BEST BANKS TO WORK FOR 2019

DO WELLNESS PROGRAMS REALLY WORK?

M&A GONE RIGHT, M&A GONE WRONG

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PASSION PAYS OFF

Douglas Williams Atlantic Capital Bank

Kelly Skalicky Stearns Bank
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Cover photographs by:  
Brian Hill (for Douglas Williams)  
The Camera Shop (for Kelly Skalicky)
Court Blocks HUD Guidance

The ruling on guidance for downpayment assistance dealt a blow to efforts by the Department of Housing and Urban Development to restrict nonprofit housing funds from operating on a national scale. The ruling was “embarrassing” for the Ben Carson-led HUD, an executive with the National Homebuyers Fund said.

New Banks of 2019

Ribbon-cuttings for de novos have become more common as regulators have warmed up to the idea of granting new charters. This feature looked at the banks that opened their doors this year, including Watermark Bank in Oklahoma City and Grasshopper Bank in New York, and others on track to open before yearend.
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— RHOMES AUR
CEO, FTB Advisors, Inc.
EVP, First Tennessee Bank

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Fintechs scramble nest-egg market

Companies like Kindur and Finhabits are filling a void in retirement planning. Are banks missing an opportunity?

By Penny Crosman

There’s no shortage of alarming statistics about retirement in America. Nearly half of U.S. households aged 55 and over have no retirement savings, according to a March report by the Government Accountability Office. More than one in five Americans have less than $5,000 saved for retirement, and 15% have no retirement savings at all, according to a study recently released by Northwestern Mutual.

And nearly one in three people approaching retirement age believe they are more likely to learn that Bigfoot exists than they are to save enough to retire comfortably, according to a survey conducted by AARP and the Ad Council.

Yet while there are plenty of companies happy to help consumers who already have a sizable nest egg, relatively few are focused on those who’ve fallen short on saving for retirement.

The void has left a small number of fintechs trying to fill the gap, including Finhabits and Kindur, and a potentially large missed opportunity for traditional banks. But both Finhabits and Kindur see potential for partnering with banks.

“Most of the industry players don’t really want to deal with low-balance accounts,” said Carlos Garcia, Finhabits’ founder and chief executive.

Finhabits targets people who are self-employed, work part time or work for a business that doesn’t offer a 401(k) plan, such as Uber drivers and Etsy entrepreneurs. It helps them open a Roth IRA and contribute to it on a regular basis.

Robo-advisers like Betterment and Wealthfront also let consumers open a Roth IRA through their apps. In fact, Uber cut a deal a few years ago to give
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21947 (07/19)
Briefings

its drivers access to Betterment's IRA and Roth IRA.

The differences between those offerings and what Finhabits is doing, Garcia said, are in the way his company communicates with first-time savers and how it deals with their portfolios.

"Our communication is designed to hand-hold a first-time saver throughout the investment process and our portfolios are designed to minimize large draw-downs," Garcia said.

Finhabits invests the money in exchange-traded funds from Vanguard and BlackRock. Each account has a model portfolio assigned to it based on the user's financial profile and goals.

Finhabits charges $1 a month for its service on balances up to $2,500. After that the fee rises to 0.5% a year, plus an ETF management fee. The accounts start at zero and grow slowly over time, as users add perhaps $40 a week. The average balance is $500.

So far the company has created 70,000 retirement accounts for users.

According to Garcia, Latinos tend to be most affected by the retirement savings gap. Garcia markets the company through videos recorded in Spanish and English. "About two-thirds of Latinos don't have access to a retirement plan at work," he said.

Garcia would be game to partner with a bank to increase Finhabits' reach.

"If we want to really make it, then we have to tap into existing networks, whether it's a financial institution or a state or a large nonprofit," he said.

**Kindur**

Kindur, a New York-based startup that opened for business in April, is the brainchild of CEO and founder Rhian Horgan, who worked at JPMorgan Chase for 17 years overseeing derivatives and alternative investments.

The idea came out of conversations Horgan had with her parents. Her father, 69, started thinking seriously about retirement three years ago.

"I found myself at Barnes & Noble reading a 300-page book on Social Security," which is becoming the de facto retirement plan for many Americans, Horgan said. "I thought, 'This is crazy. How can we expect the American consumer to become an expert on Social Security?'"

Her parents' situation was complex: Her father had six different retirement accounts, her mother two, they had two life insurance policies, a mortgage and two bank accounts. They had never had a financial adviser.

Horgan's father made all the financial decisions. Her mother wasn't involved.

"I saw this uncomfortableness and inequity around how they understood the financial picture," Horgan said.

Because her parents live in Colorado and Horgan is in New York, she started looking for a digital tool that would help them. She found savings tools, but saw little in the way of apps or sites that truly help people plan retirement.

And many of those tools and sites push a specific product.

"What we see as the problem for the consumer today is there is this holistic set of decisions you have to make to navigate government benefits, health and wealth in retirement," Horgan said. "The existing community today will help you with a piece of this, but the consumer has to DIY the cocktail. And even if you got awesome advice from every single person you talk to, the question is, when you put the pieces together, do they actually fit?"

Kindur — the name is an amalgam of "kin" for family and "dur" for the duration problem that modern Americans have — aims to help baby boomers create a holistic plan for retirement. The plan takes into account Social Security, which is becoming the de facto retirement plan for many Americans.
Social Security, health care costs and what’s needed for living through one’s final years.

“A lot of financial advisers don’t want to talk about health care,” Horgan said. 

“But when it costs the average baby boomer $280,000 in retirement, it’s a financial issue.”

The Kindur team has developed what it calls a “retirement paycheck” — a plan that literally yields a semi-monthly payment similar to a salary.

“In the old days, you had a job and a salary and when you retired you had a pension,” Horgan said. “Now when you stop working, you’re told to just draw down from your accounts. If you’ve ever spent any time in your life unemployed, you remember the anxiety of drawing down from your accounts. Imagine doing that for 30 years.”

The annuity, Social Security and in some cases a rolled-over IRA or 401(k) are combined to create the “paycheck.”

“A lot of financial advisers don’t want to talk about health care, but when it costs the average baby boomer $280,000 in retirement, it’s a financial issue.”

Kindur does the actuarial math and the calculations to determine which accounts should be drawn down from and the size of the payouts. Kindur’s registered advisers handle asset allocation and portfolio management for any rolled-over accounts.

A portion of the “paycheck” can be guaranteed by an annuity, through a partnership with insurance company American Equity. Horgan felt the annuity was needed because this customer base is afraid of running out of money in retirement.

“After 18 years at JPMorgan, I knew I could come up with a probability-based answer, like you’ve got a 95% probability of not running out of money,” she said. “That’s not what Father, 69, started thinking seriously about retirement three years ago.

“I found myself at Barnes & Noble reading a 300-page book on Social Security,” which is becoming the de facto retirement plan for many Americans, Horgan said. “I thought, ‘This is crazy. How can we expect the American consumer to become an expert on Social Security?’ ”

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resonates with Mom and Dad in Iowa. So we thought there needed to be guaranteed income.”

Customers can buy the annuity today and activate the income from it at some point in the future; they are not forced to pick an arbitrary date.

Horgan said 1,300 people have created a retirement plan with Kindur. The average customer is 61, a few years away from retirement.

