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The Bank Holding Company Association exists to provide education and business connections critical to the vitality of bank holding companies.

Founded in 1981, the BHCA welcomes Members from around the country. Holding companies of all sizes from throughout the Midwest make up a majority of the current membership. Companies that serve bank owners, their holding companies and banks, are welcomed as Associate Members.

The *Bank Owner* magazine is the quarterly publication of the BHCA. The magazine is your best source for BHCA information, including upcoming events. Members receive the magazine in the mail and have access to an online version at theBHCA.org. Managing Director Tom Bengtson serves as editor. Contact him at (952) 835-2248 ext. 101 or email us at Tom@thebhca.org.

ON THE COVER:
Bank of North Dakota President Don Morgan addresses the BHCA Spring Seminar

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CONTENTS

COLUMNS:

President's Observations *by Kelly Rachel*
Primer on North Dakota's Roughrider Coin was Spring Seminar highlight..... 4

Down to Business *by Tom Bengtson*
Strategic planning shows BHCA is committed to evolving with the industry..... 5

2026 SPRING SEMINAR COVERAGE:

Roughrider coin is competitive tool for community banks from the Bank of North Dakota.....6

Bank boosts business by offering global payments services.....7

Former St. Louis Fed Bank president: Economic outlook strong this year.....8

Speaker Roxanne Emmerich says too many banks settling for average.....10

Community bankers have opportunity as small business success looms.....11

Stories by Sam Wilmes; photos by Tess Kaardal

DEPARTMENTS:

Insights:
Banks buying credit unions?
Why strong banks may need to move before it's too late 12
By Matthew Doffing

Holding company transaction report.....14

NEW TO BHCA

The BHCA is pleased to welcome:

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Adrienne Thorson,
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For more than 50 years, AmeriNat has served as a premier national loan servicer for government agencies, financial institutions, and private investors. As of 2025, AmeriNat evolved into a bank holding company by acquiring Northwest Bancorporation of Illinois, Inc., and its subsidiary, First Bank & Trust Company of Illinois. This unites AmeriNat with First Bank's $215 million in commercial lending platform in Palatine, Ill. By retaining the bank's C&I/CRE expertise, AmeriNat leverages its new holding company status to expand its service offerings and provide a broader banking experience to its national client base.

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Engage fi is a technology consulting firm that advises financial institutions on strategic technology decisions. We specialize in vendor selection, contract negotiation, and implementation support across areas such as digital banking, payments, and core systems. Engage fi helps financial institutions improve efficiency, reduce risk, and enhance customer experience through data-driven insights and industry expertise.

Primer on North Dakota's Roughrider Coin was Spring Seminar highlight



BY KELLY RACHEL
North Star Holding Company
Jamestown, N.D..

I hope you enjoyed the Spring Seminar as much as I did. One of the highlights was the general session presentation by Don Morgan, the president of the Bank of North Dakota, and the breakout session by his associate, Rick Geloff, who both spoke about stablecoin.

The Bank of North Dakota is issuing a stablecoin called the Roughrider coin in honor of Theodore Roosevelt. For now, it will only be used on a wholesale basis for transactions between North Dakota banks, but it will be a start on a new kind of payments rail. People might not think of North Dakota as an innovator when it comes to financial services but with nearly 51 branches for every 100,000 residents, North Dakota is the most highly banked state in the country. And, North Dakota is the only state in the country to have a state-owned bank.

Morgan explained that the BND is getting involved in stablecoin early in order to help the state's community banks stay on the leading edge of payments technology. Participation is voluntary, so banks can engage or sit on the sidelines as they see fit. Morgan assured that BND is committed to providing education, outreach and onboarding support to banks that want to assess the strategy, risk and operations that go along with using a stablecoin.

BND is working with a series of industry vendors to facilitate the smooth operation of the Roughrider Coin. The bank is working with Fiserv to integrate the payments rail with its core and to manage reserves and redemptions. A company called Fireblocks provides institutional wallets; Solana, a big player in the capital markets, provides settlement and proof of reserves along with other vendors needed to process these types of transactions.

Among the benefits Morgan lists for using the Roughrider Coin are speed and reliability, lower costs, transparency and accountability, and perhaps most important, it helps to preserve community banking. He explained that offering modern payment rails through a state-aligned model, the Roughrider Coin helps retain deposits and lending capacity within North Dakota.

