

Annual Bank Executives Conference Feb. 1-3: More than virtual, join the EXPERIENCE!

With the largest gathering of Wisconsin bank executives going fully virtual, WBA is excited to offer a new and creative approach to your annual Bank Executives Conference, or “Bank Execs” as many have come to call it.

The theme of 2021’s Bank Executives Conference is “Advancing Your

Culture” and will be held from Feb. 1-3. This event will address the countless aspects of culture that

impact your bank and the industry topics unique to Wisconsin bankers to best prepare you for 2021. Attendees will benefit from live presentations with keynote speakers, connect with hundreds

of bank leaders from across the Badger State, and be able to bring along 10 staff members for one fee.

Even as this year’s conference shifts to a virtual format, we haven’t forgotten how important networking is to you. Peer groups during the event will allow participants the opportunity to speak with bankers in similar

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The Rise of E-signatures | Safety and Legality

By Alex Paniagua

As more and more customer interactions shift to virtual, e-signatures have become central to some banks’ operations. With this shift, questions about the technology still remain.

The shift to virtual formats for banks has largely been a matter of giving customers more service options during the pandemic, and one particular method of this virtual communication

has been a growing cause for concern. When conducting business online, are electronic signatures safe, and are they legal?

Are They Safe?

As banks continue to prepare under these evolving circumstances, there have been concerns that using e-signatures may be a potential safety issue. Limited lobby hours at banks paired with the convenience

of doing business online has resulted in a heightened awareness of electronic transactions, and many have been understandably skeptical of potential issues.

When the pandemic hit, FIPCO President Pam Kelly saw the number of their Compliance Concierge™ software customers opting to move forward with e-signatures quadruple. Many businesses are following this trend

to take care of customers more efficiently. Determining what the safety risks might be is a vital part of adding e-signatures to your business.

When it comes to the implementation of e-signatures, there are a variety of factors to consider when opting for a safe approach. FIPCO provides e-signature services that banks can offer in their branches,

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2020: A Year Unlike Any Other

By Paul Kohler

It's the beginning of a new year and the middle mark of my time as WBA Chair, which means it's the perfect time to reflect on where we've been and where we are going. And it isn't often you can say, without a shadow of a doubt, this year has been like no other in modern memory.

Our industry's biggest success story in 2020 has been PPP. In a very real way, this plane was basically being built while we were flying it. Despite the constantly changing guidelines and the uncertainty surrounding the pandemic, Wisconsin's bankers worked tirelessly to ensure their clients received the help they needed. Almost \$10 billion dollars distributed through nearly 90,000 loans positively affected over one million jobs in the Badger State thanks to your efforts.



Message from the Chair

Paul Kohler

That doesn't include all your time spent with clients as you work with all the other tools at your disposal to help businesses stay open and to support the struggling families in your communities. WBA has been saying for years that banks are the cornerstone of their communities, and you've proved that time and time again.

As tirelessly as you worked for your clients, WBA mirrored that same effort in its service to you. Since January, your association has been sending you a constant flow of information on PPP, EIDL,

emergency orders, and other pandemic-related items. Resources were developed for you like the PPP Loan Forgiveness Calculator (FIPCO) or other assets that could be shared directly with clients. PPP FAQs were updated on an almost daily basis while the WBA Legal Call Program's phone was ringing off the hook with bankers asking questions on PPP and the CARES Act.

On your behalf, WBA also kept lawmakers informed on what the banking industry was doing for Wisconsin and its constituents. Together, we saved small businesses \$250 million in taxes by proposing the elimination of the tax on the amount of the PPP forgiveness for state tax purposes.

The WBA appeared in *The Wall Street Journal*, *Bloomberg*, *Milwaukee Journal Sentinel*,

and *Wisconsin State Journal* (to name just a few) as they shared your story.

As we look forward, it seems 2021 isn't going to be any less exciting for the banking industry. Wisconsin's legislative session begins soon with WBA working on many critical banking issues like COVID liability, elder financial abuse, cybersecurity/data privacy, credit unions, and much more. Another round of PPP may be on the horizon, stimulus efforts are being discussed, and although a vaccine is now on the way, it will be a long journey for our business clients on the road to recovery. Wisconsin is fortunate to have bankers like you making a difference in its communities every day.

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

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WBA 2021 Legislative Session Game Plan

WBA Board Approves Banking Industry Legislative Priorities

By Mike Semmann

Advocacy is one of the core tenets of WBA's mission and this year, like every election year, volunteer bankers and staff worked diligently over many months to craft our 2021-2022 legislative priorities. In early December, the WBA Board of Directors approved the recommended priorities for the upcoming session. The Government Relations Committee and WBA Advocacy Officers began work on this agenda in early June and considered the following areas as it created the agenda:

- » Federal/state legislative policy areas (partial list):
 - » Economy, Banking Compliance, Agriculture, Wealth Management, Mortgage, Human Resources, Retail, Data Privacy & Cyber Security, Consumer Protection, Technology and Operations, Payment System
 - » Federal/state administrative rules
 - » Court cases
 - » Elections

Some of the issues on our legislative priorities list are new while others are part of an ongoing effort. New this year is an effort to provide a **liability exemption for COVID-19 on premises**. Even with news of a vaccine, COVID will still be an issue for businesses, schools, and others continuing to operate with as much normalcy as possible. As businesses, schools, and universities reopen and return to some semblance of normal operations, many fear the threat of lawsuits from potential COVID-19 outbreaks. Over the past six months, businesses and schools have adapted and taken precautions to protect their customers, visitors,



Advocacy Update

Mike Semmann

students, and employees with many adopting best practices from various entities such as the CDC, DHS, and WEDC. Even when taking precautions, these good actors often have very little control over the circumstances that could bring a potential COVID-19 outbreak to their premises. Consequently, they should not live in constant fear of litigation.

Elder Financial Abuse

Elder financial abuse prevention continues to be a priority. You helped craft legislation during the last session giving banks tools to better protect your customers from fraud and abuse. Due to a variety of factors, none of the bipartisan proposals were signed into law last session. With your help, we are going to get these critical bills across the finish line and signed into law.

Data Privacy, Cybersecurity

Data privacy and cybersecurity is likely to be an issue in the upcoming session partially driven by more reliance on online services and an increase in remote workers. As you know, banks are already required to comply with strict laws and rules. New regulations in this ever-evolving area must be developed and implemented in a manner that does not stifle innovation or frustrate consumers, nor should it add to the burden banks already manage. Our concern is that at this point Wisconsin may be heading toward

recommendations that—while certainly well-intended—may negatively impact businesses and consumers.

We'll be asking lawmakers to consider three important principles for future data privacy and security measures recommended with the goal of reducing harms to both businesses and consumers:

1. Ensure harmonization between existing regulatory structures and requirements;
2. Retain and expand risk-based regulations, which balance consumer expectations with the ability of businesses to effectively operate and innovate; and
3. Proceed incrementally so that Wisconsin businesses and consumers have time to adapt and do not suddenly find themselves at a significant disadvantage.

These are only a few of our upcoming issue priorities. WBA monitors hundreds of proposals during the legislative session and will be ready to act when necessary on behalf of Wisconsin's bankers.

Additional Items on WBA's Legislative Priority List

Here are a few of the additional items on the WBA Legislative Priority List:

- » COVID Premises Liability Exemption
- » Data Privacy/Cyber Security: Risk-based restrictions, harmonization
- » Elder financial fraud: increased penalties; allow banks to delay suspect transactions; allow notifications regarding securities accounts, update the Wisconsin Uniform Securities Law
- » Eliminating ATM/ITM notice requirements
- » POD security interests exercised prior to paying POD beneficiary
- » Municipal Deposit Guarantee Program increase to \$1 million

WBA Public Policy Agenda Timeline:

- June 26 —————
- » Survey of WBA GRC and Advocacy Officers.
- June 26 —————
- » First GRC meeting.
- July 27 —————
- » Task Force refines initial concepts.
- Sept. 11 —————
- » GRC meets to prioritize issues and rank as active or responsive.
- Oct. – Nov. —————
- » Review and refine agenda.
- Dec. 2 —————
- » 2021-2022 legislative priorities presented and approved by the WBA Board of Directors.

» Federal Rules of Evidence on Authentication of Electronic Data

» Knox boxes: Limiting municipality's requirement for banks

» Municipal lending by BCPL: increase permissible term for a promissory note

» Credit Unions: WBA Task Force Recommendations (ABC Act, ECORA, etc.)

» Redefine "Refinance" for consumers loans

» Creation of WISCO 504 state program as alternative to SBA 504

» Wisconsin Uniform Trust Code Trailer Bill

» Creating a "One-Stop-Shop" for data matches

» Centralized Ag lien system

Other Items on WBA's Legislative Priority List

Other items WBA expects to work on during the next session:

- » Interchange
- » Wisconsin Partnership, Corporation Statutes
- » CDFI Tax credits on a qualified investment
- » Wisconsin Student Debt Task Force recommendations

Semmann is WBA executive vice president – chief operations officer.

INTRODUCING... NEW STAFF MEMBERS

WBA and FIPCO are excited to announce several new additions to the team as well as the promotion of a current staff member. Below are the most recent changes in staff and the responsibilities they'll be accepting to assure that your needs as a WBA member are not only met, but exceeded.



Ally Bates
Digital Marketing
Coordinator,
Wisconsin Bankers
Association
abates@wisbank.com

Among the recent changes to WBA staff, we're pleased to announce that **Ally Bates** has been promoted to the newly created role of digital marketing coordinator. As digital marketing coordinator, Ally works to ensure our digital communications are timely and relevant for you, acts as staff liaison to the WBA Marketing Committee, and is point of contact for the *Scenes of Wisconsin* Calendar. As we previously announced, there are some changes coming to who you receive the *Wisconsin Banker Daily* from, but Ally is still involved in the creation of the *Wisconsin Banker Daily* in her new role.

Ally joined the Wisconsin Bankers Association in April 2017 as administrative/communications assistant – legal and was promoted to digital marketing coordinator in Oct. 2020. Ally graduated from Iowa State University in 2016 with a degree in communication studies and a minor in design studies. Currently residing in Madison with her cat, **Sully**, she enjoys reading, record collecting, and cycling.



John Cronin
Assistant Director –
Government Relations,
Wisconsin Bankers
Association
jcronin@wisbank.com

John Cronin will focus on communicating your priorities as WBA members to state and federal elected officials, as well as coordinate and promote political advocacy.

John graduated from UW-Madison in 2012 with a degree in economics. He has spent the last eight years working in the Wisconsin Legislature, three of which were with outgoing Joint Finance Committee (JFC) Co-chair **John Nygren**. The five years prior were spent with incoming JFC Co-chair **Mark Born**.

A Milwaukee-native, John grew up in Mequon and spends much of his time outside, typically either golfing or fishing. He lives with his fiancée and their rescue dog, **Gus**.



Alex Paniagua
Writer/Editor –
Communications,
Wisconsin Bankers
Association, apaniagua@wisbank.com

If you're already subscribed to the *Wisconsin Banker Daily*, you may have heard that **Alex Paniagua** has joined WBA as the new writer/editor. Alex will contribute to the team that delivers the *Wisconsin Banker Daily* to continue providing you with your daily banking news.

Alex earned his bachelor's degree in English literature and communications from UW-Milwaukee and has written for publications such as *AQUA Magazine*, *Wisconsin People & Ideas*, and *American Farriers Journal*. Much of Alex's work involves finding a creative focus while writing through a narrow lens.

Aside from writing, he enjoys hiking, performing music, and reading.



Amy Petersen
Accounts Receivable and Administrative Specialist – FIPCO
apetersen@fipco.com

Amy Petersen is responsible for assisting customers with their product and service orders, contracts, and billings. She has worked for ITS Compliance in many different departments and is excited to bring her skillset to FIPCO and the Wisconsin Bankers Association.

Amy's interests and hobbies outside of work include music, art, and travel. She has three adult children and two grandsons.