“The two things that are most surprising to people are the health care cost — a lot of people think about Medicare as being free, but that’s just Part A, there’s a lot more to it — and Social Security,” Horgan said. “Over a lifetime, it can be worth a half-million dollars. It’s a lot of money for most people and probably their largest asset.”

Kindur helps people make decisions about Social Security, based on things like age, longevity and spousal benefits, so they don’t have to read a 300-page book. It charges a 0.5% annual fee on assets under management.

Kindur is in conversations with asset managers and banks about potential partnerships.

“We have had a number of conversations with institutions that understand the problem. They understand it needs to be holistic, and they’re trying to figure out how they can do it without having to be licensed,” Horgan said. “Are there ways for them to be part of this puzzle? Maybe they’re the asset manager, or maybe the paycheck goes into our own banking platform over time and we partner with a bank.”

Why aren’t there more fintechs like this?

Given the huge, sweeping problem of retirement, it’s unclear exactly why more fintechs aren’t trying to offer solutions. Theo Lau, founder of the venture capital and fintech advisory firm Unconventional Ventures, sees two obstacles.

The first is a youth-oriented culture that tends to ignore older people. About two years ago, Lau was talking to a fintech’s founders about their product. She asked if it was something adult children could use with their parents (Lau formerly led innovation at AARP).

“Ten minutes into the conversation, the product person said, Our product is not for old people,” Lau said. Bankers have told her the same thing.

It’s also hard for fintechs to convince venture capitalists that this is a sustainable area of focus, so it’s difficult for them to get the capital they need, Lau said. New fintech startups can also find it difficult to get people to fork over their life savings.

“They still run into a challenge where people are like, well, but who are you?” she said. “Why would I trust you with my money versus a bank that I know and can see a branch down the street?”

FHA’s refi crackdown

The agency puts limits on how much borrowers can take out when refinancing mortgages.

The Federal Housing Administration will limit cash-out refinancing starting in September in an effort to reduce the amount of borrowers withdrawing money from the value of their homes.

As of Sept. 1, the FHA will allow cash-out refinances only for up to 80% of the value of a borrower’s home, down from the current maximum loan-to-value ratio of 85%.

In a related move, Ginnie Mae announced that in November it will implement new eligibility requirements for cash-out refinance loans that are guaranteed by the Department of Veterans Affairs. Ginnie will no longer permit loans amounting to 90% of a home’s value to be pooled into securities.

The FHA said in August that its “new requirement is a prudent safeguard that permits FHA to ensure it stays ahead of any shift in housing stability.”

“This policy change seeks to mitigate risks to the FHA Insurance Fund associated with increasing levels of insured loan balances on cash-out refinance mortgages,” the agency said.

In the FHA’s annual report to Congress in November, the agency said cash-out refi loans made up more than 63% of the agency’s refinancing business last year, compared with just 39% in 2017.

“We are taking another important step to support sustainable homeownership that builds wealth for families,” FHA Commissioner Brian Montgomery said in a statement. “This is a prudent measure to make certain that we protect and preserve the home equity borrowers are building for their futures and guard against taxpayer losses from the FHA program.”

Fannie Mae and Freddie Mac both also have a loan-to-value ratio requirement of 80% for cash-out refis.

Ginnie’s new requirements will align its policy more closely with that of the FHA, Fannie Mae and Freddie Mac, and will provide investors more certainty about the performance of securities, the agency said in a press release.

The move “underscores Ginnie Mae’s commitment to ensuring the agency’s policies enable homeowners to borrow prudently, utilizing the government-guaranteed mortgage market,” Maren Kasper, the acting president of Ginnie Mae, said in the release.

— Hannah Lang
Regions gets bang for its digital buck

Checking account openings and digital mortgage applications are soaring, as a major investment in new technology pays off

By Penny Crosman

Regions Financial is pouring a lot of money into digital banking, and it says the effort is beginning to pay off.

The Birmingham, Ala., company is spending $625 million on technology this year — 42% of that is on investments in new technology, such as digital improvements to speed up credit decisions, vet loan applicants’ identities and simplify online mortgage lending.

Regions says it had 2.7 million digital users at March 31, up 5% from a year earlier. Moreover, it claims big gains in several key metrics over the same period: checking account openings (49%), credit card sales (16%) and mortgage applications (112%). Regions declined to disclose totals in those three categories and has not reported them to investors.

Emmett Higdon, director of digital banking at Javelin Strategy & Research, said Regions is entitled to be happy with the progress.

The 5% growth in users is on par with the rest of the industry as adoption of mobile banking has slowed along with growth in smartphone users — most people have all this by now, he said. But he attributed increases in account opening and credit card sales stem to hard work and creativity at the company.

“They have clearly put a lot of effort and investment behind their digital account opening processes, both for online and for mobile,” Higdon said.

Regions has created a guided experience for consumers who apply for credit cards on its website, and it could appear on its mobile app eventually.

“If you’re not really sure which of the 47 credit cards you want, they have a little questionnaire that helps you through the process,” Higdon said. “Unfortunately, they don’t have that on the mobile side, but they’re thinking carefully about that process.”

The company is launching a digital feature that lets existing customers determine in less than a minute if they...
Bank Technology

qualify for a credit card; only a small amount of information has to be supplied. Customers who qualify can accept an offer in as little as 90 seconds.

Andy Hernandez, chief digital officer at Regions, credits its digital banking growth to a handful of things: agile development methods, an accelerated customer sign-up process, customer research, process re-engineering, and an online mortgage portal that keeps customers updated on the status of loan applications.

"I think as an industry we've under-achieved in terms of getting customers to open accounts online," Hernandez said. "The customer of 30 years ago wanted speed, ease of use and convenience. It's what they want today. But they've raised the bar; they've redefined, as is their right, what those terms mean."

Regions began adopting agile methods four years ago; the term refers to an approach to software development that relies on collaborative, cross-functional teams to divide a task into small parts and be dedicated to flexibility and continuous improvement. Developers, analysts, product owners, scrum masters, compliance officers, legal experts, risk specialists can all participate.

"The hardest part of agile is, you have to be dedicated," Hernandez said. "You can't say this is going to be someone's part-time job. You've got to pull top talent and put them on these teams, and have everybody lock arms on the objective."

The agile teams work side by side, and they dress more casually than traditional bankers. A couple of teams were given the full-time job of picking apart the digital account opening process for checking accounts, mortgages and other loans, and making it faster and simpler. Their goal was to open new online and mobile accounts within 10 minutes. Currently the process takes five to seven minutes.

"When we started doing this years ago, the industry just took the paper application and said, let's throw it online," Hernandez said. "And there are a lot of steps, fields and pages that just don't make sense in a digital world and the advent of fully legal e-signatures."

The agile teams removed steps and data fields from the sign-up process, often "asking questions of our friends in legal compliance that we didn't know were fair to ask," Hernandez said.

The teams were also tasked with making sure all features available online were accessible in the mobile app.

"Prior to some of these enhancements, you had to go to regions.com," Hernandez said. "You could go from your smartphone or tablet and it would look clean and nice on the screen, but it wasn't in the app. We have a growing percentage of customers, as all banks do, using the mobile app."

Regions partnered with an authentication technology provider to automate identity verification and security. Hernandez declined to say which one.

