.S.-based analysts, eliminating travel costs and having a team of auditors on site. The risk Intel Center also allows for compliance work to be assigned and spread over the course of a year, reducing stress for your team. In a nutshell, AffirmX and our sister company, AdvisX, reduce the costs, anxiety, and workload of your ongoing regulatory compliance efforts.

WBA Associate membership should not be construed as an endorsement of the company’s products or services by the WBA.
It’s peak politics, and that means someone’s looking for more than your vote.

Cybercriminals are looking to capture your customers’ financial data through phishing and smishing...and come election time, they think you’re an easy catch.

At Locknet Managed IT, we think otherwise. Politics aside, hackers and tricksters are trying to lure you and your customers’ in, hook, line and sinker. That’s why we’re angling to help you out with the security training you and your team need to protect yourselves.

Think of us as your personal phishing guide.

With Locknet on your side, phishers and smishers go home empty handed. And that’s something we can all vote for.
FOMO No More: Community Banks Win Tech with Vision

By Amber Seitz

P2P payment apps, mobile deposit, digital account opening, APIs...

Since the advent of the ATM, it seems banks have been caught in a constant battle of technology one-upmanship, with community banks struggling to keep up with larger firms (and nonbanks like Amazon and Google) as they sprint ahead. For community banks, “winning” the tech battle requires building a vision of the future, not inventing something brand new.

“Community bankers hear ‘innovation’ and think they need to invent something completely new,” said Trent Fleming, principal of Trent Fleming Consulting. “But their core competency is not invention, it’s personalized service.” Truly knowing and understanding their customers and their communities is the foundation community banks have built on for nearly two centuries. With the pace of technological change increasing at an exponential rate, what knowing and understanding the customer looks like has changed as well. Fortunately, community banks don’t need to be on the bleeding edge in order to deliver quality customer service. “The tendency is to look for the next really cool product, but the next really cool product is better delivery of the customer’s financial information,” Fleming explained. “Focus on improving your customers’ access to their own information so their quality of life improves.”

If they don’t have one already, bank leadership should begin creating their vision today, but with the customer at the center. The best question to start with, according to Fleming, is Are we preparing for our next customer-base?

Bank leaders should closely examine demographic and commercial trends in their geographic footprint. In five years, what will the neighborhood around the branch look like? Will it still be retail and suburban, or will there be a shift to industrial? What’s happening with the population regarding age, race, and level of education? “It’s not just who your customers are, but what lines of business they’re in, the footprint, and what kinds of products and services they’ll need,” Fleming explained. “That helps you plan for what kind of institution you’ll be and how you’ll serve today’s and tomorrow’s customers.”

Tactics for Post-Pandemic Banking

With their strategic vision to guide them, bank leaders should build their bank’s future with the following best practices in mind:

1: Implement Fast

The biggest difference between banks with more than $15 billion in assets and those with less, according to Fleming, is the speed at which they can roll out new technology. Fortunately, community banks don’t need to develop and implement with lightening speed. “Most banks have access to what they need, they just haven’t implemented it,” said Fleming. By working with the third-party vendors they already have, many banks will find they can better leverage the tools they have available to them. “You need to aggressively embrace technology, because that’s what your customers are doing,” said Fleming.

2: Keep Momentum Going

The COVID-19 pandemic has caused massive disruption in nearly every area of life, but Fleming says the behavior changes it forced upon consumers should be encouraged if they are beneficial. “Going forward, banks should make sure they capture the value of changed customer behavior,” he said. “Slipping back into business-as-usual is the single biggest mistake banks could make.”

3: Fill in Gaps

In the pandemic’s wake, banks should reassess their branch strategy and where they have opportunities to meet new customer needs. “It’s important banks identify where they have gaps between what they offer and what customers want,” Fleming advised. Especially for the next generation of bank customer, face-to-face interaction isn’t the first choice. Fleming suggests cultivating more “invisible loyalty.” “A customer who only uses the bank’s remote channels can be as loyal and more profitable than a customer who you see all the time,” he explained. “The customer you see often isn’t taking advantage of your offerings.”

4: Prioritize CX

Banks should fiercely prioritize customer experience (CX). “The core of banking hasn’t changed,” Fleming said. “What will change is the quality of the delivery of information, giving customers what’s relevant for their current situation.” By knowing and delivering exactly what each customer is looking for, banks can grow satisfaction and loyalty. “The less time a customer spends successfully completing their banking business, the more satisfied and loyal they will be,” said Fleming. “Banks need to embrace and prepare for that concept.”

5: Engage Employees

To get ROI on investments in technology products, banks need to achieve high adoption and usage rates among customers. Fleming says knowledgeable, enthusiastic employees are the best way to achieve that. “Have employees use and adopt the new technology themselves, because that’s how they become knowledgeable about it,” he said. “It takes some training effort, but you’ll see customer adoption go up by a quarter to a third.” Another method is to empower an employee who shows great aptitude by naming him or her the Virtual Branch Manager—a position Fleming says shows current and potential customers that the bank isn’t looking at digital as an afterthought.

To hear more from Fleming about creating a vision for your bank’s technology future, including the latest on emerging products and trends, attend the upcoming WBA Secur-I.T. Conference! Now fully virtual (it’s a tech conference, after all!), the conference will span two days and feature seven hours of presentations, networking opportunities, a vendor showroom, and more. Join your peers at the only Wisconsin technology event by and for bankers on Sept. 22-23! Learn more and register at www.wisbank.com/Secur-IT.
There isn’t one magic thing a producer can do to maintain economic vitality, it’s many things and one of them is embracing technology.

Land O’Lakes is the third-largest agricultural cooperative in the U.S. Microsoft, home to quarantine-lifesaver Teams and other software, doesn’t seem like an intuitive match for a company best known for its butter. But—despite being an ancient industry relatively safe from digital disruption (so far)—agriculture is no stranger to technology.

Many producers utilize cutting edge technology to help them increase efficiencies in an industry where margins have been shrinking for decades and the median income is negative.

Drones, temperature and moisture sensors, aerial imaging, GPS, and even robots allow for more precision and profit, and are often safer and more environmentally friendly. In 2017, John Deere acquired AI and robotics company Blue River Technology. In an interview with Fierce Electronics, John Deere Strategy Lead, Digital Solutions Sona Raziabeegum talked about the acquisition, explaining that automation in agriculture requires a greater degree of precision than autonomous vehicles. “The job of an autonomous vehicle is to basically move from point A to point B,” he said. “In contrast, a combine or sprayer is not just moving between two points; it has to do a job along the way, and it’s a job for which you have to have a high level of precision.”