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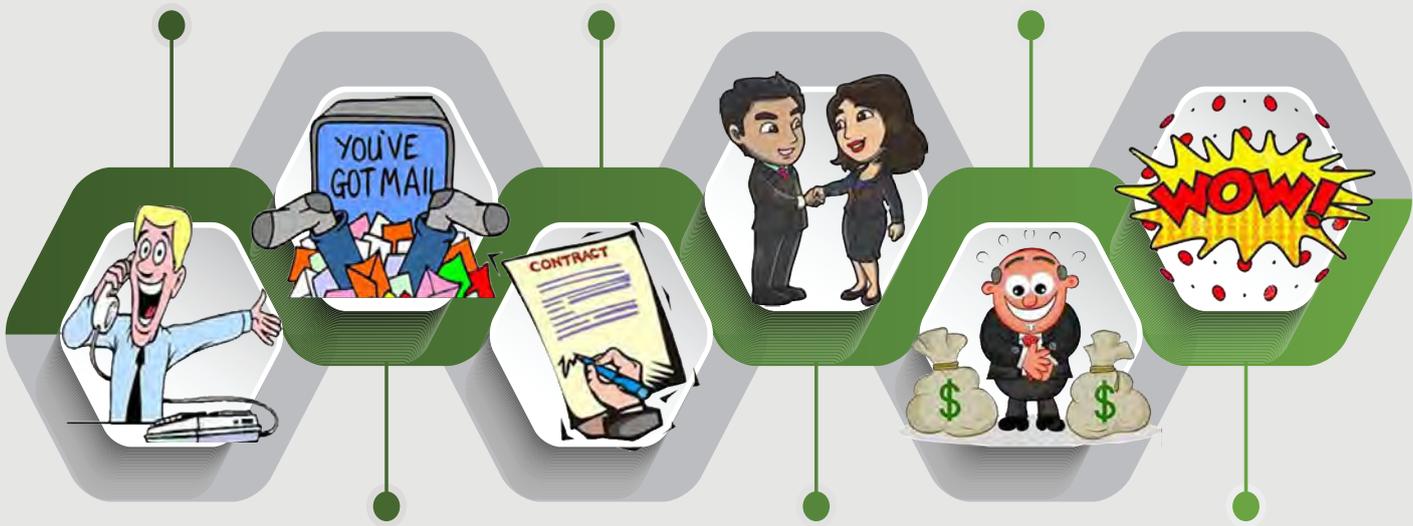
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What's the Interest Rate on Escrow Accounts?

Wisconsin DFI sets escrow account interest rate at 0.11% for 2021

Has the Wisconsin Department of Financial Institutions set the Interest Rate on Required Residential Mortgage Loan Escrow Accounts for 2021?

Answer: Yes. The Wisconsin Department of Financial Institutions, Division of Banking (DFI), has calculated the interest rate required to be paid on escrow accounts for residential mortgage loans subject to Wisconsin Statute Section 138.052(5) to be 0.11% for 2021. The interest rate shall remain in effect through Dec. 31, 2021.



Compliance Q&A

Scott Birrenkott

Note that while Wisconsin Section 138.052 previously required financial institutions to pay interest on the balance on any required escrow accounts, Wisconsin Act 340 modified this requirement so that it only applies to loans originated prior to the effective date of the Act (April 18, 2018).

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

Thus, financial institutions must continue to pay interest on escrow accounts they required prior to April 18, 2018. For any escrow account associated with a loan originated after the effective date of Act 340, 138.052 no longer requires payment of interest. Wis. Stat. Section 138.052 applies to loans secured by a first lien or first lien equivalent in a 1-4 family dwelling that is used as the borrower's principal residence.

The escrow rate notice may be found here: https://docs.legis.wisconsin.gov/code/register/2020/780a1/register/public_notices/public_notice_notice_of_2021_interest_rate/public_notice_notice_of_2021_interest_rate.pdf

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

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.

Reading Raises Interest Kits for 2021

A free community outreach tool

Each year, the Wisconsin Bankers Foundation distributes hundreds of Reading Raises Interest Kits to Wisconsin bankers so they can help teach financial literacy to the youngest members of their community. Alongside WBA's Power of Community Week and national Teach Children to Save Day, the month of April is an excellent time to promote the importance of saving and spending wisely.



> Contact **Mike Semmann** at msemmann@wisbank.com or **Alex Paniagua** at apaniagua@wisbank.com for more details.

In light of the ongoing pandemic, teaching children about the importance of saving and making wise money choices still remains a critical community service.

To accommodate for this, WBA is exploring a variety of new and creative ways for bankers to share financial knowledge with a *free** Reading Raises Interest Kit. WBA also encourages participating banks to contact their local school district to further discuss the best approaches to take as the situation evolves.

Each kit features an age-appropriate book and comes with a lesson plan, suggested classroom activities, and several other resources

that will help create an engaging and educational presentation. The announcement of this year's featured book and more information will be announced soon.

For further questions, contact **Mike Semmann** at msemmann@wisbank.com or **Alex Paniagua** at apaniagua@wisbank.com.

You can help keep Reading Raises Interest Kits free and financial literacy accessible with your **tax-deductible donation to the Wisconsin Bankers Foundation.*

Help Grow Our Industry Through the WBA Scholarship Program

The Wisconsin Bankers Foundation (WBF) is excited to again offer an annual scholarship opportunity for high school seniors. The program is for students furthering their education at a Wisconsin state accredited college, university, or state-operated technical school. Applications will only be accepted from student bank employees or students with a parent or guardian employed at an in-state location of a



Wisconsin Bankers Association member bank.

Continuing the tradition of last year's scholarships, four scholarships will be available for a program total of \$8,000. Two of these scholarships will be awarded to Wisconsin high

school students who will be attending a Wisconsin college or university in the fall of 2021. One scholarship will be awarded to an individual who is employed by a WBA member bank or has a parent or guardian who is employed by a WBA member bank. The final scholarship will be awarded to any eligible applicant based upon WBA Retail Committee choice. Each scholarship awarded in 2021 will be in the

amount of \$2,000.

As a WBA member banker, we encourage you to promote this opportunity to employees at all branches of your bank. More information on how to apply for the scholarships will be available soon.

For further questions or information, please contact WBA's **Mike Semmann** at msemmann@wisbank.com or **Alex Paniagua** at apaniagua@wisbank.com.

OCC Warns Banks on Cybersecurity Issues

Experts share their cybersecurity advice

By Paul Gores

Cyberattacks on bank data, including ransomware incursions that can deny a financial institution access to its own digital information, are an increasing operational risk, an industry regulator and cybersecurity experts warn.

While most have adapted to employees working remotely during the COVID-19 pandemic, banks need to be especially mindful as hackers more aggressively attempt to break into computer systems from various points of entry, they say.

“Banks should remain vigilant concerning cybersecurity control and risk management practices as banks face continuous threats from cyber actors,” the Office of the Comptroller of the Currency stated in its autumn Semiannual Risk Perspective. “These actors have become less inhibited and more sophisticated with their knowledge of the financial institution operations and vulnerabilities in bank applications or systems.”

In addition to exploiting system susceptibilities, cyber crooks are using exploitation methods like phishing emails and credential theft to compromise bank systems, and examiners continue to identify concerns with bank information technology security, the OCC said.

The pandemic has made the situation worse.

“Cyber criminals prey on fear and urgency and general mass concern. So the coronavirus, this global pandemic that we’re dealing with, really is the sweet spot for those folks – particularly in sending out mass phishing email scams,” said

Jon Waldman, co-founder of SBS CyberSecurity, a Madison, South Dakota firm that works with many financial institutions. “One out of every three phishing scams today are COVID related.”

Waldman said that during the March-through-April stretch when coronavirus fears initially peaked, there was a 667% rise in phishing emails in the U.S.

Phishing – a technique in which a cyber thief sends emails in the hope of duping an unsuspecting victim into turning over private information like email or system passwords – often is the easiest route for busting into a data system.

Rather than use a highly skilled hacker to try to break through a company’s firewall, organizations can send authentic-looking phishing emails that trick the recipient into clicking on a link that opens the door to a data takeover.

“The weakest link is the person who hasn’t been informed well enough or trained well enough or educated well enough that you don’t click on links that were not expected,” said **Ken Shaurette**, director of info security and audit for the Madison-based bank services firm FIPCO. “I’ve seen some extremely crafty ones. They will even fool the experts when they’re well done. And one time is all it takes.”

In one common ruse, a hacker infiltrates actual email accounts from a title company or real estate brokerage. The crooks might then send, for instance, an email to a homebuyer who is getting ready to close on a mortgage, telling him or her the location where funds should be wired has just changed.

“It’s coming with an actual email address. You — as a

homebuyer — how do you know that wasn’t legitimate?” Shaurette said.

In its report, the OCC warned that the financial sector continues to see an increase in ransomware attacks with cyber actors using phishing emails as the main attack method.

In a ransomware attack, the cyber crook finds a way into a company’s system and then encrypts important data and demands money, typically via Bitcoin, to provide a key that unlocks it.

“Recently, cyber actors have elevated their tactics to not only target and encrypt bank data while compelling payment but also threaten to auction or publish customer information on the dark web,” the OCC said.

Banks should have a clear understanding of the impact of a ransomware attack and the potential effects on the banks’ customers and third parties, the OCC said. Dealing with breaches often comes at great cost – both financial and to customer relations.

“Given the nature of what they do, if banks can’t recover because they don’t have appropriate backup or secured backup systems in place, they are likely looking at a scenario of ‘Well, how do we get our data back?’ and that could include paying the ransom,” said **Tom Wojcinski**, a director in the risk advisory services practice of the Milwaukee-based accounting and consulting firm Wipfli.

Although authorities say companies never should pay the ransom to regain access to their data, some do.

“If nobody paid the ransom the market would evaporate and it would stop being a thing,” Wojcinski said. “But people are paying the ransom, so the cyber criminals are

continuing to drive innovation of their ransomware. It’s getting better, it’s getting faster, it’s getting harder to detect.”

Waldman said that when a ransomware group or an attacker gets into a network, they often go 40 to 60 days – and even up to 200 days – without being detected.

“Which gives the bad guy a lot of time to steal information and then use that as leverage in order to force an additional ransomware payment,” Waldman said. “If you have that kind of leverage, that also means you can ask for more money, and if the company doesn’t pay the ransom, then they threaten to post the data.”

What is a typical ransom demand to a business?

“Probably at the beginning of 2019 the average was \$30,000 to \$50,000, and today it’s over \$200,000 on average,” Waldman said. “If you’re a bigger company, then it’s usually seven figures.”

Given the immense hassle and cost of dealing with a ransomware takeover – and many other types of cyber intrusion – prevention and detection are crucial.

Experts say companies need to be especially wary during a time when more employees are working remotely instead of in a building where data systems are assumed secure.

“It’s taking employees that were once on a ‘trusted’ system in their office and potentially moving them out to a personal computer that now has not had the same kinds of controls applied to it,” Shaurette said.

Said Waldman: “Those folks that are working from home are still working with customer information

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Maintaining Staff Morale in Covidian Times

By Alex Paniagua

The pandemic has stuck around longer than anyone has expected, and now we all find ourselves under these unusual circumstances during a Wisconsin winter. Even without the days getting shorter and the weather getting colder, keeping staff morale at its best has been difficult. WBA sought out some of the best practices from WBA Associate Members to make sure morale in the workplace continues to thrive.

Reconsidering Culture

The first step to keeping everyone motivated and engaged might sound simple, but it's

one that is often overlooked. Reconsidering the workplace culture doesn't mean restructuring the entire workflow, but Executive Coach **Sarah Noll Wilson** finds it helpful to approach morale as something that requires a bit of rethinking from time to time, especially during uncertainty.

"When I think about morale, I'm not thinking about how I can make people happy," said Wilson. "I'm thinking about how to make people feel safe given the current conditions we're going through, and the happiness follows."

For Wilson this means basing culture around how

everyone is treated rather than the events or activities surrounding it. This commonly focuses on assuring that staff feel their work has purpose and their interactions are genuine. Currently it's about feeling safe and supported.

"People have to feel safe before they can begin to care about clients," said QTI Director of Employee Experience **Beth Weiler**. "We can't boost their morale if they don't have that security and trust."

Part of this trust is allowing flexibility. Letting staff have some creative control over their daily tasks instead of a strict schedule allows them to reach

out to others when needed. It's an approach that Plante Moran Partner **Kyle Manny** said is critical to assuring that workers are heard and receiving the resources that they need.

