UTAH BANKER

ISSUE 3 | 2019

2019 COMMUNITY REINVESTMENT CONFERENCE

STUCK IN THE MIDDLE: HOW BANKS CAN MANAGE CLIENT TAKEOVER ATTACKS

OFFICIAL PUBLICATION OF THE
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Howard Headlee
President
Utah Bankers Association

One of the biggest challenges facing the banking industry is attracting and developing our workforce and future leaders. This challenge is particularly acute in an economy that boasts a 2.8% unemployment rate.

Anecdotally, nearly every bank leader I work with considers themselves to be an accidental banker. So how do we build an accidental banker pipeline that the industry can rely on?

First, we have to understand the process that leads someone to become a banker. To do that, we interviewed a number of bankers to look for commonalities. And what we found made a lot of sense. It's a realization of something we all know to be true:

Banking changes lives!

I'm a patriotic person (I cry during the national anthem), so I'll explain it this way. America is the greatest country is the history of the world because our founders understood that an individual's pursuit of happiness is a right every bit as fundamental as their right to life and their right to liberty.

Millions of American's have sacrificed everything to protect our lives, to preserve our liberty so that we have the freedom to pursue our happiness. Today, when it comes to the pursuit of happiness, no industry plays a more central role in every American's pursuit of happiness than banking.

One banker told me he always knew that he wanted to be a doctor or a banker. That seemed a little weird, so I asked him to explain. He said he decided early in life that he wanted to help people, so he looked around to see what was causing people the most pain in life. He concluded it was either their health or their finances and decided he would be a doctor or a banker. As we continued to interview successful, passionate bankers, the same theme emerged. They were all inspired to choose banking as a career as they witnessed the impact for good the industry had on people's lives.

Banking facilitates every sector of our economy and touches every corner of our community. A bank represents an amazing collaboration of community members; some are depositors, some are borrowers, and some are both. But every good banker understands that they will never outperform their community. If there is a weakness, or a gap, if there is pain in the community, it will find its way back to the bank. And that is why successful bankers are so involved in identifying and solving problems in their community. A bank can only be strong when the community it serves is strong.

We all know that Utah has one of the strongest economies in the world. It's not a coincidence that we are also one of the largest and most successful banking states in America, with more assets under supervision than much larger states like California, Texas and Florida. This creates enormous opportunities for young people who want to make a difference in the community as well as pursue a successful career.

Whether it is safeguarding and providing ready access to savings, or extending credit to pursue a dream, the pursuit of happiness, that inalienable right for which so many have sacrificed all, simply doesn't happen without strong banks.

Sooner or later, anyone working in this industry comes to the realization that banking changes lives. Whether they are on the front lines or in the back office they understand that the success of their bank, and the success of their community depends on them. This is what eventually makes accidental bankers passionate about what they do. Our goal is to make sure this happens sooner rather than later, perhaps even before they decide to work at a bank.

If you've been inspired to choose banking as your career, join the Bankers4Good community on UBA's website and tell us your story. You can also follow #Bankers4Good on twitter or LinkedIn to hear stories about how banking changes lives.

Today, when it comes to the pursuit of happiness, no industry plays a more central role in every American's pursuit of happiness than banking.

Rob Nichols
President and CEO
American Bankers Association

REDEFINING "BANKER"

What does it mean to be a banker today?

Those of you reading this column have a good idea of the variety of jobs held by the 2 million women and men who work for America's banks. But many would-be bankers don't. That lack of awareness can be an obstacle to recruiting talent in an increasingly tight job market, particularly among younger generations whose "bank" is their smart phone and who therefore may have less personal exposure to actual bank employees.

To address that, ABA's Emerging Leaders Council recommended a series of profiles of real-life bankers in a range of roles and at various stages in their careers. They believed that no one can be a better ambassador for careers in banking than those who are currently finding success and fulfillment in banking roles.

They were so right. Visit aba.com/CareersInBanking and you'll see what I mean.

There you will find video profiles of several talented individuals who are proud to be bankers and who will make you proud, too.

They work in functions ranging from digital strategist to agribusiness lender and from head of retail banking to communications director. They also work at banks of all sizes, some in big cities, others in small towns. And no matter what role they serve in, these bankers believe the opportunity, impact and rewards associated with their jobs are hard to beat.

"It's a satisfying feeling at the end of the day to be driving down the road and see a new building or a new business or someone out with a new farm machine and know they came to you to help with that," says Tyler Stevenson, commercial and agribusiness lender with First National Bank of Omaha.

"There's so much opportunity here. This is where I want to be. I want to be part of this change in making things better for customers in giving broader access, and developing tools that can help people save, small businesses grow and communities develop," says Ashley Nagle Eknaian, chief digital strategist and head of Eastern Labs at Eastern Bank.

"Banking is wonderful because you get to see the impact that you have on the community around you ... That gratification is enough to just say, wow – I'm doing something important," says Julio Figueroa, who within five years advanced from teller to security officer at Windsor Federal Savings.

These individuals and the others profiled came to banking by different paths. Two transitioned into banking after serving in the military. One started as an intern and quickly found he had tremendous professional growth potential. Yet another spent time in the fashion business. Their backgrounds, roles and testimonials shatter banker stereotypes and show what it really means to be a banker in today's modern world. And they are a wonderful complement to ABA's America's Banks website (aba.com/AmericasBanks) that tells the story of banking today and the industry's economic impact.

We couldn't have asked for more compelling spokespeople for our industry. When we asked these banking leaders to describe their careers in one word, they answered with adjectives like, "life-changing," "impactful," "fulfilling," "incredible" and "entrepreneurial."

Our job now is to let the world hear their stories, and we're counting on you, the state associations and social media, to help. Please consider showing the collective or individual videos to job applicants at your bank and at local job fairs. Share them with local colleges and career placement offices, and encourage your employees to do the same.

