CBA QUARTERLY

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LEVERAGING TECHNOLOGY FOR EFFICIENCY AND CUSTOMER SERVICE

IN THIS ISSUE:

Chelsea Groton Bank Accelerates Shift to Digital

Next-Gen Banking Becoming a Reality

Five Trends to Define our Post-Coronavirus Lives

Connecticut Bankers Association

Mission

The mission of the Connecticut Bankers Association is to represent the financial institutions in the state of Connecticut and to serve as the voice of its members in matters of their common interest.

The Connecticut Bankers Association shall support and promote legislative and regulatory actions at the state and federal level that benefit the general welfare of its member institutions, the banking industry and the people of the state of Connecticut.

The Connecticut Bankers Association shall encourage and facilitate the interchange of information and ideas among its members. The Association shall serve the collective needs of its members through development of educational programs and providing cost-effective services.

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Table of Contents

FEATURES

IN EVERY ISSUE

Integrating Technology and Personal Service

Cynthia (Cindy) Merkle
Chair, Board of Directors
Connecticut Bankers Association
President & CEO, Union Savings Bank

I suspect all of us in banking are relieved that over the last few years we heightened our investments in technology. So when the pandemic surfaced a year ago we had many of the products and services that our customers could continue to use or transition to for their banking needs. This assisted many of us in making the hard decision to close branch lobbies to walk in visits, safeguarding our employees and our customers.

Not surprising to any of us is that CNBC reported that there was a 200 percent increase in new mobile banking registrations in April 2020 and mobile banking activity jumped 85 percent, according to Fidelity National Information Services. A DepositAccounts.com survey that came out in September 2020 found that 91 percent of Americans banked virtually during the month of July, either online or via a mobile app. The study found that 4 out of 10 consumers were using their bank's mobile app more than prior to the pandemic. Not surprisingly, some 52 percent were visiting physical bank locations less often as a result of the virus. Close to half of the survey respondents (49 percent) said "…they would be happy never going to a physical bank branch again."

> "Not surprising to any of us is that CNBC reported that there was a 200 percent increase in new mobile banking registration in April 2020…"

Time will tell whether customers will continue to visit branches, I personally believe they will as we are a relationship business and the personal touch is still important. But it is increasingly evident that roles may change based upon the pace of enhancements to our mobile products. "The future of work in a post COVID-19 world will be defined by humans augmented by the power of technology. For organizations that embrace this opportunity, there will be the ability to enhance the role of employees, creating increased efficiencies and better customer experiences." So said Jim Marous, CEO of Digital Banking Report, in a recent *Forbes* article.

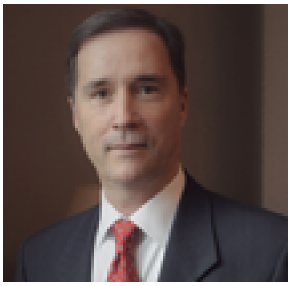
This made me think of one of our long-time business customers who imports parts to make appliances in the United States. Two of our bankers helped him migrate to online payments via wire transfers and Automated Clearing House originations — changes that saved his company time and money. Marous' comment also brought to mind a retail customer who was the victim of debit card fraud. He collaborated with one of our bankers who assisted him in setting the correct card controls to monitor his account activity. This relieved his anxiety and put him in direct control of his own destiny.

The balance of ever changing technology with accessibility to personal support whether by phone, chat, or in person, provided us with the tools to expertly and seamlessly educate our customers.

Our personal banking approach, offering customers the ability to speak with a local bank representative, will always be a core component of our service model. With innovative technology as the enhanced support to that personal touch experience, the bank will be positioned to expand on their virtual banking capabilities, including Interactive Teller Machines (ITMs) at our branches.

Historically, banking customers have expected our delivery systems to include all the latest access points without giving up their personal bankers. We've all worked hard to deliver on that expectation, which I feel will remain an important differentiator for our industry.

Stay safe.



From the President's Desk

At the start of each year, business publications and consulting firms offer their predictions about the trends we will see in the banking industry. Complicating those prognostications this year, is the continuing presence of COVID-19 cases, both in Connecticut and nationwide. The state vaccine distribution plan is proceeding at a strong pace, with additional vaccines being approved and the move to age-based eligibility, which means there will be a light at the end of this very long tunnel. We all look forward to a time this spring or summer when life can return to some semblance of normalcy, and we can once again enjoy meeting and interacting with each other in person.

The various 2021 predictions about the banking sector feature one common thread. Industry analysts unanimously believe the lingering pandemic will accelerate the movement we are already seeing toward the deployment of advanced technology to serve customers, and to reduce the reliance on in-person transactions. In a recent digital trends article published in *Business Insider* magazine, Andrew Meola wrote: “The most prevalent trend in the financial services industry today is the shift to digital, specifically mobile and online banking. In today's era of unprecedented convenience and speed, consumers do not want to have to trek to a physical bank branch to handle their transactions. This is especially true of Millennials and the older members of Gen Z, who have started to become the dominant players in the workforce (and the biggest earners).”

That trend aligns well to this CBA Quarterly’s theme in its first issue of 2021: *Leveraging Technology for Efficiency and Customer Service.* In this issue, you will find numerous articles to inform you about what is happening in the industry, both in Connecticut and nationally, to advance the use of technology to better serve our customers, and of course, drive sustainable profitability into the future.

Jennifer Pensa, executive vice president and chief innovation officer, writes about how Chelsea Groton Bank moved up its plans to introduce innovative technology for its customers. Chelsea LIVE video banking ATM machines are allowing its retail team members to embrace a new tool as they manage their customer needs through appointments and limited branch lobby access. Having the ATMs onsite not only allows customers and non-customers to complete transactions, but also to ask questions and safely connect with a banker face-to-face.

In our semi-annual interview feature with new CEOs, Liberty Bank President & CEO David Glidden, talks about the bank’s plans, opportunities, and challenges ahead for the Connecticut banking environment, and the bank’s vision for advanced digital technology to improve efficiency and enhance customer satisfaction.

You will find Eric Bauer of Bank of America outlining a new report from BofA Global Research, “The World after COVID,” which studied 3,000 companies across 25 different market sectors and identified five megatrends that are likely to have a lasting impact on business and society.

And following that, Richard Fay and William Nowick of Wolf & Company, a CBA Endorsed Provider, discuss the considerations banking executives should weigh when deciding between traditional and open core processors to support financial and transactional elements of a financial institution.

Continuing the technology theme, Mark Dixon of NEACH Payment Solutions highlights the trend toward more financial institution (FIs) collaborating with fintechs to introduce new digital and data-driven tools to transform how they do business. The article explains how FinTechs can help FIs respond to the multitude of customer and institutional needs COVID-19 has created.

In the article, "The COVID" Cost Shift, Tom Long, CEO of The Long Group, familiar to many of our member banks, identifies six opportunities for savings that banks can consider because of changes brought about by the pandemic.

Also jam packed into this issue are articles about the merger of Litchfield Bancorp and Collinsville Bank under the umbrella of Northwest Community Bank, Optimizing Digital Lending by associate member Upgrade, KeyBank’s pandemic survey results, BSA/ALM reform by the Compliance Alliance, and much more.

Advances in technology are impacting not only the banking industry, but legislative advocacy as well. While the State Capitol continues to be closed to the public, the General Assembly is conducting its business virtually and the five-month 2021 “long” session is in full swing, with lawmakers headed toward a June 9 adjournment. Several bankers and the CBA have been busy testifying virtually as well as submitting written testimony on bills of interest or concern to the industry and protecting the interests of our member banks at the Capitol. We appreciate the support of all our members who have been actively engaged by testifying, providing valuable input, and taking part in grassroots efforts on behalf of the CBA and the banking industry.

It has been a little more than a year since the state imposed emergency restrictions due to COVID-19 and our member banks and their team members have performed heroically. Connecticut banks have met the challenge by donating literally hundreds of thousands of dollars to help those in need in their communities, processing tens of thousands of loans, and helping customers and their communities to get through this crisis. The CBA expresses its appreciation and gratitude to our bank leaders and all the employees on the front lines, who have served the needs of the residents of state and done their part to keep the economy moving in the right direction. We look forward to brighter days this summer.

Thomas S. Mongellow

Thomas S. Mongellow
President & CEO
Connecticut Bankers Association

Regulator Interest A Turning Point for Cryptocurrencies

Art Corey
Vice President & General Counsel
Connecticut Bankers Association

Bitcoin is receiving a lot of attention recently for its valuation swings and news of big companies buying or accepting the cryptocurrency. In December of last year MassMutual announced it had purchased $100 million in bitcoin and in February, Tesla announced it had made a purchase worth $1.5 billion. Mastercard announced in February that it will begin supporting cryptocurrency payments sometime this year.

Not to be left behind, the federal banking agencies are also getting in on the action. Federal Reserve Governor Lael Brainard has given several speeches recently promoting the idea of a central bank digital currency. In an August 2020 speech she said, "the Federal Reserve is active in conducting research and experimentation related to distributed ledger technologies and the potential use cases for digital currencies." She noted that the Federal Reserve Bank of Boston is partnering with MIT to "build and test a hypothetical digital currency oriented to central bank uses."

In its letter, the OCC noted that banks must be aware of potential risks when conducting stablecoin-related activities. These include operational risks, compliance risk, and fraud. Compliance risks include guarding against potential money laundering activities and terrorist financing. Banks can mitigate these risks by adapting and expanding their compliance programs to make sure these comply with Bank Secrecy Act reporting and recordkeeping requirements, as well as adapting policies to address the risks of cryptocurrency transactions.

The Federal Reserve recently pointed to the current pandemic as another reason for considering a central bank digital currency. "The COVID-19 pandemic also highlighted inefficiencies in the retail payments market, specifically in the distribution of economic stimulus funds, and the potential benefits of a CBDC (central bank digital currency) as a complement to currency and coin," the Federal Reserve wrote in a February 24 research paper entitled, "Preconditions for a general purpose central bank digital currency."

> **"Momentum behind cryptocurrencies, whether they be private or government-based, seems real and may be the next big thing in the world of bank payments."**

Some officials in the Biden Administration and some members of Congress are pushing the Federal Reserve to issue a digital currency and to create government-backed accounts to provide banking options to underserved communities and individuals. Recently, Treasury Secretary Janet Yellen signaled the Biden Administration's support for the United States to issue a government-backed digital currency. Such a move, Yellen said, could result in "faster, safer, and cheaper" payments for unbanked U.S. citizens.

The Office of the Comptroller of the Currency lent a measure of credibility to cryptocurrencies in January when it determined in Interpretive Letter 1174 that national banks and federal savings association may offer services that facilitate transactions in stablecoin, a type of cryptocurrency that is pegged to a stable asset, such as a fiat currency (e.g., the U.S. Dollar). In its letter the OCC said that "a bank may validate, store, and record payments transactions" by participating in stablecoin payment networks. A bank may also use these payment networks and stablecoin to carry out "other" permissible payment activities (it is unclear from the letter what those other activities might be).

The Fed noted, "Research and experimentation are ongoing to help inform the conversation on whether a widely available, digital form of central bank money offers benefits in the United States and should be introduced."

The Fed also noted that issuing a digital currency in the United States would be challenging. Some preconditions include establishing a legal framework to "provide the legal basis for the issuance, distribution, use, and destruction of a CBDC." In addition, the Fed believes there would need to be a significant effort to effect societal acceptance of a digital currency.