"A flexible and open culture is something that should be engrained early," said Manny.

"Regardless of whether a person is an administrative professional or an audit tax consultant, the expectation should be that if somebody reaches out and asks for help, client or colleague, you're going to do that."

In other words, workplace culture should not be defined

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Cybersecurity Issues

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on behalf of the bank, and there's a big potential exposure there if they would click on a phishing email or get ransomware that goes back to the financial institutions. The big message is: make sure that you use these next few months to plan around securing your work-from-home folks."

What are some ways a bank can protect itself against cyber crooks?

Use multiple data backups. Waldman stressed backing up data, not just with a cloud backup, but also by keeping a copy offline and not connected to the network – safely away from the clutches of criminals.

"In almost every case that we've worked from a digital forensic incident response perspective, any time an organization has had to pay the ransom, it's because they didn't have good data backups," Waldman said.

Have a strong patch management system. Staying up to date on patches typically prevents many data breaches, Waldman said.

Train employees to make sure they're aware of threats. Wojcinski said banks need to "create a culture of security."

"When I say create a culture of security, I'm really thinking about how we need to instill professional skepticism in our end users," Wojcinski said. "And we need people to really think twice to say, 'Should I click this link? Should I process this wire transfer? Should I do this? Is that the right thing? Let's ask for clarification.'"

Use multi-factor authentication. Hackers can steal or buy email credentials. Having another way to make sure the people behind the account are who they say they are can head off trouble.

Have strong passwords. "Passwords don't need to be complex. They need to be long," said Shaurette.

"Passwords don't need to be hieroglyphic. They need to be unique and they should be long – and by long, it should be 15 characters and plus. If I use three or four unrelated words, I've got a long password that nobody is likely to ever guess."

Use next-generation antivirus software. While traditional antivirus programs rely on a database of cyber threats, advanced antivirus software analyzes a file before it opens to see if it's going to execute code in a way that appears to be malicious, Waldman said.

Make sure your security system can quickly identify intruders. This will keep criminals from having extended time in a bank's network and records, Waldman said.

Even with preventive measures in place, "You still need to anticipate those will be circumvented or breached somehow," said Wojcinski.

"We've got to have monitoring processes in place to identify suspicious network traffic as endpoint detection tools to look for anomalous processes running on workstations," Wojcinski said.

If banks build strong cybersecurity systems, compliance with regulators shouldn't be an issue, Shaurette said.

"If you've built based on strong industry standards and continue to mature it – it's a journey, not a destination – you will be compliant to any regulation that ever comes along."

Gores is a journalist who covered business news for the Milwaukee Journal Sentinel for 20 years. Have a story idea? Contact him at paul.gores57@gmail.com.

FIPCO is a WBA subsidiary and a WBA Gold Associate Member.

Wipfli is a WBA Silver Associate Member.

SBS CyberSecurity is a WBA Bronze Associate Member.

Staff Morale

(continued from p. 9)

by morale. Everything surrounding the culture that leads to an employee feeling respected, supported, and safe will instead build and strengthen morale. The activities and events that have seemed to vanish in recent months will always be a good supplement, but assurance should come first so the happiness can naturally follow.

“When I think about morale, I’m thinking about how to make people feel safe given the current conditions we’re going through, and the happiness follows.”

“Celebrate the wins and create that culture where everyone is happy about everyone being successful,” Weiler advised.

Checking In

People deal with stress in a number of ways. To make sure this is being addressed properly, it can be helpful to develop a plan and have guidelines set in place for understanding where that stress is coming from and how it can be handled. Every organization should take a different approach to how they build these guidelines and tailor them specifically to their employees, but they should begin with outlining the ways to make everyone feel reassured as everything continues to change.

Manny noted some of the ways that Plante Moran is doing exactly this: rolling out expanded work-from-home remedies which provide available resources to staff at home, providing flexibility on how and when to take vacation time as they manage unexpected personal

commitments, expanding their athletic reimbursement policy, and offering financial support for those struggling with dependent care.

A plan should also include more than just benefits, Manny said. Highlighting the importance of regular check-ins can be a good way to identify when your staff might need a boost.

“It’s important for executive staff to understand the mental health challenges that people are facing already and how that will be exacerbated come winter,” said Wilson. “It’s a balance. A company needs to make money and be productive, but that productivity should look a bit different given what everyone is going through.”

When checking in, Wilson added to be specific with the questions you ask. Sometimes just asking what a person needs isn’t enough because the reality is that they truly don’t know themselves. Other times it can be difficult to articulate or someone might not feel comfortable beginning that conversation. It can be as simple as asking if they need any additional resources or if they’ve been excited about anything in particular. Are they hesitant or unsure in their response? This might be a sign that they’re in need of a morale boost.

“Be intentional in whatever you do,” said Weiler. “Take some time to reflect on what a strong, trusting relationship looks like, both personal and professional, and see how they’re doing and what you can help with.”

For places that don’t have this type of personal interaction in the workplace, Wilson noted that it can be as simple as seeing whether anyone else is going through any of the same problems. When one member of a group she was working with assured her that the staff wouldn’t discuss their feelings because it wasn’t

really their culture, things took an unexpected turn when one person said ‘I haven’t been getting the best sleep recently — has anyone else experienced that?’ The simple admission created an open dialogue they didn’t have before, and suddenly they were aware that many of them were going through similar struggles.

Checking in becomes even more necessary with remote employees. It can be easy to check in with others when you’re physically near them, but that daily interaction might not be there with those working from home. It’s also not unusual that many of those workers will see significantly less nonverbal expressions, like a smile, than they’re used to. Routinely reminding those staff members through video chat that they continue to add value to the company is a small task, but it makes a huge difference in the way that person views their work.

Especially with winter approaching, Weiler noted that QTI is planning a variety of new ways to keep remote and in-person staff involved as much as possible. From online cooking classes for the office to employee engagement surveys to virtual happy hours, she noted that it’s a lot of brainstorming and it’s never been more worth it.

“Supporting our colleagues’ mental and emotional health isn’t a finite task — it’s ongoing,” Wilson added. “We’re always going to be experiencing challenges. The more equipped we can be to creating an environment where people feel safe, supported, and have the tools to navigate those challenges, the better.”

Candor is Kindness

The overwhelming response to how companies have maintained staff morale offers insight to how everything else should be approached — when it comes to tackling difficult situations,

transparency seems to be the most important factor.

“I think we can sometimes be too afraid to admit when something isn’t looking great,” said Wilson. “The immediate thought is that you have to keep it positive and be a cheerleader, but sometimes the greatest gift we can give somebody is just admitting that it’s hard right now. You can be confident that it’s something you’ll figure out as a team, but that doesn’t take away from the fact that it’s hard.”

Separating the professional from the personal is a major part of being transparent. When staff is treated as humans first and employees second, they’re more likely to open up and provide their thoughts on how everyone can survive and eventually thrive.

“Developing a personal relationship where I can candidly ask what people are struggling with personally helps to better understand things like whether there’s a need to be back in the office versus people wanting to be back,” Manny said. “Whatever we end up doing, we want to make sure we’re doing it the right way.”

But being transparent doesn’t mean sharing everything. A great start is just to name and honor the challenges that arise, even if they can’t be fixed. It’s natural to want to shy away from the bad and focus primarily on the good, though being kind doesn’t have to veil the reality everyone is facing.

“At our firm we say, ‘candor is kindness,’” Manny continued, “so we’re always making sure we communicate and overcommunicate what businesses are dealing with and how that might impact employees. But on a personal level, especially now, it’s even more important.”

Reconsidering culture, regularly checking in with

(continued on p. 11)

What's in Your TRID?

Explore continuous improvement and operational efficiency with ShareFI

By Jeff Schmid, CRCM, CERP

Or better yet, what's not in your TRID? It's the never-ending saga between a mortgage lender who is trying to keep the customer happy, the mortgage processor who has nightmares about LE's and CD's, the auditor who plays the "gotcha" game, and the applicant who is trying to make sense of it all. Therefore, it becomes imperative that all information contained in these complex disclosures are complete and accurate as possible. And whatever is not in your TRID can get you in trouble.

It was only a few short years ago, five to be exact, when TRID was first introduced. One would think after this year's onslaught of mortgage refinances, mortgage processing staff would be experts in this regulatory field, but recent findings by the FDIC suggest otherwise. In fact, 86% of all compliance exams in 2019 (WI) had violations of TRID. Everything from loan costs, general information, calculating cash to close and closing cost details are fair game when it comes to making



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Jeff Schmid



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inadvertent mistakes.

So, what is a banker to do? First, select the best LOS system and test your defaults for accuracy including fees and third-party providers, including any updates considering our new era of refinance business. Building your system to be bullet proof from clerical errors may be your first line of defense. Second, look for red flags within your disclosure that are relevant. For example, are you disclosing estimated PMI premiums on the initial LE when the estimated value exceeds 80%? Do the LE figures on your CD match the last revised LE issued to the customer? Third, be aware of when Taxes and Home-Owners Insurance is due and possibly considered a pre-paid, especially for loans that will close in the

coming weeks. Lastly, don't let your processor(s) make any changes to TRID documents that don't follow the protocols of your LOS system. While bankers are always looking for work around solutions, making hard changes to a TRID document can have negative and costly effects.

Choosing the right LOS, being fully trained on TRID and utilizing resources to review your TRID documents and processes may keep

your bank out of the 86% of financial institutions struggling to comply. What is in your TRID (or not in your TRID) will make all the difference.

For further assistance on complying with this regulation, please contact me at jschmid@fipco.com.

Schmid is FIPCO director – compliance and management services. Contact him at jschmid@fipco.com or 608-441-1220.

» ShareFI is a FIPCO resource designed to meet the needs of small- to mid-size financial institutions in the areas of compliance, risk, and operations management.

Staff Morale

(continued from p. 10)

staff, and being transparent are all great ways to better understand when in-person and remote employees might need a boost of morale and how that can best be handled. But once the pandemic has ended and everyone begins to return to the office, celebrating events in person, and going about the holidays as usual, maintaining staff morale shouldn't be put in the past. Giving the scenario the attention it needs now means

constantly rethinking it for the future.

"Recognition is free," Weiler said. "People are doing great things every single day, and that kindness is contagious. Keep that kindness going, because it's not a one-and-done situation, and remember that no one has it figured out perfectly. You just have to keep working on it."

Paniagua is WBA writer/editor – communications.

Plante Moran is a WBA Silver Associate Member.



Jeff Schmid



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Diversity, Equity, Inclusion: Q&A on DEI: Getting Started

By Alex Paniagua

Having conversations regarding DEI has been a critical part of providing leadership throughout the banking community. WBA spoke with **Leslie Drish**, director, diversity and inclusion at the Federal Home Loan Bank of Chicago (FHLBank Chicago or Bank), to better understand how to begin developing a plan for making diversity, equity, and inclusion a strong part of your bank.

Q: What was FHLBank Chicago's process to establishing objectives around diversity, equity, and inclusion?

Drish: "Every three years, we are required by the Office of Women and Minority Inclusion to develop a Diversity, Equity, and Inclusion (DEI) strategic plan. This year, we began the process with our DEI committee, which is made up of eight different employees from the Bank who represent different levels and different departments. We also involved a number of employees who lead our DEI working groups and our employee resource groups.

"A key factor in the development of our strategic plan is looking at DEI data. In 2019, we conducted focus groups with our employees, some of our members, and some of our trade associations. We reviewed that feedback, and we also looked at our employee engagement survey from 2019 to determine what our engagement priorities should be, how they aligned with the mission of the Bank, our goals, and priorities, and how other companies have approached DEI. There was a great deal of data and research. From there we determined what we wanted to have as the foundation of who we are as a Bank, and that helped us establish our objectives around diversity, equity, and inclusion."

Q: You mentioned a DEI committee. What's the significance behind having a team approach to this at FHLBank Chicago rather than one or two people?

"Diversity, equity, and inclusion have to be embedded in everything we do. Many organizations only look at diversity as a talent objective, but to make a deeper positive impact and provide meaningful support for our customers, we have to think about the policies, practices, and procedures in every aspect of the organization. That's why we ensured we had employees from all different areas of the Bank included in the conversation because they brought a different lens regarding how our work impacts their specific department or area. We wanted them to think about those policies: What is it that we offer? What's missing from these products? Is everyone able to access our products? Your bank's DEI work should not be about checking a box and it should not be thought of as something that is separate from everything else. You really have to consider DEI when you are thinking about all of your bank's objectives."