Soon Regions plans to offer useful insights about things that might strain a customer's cash flow, such as alerts about upcoming bills. This will replace the early generations of personal financial management software.

"Those software applications were very difficult to use and in hindsight, it's not surprising that they had low adoption," Hernandez said. "We've finally reached a point where there's no heavy lifting done on the customer's part."

Hernandez said Regions was one of the first banks in the industry to offer a true end-to-end digital mortgage. Higdon backs this up.
More recently, the bank launched an online “mortgage status portal,” which gives customers real-time updates on the status of their applications. They can receive these updates through text messages or emails if they prefer. Users can upload documents and complete other steps through the portal.

Regions brought its mortgage loan officers into the online loan process too. It created personalized web pages for each mortgage loan officer that can be shared with potential borrowers. That allows the loan officers to direct people specifically to their site to apply online. Having unique URLs connecting to the online applications ensures the right person gets credit.

“Our mortgage loan officers are very good at what they do,” Hernandez said. “Now they have a digital presence, removing what we used to call channel conflict. They’re now speaking digital.”

The ease and speed of the online mortgage application are among the reasons for the increase in digital mortgage applications. The digital mortgage also gets marketed throughout the regions.com website.

Regions lets users save any kind of loan application they’ve started on its website or mobile app, so if they get interrupted, they can go back to it later.

The patent application mentions a hypothetical “currency micromarket,” defined as “an unattended retail environment where consumers can purchase products from open shelves, coolers, or freezers and use a self-checkout kiosk to pay for their products.” This description sounds a lot like Amazon Go, a checkout-free retail concept that has been bogged down by lawmakers’ insistence that Amazon also accept cash.

The details in Walmart’s patent application suggest its coin wouldn’t just be a substitute for cash; it would function more like a banking relationship.

“Customers without traditional bank accounts can create a microbank at an institution such as a retailer, which gains interest while their money is there,” the application says. “A customer buys digital currency, such as at the beginning of a month.”

If Walmart proceeds with this plan, it likely would face the same international legal compliance that we didn’t know often “asking questions of our friends in other countries about upcoming bills. This will replace the online banking site were accessible making sure all features available on your smartphone or tablet and it would look clean and nice on the screen, but it wasn’t in the app. We have a growing percentage of customers, as all banks were doing but Walmart’s pushback that led Facebook to suggest it may not be able to launch Libra.

But proponents of digital currency see hope in Libra, which they believe could spur greater competition and development in the crypto space.

Unlike Facebook, Walmart may not have to invite other companies into the development of its cryptocurrency. But the independent route may be the right one in the current regulatory climate, considering that Libra partners such as Visa and Mastercard have already begun to distance themselves from the controversial project.

Walmart was the top proponent of MCX, a retailer-led mobile wallet initiative that drew major supporters like Target and Best Buy but ultimately fell apart.

In other initiatives, Walmart has stubbornly gone it alone — it developed its own Walmart Pay option and still blocks contactless mobile wallets like Apple Pay. The company did not reply to a request for comment on the patent application. — John Adams

Walmart’s crypto move
Is new patent a back door to banking for the retailer?

Walmart has filed a patent application for a digital currency that, like Facebook’s Libra, would be a stablecoin backed by traditional currency.

The retail giant envisions a very specific use case where the coin could stand in for cash — or even for a bank account.
CHECKUP ON WELLNESS PROGRAMS
Many of the Best Banks to Work For are improving their wellness programs to help employees stay healthy. The banks expect to benefit by keeping morale high, staying competitive in recruiting and possibly lowering health care expenses.

But do these programs pay off? | By Joel Berg

Executives at Dacotah Bank in Aberdeen, S.D., wanted a powerful incentive for employees to live healthier lives, so they started offering a discount on the employee share of insurance premiums in 2018 as part of a wellness program.

To get the discount, which is $600 a year, employees of the bank had to get an annual physical, go for two dental checkups and attend training in areas such as stress management, among other steps.

Nearly three-quarters of the bank’s 394 eligible employees earned the discount last year.

And Dacotah’s year-over-year spending on health care claims were down 2.5% as of mid-2019.

Though not enough to cover the added expense of the premium discounts, the drop is a sign of progress on the overall health of employees, said Joe Senger, the president and chief executive of the $2.6 billion-asset bank.
BEST BANKS TO WORK FOR

Still, he is reluctant to conclude that the wellness initiative is the reason health care claims fell.

"I can't say that there's a direct correlation," Senger said. That is the mantra for many banks that offer wellness programs.

The programs are meant to encourage employees to exercise, eat healthier foods and better manage the risks of chronic illnesses like heart disease and diabetes. The thinking is that if employees embrace the effort, health care costs will drop.

But whether the actual return on investment can be measured is up for debate, said Tracie Sponenberg, who serves on an expert panel for the Society of Human Resource Management in Alexandria, Va.

For wellness to be effective, she said, companies are better off starting with a goal of helping employees, not necessarily aiming for a direct return.

"I think we're still trying to get our arms around what exactly do we measure and do we measure?" said Sponenberg, who is also the senior vice president of human resources for the Granite Group, a wholesaler of plumbing and heating supplies in Concord, N.H. "Is it important to measure or is it the right thing to do?"

Other factors can affect health care costs, frustrating efforts to assess the impact of a wellness program.

At Dacotah, the bank's workforce is getting younger as an influx of new employees replaces retirees, Senger said. And an expensive medical claim or two could easily drive up costs for the bank, which is self-insured and spends about $4.5 million a year on health care. Employees contribute to their health care coverage; Dacotah absorbed the cost of the discount.

Senger said he expects a stronger wellness program to make a difference. "We're hoping that it's going to give us a long-term trend of lower costs," he said.

Other banks on the 2019 list of Best Banks to Work For also have seen progress in cutting health care spending — or at least in slowing its growth.

Like Dacotah, they hesitate to draw conclusions about cause and effect. But they are measuring progress on wellness in other ways, such as participation, overall health and, in one case, use of sick days.

And they point to the intangible benefits of wellness programs, which can encompass psychological and financial health, in addition to physical health. Employees may be more engaged as a result and more likely to make an extra effort at work.

"We think it contributes to creating this workplace that's very attractive, which we think creates good results financially," said Douglas Williams, president and CEO of the $2.9 billion-asset Atlantic Capital Bank in Atlanta, which has roughly 200 employees.

Wellness may not be the most important feature of a competitive benefits package, he added. But "it's more than icing on the cake. It's one of the foundational elements of building an attractive culture."

The programs have gotten more robust over the years, Williams said. They are a way to deliver value to employees as they are asked to pay more for their own health care.

"It's sort of part of the benefits arms race, if you will," Williams said.

The wellness program was strengthened in 2018 in an overhaul of Atlantic Capital's culture, said Annette Rollins, the bank's chief human resources officer.

"We're hoping that it's going to give us a long-term trend of lower costs," Joe Senger says of Dacotah Bank’s new wellness initiative.

The goal was to help more employees and increase engagement, she said.

Now employees who have health insurance through the bank can earn premium discounts of about 30%, Rollins said. But there are also rewards for those whose insurance comes from other sources. They can earn points redeemable for merchandise and gift cards.