While all the interest by the federal banking regulators may have a normalizing effect on cryptocurrencies, significant bank involvement in this new and exciting space may be a bit farther down the road. Still somewhat unclear, notwithstanding the OCC's stablecoin letter, are the legal and regulatory requirements that would apply to bank cryptocurrency activities, not to mention the safety and soundness concerns. Nevertheless, the momentum behind cryptocurrencies, whether they be private or government-based, seems real and may be the next big thing in the world of bank payments.

Chelsea Groton Bank Accelerates Shift To Personalized Digital Options for Customers

By Jennifer Pensa, Executive Vice President and Chief Innovation Officer, Chelsea Groton Bank

Chelsea Groton Bank has always strived to be a leader in discovering new and innovative ways to streamline customer service, but for the past ten months the focus has been on using technology to create safe and convenient experiences for our customers. While we planned to integrate tools and new technology into our delivery strategy in 2021, the sudden onset of the pandemic accelerated this shift to build out our delivery channel through the integration of personalized digital options.

Prior to the swift change in priorities that most banks faced in March of 2020, Chelsea Groton planned to implement Video ATM Machines and a new Video Banking App as part of our project roadmap.

Both solutions were included as part of our expansion of delivery channels to align with our branch transformation strategy. Our goal was to create a customer experience that combines the best of convenience and personal service. We wanted to provide technology and facilities that allow customers the opportunity to bank when, where, and how they want.

While our goal of expanding our integrated delivery channels remained the same in 2020, our motivation and implementation timelines adjusted significantly in March, as we had to pivot to meet very different customer needs in light of the pandemic.

While Chelsea Groton was prepared to move to an almost exclusive work-from-home environment, continuing to move forward on projects beyond business continuity and PPP loan activity was uncertain. During this challenging time a number of cross-departmental teams came together to successfully implement five Interactive Teller Machines in strategic locations.

The implementation of the Chelsea LIVE Video Banking ATM machines have allowed our retail team members to embrace a new tool as they managed their customer needs through appointments, or limited branch lobby access. Having the ITMs onsite not only allowed our customers and non-customers to complete transactions, but also to ask questions and connect with a banker safely face-to-face. Examples, such as a document signing or form completion, found the Chelsea LIVE team combining tools like Esign to push the document to the customer while at the ATM.

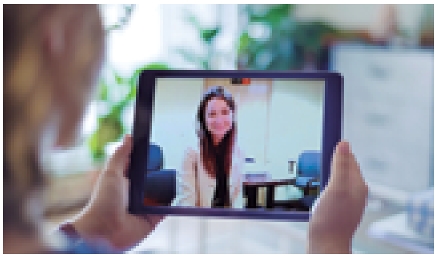
While we had discussed the many advantages of these new machines (like extended hours), we had not counted on the convenience of being able to complete a stop payment or allow a customer to accept disclosures via electronic signature.

Launching the Video Banking App in October, 2020 allowed us to expand on our personal digital connection to provide options and convenience for our customers. Our Chelsea LIVE team members can now transition a conversation from the ATM to a lender, or another skilled team member, to ensure customers get the answers and service needed.

Our Chelsea LIVE Video Banking app has allowed our customers to complete complex transactions that are customarily done in a branch from anywhere they want using their mobile device. Using this, our customers can open accounts and pass documents securely through the Video Banking session. Our Customer Care, Chelsea LIVE, Business Banking, Cash Management, and cross departmental PPP teams are using this application to have conversations, provide guidance and to complete customer service activities that would have been impossible without this technology.

While implementing digital tools creates advantages as part of our integrated delivery channel, it is our extraordinary employees that allow for all of the strategies to come together. In choosing technology to accommodate seamless customer experiences, we know that whatever the tools are, our employees are the secret sauce. This was proven as we saw them adopt this new technology while in very different or completely new environments as a result of the pandemic. The transition to working from home or in limited access branch lobbies while mastering new tools and technology has been a challenge that our employees have embraced.

Even though our teams were challenged on many fronts with pandemic relocation and competing responsibilities, the customer remained at the center of our focus. Each of the employees recognized that coming



together to implement technology to ensure our customers needs were met was the priority and they continue to use this tech innovatively in using the tools to resolve issues and provide access.

Jennifer Pensa is executive vice president and chief innovation officer for Chelsea Groton Bank. She has been with the bank for three years. She oversees operations, technology, project management and the digital and direct banking teams. Pensa is also the diversity, equity and inclusion officer, as well as the information security officer.

Q&A

David W. Glidden, President & CEO, Liberty Bank

Q: You came to Liberty Bank with more than 30 years of leadership experience working for banks in other states in our region. How do you view the Connecticut banking marketplace as compared to other states, based on your previous roles?

As a $7 billion Connecticut-based bank, we are competing with large national, regional and smaller local banks as well as credit unions. We're vying with all of them when it comes to products and services, customer service, customer acquisition, attracting talent, digital advancements and more. The banks that own the majority of the deposits are primarily national or regional players. So that's why at Liberty our approach is to "out-local national banks and out-national local banks."

Customers want to conduct their banking with an organization they can rely on, is easy to do business with, is accessible, offers relevant products and services, and has a knowledgeable workforce that cares about them, are available when help is needed, and can offer expert advice. This rings true for all banks and regardless of what market and in what state they serve.

Q: You have led Liberty Bank since March, 2019. From your perspective, what are the greatest challenges facing Connecticut's banking industry in 2021?

We're faced with a host of ongoing challenges, including people and business migration to other states; generational shifts; cost of living; and the expense of doing business.

Specifically, as it applies to Connecticut banks, consumers and businesses have more choices beyond just the traditional brick and mortar branches. Expectations are rapidly evolving and banks are being compared to service models and digital experiences consumers are receiving not only from other banks but from Fintechs and BigTechs too. Therefore, it's critical for banks to be nimble and willing to evolve and adapt to change.

Q: Conversely, what are the biggest opportunities for growth?


David W. Glidden

Despite these challenges, I'm optimistic about Connecticut's future. Budget deficits, modest economic progress, and stagnant population growth make the state a challenging place to thrive as a banking institution, yet our number one asset — the talent, skill and ingenuity of our workforce ensures a hopeful future.

There will be opportunities to leverage newfound business relationships as a result of the Paycheck Protection Program. As the greater population receives their vaccines and businesses fully reopen, there will be opportunity to provide capital and financial services to small businesses as the economy rebounds. In addition, as customers' banking habits change due to the pandemic, there's an opportunity to enhance digital channels to better serve customer needs.

For Liberty, due to our size and scale, we have the opportunity to better compete in Connecticut, offer swift local decision making and build and deepen relationships with C&I customers and small- to medium-sized privately-owned businesses.

Q: The global pandemic has had a huge impact on business and society in general. Looking forward, what do you see as the role of the banking industry from an economic perspective in recovering from the impacts of COVID 19?

Our role is to be here for our customers, teammates and communities every step of the way. It means standing ready to help small businesses — the heartbeat of our local economy — keep their doors open and employees paid. It means providing meaningful relief measures to mitigate any financial hardships and working closely with customers to tailor banking solutions that are right for them, not just products we want to sell.

At Liberty, this includes our Good Neighbor Loan Program, deposit products with rewards and no fees, and banking expertise delivered by knowledgeable teammates.

And we must continue to be a strong community partner at a time when organizations need us most, like our local hospitals, emergency food providers and others who play a key role in the markets and communities we serve.

Q: Recent news articles indicate Liberty Bank has made a major commitment to digital banking and technology. Based on your experience, how would you like to see Liberty Bank positioned as you leverage digital technology?

We want our customers to be able to do business with us however they choose — online, mobile, in the branch or using ATMs. But given the pandemic and our customers' ever-changing banking habits, we needed to shift our business model to reflect a more digital focused ecosystem. It's not just digital banking, it's innovation with the application of data, analytics, predictive personalization, and people that will transform the customer experience.

This type of vision for advanced digital technology will provide us both the opportunity to improve efficiency, while creating a level of personalization that enhances customer satisfaction and strategically differentiates us from our competitors. It's the banks that are willing and can embrace this paradigm shift of ongoing digital innovation — while maintaining their commitment to traditional banking channels — who will be the winners in the industry.

Q: Looking ahead, what do you think the banking industry will look like in five years?

There will be tough competition with the growing competitive landscape that comes with the enhanced presence of Fintech and BigTech entering the market. This will require banks of all sizes to look at new systems and processes, while making sure we maintain a culture of innovation for the next decade. But banks must also continue to recognize the role branches will always have in delivering an extraordinary customer experience.

Also, as competition escalates and industry trends evolve, we will see continued M&A — evidenced by the total number of banks now only around 5,000 across the United States. That's why key investments and strategic planning will be critical factors for long term success as we witness consolidation of banks and branches, greater investment in digital channels, and the new norm when it comes to a remote workforce.

Q: What would you like to be your greatest accomplishment during your tenure at Liberty Bank?

It will not be David Glidden's greatest accomplishment but the greatest accomplishment of the Liberty team. We will be successful stewards of this nearly 200-year-old bank. We will leave it in a better financial condition. We will have helped transform the bank to serve the needs of the next generation and together have ensured Liberty continues to fulfill its purpose as a community bank, an employer of choice, a neighbor, a community partner, and a catalyst for prosperity for the next 200 years.

Five Trends That Could Define our Post-Coronavirus Lives in Connecticut

By Eric Bauer, Business Banking Marketing Executive for Connecticut and Western Massachusetts, Bank of America

As the world continues to grapple with the impact of the coronavirus, one thing is certain: We are experiencing one of the rare events in history that is likely to completely reshape geopolitics, societies and markets. We don't see the coronavirus as just a temporary crisis, but as a permanent disruptor.

The rapid spread of the coronavirus created health, economic, environmental and social challenges around the world. The consequences will be far-reaching, potentially ranging from further tectonic shifts to localization for the U.S. supply chains to new views on the roles of technology and government and our approaches to health care and consumerism.

A report[1] from BofA Global Research, "The World after COVID," studied 3,000 companies across 25 different market sectors and identified five megatrends. These trends outline changes that are likely to have a lasting impact on business and society.

Geopolitics and Globalization

A shift from globalization to localization was under way before the coronavirus struck, but analysts now anticipate a much faster-than-expected shift in manufacturing away from China. Trade tensions between China and the United States have continued to grow, with China's global share of manufacturing rising from 3 percent in 1990 to 25 percent in 2020. Also, as consumers have become savvier, there is a greater focus on sustainability and social and environmental issues that could drive the trend away from globalization.

Tech Wars

Amidst increasing competition for tech supremacy between China and the United States, analysts predict both countries will ramp up tech investments. As we enter what experts are calling the fourth industrial revolution, coined Industry 4.0, Connecticut manufacturers are facing an increasing pressure to adopt Industry 4.0 technologies to keep up with current automation trends. The tech adoption is expected to progress over the next five years as production simplifies, becomes cheaper, and the manufacturing environment becomes more competitive. The coronavirus has also significantly increased the use of technology to support remote working environments, with 50 percent of sector analysts expecting technology investments to grow.

Big Government

The health crisis has driven governments worldwide to adopt an expanded social mandate to protect their citizens. Increased government surveillance, aimed at stemming future outbreaks, will

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likely raise debates over the greater social good versus individual privacy. Governments may also influence companies to shift away some focus from shareholder returns toward other priorities and stakeholders, including improved benefits for workers and efforts to solve climate change.