These videos, combined with all that banks individually and collectively have to offer – including training, professional development and community involvement – make a compelling case for banking as a career choice. And the more we can help talented individuals find their future in banking, the more we, too, will be rewarded.

E-mail Rob Nichols at nichols@aba.com.

BANKING SECURITY AND CULTURE

By B.J. Weight, Security Services, Inc.

As of October 2019, IBM estimated that the average total cost of a data breach is now $3.92 million USD. That's a global number. If you consider just the U.S., it's worse: $8.19 million. The average number of records per breach is 25,575. Another problem is the fact that cyberattacks are increasingly frequent. The University of Maryland estimated in 2018 that cyberattacks take place every 39 seconds.

As important as it is for a bank to protect the money from its customers, a security breach is not just about money. It's also about customers continuing to trust you with their money.

What can you do to protect your bank? The obvious answer is to buy protection in the form of a state-of-the-art security system. That will do a lot to prevent problems, but any security program becomes ineffective if it isn't implemented correctly. What you need, in other words, is more than a security system. You need a culture of security.

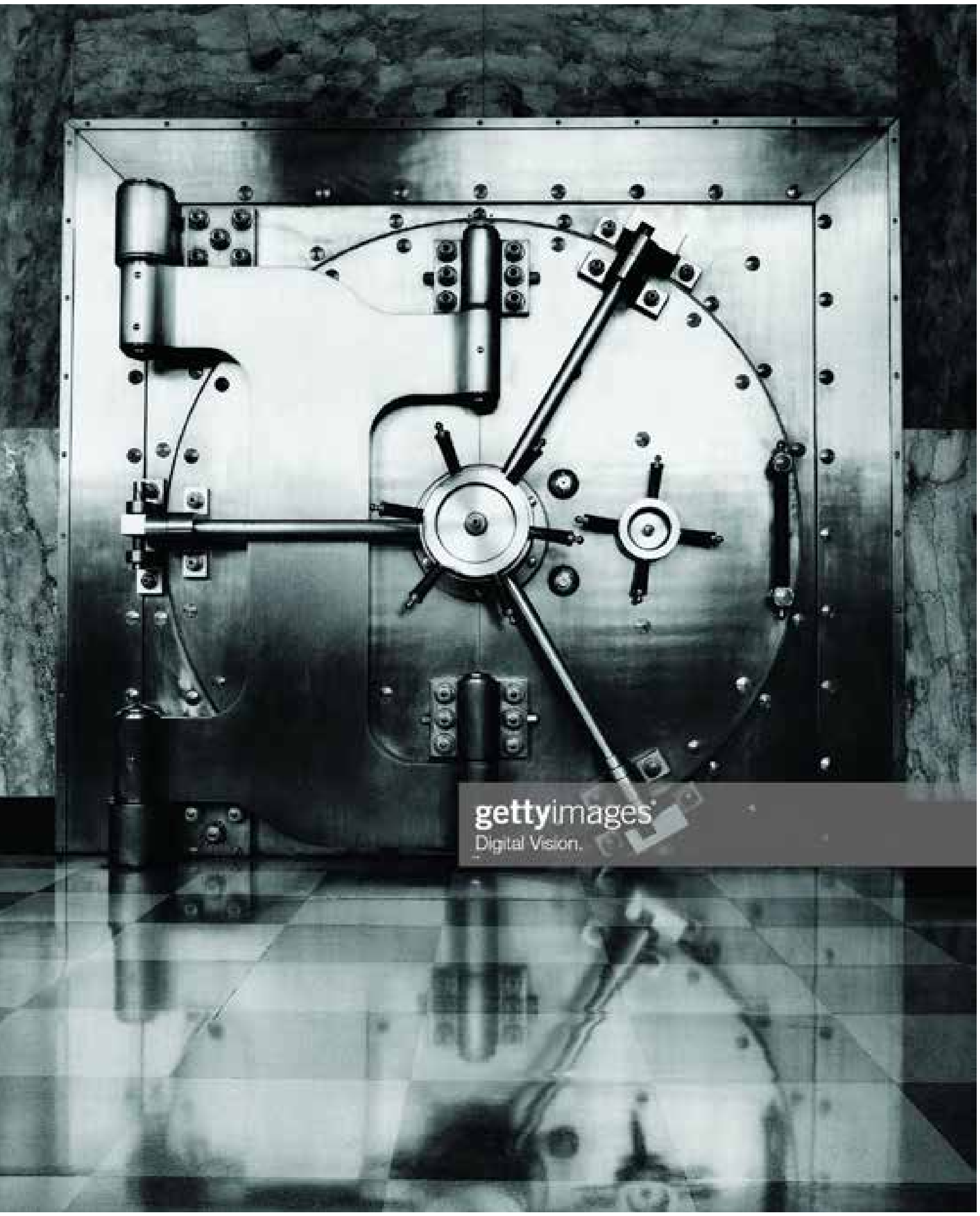
How do you create one? The first step is making commitments about building a security-oriented culture at the very top of the organization. It takes money and attention to buy resources and then to integrate the resulting security system into the bank's business processes, so you need to make sure that key decision-makers support your efforts.

How do you gain their support? Bankers understand money, so put the argument in terms of financial risks.

Suppose a security problem takes down a server for two hours. Two hours of downtime may not seem like much if all you are looking at is time, but you have to look at how many employees were affected and how much you paid them to stand around waiting for things to get fixed. According to the PayScale website, the average salary at U.S. banks is $69,000 annually. That works out to more than $33 per hour. If you calculate how much it costs to have a server down for two hours, the result might be as much as $1,650. Two lost hours are not going to make anyone pause. Two hours that cost $1,650, however, probably will.