Those same precision problems exist in every area of farming: exactly when to inseminate a cow, early detection of illness to prevent spread, predicting microclimates, exact days to fertilize, etc. Jeff Wilke, vice president – agribusiness banker at Denmark State Bank and a member of the 2020-2021 WBA Agricultural Bankers Section Board, says that more and more dairy producers view each cow as a profit center, and the more the producers know about each cow, the better their operations will be. “A healthier cow means higher production and better components,” he explained. “To be a survivor in the industry from the business perspective, the producer as the manager has to look at technology as a tool to increase efficiencies.”

With that in mind, the Microsoft/Land O’Lakes partnership makes perfect sense. Farmers have been collecting data for hundreds of years (Farmers’ Almanac, anyone?) but have lacked the computational expertise to take full advantage of it. “One of the things I was also blown away by was the amount of data and tech that is already in what is the oldest industry,” Nadella told WIRED when asked why Microsoft pursued the partnership.

Land O’Lakes CEO Beth Ford said the reason she was excited about the partnership is gaining access to the cloud and AI resources Microsoft can bring to bear. “Their expertise in helping us understand how we can capture this data and how we enhance this data” is what Microsoft brings to the table, she told WIRED.

Practically speaking, what challenges will the partnership tackle first? Imagine a Fitbit, but for cows. The device will use sensors to measure location/activity levels and body temperature. Additionally, the project involves developing a facial-recognition system to identify individual cows. Eventually, it will include nutritional advice for optimizing the microbiome.

One major tech adaptation for the ag market is the need for all of this computing to take place “on the edge” rather than “in the cloud.” Doing so circumvents many challenges presented by unreliable (or not present) connectivity in rural areas. Edge computing is done quickly on the sensors themselves, on the farm, rather than sending the information to computing systems on servers at another location, which may or may not work quickly, depending on the farm’s access to reliable high-speed internet. One way the project will enhance connectivity is by using existing farm infrastructure, such as placing Wi-Fi hotspots on top of silos or grain elevators, where the signal can travel farther.

If Microsoft and Land O’Lakes succeed in creating AI-drive technology to improve precision on farms, it will be a great benefit to the industry, Wilke said. “Like many other industries, it will enhance production, improve efficiencies, reduce operating expenses,” he said. “There isn’t one magic thing a producer can do to maintain economic vitality, it’s many things and one of them is embracing technology.”

And the healthier farm operations are, the healthier ag banks are. “From the banking side, any producer using these tools to make their operation profitable and improve cash flow makes loan decisions much easier,” Wilke said.

Seitz is WBA operations manager and senior writer.
Big Swing in ALLL? Check Your PPP Pool

By Amber Seitz

It’s 5:01 p.m. You just finished your quarterly ALLL analysis and you’re ready to send the report up the chain before you head out for the weekend.

But wait. Something’s off...

Why did the bank’s surplus in loan loss reserves drop so much between Q1 and Q2?!

Look at your PPP loans, says Jeff Schmid, FIPCO director – compliance and management services.

Schmid, along with other industry experts, advises banks to create a separate pool for loans made under the Paycheck Protection Program. PPP loans are zero risk weighted for capital requirements and carry a 100% guarantee from the U.S. Small Business Administration, so they should be grouped separately from the rest of the bank’s commercial and industrial (C&I) portfolio.

If PPP loans are not pooled separately, the allowance for loan and lease losses (ALLL) analysis will incorrectly apply the bank’s historical loss calculation. Since—for most institutions—PPP is where the majority of the past quarter’s loan growth came from, misapplying the historical loss calculation could cause a swing in the calculated reserve of $100,000 or more.

Another reason to isolate PPP loans, even if the bank’s ALLL calculation doesn’t seem too far off from normal, is the upcoming forgiveness phase for the loans. If the bank has pooled PPP in with all other C&I loans, there is potential for PPP loans to (falsely) motivate the bank to increase provisions over the next half of the year. Then, as the loans are forgiven, the bank’s balances will drop, leaving it with a surplus of ALLL.

In addition, Schmid advises bankers to be cognizant of the nine FAS 5 qualitative factors and adjust them at least every six months at a minimum. Especially given today’s economic environment factors, banks should consider increasing those percentages anywhere from 15 to 25 bps, especially on mortgages and commercial operating loans. However, banks should consider separating commercial real estate from commercial operating loans. CRE loans have very different qualities, Schmid reminds.

Another ALLL consideration is whether the bank has implemented CECL standards. The outsized impact of PPP loan pooling is especially significant to community banks that have not yet adopted CECL.

Aside from PPP loan origination, banks should pay close attention to any charge-offs during the second quarter and the impact a large write-down may have on a small, homogeneous pool. If the bank can make the case to expand its historical loss from four or eight quarters to something longer, like 12 quarters, this may help equalize any anomalous transactions. It is essential to document this decision with the bank’s board of directors.

Processing fees received from SBA for PPP loans weren’t in anyone’s 2020 budget—if they were in yours, please let me borrow your crystal ball... I have lotto tickets to buy!—which means any income generated from PPP should be accounted for separately from “normal” lending activity.

Questions? Schmid and the FIPCO ShareFI team can be reached at jschmid@ficpo.com or 608-441-1220.

Seitz is WBA operations manager and senior writer.


Promotions and New Hires

Fond du Lac
Fox Valley Savings Bank is pleased to announce two well deserved promotions: Angela Boehning (pictured) has been promoted to vice president, human resources; and Kelly Collien (pictured) has been promoted to assistant vice president, retail banking.

Mike Hensen (pictured) is promoted to operations manager for the National Exchange Bank & Trust office located in Brownsville.

Horicon
Horicon Bank recently promoted four employees within its organization: Sue Garman (pictured) was promoted to senior vice president, John Zanghi (pictured) was also promoted to senior vice president, Neal Solanki (pictured) was promoted to assistant vice president, and Tony Kneepkens (pictured) was promoted to business loan officer.

Ladysmith
Ladysmith Federal Savings and Loan is pleased to announce that Sarah Miller (pictured) has been promoted to commercial lender and Kalvin Vacho (pictured) has been promoted to consumer lender.