Morgan said that phase one of the implementation plan focuses on internal and interbank settlement. This involves core integration, wallet policy configuration, reserve procedures, compliance tooling, vendor service levels, pilot transactions with selected institutions, and go-live with onboarding in waves, he explained in a handout document that went with the presentation.

I used to think of digital currency as the future, but it is clearly here today. Some of the other sessions at the Spring Seminar helped to emphasize the point that the future is happening now. For example, Nelson Obando of Wolf & Company used his breakout session to provide some guidance around the use of artificial intelligence. There was a session on fraud in the payments system presented by Carole Crawford of Saturn Partners, and a session describing security measures banks can take to protect against information technology risks by Sean Goodwin, also of Wolf & Company. These topics were not appearing on seminar agendas a few years ago. The world changes fast.

Based on what I heard from other bankers at the seminar, I expect that stablecoin and digital currency, fraud, and artificial intelligence will remain on the agenda at several future seminars. The BHCA reviews the seminar evaluation forms carefully, and we spend time at our board meetings talking about appropriate topics for future seminars. While we always leave time for networking, you will notice that there isn't a lot of "down time" at our events. We try to make good use of every moment at the seminars, which means identifying the most compelling

Continued on page 13

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Strategic planning shows BHCA is committed to evolving with the industry



BY TOM BENGTSON
BHCA Managing Director

The Board of Directors of the Bank Holding Company Association is engaged in a strategic planning process this year. We have partnered with management consulting firm The Prouty Project to consider our strengths and weaknesses, and to envision how we might deliver even more value to bankers and bank owners in the future.

We start this process from a foundation of strength. During the last dozen years or so, we have built up the resources to give us some options about how we best serve our members and potential members. The organization has been around since 1981 and we expect to remain relevant in a vibrant community banking industry for decades to come.

You can imagine the kinds of questions we are considering. What is the role of a trade group in a consolidating industry that is undergoing substantial change, relative to payments, technology, work arrangements, and even regulatory pressure and the availability of talent? Do we focus on serving holding companies in the Upper Midwest or do we attempt to expand to service the rest of the country? What new services might we offer in addition to our Spring and Fall seminars? Should there be a bigger role in the association for our associate members? As the number of holding companies decreases, and the size of the remaining ones grow, what new opportunities are created for the BHCA? Are there ways for the BHCA to collaborate with other associations?

We kicked off our process at our April 28 board meeting where Sam Smith of the Prouty Project led a 90-minute conversation where we did some brainstorming and preliminary ideation. That session alone unearthed some new ideas. We will have a lot to consider as we gear up for a day-long session this summer. The goal is to come up with a planning document that lists goals for the coming three to five years, and then tactics for accomplishing those goals.

It was 2019 when the BHCA last took on a strategic planning exercise. That process essentially validated what we were already doing. I suspect this year's process will result in goals for improvement and growth. Each board member knows that we cannot take your membership for granted. We have to earn your membership every day.

The BHCA is in the midst of several important opportunities. First, we may be partnering with a well-known industry consultant to develop executive peer advisory circles. The idea is to create opportunities for our members to connect on a regular basis to share ideas and discuss the issues which are top of mind. Our regional size gives us the opportunity to assemble bankers from institutions with similar size and geographic characteristics, but in completely separate markets so there are no competitive concerns.

We also have an opportunity to consider the possibilities for an Emerging Leader Accelerator. This would be a four to six month program combining virtual and in-person education sessions for cohorts of a dozen people or so. While we know many state groups and banking schools offer these kinds of programs, we think we can offer something unique that is currently absent from the marketplace.

We also know that succession planning is one of the most important issues in the community banking sector. The top reason banks sell is an inability to find a suitable person to run the bank when the current leader retires. Family members don't always want to stay in the bank, and the challenge is particularly difficult for banks located in remote or rural areas. We will be taking a good look at how we might help bankers deal with this challenge.