A Greater Focus on Health

The coronavirus has drawn attention to the importance of healthcare and the critical role it plays in national security and economic growth. The pandemic has also increased focus on other health issues, including, drug pricing, antibiotic resistance, and future pandemic prevention. Prior to the coronavirus outbreak, a report released by the Connecticut Health Foundation found that major health disparities persist amongst Black and Latino populations in the state[2]. These discrepancies were exacerbated during the health crisis, since Black and Latino residents were three times more likely to contract the virus than white people[3]. As certain populations are more at risk than others to contract the virus, the focus on health care will be critical to maintaining a healthier world population post-coronavirus.

The New Consumer

Gen Z has grown up online and is well-equipped to thrive in a digital world. In contrast, older generations have been slower to embrace new technologies, such as streaming, social media, and online shopping, but have been forced to adapt in a world of quarantine and social distancing. Many of these new habits are likely to stick, in our view, which has implications for business strategies going forward. However, Gen Z is also the most vulnerable to reduced long-term earning potential due to the coronavirus.

We have little doubt that the coronavirus will have a significant and lasting impact on our world, dramatically accelerating political, economic, and psychological transformations. Every crisis in history has left a legacy of innovation and as we have learned from past crises, from pandemics to world wars, humans are resilient, and disruption can drive innovation and positive change.

To learn more about these five post-coronavirus trends and the industries that could benefit, read the BofA Global Research primer, "The World after COVID."

Eric Bauer is business banking marketing executive for Bank of America's Connecticut and Western Massachusetts region.

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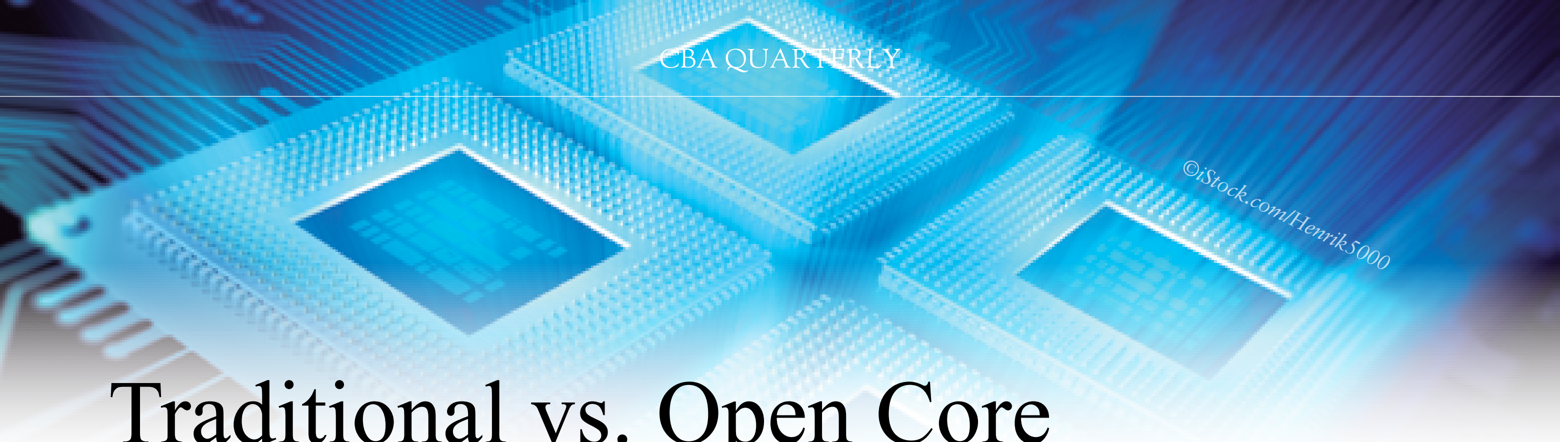
[1] *BofA Global Research, May 2020.*

[2] *https://www.cthealth.org/latest-news/news-releases/new-report-health-disparities-in-connecticut-causes-effects-and-what-we-can-do/#:~:text=15%2C%202020)%20%E2%80%93%20While%20Connecticut,to%20a%20report%20from%20the*

[3] *https://www.courant.com/coronavirus/hc-news-coronavirus-covid-racial-disparities-20200713-y722eyl3erekvn7qlwvl6a6akm-story.html*



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Traditional vs. Open Core Processors: Know Your Business

By Richard C. Fay, CPA, and William J. Nowik, CISA, CISSP, QSA, PCIP

Core processors support almost every financial and transactional element of a financial institution. Banks are heavily dependent on the products and services offered by their chosen core processor, and they usually have a limited ability to customize or add solutions to their existing core. In today's tech-savvy world, competition is steadily increasing, and financial institutions may need to implement fintech solutions not offered by their cores to enable growth and success.

There's been a lot of frustration aimed at traditional core processors associated with the complexities and costs of integrating outside technologies. Meanwhile, new open core processors are being developed and gaining popularity for their flexible and fast solutions. Prior to making any monumental strategic decisions, there are many factors (both pros and cons) to consider when deciding what type of core processor works for your financial institution. Before deciding between a traditional core processor and an open core processor, institutions must analyze their unique business environment and client base to assess how their choice would coincide with their objectives and strategies.

Considerations for Traditional Core Processors

Traditional core processors are more stringent. They have deep expertise regarding the banking industry and are able to offer solutions that often correspond with more conventional financial institution initiatives.

Regarding Data

According to Federal Deposit Insurance Corporation Chairman Jelena McWilliams, "Data is the new currency. If you have data, if you have access to data, you can change the world." Traditional core processors have certain limitations when it comes to data extraction and analysis. On these cores, accessing data can be challenging, and many of the extraction tools offered center around reporting instead of analysis.

Full access to transactional data lets institutions evaluate the patterns and needs of their customers. This information is essential, and can help institutions create new products and services to address demand. They could also harness this data to advertise existing products or services directly to a customer that could benefit from them.

In traditional cores, data is typically stored in silos, with customer information allocated to separate applications within the interface. This separation and access restriction makes it difficult to gain a holistic picture of customer profiles, hindering the ability to assess customer needs. However, the separation can also be a significant security advantage — making it more difficult for malicious actors to access your data.

Architecture

Traditional core processors stick to what they know works when administering solutions. If enough clients have a demand for a certain solution, the core will often invest and eventually make the product available on their platforms. When utilizing a traditional core processor, you're investing in a system designed to keep traditional banking systems running. For banks whose primary concern is security, resilience, reliability, the tried-and-true traditional platform is a viable option.

Application Programming Interface (API)

In a traditional core, the API is more rigid. If you identify a desirable new fintech solution, you'll need to consider the cost of adding it to the existing core. An API will be necessary for the fintech to access your customer data, which can be time consuming and expensive to develop. If you're not an early adopter of technology and can wait for the core to offer enhanced products, then the lack of integration may not be an issue.

Contracts

Whether or not implementing fintech solutions is a current strategic initiative of your institution, financial institutions want to be in a position to respond to new opportunities and threats as they arise. Ensure you're aware of the exclusivity requirements often included in traditional core contracts, as well as the conversion and de-conversion costs.

Monetizing Existing Customers

Institutions must remain aware of emerging fintech innovations in their industry and identify how these evolutions are going to affect their target customer base. For instance, SoFi is a personal finance company that helps college graduates refinance their student loans. SoFi is in the process of receiving a bank charter, which will allow them to offer new products and services (such as deposit or checking accounts) to these graduates. Recognizing their customers' requirements, SoFi will be able to give these graduates a centralized location to address all of their banking needs.

This might raise significant competition for an institution relying on a traditional core processor. By offering better opportunities, this fintech-focused company might gain more of the customers that the traditional bank is targeting.

It all comes back to having a good strategy and being able to look at your data and know what your customers want. Once you recognize your customer needs, you can work with your traditional core processor to establish the tools and solutions that would satisfy and maintain the customer base.

Traditional Core: Is it Right for You?

Institutions sometimes blame their traditional core processors for a lack of innovation. But your traditional core might be capable of meeting all of your needs for your current initiatives. It all comes down to strategy. To make the traditional core work for you, you must have a specific vision of what you need to serve your customers and achieve your goals. Then you'll be able to work with your traditional core processor to establish a path on how to get there and learn how their tools can tie into the institution's overall strategy. If your traditional core processor can successfully implement solutions to fill your needs, you may not have to implement outside fintech solutions simply because they're "new" and "innovative."

You also have to consider whether your institution has the resources to support working with outside fintech solutions — because you might not have the necessary developers, cloud experts, and security experts to initiate a successful partnership. If this is the case, a traditional core processor may be a better option.

Considering New Open Core Processors

Some fintech companies are developing new cores with open architecture. These core processors have open APIs that allow other fintech companies to "plug in" their own systems and share their tools and platforms. This allows financial institutions to choose the best software available from all of the various fintechs without having to worry about the extra cost of building interfaces. This system also allows data to be easily transferred between outside fintech companies and the core.

More Large-Bank Focused

These types of open cores often cater more to banks with significant in-house technology expertise not as often found at community banking institutions. If you're considering transferring to these cores, you must take a critical look at your team and determine if you have the necessary resources and technology experts to successfully utilize these open core processors.

Limited Existing Customers

You should be aware that these cores often have a limited number of customers (due to the amount of work it takes to serve each), which might make it harder for your board to accept the proposal for transition. Boards of financial institutions are normally risk averse, and if you propose a change to a newer core that only has a few customers, you might be met with skepticism and wariness.

Pent-Up Demand

Transitioning from a traditional core processor to an open core processor is a monumental change. Transferring the massive amounts of data from an institution's old core to the new platform takes a significant amount of time and resources. For this reason, open core processors usually can't onboard and serve a lot of institutions at once. If you determine that you'd benefit from these platforms, negotiate your contract early, because you might have to wait a while to start using it.

Bank Culture vs. Fintech Culture

You should also consider if you're prepared to communicate your needs correctly to the new core. Traditional cores are often well versed in the banking industry and its nuances. Newer, open core processors are often more tech-centric — which might create a slight rift in communication between institution and core. If you make the switch, you might have to navigate the cultural differences between banks and fintechs.

Monetizing Existing Customers

On an open core processor, data can be easily accessed and extraction tools are geared towards analysis. Further evaluation of your customers' behaviors can give valuable insight for possible new solutions or potential advertisement strategies for existing solutions. With open core processors, you have more control over what solutions and interfaces you can choose to address customer needs. This ability makes it much easier to pivot and go in another direction if recent developments require a change in strategy to continue to serve your customers.

When to Pursue an Open Core Processor?

The first step in this decision making process is to evaluate your company to identify what would be most beneficial to your organization.

Think Toward the Future

If your focus will be on attracting a younger generation of customers, they'll most likely want advanced online banking solutions. Not having these tools readily available is a problem that many institutions will encounter. Engaging an open core with more fintech solutions would provide extensive technological options to improve online presence.

Also, by leveraging the innovative open core technologies such as bots, artificial intelligence, and blockchain, you can become less reliant on one single vendor to solve your business challenges.

Niche Markets

If you cater to a very specific niche, you want to have a fintech strategy to help you become the best in your market. You want to invest heavily in anything that will make your company stand out and provide the latest optimized services for your particular client base. For this reason, you might consider using an open core processor to give you the necessary freedom to carve this unique path for your business.

Return on Investment

There's a lot of discussion around the profitability of offering online banking solutions. In the short-term view, there isn't a large ROI that can be easily calculated by offering these services. However, as the world continues to move more online, it can be argued that a financial institution can't fully cater to all of the needs of their customers without online channels. If you don't fully understand your customers and don't have the right technology to serve them, you might struggle to attract new customers.

Determine your bank's goals. If your particular fiscal and growth initiatives require more nuanced technological solutions, you may be inclined to consider a more flexible open core processor with a heavier fintech focus. Through this analysis, you might also find that your traditional core might already be providing adequate tools to satisfy your needs.