Lake Mills
Greenwoods State Bank announced today that Michael A. Morse (pictured) has joined the bank and will serve as senior vice president specializing in commercial banking.

Madison
Wisconsin Bank & Trust is pleased to announce that Doug Kohlbeck (pictured) has joined the organization as executive vice president and head of commercial banking.

Marion
Premier Community Bank is proud to announce that Alisa Anderson (pictured) has accepted the position of branch manager at the Pulaski office.

Oregon
Oregon Community Bank is pleased to announce the addition of Carrie Schraeder (pictured) as assistant vice president – bank manager, Aaron Anderson (pictured) as portfolio manager, and Vincent Cha as assistant vice president – mortgage loan officer.

Platteville
MidWestOne Bank is pleased to announce the recent promotion of Roger Dammen (pictured) to first vice president, regional credit officer and market president, in Southwest Wisconsin.

Union Grove
Community State Bank is pleased to announce the appointment of Chris Miller (pictured), president of Miller Motor Sales, Inc., to the CSB Board of Directors.

(continued on p. 15)

Bank of Wisconsin Dells Continues Support for Easterseals Wisconsin

Bank of Wisconsin Dells (BWD) demonstrated its continued support for Easterseals Wisconsin by presenting a $5,000 donation toward providing children with disabilities in financial need the opportunity to attend Camp Wawbeek, located in Wisconsin Dells. The bank has been a long-time partner of Easterseals Wisconsin, helping to ensure the organization continues to meet the ever-increasing need for camperships, promoting independence and offering challenge as well as fun.

Pictured (left to right): BWD CEO Jon Bernander; BWD President Scott Rockwell; and Easterseals’ Rachel Reichhoff.

Have good news? To submit a notice, please email bulletinboard@wisbank.com. Or mail entries to WBA Bulletin Board, 4721 South Biltmore Lane, Madison, WI 53718. Send photos as JPEG files. Questions? Contact WBA’s Amber Seitz at 608-441-1237 or aseitz@wisbank.com.
Promotions and New Hires
(continued from p. 14)
Wauwatosa
WaterStone Bank has announced the addition of two new community presidents: Jennifer Peric (pictured) now serves as community president of the bank’s Franklin branch, and Pam Zorko (pictured) now serves as community president of the bank’s West Allis/Greenfield Ave. branch.

Wisconsin Dells
Bank of Wisconsin Dells is pleased to announce the promotion of Brandon Wegner (pictured) as chief lending officer.

Announcements
Oconomowoc
Bank Five Nine donated over $100,000 to 24 local non-profit organizations in the month of June. The organizations, ranging from education initiatives to health and human services, are spread throughout the bank’s four-county service area. “We recognize that the past several months have been difficult for many organizations,” said Bank Five Nine President and CEO Mark W. Mohr. “Our bank’s mission is to Make Lives Better, and these donations represent a tangible way we’re living that mission.”

Sun Prairie
Bank of Sun Prairie announced the introduction of a new mobile-first, financial education resource to help Bank of Sun Prairie customers and our community members build financial health and confidence for themselves and their families. The Financial Fitness Center is available, free of charge, in partnership with EVERFI, Inc., a leader in financial wellness technology solutions. The Financial Fitness Center offers a robust library of learning topics around important personal financial education concepts including budgeting, investing, homeownership, retirement planning and more. The interactive financial education platform is designed to provide customers with the tools and personalized knowledge necessary to make informed just-in-time financial decisions. “The time is right to launch this free resource for our customers and our community members. We also offer virtual group trainings to schools, nonprofits and businesses,” shared Jimmy Kauffman, Bank of Sun Prairie’s president and CEO and chairman of the board of directors.

Community Bank of Portage Awards Multiple Scholarships

The Community Bank of Portage’s Outstanding Citizen Scholarship committee awarded its 2020 recipients. Portage High School graduates Gabrielle Garrigan and Katelyn Zajicek were each presented one $2,500 scholarship. This scholarship is awarded each year to two Portage High School seniors who demonstrate a strong commitment to improving the quality of life for people in his or her school and community.

Pictured (left to right): Ben Brancel, Bank of Wisconsin Dells, Zajicek, Garrigan, and Anastasia Kinney, Community Bank of Portage.

Rita Derks Honored for 50 Years of Service to the Banking Industry

Rita Derks, Northwestern Bank, Thorp, was recently honored for her long-time service to the banking industry by being inducted into the WBA 50-Year Club. This club recognizes bankers who have dedicated themselves to the banking industry and their community for half a century. Pictured (left to right): Jerry Jacobson, president, Northwestern Bank; Derks; and Michael Semmann, WBA executive vice president/chief operations officer.
# EDUCATION Calendar

## SEPTEMBER 2020

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
<th>Fee</th>
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</thead>
<tbody>
<tr>
<td>Internal Audit Workshop</td>
<td>11</td>
<td>Virtual</td>
<td>$245/attendee</td>
</tr>
<tr>
<td>Management Conference</td>
<td>15-16</td>
<td>Virtual</td>
<td>$500/bank; unlimited attendees!</td>
</tr>
<tr>
<td>Capitol Day(s) Kickoff</td>
<td>16</td>
<td>Virtual</td>
<td>FREE; during Management Conference</td>
</tr>
<tr>
<td>Capitol Day(s) with Your Legislator</td>
<td>17-30</td>
<td>Virtual</td>
<td>FREE; various dates and times</td>
</tr>
<tr>
<td>FIPCO Software &amp; Compliance Forum: Deposits</td>
<td>17</td>
<td>Virtual</td>
<td>$299/connection</td>
</tr>
<tr>
<td>Secur-I.T. Conference</td>
<td>22-23</td>
<td>Virtual</td>
<td>$595/bank; unlimited attendees!</td>
</tr>
<tr>
<td>Principles of Banking Virtual Course (8 weeks)</td>
<td>23</td>
<td>Wednesdays, 9-11 a.m. weekly; $439/first attendee; $219/each additional attendee</td>
<td></td>
</tr>
<tr>
<td>Cash Management Workshop*</td>
<td>24</td>
<td>Madison and Virtual; $245/attendee</td>
<td></td>
</tr>
<tr>
<td>Enterprise Risk Management Workshop*</td>
<td>25</td>
<td>Madison and Virtual; $245/attendee</td>
<td></td>
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<tr>
<td>Midwest Trust &amp; Wealth Management Conference</td>
<td>9/2</td>
<td>Virtual</td>
<td>$395/individual or $595/bank</td>
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## OCTOBER 2020 (continued)