Treating security as something that can be added on the back end of the planning process doesn't work; there's too much chance that something important will be missed, and that the bank's security will be compromised as a result.

Ideally, security has to be integrated with any new services or programs right from the beginning, and then maintained from that point on. Evaluate each job role at the bank in terms of how that job can contribute to the bank's security. When changes need to be made to current systems, it is also important to complete a security review before making the changes, and to resolve any potential issues before those changes are actually put into place. →



The task force can help management by providing advice and also by implementing changes that will meet the organization's security needs.

→ To create a security culture, you need to communicate about it to all employees and provide them with the necessary training. Training should be an on-going process, not a one-time event. Senior management needs to set the example using a combination of words and actions, and part of performance evaluations should be set aside for evaluating each employee's role in maintaining security. Use email messages, posters and presentations. Provide training for new employees; provide refresher courses for everyone else. You should also be sure to include incentives for adopting new programs.

Don't forget to train and retrain security personnel. Even though security is their profession, they need encouragement, professional support, and opportunities to improve their skills just as much as anyone else within the bank.

Why is it so important to get everyone involved? One person isn't enough. Security is something that has to involve all employees. Do what you can to help people connect to the process, become enthusiastic about their role in maintaining security, and battle the tendency within the bank to ignore safety efforts because of self-interest or isolation.

Who should be responsible for the work to be done? Appoint a cross-functional task force that includes key stakeholders. Include experts in the following areas:

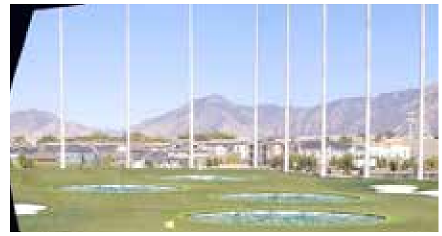
- Compliance
- Current laws
- Information technology and operations
- Security

The task force can help management by providing advice and also by implementing changes that will meet the organization's security needs. The task force can also be responsible for monitoring the existing systems so that they can catch and correct violations.

Once everyone at the bank understands just how expensive poor security is, they should be willing to do what's necessary to build the kind of security culture that will minimize financial losses and help your bank be as safe and trustworthy as possible. ■

TOPGOLF EMERGING BANK LEADERS NETWORKING EVENT

On September 18th, members of the Emerging Bank Leaders and their guests enjoyed an afternoon of food, fun and networking at TopGolf. With more than 40 bankers in attendance, attendees mingled while playing one of the many games offered at TopGolf.



With games and raffles throughout the event, guests enjoyed each other's company with a little friendly competition and prizes given out to those with the best scores.

If you missed out on the fun this year, be sure to keep your eye out for next year's TopGolf event. It's one you don't want to miss! ■

UTAH BANKERS ASSOCIATION

UPCOMING EVENTS

November

Emerging Bank Leaders Conference
November 7, 2019
Thanksgiving Point

December

Bank Executive Winter Conference
December 6, 2019
Salt Lake City, UT

January

Ag Outlook & Conference
January 16-17, 2020
St. George, UT

A REVIEW OF THE CFPB'S LATEST SUPERVISORY HIGHLIGHTS

By Victoria E. Stephen

The Consumer Financial Protection Bureau (CFPB) recently released its Summer 2019 Supervisory Highlights, which includes key findings from the CFPB's exams, for the most part between December 2018 to March 2019. In each edition, the Bureau chooses the areas where it has seen the most supervisory activity, and for this one, it highlighted auto loan origination, credit card account management, debt collection practices, FCRA information furnishing, and mortgage loan origination.

AUTO LOAN ORIGINATION

In the auto loan origination space, the CFPB called out lenders who sell "GAP insurance" to consumers with low loan-to-value ratios because they likely would not benefit from the additional coverage. If the vehicle were stolen or damaged, the difference in the amount owed on the loan and the amount obtained from the insurance company is likely to be low. As such, the Bureau found that consumers showed "that they lacked an understanding of a material aspect of the product" by purchasing a product they would not benefit from, and that lenders had enough information to know this and sold the insurance to them anyway. This was considered an "abusive" practice because it took "unreasonable advantage" of this lack of understanding, and needless to say, a lot of GAP insurance was refunded.

CREDIT CARD ACCOUNT MANAGEMENT

The first issue in this area was with so-called "triggering terms" found in Reg. Z, 12 CFR 1026.16(b). In some exams, institutions included triggering terms in their advertisements and simply failed to provide some or all of the required additional disclosures. In others, there were issues with the "one click away" rule. Not only were some disclosures multiple clicks away, but some were not properly labeled at all or were not conspicuous. I'll note that these issues often come up in Compliance Alliance's document reviews, so it would be worthwhile to do a double-check of your credit card ads before they're published.

This wasn't the end of the credit card issues either. In general, 12 CFR 1026.12(d) prohibits credit card issuers from offsetting credit card debt with a consumer's deposit account. However, there's an exception for a security interest in a deposit account if the consumer affirmatively agrees in the account-opening disclosures. The hang up is that the security interest cannot be effectively the same as the right of offset, so an institution that just routinely includes a security interest provision in the cardholder agreement would generally not qualify for the exemption.

The Bureau highlighted that the consumer must be aware that granting a security interest is a condition for the credit card (or for more favorable terms on the account) and must specifically intend to grant a security interest in the account. Some indicators of the consumer awareness and intent mentioned were: (1) separate signature or initial lines on the agreement indicating that a security interest is being given; (2) placement of the security agreement on a separate page from any other disclosures; and (3) referencing a specific amount of deposited funds or a specific deposit account number.