Q: It seems like a lot of planning has gone into this. What are some of the most important things for banks



You also have to be flexible when doing diversity, equity, and inclusion work. As people and perspectives change, be open to new ways of approaching how you're doing business.

to consider when first establishing these objectives?

"It's important for everyone on your team, especially your leadership, to be committed to these objectives. This commitment comes from the top, so leaders must have an inclusive mindset and they need to talk about it. They're setting that example. Here at FHLBank Chicago, our leadership is participating in a lot of these activities and initiatives. They're participating in training, they're going to events, and they're discussing all of this with their teams. I think all of that is extremely helpful because it's setting the tone for the rest of the organization. If our executive team is invested in this, that trickles down to our employees and to our members.

"More banks are truly starting to recognize that when you bring other voices into the conversation and when you get ideas from different perspectives, you end up with a better product and you're then better able to serve your customers. At our organization, diverse perspectives are strongly encouraged. And, everybody is driven for all the right reasons."

Q: When taking that first step to establishing DEI goals, what are your recommendations to help get more people on the same page?

"It's not something you figure out and then you're finished. DEI work is always evolving because you're dealing with people. The conversations I'm having now are very different from the ones I was having 10 years ago. What I have noticed though is that these conversations are often uncomfortable, and the people who show the greatest signs of success in DEI work are the ones who allow themselves to be aware, open, vulnerable, and authentic.

"Often, people think inclusion is listening to everyone and implementing every idea that comes through the door; that's not the case. Inclusion is about hearing those different perspectives, understanding them, debating them, and aligning it all with your company's culture and values. You have to truly determine what is going to be the best outcome, and make sure you're hiring a diverse staff to help get you there.

"You also have to be flexible when doing diversity, equity, and inclusion work. As people and perspectives change, be open to new ways of approaching how you're doing business. Don't just say that since you now have 'x' person on the team that you've achieved diversity, because that's not what it's about. It's about having those diverse voices present, ensuring all perspectives are heard and valued, and being willing to shift these ideas and perspectives as our surroundings change. It's challenging, but it's necessary. We have to adjust when we recognize that a solution we've created doesn't solve the problem to everyone."

Paniagua is WBA writer/editor – communications.

The Federal Home Loan Bank of Chicago is a WBA Gold Associate Member.

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Bulletin Board

News about people working in Wisconsin's financial institutions

Promotions and New Hires

Appleton

First Business Bank, part of First Business Financial Services, Inc., announced **Steve Marshall** (*pictured*) was hired as vice president – commercial banking and **Chris Hess** (*pictured*) joined its Northeast Wisconsin Advisory Board of Directors.



Marshall



Hess



Snearly



C. Johnson



Swan



Bettinger



La Mue



Fehrmann



T. Johnson



Brost

Fond du Lac

National Exchange Bank & Trust is pleased to welcome **Scott Snearly** (*pictured*) to the bank as an operations manager for offices in Coloma and Westfield.

has joined Associated Bank as senior vice president, relationship manager, commercial banking. **Erik Swan** (*pictured*) has been promoted to the role of senior vice president, corporate banking team leader, commercial banking.

Greenfield

PyraMax Bank is proud to announce and welcome **Jennelle Bettinger** (*pictured*) as their new sales manager vice president retail banking.

Manitowoc

Investors Community Bank,

a subsidiary of County Bancorp, Inc., welcomed **Julian La Mue** (*pictured*), vice president – market president, Green Bay and **Matthew Fehrmann** (*pictured*), vice president – technology solutions to its team.

Marshfield

Terry Johnson (*pictured*) has joined the Forward Bank team as a vice president, senior ag loan officer. **Steve Brost** (*pictured*) has also joined the Forward Bank team as vice president, ag loan officer in the Withee office.

(continued on p. 15)

Forward Bank Breaks Ground on New Park Falls Office



Forward Bank has broken ground on a new facility on the corner of Highway 182 and Highway 13 in Park Falls. The new facility will allow Forward Bank to consolidate the two existing offices in the community into one, state-of-the-art building

Community State Bank Supports Local Coffee Shop



Community State Bank presented a \$2,500 donation to Inspired Coffee in downtown Lake Geneva, Wis. Inspired Coffee is a coffee house developed by Inspiration Ministries to provide work and training opportunities for individuals with disabilities.

Erick Gorecki
262-369-7007

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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 **Alex Paniagua** at 608-441-1237 or apaniagua@wisbank.com.

Bulletin Board

News about people working in Wisconsin's financial institutions

Promotions and New Hires

(continued from p. 14)

Platteville

Mound City Bank announced the hiring of **Tami Brogley** (pictured) as customer service representative supervisor.



Brogley



Egerson



Beutler



Wierschem



Timm

Racine

Sheila Egerson (pictured) has joined Associated Bank as assistant vice president, senior residential loan officer, consumer, and business banking.



Tubbs



Schwartz



Jacobson

Waukesha

First Federal Bank of Wisconsin is proud to announce the hirings of **Rick Beutler** (pictured) as vice president of consumer banking and **Steve Wierschem** (pictured) as CFO.

Wauwatosa

WaterStone Bank announced today the addition of two new community presidents. **Demetrius Nash** has been

appointed as community president of WaterStone Bank's newest branch in Milwaukee. **Donna Williams** has been appointed as community president of WaterStone Bank's West Allis/National Ave. branch.

Wisconsin Dells

Bank of Wisconsin Dells is pleased to announce the hiring of **Dan Timm** (pictured) as vice president and commercial loan officer at the Community Bank of Portage.

Congratulations Madison

In late Nov. 1995, **Jim Tubbs** (pictured) joined State Bank of Cross Plains as a commercial lender, becoming the bank's 77th employee. In Nov. 2020, Tubbs celebrated 25 years at SBCP, which has grown to 265 people throughout southern Wisconsin.

Marinette

Robert C. Schwartz (pictured) received the 2020

Mary L. Staudenmaier WINGS (Worthy Individual Noted for Generous Service) Award. This award was named in honor of The Stephenson National Bank & Trust's (SNBT) former-chairman and long-time president. The award epitomizes Schwartz's steady participation in public service for the community.

Minneapolis

Gerald Jacobson (pictured), president, Northwestern Bank, Chippewa Falls and WBA board member, has been elected to the Federal Reserve Bank of Minneapolis' board of directors, for a term beginning Jan. 1, 2021.

Announcements

Luxemburg

This coming spring, Bank of Luxemburg plans to open a new Door County banking branch at 9331 Spring Road, B20 in Fish Creek.

Fond du Lac's Fox Valley Savings Distributes \$35,000 in Grants



Fox Valley Savings Bank's community giving program matched \$15,000 in partnership with \$20,000 of funds from the Federal Home Loan Bank of Chicago Targeted Impact Fund; a total of \$35,000 was distributed to local charities.

Capitol Bank Celebrates 25th Anniversary by Donating \$25,000



Capitol Bank celebrated 25 years in business on Oct. 9, 2020. With an in-person event not possible, they came up with a unique and impactful way to celebrate the milestone instead. The 25 longest-tenured employees of Capitol Bank each selected a non-profit to receive a \$1,000 donation.

Bank Execs

(continued from p. 1)

positions in other Wisconsin community banks, including CEOs, CFOs, COOs, CCOs, HR leaders, lending managers, retail managers, and more.

The 2021 WBA Bank Executives Conference kicks off on Monday, Feb. 1 with opening remarks from WBA Board Chairman **Paul Kohler**, Charter Bank, as well as some helpful tips on accessing and taking advantage of the conference's virtual platform. The opening session, "Advancing Your Culture" will offer an overview of the innovative approaches your bank can take to expanding your culture.

On Tuesday, **Mark Zinder** of Mark Zinder & Associates will address the potential impacts of the pandemic during his presentation, "Is It Different This Time?" He will also explore the more current events that are not rooted in any historical context that might have you asking, "Is this time really different?"

Zinder will reflect on the pandemic by discussing the aftermath of other crises throughout history. This includes how the Bubonic Plague presented a chance to change the way the economy worked and who it served as well as the new tools used after the Great Depression to ensure another similar event would cease to happen. He will further address the 'Golden Age of Labor,' how we currently have an opportunity to "remake" the global economy that will benefit the many vs. the very few, and how it is that the government flooded the market with liquidity, but inflation is nowhere in sight.

Tuesday will also have an allotted hour to visit with conference exhibitors in their virtual booths. It's as simple



as clicking on their exhibitor profile and then "Join Virtual Booth" to connect with your partners and colleagues.

On Wednesday, after an Economic Outlook, the presentation "Inclusive Leadership: Unconscious Bias, Trust and Decision-Making" will feature keynote speaker **Deborah Biddle**, founder and chief consultant of The People Company LLC. Biddle will discuss how an inclusive work culture promotes innovation, productivity, and profitability.

This session will address your leadership role in embracing diversity, equity, and inclusion within your organization. During this session, bankers will discover why inclusive leadership is an essential skill for developing high functioning teams, uncover key skills for leading inclusively, explore how unconscious bias affects decision-making and workplace inclusion, and learn success factors for highly inclusive leaders.

During the final session of the day, Dr. **Fred Johnson**, CEO and founder of InitiativeOne will be presenting "Create a Championship Culture Within Your Organization" to show how to develop a championship workplace that current and future employees want to be a part of. He will share leadership lessons from

his time in NFL locker rooms and help you to identify your team's strengths and talents with a focus on goal setting that delivers world class impact and results.

Continuing with tradition, this year will once again be honoring 50 and 60 Year Club Members and celebrating the Banker of the Year. Once the sessions have concluded, you'll continue to have full access to the conference via WBA's virtual library. This library of several additional "on-demand" presentations will be available at any time through March 5, 2021.

Virtual Silent Auction

New this year will be a virtual silent auction powered by GiveSmart to raise funds for the Wisconsin Bankers Foundation. Over the course of all three event days, attendees will be able to seamlessly bid on donated auction items using their computer or phone. You can also receive notifications if someone has outbid you on an item. Prizes in the past have included a collection of pieces from the Museum of Wisconsin Art, resort packages, and tickets to a variety of events such as Bucks games, Badger games, and the Milwaukee Symphony.

If you're interested in donating a prize for this year's silent auction or to learn more about how the Wisconsin Bankers Foundation advocates for financial literacy through

programs like their Reading Raises Interest Kits, please contact msemmann@wisbank.com.

Conference Virtual Exhibit Booths

WBA Associate Members are invited to participate by hosting a virtual exhibit booth. These booths will include access to the full conference

and the conference attendee list, bank titles, and a profile created on the virtual platform. You'll also be able to add content to your virtual booth, including a video library, links to your website or video hosting sites, a resource library, white papers, and more.

Sponsorship Opportunities

WBA also offers the opportunity to upgrade your virtual presence this year by becoming an event sponsor. Event sponsors receive all the benefits of a virtual exhibitor, plus verbal recognition during a live keynote speech, recognition in promotional emails, on WBA's website, and on a welcome PowerPoint that will loop before each live session. Other benefits include the option to have a pre-recorded educational webinar provided and presented to bankers in an on-demand content library, and to provide an item in our "conference kit" that will be mailed to all participating banks. Contact WBA's **Nick Loppnow**, nloppnow@wisbank.com, for more information on customizing your event sponsorship!

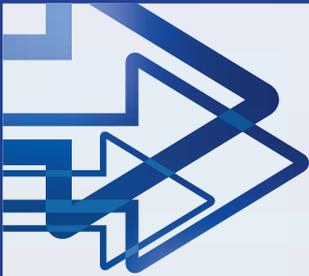
Register or Learn More

To learn more about the 2021 WBA Bank Executives Conference or to register, please visit www.wisbank.com/bankexecs.



WBA WISCONSIN ECONOMIC REPORT

A compilation of sector forecasts from industry experts.