The BHCA is very excited to partner with Forvis Mazars, Olsen Palmer, and Stinsen to host a new two-day event in the Kansas City area. *From Insight to Action: Financial Services Leadership Forum* happens Monday-Tuesday, Oct. 26-27 at the Cascade Hotel in Kansas City, Mo. Our partners have worked hard to put together an excellent program. Growth strategies, M&A opportunities, and technology investments are no longer theoretical conversations; they are real choices with real implications for performance, risk and relevance. This will be a fast-paced real-world event designed to give you plenty of actionable ideas. If you live in the Upper Midwest, consider making the trip to attend. Or, if you know bankers who live in Kansas, Missouri or surrounding states, let them know about the event. There's an early bird registration rate available until July 15.

One other item that is on my calendar is July 28 when BankIn Minnesota will be presenting a regulatory panel as part of its annual convention. It takes place at Treasure Island Resort & Casino in Welch. I have the privilege of moderating that panel. If you have questions for your regulators, I encourage you to attend and I will do my best to make sure you get a chance to make your inquiry.

And, of course, our premier event is our Fall Seminar, set for Monday-Tuesday, Oct. 5-6, at the Westin Galleria Hotel in Edina, Minn. The agenda is coming together as you read this, including Lindsey Piegza, chief economist and managing director at Stifel Nicolaus & Co. We will have presenters and banker panels who will address community bank mergers and acquisitions, as well as hot-bottom industry issues such as digital payments, AI and fraud. Watch for our website at theBHCA.org to go live with a full agenda and registration information soon. This Fall Seminar traditionally is our biggest event of the year, and we look forward to seeing you there. ■

Roughrider coin is competitive tool for community banks from the Bank of North Dakota

By Sam Wilmes

Bank of North Dakota President/CEO Don Morgan is concerned that community bankers are not completely aware of the threat nonbanks pose to their deposit base.

Morgan outlined his views on the state of competition for deposits during the BHCA Spring Seminar at the Westin Edina Galleria in Edina, Minn.

Morgan's presentation came as he continued to lead the launch of the state's Roughrider stablecoin. He tied the development of the Roughrider coin to the increased competition he sees banks facing from nonbanks. In 2024, fintechs opened 30 percent of all new checking accounts in the nation, with the largest banks opening 31 percent. Community banks only opened 12 percent of accounts, he added.

Coffee giant Starbucks just crossed $4 billion in checking accounts, he said. Also, Progressive Insurance Company now offers a checking account for customers to save for deductibles. "Fintech is the biggest threat to community banking in some time," he said. "It is a threat that community banking is pretty much asleep to. Fintech is taking your deposits. You do not even realize it is doing that."

Morgan said nonbanks are also posing tougher competition in the ag sector. Ellendale, N.D.-based ag fintech Bushel now offers digital commodity tickets, allowing farmers to see scale tickets, grain contracts and settlement information. Bushel's offering replaced the paper tickets producers have traditionally used. The growing fintech added a checking account into its app through a partnership with Sioux Falls, S.D.-based The Bancorp Bank.

"The thing with fintech is, the boundaries are no longer the boundaries," Morgan said. "Bushel could have easily done it with a bank anywhere. And now those deposits that used to be on that community bank's balance sheet are now in that deposit account on the Bushel app supported by a bank outside state borders."

While Morgan sees banks spending a lot of time evaluating how loan customers are managing credit quality, he said they also need to understand deposit customers. "You can look at the deposit balance in the community," he said. "Banks are not doing that bad. But when you start digging down into the number of accounts—open versus lost, average balance, average product lines—you see the data that supports this transition. There are areas that are the exact opposite of this, but we see this happening in North Dakota, community banking right across the board."

The Roughrider coin will be used for business-to-business transactions, including transfers into and out of the payment medium. The coin is in its pilot/use-case development stage, with the state's Industrial Commission authorizing its implementation in March. Deployment to banks and credit unions is slated later this year. Morgan does not envision Bank of North Dakota competing with banks in the stablecoin space, as it is not part of the organization's mission.



Bank of North Dakota President Don Morgan told bankers at the BHCA Spring Seminar that competition is growing for bank deposits, and that the industry can fight back by making the most of opportunities offered by new technology, such as stablecoins.

Morgan sees the Roughrider coin as a way to protect North Dakota's community banks against losing deposits to the nonbanking sector. Morgan sees stablecoins as helping community banks—many of which still operate on payment rails established before the Digital Age—evolve and become competitive in the modern payments sector.