"We wanted to be inclusive of our entire work population," Rollins said.

The changes are less than a year old, so it is too early to measure the results. But feedback has been positive, turnover is down and the bank has had some success encouraging employees to switch to lower-cost generic prescriptions, Rollins said. She declined to share turnover statistics, but said generic prescriptions now account for 97% of the bank's total.

Still, he is reluctant to conclude that the wellness initiative is the reason health care claims fell.

"I can't say that there's a direct correlation," Senger said. That is the mantra for many banks that offer wellness programs.

The programs are meant to encourage employees to exercise, eat healthier foods and better manage the risks of chronic illnesses like heart disease and diabetes. The thinking is that if employees embrace the effort, health care costs will drop.

But whether the actual return on investment can be measured is up for debate, said Tracie Sponenberg, who serves on an expert panel for the Society of Human Resource Management in Alexandria, Va.

For wellness to be effective, she said, companies are better off starting with a goal of helping employees, not necessarily aiming for a direct return.

"I think we're still trying to get our arms around what exactly do we measure and do we measure?" said Sponenberg, who is also the senior vice president of human resources for the Granite Group, a wholesaler of plumbing and heating supplies in Concord, N.H. "Is it important to measure or is it the right thing to do?"

Other factors can affect health care costs, frustrating efforts to assess the impact of a wellness program.

At Dacotah, the bank's workforce is getting younger as an influx of new employees replaces retirees, Senger said. And an expensive medical claim or two could easily drive up costs for the bank, which is self-insured and spends about $4.5 million a year on health care. Employees contribute to their health care coverage; Dacotah absorbed the cost of the discount.

Senger said he expects a stronger wellness program to make a difference. "We're hoping that it's going to give us a long-term trend of lower costs," he said.

Other banks on the 2019 list of Best Banks to Work For also have seen progress in cutting health care spending — or at least in slowing its growth.

Like Dacotah, they hesitate to draw conclusions about cause and effect. But they are measuring progress on wellness in other ways, such as participation, overall health and, in one case, use of sick days.

And they point to the intangible benefits of wellness programs, which can encompass psychological and financial health, in addition to physical health. Employees may be more engaged as a result and more likely to make an extra effort at work.

"We think it contributes to creating this workplace that's very attractive, which we think creates good results financially," said Douglas Williams, president and CEO of the $2.9 billion-asset Atlantic Capital Bank in Atlanta, which has roughly 200 employees.

Wellness may not be the most important feature of a competitive benefits package, he added. But "it's more than icing on the cake. It's one of the foundational elements of building an attractive culture."

The programs have gotten more robust over the years, Williams said. They are a way to deliver value to employees as they are asked to pay more for their own health care.

"It's sort of part of the benefits arms race, if you will," Williams said.

The wellness program was strengthened in 2018 in an overhaul of Atlantic Capital's culture, said Annette Rollins, the bank's chief human resources officer.

"We're hoping that it's going to give us a long-term trend of lower costs," Joe Senger says of Dacotah Bank’s new wellness initiative.

The goal was to help more employees and increase engagement, she said.

Now employees who have health insurance through the bank can earn premium discounts of about 30%, Rollins said. But there are also rewards for those whose insurance comes from other sources. They can earn points redeemable for merchandise and gift cards.

"We wanted to be inclusive of our entire work population," Rollins said.

The changes are less than a year old, so it is too early to measure the results. But feedback has been positive, turnover is down and the bank has had some success encouraging employees to switch to lower-cost generic prescriptions, Rollins said. She declined to share turnover statistics, but said   

B关键技术是另一大杀手。例如，可能会对技术依赖或资源投入产生负面影响。
Banks recognize that the goal with any wellness program is for employees to adopt healthier habits in their everyday lives, not just sit through sessions on healthy cooking or compete to take the most steps in a week.

The results of biometric screens can offer a glimpse into whether that is happening, several bank executives said. The screens are designed to gauge employee health by measuring things like blood pressure, glucose and cholesterol. Employees can use what they learn to adopt healthier lifestyles.

Individual data is confidential, and the aggregate results can be skewed by turnover. But screening offers opportunities for banks to gather data and try to control costs.

Using what it has learned from biometrics, Peoples State Bank in Wausau, Wis., is planning to offer individualized coaching to employees prone to chronic illnesses.

“That tends to be where your plan spends all its money, on those high-risk individuals,” said Donna Staples, human resources director for the $893 million-asset bank.

Peoples State has contracted with an outside provider to start offering the coaching in 2020 to employees the bank believes could benefit from it.

Another idea it might implement in 2020 is to expand insurance coverage for preventive medical visits, Staples said. The bank’s plan covers one per year. But executives are weighing whether it is worth the cost of covering more visits for people who could benefit from regularly tracking risk factors like their cholesterol or blood pressure.

One goal is to lower costs overall. But if possible within privacy rules, the bank also would like to measure improvement healthwise, perhaps by tracking whether its at-risk population declines or registers better biometric scores as a group, Staples said.

Executives at Apollo Bank in Miami are hoping they may learn something from a new policy for sick days.

This year, for the first time, Apollo is allowing employees to carry over unused sick days from one year to the next, said Melissa Pineda, director of human resources at the $703 million-asset bank.

“That will allow us to understand the effectiveness of our wellness program and see how many don’t use all their sick-time benefits and roll it over,” she said.

Under the old policy, many employees were taking sick days in November and December, suggesting they may have wanted to use them before they lost them, Pineda said.

The absences ate into productivity and efficiency, she said. The new policy is “a really big morale boost and cultural enhancement.”

A SMALL CHANGE TO PINNACLE’S WELLNESS PROGRAM GOES A LONG WAY

Banks may have trouble drawing a line from spending on wellness to saving on health care. But one bank has found a way to get the same wellness services for less money.

Pinnacle Financial Partners in Nashville, Tenn., is cutting costs in half for its biometric screening program after adding more flexibility for employees. Those who participate in the program can reduce their health insurance premiums.

The flexibility was needed after the bank doubled in size in 2017, to about 2,400 employees, with its acquisition of BNC Bancorp, the parent of Bank of North Carolina.

Pinnacle now has $26.5 billion in assets and 145 offices in Tennessee, North Carolina, South Carolina and Virginia.

Employees previously had to come to regional hubs for annual screenings by a third-party provider, said Sarae Janes Lewis, director of associate and client experience at the bank.

As the bank grew, that became impractical.

Now employees can get the screening on their own, including through their own doctors. The change has halved the per-person costs for the screenings, because they can be covered as part of a routine physical, Lewis said.

The screenings also can be done at pharmacies and other sites that are part of a network under Pinnacle’s wellness provider, Humana.

“Ultimately, we are able to offer a results-based wellness program to twice as many associates without a significant increase to our screening expense,” Lewis said.

“And the bonus is that it’s more convenient than traveling to a Pinnacle office on a ‘screening day.’”

Pinnacle employees who are screened and take part in other wellness activities earn points that can be redeemed for merchandise. They also can shave 20% off their health insurance premiums.

The wellness program is popular, with 84% of employees participating, Lewis said.

The bank’s health care costs overall have been flat over the last few years. But Pinnacle is seeing progress in other areas.

Employees seem to have fewer risk factors as measured through biometric screening, even though the reduction has not led to a marked drop in claims so far, Lewis said.