DEBT COLLECTION PRACTICES

The Fair Debt Collection Practices Act (FDCPA) of course prohibits using any false, deceptive, or misleading representation or means in the process of collecting any debt. Specifically, Section 807(2)(A) of the FDCPA prohibits falsely representing the character, amount, or legal status of any debt. Examiners found that certain debt collectors claimed that interest was owned on debts when, in fact, it was not authorized by the underlying contracts between the debt collectors and the creditors. In doing so, the debt collectors falsely represented to consumers the amount due and ultimately had to provide remediation. As a side note, a "debt collector" for FDCPA purposes generally does not include a bank that collects its own debts in its own name, but we've talked to many Compliance Alliance members who follow the FDCPA rules as guidelines, even though they technically do not apply as a matter of law.

FCRA INFORMATION FURNISHING

The Fair Credit Reporting Act (FCRA) requires that when a bank that is acting as an information "furnisher" receives a notice of a dispute from a consumer reporting agency (CRA), that it generally complete its own investigation within 30 days. Not only did some institutions miss this deadline, but others failed to conduct an investigation or respond at all. In addition, if a furnisher determines that previously furnished information is not complete or accurate, the furnisher must promptly let the CRA know and provide any corrections or additional information to make the reporting complete and accurate. Some failed to provide these corrections or updates, while others did so, but subsequently continued reporting inaccurate information after the correction.

Examiners found that certain debt collectors claimed that interest was owned on debts when, in fact, it was not authorized by the underlying contracts between the debt collectors and the creditors.

Another issue cropped up with accounts that were paid-in-full or settled-in-full. Certain institutions had a practice of deleting the identification number when an account was paid in full, and this practice changed the search key that the furnishers used for matching when making account updates. As a result, the CFPB found that almost two thousand accounts were not updated to reflect the correct paid-in-full or settled-in-full status.

Finally, the Bureau found that when some institutions received consumer disputes, they continued furnishing information about the disputed accounts for several months without providing the CRA with notice that the information was disputed, in clear violation of the FCRA. In response to these findings, the CFPB required them to set up enhanced monitoring activities, as well as policies and procedures on compliance with furnisher-specific requirements of the FCRA, in addition to providing evidence of corrective actions.

MORTGAGE LOAN ORIGINATION

The focus of this section was on the inaccurate disclosure of annual percentage rates and total annual loan costs in reverse mortgage transactions. While most of our members do not originate reverse mortgages, this is still a sobering reminder of how pervasive a failure to properly calculate the APR can be, and the very high cost of consumer restitution.

So this covers the key takeaways that are most likely to affect our community bank members, but if you're interested in reviewing the review in its entirety, you can access it at: https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-19_092019.pdf

Victoria E. Stephen
Deputy General Counsel

Victoria E. Stephen, CRCM, serves as Associate General Counsel for Compliance Alliance and was recently appointed as the supervising attorney of Hotline. While receiving her Bachelor of Business Administration in Banking Finance from The University of Texas McCombs School of Business, Victoria worked in both deposit and lending services. She continued her interest in financial services at the University of Texas School of Law by focusing on secured transactions, taxation, contracts, and corporate governance.

Victoria has since worked in corporate tax law, mergers and acquisitions, and performed legal research on a range of regulatory issues. Since joining the Compliance Alliance team in 2015, Victoria has written many articles for a variety of publications, and spoken at a number of compliance schools and conferences. Victoria heads our team of hotline attorneys who assist members with the spectrum of regulatory compliance questions on a daily basis, and serves as Editor of Compliance Alliance's monthly Access Magazine.

2019

COMMUNITY REINVESTMENT CONFERENCE

On September 12th, 50 bankers gathered at The Tower at Rice-Eccles Stadium for the Community Reinvestment Conference, a development conference for banking professionals who specialize in CRA.

The packed agenda kicked off with an amazing Regulator Panel, moderated by Alan Urie from Synchrony Bank. On the panel we had Debbie Hjelmeland, FDIC; Emily Love, Federal Reserve Bank of San Francisco; Mary Molly McKnight, OCC; and Andrea Staheli, UDFI. Following the panel, we had the chance to hear about, "Why Does CRA Matter" from talented Kent Landvatter, CEO and president of FinWise Bank. After hearing from Kent, we were able to learn "How Banks Can Serve Community Credit Needs" from the knowledgeable Andy Kaufman, chief investment officer at Community Capital Management. At lunch we were able to break into small groups for a lively case-study discussion, where each banker got to experience different view points from people who work at other banks. After lunch we learned about "Assessing Community Health Needs in Utah" from the amazing Stephanie Stokes, senior research analyst, strategic research, at Intermountain Healthcare. We closed the conference with the affordable housing panel, moderated by Kisty Morris from Morgan Stanley. On the panel, we had Mike Akerlow, CDC Utah; Maria Garciaz, Neighbor Works SLC; Lily Gray, National Development Council Greater Salt Lake City Area; and Steve Nielsen, Rocky Mountain CRC.

The rich history of this conference continues to provide a unique opportunity, from those in the early stages of their career to the seasoned banker, to be inspired and invigorated with new ideas and strategies to achieve and succeed in this great industry of banking.

