

Solutions ^{Profitability}

September 2016

A Double Shot of Profitability

Credit Card Lending Transformed p. 4



Insuring Peace of Mind p.10



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To receive a complimentary subscription to Profitability Solutions, send an email to info@icba.org.

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BANCARD & TCM Bank, N.A.



Credit Card Lending Transformed

By Richard Whiddon, vice president of sales, CRIF ACTION division, CRIF Lending Solutions

Given today's fast-paced and highly competitive market for consumer lending, community banks are paying heed to the incredible benefits of additional application traffic that come with a formidable online presence. The current consumer climate demands immediate access to lending products such as credit cards without having to travel to a branch or stand in line to meet with someone.

If your bank is considering offering an online credit card application solution, here are three factors to consider:

- **Website formatting and branding:** The look and feel of the online channel must match the bank's current online presence. Consumers are very protective about passing sensitive personally identifiable information, so anything not matching your bank's official branding will likely not be very effective.
- **Automatic email notifications:** Consumer preferences for online channels are predicated on speed and convenience. That's why follow-up communication and notifications are just as critical for your lending portfolio's profitability. Once an online

credit card application is received, your solution should have the functionality to send instant notifications to applicants and bank staff.

• **Product-specific collateral screens and disclosures:**

Speed and efficiency go hand-in-hand. Product-specific collateral screens and disclosures boosts the productivity of your operations on the manual end. With this functionality, your underwriters and staff will not have to spend as much time on data entry and tracking down additional information.

The Mark IV WebApp from CRIF Lending Solutions helps

community banks get their feet in the door with industry-leading functionality and customization. In addition to these three factors, the solution features:

- Minimal or no maintenance;
- Data-entry screens for loan and application information;
- Online applications that are easy to use (with help features onscreen)
- Streamlined processing; and much more.

For more information on how the Mark IV WebApp can transform your consumer lending operations, contact bancard@icba.org or call (800) 242-4770.



Calling All Community Bank Employees: Step Right Up for the Chance to Win \$10,000!

ICBA Bancard's greatest, most spectacular Visa® credit card promotion and employee sweepstakes is back in town!

This year's campaign, dubbed *Step Right Up* runs from Aug. 1 – Sept. 30 and offers the employees of participating community banks the chance to win instant prizes for each Visa credit card account they open. Instant-win prizes include gift cards from Amazon® and iTunes®. Other prizes include a \$500 Visa Gift Card and a \$100 Visa Gift Card.

And, the excitement doesn't stop there! Customers of participating banks are eligible for prizes, too ... in the same amounts, up to \$10,000, just for using their Visa card.

Step Right Up is a completely free, exclusive benefit of the ICBA Bancard credit card program for your customers and staff.



ICBA Bancard is pleased to announce its new partnership with CRIF Lending Solutions to offer the CRIF Mark IV WebApp exclusively to community banks for online credit card applications.

In a press release announcing the strategic alliance, ICBA Bancard's Liang Han, executive vice president and chief operating officer said, "We are pleased to offer our community bank clients an affordable automated credit card application solution. The Mark IV Web App helps streamline efficiencies and reduce costs associated with the labor-intensive manual credit card application process. It's a great addition to our line of innovative products for community banks."

Avoiding Risky Business

By Richard Camardo, president, FiNet

With more and more business conducted using credit cards, it is vital that community banks remain active in the payments space. That said, it can be a challenge for banks to feel confident in their merchant services program. The payments industry is evolving at breakneck speed with new technologies, ever-changing regulations and the growing threat of fraud. Ensuring its merchant services program is efficient, revenue generating and risk-free should be a priority for all community banks.

The right program can and should be profitable, but those profits can be quickly wiped out by operating a true “agent” program with internal underwriting and exposure to liability. Likewise, turning a program over to an outside provider comes with its own set of risks. “Feet on the street” sounds great, but are those sales agents overcharging your customers? Are they more

worried about building their own portfolio than representing your bank and serving your customers?