—Joel Berg
A paid week off to do volunteer work? First State’s good with that

Not long after Aubree Williams joined First State Bank in Oklahoma City, she ran into an issue: The organization where she wanted to volunteer needed help during business hours.

So Williams, chief marketing officer of the $316 million-asset bank, went to Chief Executive David Durrett and President Christopher Turner with a somewhat radical proposal — to offer employees 40 hours of paid time off per year to volunteer.

Williams admitted she was “very pleasantly surprised” when the executives agreed to implement the idea without any changes.

Turner said the timing of her pitch couldn’t have been better. He and Durrett had already been thinking about how they could encourage more of their employees to get involved with community organizations.

The perk aligns with the bank’s emphasis on community and its eagerness to listen to its employees, he said.

“When Aubree approached us about this, it just seemed like a great fit,” Turner said. If the bank allowed employees to use paid work hours for volunteering, the two executives figured, “then there would be no excuse not to do so,” he said.

The volunteer policy, which has been in place since 2015, is one reason that First State Bank has earned a spot in American Banker’s annual Best Banks to Work For ranking for several years. The bank jumped to No. 5 in the ranking this year, up from No. 27 in 2018.

Williams had done her research before making the pitch. While most other banks offered just eight or 10 hours of paid volunteer time, she found at least one that offered up to 40 hours. She also thought that management might counter with an offer of less than 40 hours, which is why she asked for such a generous policy from the start.

“I wanted to make this as significant
Congratulations to this year’s Best Banks to Work For! We applaud your commitment to creating an inspired workforce.

www.csiweb.com
9. **Peoples Bank**  
Lubbock, Texas  
Assets: $513 million  
Employees: 114  
Chairman and CEO: Larry Allen

10. **Paragon Bank**  
Memphis, Tenn.  
Assets: $410 million  
Employees: 80  
CEO: Robert Shaw Jr.

11. **First Federal Savings & Loan of Pascagoula-Moss Point**  
Pascagoula, Miss.  
Assets: $310 million  
Employees: 57  
President and CEO: Weldon Perkins

12. **Benchmark Bank**  
Plano, Texas  
Assets: $620 million  
Employees: 107  
CEO: Jonathan Filgo

13. **Pinnacle Financial Partners**  
Nashville, Tenn.  
Assets: $25.4 billion  
Employees: 2,347  
President and CEO: Terry Turner

14. **Forward Bank**  
Marshfield, Wis.  
Assets: $451 million  
Employees: 126  
President and CEO: William Sennholz

15. **Live Oak Bank**  
Wilmington, N.C.  
Assets: $4 billion  
Employees: 501  
Chairman and CEO: James “Chip” Mahan

16. **The Westchester Bank**  
White Plains, N.Y.  
Assets: $895 million  
Employees: 70  
President and CEO: John Tolomer

as possible and just ask for the world if I could," she said.

Turner said he agreed to Williams’ suggested 40 hours “because I didn’t want to negotiate our employees’ passion to serve the communities that we serve as a bank.”

Lately First State has been encouraging more employees to take advantage of the policy. Fifteen of its 55 employees volunteered for a total of 210 hours last year, up slightly from the prior year. Turner said some bank employees volunteer after work and on weekends, rather than during the work week — hours that are not counted in the bank tally.

To nudge employees to use the paid time off, First State is including regular reminders in its quarterly newsletter and spotlighting team volunteer days. Williams said those who do use the time also receive extra raffle tickets for prizes at the bank’s annual holiday party.

Though not every employee has participated, “the response overall has been tremendous,” Turner said. “It has allowed some people who would not have volunteered before to consider volunteering. When you get someone engaged in community service who would not have been otherwise, in my opinion, that’s a home run.”

Because executives make themselves available to all employees, anyone can bring up ideas, issues and concerns, Turner said. The volunteer program is one example of that.

Another example is a monthly luncheon the leadership team hosts for the senior management. Executives pick a topic to talk about — whether it’s interest rates or a local business concern — and they encourage the participating senior managers to take the discussion back to other employees.

First State has a list of preapproved organizations where employees can use their paid time off, but employees are encouraged to suggest other charities as well.

One particular favorite is Positive Tomorrows, Oklahoma’s only school for homeless children. The bank routinely puts together team volunteer days at the school, where employees often help set up for children’s birthday parties.

The organization that inspired Williams’ idea for the paid volunteer time is CASA, for Court Appointed Special Advocates. The nonprofit trains volunteers to act as court-appointed advocates for children experiencing abuse or neglect at home.

The advocates work with therapists, case workers, foster families and biological parents to collect information and ultimately tell the court an unbiased and comprehensive opinion about what’s happening in the child’s life.

Because much of that work needs to be done during business hours, it can be hard for someone working an office job to take time away to volunteer for it.

Williams said it made her feel valued when First State’s executives accepted her proposal and, by extension, allowed her to stay involved in something that’s important to her life. Though she’s done different types of volunteer work over the years, she said what she does for CASA is the hardest and most rewarding — because she is helping vulnerable children in a meaningful way.

“Through no fault of their own, they’re ripped out of their homes because of abuse and neglect and drugs and other things going on in their parents’ lives,” Williams said. “I was never in that situation as a child, but it just speaks to me. These kids need a voice, because they don’t have that ability.”

— Laura Alix
“I am grateful each and every day for the associates who make MB&T such an extraordinary place to work. Together we have built a culture where we encourage each of us to be the best we can be. Our customers feel it, our community sees it, and I know our associates do too.”

Janet Garufis
Chairman & CEO

44 years
Serving CA’s Central Coast

230 associates
Making a Difference

5500 hours
Volunteered Annually

Montecito Bank & Trust
Behind every great community is a great bank.

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How a bad-fit deal became a catalyst at Atlantic Capital

It took an ill-fated merger for leaders at Atlantic Capital Bank to question their strategy. But the introspection ultimately led to a cultural overhaul and a greater sense of purpose for employees.

Four years ago, the Atlanta-based bank acquired First Security Group in Tennessee, roughly doubling its size and moving it into two highly attractive markets in that state, Chattanooga and Knoxville.

But it turned out First Security wasn't an ideal fit. It had operated as a traditional community bank serving small businesses, while Atlantic Capital primarily courted middle-market and corporate clients. The cultures never quite meshed.

By late 2018, the merger that was supposed to create what Atlantic Capital called the “premier financial institution in the Southeast” had become such a distraction to management and employees — and such a disappointment to investors — that the bank’s board decided to sell the bulk of the former First Security operations in Tennessee and north Georgia to FB Financial in Nashville.

Our people saw that we were spending management time and energy on parts of the business that were underperforming, and energy on parts of the business that were underperforming and were not core to our mission,” said President and Chief Executive Douglas Williams. “We were investing capital in these businesses, and people were confused as to who we are and where we are going.”

Still, Williams knew that it would take more than selling branches to fix what was ailing the $2.9 billion-asset Atlantic Capital.

Employee engagement and morale were not where they needed to be for the bank to achieve its goals.

He started working on changing the culture in 2017, bringing in business consultant Lisa McLeod to help reinvigorate the staff.

McLeod’s method, known as “noble purpose,” aims to help companies boost performance by instilling a customer-comes-first mindset in employees. It’s an attitude McLeod said she inherited from her father, a former banker himself.