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SEPTEMBER 24-27, 2019












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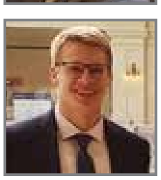

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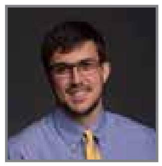

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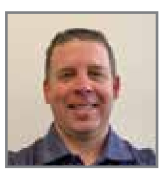

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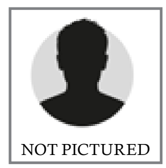
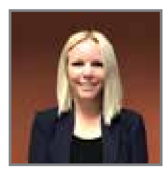


Henry Palma
Liberty Bank



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Sam Roberts
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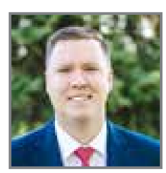

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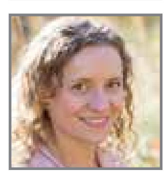
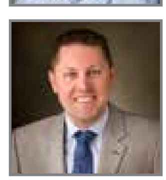


Robin Seydel
Medallion Bank

Zach Taylor
American Express



**Mike Van
Roosendaal**
Zions Bank

STUCK IN THE MIDDLE: HOW BANKS CAN MANAGE CLIENT TAKEOVER ATTACKS

By Jay Schulman and Loras Even

Many financial institutions find themselves in a difficult position as a growing number of their customers find themselves as targets of business takeover attacks. In these scenarios, hackers gain access to company funds through a variety of manipulation scenarios, often tricking an internal employee to send a wire transfer. The financial institution is often stuck in the middle; while it may not be responsible for any wrongdoing, customers typically turn to it for guidance and help recovering funds.

This situation is similar to a person who drives a car recklessly but blames the mechanic when something breaks. Some companies have ineffective controls around their bank accounts or make poor decisions when sharing banking information. Regardless of the bank's lack of involvement in a fraudulent transaction, it will likely receive the first call when money goes missing.

Data from RSM's recent Middle Market Business Index Cybersecurity Special Report shows that organizations are becoming more concerned about business takeover threats. The survey found that 64% of middle market executives think their businesses are at risk of an attempt to manipulate employees in the coming year, a 9% increase from the previous year's data. These attacks are growing in popularity among criminals because of their low-tech and low-risk nature, combined with their potential for significant rewards.

Business takeover cases are simple on the surface, but can have complex details. For example, a portfolio company from a private equity company recently required additional funds and sent an email to the PE firm's chief financial officer. A hacker took control of the portfolio company's email, sent a follow-up email with the hacker's bank account information and received a fraudulent wire transfer.

The CFO quickly recognized that something was wrong and called the bank. In this situation, the company and the hacker used the same bank, so the institution froze the funds. Unfortunately, the hacker was subsequently able to convince the institution to release the funds and wire the funds out of the country.

While financial institutions are not required to work with customers to encourage stronger protections against takeover threats or modify internal processes to identify fraud, making some small adjustments can make a big difference to help deter criminals.

EDUCATE YOUR CUSTOMERS

Many banks do not coach customers on how to discourage takeover threats or help them understand the importance of the tools at their disposal. For example, many institutions have two factor authentication enabled for wire transfers, but many customers choose to disable it, creating unnecessary vulnerabilities. Any time a customer wants to turn off controls, the bank can step in to help them understand how social engineering works and why those controls exist. Coaching has value and can help a client avoid a painful experience.

In addition, banks should provide security information and offer training to their clients on a regular basis to help understand threats and the role the bank plays. The bank needs to have more visibility into emerging risks and what behavior and activity clients need to avoid. Furthermore, financial institutions can use these touchpoints to check on the status of their customers, improve business relationships and discuss any additional necessary services.

ADJUST INTERNAL BANK PROCESSES

Many banks use flexible core banking systems that can identify high-risk transactions. These platforms have extensive functionality built in, but banks often do not use all of it and therefore do not see some questionable transactions in real time. In many cases, controls can be established to flag suspicious activity.

For example, if a middle market company that traditionally only does domestic wire transfers sends funds to Romania, that transaction should stick out like a sore thumb. Perhaps a company almost exclusively sends wire transfers under $20,000 and then suddenly sends one for $60,000. While large banks may not be able to pick up the phone and validate that transaction, there is an opportunity for community banks to reach out personally and provide more comfort and value than their larger counterparts.

> Most banks and many customers have taken steps to improve cybersecurity following high-profile attacks and increased regulatory scrutiny.

Obviously, detecting a fraudulent wire transfer from within the bank is not always this simple, but the institution is often the last point of resistance in these attacks. Individuals responsible for oversight should review suspicious activity reports and other notifications of wire transfer fraud regularly to identify criminal activity.