"We're moving down this path regardless of what the regulators say," Morgan said of the Roughrider coin. "Because we don't see anybody else stepping up to address this on a macro level for the community banking industry. We don't see it. And until we start to see that, whether it's examiners or regulators or whomever, I think we're trying to step up into this world and play some part in helping."

North Dakota was the second state to establish its own stablecoin, with Wyoming being the first with its Frontier Stable Token. Morgan predicted Wyoming's stablecoin will hurt smaller financial institutions as it directly competes for deposits with community banks.

The only state-owned bank in the United States, BND operates as a bankers' bank, and partners with financial institutions to offer loans for economic development, community projects and student loans.

Rick Geloff, the BND's chief innovation officer, followed up Morgan's general session with an in-depth breakout session. He answered audience questions from an overflow crowd. ■

Case study: bank boosts business by offering global payment services

By Sam Wilmes

As community banks look to blend their small-town, in-person roots with long-term, digital sustainability, a financial institution founded more than a century ago in Minnesota is showing how it is possible.

Bellevue, Wash.-based Portage Bank was established in 1901 in Ceylon, Minn., a town of 250 people near the Minnesota-Iowa border. President and CEO Matt Moran and Senior Vice President of Payment Systems Operations Richard Eastley described the bank's evolution to a global provider of payment services at the BHCA Spring Seminar.

The State Bank of Ceylon was acquired in February 2019 by several Washington State-based investors, including Moran, Gellert Dornay, Robert Cumming and Kevin Johnston. The acquisition process started months before the deal closed. Seeking a charter to gain access to payment rails, Moran began calling a list of the 18 smallest banks in Minnesota to gauge their interest in selling. The State Bank of Ceylon was receptive.

The acquisition cost $55,000, with the buyers then spending $160,000 on technology upgrades. At the time of the acquisition, State Bank of Ceylon had $11 million in assets, $2.3 million in small loans and three employees. The bank had less than $40,000 in annual income and did not charge loan fees due to not having the software to disclose the charges.

"We bought out their capital, paid a small premium for their 118-year-old charter," Moran said. The acquisition process took nine months, with the Federal Reserve, FDIC and state of Minnesota on board.

The buyers built the foundation of the commercial bank to create interest and fee income to later invest in the payments space. "We created overdraft loans for everybody," Moran said. "We underwrote them all. They were fully documented, fully disclosed, fully compliant." Within 60 days the bank had $18,000 in reserves. "What it really gave the staff was time," Moran added. "That was the most important part."

State Bank of Portage planned to sell its low-yield bond portfolio, with the proceeds then reinvested into construction loans in the Pacific Northwest. Moran had already supervised or granted more than $2.5 billion of multifamily and residential lending credits, with many customer relationships starting before the Great Recession.

Moran's team convinced then-Bank of Ceylon Owner Marlen Bents the plan would work. "We convinced him of two things," Moran said. "We're going to put our money right up next to yours, and we only worked with builders that have a long improvement history with this."

That strategy paid off, with 35 loans sold in 2019—many with two participants. Wholesale payments followed, and the bank



Matt Moran (center), a former OCC examiner, visited several small Minnesota banks looking for one interested in selling. He struck a deal with the State Bank of Ceylon and has turned the community bank into a source for global payments. Pictured on stage with him are Brock Thaemlitz of Eide Bailly (left) and Richard Eastley of Portage Bank.

saw the chance to partner with fintechs seeking direct access to ACH and Fedwire Funds Service. "We became their bank, their connection to the primary electronic payment rails in the United States," Moran said. "Today, that business is one of our key engines."

Today, Portage Bank has 44 employees and manages $112 million on the balance sheet and $156 million off the balance sheet. Portage Bank also holds $80 million in credit. The bank funds $12 million to $14 million in secondary market residential mortgages every month. Today, one of Portage Bank's largest partners is a top 10 crypto exchange in the country, with other partners in the cross-border payments space.

"There is nothing special about what we did," Moran said. "Nothing that any community bank in this room cannot do.

"Every one of you has the ability to partner, to participate, to expand your reach, to diversify your credit, to turn your small town bank into something that honors your community, the community's past, but also builds a future," he added.