McLeod spent more than a year with employees, holding town hall meetings and focus groups to delve into their underlying frustration. What she found was what many senior leaders feared: Employees didn’t know what was expected of them after the First Security acquisition because the reason...
How a bad-fit deal became a catalyst at Atlantic Capital

The changes the bank adopted include
new measures of success for employees. Their reviews now take into account
how well they share information with and provide referrals to colleagues in other departments of the bank.

The degree to which employees are helping to drive customers’ prosperity is also part of the review process, said Annette Rollins, the chief human resources officer.

“People truly want to make a difference in other people’s lives,” Rollins said.

This heightened focus on employee engagement seems to be yielding the desired financial results. In the second quarter, deposits from continuing operations were up a whopping 24% from the same period a year earlier, and its commercial and industrial loans increased 28%.

The changes are also having a significant impact on the bank’s ability to attract and retain talent. Rollins said that “turnover has decreased substantially” and that 30% of the bank’s new hires have come from employee referrals.

“Tha is significantly higher than years past,” she said.

Williams’ leadership style, meanwhile, has changed profoundly. Williams admits that before he hired McLeod, he managed to results and didn’t take the time to get to know employees or what motivated them. He now holds quarterly conference calls with the staff and on each one he makes a point to recognize an employee who best exemplifies the bank’s noble purpose mission. He also sends handwritten notes to employees on their birthdays and work anniversaries.

McLeod’s research, Williams said, helped him understand that people want to be recognized, and even more critically, they want purpose in what they do. “We all want to identify with something that is more significant than ourselves,” he said. “Banking is a noble business. We have a critical role to play in the efficient functioning of society and the efficient functioning of the economy.”

— Daniel DiNicola
1st Security’s first impression of Anchor proved to be right

Kelli Nielsen knew she had a great match when she saw a roomful of branch managers laughing and having fun.

Some of the managers came from 1st Security Bank of Washington in Mountlake Terrace, Wash., where Nielsen is executive vice president of retail banking and marketing.

Others were from Anchor Bancorp in Lacey, Wash., the company that 1st Security was poised to buy.

Nielsen had all of the branch managers get together at an Italian restaurant last summer — before the deal closed in November 2018 — to make sure the staff from the two banks meshed culturally.

“We all took the time to get to know each other and talk about ourselves,” Nielsen said. “What we saw was a lot of laughter, a lot of playfulness, a lot of fun.”

The Anchor employees also asked a lot of questions and got a lot of reassurance. “They would say, ‘Really, how is it here?’ And our folks would say, ‘It really is fun here,’” Nielsen said.

If it sounds like an atypical pre-merger event, it was an atypical merger.

Anchor originally was set to be purchased by Washington Federal. The $15 billion-asset Seattle bank had announced a deal to buy Anchor in April 2017. Anchor had about $441 million in assets and nine branches at the time.

The merger was halted in 2018 because Washington Federal had to resolve some regulatory issues tied to the Bank Secrecy Act.

But it had been a tense time for Anchor employees, who worried about the potential for job cuts and branch closings in that deal, Nielsen said.

Those concerns went away with 1st Security since its branches did not overlap with Anchor’s, she said. The 1st Security branches were clustered in and around Puget Sound, and Anchor’s were in more rural areas southwest of Seattle and along the Pacific Coast.

But the cultural fit helped seal the deal. The two banks had collaborative workplaces and a commitment to the communities they serve, Nielsen said.

In addition, she said, the leaders of both were passionate about creating a positive experience for employees.

“We just kept coming back and saying, ‘This feels good,’” Nielsen said. “And I know that’s pretty hard to quantify, but it just felt right.” (After buying Anchor, 1st Security had 21 branches and $1.6 billion in assets.)

The focus on retaining branch staff, including managers, is a lesson 1st Security learned from buying four Bank of America branches in early 2016. Soon after that deal closed, deposits slipped.

But most employees stayed on, and customers came back.

Between the end of 2016 and the end of 2018, the four branches picked up a combined $55 million in deposits, Nielsen said.

So far the same is holding true for the Anchor deal. About 85 Anchor employees have stayed on with fewer than 10 deciding to retire or leave, Nielsen said.

1st Security, a former credit union with about 430 employees, has seen deposits at the former Anchor branches tick up slightly, Nielsen said.
1st Security spent about $3 million in 2018 and 2019 to remodel the BofA branches, which dated back to the 1970s and 1980s, Nielsen said.

In some of the branches, the bank wanted to add community rooms, which can be used by local nonprofits and for after-hours events.

But the primary goal was to create a better environment for staff and customers at all four branches.

“It’s part of our value system,” Nielsen said. “We want to make it a great place to work and bank.”

During the Anchor merger, some of the former BofA employees stepped forward to help with the integration, Nielsen added. They spent two weeks at former Anchor branches alongside others from 1st Security, acting as on-site resources.

A similar process helped BofA managers when they initially joined 1st Security.

“They remembered how helpful it was to them and they wanted to pay it forward, which was awesome,” Nielsen said.

With the Anchor merger behind it, 1st Security has been introducing some of its community-focused events to its new markets.

For example, each branch holds an annual after-hours networking event. The bank invites its top customers and influential community members to the events for an informal evening of wine and appetizers. Bank executives, including Chief Executive Joseph Adams, try to attend as many as possible, Nielsen said.

“That has been really successful for us because it allows everybody to be in a casual environment,” she said, noting that several events have already been held at former Anchor branches.

Another event, started two years ago at 1st Security, is called “Mission: Possible.” The bank invites nonprofit leaders to free educational sessions on issues such as tax-law changes and board diversity.

The sessions are held in Seattle once a year, Nielsen said. But the bank is looking to include more nonprofits, perhaps by holding them in other places.

“There are a lot of small nonprofits in these rural markets that may not want to make the trip to Seattle,” she said, adding that the bank may hold three events in 2020.

But the ideas are flowing from Anchor to 1st Security too, reflecting 1st Security’s commitment to honoring good ideas no matter where they arise, Nielsen said.

The dress code for branch staff is one example.

While 1st Security allows casual dress nearly everywhere, its branch employees are an exception, Nielsen said. They stick to business casual, except when they occasionally wear jeans to support local professional sports teams, like the Seattle Seahawks and Seattle Mariners.

Anchor, however, allowed jeans every Friday and employees wanted that to continue, Nielsen said.

Bank executives met to discuss the issue and decided to institute the Anchor policy bankwide.

“If that was something that was important to them,” Nielsen said, “then why not?”

— Joel Berg
Stearns Bank’s message to employees: ‘prioritize yourself’

Jill Molitor, credit manager and fraud strategy officer at Stearns Bank in St. Cloud, Minn., is up for participating in any kind of race — whether 5ks, 10ks or triathlons.

She used to compete in only one or two a year, because her hobby can get expensive. Entry fees — some races charge as much as $85 — pile up on top of paying for a gym membership and running gear.

But after Stearns started offering an annual $500 “self-improvement allowance” in 2017, Molitor has been able to join more races. Last year she used the allowance to pay for a 10k, a triathlon and a half marathon. This year she expects to get five races in.