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
<th>Fee</th>
</tr>
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<tbody>
<tr>
<td>Compliance Forum: Session 2</td>
<td>27-28</td>
<td>Virtual</td>
<td>(pricing options vary)</td>
</tr>
<tr>
<td>IRA Essentials Workshop</td>
<td>29</td>
<td>Virtual</td>
<td>$225/attendee</td>
</tr>
<tr>
<td>Advanced IRA Workshop</td>
<td>30</td>
<td>Virtual</td>
<td>$225/attendee</td>
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## NOVEMBER 2020

<table>
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<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Compliance School*</td>
<td>2-3</td>
<td>Madison</td>
<td>$535/attendee</td>
</tr>
<tr>
<td>LEAD360 Conference*</td>
<td>3-4</td>
<td>Virtual</td>
<td>$595; unlimited connections</td>
</tr>
<tr>
<td>Consumer Lending Boot Camp*</td>
<td>5-6</td>
<td>Madison</td>
<td>$495/attendee</td>
</tr>
<tr>
<td>Human Resources Conference*</td>
<td>12</td>
<td>Wisconsin Dells and Virtual; $225/first in-person attendee; $125/each additional in-person attendee; $450/bank for virtual connection</td>
<td></td>
</tr>
<tr>
<td>BOLT Winter Leadership Summit*</td>
<td>16-17</td>
<td>Stevens Point and Virtual; $150/person</td>
<td></td>
</tr>
</tbody>
</table>

### IMPORTANT INFORMATION

Attendance at in-person events will be limited to allow for physical distancing and a more spacious room set-up. Please visit [https://www.wisbank.com/education/engagement-center-guidelines/](https://www.wisbank.com/education/engagement-center-guidelines/) for more information.

### PROGRAM TO BE RE-SCHEDULED

- Cool Bankers Academy: Virtual Training to Help Bankers Master Sales Skills (6-month course) $147/month
- Introduction to Commercial Lending School* Madison; $795/attendee
- Bank Directors Summit Madison; $150/attendee; certificate of attendance

» Visit [www.wisbank.com/education](http://www.wisbank.com/education) for more information and online registration.

» Or email WBA Education at wbaeducation@wisbank.com or call 608-441-1252.
Some Comments on Comments

Comment Letters matter, and your input is very helpful to us

By Ally Bates

WBA submitted 13 comment letters to various federal regulators in the first seven months of this year. But why? That seems like a lot of time and effort for the legal department. The answer is actually pretty simple: because comment letters matter.

The federal rulemaking process, as governed by the Administrative Procedure Act, requires agencies to give notice of any proposed rule that they intend to enact. The proposal must allow for interested parties to submit comments on the proposed rule that are then taken into consideration. Upon conducting a comment analysis, agencies then must decide whether to proceed with the rulemaking process or issue a new or modified proposal. In some cases, they will even withdraw the proposal.

The comment period on these proposed rules is an important democratizing process. It’s an opportunity for those who are going to be impacted by a rule to tell agencies how it would impact them and make suggestions. That is why WBA submits comments on your behalf; we want to make sure that your regulators are acutely aware of how their rules will affect banking in Wisconsin. We make a point to comment consistently on large rulemakings, both on ones we are for and those we are against.

WBA is dedicated to advocating for the banking industry in all facets. While submitting comment letters may not seem as cool as meeting with legislators and testifying before committees, it has a large impact on the rules governing the day-to-day operations of your banks. Because of that, we love to hear from you on proposed rules! If you have any thoughts on a proposed rule or are interested in writing your own comment letter, email us at wbalegal@wisbank.com to let us know what you think.

Your input helps us craft a better comment letter.

Those 13 comment letters we submitted from the beginning of January through the end of July are 13 points of contact that regulatory agencies had with Wisconsin’s banks. That’s 13 times they received and considered your concerns, and we’ll make sure they hear your concerns many more times.

Bates is WBA administrative/communications assistant – legal.
Greater than the Sum of Their Parts:
Bankers Benefit From WBA Partnerships

By Amber Seitz
The skills and knowledge bankers need in order to deliver exceptional products and services to their customers are changing more rapidly than ever before in nearly every area of the bank. In compliance, regulators promulgate new rules and interpretations; in marketing and business development, consumer preferences for delivery and communication keep shifting; in operations, technological advancements create endless new possibilities...

Professional development is the best way for community banks to take advantage of the opportunities these changes present. By equipping bank staff with the latest information, techniques, and tools in their area of expertise, bank leadership can not only attract and retain top talent, they equip the bank with a growing pool of experts.

WBA is at the forefront of the professional development field, and one of the ways the association further enhances the value of our education and training programs is through partnering with other state banking associations (SBAs). This isn’t a new strategy, either. The Iowa Bankers Association has been purchasing WBA’s proprietary curriculum for the Introduction to Commercial Lending School since the 1990s. Many other SBAs don’t have the demand or resource to support certain schools, so they partner with WBA to offer their members the opportunity to attend and learn.

Many of these partnerships form through the very highly connected and active Education Directors group, to which WBA staff contribute a lot of value and insight. This same professional network helps WBA keep abreast of what other SBAs are offering, follow trends within the industry, watch for opportunities to expand, and remain a leader in the marketplace. For example, the dairy curriculum in the WBA Agricultural Lending School is so strong it has attracted bankers from Illinois, Kansas, Michigan, Minnesota, Nebraska, New York, and Ohio... and that’s without partnering with the SBAs from those states!

For WBA Member Banks, these partnerships between WBA and other banking trade associations provide the ability to network with bankers outside their bank’s geographic footprint. Out-of-market networking is a valuable way for bankers from every area of the institution—from marketing to compliance to business development—to discuss trends, challenges, and ideas without worrying about competition.

In addition, with multiple associations pooling their resources, events can attract (and pay for) nationally known speakers. Given top-notch speaking talent can command a price of $75,000 - $150,000 per engagement, that’s a huge value-add (state associations typically target no higher than $35,000 for a speaker). For more specialized content, like Call Report, quality instructors are few and far between, so resource-pooling means bankers from multiple states gain access to high-quality courses that would not otherwise be available. Finally, joining forces with other SBAs allows WBA to extend program opportunities to our members that otherwise lack demand, simply due to the makeup of Wisconsin’s market (wealth management/trust events, for example).