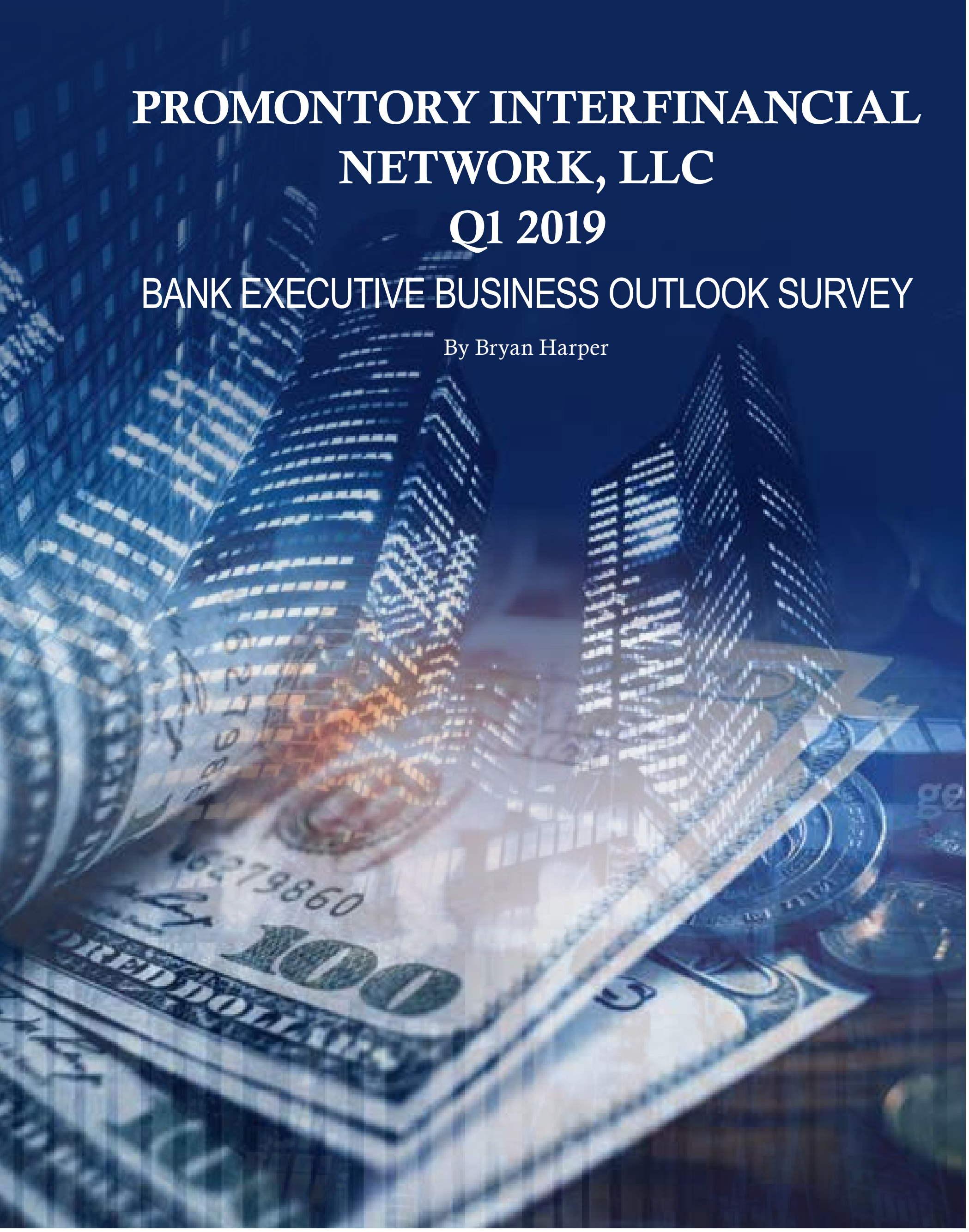
Ultimately, banks may be able to better control fraud in three ways: confirming transfers with clients, being more conservative with internal fraud detection processes and paying attention for any outlier transactions.

Most banks and many customers have taken steps to improve cybersecurity following high-profile attacks and increased regulatory scrutiny. However, any plan to reduce business takeover risks both inside the bank and when guiding customer activities must be flexible to adapt to new threats. Criminals are looking for the easiest way to collect money and their methods will constantly evolve to circumvent today's detective controls and protective measures.

Educating clients about how to avoid and address risks and adjusting processes within your bank can improve the environment for both your bank and your clients. A stronger risk environment can increase customer satisfaction, reduce strain on busy internal employees tasked to track down lost funds and help you avoid having to guide your customers through the misfortune of criminal hacking. ■

PROMONTORY INTERFINANCIAL NETWORK, LLC
Q1 2019
BANK EXECUTIVE BUSINESS OUTLOOK SURVEY

By Bryan Harper



Bankers continue to remain glum about the future of the U.S. economy, although the level of concern may be bottoming out and showing early signs of a shift in direction.

According to the Q1 2019 Promontory Interfinancial Network Bank Executive Business Outlook Survey, almost half of respondents (48%) believe economic conditions will be the same 12 months from now, but only 17% expect conditions to improve – a five-point drop from last quarter and a 38-point drop from Q1 of last year.

At the same time, Promontory Interfinancial Network's proprietary Bank Experience Index℠ showed an uptick to 43.3 (almost a 1 point increase).[1] With regard to the forward-looking Bank Confidence Index℠, survey results showed a 3.3-point increase to 46.3, the first uptick in five quarters and the largest positive change to the Confidence Index since the survey began. Despite these increases, both indices have stayed below the 50-point watermark for five consecutive quarters.

Fifty percent of bank leaders indicated commercial real estate is the loan category that would represent the biggest credit risk for their bank should the economy slide into a downturn later this year.

Fifty percent of bank leaders indicated commercial real estate is the loan category that would represent the biggest credit risk for their bank should the economy slide into a downturn later this year.

HIGHLIGHTS FROM OTHER PARTS OF THE SURVEY INCLUDE:

- **Funding Costs.** More than 9 in 10 bank leaders (92%) said funding costs had risen in the last 12 months, with 33% seeing a significant increase and 59% seeing a moderate increase. While a majority (58%) expect funding costs to rise over the next 12 months, this represents a 30-point drop from the last quarter and a 34-point drop from Q1 2018.
- **Deposit Competition.** While most banks continued to experience and foresee tougher deposit competition, the number of those with that outlook has dropped. Seventy-two percent of respondents reported that they believe deposit competition will increase over the next 12 months down from 83% the last quarter.
- **Loan Demand.** Banker enthusiasm about the future of loan demand continued to decline. The number of bankers who stated that they believe loan demand will grow dropped to 36% from 39% last quarter (and from 64% in Q4 2017). This was the fifth decline in a row.
- **Access to Capital.** One in four respondents projected that access to capital will improve over the next 12 months. ■

For questions, please contact Bryan Harper at bharper@promnetwork.com.

To get the full report, visit https://www.promnetwork.com/research-insights/bank-survey-reports/business-outlook-survey-2019-q1, fill out the form and click the Download Now button.

[1] The Bank Confidence Index is meant to quantify bankers' forward-looking expectations for the industry over the next 12 months, while the Bank Experience Index is meant to quantify bankers' experiences over the last 12 months. These indices are calculated from responses to survey questions relating to four key factors: access to capital, loan demand, funding costs, and deposit competition.