“I have never heard of another company that offers this type of benefit,” said Molitor, who has worked at Stearns for 19 years. “It really encourages people to do something that they probably wouldn’t do otherwise.”

The $2.1 billion-asset bank started offering the self-improvement allowance to encourage employees like Molitor to pursue activities that enhance their well-being.

President and Chief Executive Kelly Skalicky believes that having fulfilling personal pursuits can boost job performance.

“If you are engaged in life outside of work and passionate about something in your personal life, you will be really engaged at work too,” Skalicky said. “But we want you to prioritize yourself, take a class, do something that you haven’t budgeted for, and we’ll give you the allowance to do that.”

Last year, about 47% of the bank’s employees submitted reimbursements for the self-improvement allowance, slightly lower than the 51% who did so in 2017. The percentage might have dropped because the bank has added many new employees in areas like sales and services and digital banking. The newcomers may not be as familiar with this uncommon benefit and have not had an entire year to take advantage of it, said Rory Bidinger, Stearns’ chief marketing officer.

The goal is 100% participation, Skalicky said. Stearns is sending out reminders in its monthly employee newsletter, and Skalicky is conducting small group meetings with employees to drive engagement.

Employees tend to use the allowance for massages and gym memberships, while more unique uses include voice lessons, language classes and retirement planning.

“We had somebody who wanted to learn a second language,” said Sheila Myllykangas, the human resources manager at Stearns. “They’re using these dollars to pay for those classes.”

Myllykangas said it’s exciting to see all the different ideas for ways to spend the money.

Still, the self-improvement allowance is just one way that the bank invests in its employees and attempts to make their personal lives easier.

For instance, employees also can get up to $5,000 per year as reimbursement for expenses related to caring for

...continued on next page...
57.
United Community Bank
Blairsville, Ga.
Assets: $12.5 billion
Employees: 2,142
Chairman and CEO: H. Lynn Harton

58.
First Premier Bank
Sioux Falls, S.D.
Assets: $1.8 billion
Employees: 368
CEO: Dana Dykhouse

59.
First United Bank
Lubbock, Texas
Assets: $1.3 billion
Employees: 218
CEO: R. Mark Bain

60.
First Internet Bank
Fishers, Ind.
Assets: $3.7 billion
Employees: 200
President and CEO: David Becker

61.
Oxford Bank & Trust
Oak Brook, Ill.
Assets: $576 million
Employees: 123
President and CEO: Bruce Glawe

62.
First National Bank Alaska
Anchorage, Alaska
Assets: $3.7 billion
Employees: 654
Chairman and CEO: Betsy Lawer

63.
Centennial Bank
Lubbock, Texas
Assets: $797 million
Employees: 161
CEO: Gregg Appel

64.
Peapack-Gladstone Bank
Bedminster, N.J.
Assets: $4.7 billion
Employees: 442
President and CEO: Douglas Kennedy

H. Lynn Harton pitched major change a few months after he became chief operating officer of United Community Banks in 2012.

The Blairsville, Ga., bank had a strong customer base, but needed to improve its financial performance. It was in the bottom quartile for return on assets among banks nationwide with assets of $5 billion to $12 billion, and investors were restless, Harton said.

He laid out a series of projects that the staff would take on, from redesigning the commercial lending process to creating new employee incentives.

The intent was to overhaul the bank’s operations and position it to make acquisitions — which, for a new leader coming in, requires just as much people skill as it does business skill.

But the strategy paid off. Ultimately United Community ended up buying five banks, a small-business lender and an equipment-finance company over the next seven years, growing from $7 billion in assets to $12.8 billion.

With change being such a big item on Harton’s agenda, he knew that he

— Jessica Qiao

Employees from the closing and compliance team at Stearns Bank at an anniversary celebration.

Children or an elderly parent, Myllykangas said. Some use the money to pay for daycare or cover fees for their children’s school activities.

Molitor is grateful for how much Stearns values its employees. She said her work involves a lot of sitting and the $500 self-improvement reimbursement helps her compensate by running more.

“It makes you realize that you are important to the bank,” she said. “They care about how much you put into your career for them and they are going to give back.”

— Jessica Qiao
BEST BANKS TO WORK FOR

65. **Peoples Bank**
   Munster, Ind.
   Assets: $1.3 billion
   Employees: 263
   President and CEO: Benjamin Bochnowski

66. **Kentucky Farmers Bank**
   Ashland, Ky.
   Assets: $187 million
   Employees: 58
   President and CEO: April Perry

67. **Happy State Bank**
   Amarillo, Texas
   Assets: $3.5 billion
   Employees: 707
   CEO: J. Patrick Hickman

68. **Bank First**
   Manitowoc, Wis.
   Assets: $1.8 billion
   Employees: 258
   President and CEO: Michael Molepske

69. **Peoples State Bank**
   Wausau, Wis.
   Assets: $893 million
   Employees: 422
   President and CEO: Scott Cattanach

70. **Somerset Trust Co.**
   Somerset, Pa.
   Assets: $1.3 billion
   Employees: 174
   President and CEO: G. Henry Cook

71. **Washington Trust Co.**
   Westerly, R.I.
   Assets: $5.2 billion
   Employees: 959
   Chairman and CEO: Edward O. Handy III

72. **Bank of Charles Town**
   Charles Town, W.Va.
   Assets: $496 million
   Employees: 121
   President and CEO: Alice Frazier

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needed to win over the staff to be successful. Early on he began holding regular meetings with United Community’s top 100 leaders and hosting quarterly calls for the entire workforce, to keep everyone plugged in, he said. “What I wanted to do when I first came in was really connect with the team already here at United,” said Harton, who was following advice from one of the bank’s executives at the time. “He said, ‘You know, we can’t follow you if we don’t know you,’ which is great advice. And so, I just tried to focus on being present, being vulnerable.” Those efforts helped lay the foundation for Harton’s ascension to chief executive of the bank in 2017, then to chairman and CEO of its holding company a year later. United Community, which earned a spot on our annual Best Banks to Work For list even with its recent leadership transition, has more than 2,100 employees and nearly 150 offices throughout Georgia, North Carolina, South Carolina and Tennessee.

Harton, 58, knew he was on track to land the CEO job when he first came to United Community seven years ago. But, he said, “I felt like I needed to earn it. You just don’t come into an organization; you need to come in and build connections.”

Every CEO transition is fraught with risks for workplace morale, according to experts in succession planning. Move too slow, and the outgoing CEO turns into a lame duck. Move too fast, and employees may resist the change, whether the newcomer is from the inside or the outside.

The new CEO also may struggle to measure up against the old, said Ron Hershner, managing partner at the law firm Stock & Leader in York, Pa. He advises several banks and counsels businesses on succession planning. “Or employees may grumble ‘that’s not the way George or Mary used to do it,'” Hershner said.

An effective transition depends on communicating up front with employees but also on building relationships, a task that falls squarely on the incoming CEO, the experts said. “I have heard of people washing out because they don’t do that well,” said J. Scott Petty, managing partner in the financial services practice at Chartwell Partners, an executive search firm based in Dallas.

“Banking is a relationship-driven business, so if the incoming CEO is not a relationship-driven person, he needs to do it on purpose in order to maximize integration success,” Petty said.

That has been the approach followed by Harton, a self-described introvert who leads from a logical and analytical perspective focused on the big picture.