Wisconsin Bankers Association

Bankers Played a Huge Role in Stabilizing Wisconsin's Economy

By Rose Oswald Poels, WBA President and CEO

It has almost become cliché to say that this past year was unprecedented. No one obviously predicted the arrival of the COVID-19 pandemic, and no one correctly predicted the breadth or length of its impact. The ramifications of this health crisis on our economy were great this past year, and I expect this to unfortunately linger well into 2021.

Bankers are always focused on helping their customers, but throughout last year staff were stretched very thin to accomplish the workload while balancing their own COVID-related challenges. The persistent low interest rate environment we experienced at the beginning of last year meant mortgage lenders and operational staff were already very busy. As low interest rates continued throughout the year, there was no substantial decrease in demand. Add to that the Paycheck Protection Program (PPP) and it quickly became clear that bankers were on the economic frontlines of this crisis. Indeed, net loans and leases grew by over 10% from the prior year through the third quarter, with commercial loans growing by over 41%.

In the two rounds of PPP stimulus this past year, Wisconsin bankers across the state proactively engaged to help their customers by providing nearly \$10 billion in funding to almost 90,000 businesses. The volume of loans made in this four-month span of time exceeded what most banks do in one year's time.

At the time of this writing, a third round of new PPP stimulus has not yet passed, and if legislation does not pass during the lame duck session it is expected to pass early in the 117th Congress. Since helping their customers and communities is in the DNA of bankers, the industry will once again step up to help those businesses in need by participating in this next round of PPP.

It is clear that the stimulus money provided this past year was critically needed by businesses and individuals to help get them through the shutdowns and related challenges of the pandemic. The unique lens that gives bankers insight to all sectors of the economy allowed them to act quickly to defer loans to help their customers financially weather what we thought was a short-term health crisis. Most of these same customers received PPP and other stimulus money to help them keep employees paid and their businesses open. With the money running out and the health crisis continuing, it is causing undue financial stress on certain business sectors that will have long-term implications for some while others will have no choice but to shut down. We started to see this happening in the fourth quarter of last year.

As a result, bankers were already preparing last year in anticipation of a higher than normal number of loan defaults. The third quarter FDIC data

shows that Wisconsin banks increased their allocation to loan loss reserve accounts by 31% year over year. As the stimulus money starts to run out causing businesses and individuals to have more difficulty paying their loans, the third quarter also saw noncurrent loans and leases increase by 23% year over year. In the first six months of 2021, I expect there will continue to be higher than normal loan defaults which will cause strain on bank's balance sheets, particularly if a bank did not put enough money into its reserve allocation.

Strain did start to appear last year, however, in the margin of profitability of banks where Wisconsin banks' net interest margin only grew by 3.27% through the third quarter of 2020 compared to 3.51% in third quarter 2019. Despite the roller coaster ride we experienced across the business sector last year, Wisconsin banks continued to be financially stable and profitable through the third quarter of 2020. I expect the industry will end the year strong as well. Moving into the new year, banks will retain strong balance sheets and profitability, although it will continue to be measured until the health crisis recedes.

Founded in 1892, the Wisconsin Bankers Association is the state's largest financial industry trade association, representing 215 commercial banks and savings institutions, their nearly 2,300 branch offices and 22,000 employees.



Wisconsin Hospital Association

Wisconsin's Hospitals Will Emerge Stronger from COVID-19

By Eric Borgerding, WHA President and CEO

2020 marked the Wisconsin Hospital Association's 100th anniversary and what a time for that! We're out of adjectives for a year that challenged our state's health system in ways unfathomable just 10 months ago, and not experienced since a century ago. But Wisconsin health care is poised to emerge stronger and better after COVID-19.

» Updated Playbooks, New Strategies

COVID this spring was largely a dry-run, patients not surging heavily into Wisconsin hospitals until the third and fourth quarters. As the numbers of COVID inpatients increased drastically in September, hospitals utilized their earlier experiences and planning to reprioritize care, reallocate resources, and retool space. With determination and creativity, Wisconsin hospitals added capacity for over 1,400 inpatients in order to absorb the COVID wave, restructuring lobbies, waiting rooms, and even ambulance garages to handle patient overflow and safely treat both COVID and non-COVID patients. All this while hospitals massively expanded their COVID testing capacity and conducting the majority of community testing across our state.

» Built to Bend... Can't Allow to Break

Staffing that expanded capacity, in a highly contagious pandemic, has proven an immense challenge. Community spread of COVID has taken thousands of Wisconsin health care workers out of the fight at the same time demand surges. Hospitals have used every staffing tool and resource to cope, but neither the supply nor resiliency of our incredible health care workers are infinite. The sustained, COVID-caused maximum capacity operation of hospitals, enabled

by seemingly endless shifts behind masks, gowns and shields, and filled with tragic losses of life (over 4,000 Wisconsin COVID deaths), has taken a toll on the state's health care workforce. Wisconsin's nurses, doctors, technicians, custodians, administrators, aids, food service workers, and many others working to keep us healthy and safe have truly earned the title "Hero."

Like other sectors, the pandemic has inflicted serious financial damage on health care. A federal directive in March that postponed non-emergency hospital care translated into approximately \$2.5 billion in net losses for Wisconsin hospitals over four months. Delayed care, whether by government mandate or capacity conserving necessity, has other serious, yet underappreciated, ramifications. One study found that 41% of U.S. adults avoided medical care due to the pandemic through June 30. Applying lessons learned in the spring, hospitals are doing everything possible to minimize "crowd-out" of non-COVID care during the fall and winter surge. This is one of the many reasons slowing down COVID is a statewide, multi-industry imperative.

» Teaming Up to Stop COVID

In September, as COVID began raging in earnest here, WHA led the creation of a multi-industry coalition "Stop the COVID Spread!," a diverse group intent on cutting through the politicization of COVID to drive widespread adoption of simple, yet critical, healthy behaviors. Since its launch in October, the "Stop the COVID Spread!" coalition has grown to more than 125 Wisconsin organizations and aired five separate television/radio/internet messaging campaigns. The Wisconsin Bankers Association was one of the first to lend

“ Since its launch in October, the “Stop the COVID Spread” coalition has grown to more than 125 Wisconsin organizations and aired five separate messaging campaigns. ”

its name and support to this effort ... thank you, WBA!

» “Out of Adversity Comes Opportunity”

Like many industries, health care will be forever changed by COVID and so, we hope, will government. Wisconsin's hospitals initiated and refined new methods of care and resource use that are driving better outcomes and helping government embrace regulatory changes today and substantiate more reform in the future. Pandemic-driven innovation, from expedited physician and nurse licensure to expanded use and acceptance of telehealth to new uses for hospital space, will maximize health care quality, access, and affordability long after COVID recedes.

I firmly believe Wisconsin's nation-leading hospitals and health systems will emerge from COVID-19 stronger and better than ever.

The Wisconsin Hospital Association's (WHA's) mission is advocating for the ability of its members to lead in the provision of high-quality, affordable, and accessible health care services, resulting in healthier Wisconsin communities. WHA is the unifying voice for hospitals and health systems across the state. Issue expertise, experience, and credibility make WHA the leading advocate for sound health care policy in Madison and a respected opinion in Washington, D.C.”



Construction Business Group

Construction is Essential for Wisconsin's Future Economic Growth

By Robb Kahl, CBG Executive Director



Many contractor balance sheets are reporting 2020 revenue numbers that normally reflect a strong economy and healthy industry. That seems to be a mixed message when we know that COVID-19 has devastated the financial stability of many businesses, institutions, and local and state governments. To make sense of this, it is important to understand that construction projects completed this year were bid, negotiated and won in 2019 or earlier.

“ Ongoing investment in Wisconsin’s infrastructure is crucial in providing financially rewarding jobs to the more than 125,000 construction industry employees that call Wisconsin home. ”

Even though 3 out of 4 contractors across the country experienced project delays or cancellations due to COVID-19, being deemed an ‘essential’ industry was critical in allowing many construction projects to continue over the last year – some were even completed in record time because of reduced occupants in schools, vacant corporate office buildings, and fewer vehicles on the road. The construction industry was also one of the largest recipients of Payroll Protection Program (PPP) loans, allowing contractors to retain employees and providing an economic boost to counterbalance increased project costs and project delays.

The common storyline from contractors about the 2021 outlook is concern over the decreasing backlog of work as their customers are uncertain about future building plans. National and local politics, increasing COVID-19 cases that make a return to work or school soon unlikely, and concerns about an economic recession all contribute to this uncertainty. It is no surprise that the collective prediction of economists is that the impact of the COVID-19 pandemic will be significant to both public and private sector construction because select industries were essentially shut down (manufacturing, retail, and hospitality among them) and tax revenue, critical to public project funding, has decreased.

While multi-family and single-family residential construction has been strong throughout 2020, all major categories of nonresidential construction spending have decreased since February. Power, distribution centers, and data centers are markets forecasted to have positive increases in 2021. Education construction is a mixed story with declining higher education construction due to decreased revenues for the UW System, but K-12 construction will likely be strong as Wisconsin voters passed 85% of school referendums on the ballots in November.

As **Governor Evers** prepares the budget that will be presented to the Legislature in February, it is critical that there be a focus on continued investment in Wisconsin’s infrastructure. Even throughout the pandemic when fewer residents were on the road, we realize how essential transportation is to our everyday life – keeping store shelves stocked, allowing grocery and meal deliveries to continue, and stocking

“ The construction industry was also one of the largest recipients of Payroll Protection Program loans, allowing contractors to retain employees and provide an economic boost to counter balance increased project costs and project delays. ”

Amazon distribution centers. We also realized how essential our fiber-optic infrastructure is due to remote work and learning demands, and investments to improve fiber-optic infrastructure, especially in rural Wisconsin, must continue.

Ongoing investment in Wisconsin’s infrastructure is essential for recruiting and retaining businesses in our state and to post-COVID-19 economic recovery. That investment is also crucial in providing financially rewarding jobs to the more than 125,000 construction industry employees that call Wisconsin home. Wisconsin’s construction industry is essential to the health and success of our state and we welcome the challenges and opportunities that 2021 will bring.

The Construction Business Group promotes and protects the construction industry. They ensure fair contracting laws are followed on public construction projects. They work cooperatively with contractors, employees, and public entities by educating them on fair contracting laws, monitoring projects for fair contracting compliance, and identifying and helping to resolve compliance issues.



Wisconsin Farm Bureau Federation

Wisconsin Agriculture Economic Update

By Kim Pokorny, WFBF Chief Administrative Officer

With resources from: UW – Extension and Total Farm Marketing, West Bend

Certainly, no one could have predicted how 2020 would unfold when the calendar turned last January. The COVID-19 virus has infected every aspect of our lives. In addition to being a serious health threat to some individuals, it had negative ramifications on American society and the economy at large. In the agriculture world, we saw a volatile market become even more unstable as investors scrambled to protect themselves. Food processing plants reduced their output due to restrictions on how many employees could work in close proximity as well as a record number of employees who were required to quarantine. This caused a backup in the food chain process. Shuttered slaughterhouses and meat packing plants running below capacity left some farmers in the lurch when their livestock were finished but had no place for processing. The dairy markets plunged temporarily creating a panic. Some co-ops and milk brokers struggled to find markets for their contracted milk leaving a few Wisconsin dairy farmers with nowhere to ship their milk. The crushing economic destruction to the commodity markets resulting from the coronavirus pandemic devastated the labor force, threatened food supply chains, and created panic buying from retailers and consumers.

In spite of the chaos in the industry during the spring and early summer months, Wisconsin farmers still planted their crops and cared for their livestock...in short, they were still farming. A phrase that led to a social media campaign to reassure consumers that food would continue to be on the grocery store shelves. We scrambled for a few months to adjust to what the markets were doing, but the good news is that the grain and milk markets

have righted themselves somewhat. While farmers were working with these unstable markets, the U.S. Department of Agriculture stepped up and provided a financial foundation directly to many farmers and ranchers through the Coronavirus Financial Assistance Program. Under the advisement of the Secretary of Agriculture, the Administration provided \$16 billion for direct aid payments for loss to farmers in the summer. This was followed by an additional \$14 billion from USDA in a second round of CFAP payments for farmers who continued to face market disruptions and associated costs due to COVID-19. Much of this program was distributed to assist stabilizing the dairy and livestock industries.