THE ULTIMATE GUIDE TO

Starting a New Bank

Starting a bank often seems like a complicated and almost impossible task. In this day and age, that conception is false. With banking experience and modern technology, anyone with ambition has the opportunity to open a de novo bank, and succeed while doing so.

Read on to learn more about the current state of banking and how to successfully start a de novo bank.

Why Start a Bank?

With multibillion-dollar banking companies, the banking industry is an extremely competitive one. As you know, it is also highly regulated. This has only increased after the recession and housing bubble pop that rocked the industry a decade ago.

But it's important to know that the banking industry looks very different today than it did ten years ago. Companies such as Chime, Aspiration, and Empower are providing significant competition in the online/mobile banking world. The popularity of these competitors points not to the failure of traditional banking—but to the value of alternative de novo banks created by groups who want to build something new.

Creating a de novo bank these days promises to be a more streamlined. It still involves intensive work and patience—approval can come up to eight months after filing the application, with a further three months of pre-filing and preparation—but current conditions for bank startup investment are finally conducive to success.

BANK KUDOS

BANK OF UTAH
ANNUAL TRAIL FEST IN OGDEN

Bank of Utah was the presenting sponsor for Weber Pathways' third annual Trail Fest in Ogden. It took place in June 2019. The setting for the free celebration was Weber County's beautiful, interconnected trails that have been established for hiking, biking and family adventuring. Bank of Utah volunteers helped organize and promote TrailFest 2019, which included a wide variety of activities in the morning along the Centennial Trail and a Trailfest Health and Fitness Expo at the Ogden Amphitheater during Downtown Ogden's Farmer's Market. The Farmer's Market included prize drawings and healthy, family-oriented activities. Bank of Utah hosted booths on the trail and at the Expo.

The Centennial Trail is a beautiful 27-mile loop formed by the Bonneville Shoreline, Ogden River Parkway and Weber River Parkway trails. Families picked up TrailFest Passports at checkpoints and got them stamped as they enjoyed the activities along the way.

Roger Christensen, senior vice president of marketing and communications for Bank of Utah, said, "It was fun to once again sponsor this great outdoor event for families and see participation grow. In 2019, 1,438 passports were distributed to trail participants, which was a 92% increase, and 36% more people turned them in for prize drawings at the Expo."

BRIGHTON BANK
2019 BUTLERVILLE DAYS

Brighton Bank sponsored the 2019 Butlerville Days celebration, held at Butler Park in Cottonwood Heights, on Friday, July 26th and Saturday, July 27th, 2019. Cottonwood Heights was formerly called Butlerville. Brighton Bank, which was founded in the Cottonwood Heights area in 1978, is proud to continue to support Butlerville Days. The event grew significantly in 2019 with approximately 32,000 attendees enjoying Brighton Bank Bingo, parade, carnival rides, inflatable slides, live music, food and a spectacular firework show as the grand finale to the event.

COTTONWOOD HEIGHTS RECREATION CENTER CHARITY GOLF TOURNAMENT

Brighton Bank teamed up with the Cottonwood Heights Recreation Center (CHRC) Foundation as the luncheon host and platinum sponsor of the 16th Annual CHRC Foundation Charity Golf Tournament held on Tuesday, August 20th, 2019. The CHRC Foundation provides financial assistance to families and children, giving them opportunity to use the Recreation Center and participate in lessons or programs. They help many families struggling with life crises to maintain some form of normalcy. The CHRC also helps enhance the Cottonwood Heights Park and Recreation Service Area facilities and community events.

CENTRAL BANK

CENTRAL BANK TEACHES FINANCIAL LITERACY TO 3,137 UTAH COUNTY ELEMENTARY STUDENTS

In the 2019 school year, Central Bank employees in Provo, Utah, taught 3,137 children from 24 Utah County elementary schools in the Alpine, Provo City, and Nebo School Districts as part of the American Bankers Association (ABA) "Teach Children to Save Program." Each year, Central Bank employees look forward to spending many hours participating in these local financial literacy programs that benefit and strengthen the communities of Utah County.

Teach Children to Save (TCTS) is sponsored by the ABA Foundation and provides bankers nationwide an opportunity to serve their community by giving young children an important opportunity to learn a life skill that builds a great foundation for the future. Central Bank is one of only two local Utah County Banks that participated in the Teach Children to Save Program this year.

KEYBANK

KEYBANK RELEASES COMMUNITY INVESTMENT RESULTS

KeyBank recently announced that it made community investments totaling over $166 million in Utah through 2018 as part of its National Community Benefits Plan. The plan includes community investment targets for affordable housing and development, growing small businesses and jobs, mortgages for underserved communities, and transformative philanthropy.

Highlights from the first two years of community investment in Utah include:

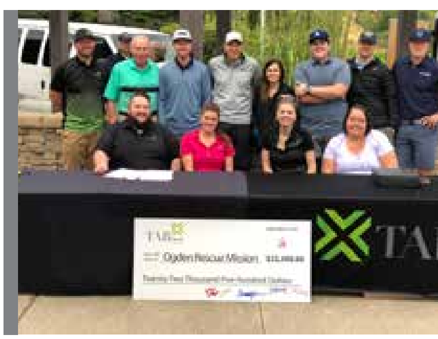
- KeyBank invested over $100 million in community development projects in Utah, including developments such as Jordan Bluffs Apartments in Midvale.
- KeyBank originated over $39 million in small business loans to businesses that are part of low to moderate income communities.
- KeyBank provided $26 million in mortgage lending for low to moderate income communities in and around Utah.
- KeyBank made over $611,000 in transformational philanthropic investments in Utah neighborhoods. Support included grants to First Step House.