To counter his tendencies, Harton fills his calendar with visits to the bank’s markets, get-togethers with the leadership team, and sessions for strategic review and planning.

Harton also leans on more informal tactics. He lives and works out of United’s headquarters, but slowly ratcheted up his presence, he said. “We moved from three nights and four days per week at the headquarters, but slowly ratcheted up until I was living here. That was three years ago,” Harton said. “We made a decision early on that we needed to win over the inside or the outside.”

The two men also shared a vision for the future of United Community and stood together in December 2012 when Harton laid out the plan for change.

“Guys, this is what we need to do,” Harton stood up and said, “and now goes as needed, and we need to do this together. This is exactly right. We needed to do this together. This is exactly right.”

Harton and his predecessor at United Community seven years ago. Both leaders shared a vision for the future of United Community and stood together in December 2012 when Harton laid out the plan for change.

“Guys, this is what we need to do,” Harton stood up and said, “and now goes as needed, and we need to do this together. This is exactly right. We needed to do this together. This is exactly right.”

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Partners, an executive search firm
financial services practice at Chartwell
Scott Petty, managing partner in the
because they don’t do that well,” said J.
“Another turning point came in 2013.
The bank was able to begin reintroduc-
ing pay increases, which had been
suspended during the financial crisis.
Six years later, in the first quarter of
2019, the bank’s return on assets of
1.44% put it in the top quartile among
banks with assets between $8 billion
and $20 billion.
To celebrate, United Community
delivered sheet cakes this spring to all
its offices, decorated with the bank’s
logo and its motto: “Together for good.”
The next leadership succession is
underway. United Community has
taken five years, a pace he believes
around the time he would like to retire.
His path to CEO at United Commu-
ity took five years, a pace he believes
was the right one. “Hopefully, to the
employees, it never felt forced, it never
felt pushed,” Harton said, “because the
whole goal of a successful transition is
you want it to feel smooth and natural.”
— Joel Berg

How Citizens State gets
across the goal line
After a period of expansion, Citizens
State Bank in La Crosse, Wis., was
experiencing some growing pains.
Founded in 1907 in Clayton, Wis., the
bank remained relatively small for
nearly a century. It had just $33 million
in assets and 14 employees at the end
of 2005, the year its leaders decided
to add a second location in La Crosse.
Citizens State would go on to expand
to additional locations over the next
couple of years, and its headcount ballooned
ten by the end of 2017.
However, President and Chief
Executive Dennis Vogel realized about
two years ago that employees were not
necessarily getting enough feedback
on where to focus their energy.
“I could see where people didn’t
really know what my vision was or what
the future for the bank was,” Vogel said.
“We had a lot of messages and

73.
Enterprise Bank & Trust
Clayton, Mo.
Assets: $6.9 billion
Employees: 835
President and CEO: Jim Lally

74.
First Bank Financial Centre
Oconomowoc, Wis.
Assets: $1.2 billion
Employees: 318
President and CEO: Mark Mohr

75.
First Busey Corp
Champaign, Ill.
Assets: $9.5 billion
Employees: 1,329
President and CEO: Van Dukeman

76.
The First Bank and Trust Co.
Lebanon, Va.
Assets: $19 billion
Employees: 371
President and CEO: William Hayter

77.
First National Bank of Middle Tenn.
McMinnville, Tenn.
Assets: $515 million
Employees: 136
President and CEO: Pieter van Vuuren

78.
Veritex Community Bank
Dallas
Assets: $7.9 billion
Employees: 648
Chairman, president and CEO:
C. Malcolm Holland

79.
Citizens State Bank of La Crosse
La Crosse, Wis.
Assets: $291 million
Employees: 71
President and CEO: Dennis Vogel

80.
First Choice Bank
Cerritos, Calif.
Assets: $1.7 billion
Employees: 177
President and CEO: Robert Franko
sometimes we said everything is important. That’s overwhelming to the staff and the leadership team.”

To build an effective way to communicate with employees and align everybody behind the same vision, Vogel eventually turned to “Traction,” a management book by Gino Wackman that helps businesses boost efficiency.

The book suggests breaking down a business strategy into 90-day “blocks,” each of which contains five or six quarterly goals for employees to pursue.

Vogel first heard about “Traction” two years ago and talked to business owners around La Crosse who swore by it. He eventually became convinced that the ideas in the book would be effective in helping Citizens State plot its future.

The new approach ensures greater transparency and takes employees’ voices into account, creating a better work environment, Vogel said.

The $291 million-asset bank fully implemented the Traction system in January. Rather than focusing on annual goals, the senior leadership team tracks progress on the goals in the quarterly blocks, complete with monthly employee celebration meetings.

Executives are transparent about achievements that are not met in the prior month and what employees can do better during the next “block,” said Jeannette Schreier, vice president of human resources.

For employees, more face-to-face communication with the leadership team and department managers keep them informed of what Citizens State is doing and drives a higher level of engagement, Vogel said.

“We’re sharing our thoughts and coming to a common consensus versus just me saying this is what we’re going to do,” Vogel said. “It allowed us to

—Jessica Qiao
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“They are like a toddler who has gotten his hands on a book of matches. Facebook has burned down the house over and over and called every arson a learning experience.”

Ranking Democrat on the Senate Banking Committee, on why Facebook’s plan to launch a digital currency is worrisome.

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**PAIGE THOMPSON**

“I’ve basically strapped myself with a bomb vest.”

Accused Capital One hacker, in a Slack post where she equates admitting to the breach in online forums with literal self-destruction.

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**PHIL GREEN**

“If I could wave a magic wand, I would.”

CEO of Cullen/Frost Bankers, lamenting how tough it is to find talent for the 50 tech and cybersecurity jobs his company needs to fill.

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**JEROME POWELL**

“It’s not the beginning of a long series of rate cuts.”

Federal Reserve chairman, tempering expectations after the first interest rate cut since the financial crisis and drawing a sharp rebuke from President Trump.

---

**MARIA VULLO**

“‘Innovation’ is just a word. And it’s a word that can be used to mask predatory behavior.”

Former superintendent of New York’s Department of Financial Services, on the need for regulatory oversight of innovation in banking.

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**BRUNO LE MAIRE**

“The sovereignty of nations might be weakened or jeopardized by these new currencies.”

French finance minister, warning of potential dangers with cryptocurrencies such as Facebook’s proposed Libra.

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**BRIAN ARMSTRONG**

“First they ignore you, then they laugh at you, then they fight you, then you win. We just made it to step 3 y’all.”

Co-founder and CEO of the cryptocurrency exchange Coinbase, tweeting his reaction to President Trump’s criticism of digital currencies like bitcoin and Libra.

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**RICHARD SHELBY**

“I think the Senate, even the Republican Senate, would not be quiet about that.”

U.S. senator, R-Ala., responding to President Trump’s claim that he could fire Powell as Fed chair.

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**JOHN WILLIAMS**

“Don’t keep your powder dry.”

Federal Reserve Bank of New York president, calling on central banks to act swiftly to lower rates at the first sign of economic distress.

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**VERNON HILL**

“I’m not leaving.”

Co-founder of the U.K.’s embattled Metro Bank, saying he would stay on the board but step down as chairman to appease angry investors.
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