As the harvest set in, Wisconsin yields proved stellar. The weather for this growing season in our state was excellent. Farmers in other states struggled with situations out of their control such as the derecho in Iowa and drought in the Southwest. Nevertheless, net farm income for 2020 is looking to be the second highest on record, second only to 2013 according to Total Farm Marketing. The markets are demand-driven and that is strengthening the price. Exports are strong as China begins to build back its pork industry by increasing their contracts for corn and soybeans. Grain stores are tightening which encourages an increase in price. The USDA January 2021 report will help define how much the markets may have tightened due to overall crop volume. South America's upcoming harvest will also be a determining price driver on the world market.

The dairy industry is realizing stronger demand in cheese, not-fat dry milk and whey. This is due in part to increased exports. While butter is

“ There are a number of reasons why many of us want to move on from 2020. But many Wisconsin farmers will look back at 2020 as a fair-to-good financial year. ”

expected to stay stagnant, which may hold back Class IV milk, Class III sales is forecasted to remain strong.

In summary, there are a number of reasons why many of us want to move on from 2020. But many Wisconsin farmers will look back at 2020 as a fair-to-good financial year. This is attributed primarily to 1) strong federal support programs, 2) a record harvest, and 3) an increase in exports which brought about a quicker recovery of commodity prices. This should help many farmers start 2021 in a better financial position than we might have thought six months ago. One thing is for certain: the markets are not settled and remain unstable. This is a good time for farmers and their lenders to be considering risk management strategies for the next season. There are so many variables that farmers cannot control but protecting a floor and keeping the upside opportunity open will help them sleep better at night.

WFBF is the state's largest general farm organization, representing farms of all sizes, commodities, and management styles. There are nearly 47,000 members that belong to the Wisconsin Farm Bureau. Voting Farm Bureau members (farmers) annually set the policy the organization follows, and are involved in local, state and national affairs, making it a true grassroots organization.



Wisconsin Grocers Association

Your Neighborhood Grocery Store – Ready For More

By Brandon Scholz, WGA President and CEO



To paraphrase an old UK television show from the 1960s, *That Was the Week That Was* (TW3), 2020 was the year that was. It certainly started out like any other year but quickly exploded into unknown situations and unforeseen challenges for almost every business and industry. Grocers, as essential businesses, were thrust into the middle of the COVID chaos.

New rules and regulations from federal, state, and local governments filled inboxes almost every day. Pandemic news led to stockpiling, hoarding, price gouging, product shortages, and consumer challenges.

Stories from across the state and country reveal the gallant efforts grocers went through to protect their employees and customers. There's no shortage of examples with grocery stores engaging health and safety protocols, sharing best practices and creative ways in which grocers dealt with self-serve, delis, produce, meat cases, and more.

As an industry that provides necessities for consumers to survive, grocery stores throughout Wisconsin saw significant changes and challenges to their daily, weekly, and monthly business plans.

Some say the grocery industry had nothing to worry about because people have to eat. While store sales showed that to be the case, getting there was a challenge never experienced by any single component of the industry from producer, manufacturer, warehouse supplier, and retailers. There was no playbook for this pandemic. And no grocer wanted to be the focal point of positive testing or infections.

While store sales exceeded previous levels, expenses grew past normal operational costs with the inclusion of daily sanitation programs across all departments, not just the shopping carts in the corral. Add to that Personal

Protective Equipment (grocers were not on the list of PPE until early summer when FEMA masks were provided by DATCP), more Plexiglas installed than ever imagined, social distancing programs, and so much more.

Like most businesses, grocers were under the regulatory thumb of federal, state, and local governments daily that mandated how (and in some cases, when) products could be sold and to whom. Customers changed their shopping habits and maintaining a daily workforce became even more of a challenge.

First, every effort was made to protect employees with gloves, masks, sneeze guards, six-foot perimeters, and more. And while one would have thought there would be a pool or ready-to-hire from those not working, state and federal unemployment and CARES funding drove the hourly rate to a point where it wasn't worth forgoing the subsidy to go to a full-time job.

Government mandates took their toll as well. Limitations to store capacity and other mandates challenged retailers and their customers. Uncertainty bred anxiety. Not knowing whether the government was going to release dated, private data on coronavirus testing of employees or how to comply with local ordinances that were different from other regulations didn't make compliance easier.

Grocery shoppers changed as well and retailers had to accommodate those changes. The pandemic also wreaked havoc on the entire supply chain, manufacturers and processors had trouble keeping up with demand and could only produce what they could from a materials standpoint. As a result, grocers received 70% (on the average) of their expected delivery.

Shoppers had to learn to substitute products if their favorite item wasn't on the shelf. They also had switched from multiple trips to the store to one trip

per week. And while they may have added more to their cart than in the past that presented challenges to grocers to stay up to speed with what their customers wanted.

Product shortages drove customers and grocers crazy. Milk and eggs needed new packaging to move product from institutional use to retail; meat and poultry processors and packaging plants were shut down due to coronavirus outbreaks; and at times, CDL drivers were in short supply.

Grocers made it through 2020 working to present a shopping experience that attempted to create some normalcy in the store for their customers.

As we head into 2021, the grocery industry needs help from Madison and Washington. We need liability protection as we head into the next phase of the pandemic. We need government to be consistent in their regulatory efforts and working together to avoid patchwork mandates from one local government to the next.

There were times back in March and April when many wondered when the pandemic would end. Some thought it would happen in a month or two, others planned for the long haul. Grocers took on the pandemic one day at a time doing what they could with what they had to work with. And while there are lots of changes, it worked.

The Wisconsin Grocers Association represents nearly 1,000 independent grocers, retail grocery chain stores, warehouses and distributors, convenience stores, food brokers and suppliers. Wisconsin grocers employ over 50,000 people with \$815 million in payroll and generate more than \$6 billion in annual sales in Wisconsin resulting in approximately \$250 million in state sales tax revenue.



Wisconsin Manufacturers & Commerce
**Unsolicited Economic Advice
for the Biden Administration**

By Kurt R. Bauer, WMC President and CEO

This is my 10th column for WBA's annual economic forecast since joining WMC, and during that time, I haven't always followed Rose's clear instructions to focus on predicting what the New Year looks like for manufacturing. The reason is that predicting the future is hard in any given year, and especially so as we begin 2021 with two major unknowns looming over the U.S. economy.

The first, of course, is the COVID-19 pandemic and whether vaccines can be produced, distributed, and administered before the virus causes even more severe disruptions to the economy.

The second is what policies will President **Joe Biden** pursue and will his party control both houses of Congress (at press time, the two U.S. Senate runoff elections in Georgia haven't occurred).

My broad prediction is that the COVID-19 vaccines will slowly release the virus' strangling grip on the economy, and that President Biden's economic agenda will be to the political and economic left of President Obama's.

I don't anticipate being asked by the Biden transition team for ideas on what is needed to reinvigorate the U.S. and Wisconsin economies after the pandemic. But I was asked that question before the election by the Trump Administration as they hoped to prepare for a second term. Here's what I suggested.

» **Workforce**

A broad category, I know, but Wisconsin and many other Midwestern states have a demographic challenge (low birthrates compounded by outmigration) that is creating a severe labor shortage. It was Wisconsin's top economic problem pre-COVID-19. And

even now, with our unemployment rate below 6%, businesses can't find workers.

A short-term remedy might be a program specifically aimed at retraining displaced hospitality sector workers. Longer-term, states like Wisconsin need better prepared students coming out of K-12 who have been exposed to the careers our economy has available, many of which are in manufacturing and the skilled trades. These are good, family supporting careers with tremendous upward mobility. But so much of the K-12 curriculum focuses on college prep with its high cost and sometimes low ROI.

In addition, we need immigration reform to permit more people from around the world who want to contribute to our economy and society. This could be a pathway to citizenship or a guest worker program, similar to what the Canadians have with Mexico. That system dictates where a guest worker will go, what industry he/she will work in and for how long. Some parts of the U.S. don't need workers. Other parts, like Wisconsin do. Our immigration system should recognize and account for that fact.

Wisconsin needs workers at all skill levels, including in demand degree areas like engineering. Wisconsin has a great University of Wisconsin System and equally impressive private colleges and universities. They attract the best and brightest from around the world. Once they get their degree, many want to stay in the U.S., but can't get an H-1B Visa. So instead of contributing to our economy, they are told to leave and compete against us. That is not a smart policy.

» **Infrastructure**

Wisconsin is a manufacturing, agricultural, and tourism state. The common need for those three sectors

“ COVID-19 vaccines will slowly release the virus' strangling grip on the economy, and President Biden's economic agenda will be to the political and economic left of President Obama's. ”

is infrastructure to get goods to market and tourists to our resorts, lakes, hunting land, etc.

But we also need to expand broadband in rural areas, especially given that remote work, and perhaps education, is here to stay.

» **Tax Reform for Manufacturers**

Wisconsin has a state-level manufacturers' tax credit to encourage production (and jobs) in our state. Something similar at the national level could be the incentive manufacturers need to re-shore to the U.S. But, just to put a fine point on what I wrote above, the biggest barrier to re-shoring manufacturing jobs for Wisconsin companies is available workforce. Immigration and tax reform would grow the sector, especially given the huge advantage the U.S. has on energy, assuming (and it is a big assumption) that the Biden Administration doesn't reverse course on utilizing America's abundant oil and natural gas resources.

Founded in 1911, Wisconsin Manufacturers & Commerce (WMC) is the combined state chamber of commerce, state manufacturers' association and state safety council. With nearly 3,800 members, WMC is Wisconsin's largest business association representing employers of all sizes and from every sector of the economy.



Wisconsin Technology Council

Maybe Projects, Priorities Deferred in 2020 will Get Attention in 2021

By Tom Still, WTC President



Realistically speaking, how much worse can 2021 be than the mess of a pandemic year that preceded it? In hopes that 2021 will release COVID-19's insidious grip, here are predictions for what to expect out of the new year in Wisconsin and Washington, D.C.

Tech innovation isn't just for Madison and Milwaukee anymore. Rock County is the home of two companies that aim to supply next-generation medical radioisotopes

“ Women are involved in leadership positions at more than 20 Wisconsin funds, networks, corporate venture funds or other early stage investment groups. Also, black-led funds are emerging. Diversity will likely lead to different kinds of deals, if not more deals. ”

now produced exclusively offshore. A software company formed in an Eau Claire basement recently went public on the NASDAQ. A unique partnership between the Green Bay Packers, the UW-Green Bay and Microsoft has created a tech hub in Green Bay. More examples will unfold as the year moves on.

Early stage investing in Wisconsin will rebound. COVID-19 couldn't kill venture and angel investing in Wisconsin or, for that matter, most of the nation. Even if the state's 2020 numbers come

in below the 2019 record \$454 million in Wisconsin investments, the coming year will likely bring a fresh look at young tech deals. One reason is the 2020 surge of tech IPOs, or initial public offerings, which means more COVID-parked money will search for new on-ramps to financial returns.

The changing face of Wisconsin's investor corps will help. It's no secret that angel and venture capital has largely been a province of white guys who made money in tech over time, but some important changes are afoot. Women are involved in leadership positions at more than 20 Wisconsin funds, networks, corporate venture funds, or other early stage investment groups. Also, Black-led funds are emerging. Diversity will likely lead to different kinds of deals, if not more deals.

Tech will accelerate healthcare changes. Some of Wisconsin's largest healthcare companies and systems were pressed into a "pivot mode" during the pandemic. Companies such as Epic, Exact Sciences, GE Healthcare, and Promega made waves nationally, but so did many smaller Wisconsin firms such as Midwest Prototyping, Carebot, AIQ Global, Novir, Semba Biosciences, FluGen, and many more. Telehealth exploded in most clinical settings, as did platforms using artificial intelligence and digital health records. Look for more of the same.

Rural development can't be ignored. If the Democratic Party learned anything from the 2020 elections, it should be that it must look beyond big cities to rural America when it comes to fostering economic growth. A bipartisan approach in Congress and the Wisconsin Legislature on broadband

“ The new year can't be much worse than the old. With luck and hard work, it can be a lot better. ”

is needed more than ever. Also, the coming revolution in bio-industrial innovation is ideally suited for states such as Wisconsin that can lever natural resources as well as manufacturing.