Conclusion

To make the right choice between an open or traditional core processor, you must have a holistic understanding of your business, its customers, and its goals. Both core types offer solutions for enhanced customer service and business development. But to capitalize on the right processor, your institution must reflect on how its initiatives align with each option.

Richard C. Fay, CPA, and William J. Nowik, CISA, CISSP, QSA, PCIP, are principals with Wolf and Co, P.C. You can reach Fay at 617-428-5466, or RFay@wolfandco.com, and Nowik at 617-428-5469, or WNowik@wolfandco.com.

“The Future Ain’t What it Used to be.” - Yogi Berra

Next Generation Banking is Becoming a Reality

By Mark Dixon, NEACH

Over the past few years more financial institutions (FIs) have been collaborating with Fintechs to introduce new digital and data-driven tools to transform how they do business. Add COVID-19 and those “nice to have” tools are now “have to have” tools.

Fintechs can help FIs respond to the multitude of customer and institutional needs COVID-19 has created. In many cases, these collaborations have led to open APIs and other tools so third-parties/ fintechs can integrate their technologies to provide FIs with new products and services or address new markets.

Partnerships between FIs and fintechs are nothing new. The news is full of them. In fact, we have highlighted their potential multiple times, including last year on the NEACH website and at our NEACH Payments Management and Innovating Payments conferences.

However, the current environment means it is no longer quite enough to only ponder the benefits of FI/fintech partnerships. Changes in our field are occurring more rapidly than ever and six months or a year is condensed to a quarter or two. The status quo has changed for everyone, everywhere, largely due to the impact of COVID-19.

Case in Point

Digital implementation has vaulted five years forward in about two months, according to McKinsey: "Banks have transitioned to remote sales and service teams and launched digital outreach to customers." In another recent survey McKinsey conducted, participants say they are three times likelier now than pre-pandemic to claim at least 80 percent of their customer interactions are digital.


Mark Dixon

Other resources in our industry point out that life looks a lot different from this time last year. As one online publication put it, the global pandemic has brought about a surge in digital payments: Fiserv has added or enhanced P2P payment capabilities for more than 200 banks in 2020 using Zelle. Global app marketing platform Adjust recently issued a press release claiming the number of sessions in mobile payment apps around the world has grown 33 percent in the United States (and a whopping 75 percent in Japan), with the most significant growth occurring in Q2 2020.

According to that release, not only have sessions and installs for finance apps increased significantly in 2020, but the amount of time users spend on those apps globally is also on the rise. In the first half of 2019, users were spending an average of 7.7 minutes per session in banking and payment apps, but by 2020 that rose to 8.35 minutes: an increase of 8.9 percent. And 73 percent of those participating in a Harris Poll believe managing money with fintech is the "new normal."

Not Your Grandparents' App

The pandemic has exposed cracks in old processes and approaches. FIs have responded quickly by spinning up solutions to help their customers; working remotely on banking needs traditionally handled in person; accelerating existing digital banking transactions; and modifying internal processes and branch operations. But despite these valiant efforts, digital transformation continues and all FIs are feeling a mounting pressure to enhance their offerings.

That's the situation we're in now, and it certainly can be overwhelming. The good news is that fintechs can help.

The Future Shape of Banking

Big banks like Barclays and Wells Fargo are collaborating with fintechs on digital strategies. Barclays Business Banking will team with asset finance provider Propel to provide vehicle and equipment finance to small business through a digital platform. Wells Fargo joined up with financial information aggregation and analytics platform Envestnet | Yodlee to help customers with their overall financial wellness.

Closer to home, our New England area is unique in its number and variety of local fintechs. The DCU Fintech Innovation Center is a Boston-based nonprofit program dedicated to boosting startups in fintech and the New England community. The Center provides mentorship and connections between startups and established companies, helping bring compelling fintech solutions to market. And since 2010, MassChallenge Boston's early-stage accelerator helps innovators-including fintechs-succeed and grow.

The next generation of banking continues to form in front of us. Consider the recent announcement posted by the American Banker that the fintech company Lending Club was recently approved by regulators to move forward with its purchase of Radius Bank.

COVID-19 is making us change everything about how we live. Nothing is going to look the same as it did before the pandemic. Changes will happen during this time that will affect our future — including our financial future. FIs that understand the roles fintechs play and consider how an alliance can complement both businesses have a good chance at thriving in the future: whatever it may look like.

Mark Dixon is the director, payments innovation for NEACH. He is a financial services veteran with over 15 years of industry experience for multiple financial institutions of various sizes. He has a passion for banking, payments, and technology and has been responsible for sales, operations, electronic services, and IT operations. In his role at NEACH, Dixon keeps abreast of industry updates related to the modernization of the payments landscape. He uses his research and connections to educate the NEACH membership about important developments to help them navigate the complexity of the payment ecosystem. Dixon earned a Bachelor's in Business Administration degree from Southern New Hampshire University with a concentration in Organizational Leadership and a minor in Information Technology. He is pursuing his MBA with a focus on business intelligence studies. In addition, Dixon is an Accredited ACH Professional (AAP), Accredited Payments Risk Professional (APRP), and a National Check Professional (NCP).

AML/BSA Reform is on the Horizon

By Steve Manderscheid

When Congress pushed through the National Defense Authorization Act for fiscal year 2021, the banking industry breathed a sigh of relief with the glimmer of hope for the potential elimination of excessive regulatory burden under the Bank Secrecy Act.

The reason for hope is the section within the legislation dedicated solely to improvements to anti-money laundering rules, including to:

- Improve coordination and information sharing among the agencies tasked with administering anti-money laundering and countering the financing of terrorism requirements, the agencies that examine financial institutions for compliance with those requirements, federal law enforcement agencies, national security agencies, the intelligence community and financial institutions;
- Modernize anti-money laundering and countering the financing of terrorism laws to adapt the government and private sector response to new and emerging threats;
- Encourage technological innovation and the adoption of new technology by financial institutions to more effectively counter money laundering and the financing of terrorism;
- Reinforce that the anti-money laundering and countering the financing of terrorism policies, procedures and controls of financial institutions shall be risk-based;
- Establish uniform beneficial ownership information reporting requirements to:
    - Improve transparency for national security, intelligence and law enforcement agencies and financial institutions concerning corporate structures and insight into the flow of illicit funds through those structures;
    - Discourage the use of shell corporations as a tool to disguise and move illicit funds;
    - Assist national security, intelligence, and law enforcement agencies with the pursuit of crimes; and
    - Protect the national security of the United States; and
- Establish a secure, nonpublic database at FinCEN for beneficial ownership information.

Steve Mandersheid

The main purpose of this immense undertaking will continue to focus on safeguarding the United States' financial system and those financial institutions that make up that system from the abuse of money laundering, terrorist financing and other illicit financial crimes.

Today, banks must develop and implement an effective risk-based AML program consistent with rules that transcend roughly 50 years of banking. Over that period of time many things have changed, especially the recent digital innovations relating to how consumers interact and conduct their banking and transactions. Unfortunately, the same cannot be said for the regulatory burden to file reports under archaic and arbitrary thresholds.

Under the current BSA Currency Transaction Reports (CTRs) requirements (not considering exemptions as they are a burden unto themselves), financial institutions must report currency transactions over $10,000 conducted by, or on behalf of, one person, as well as multiple currency transactions that aggregate to be over $10,000 in a single day.

In addition to filing CTRs, the industry must report suspicious activity under the following thresholds:

- Criminal violations involving insider abuse in any amount.
- Criminal violations aggregating $5,000 or more when a suspect can be identified.
- Criminal violations aggregating $25,000 or more regardless of a potential suspect.

Transactions conducted or attempted by, at, or through the bank (or an affiliate) and aggregating $5,000 or more, if the bank or affiliate knows, suspects, or has reason to suspect that the transaction involves money laundering or other illegal activity, evades the BSA or has no business or apparent lawful purpose.

Under the current legislation, the Treasury Department is to undergo a formal review of these current arbitrary thresholds established for filing CTRs and Suspicious Activity Reports (SARs), including:

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- Review of Thresholds for Certain Currency Transaction Reports and Suspicious Activity Reports.
    - The Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of Homeland Security, the Federal functional regulators, state bank supervisors, state credit union supervisors, and other relevant stakeholders, shall review and determine whether the dollar thresholds, including aggregate thresholds, under sections 5313, 5318(g), and 5331 of title 31, United States Code, including regulations issued under those sections, should be adjusted.
- Considerations. In making the determinations required under subsection (a), the Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of Homeland Security, the federal functional regulators, state bank supervisors, state credit union supervisors, and other relevant stakeholders, shall:
    - Rely substantially on information obtained through the BSA Data Value Analysis Project conducted by FinCEN and on information obtained through the Currency Transaction Report analyses conducted by the Comptroller General of the United States; and Consider:
        - The effects that adjusting the thresholds would have on law enforcement, intelligence, national security and homeland security agencies;
        - The costs likely to be incurred or saved by financial institutions from any adjustment to the thresholds;
        - Whether adjusting the thresholds would better conform the United States with international norms and standards to counter money laundering and the financing of terrorism;
        - Whether currency transaction report thresholds should be tied to inflation or otherwise, be adjusted based on other factors consistent with the purposes of the Bank Secrecy Act;
        - Any other matter that the Secretary determines is appropriate.
- Report and Rulemakings. Not later than one year after the date of enactment of this Act, the Secretary, in consultation with the Attorney General, the Director of National Intelligence, the Secretary of Homeland Security, the federal functional regulators, state bank supervisors, state credit union supervisors, and other relevant stakeholders, shall:
    - Publish a report of the findings from the review required under subsection (a); and
    - Propose rulemakings, as appropriate, to implement the findings and determinations described in paragraph (1).
- Updates. Not less frequently than once every five years during the 10-year period beginning on the date of enactment of this Act, the Secretary shall:
    - Evaluate findings and rulemakings described in subsection (c); and
    - Transmit a written summary of the evaluation to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; and
    - Propose rulemakings, as appropriate, in response to the evaluation required under paragraph (1).

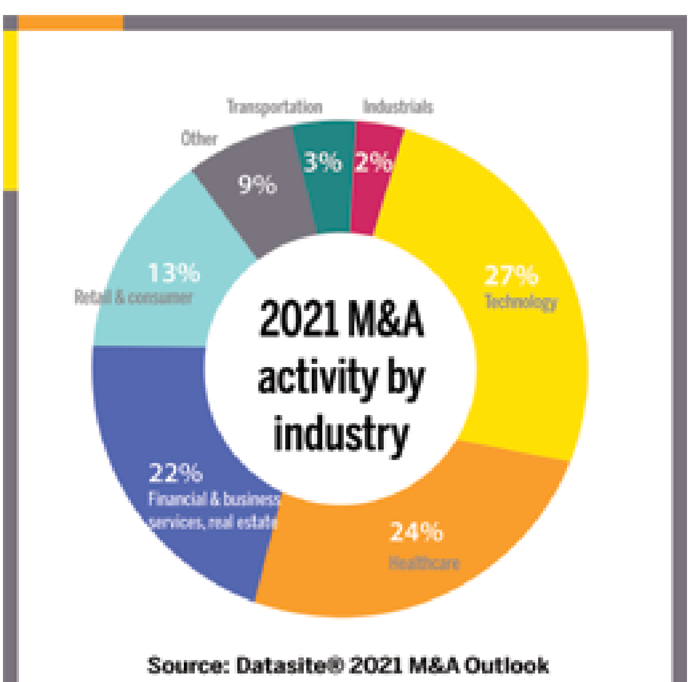
How will all this play out? Well, we'll have to wait and see. Hopefully, an increase in the reporting thresholds will bring some semblance of actual tangible benefits to financial institutions being burdened under the current BSA regulatory reporting structure.