The COVID-19 pandemic has created a dramatic shift to digital programming, so WBA is pivoting, transforming many of our annual education and training programs into virtual events. While this medium is new and different, it has some tremendous benefits for banker-attendees:

- It eliminates obstacles presented by travel, reducing the time and monetary costs associated with training.
- It affords WBA the ability to hire industry-leading speakers to deliver the highest-quality content at our events.
- It expands the geographic reach of WBA’s programs, generating out-of-market networking opportunities for our members.

If you haven’t heard, all of WBA’s large conference events will be virtual through October 2020. Programs designed for more limited attendance—such as workshops and schools—will still be held in person with an option for virtual attendance. Visit www.wisbank.com/education to view all current program offerings, both in-person and virtual.

Meet the WBA Education Team:

- Lori Kalscheuer, Director – Education; Nick Loppnow, Director – Associate Member and Education Services; Jody Roos; and Miranda Helt, Assistant Director – Education.
- Email wbaeducation@wisbank.com with any questions! They’d love to hear from you.
- Visit www.wisbank.com/education to view all current program offerings, both in-person and virtual.

Retirement Announcement

After over 12 years of enhancing the WBA’s education programming, Patty Rogers has retired as the association’s vice president of education effective Aug. 31, 2020. Congratulations, best wishes, and thank you, Patty!

This strategy of partnering with other SBAs is similar to why WBA works with third-party national webinar hosts. It allows WBA to offer an expansive library of content that may be of interest to only a few bankers at a time.

WBA is also the local ABA training partner.

Upcoming Joint Programs:

BankTech Conference Innovators Showcase | Oct. 6
Hosted by the Illinois Bankers Association
– Registration opening soon!

Midwest Trust and Wealth Management Conference
Sept. 30 – Oct. 2 | Hosted by the Michigan Bankers Association
– Registration opening soon!

Other WBA Offerings:

WBA Management Conference | Virtual | Sept. 15-16
WBA Secur-I.T. Conference | Virtual | Sept. 22-23

—

Seitz is WBA operations manager and senior writer.
TIRED OF BORROWING MONEY BEING MORE COMPLICATED AND DIFFICULT THAN IT NEEDS TO BE?

Bank Stock and Bank Holding Company Stock Loans Done the Simple Way

Bank mergers, acquisition loans and refinances up to $50 million

1. Calling us is the first step.

2. You email us the appropriate documents of information.

3. CVB preparing the loan documents generally within 5 to 10 days.

4. Meeting the customer. We will come to you to sign loan documents.

5. CVB wires the funds.

6. Wow that was easy.

» Call Rick Gerber at 1-866-282-3501 or email rickg@chippewavalleybank.com
Beefing Up Your Bank’s Digital Offerings?
Check Out These Six FIPCO Products

Sometimes, seeing is believing. That’s why FIPCO, a wholly owned WBA subsidiary, is offering free, personalized, one-on-one software demos of its newest products. Every financial institution should carve out time to take a guided tour of these cost-saving, efficiency-maximizing tools. Six unique webinar demos are available for you to choose from:

1. **Introduction and Brief Overview of Compliance Concierge™ Loan**
   This demo breaks down the loan module of FIPCO’s flagship product, Compliance Concierge, into smaller pieces for you to explore. The demo is segmented by product line, such as commercial and ag loans, consumer and HELOC loans, and also in-house real estate.

2. **BankBright**
   Your digital banking channels have never been more important. BankBright will improve your customers’ digital experience with its three applications: digital lending, digital deposit account opening, and internal tracking. The software guides your customers through every step of the way and “automagically” collects data for you to use later, keeping a pipeline of opportunities for new accounts and cross-selling at your staff’s fingertips! It can also send your customers a reminder to continue filling out their application where they left off.

3. **FinancialRefer**
   If your bank has growth in the strategic plan, expanding your current customer relationships is the most cost-effective tactic. Referrals are a key ingredient for growing your wallet share. FinancialRefer offers banks manual setup or data entry, you can eliminate the need to search for mistiled documents. BankManager seamlessly integrates with bank core systems to provide comprehensive document tracking, centralized credit function, and instant document access from any authorized computer.

4. **Ari**
   Automated Relationship Intelligence (Ari) strengthens relationships through technology. This customizable and intelligent application software is flexible enough to meet the needs of both your customers and your employees. Through interactive technology, Ari breaks down silos and allows customers to explore all of your products and offerings. Ari ensures a consistent customer experience, creates efficient workflows for staff, includes easy application tracking for Reg B, reduces risk of human error, and eliminates the need to have specialists at every location.

5. **ABS BankManager**
   With American Bank Systems (ABS) BankManager, your institution will save the immense time and space previously consumed by paper documentation. BankManager is ideal software for streamlining the entire loan supervision process and provides state-of-the-art document tracking and loan management. With no

6. **ABS CompliancePro**
   CompliancePro is a comprehensive browser-based compliance risk management system which integrates risk assessment and compliance monitoring procedures. It is designed to meet regulatory mandates to identify, measure, monitor, and control compliance risk. Features include a risk assessment module that calculates residual risk through documented analysis and assessment of inherent risks and associated internal controls for each product/service within each line of business, action plans to reduce risk, four compliance libraries, and a database of over 14,000 monitoring procedures mirroring regulatory examination procedures to assess compliance with federal consumer regulations, agency guidance, and industry best practices.

   See how FIPCO software will make your workflows more efficient for your bank and satisfying for your customers. Contact fisecosales@fipco.com or 1-800-722-3498 (option 5) to schedule a personalized, one-on-one software demo.
PPP’s Elevated Fraud Risk

By Amber Seitz

When the PPP program was first created by Congress at the end of March, everyone expected it to be a narrowly focused, short-lived program. Now, four months later, the program continues to exist, completed forgiveness applications couldn’t be submitted until Aug. 10, and Congress is likely to open the program back up again, likely with new terms, when they return in September. It should be no surprise then that in addition to the fraud we are seeing with EIDL loans, bankers and others across the country are also discovering fraud with PPP loans.

In late June, the Government Accountability Office (GAO), which is the agency in charge of overseeing spending for the CARES Act, announced its determination that there is “significant risk” of fraud for Paycheck Protection Program loans.