ICBA Bancard’s new merchant solutions program with FiNet takes a different approach. Our sole mission is to support community banks and their merchant services programs. We provide ample resources to allow banks to stay in control, including continuous training, marketing support and the tools necessary to monitor and evaluate ongoing progress. We view the bank as our partner. As such, we don’t solicit merchants directly—our job is to work hand-in-hand with community banks, not compete with them.

It goes without saying that a properly structured program should be profitable. FiNet provides an aggressive revenue share, all while keeping costs down so your merchants get the best rates.

while providing each bank with dedicated sales and service representatives. Personalized service is what community banking is all about and FiNet takes this commitment seriously.

“Community banks need partners that complement their product offerings and match or exceed their service levels,” says G. Scott McComb, president and CEO of Heartland Bank. “Our relationship with FiNet enables us to compete with the large banks in rounding out our business services while mitigating the risk that in-house merchant services pose.”

FiNet is responsive, easy to work with and knowledgeable of the industry and trends,” adds Jack Hartings, president and CEO of The Peoples Bank Co. “Our customers value the merchant services that we are able to provide through FiNet.”

Running a successful merchant services program doesn’t have to be complicated. In the end, it’s a simple evaluation: Is your current provider treating your bank with the same respect you provide to your own customers? If the answer is no, call ICBA Bancard at (800) 242-4770 or visit www.icbabancard.org.



Most importantly, FiNet and our processing partners assume liability, not your bank. In fact, there are no costs or barriers to entry. And FiNet does all of this



FiNet
a network of solutions

SECURITIES

BOND ACADEMY



Save the Date for ICBA Securities® Bond Academy!

WHEN: October 24-25, 2016

WHERE: Memphis, Tennessee

CPE CREDIT: Up to 12 hours

ICBA Securities' Bond Academy Level I is designed to provide community bankers with the basic knowledge they need to help plan and create effective investment portfolios.

A high performing investment portfolio can add up to an additional .25 percent ROA to a bank's bottom line. The learning objectives of Bond Academy Level I are focused on providing the tools you need to understand how debt instruments work and how they complement the entire balance sheet.

This all new curriculum will equip a new portfolio manager with basic portfolio management skills. Specifically, fundamentals of bond pricing, valuation, and selection will be covered extensively.

Attendees will learn:

- Bond basics, including bond pricing, duration and price volatility;
- Bond types, including agencies, municipals, mortgage securities and floating rate instruments;
- The composition of a high performing investment portfolio;
- To understand the rate market: yield curves, spreads and monetary policy;
- How economic data affects the bond market;
- How interest rate risk affects portfolio management;
- Portfolio strategies of laddering, barbells and riding the yield curve;
- Day-to-day management techniques; and
- To evaluate investment portfolio performance.

Who should attend:

CPAs and those new to their roles as investment officers, cashiers, controllers, and internal control professionals will benefit from Bond Academy. The cost for ICBA members is \$595. Additional attendees from the same institution receive a discount of \$150.

Register:

Visit www.icbascurities.com/bondacademy for more information and to register.

CRA SOLUTIONS



George Clinard from CRA Partners (left) and Robert Harris (right) celebrate the installation of the Senior Crimestoppers program with the residents and staff of Casa Santa Cruz.

CRA Partners: New Name, Same Mission

By Audrey Wright-Cipriano, assistant vice president, marketing & brand strategy

“CRA Partners. When you hear that name, you know exactly what we deliver,” says CRA Partners, vice president of marketing and communications, Lori Millar.

CRA Partners is the new moniker of the Senior Housing Crime Prevention Foundation. For more than 15 years, the Foundation’s critically acclaimed program, Senior Crimestoppers, has helped community banks across the country earn guaranteed CRA-qualified loan and investment test credit. Banks can also use resources available through the program to earn CRA exam service test credit.