Steve Manderscheid brings over 25 years of financial industry experience to the Compliance Alliance team. Previously, he focused on all aspects of regulatory compliance risk management while also serving in a Bank Secrecy Act officer capacity. In recent years, he has ventured into leadership roles in enterprise-wide risk management, complaint management, and vendor and third-party relationships. In his role as compliance officer, Manderscheid brings all of his experience to completing reviews, and working on developing tools, training materials, and training events for our members. Recently, he has expanded his educational role and has become the main presenter of our popular C/A Minute videos.

Uncovering Hidden Savings in the M&A Integration Process

By Ann Flynn, President & CEO, IQ Telecom

A recent Lexology® article cited research done by investment advisor FJ Capital Management on banking mergers and acquisitions (M&As). It indicates that M&As will accelerate by mid-2021 and continue robustly for five years. This long period of bank M&A activity is likely to result in as much as 50 percent fewer banks in the United States over the next decade. In addition, respondents weighing in on a Datasite® survey also expect M&A activity to increase in 2021. This research points to financial and real estate services that will account for 22 percent of this activity. (See inset)




Ann Flynn

The world has seen how the COVID-19 pandemic has reshaped our lives, affecting all industries. While recovery is expected, there are many variables, including governmental, technology and health care that will influence ongoing M&A activity. Domestically, under the new administration, we are likely to see more regulatory enforcement in the financial services industry.

Business leaders navigating through an M&A process typically look at efficiencies and overall cost savings. While they focus on reducing the cost of office space, staff expenses, and consolidating administrative functions, they can overlook voice and data expenditures as another opportunity to reduce expenses. The departments that manage IT services are typically not at the table during the planning process. While finance departments are responsible for paying these costs, they often do not have time, visibility and/or expertise on how to reduce these expenses across the organization as sites close and merge.

Facilities departments often manage physical locations, while IT and finance oversee technology, software, physical workstations, onsite and remote worker support. Connecting the expense to the facilities requires multiple departments working together to identify services, costs and the demographics of each location. Companies frequently lack this visibility into their costs and services that allow them to make the decisions about what to retain and what to eliminate. While downsizing sites and head count is typical in an M&A process, identifying and reducing telecom expenses is not. Accounts Payable often pays invoices without knowing what services are billed or what technology changes are being done.

Not unique to banking is the decentralization of vendors and staff that support IT services and/or telephone providers. Businesses with multiple sites often have the main office manage the data services

for all remote locations, while field locations manage local voice services. This further complicates the challenge of wrapping your arms around this information across sites to determine how, or what, services and expenses can be adjusted and/or eliminated to support site changes. Therefore, visibility of services and costs become extremely valuable.

By the time a merger or acquisition is announced, the executive decisionmakers have discussed, established, and worked through a checklist of priorities for consolidations and cost saving opportunities. It is highly recommended that the management teams guiding the M&A process should ask: "How do we identify the voice/data services and systems across the organization with the goal of eliminating unused and unnecessary services to further reduce costs?"

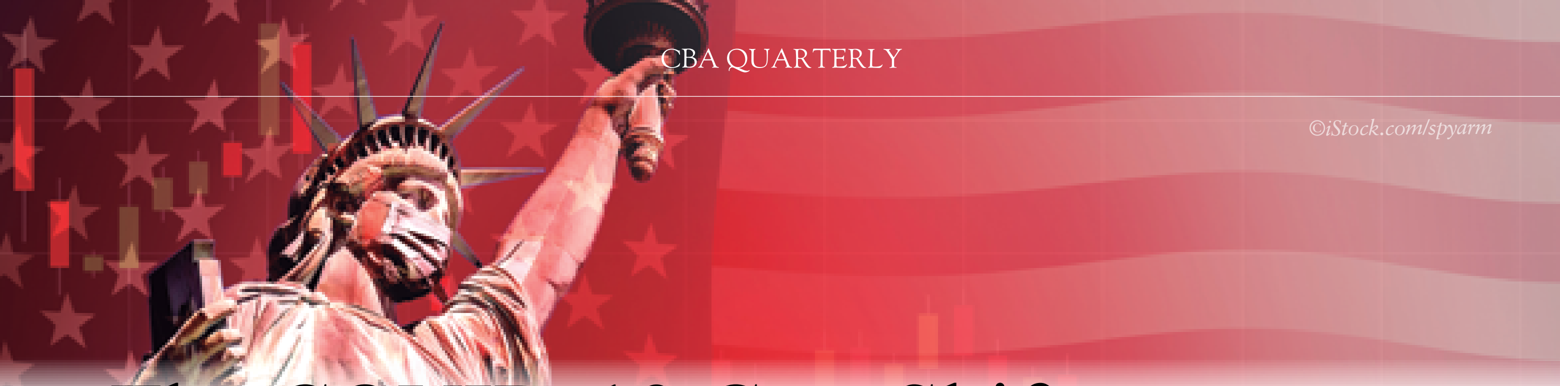
Another apt question is: "How do we identify what we are paying for and what these services support?" This all circles back to visibility. Accurate and thorough audits of inventory and expenses across all sites brings all of these services and costs front and center.

A typical telecom expense management company manages processing invoices, creating payment files, and reporting on those expenses. Finance departments are then responsible for paying these on time and allocating expenses across the organization. Validating the accuracy and the necessity of the expenses is often not part of the payment process.

As the banking industry shifts and changes due to technological advances and the game-changer COVID-19 pandemic, it must also be focused on market share and customer service. To attract and retain consumers, banking needs to be about availability and convenience which can directly influence decisions of where to locate offices and what services to offer at each location.

At the end of the day, it is all about supporting the customer as variables continue to fluctuate. It is, therefore, important for organizations to know what services they have and what they are paying for to identify what changes to make. This may sound like common sense, but: How do you know if you need to change technology and/or add services, if you do not know your inventory? This is where visibility becomes key to identifying additional savings throughout the merger and/or acquisition processes which are designed to leverage technology, reduce costs, secure customers and increase market share."

Ann Flynn saw a need for holistic, location-based, inventory-centric telecom management, cost containment, and high-quality customer service. In response, she established IQ Telecom in 2001, a certified Woman-Owned Enterprise, and developed a proprietary telecom services solution, IQ360°. Flynn has received accolades from enterprise clients for outstanding performance and numerous awards, including Women of Innovation. Contact Flynn, president andCEO, at (860) 882-0500. or ann.flynn@iqt360.com



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The COVID-19 Cost Shift

By Thomas J. Long, Founder and Principal, The Long Group

The COVID-19 pandemic has disrupted banking. Changing consumer behavior has created new habits that will last a lifetime. Remaining relevant in an evolving competitive landscape reshaped by the pandemic is the challenge. Financial institutions that successfully realign network delivery to traverse this challenge will emerge with the ability to capture present and future opportunities.

Productivity and Efficiency

Placing emphasis on growing revenue faster than expenses is required to become a more productive and efficient organization. While narrowing margins are challenging every financial institution's ability to reinvest in the business, building the infrastructure to attract, retain and develop relationships remains a priority.

Absent a clear reinvestment strategy, organizations that layer on additional expense over time without a corresponding lift in revenue create inefficiency and weaken their ability to compete.

Cost Shifting

Every institution has a defined capability to absorb change, determined by its ability to cost shift. Examining a legacy cost structure is necessary to build a scalable business model. Cost shifting identifies legacy expense reduction opportunities and defines the organization's capacity to layer on additional investments. Cost shifting controls a financial institution's internal rate of inflation by removing expenses that should no longer be supported to encourage and fund necessary business line investments.

Every economic contraction challenges businesses to do more with less. Today, financial institutions are presented with an opportunity to redefine new business acquisition and existing relationship management with cost structure implications. Consider three impactful opportunities revealed by the pandemic and associated with declining branch-based transaction volume and accelerating digital migration. The cost structure conversation involves an assessment of the number of branches required to serve a given market, an evaluation of the branch staffing necessary to assist clients and the broader requisite skill set of the workforce.

Branch Rationalization

The branch system continues to grow quiet because of pandemic-related evolving consumer behavior. The branch network of organizations large and small requires inspection. Branch rationalization involves the examination of both client usage as well as market-based growth opportunities to determine the optimal branch configuration necessary to penetrate the market. Evaluating and mitigating the business risk associated with client attrition is critical to executing a branch rationalization strategy. Branch consolidation cost savings represent a vehicle to enhance the functionality of complementary sales channels and to expand the reach of the institution by funding entry into new markets.

Workforce Rationalization

Thomas J. Long

With a decline in branch-based transaction volume of more than 30 percent, financial institutions are provided with an opportunity to right size and transition the retail workforce. Clearly, less transaction volume equates to less staff generating a significant reduction in headcount. Quantifying the cost savings and upskilling the workforce delivers a superior, consultative client experience, offers compelling customer service and provides the financial benefits associated with relationship building.

The Journey from Service Efficiency to Sales Effectiveness

Branch and workforce rationalization, or cost shifting, provides the financial flexibility to develop a capital reinvestment strategy to remain competitive. Traditional investments in technology have supported gains in transactional efficiency, allowing the branch to focus on the revenue generating activities associated with sales. However, sales are no longer the primary domain of the branch system. Today, three in five sales are captured outside of the branch network spanning the customer and prospect touch point spectrum that includes the call center, online and mobile platforms. Developing relationships requires interaction and creating business development advantages necessitates aligning and investing resources across touch point platforms. In a persistent narrow margin environment, competing for revenue requires improving the capability of alternative sales channels.

Agility Matters

Financial institutions have a unique opportunity to address cost. Organizations that compete more effectively will remove branch-based expenses that were once recognized as legacy costs while building revenue generating capability across the touch point platform.

Each organization has more financial flexibility than imagined. Simply put, financial institutions that most appropriately deploy economic resources will create the revenue generating advantages to survive and thrive. Agility matters.

Thomas J. Long is the principal at The Long Group LLC. For more than 25 years, The Long Group has been providing tactical guidance and insights to financial institutions through strategic planning, staffing and productivity analysis, customer and market analytics, distribution planning, and marketing. The Long Group's proprietary consumer and business financial database forms the basis of its trademarked, predictive analytics platform. Long can be reached at tomlong@longgrouponline.com or at 603-424-5664.

Partnerships Between Banks and Fintechs Drive Innovation

By Philipp von Girsewald, CEO, Deposit Solutions

When the COVID-19 pandemic struck, the digital transformation of the financial services industry was already well underway. But last year we saw a sharp decline of visits to bank branches and professionals shifting to remote work because of social distancing. The financial sector — alongside most industries such as health care and retail — needed to pivot its business model.

Now, nearly a year into the pandemic, these changes have become permanent. Digitization is a necessity, but often expensive if you want to develop it yourself. For many organizations, fintech partnerships are often the most efficient and effective way to evolve digital infrastructure and capabilities. By "in-sourcing" innovations in customer service, artificial intelligence (AI), payments, and more, banks can improve customer experience and product offerings.

Technology partnerships are transforming every industry

Banking and financial services are far from the only spaces of collaborations with the tech sector. In the healthcare industry, the global pandemic spurred sweeping operational changes. For example, during the first two months of the pandemic in the United States, use of in-person medical services dropped by 23 percent in March and 52 percent in April, while telemedicine usage soared by 1,000 percent and 4,000 percent, respectively.