Address data privacy nationally. The United States was a leader in data privacy laws decades ago, but not enough is being done at the federal level today to prevent personal information from being misused. The European Union's General Data Protection Regulation aims to harmonize privacy laws across the EU, but critics say it continues practices that have long stifled innovation in Europe. China's data privacy protocol is even more far-reaching and, some argue, even dangerous, given fears of cyber-snooping on U.S. tech companies. President-elect Biden and Congress should adopt federal standards to pre-empt 50 different state privacy laws, an outcome that would make a mess of interstate commerce while confusing consumers.

The new year can't be much worse than the old. With luck and hard work, it can be a lot better.

The Wisconsin Technology Council is the independent, non-partisan science and technology advisor to the governor and the State Legislature.



Wisconsin REALTORS® Association

Wisconsin Home Market Resilient as the Economy Continues to Recover

By Michael Theo, WRA President and CEO

With insights from Dave Clark, economist with Marquette University

February brought an end to the nation's longest economic expansion. The economy had begun to slow even before the pandemic-induced economic lockdowns resulted in an unprecedented 31.4% slide in real (i.e., inflation adjusted) GDP in the second quarter of 2020. Fortunately, the combination of quick and aggressive actions taken by the U.S. Congress and the Federal Reserve Bank generated a significant economic bounce as real GDP growth rose sharply in the third quarter (33.1%), albeit on a much lower base of economic activity. Given ongoing policy efforts to limit the spread of the COVID-19 virus, it is not surprising that real GDP remains slightly below its pre-pandemic level. However, preliminary indicators do suggest modest growth in the fourth quarter. This will hopefully result in a relatively normal recession, at least in terms of its length. Note that the average post-war recession lasted 11.1 months.

The National Bureau of Economic Research (NBER) is the organization that officially defines the precise month in which a recession begins (the current recession began in February 2020), and the month in which it ends. The NY Federal Reserve Bank tracks the components of real GDP in real time and their preliminary estimates suggest modest growth in the range of 2.5% in the fourth quarter. While this is good news, we will need to see sustained growth in income and employment before the NBER concludes that the recession has officially ended. Once vaccines have been widely distributed, we expect economic activity to return to pre-pandemic levels.

While the economic recovery might not be V-shaped, the Wisconsin housing market recovered very quickly after a

short three-month decline between April and June. This largely coincided with the timing of the economic lockdown of the state. The president declared a National Emergency in mid-March, and given the lag between an accepted offer and a closing, the impact of the virus began to show up in April home sales, where the number of closings slipped 4.7% compared to April 2019. On an annualized basis, May sales declined far more dramatically (-23.4%), but by June they were down just 1.7% relative to their levels 12 months earlier. The July through October period of 2020 revealed average growth in closed sales of 14% compared to that same four-month period in 2019. Indeed, Wisconsin is on record pace to sell more homes in 2020 than in any year since the Wisconsin REALTORS® Association re-benchmarked its data collection methods back to 2005, something that seemed nearly impossible in May.

Why have home sales increased at such a robust pace even though the state labor market, while improving, is still considerably weaker than last year? The simple answer is that record low mortgage rates have created a significant spike in housing demand. Prior to 2020, the 30-year fixed rate mortgage had been at its lowest point in November and December of 2012, when it fell to 3.32%. That rate was 3.31% in April of this year, and it has hit new record lows every month since that time. In November, the 30-year rate stood at 2.77%, which is 93 basis points below the November 2019 level. What is remarkable is that sales are growing at a record pace even though inventory levels signal a strong seller's market. Six months of available supply is considered to be a balanced market, and Wisconsin had just 3.3 months of supply in

“ Record low mortgage rates have created a significant spike in housing demand. While sales are growing at a record pace even though inventory levels signal a strong seller's market. ”

October, which is down 31.3% from the 4.8 months of inventory just 12 months earlier. Not surprisingly, strong demand and weak supply continue to drive prices upward. On a year-to-date basis through the end of October, the Wisconsin median price rose 11.1% to \$220,000 compared to the first 10 months of 2019. Still, housing remains relatively affordable due in large part to the record low mortgage rates. The Wisconsin Housing Affordability Index shows that fraction of the median priced home that a typical buyer with median family income can afford to buy given 20% down and the remaining balance financed with a 30-year fixed rate mortgage at current rates. In October, this index was at 199, suggesting that a buyer can afford to purchase nearly twice the median income in the state. Although affordability has fallen 6.5% relative to 12 months earlier, it remains higher than the national index. The national Housing Affordability Index published by the National Association of REALTORS® was at 160 in September (the latest data available at press time), and this is about 18% lower than the comparable September index value for Wisconsin.

A presidential transition, especially when it also involves a change in political party carries with it substantial

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Wisconsin REALTORS® Association

Wisconsin Home Market Resilient as the Economy Continues to Recover

By Michael Theo, WRA President and CEO

With insights from Dave Clark, economist with Marquette University



(continued from p. 24)

uncertainty since the two parties have very different views of the appropriate roles of the private versus public sectors in the economy. Still, there are several reasons to be optimistic about the future. First, the primary drag on the economy is the ongoing pandemic, and the restrictions on economic activity currently used to control the virus. With the imminent distribution of a vaccine, we believe that constraint will be effectively lifted in the first half of 2021. Second, the Fed has indicated that it will keep short term interest rates near 0% for the foreseeable future. They view

the risk of inflation as minimal and they are committed to expansionary monetary policies to stimulate growth. As long as inflation remains low, this bodes well for continued low mortgage rates in 2021. Third, assuming a Republican-held Senate, a divided federal government should keep the regulatory burden in check. At the state level, once the pandemic has ended, policymakers need to move quickly to fully reopen the state economy. Only then will we see employment levels return to pre-recession levels. In addition, working to reduce the regulatory burden on new residential construction will help to

ease supply limits in the state. Finally, although state legislators have little control over local property tax decisions, maintaining a tax environment that is favorable to business formation will continue to support the housing market.

Founded in 1909, the Wisconsin REALTORS® Association (WRA) is one of the largest trade associations in Wisconsin. It represents and provides services to more than 16,500 members statewide. WRA's goal is to help REALTORS® enjoy successful careers and stay competitive in their local markets by offering hundreds of products and services.

Wisconsin Bankers Association

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Your EDUCATION Calendar

Conferences | Summits

Schools | Boot Camps

Seminars | Workshops

WBA Webinars

Other Events

JANUARY 2021

- **Midwest Economic Forecast Forum**
7 Virtual; multiple registration options starting at \$39
- **Community Bankers for Compliance (CBC) – Session I**
26-27 Virtual; Membership (*pricing options vary*)

FEBRUARY 2021

- **Bank Executives Conference**
1-3 Virtual; \$795/group of 10 bankers
- **Compliance Forum: Session 3**
23-24 Virtual; Membership (*pricing options vary*)

MARCH 2021

- **Loan Compliance School***
8-12 Wisconsin Dells or Virtual; \$1,295/attendee
- **Real Estate Compliance School***
10-12 Wisconsin Dells or Virtual; \$795/attendee
- **Call Report Review & Update Workshop**
18-19 Virtual half-days; \$295/attendee
- **Security Officer Workshop**
23-24 Virtual half-days; \$175/attendee
- **Advanced IRA Workshops***
30, 31 Locations TBD and Virtual; \$245/attendee

APRIL 2021

- **Agricultural Bankers Conference***
7-8 Wisconsin Dells; \$300/ag section member; \$350/non-section member
- **Introduction to Commercial Lending School***
19-21 Madison; \$795/attendee
- **Power of Community Week**
19-24 www.wisbank.com/BanksPowerWI
- **Women in Banking Conference***
26 Wisconsin Dells; \$250/each first two attendees; \$195/each additional attendee
- **Community Bankers for Compliance (CBC) – Session II***
27 Stevens Point; Membership (*pricing options vary*)
28 Madison; Membership (*pricing options vary*)

APRIL 2021 (continued)

- **Residential Mortgage Lending School***
27-30 Madison; \$1,045/attendee
- **Compliance Management School***
TBD Madison; \$795/attendee
- **Principles of Banking Course***
TBD Locations TBD; \$550/attendee

MAY 2021

- **Personal Banker School***
4-5 Wausau; \$495/attendee
- **School of Bank Management***
10-14 Madison; \$1,395/attendee
- **Trust Conference***
18 Madison; \$220/Trust Section member; \$245/non-section member banker
- **Credit Analysis Boot Camp***
20-21 Madison; \$495/attendee
- **BSA/AML Workshops***
25 Eau Claire; \$245/attendee
26 Neenah; \$245/attendee
27 Madison; \$245/attendee
- **Capitol Day***
TBD Madison

JUNE 2021

- **Leadership ENGAGED!***
2 Madison
- **BOLT Summer Leadership Summit***
10-11 Wisconsin Dells; \$150/attendee

*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/> for more information.

- » Visit www.wisbank.com/education for more information and online registration.
- » Or email WBA Education at wbaeducation@wisbank.com or call 608-441-1252.

Budgeting for Bank Employee Training in 2021

By Alex Paniagua

With the challenges that 2020 has brought, many banks are reconsidering how they should be planning their budgets. In recent months there has also been a major shift toward virtual formats, meaning that many educational programs are beginning to look different than they did in 2019. What do these changes entail for the future of banking education, and is this something your training budget should reflect?

A Shift to Hybrid Learning

Education is important – you’d have to do some extensive searching to find someone who would say otherwise. But a sensible concern right now is how to approach training budgets for 2021, and how long these educational programs will continue to be conducted virtually.

“Right now it feels like we’re missing out on a lot of that networking, which is a big part of training – just connecting with others in the industry to see how they’re operating at other institutions, then having someone you can go back to later and ask questions.”

“When these events were in person, they would have breakout sessions and networking times, and people could take advantage of that,” said **Debi Bartel**, vice president – human resources director at First State Bank, New London, and member of the WBA Human Resources Committee as well as the WBA BOLT Board of Directors. “Right now, it feels like we’re missing out on a lot of that networking, which is a big part of training – just connecting with others in the industry to see how they’re operating at other institutions, then having someone you can go back to later and ask questions.”

Daryll Lund, executive vice president, chief of staff at the Wisconsin Bankers Association also realizes how significant these connections are. He says the goal of many new virtual opportunities is to retain and even strengthen that ability to communicate among peers.

“What we talk about at WBA is the ‘hallway talk,’” said Lund. “Networking with your peers in this way has become a hallmark of our training. So even as things are changing, we aim to provide for a community of bankers that can come together and offer that knowledge. It’s evolving, and we’re adapting.”

Events such as the BOLT Winter Leadership Summit have taken this approach to include banker networking. The event included Banker Peer Group Discussions and a Virtual Networking Reception to encourage bankers to make those connections outside of the education setting. Many virtual and hybrid programs are implementing these opportunities between and after conferences to assure the exchange of information is as good, if not better, than meeting in person.

Although many are anticipating the day they can safely return to these group learning sessions and reconnect with their peers, this method of attending virtual training programs seems to be here to stay for the foreseeable future. It’s a means of understanding the current situation and doing more than just making it work. At the end of the day, the goal is to make it effective.

“Hybrid is going to be the new buzz word,” said Lund. “It gives you the in-person option or the virtual option. I don’t think we’re ever going to go back to the days of just in-person or just virtual. There’s going to be that element of choice.”

When considering how to budget training, Lund added that patience is going to be an important factor. The way this current situation is approached is constantly changing, and the prospective events being planned will follow suit. The reality is that an in-person event scheduled for next April might need to adjust to accommodate where the situation is at this point in the future. Even so, the expectation is always that this hybrid method will provide the same necessary and high-quality education and connections we require.

“If an employee needs training or educational resources, then they need it,” said Bartel. “We have to be mindful of that.”

Examining Expenses

Many banks have noted that their training budgets are actually staying the same, and others are even increasing theirs. At first glance it may seem that this is a result of a lack of travel and accommodation expenses throughout 2020 rolling over into 2021, but Lund believes there’s a much simpler reason for banks increasing their budget.

“I think with the rapidly changing digital marketplace for our banks, management and HR are making sure their bankers have the skills to serve their customers,” said Lund. “To stay up to date on current technology, compliance, and everything else, they know it’s important to be investing in their people.”

Bartel echoed this, adding a reminder that proper training within the banking industry is representative of a culture based on constantly learning.