Millar explains that the Senior Crimestoppers program is a coordinated set of components that work together to create a zero-tolerance-to-crime environment in nursing homes, HUD communities and veterans’ facilities. Program components include personal lockboxes for nursing home residents, up to \$1,000 in cash rewards paid anonymously for information about wrongdoing of any kind, and ongoing education and training for nursing home residents and staff. “Since the program began, we have successfully reduced

crime in participating facilities by 94 percent,” Millar notes.

Funded entirely by the banking industry, Senior Crimestoppers is sponsored through CRA-qualified investments, community development loans and/or community development grants. The program provides qualified CRA consideration to financial institutions to address lending, investments and opportunities for servicing test credit.

Robert Harris, CRA community development officer for Houston, Texas-headquartered Cadence Bank says CRA Partners’ programs offer a unique, innovative approach to finding reasonable, low-risk, community-focused opportunities for the bank to meet its CRA loan and investment requirements.

As a mid-size, regional financial institution with more than \$9 billion in assets, Cadence Bank is evaluated under Large Bank CRA Performance Standards and community partnerships are an essential component of the bank’s performance context.

“Fortunately, CRA Partners is a known entity in the regulatory community,” says Harris. “When a regulator evaluates our bank, I know I am not going to have to explain this partnership and that really helps create a level of comfort between the bank and its regulator.”

“Any information about funding agreements, mission and purpose are also easily and readily accessible from the website. CRA Partners handles all of the management and reporting—basically everything except the service piece—so the administration of the program is super easy for a banking partner,” he says.

Millar adds that while CRA Partners can’t actually fulfill the community development and financial education piece of CRA service requirements, the Foundation has created resources and tools that banks can use for this purpose. She points to the “Preventing Financial Elder Abuse Tool Kit,” which was adapted from the FDIC/CFPB’s Money Smart for Older Adults. The tool kit includes a 30-minute DVD, companion handouts that can

be customized with a bank’s logo, and a customizable press release banks can use to increase awareness about the financial exploitation of senior citizens.

Harris ordered more than 70 of the tool kits from CRA Partners—one for each of Cadence Bank’s branches. The bank’s staff actively partners with community and church groups to educate the community about how to prevent financial crimes and scams.

“This has been a wonderful service that we’ve been able to provide to our community,” says Harris. “It’s rare that you find a program that delivers a triple bottom-line benefit such as this one.”

Millar concludes, “Our name has changed, but our mission hasn’t. At CRA Partners our priority remains helping community banks satisfy their CRA requirements while ensuring safe and secure living environments for our nation’s vulnerable senior citizens.”

SAVE THE DATE!

OCTOBER 6-7, 2016

CRA Partners Banker's Conference

powered by the Senior Housing Crime Prevention Foundation

We are bringing together our current bank partners with prospective partners to discuss guaranteed strategies for earning CRA credit while transforming and protecting the lives of nursing home residents through the Senior Crimestoppers program. For more information and to register visit www.SHCPFoundation.org.

Gaylord Opryland Resort & Convention Center, Nashville, Tenn.



REINSURANCE



Insuring Peace of Mind

Rob Flockvich, senior vice president of retail administration for Clear Mountain Bank, can't recall with certainty when the bank first launched its highly anticipated annual spring loan special. "Probably at least twenty years ago," he muses.

Headquartered in Bruceton Mills, West Virginia, just below the Pennsylvania state line, Flockvich says that consumer lending activity at Clear Mountain Bank's 12 branch locations tends to decline during the winter months. People focus on paying down their Christmas debt and outdoor home improvement projects come to a halt due to the cold temperatures, which are inhospitable for anything other than winter sports.

But when the snow begins to recede, customers start to think about plans for new decks and patios, recreational vehicles, summer road trips, and how they can take advantage of Clear Mountain Bank's annual spring loan special.