Numerous health care institutions have used technology to better communicate with and care for patients remotely. From solutions that enable doctors to automatically document virtual consults in EHRs (electronic health records) and order prescriptions via verbal command, to leveraging AI for diagnostic screening and delivering patient reminders, collaboration between the technology and healthcare sectors has alleviated many of the pressing challenges imposed by COVID-19. Moreover, the innovations born out of these partnerships will continue to benefit doctors and patients after the pandemic is over.

Catering to digital demand

Within the banking sector, a prime example of transformation accelerated by COVID-19 is the process of securing a residential mortgage. Applying for and closing on a mortgage required often multiple in-person appointments and significant physical paperwork. However, borrowers accustomed to conducting business online were beginning to expect the same from mortgage lenders. In 2019, McKinsey & Company found that non-bank lenders had captured a quarter of the mortgage lending market by catering to consumer preferences for an online or mobile mortgage origination experience. The demand for a digital mortgage process intensified as physical bank branches temporarily closed their doors but will remain in place when the doors are fully open again.

As a result, lenders are increasingly adopting digital tools and platforms to streamline the mortgage process from application to close. For banks and financial institutions, electronic document signing and closing capabilities offer several benefits. However, these do not replace entirely traditional channels as certain customer groups still prefer them. As a consequence, banks need to provide multi-channel access to their businesses which may be costly.

Collaborating with an eye toward the future

But banks need not build new infrastructure from scratch; instead, they can partner with fintechs and other third-party providers to leverage best-in-class solutions at a fraction of the cost it would take to develop them internally.

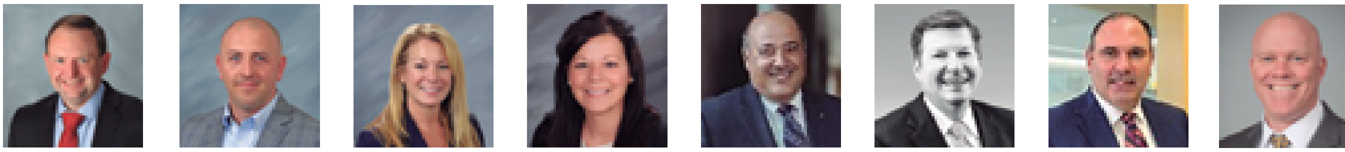
For example, banks may struggle with the economics of acquiring depositors outside of its location as cross selling proves difficult. Similar to the mortgage example, partnering with a fintech that is focused on delivering core deposits nation-wide may be a solution to this problem.

The need to offer clients best in class products and customer experience becomes ever more complicated and costly. Collaborations and insourcing of best-in-class third party solutions are a viable avenue to address these challenges.

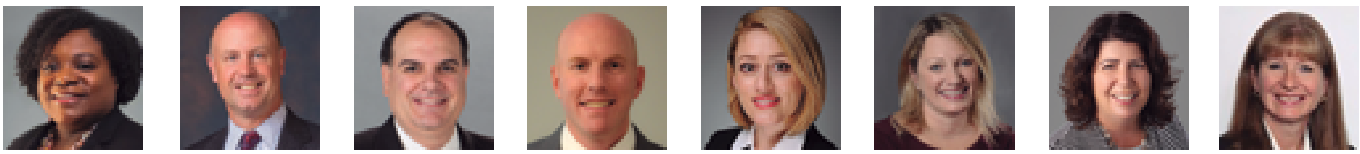
See Deposit Solutions ad on page 17.

Philipp von Girsewald is CEO of Deposit Solutions LLC, a FinTech based in New York.

BANKERS ON THE MOVE

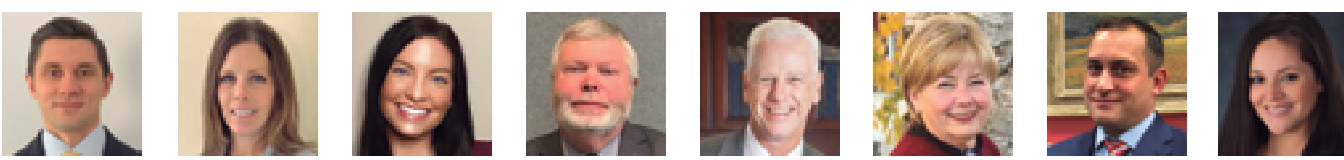


Mark A. Light Jr. | Michael Mish | Kathryn Tracey | Amy Turner | Robert Granata | David Christiansen | Charles Carroll | David Finnerty



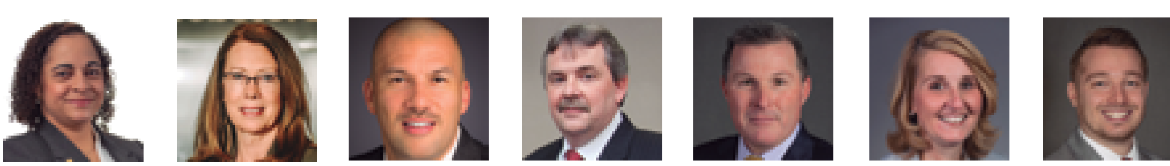
Shalonta Ford | James Barger | Albert Shenck | Jacob Ullucci | Yulia Murphy | Bonnie Addison | Lizette Nigro | Hope Utterbeck

Vernal Chong | Peter Gerardi | Nancy Kuhn | Katie Smith | Jennifer Blatchley | Rebecca Brown | Nadine Paine | Amber Austin



Leonid Sharshukov | Kelly Williams | Shelby Ryan | Lars Edgren | Stephen Reilly | Diane Miller | Brian Leger | Delia Espinal

Todd Burton | Lesa Vanotti | Bryan Cassidy | Dan Silva | James Gerace | Mikolaj Wiciak | Raymond Michaud | Terence Shanahan



Jasmin Morreale | Kathy Luria | Jonathan W. Roberts | Gerald R. Ciejka | John Boini | Christine Phillips | Patrick M. Daggett

Centreville Bank

Mark A. Light, Jr. joined as vice president, relationship manager.

Chelsea Groton Bank

Larry Walker was promoted to director of technology and first vice president. ***Alexis Kahn*** was promoted to vice president. ***Nancy Murphy*** was promoted to data governance manager and vice president. ***Kelly Meakem*** was promoted to assistant vice president. ***Mario Siciliano*** was promoted to assistant vice president. ***Richard Turner*** was promoted to assistant vice president. ***Matthew Benoit*** was promoted to assistant treasurer. ***Lisa Fields*** was promoted to assistant treasurer. ***Carleen Lee*** was promoted to assistant treasurer. ***Sara Lundy*** was promoted to compliance manager and assistant treasurer. ***Rebecca Magner*** was promoted to assistant treasurer. ***Sonya Manley*** was promoted to senior learning and development specialist and assistant treasurer. ***Kristen Scott*** was promoted to assistant treasurer. ***Jennifer Seuferling*** was promoted to assistant treasurer. ***Renee Simao*** was promoted to assistant treasurer. ***Aline Soulor*** was promoted to assistant treasurer. ***Marielle Winkelman*** was promoted to assistant treasurer. ***Alysha Yepes***, was promoted to assistant treasurer.

Eastern Connecticut Savings Bank

Michael Mish was appointed assistant vice president, residential lending renovation specialist. ***Kathryn Tracey*** was appointed vice president, branch administration. ***Amy Turner*** was promoted to assistant vice president, branch manager.

Essex Savings Bank

Diane Arnold was promoted to president and CEO and will take office in July upon the retirement of ***Gregory Shook.***

First County Bank

Robert Granata was recognized by Moffly Media with a 2020 Light A Fire Small Business Impact Award. ***David Christiansen*** was named as head of the bank's commercial credit and special asset divisions – senior vice president, chief credit officer. ***Charles Carroll*** was named senior vice president, wealth strategy and trust services officer

Guildford Savings Bank

David Finnerty was promoted to executive vice president, chief operating officer. ***Shalonta Ford*** was promoted to vice president, retail banking and diversity, equity, & inclusion officer.

KeyBank

James A. Barger was named as president of the Greater New Haven Chamber of Commerce's Regional Leadership Council. ***Albert Schenck*** joined as senior relationship manager. ***Jacob Ullucci*** was named as senior relationship manager – healthcare banking.***Yulia Murphy*** was named as senior relationship manager – healthcare banking. ***Bonnie Addison*** was named as market sales leader for Connecticut, Massachusetts and New York.

Liberty Bank

Lizette Nigro joined as vice president, digital engagement. ***Hope Utterbeck*** joined as executive vice president and chief information officer.

Newtown Savings Bank

Vernal Chong was named as assistant vice president, information security officer. ***Peter Gerardi*** was promoted to vice president, retail market manager. ***Nancy Kuhn*** was named as vice president, regional market manager. ***Katie Smith*** was named as vice president, regional experience manager. ***Jennifer Blatchley*** was promoted to assistant vice president, customer experience manager II. ***Rebecca Brown*** was promoted to assistant vice president, manager of learning and development. ***Nadine Paine*** was named as assistant vice president, financial advisor. ***Amber Austin*** was promoted to assistant treasurer, loan servicing investor and programming manager. ***Leonid Sharshukov*** was promoted to assistant treasurer, senior credit analyst. ***Kelly Williams*** was promoted to assistant treasurer, residential finance and operational analyst. ***Shelby Ryan*** was named as assistant vice president, BSA and fraud officer. ***Lars Edgren*** was named vice president, commercial loan officer.

Northwest Community Bank

Stephen Reilly was named as the 2020 Business Leader of the Year by the Northwest Connecticut Chamber of Commerce.

Salisbury Bank

Diane Miller joined as vice president, residential lending manager. ***Brian Leger*** joined as vice president, loan servicing manager.

Savings Bank of Danbury

Farley Santos, ***Mary Schmelcke*** and ***Matt Hallet*** graduated from the prestigious Leadership Danbury program in 2020. ***Delia Espinal*** was awarded The Fairfield County Business Journal's annual 40 Under 40 Award.

Thomaston Savings Bank

Todd Burton was named as vice president, senior retail banking and CRA officer. ***Altrin Elmazi*** was promoted to assistant vice president, system security officer. ***Charlie McCormick*** was promoted to assistant vice president, commercial lender. ***Kimberly Curry*** was promoted to vice president, regional manager. ***Patryk Krakowski*** was promoted to vice president, regional manager. ***Antonella Calabrese*** was promoted to cash management specialist. ***Phyllis Tucker*** was promoted to cash management specialist. ***Robert Fuhrman*** was promoted to cash management specialist. ***Gabriel Sousa*** was promoted to cash management specialist. ***Rosanne Palladino*** was promoted to direct banking officer. ***Cheryl Lindstrom*** was promoted to community outreach officer. ***Antonio Ponte*** was promoted to officer, small business lender.

Torrington Savings Bank

Lesa Vanotti was appointed president and CEO, succeeding ***John Janco***, who retired in September 2020. ***Bryan Cassidy*** was appointed as chief information officer and senior vice president.

Union Savings Bank

Dan Silva was appointed as director of security and chief information security officer. ***James Gerace*** joined as the director of technology and data services. ***Mikolaj Wiciak*** was promoted to vice president, credit manager. ***Raymond Michaud*** was promoted to vice president, sales manager-residential lending. ***Terence Shanahan*** was promoted to vice president, BSA security officer. ***Jasmin Morreale*** was chosen as one of the Fairfield County's 40 Under 40 awardees for her professionalism as well as her extended community outreach with the bank and through her family business.