In its report, the GAO said “because of the number of loans approved, the speed with which they were processed, and the limited safeguards, there is a significant risk that some fraudulent or inflated applications were approved. In addition, the lack of clear guidance has increased the likelihood that borrowers may misuse loan proceeds or be surprised they do not qualify for full loan forgiveness.”

In a recent interview with Entrepreneur magazine, Tom Miller, the CEO of risk-management firm ClearForce, estimated there is more than $1 billion in verified criminal fraud within the PPP program.

The Treasury and SBA designed the PPP loan application for speed and ease-of-use, requiring much less documentation and verification than a standard commercial loan. That, combined with the incredible speed with which banks were pressured to process the influx of loan applications and the moving target of requirements from the agencies, resulted in an environment ripe for fraud.

Wisconsin’s community banks responded to this challenge by leveraging their pre-existing strong connections with customers. Some banks only processed PPP loans for existing customers in order to reduce the risk of fraud, and those that did accept applications from (continued on p. 23)
CRE Repercussions  
(continued from p. 1)

Allowing employees to work from home results in huge cost-savings for businesses, especially considering office redesigns to accommodate physical distancing requirements are more costly (more space per employee). Nationwide, demand for office space could drop by up to 15%, even after the pandemic is over.

Despite ongoing COVID-19 challenges, the CRE situation doesn’t look dire... yet. “So far, there hasn’t been a huge impact,” Koopmans said, indicating while State Bank of Cross Plains has done deferrals, many customers didn’t need them. Associated Bank, the largest bank headquartered in Wisconsin, had completed $638 million in commercial real estate deferrals as of June 30 but expects over 90% of corporate banking and small business deferrals to resume making payments. The true difficulty for bankers will be the severity of the pandemic’s future impact on consumers.

Watch for ‘False Positives’

Government relief programs may be artificially postponing, not eliminating, fallout from the virus. Federal programs alone have poured over a trillion dollars into businesses through direct lending, guaranteed loans, grants, and tax breaks. “Because of all the stimulus that was put in place so fast, we haven’t seen as large of an impact as we could have,” said Koopmans. “For a lot of the multifamily businesses, they’ve not been impacted a lot yet because of all the money that’s been going in, but it’s definitely something that will be impacted going forward.”

On top of business aid, individual consumers have received a financial bump via stimulus checks and/or increased unemployment benefits. “As those programs dry up, we’ll see a lot more impact where people can’t make mortgage payments or don’t go out to eat as much,” Koopmans said, predicting more negative impacts this winter. Sustained record unemployment numbers are a big part of that. Wisconsin’s unemployment spiked from a record-low near 3% in late 2019 to 13% in April 2020 and remains high (8.5%).

Continued high unemployment means lots of consumer buying power is removed from the market, which negatively impacts many of the same industries already hit hard by the virus. For example, community commercial properties (a.k.a. strip malls) are another type of CRE loan that banks should anticipate struggling, even if they’re performing now. “It takes a bit of time for the tenants to burn through their cash and capital before they are late with rent,” Wear explained, calling these properties “the next wave” in risk as discretionary spending drops off the longer the recession lasts.

Batten Down the Hatches

Whether a storm is on the horizon or not, banks should invest time and energy in evaluating prospective clients more thoroughly. “In order to quantify risk, you first have to identify risk,” said Wear. He recommends reviewing clients’ liquidity and capital positions as well as debt structures. “For current loans, it all depends on the liquidity of your borrower and your guarantors,” he said.

Some general best practices for weighing your portfolio’s risk include:

» Review Every Loan

Banks, especially community banks, should assess their risk exposure by loan for the most accurate read on the situation. The pandemic’s impact on businesses has varied widely, according to Koopmans, so bankers should assess each loan’s performance on an individual basis. “Some restaurants in smaller communities have hardly skipped a beat because of an outpouring of support from their community,” he explained. “Restaurants that are chains or have a drive-thru weren’t impacted nearly as much, and some are even up year-over-year.”

» Stress Test Prospects

While organic loan demand and expectations for business development fell off sharply (continued on p. 23)
ppp fraud risk
(continued from p. 21)

non-customers often sought additional information in order to fulfill “know your customer” regulations beyond what is required by PPP.

In addition, WBA supplied member banks with numerous resources, including an extensive FAQ document—updated daily, or even more frequently as SBA issued guidance on the program—and a Forgiveness Calculator as well as a PPP Loan Forgiveness Guide to help small business owners determine their eligibility and whether they will qualify for loan forgiveness. All of these resources, and more, can be found at www.wisbank.com/coronavirus.

Despite the elevated risk, going as far back as early May, the U.S. Department of Justice (DOJ) has only brought charges in 13 cases related to PPP and COVID-19 relief fraud, none of which occurred in Wisconsin. The steps Wisconsin’s banks took to vet and verify customers and non-customers seeking relief funds have helped mitigate their risk of fraud. In most of the cases involving the DOJ, the perpetrators allegedly sought (or obtained) PPP funds by making false statements on the application, including filing for a business that does not exist, claiming payroll expenses for nonexistent employees, and filing with multiple institutions for the same business, or the perpetrators used legitimately obtained PPP funds for illegitimate purposes, including paying off personal debt, financing extravagant purchases of jewelry or watches, and—in one $8.5 million case—gambling.

If any WBA member bank suspects they have received a fraudulent PPP application, they are encouraged to report it to SBA. (See further resources at the end of this article.)

Further resources:
Detecting fraud related to SBA loan programs: https://www.sba.gov/partners/contracts-officials/contract-administration/report-fraud-waste-abuse

Price for relationships
To avoid adverse selection, Wear recommends stress testing prospects’ liquidity and capital access. “Use realistic assumptions about the projected depth and breadth of economic impact in their sector as well as the timing and slope of their industry sector recovery,” he advised. With interest rates at historic lows, using relationship-based pricing packages can help community banks compete. “It’s a bidding war,” said Wear. “Relationship-based pricing will hopefully help banks get the value of a total

Seitz is WBA operations manager and senior writer.
The pandemic accelerated the trajectory of changes that were already occurring. “Normal” is now a moving target, so agility is essential for businesses to survive and individuals to thrive.

Three powerful tactics for digital relationship-building:

### Don’t Be Camera-Shy

Especially in an industry where trust is so foundational, establishing rapport with prospects and long-time customers alike is critical. With the ability to meet face-to-face constrained, banks should opt for video communication whenever possible. Julia Johnson, director of organizational performance at Wipfli LLP, says seeing who she’s meeting with has cultivated greater engagement. “Rather than a simple phone call to connect, sending a meeting invite that asks for ‘camera on’ is an excellent way to be able to have a conversation that enables me to interact with clients in a more personal way,” she explained.