Vice President of Marketing Clint McCabe heads up public relations, advertising, marketing and community relations for the bank and says that ensuring customers have the types of products and services they want and need is priority number one. "Each year our customers look forward to our month-long lending special and each year we're proud that we can meet their needs."

Flockvich agrees, "The loan special is more than an opportunity to grow our portfolio. It's an opportunity to help our customers. We don't just offer one type of discounted product. We look at the customer's complete financial picture and try to figure out how we can help, sometimes even

“Our customers believe in living up to their financial obligations. Payment protection provides peace of mind.”

restructuring and consolidating existing loans. Obviously we want to grow our loan portfolio, but we also want to grow for the right reasons.”

The 30-day event typically brings in more than \$5 million in installment loans and 33 percent of the bank’s annual credit insurance premium. To prepare for the popular occasion, Clear Mountain Bank makes sure its associates are well versed and comfortable discussing all of its product and service offerings, including payment protection (credit and disability insurance).

One way it has historically achieved this is by bringing in a trainer from one of ICBA Reinsurance’s credit insurance providers to go over payment protection product features and benefits with staff. Flockvich says that Clear Mountain Bank doesn’t have a pushy sales culture. Rather the bank trains its associates to assess each customer’s needs and recommend products and services that could be beneficial.

According to Flockvich, the bank’s customers tend to view credit life and disability insurance products favorably. “Our customers believe in living up to their financial obligations. Payment protection provides peace of mind.”



Robert Flockvich, senior vice president of retail administration and Clint McCabe, vice president of marketing at Clear Mountain Bank.



ICBA Reinsurance® is a credit insurance program with a proven record of success and profitability. The program allows banks that sell credit insurance to share in the insurance underwriting and premium investment income— in addition to just the traditional credit insurance sales commission income most banks receive. Along with access to additional income and staff training, participating banks also receive full service, best-in-class support and service commitment that is synonymous with ICBA.

The Plateau Group is one of ICBA Reinsurance’s strategic partners. Since February of this year, Plateau’s involvement with ICBA Reinsurance has increased dramatically as a number of former Transamerica accounts, including Clear Mountain Bank, have transitioned to them. To learn how your community bank can profit through payment protection programs visit www.icbareinsurance.com or contact David Karr at (412) 554-2330.

MORTGAGE



Mortgagebot Enterprise Now Available

ICBA Mortgage® is pleased to announce it has extended its agreement with DH Corporation (D+H), ensuring that community banks continue to enjoy access to the latest mortgage origination technology through D+H's Mortgagebot® line of solutions.

Since 2005 the D+H Mortgagebot point-of-sale solution has been offered to ICBA members. ICBA Mortgage is excited to announce that community banks will now also have access to the wider Mortgagebot solution, including D+H's loan origination product, through Mortgagebot Enterprise—a leading, end-to-end, point-of-sale and loan origination system that supports retail, wholesale, and correspondent mortgage lending.

"ICBA Mortgage is pleased to extend our agreement with D+H for Mortgagebot Enterprise, building on a very successful relationship that goes back more than a decade," said ICBA Mortgage Executive Vice President Ron Haynie. "D+H's Mortgagebot solution has helped community banks nationwide improve their competitive footing, reduce costs, and meet compliance requirements. We appreciate D+H's commitment to helping

Mortgagebot *cont.*

community banks compete in the mortgage market and look forward to continuing a great relationship with a great company."

"We are proud to offer our Mortgagebot Enterprise product through ICBA Mortgage, which now extends our complete mortgage solution suite to all ICBA member banks," said Eric Cummins, senior vice president and general manager of lending at D+H. "Our fully integrated suite not only helps banks improve transparency, speed, and efficiency, but also drives growth by lowering costs and improving the borrower experience. This will give community bankers a complete solution to offer their customers and a streamlined process for staff and customers alike."

For more information about this program contact D+H's Kevin Paugh at (800) 815-5592.