Webster Bank

Kathy Luria was named to the American Bankers Association's Foundationn Board. ***Jonathan W. Roberts*** was promoted as head of retail banking and consumer lending.

Westfield Bank

Gerald P. Ciejka, senior vice president, general counsel and human resources director, has retired. ***John Bonini*** was named as senior vice president, general counsel. ***Christine Phillips*** was named as senior vice president, human resources director. ***Patrick M. Daggett*** was promoted to assistant vice president, digital banking and innovation manager.

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Top Three Design-Build Initiatives for 2021

By James G. Caliendo, President & CEO, PWCampbell

James G. Caliendo

2020 is finally behind us. As we rise to our feet and brush off the dust left behind by waves of uncertainty, we can all agree that it was nothing short of one crazy ride. We learned a lot in 2020: How to successfully navigate through a global pandemic; how to be nimble and shift at the drop of a dime to meet ever-changing mandates, and even how to be successful and profitable when the majority of us were hunkered down simply trying to survive. But, to our relief, 2020 is finally behind us. As we collectively look forward to the promise of 2021, we cannot help but remain focused on the horizon over a sea of opportunity. Our ground is sturdier, our vision is focused, our energy replenished and our drive is stronger than ever. It is no longer a question of whether you are considering enhancing your customer experience or revitalizing your branch network to improve your bottom line — it is only a question of when and how. It is time to kick off the new year strong and carve out the success that you will ride for the next 11 months and beyond. To get you started, we have put together a list of the top three design-build initiatives for 2021 to put you ahead of your competitive set:

Perform a detailed optimization study on your retail branch network

An optimization study is a comprehensive look at each of your branch locations with respect to four main areas — the market, competition, financial performance and the actual branch itself, including the entire site and building and any Covid-19 implications. Only after a true deep dive into these areas can you even begin to see the light on which branches may need to be closed, which need to be relocated, and which require an enhancement or complete overhaul. This clear picture enables you to set priorities, leading the way to the formation of a solid strategic plan for the entire network over the next few years.

The banks that can best optimize their networks for profit and performance improvement, modernization, and “show-rooming” will outlast the competition. When all is said and done, you will know the exact direction you need to take to drive your branches to success now, and for years to come.

Introduce technology into your retail space

In-branch technology serves two purposes — at the basic level, it is the bridge between the next-gen banker and the branch. iPad integration, digital touchscreen message boards, plug and-play solutions, and virtual conference room integration are solutions that can give the branch the tools it needs to show consumers that it is current, it parallels the digital channel and it speaks their language. The second part is leveraging that language to create a unique experience that hits on the experiential level. In an age where touchscreens and tablets have become a staple of everyday life, the opportunity to integrate them into your branch is not only vital but expected. When comparing interactions between technology and face-to-face, millennials and Gen Z are six times more likely to engage in an experience that blends technology seamlessly with human touch, as opposed to each of those sectors acting independently.

Plan for efficient Operations Space that can retain and attract key employees

While many banks excel at forecasting and planning, many seem to fall short in providing efficient operations space and well-thought-out work areas. Rather than having a calculated space strategy that addresses concerns for the foreseeable future, many institutions operate in a reactive manner rather than a proactive method. How many times have you hired an employee with no place to put them? Have you ever had to turn a board room into temporary offices? Have you had several departments that need to work simultaneously together but are located in two different buildings? While you may have gotten away with this in the past, fallout from Covid-19 will make this more difficult. The new work from-home trend, the greater emphasis placed on safer work areas and wellness initiatives, and a more competitive talent pool from which to draw has changed the way banks need to look at their operations and work space. A lot of these issues and unproductive processes can be solved by going through a well-thought-out, comprehensive space planning exercise. This exercise forces bank management to take a thorough look at the existing and future use of space, current number of employees, future trends and employees’ expectations and needs. 2020 was a difficult year that forced many to change direction, priorities and business plans. Now is the time to get back on track to plan for the year ahead. It is the perfect opportunity to analyze your operational space, hit the ground running and future-proof your branch for the nextgen banking customer, setting you up for future success and giving you the edge over your competitive set.

James G. Caliendo is a former bank executive and now president and CEO at the 110-year-old design-build and retail services firm . In the past 18 years alone, under Jim’s direction, PWCampbell has worked with over 500 financial institutions influencing millions of square feet of retail and operational space to create engaging, impactful and scalable solutions for every sized facility project.

ASSOCIATE MEMBER NOTES

COCC a leading provider of next generation technology services for financial institutions, partnered with Lake Shore Savings Bank and Brentwood Bank.

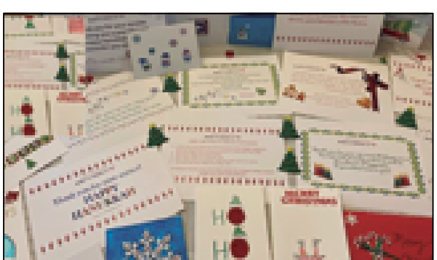
COCO made the Marcum Tech Top 40 list of fastest growing technology companies in Connecticut for the third year in a row.

COCC earned the Great Place to Work Certification.

Matthew Sosik was elected to the Cooperative's Board of Directors.

Bank of America's West Hartford Financial Center teammates delivered winter jackets and pants to Charter Oak International Academy.

Bank of America's Park Street Financial Center teammates donated over 100 toys to the Salvation Army's Holiday Store.



Bank of America's teammates created and delivered over 500 cards to spread holiday cheer to local nonprofit organizations through Hearts for the Holidays.

Bankwell partnered with Future 5 to donate holiday gift cards for over 200 families to use for food and/or necessities during these difficult times.

The **Centreville Bank Charitable** Foundation awarded $113,861 in funding to 15 organizations in Rhode Island and Connecticut. This round of charitable giving brings total grants awarded to $1,063,861 for 2020, the largest annual giving amount in bank history.

Chelsea Groton has once again earned a 5-star designation from BauerFinancial.

Chelsea Groton Bank and **Foundation** together gave a record $1,000,000 in 2020 following the Foundation's approval of more than $400,000 in grants this fall to non-profit organizations in its communities. The Foundation recently approved $405,820 in grants to 68 non-profit organizations from Connecticut and Rhode Island, which put the full year's giving total above the $1 million mark for the first time ever. Earlier this year, the Foundation swiftly responded to support emergency relief efforts as well as needs across all giving categories in the wake of the pandemic, making the unprecedented decision to double the usual amount of total funds granted in a calendar year.

Half of the Foundation's approved funding this fall went to organizations providing Health & Human Services, including immediate critical needs such as healthcare, food, clothing and shelter. A grant donation of $25,000 was provided to Lawrence & Memorial Hospital for urgent needs due to the pandemic, and grants of $15,000 each were given to Salvation Army New London for the Boys and Girls Club of New London and COVID-19 Food Pantry, Salvation Army Norwich for their emergency assistance program and St. Vincent de Paul Place for their food pantry.

The Foundation also granted $30,000 to the Garde Arts Center in New London, enabling them to receive an additional $15,000 through the CT Department of Economic and Community Development. In addition, the bank gave over $80,000 in sponsorships and grants for local teachers to use in their own virtual or in-person classrooms for educational activities with students.

For a fourth consecutive year, the Foundation has also made a significant grant commitment – $50,000 in 2020 – to Norwich Community Development Corporation (NCDC) for Global City Norwich, to train entrepreneurs and create a thriving downtown environment that will ensure increased traffic in area businesses.

Chelsea Groton Bank introduced a Small Business Relief Loan program for businesses based in Connecticut or Rhode Island, providing business owners a simple way to access up to $10,000 in funding while working to recover from challenges of the Covid-19 pandemic. At this time, $2,500,000 in funding has been allocated for this program.

Chelsea Groton Foundation approved $345,810 in grants to 59 non-profit organizations from Connecticut and Rhode Island.

Litchfield Bancorp along with **Collinsville Bank** and Northwest Community Bank teamed up with Miller Farms and provided turkeys to all its employees. For every turkey handed out to an employee, one was donated to a local community food pantry.

The campaign for the construction of the Adaptive Wellness Center by Favarh, the Arc in the Farmington Valley, recently received a $35,000 donation from **Collinsville Bank**, a division of Northwest Community Bank. The Center is being created to provide the individuals Favarh serves more opportunities to enjoy a healthy and active lifestyle. The Center will include a large multi-use floor to be used for a variety of mindfulness activities, sports, recreation and theater programs.

COMMUNITY CORNER

Essex Savings Bank supported Habitat for Humanity with a $10,000 donation plus a build day team.

Essex Savings Bank's Plains Road, Essex Village Branch, and a bank officer donated 13 packages of wipes and 20 packages of diapers to Bare Necessities' diaper bank.

Essex Savings Bank department and branch employees made monetary and food donations to the local area food pantries.

Essex Savings Bank Plains Road Branch showed off its holiday spirit on Christmas Eve.

Essex Savings Bank held its Annual Shred Event and conjunctive food drive. The food drive brought in 15 bags of food and $145 in donations.

In the age of Zoom, **Essex Savings Bank** teamed up twice this year to offer digital SCORE meetings to local businesses. Between the two meetings there were well over 200 attendees.

Essex Financial announced a strategic partnership with Mark Sheptoff Financial Planning to provide world class wealth management and financial planning services to clients.

First County Bank hosted a Warmth Drive in partnership with WEBE 108 FM. The one-day event was a huge success and brought in over 1,000 winter coats, hats, scarves and gloves, surpassing last year's donation total of only 300. All the warm winter wear collected for men, women and children benefited the Bridgeport Rescue Mission.

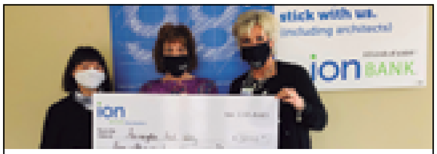
First County Bank Foundation is now accepting applications for their Annual CommunityFirst grant program. Eligible nonprofit organizations must submit their application online by the deadline of March 31. To be eligible for consideration, organizations must serve the communities of Stamford, Norwalk, Darien, Fairfield, Greenwich, New Canaan, Westport and neighboring communities in Bridgeport, and have nonprofit tax-exempt status under section 501(c)(3) of the Internal Revenue Service Code. For more information on the CommunityFirst Grant program and to complete an online grant application, visit FirstCountyBank.com.

The **First County Bank Foundation** is now accepting applications for the annual Richard E. Taber Citizenship Award. High school seniors can apply by visiting the Bank's website. The Richard E. Taber Citizenship Award rewards high school seniors residing in the towns of Stamford, Norwalk, Darien, Fairfield, Greenwich, New Canaan, Westport and surrounding areas of Bridgeport, who are well-rounded citizens. This scholarship is weighted toward those who demonstrate leadership and caring for their community. The criteria for selection are best defined by "CLASS" — Citizenship, Leadership, Academics, Service and Sportsmanship. Three $5,000 scholarships will be awarded to graduating high school seniors in our community. The deadline for applying is May 1. For more information about the Richard E. Taber Citizenship Award and to submit an online application, visit FirstCountyBank.com.

Ion Bank Foundation donated $10,000 to the Greater Waterbury Interfaith Ministries

Ion Bank Foundation donated $10,000 to Ecumenical Food Bank, Inc., which serves the residents of Naugatuck and Beacon Falls.

The **Ion Bank Foundation** awarded $10,000 to the Waterbury Shelter of the Salvation Army.



The **Ion Bank Foundation** donated $5,000 and gave 400 Ion Bank grocery totes to the Farmington Food Pantry.

The **Ion Bank Foundation** recently donated a Microsoft Surface Pro, 24" monitor and accessories to the American Legion Post 17.