Video communication “keeps the personal aspect and helps it be a more cohesive and collaborative team environment,” said Kent Musbach, senior vice president at BOK Financial Corporation. However, something is better than nothing, so if video isn’t an option, use whatever channels the bank has available—everything from webinars and conference calls to texting, chat software, and email.

### Ask (and Answer) Questions

Once you’ve established the channel you’ll use to maintain contact, take the opportunity to ask questions about how the bank can help. Fritz recommends proactive checking-in, which means “touching base with our customers to see how they’re doing, physically and mentally,” he explained. “We’re inquiring about the effects of the pandemic on sales and their financial health.”

On the business development side, with customers the bank is trying to deepen relationships with, customized presentations that were once held in person can be transitioned to one-on-one webinars. At BOK, Musbach says his team has created tailored presentations for clients with specific information for that particular institution, answering questions the bank has about its unique challenges. With prospects, webinars answering questions about the economy or bank products in general can be developed and broadcast to a wider audience. The key is providing actionable, helpful information to initiate a conversation.

Whether you’re nurturing a seedling relationship or a long-established one, a simple “how are you doing?” call can be enormously beneficial. “You can’t underestimate the value that you can create just by checking in with a customer,” said Fritz. “It’s a gesture of goodwill and strengthens the relationship tremendously. You don’t have to prepare, and it doesn’t take much time, but it’s powerful.”

### Get Personal

Finally, the pandemic has blurred the lines between personal and professional. Whether it’s with colleagues or clients, taking a video call from your kitchen or home office provides an opportunity to be vulnerable as a way to build trust and connection. “I feel as if I am being invited into a client’s personal space when they turn cameras on, and I feel a more personal connection,” Johnson explained, saying the home background gives her perspective of who the client is and what’s important to them. For example, family pictures and vacation photos can spur conversations that lead to deeper connections over shared interests.

The tactics above for taking a proactive approach to relationship-building in the new normal benefit everyone involved, the bank, its customers, and its employees.

For bank customers, the transition to digital banking has been in progress for years. That means, says Johnson, banks should note which institutions customers have been in progress for years. The tactics above for taking a proactive approach to relationship-building in the new normal benefit everyone involved, the bank, its customers, and its employees.

For bank customers, the transition to digital banking has been in progress for years. That means, says Johnson, banks should note which institutions customers have been engaged with and what they value.

For bank employees, creating the culture and infrastructure to allow for more robust client/customer communications over different mediums also creates more opportunities for staff to engage with one another. “The other piece that gets lost in the equation is how to ensure employee interaction continues,” said Musbach. Bank staff will be able to more effectively serve customers in an environment where they feel connected and protected. “As employers, you want to protect the interests of your employees, which will, by default, protect the interests of your customers,” Johnson advised.

The most important thing for banks to remember moving forward is that COVID-19 has fundamentally changed the definition of “normal” and it’s not done yet. The pandemic accelerated the trajectory of changes that were already occurring. “Normal” is now a moving target, so agility is essential for businesses to survive and individuals to thrive. “Things have changed very quickly and continue to change,” said Musbach. “You have to be relatively flexible as a banker and as an employer. This situation is going to change the work environment going forward.”

Seitz is WBA operations manager and senior writer. BOK Financial Institutional Advisors is a WBA Gold Associate Member. Wipfli LLP is a WBA Silver Associate Member. Executive Benefits Network is a WBA Bronze Associate Member.
Launching on Oct. 1: New Online Insurance Portal

By Daryll J. Lund

WBA EBC is excited to announce the upcoming launch of an innovative new online system for streamlined insurance and human resources tasks. The online portal, accessible through a partnership with the Iowa Bankers Insurance Services, will provide member banks with enhanced service, better transparency on costs and expenses, member driven control of enrollment/changes, and the ability to better control administrative costs in the future.

This upgrade and all included features are available to all WBA EBC bank clients for free as a value-add for your membership with WBA and commitment to our industry through your partnership with WBA EBC.

The transition to an online system will benefit WBA EBC’s customers by facilitating fast, smooth, and consistent workflows that save time and money. Client banks will now have more time to devote to the strategic initiatives that drive the institution’s bottom line rather than filing and documenting.

After go-live, WBA EBC clients will have access to a one-stop-shop portal for administrators and employees for medical, dental, vision, and life and disability products through WBA. The new Benefits Portal includes some of the following features:

- One “Benefits Portal Login” button on the WBA/EBC home page that both benefits administrators and employees will use to log into the portal. Administrators will have access to their administrator account(s) for all employer records to which they have access AND their employee account using a single login.
- Standardized login credentials and login process that enable users (administrators and employees) to create, retrieve, and reset their own credentials
- Report Builder tool that supports custom queries and reports
- E-signature validation for online employee enrollment and maintenance transactions
- Mobile-friendly user interface
- Ability to search for forms, SPDs, and other documents
- Option enabling users to provide online feedback (report issues and suggest improvements)

Leading up to the system launch on Oct. 1, 2020, WBA EBC will host training webinars to demonstrate features and provide tips on how to navigate the portal.

For more information or if you have any questions about WBA EBC’s insurance options, please contact WBA EBC Director – Sales Brian Siegenthaler at bsiegenthaler@wisbank.com or 608-441-1211.

Lund is WBA executive vice president – chief of staff and president of EBC and MBIS.

Great News!! Once again, all WBA - EBC Life, Disability, Dental and Vision programs will continue with the same rates for 2021!

ENHANCED BENEFITS:

Pooled rating with over 10,000 members

Rating impact of pooling

typically 20% OFF current pricing

$10,000 Monthly Benefit Max on Long Term Disability

Life Insurance Guarantee

Issue Levels to $500,000

WBA Annual $2000 Max

Better than 89% of other plans

WBA Ortho $2000 Max

Better than 90% of other plans
Wisconsin's bankers are the definition of “community advocates” in all that you do every day to improve your local economy through your bank’s products and services, as well as through your generous philanthropy of time and money. This column shares and celebrates the diverse backgrounds, experiences, perspectives, and innovation of some of the extraordinary bankers in this state.