Changes to FHA Mortgage Program Spurs Demand

Recent changes to the FHA Mortgage program have increased demand for products that target first-time homebuyers and low-to-moderate income borrowers. ICBA member banks now have two options for originating FHA loans through the ICBA Mortgage Solutions® program powered by LenderLive.

Option 1

FHA approved lenders who do not have a DE underwriter can participate as a Sponsored Originator. Under this option, the bank will originate the loan and submit to LenderLive for underwriting. The loan will close in the member bank's name.

"This option is popular with lenders that have their FHA approval, but prefer not to underwrite FHA loans," says Bob Kallio, senior vice president at ICBA Mortgage Solutions. "With

a low \$250 per loan underwriting fee, lenders can serve their borrowers and keep costs down."

Option 2

Lenders with unconditional Direct Endorsement (DE) approval can originate and sell FHA loans through the program as either a Delegated Seller or Principal Authorized Agent.

No matter which option a bank chooses, buyers with as little as 3.5 percent down, or those using approved down payment assistance programs, are eligible. Permanent and non-permanent resident aliens are also eligible. Fixed-rate options include FHA High Balance and Streamline Refinance.

To learn more about this program, contact ICBA Mortgage Solutions' Bob Kallio at Robert.kallio@lenderlive.com.



Choose the Right Correspondent Partner

Learn how ICBA Mortgage Solutions puts BOTH your bank and your customers first. Listen to a live recording of the webinar, **Don't Sell Your Customers**, where we discuss how our services can support and improve your mortgage lending operations. Visit www.lenderlive.com/Campaign/ICBA.aspx to listen to this informative session.

PREFERRED SERVICE PROVIDER

REGULATORY COMPLIANCE

How Intelligent Is Your Business?

Regulatory compliance is a hot-button issue for community bankers. “Complex, evolving regulatory requirements have proven a challenge for community banks that offer customized services and relationship-based banking,” said Dan Clancy, ICBA executive vice president of services. ICBA Preferred Service Provider Continuity provides regulatory change management solutions for compliance officers and bank executives.

“By automating interpretation, analysis, task definition and assignment, Continuity’s platform allows bankers to successfully meet examiners’ expectations and minimize the impact on customer service.”

Co-founded by career community banker Jim Kisch, Continuity’s platform RegAdvisor Pro™ has over 16,500 users at 200 community banks nationwide. “We created this technology to level the playing field for community bankers,” Kisch stated.

RegAdvisor Pro™ integrates business intelligence from Continuity’s regulatory experts who monitor the Federal Register for new and proposed rule changes. The platform incorporates and analyzes information for each issuance and delivers timely alerts

to bankers. The alerts include summaries of the regulatory changes and an implementation timeline with actionable tasks for compliance.

Over the past four quarters, community banks using the automated RegAdvisorPRO™ platform, have saved nearly \$60,000 in compliance/enforcement costs and cut their prep-time for Home Mortgage Disclosure Act and Bank Secrecy Act examinations in half.

For more information visit www.continuity.net/

Continuity

Real-time Analytics Grow New Business

By Barry Ripes, managing director, PayNet

New business growth is essential to a bank's health. In this highly competitive market, banks are looking to safely grow new business while keeping costs down. Bankers need predictive tools to look over the horizon and identify sectors that represent growth opportunities as well as those most sensitive to economic inflections.


As the leading provider of small business credit data, ICBA Preferred Service Provider, PayNet maintains the largest proprietary database of real-time commercial loans, leases and lines of credit. PayNet has over 23 million contracts worth over \$1.3 trillion from leading U.S. lenders using real-time predictive analytics. PayNet's reports help community banks grow new business portfolios and identify changing circumstances that may put existing loans at risk. Many community banks use PayNet's services every day to help with underwriting, portfolio management and business development.

PayNet's credit history reports are a critical element of the due diligence required when underwriting new commercial loans. These reports provide a summary of the borrower's past transaction history—including collateral type, financed product term, payment frequency, repayment status, and more—to help assess creditworthiness and to streamline due diligence.