Ion Bank donated grocery totes and funds to the Lions Club of Wallingford so they could provide Thanksgiving dinner to families.

KeyBank wrapped up its latest community effort, #KeyBankAssists 3.0, where it distributed more than $340,000 to small businesses, non-profits and families across its national footprint, as part of an $18 million philanthropic commitment KeyBank has made for COVID-19 response.

KeyBank teamed with WNBA player and former UConn Husky Katie Lou Samuelson to make a $12,500 donation to FoodShare Inc. and Food Bank of Western Massachusetts, as well as donating gift cards to small businesses in the greater Hartford area through their KeyBank Assists program. In addition, a grant of $5,000 was made to Samuelson's charity of choice, Bring Change to Mind, a nonprofit that focuses on mental health. In total, the bank donated more than $30,000 to support the Connecticut and western Massachusetts communities through the KeyBank Assists campaign.

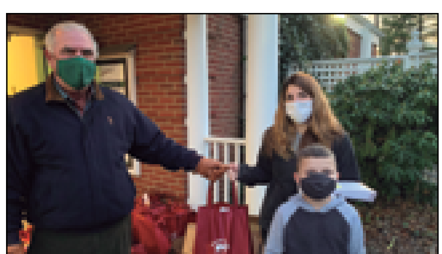
KeyBank purchased gift cards to small businesses and asked the business owners to surprise customers with them to provide additional support to both the business and local families.

KeyBank received its 10th consecutive "Outstanding" rating from the Office of the Comptroller of the Currency, the only U.S. national bank to do so since the passage of the Community Reinvestment Act in 1977.

KeyBank has been recognized as both a Military Friendly employer for the seventh consecutive year and Military Spouse Friendly employer for the fifth consecutive year. The award reflects Key's commitment to recruiting, hiring and developing our Military colleagues and their spouses.

Liberty Bank's 60 branch offices and 48 local Rotary Clubs joined forces to ensure that everyone in their service area was able to enjoy a bountiful Thanksgiving feast. Now in its 17th year, the Liberty Bank/Rotary Thanksgiving Dinner Drive raised a record-breaking $1,074,010 — enough to provide much needed food on pantry shelves for the holiday and beyond. .

Liberty Bank hosted its second annual Economic Development Symposium as a free virtual event entitled "Housing Matters: Breaking Down Barriers and Dismantling Disparities."



Litchfield Bancorp along with Collinsville Bank and Northwest Community Bank teamed up with Miller Farms to provide turkeys to all its employees. For every turkey handed out to an employee, one is donated to a local community food pantry.

On January 4, three affiliated banks that have operated under the common ownership of Connecticut Mutual Holding Company became one bank. The resulting bank, **Northwest Community Bank**, continues to be a wholly-owned subsidiary of Connecticut Mutual Holding Company, and now operates all offices of Collinsville Bank, a Division of Northwest Community Bank; and all offices of Litchfield Bancorp, a Division of Northwest Community Bank. Branch staff will remain with each bank Division, and customer service will not be interrupted.

New Haven Bank

- was a Sweet Soul Sponsor of the Continuum of Care Rock with Nunz'n Pepin event.
- was a Light Display Sponsor of the Goodwill of Southern New England Fantasy of Lights.
- was a donor to the FACS Foundation for the Advancement of Catholic Schools.
- was a donor to New Haven Reads.
- was a Friend Sponsor of the Columbus House Annual Meeting.
- was a Benefactor Sponsor of Marrakech Rise to the Challenge Online Giving Event & Silent Auction.
- was a donor to the Arts Council of Greater New Haven 40th Annual Arts Awards.
- was a donor to the Clifford Beers Operation Happy Holidays Toy Drive.
- was a donor to Common Ground to support their year-end fundraising event.
- was a donor to the New Haven Scholarship Fund year-end fundraising event.
- was a donor to the Gateway Community College Foundation year-end fundraising event.

Newtown Savings Bank employees conducted a Drive and Drop toy collection for Toys for Tots and donated a check for $1000.

Litchfield Bancorp along with Collinsville Bank and **Northwest Community Bank** have teamed up with Miller Farms to provide turkeys to all its employees. For every turkey handed out to an employee, one is donated to a local community food pantry.

Northwest Community Bank supported the American Mural Project, which seeks to inspire, invite collaboration, and reveal to people of all ages the many contributions they can make to American culture. Northwest Community Bank has supported the project since 2007.

Northwest Community Bank opened its Simsbury branch in December 2020 and recently celebrated with its official ribbon-cutting ceremony. In accordance with current safety protocols, the branch is fully operational through its drive-up, ATM and scheduled appointments inside with branch personnel. Northwest Community Bank's president and CEO Stephen Reilly said: "Though we have not had a physical location in Simsbury before, we have been serving Simsbury customers and community organizations for years. We saw the need — and the opportunity — to provide local community bank advantages to Simsbury." Reilly added: "We believe in relationship banking with our commercial and individual customers, and community involvement is a tradition and core value of our bank. We have already received a warm welcome in Simsbury."

The toys under the tree and around the gingerbread house at our North Main Street, Waterbury branch were donated by **Savings Bank of Danbury** to Waterbury Youth Services. They were collected through an employee toy drive initiative.

Patriot Bank donated $7,000 to 4-CT, an independent non-profit entity that works together with the Community Foundations of the State of Connecticut to get funds into the hands of those who need help the most: childcare for first responders, food banks, and more, those already in need before the COVID-19 crisis began.

The **People's United Bank** Women in Leadership (WIL) CT chapters (Greater Bridgeport, Greater Hartford, and Lower Fairfield County) partnered with the Salvation Army for WIL's annual "Spirit of Giving" Campaign. Members of WIL "adopted" 10 families during the holiday campaign that provided families with much needed items and special gifts. In addition, WIL members created 100 handmade holiday cards that were delivered to nursing homes to bring holiday joy and cheer to isolated seniors, and hundreds of food items were collected during multiple food drives to help address hunger in our communities.

Savings Bank of Danbury supported the Greater Waterbury Interfaith Ministries (GWIM) through the bank's annual Thanksgiving Food Drive. Several area food pantries received food collected and delivered by bank employees.

People's United Bank employees from across the state joined together to form the "Elves on a Mission" team in support of the Arthritis Foundation's Virtual Jingle Bell Run. The team collectively raised $3,900 in support of research, treatments and an ultimate cure for Arthritis. Fundraising initiatives were held throughout the campaign, including a Jeans Day with a holiday flare.

Salisbury Bank helped with another successful "Fill-the-Basket" food drive and collected food and cash donations throughout the months of November and December. The bank also donated $1,000 to each organization that the branches worked with for the food drive. All items collected, including monetary contributions, were donated directly to local food pantries serving each area.

Salisbury Bank offered a free WebEx Webinar on Internet Security.

Savings Bank of Danbury participated in Newtown Lights 2020. The bank's SUV was decorated in lights for the drive-thru event hosted by Newtown Community Center and Newtown Chamber of Commerce.

Savings Bank of Danbury held an employee stocking decorating contest. Pictured is the winner of our SBD-themed stocking made by Maureen Doyle, Commercial Banking.

COMMUNITY CORNER

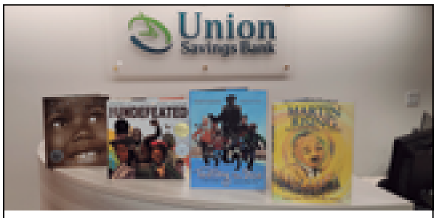
The **Thomaston Savings Bank Foundation** awarded Naugatuck Valley Community College with a grant to be used as a $2,500 scholarship for a student of their Advance Manufacturing Program.

The **Thomaston Savings Bank Foundation** has once again implemented its Act to Impact Employee Giving Campaign. This initiative was developed to allow Bank employees to give back to the communities the Bank serves by deciding how to distribute $31,500 in Foundation grants. The employees were divided into 21 teams giving each team the opportunity to award a $1,500 onetime grant to an area non-profit aiding the community in basic human needs, crisis intervention, health and human services, food security and homeless and housing security.

Thomaston Savings Bank paid for any member of the Bristol Health Team's order at Bristol Hospital's Dunkin'.

FEEDING
OUR NEIGHBORS
COMMUNITY CHALLENGE

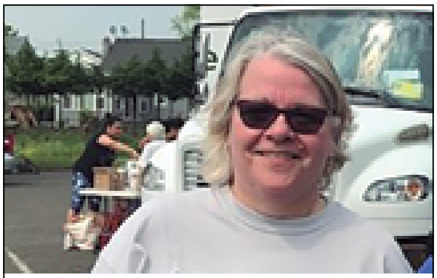
Union Savings Bank led a community initiative titled Feeding Our Neighbors Community Challenge which raised over $117,000 to be given to food pantries in the greater Danbury area.



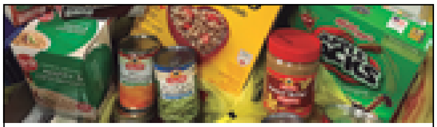
In honor of Black History Month, **Union Savings Bank** shared its love of reading by donating books by Black authors to the children at Brooker Memorial in Torrington and at South Street School in Danbury.

Union Savings Bank volunteers once again participated in the gift wrapping fundraiser at the mall which accepts tips in support of the Housatonic Habitat for Humanity.

Volunteers from **Union Savings Bank** continue to join the New American Dream Foundation in distributing freshly prepared meals to seniors living in local low-income housing.



Judy Figueroa was awarded **Union Savings Bank's** 2020 Community Hero Award for her dedication and commitment to giving back to the community with nearly 400 hours donated last year alone.



Union Savings Bank donated over $10,000 in support of food pantries that serve their neighbors in the Torrington area which included The Community Kitchen of Torrington, Salvation Army Torrington Corps, Friendly Hands Food Bank, FISH (Friends in Service to Humanity) and the St. Michael's Food Pantry.

Union Savings Bank employees Doreen Whitney and Shelley Turian once again hosted the Salvation Army Angel Tag program, thanks to our team's spirit of giving 120 children and seniors received gifts this past holiday season.

Union Saving Bank would like to congratulate to all 2020 Leadership Northwest graduates but most especially Shannon McGuill, AVP, Branch Manager.

Union Savings Bank team members participated in volunteer efforts in support of the food insecure which included a food drive benefiting the Salvation Army Danbury food pantry and preparing meals for Dorothy Day Hospitality House.

Webster Bank is the lead bank in the financing of 11 Crown Street, an 81-unit affordable- and mixed-income townhouse and apartment development set to be the cornerstone of downtown Meriden's revitalization. The new complex was funded through a $16.7 million construction loan led by Webster Bank. Webster representatives joined the developers, government officials and residents with a recent celebratory ribbon cutting ceremony. Created by Michaels Development, 11 Crown St. spans three buildings on the site of the former Record Journal newspaper building.

Connecticut Bankers Association
10 Waterside Drive, Suite 300
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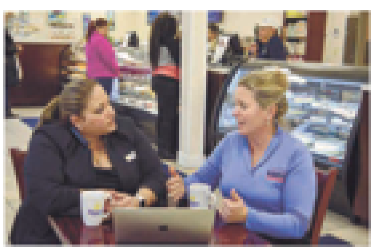


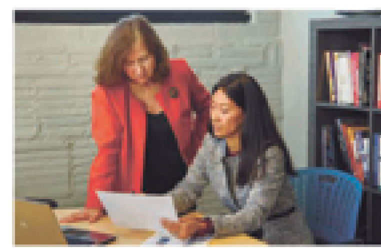

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