Community Advocate of the Month

The following is a brief interview between WBA President and CEO Rose Oswald Poels and Community State Bank (Union Grove) President and CEO Scott Huedepohl. Read past interviews at www.wisbank.com.

Q&A

Rose: How did you first get into the banking industry?
Scott: My father was a community banker for Farmers Trust & Savings Bank in Williamsburg, Iowa. I grew up in that town and always enjoyed my time visiting dad at the bank. The people were always so friendly and caring. The town loved the bank and the bank loved the town. They took care of each other and the bank was a key driver in the success of the community. I grew to appreciate that, and always wanted to be a community banker. I had a few years that I had my sights set on becoming a history teacher or even a coach… but in the end my true passion is community banking.

What is your favorite aspect of your role at your bank?
My favorite part about being a community banker is watching our customers grow and find true success. I’ve appreciated that from the beginning stages of my career and even today as a bank president. There’s nothing more rewarding than seeing someone pursue an idea and watching it grow year after year. We live and work in some really unique and driven communities, and we’re proud to see our neighbors succeed.

I also enjoy watching our staff grow. I take so much joy seeing an employee do something great for a customer or for our community. I am so lucky to have such a high-quality, focused, driven, and community-minded staff.

What do you wish the general public understood about the banking industry?
I wish people understood that even though a Wall Street firm has the word “bank” in its name, we could not be more different.

The banking industry has gotten such a bad reputation over the past decade or so. It makes it more difficult for a community bank to prosper when the big box banks and investment banks operate in a complete opposite culture. Frankly, they have a tendency to bring embarrassment upon the industry.

At the same time, community banks are working hard to bring growth to communities. It is a constant challenge to differentiate us.

I wish the public better understood that as a community bank, we really have our priorities set on making strong communities. We hire local people, provide local service, and make local decisions just a few miles away from where they are running their business. We treat our customers like people, not a number, and we genuinely care about the success of their business and the community.

Where do you believe the industry’s greatest challenges are in the next three to five years?
For community banking, I think the greatest challenge will be staying independent. We have seen the industry consolidate a lot. I believe that asset quality will suffer coming out of the current COVID-19 crisis and political unrest. I see that trying to compete with very large banks for high quality customers will get even more difficult. With net interest margins shrinking, high regulation, which makes it tough on the efficiency ratios, and overall potentially lower earnings, it creates a challenge for shareholders. Community State Bank is 38% owned by our Employee Stock Ownership Plan so it is easier here than other banks, but it is still a challenge. We are so blessed at CSB to see our bank continue to grow and prosper. I truly believe it is because of our people and our model of being in the communities.

What do you wish the general public understood about the banking industry?
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Please describe your current role at your bank and share with us one of your more rewarding experiences.
CSB has many stories that come to mind, but the one that sticks out the most is Shepherds Community Café. I’ve always had this idea in my mind about creating a local coffee shop inside a bank. It would be a place for not only bank employees to enjoy, but also for the community to utilize for networking, collaborating, and of course coffee.

In 2018 that dream come true, but it happened because of a much larger purpose. Our Union Grove office happens to be located just blocks away from a college for intellectually disabled students. That college is known as Shepherds College and they have students from all over the world. (continued on p. 27)

Do you know a banker who should be recognized as a Community Advocate for the work that they do? Nominate them today by emailing Rose at ropoels@wisbank.com!
Agricultural Loan Officer
Citizens State Bank of Loyal is looking for an experienced Agricultural Loan Officer for our Neillsville, Wis. office. This individual will be responsible to manage and grow an existing loan portfolio. Ability to analyze loan applications, audit loan files and counsel customers is essential. This position requires a minimum of five years of experience in agricultural lending and strong business development skills. Bachelor's degree in Business Administration, Agriculture, Finance or related field. We offer a positive work environment, competitive benefits and compensation with the opportunity for incentives. Citizens State Bank of Loyal is an Equal Opportunity Employer. Email resume and cover letter to jbrock@icbloyal.com.

Mortgage Lender | Deposit Compliance Assistant | Full Time Teller
We want you to join our team! We are now hiring for multiple positions including: A relationship focused MORTGAGE LENDER for our Janesville location A detail orientated DEPOSIT COMPLIANCE ASSISTANT based at our main location in Fort Atkinson And a FULL TIME TELLER for our Jefferson branch who will provide exceptional service to our amazing customers! If you want to be a part of the #PremierLife submit an application via the link below today! https://rerecruiting.paylocity.com/rerecruiting/jobs/all/572df5a3-9b15-4613-bbac-e067b6773e47/PremierBank

Commercial Lender
Community Bank of Portage, a branch of Bank of Wisconsin Dells, is looking for an experienced Commercial Lender to join our team. This position involves developing new business, including outbound calling efforts, and servicing an existing portfolio. BWD also expects active involvement in the communities we serve. Successful candidates will have experience in sales, credit, and commercial lending, and possess excellent communication and customer service skills. Candidates must also be knowledgeable in underwriting and structuring of loans. Previous commercial lending is required. Benefits include health and dental insurance, paid time off, and generous 401k match. Salary will be commensurate with experience. Position is eligible for bonus. Please include expectations with online application.

Bank of Wisconsin Dells is proud to celebrate 110 years as a locally owned community bank with strong ties to the communities we serve. Bank of Wisconsin Dells is an Equal Opportunity Employer. If you feel your background and experience are matches for this position, apply online through our website, www.dellbank.com.

Commercial Lender
We are currently looking for an experienced Commercial Lender to join our growing team. This position will be responsible for generating new business, underwriting, structuring, and the closing of commercial loans, as well as servicing an existing portfolio. Successful candidates will have experience in commercial lending and possess excellent customer service and organizational skills. Interested applicants should email application materials to bankersmarketplace@wisbank.com with the subject line H807.

Post Open Intern Positions for Free
WBA member banks can post open internship positions in the Bankers Marketplace, free of charge. If you have questions, email bankersmarketplace@wisbank.com or visit www.wisbank.com/classifieds.
Payment solutions to help you now and into the future

Payments and Cash Management in the banking world is quickly evolving, Bankers’ Bank helps you stay on top of technology changes and remain competitive. Let us help you save time, create efficiencies, manage risks and offer payment options your customers demand.

Solutions offered:

- Cash Management Services
- File Information Report Exchange (FIRE)
- International Money Services
- Cash Letter Clearing
- Faster Payments

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