"Helping all neighborhoods thrive in Utah is our priority," said Terry Grant, president of KeyBank Utah. "Whether it's a mortgage for a first-time homebuyer or a small business loan in a struggling neighborhood, each investment in the Utah community is making a difference. When the neighborhoods of Utah succeed, we all succeed."

TAB BANK

TAB BANK ORGANIZED AND SERVED AS THE TITLE SPONSOR FOR THE 18TH ANNUAL OGDEN RESCUE MISSION CHARITY GOLF TOURNAMENT

TAB Bank is pleased to organize and serve as the title sponsor each year for the Ogden Rescue Mission Charity Golf Tournament. This year's tournament was held on Friday, September 6th at the Wolf Creek Resort in beautiful Ogden Valley. TAB's director of marketing, Trevor Morris, serves as the chair of the planning committee and several other members of the TAB Bank team also serve on the committee and play critical roles in the planning and execution of this wonderful community event, which is the primary fundraiser for the Ogden Rescue Mission and the life-changing programs and services they offer to individuals and families in Northern Utah.



ZIONS BANK

ZIONS BANK NAMED AMONG BEST BANKS TO WORK FOR

In the September issue of *American Banker* magazine, Zions Bank was honored among 85 of the Best Banks to Work For in 2019. Zions Bank ranked No. 3 among large banks and No. 83 overall.

Zions Bank was selected based on employee surveys and a consideration of factors such as leadership, communication and diversity. →

→ ZIONS BANK VOLUNTEERS JOIN IN DAY OF CARING

From Logan to St. George, Zions Bank employees across Utah participated in United Way's 27th annual Day of Caring event in September. Volunteers ranging from bond traders to business bankers stepped away from their regular duties to participate in service projects throughout the state, including vision screenings, neighborhood clean ups, and sorting and packaging food for families in need.

ZIONS BANK GOES ELECTRIC

Thousands of Zions employees in Salt Lake City and West Valley City now have the option to recharge their electric vehicles during the work day – part of the 146-year-old bank's modern push to encourage environmental responsibility and improve air quality in Utah.

Over the summer, Zions Bank completed installment of 29 electric vehicle charging stations across four major employee hubs, with two corporate service buildings in Salt Lake City and two in West Valley City.

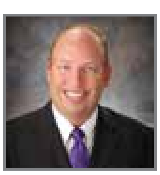
"Clean air is critically important to the health and economic vitality of the communities we serve, which is why Zions Bank continues to take steps to conserve energy and improve air quality," said Zions Bank President and CEO Scott Anderson. "Every small change we make as corporate citizens and as individuals leads us toward better health, a better economy and a better overall quality of life." ■

BANKERS ON THE MOVE

BANK OF UTAH

Former CEO and president of AMBank, **Leonel E. Castillo,** has joined Bank of Utah as a senior vice president relationship manager in the bank's Orem branch. Castillo has served on the board of the Utah Bankers Association and ExOfficio LLC, and as a member of the Utah State Board of Bank Advisors.

Bank of Utah recently appointed **Shawn Choate**, PHR, SHRM-CP, as the bank's human resources manager, based in Ogden. Choate, who previously served as deputy director of management services and human resources for Ogden City, currently serves on the board of directors for the Utah Society for Human Resource Management and the Northern Utah HR Association.



Bank of Utah has recruited **Kevin Stocking** to serve as senior vice president/commercial loan officer and to lead a new commercial lending department in its newly acquired full-service branch in Heber. Stocking formerly served as president of Grand Valley Bank in Heber.

CENTRAL BANK

Lewis Woolford has been promoted to assistant manager of Central Bank's Provo Riverside Office. Woolford has worked at Central Bank for 12 years. His extensive knowledge of lending will be a great asset to Provo and the surrounding areas.

Tyler Hardy has been appointed assistant manager of Central Bank's Downtown Provo Office. Hardy has more than seven years of experience in the banking industry and will greatly benefit Central Bank in his new role.

GRAND VALLEY BANK

Steve Hallows was recently promoted to president of the Heber city branch, as well as being appointed the credit committee chair for the Utah market. Hallows has worked at Grand Valley Bank since 2013 as an SVP and loan officer. He is a native of Heber city and has over 21 years of banking and lending experience. He has extensive knowledge of commercial lending, SBA loans, mortgage and construction lending. He loves the community, which is where he grew up and where he now works, and he is excited for his new role and responsibilities.

ZIONS BANK

Zions Bank appointed **Annette Brooks** as president of its Suburban Salt Lake Region. As region president, Brooks oversees branch operations and business development at 18 branches in Salt Lake County.

Chad Dilley has been named director of retail branches in Utah. He is responsible for overseeing the bank's Suburban Salt Lake, Central Utah, Wasatch Back, South Central Utah and Southern Utah regions. Dilley previously served as the manager of Retail Client Experience and Channel Strategies.

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PERSPECTIVE.

The COMMERCIAL LENDING AND BANKING GROUP at Jones Waldo recently closed the following types of transactions:

- Construction loans for office, retail, medical, hotel, apartments and mixed-use condominium developments
- Real estate acquisition loans
- Corporate credit facilities
- Affordable housing tax-credit construction loans
- New market tax-credit construction loans
- Ski resort financings
- Asset based acquisition loans
- Credit provider representation for credit enhanced bond financings
- Syndicated real estate and corporate financing transactions
- Real estate and corporate credit restructuring transactions
- Financial institution owned real estate sale transactions
- Judicial and non-judicial foreclosures
- Ongoing advice regarding bank regulatory compliance issues

Jones Waldo's commercial lending group provides the level of specialization and skill that comes only with seasoned professionals who represent both local and national clients. To learn more call us at 801-521-3200 or visit our website at www.joneswaldo.com.

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This magazine is designed and published by The NewsLINK Group, LLC | 1.855.747.4003