PayNet's market condition

reports provide information on the industry and regional trends. These reports use comprehensive local market intelligence, trends and forecasts by state and county. The market condition reports identify emerging risks and opportunities in your market footprint, quantify the impact on your market's default forecast for the next year and provide detailed default rates through the economic cycle to help banks accurately price for risk.

With upcoming CECL regulations, banks will be required to develop forward-looking assumptions that are supported by a consistent methodology and statistically valid data samples. PayNet provides a CECL Estimator Workbook to give you an initial estimate of the impact



PayNet provides a CECL Estimator Workbook to give you an initial estimate of the impact of CECL on your portfolio at no charge.

of CECL on your portfolio at no charge. PayNet will assemble and test a complete dataset for CECL and store it for your future use.

For more information, call (847) 745-6062 or visit www.paynetonline.com.



TECHNOLOGY SOLUTIONS

Every Silver Lining Has a Cloud

How to Use Cloud for Growth

In a digital world, bank executives know how important it is to evolve. The cloud is a natural part of that evolution—32 percent of financial institutions globally have a cloud services strategy in place, while 61 percent are in the process of developing one. This leaves a mere 7 percent of financial institutions that are adhering to a “no cloud” policy.

When initiating a dialogue about cloud computing for community banks, it's important to recognize that the word ‘cloud’ can encompass an array of services. At D+H, the ‘cloud’ refers to a solution developed specifically to help banks comply with industry standards and requirements around data security, location of information, disaster recovery and business continuity, and more.

So how can cloud computing help a community bank grow?

Device Management

So let's say Microsoft rolls out a new update. Easy enough right? With employees working on various devices and locations, it can be time consuming to ensure that the update is rolled out to everyone without issues. This is especially true for those without a patch management system in place who need to update each machine manually. With the D+H Cloud solution, regardless of the device the employee is using, the system and endpoints are updated after hours—no manual interaction with the hardware is required. In addition, data is no longer

stored on the device itself which greatly reduces the risk of digital and physical security threats.

Flexibility

Speaking of devices, hosting your platform in the cloud means that employees can serve customers where they are. As digital banking transforms the function of the branch and non-traditional competitors grow, it is a strategic necessity to offer more personalized service to retain and attract new customers. Imagine being able to open up accounts at a community event, or meeting customers who live in rural areas and struggle to travel to the branch. The cloud expands your branch presence to any place that has an internet connection

Streamline Your Vendors

Do you ever call one of your technology vendors, wait on hold, and are then told to call another vendor? In today's complex world of technology, it is very common to have several vendors for various products with middleware bridging the gaps for communication. Inevitably, a small issue can cost a lot of time as you call one vendor only to be told their solution isn't working and to try another. Moving to a cloud environment means you don't have to use more than one provider. This allows for more efficient troubleshooting as you work with a support team that can quickly perform diagnostics to detect issues. When staff members are not wasting excessive time wait-

ing on hold or troubleshooting, they can focus instead on strategic initiatives.

Increase Productivity

Server issues can be complicated, and can halt productivity in the bank. Workstation and user issues can also distract from daily operations. All this is resolved by moving to a cloud environment—there are no servers onsite, and all workstations are managed and supported by D+H. With 24x7 monitoring and alerting, full business continuity plans and real-time backups, IT is easier and more secure. The focus can be again on the business of banking, instead of overnight issues or servers crashing throughout the day. The D+H cloud allows all updates, patches, virus protection and end-user support to be provided seamlessly to the bank. And all employees have access to the domestic support line, which they call anytime and receive support.

Not every bank may be ready to move to the cloud. However, no matter the size, every bank should consider cloud computing in their discussions for the future. Are you part of the seven percent not discussing the cloud?

To learn more about D+H's Cloud solution, visit dh.com or call (800) 815-5592.



STRATEGIC TECHNOLOGY
SOLUTIONS™