“When you’re doing these things, you’re really developing yourself and driving that message to

other employees,” Bartel said. “It’s a way of developing the culture that we’re never done learning. There are always new ideas, new concepts, and new ways of looking at things.”

For anyone struggling to successfully make their training budget work, there are

“Education is a lifetime thing, and bankers are committed to finding the best training resources for their employees. We [WBA] want to make that as easy as possible.”

free educational resources available. Providing your employees with crucial information shouldn’t take a hit, so it’s important to keep in mind the free and inexpensive options you have both within your bank and externally.

“At the time that PPP was first becoming a big deal, we offered a multitude of free conference calls and webinars for our bankers to keep them as current as possible on education,” said Lund. “We felt it was the right thing to do to not charge our bankers for that. It was our way of saying *we want to help you during these uncertain times. We want to help you as you help your customers with these PPP loans.* When we’re facing these crises, we want to do everything we can on our part to make it less difficult.”

Along with this and other low-cost opportunities, WBA also offered a nine-part complimentary Coronavirus Management Series for operating during these unprecedented times. The resources are always out there, and many banks already know to take advantage of them. Bartel noted that she’s able to maintain a

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Rise of E-signatures

(continued from p. 1)

or their customers can sign remotely through DocuSign. When allowing the completely virtual route, there are several authentication options ranging from text, authentication code, and personalized (knowledge-based authentication) questions that help assure the person signing is who they say they are. Most services come with audit trails and tracking options as added security measures.

“What’s important is that it’s secure and that they’ve been asked to authenticate who they are,” said Kelly. “There is some infamous publicity with hackers pretending to be DocuSign, but there are some simple steps you can take to know if it’s fraudulent.”

“I think this resource will grow. The convenience to the banker and the customer is a time savings of 30% in loan closings, helps banks improve their bottomline, and provides environmental savings to help the planet.”

– Pamela Kelly
FIPCO President

The most important rule is to never sign for something that you were not expecting to receive, a tactic that Kelly says is more likely to happen with businesses than individual clients. Reach out to the company that has supposedly sent you a document to e-sign and clarify your situation. They’ll be able to tell you whether they’ve requested your signature.

To provide further information on this, WBA’s legal department has created an e-signature toolkit. The toolkit entitled “Electronic Contracting in Wisconsin: Is it Legal and Other Considerations” outlines the law as it relates to e-signatures and the considerations that banks should take when using them in contracts. It offers a list of possible scenarios your bank might face when dealing with e-signatures and multiple resources to help your bank best understand the risks of electronic transactions.

For further questions, contact wbalegal@wisbank.com.



“The security goes into knowing your customer and knowing who they are, especially when you’re first doing business with them,” Kelly reminded. “That’s the bigger issue when it comes to doing business electronically. Make sure you’ve established other forms of communication with the client other than just a documentation channel.”

E-signatures are a safe and efficient resource when you take the basic precautions. Many clients that are typically hesitant of adapting to certain technologies are beginning to use this format because of its inherent convenience and simplicity. All this indicates that the spike in its use may very well continue after the pandemic has reached an end.

“I think this resource will grow,” said Kelly. “The convenience to the banker and the customer is a time savings of 30% in loan closings, helps banks improve their bottomline, and provides environmental savings to help the planet. More people are really starting to take notice.”

Are They Legal?

Being safe is only the first step. Understanding e-signatures from a legal perspective is an important way to identify the risks of using e-signatures at your bank.

So, is this method of signing documents legal? The simple answer is: yes. The E-Sign Act of 2000 offers guidelines and national standards for e-signature authentication. Banks can use this resource on almost all loan and deposit agreements, and the validity cannot be denied solely because it’s electronic. The Uniform Electronic Transactions Act (UETA) adopted in Wisconsin in 2004 further recognizes an electronic agreement’s enforceability.

“These issues aren’t anything new,” said **Heather MacKinnon**, WBA’s vice president – legal. “The pandemic has just pushed an awareness of it to the forefront, and many places are trying to determine how this might impact the way they operate. Our goal is to help bankers better understand what that means for them.”

The more detailed answer depends on a variety of factors that each bank must take into consideration, because an e-signature can still be challenged. Establishing other forms of communication and validation, as mentioned previously, is a good start to ensuring the signatures are binding. But, the bank must ask a series of important questions to know if e-signatures are the right move and to what extent they should be used. Ultimately, your bank’s legal counsel should help decide on this implementation and what actions can be taken should any legal trouble arise.

“Successfully approaching the use of electronic agreements is being able to show multiple ways of saying ‘This is the person who signed it, and these are the reasons I know why they signed it,’” MacKinnon said.

For further questions, please contact wbalegal@wisbank.com.

Paniagua is WBA writer/editor – communications.

FIPCO is a WBA subsidiary and a WBA Gold Associate Member.

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Time to Benefit From the CEOOnly|CFOOnly Networks

Exclusive network provides unique benefits for Wisconsin banking leaders

By Daryll J. Lund

This past year has been filled with many challenges related to COVID-19, Paycheck Protection Program (PPP) loans, and other economic and regulatory issues.

The CEOOnly/CFOOnly Networks are an important resource for you to connect with over 100 Wisconsin bank CEOs and CFOs to share information at in-person meetings and through a Q&A service, which provides a confidential forum for asking questions. Since the first of the year over 120 questions and answers have been shared amongst CEOOnly/CFOOnly members.



Association Update

Daryll J. Lund

meetings again in 2021 with the scheduled dates listed below.

Since all three in-person meetings were cancelled in 2020, the WBA has extended a dues holiday in 2021, for all current CEOOnly/CFOOnly members. Member dues paid

the dues remain unchanged for 2021. The annual membership fee is \$300 for CEOs or CFOs. If both the CEO and CFO join from the same bank, the cost is \$500. Membership is open to CEOs and CFOs of Wisconsin chartered banks and runs on a calendar year basis, starting Jan. 1, 2021, so now is the time to join!

For more information about the networks or to join for 2021, please visit www.wisbank.com/CEO. If you have any questions, please don't hesitate to contact me at 608-441-1203 or dlund@wisbank.com.

Lund is WBA executive vice president – chief of staff.



» The first meeting: March 5 · Jefferson Street Inn · Wausau.
Join or register to attend at www.wisbank.com/CEO.

Unfortunately, due to COVID-19 health related concerns the three in-person meetings in 2020 were cancelled. We are hopeful that we will be able to resume in-person

in 2020 will cover the registration fees for all three in-person meetings in 2021.

For all other bankers not currently members of the CEOOnly/CFOOnly Networks

» WBA CEOOnly|CFOOnly Network meetings are scheduled for:

March 5 | Wausau · June 11 | Wisconsin Dells · October 1 | Madison

HAPPY HOLIDAYS

AND OUR SINCERE THANKS FOR YOUR LOYALTY AND GOODWILL THROUGHOUT THE YEAR.



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Spotlight on Community Advocates

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.



Rose Oswald Poels

Q&A

The following is a brief interview between WBA President and CEO **Rose Oswald Poels** and Old National Bank, Milwaukee, Market President and Commercial Banking President, **Kevin L. Anderson**.

Rose: How did you first get into the banking industry?

Kevin: My career began in Cincinnati through the management training program with a financial institution that is now US Bank. I was recommended for the job by my Business Law professor while studying finance and economics at the University of Kentucky. The year-long training program was focused on understanding the key aspects of Consumer, Commercial, and Private Banking. Throughout my career, I have been fortunate to have mentors help guide me and open doors.



Kevin Anderson

What is your favorite aspect of your role at your bank?

The ability to make a tangible impact on the local economies of the markets we serve. Banking through the use of capital and community investments can be a true force for good in helping local business grow and strengthen families across a wide demographic.

What do you wish the general public understood about the banking industry?

That the people who work for the bank care deeply about the customers and communities they serve. Our team members see their neighbors and friends come in our offices every week and to a person we always want the best possible for the people we work with daily.

Where do you believe the industry's greatest challenges are in the next three to five years?

Candidly there are many challenges as the pace of business and consumer expectations accelerate. I believe the greatest challenges are:

1. Further adoption and implementation of digital banking tools.
2. Ensuring our products and services are readily available to all sectors of the community.
3. Maintaining strength and stability in a continuing low rate environment.

Please describe your current role at your bank and share with us one of your more rewarding experiences.

My current role is leading our Commercial Banking (mid-market) Segment across the five-state footprint as well as Market President for our Milwaukee Region. It is the best of both worlds, as I stay engaged with the local Milwaukee community while impacting what is happening company-wide. At Old National, many company and business-line executives live and contribute from the various regions, and I believe this uniquely helps keep the corporate office connected to what is happening in the markets.

When I think of strong communities, I think of home ownership. A truly rewarding experience for me personally was actually a string of experiences culminating in a home dedication. ONB partners with Habitat for Humanity of Dane County. We have an extra special partnership in Madison where we not only help with homes, financial counseling, and financial support, but we actually are sponsoring an entire neighborhood on the North Side called Tennyson Ridge. I, along with a number of my colleagues helped with a large-scale panel build as well as onsite in the neighborhood. So, we helped build one of the houses and were there to hand the keys over to the homeowner. The work the homeowners put in to make their dream of owning a home are simply inspiring and it was a privilege to participate with **Brittany** and her family on their journey.



Homeowner **Brittany** and her family on the steps of their new home courtesy of Habitat for Humanity Dane County.

Oswald Poels is WBA president and CEO | ropoels@wisbank.com | 608-441-1200 | Twitter: [@RoseOswaldPoels](https://twitter.com/RoseOswaldPoels)



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!

Bankers Marketplace

HELP WANTED

Credit Analyst/Lender
Peoples State Bank in Menomonie is seeking a credit analyst who is focused on their future. The right individual will want to graduate into commercial/ag lending, and may even have the ability to lend currently. Analytical thinking and financial statement familiarity are a must, with special preference given to individuals with previous lending experience. If you're looking for a change from a large corporate structure, consider Peoples State Bank. Family-owned since 1925,

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Training Budgets

(continued from p. 27)

flexible training budget, not only because of these budget-friendly options, but because of all the education that internal staff is able to provide.

be anything too complex. At a certain point, Bartel noted, the cost of an employee's time could outweigh the price of a webinar. Make sure the information is enough to give them a good understanding, and be able to answer any questions that might follow.

"Have good resources and a good support system," Bartel continued. "You have that knowledge in your company already. You don't need to have a 400-page teller manual; just a 10-page cheat sheet going over the basics."

Taking this approach can make it easier to determine which programs will be the most effective and worth it for the price; utilize the knowledge in your bank first, and then make sure you're providing staff with the information they can't obtain directly from their colleagues. Create priorities for the topics that are current or constantly changing, and, if accessible, look into inexpensive solutions for the rest.

"Education is a lifetime thing," said Lund, "and bankers are committed to finding the best training resources for their employees. We want to make that as easy as possible."

Paniagua is WBA writer/editor – communications.

"Hybrid is going to be the new buzz word. It gives you the in-person option or the virtual option. It's doubtful that we're ever going back to the days of just in-person or just virtual. There's going to be that element of choice."

"A lot of the training we use really has no cost to it," said Bartel. "There hasn't been much of a need for a robust budget, because we use the resources we have to the best of our ability and that works extremely well. Don't forget about all the great help you have at your own bank."

Using this on-staff method of training can be a great way to supplement a surplus of webinars and classes. It's often as simple as putting some reading material together for your employee to have on hand, and it doesn't have to

Advertise Your Next Job Opening with WBA in Wisconsin Banker

Are you looking to get the word out about a career working at your bank? The best way to attract dedicated and highly skilled employees is to post in *Wisconsin Banker*!

Wisconsin Banker goes out to an estimated readership of 9,000 people every month, and each published advertisement includes a digital posting on WBA's website as well. WBA makes it easy to advertise your new job opening along with its responsibilities, requirements, and location, so you can find the perfect candidate for every new position at your bank.

To find out more about advertising career opportunities at your bank, email bankersmarketplace@wisbank.com or go to www.wisbank.com/classifieds.

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.

WISCONSIN BANKER



WBA Mission Statement

We promote a healthy environment for banks in Wisconsin through actively advocating, educating, and supporting our members.

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