Portage Bank is seeking responsible growth, Moran said. The bank has a money market account he sees competing with Marcus, the online savings account from Goldman Sachs. "That conservative philosophy that runs the bank is overlaid upon the payment program," Moran said. "You can do online gambling if you want, but there are a lot of ways to make money in payments. You really have to decide what is a good fit."

Compliance has been crucial to the growth of Portage's payments business, Eastley said. This includes due diligence for

Continued on page 8

Former St. Louis Fed Bank president: Economic outlook strong this year

By Sam Wilmes

The economic outlook is strong for the United States this year, said former Federal Reserve Bank of St. Louis President James Bullard.

Speaking April 27 during the Bank Holding Company Association Spring Seminar at the Westin Galleria Hotel in Edina, Minn., Bullard said the artificial intelligence boom is driving economic growth, especially through the construction of AI data centers. AI capital expenditure as a share of GDP exceeds the share railroads had during peak construction from 1850-59. More than 60 AI data projects, valued at more than $50 billion, were expected to break ground early this year.

Bullard said trade uncertainty has dropped, with the effective rate lower than in the spring of 2025. While Republicans and Democrats swore off tariff revenue before Trump took office, Bullard said the parties now enjoy the revenue as it reduces the amount of other tax increases. He predicted tariffs will remain over the next two decades.

GDP growth remains strong, Bullard said. While retail gasoline prices have increased, the United States remains a net exporter of petroleum products. He said the price of oil is not historically high as the country is not especially sensitive to global oil prices. While core PCE inflation remains around 3 percent, the Federal Reserve Bank of Dallas trimmed its mean inflation measure to 2.3 percent.

The crackdown on immigration under the Trump administration has reduced the supply of workers, Bullard said, leading to changes in employment numbers. Still, the United States remains at near full employment, with 4.4 percent unemployment as of February. Although the war between the United States and Iran is ongoing, the conflict has not brought much disruption to the stock market.

There is also uncertainty over the future of the Federal Reserve Board of Governors, although tension was tempered after the Justice Department announced it was dropping an investigation into Chair Jerome Powell for cost overruns on a $2.5 billion headquarters renovation project. After the announcement, Sen. Thom Tillis (R-N.C.) announced he would drop his opposition to President Donald Trump's nomination of Kevin Warsh to the chair position. Warsh has since been confirmed for the role, although Powell intends to remain on the board even as his chairship concluded on May 15.

Trump had been accused of using the Powell investigation as a pretext to get the former chair to lower interest rates. Bullard sees the Trump administration as placing "unusually heavy, but not unprecedented" pressure on the Federal Open Market Committee to lower rates. Bullard predicted the protections under the Federal Reserve Act – the 1913 law establishing the Federal Reserve System as the central bank of the country – would be eliminated if partisans used lawfare to push out FOMC members.

During the 1960s, President Lyndon B. Johnson placed intense pressure on former Fed Chair William McChesney Martin to keep interest rates low as a source of inexpensive credit to fund his social programs and the Vietnam War. Johnson allegedly cornered and pushed the Fed chair at the president's Texas ranch, accusing him of lacking care for those dying in Vietnam.

Bullard, current dean of the Mitch Daniels School of Business at Purdue University, was president of the St. Louis Fed from 2008-23. The Bank hired him as an economist in 1980. ■

Continued from page 7

partners during the onboarding process, which can be a two-month process; and compliance and transaction monitoring on the BSA/AML side. Portage Bank also needed staff to handle payments volume.

Eastley suggested banks interested in digital payments undertake a proof of concept to determine the feasibility. "Networking with other banks who are in the business and have done it," he said. "There are plenty out there that will share information, and there is enough business out there that the competition is not really a concern."

Moran said bankers should discuss the option with their directors and have a developed education program to explain NACHA and ACH terminology. Portage Bank added contract provisions requiring fintech partners to provide advanced notice to move a significant amount of money. Moran said Portage Bank steps away from potential fintech partnerships when the third party requests exceptions or cuts corners to speed up the process.

"You have to do due diligence and have a person who knows what they are doing, can evaluate and provide the documentation on a new partner," he said. "You have to have a platform that can process high-volume payments."

Eastley said banks can engage in "moderate to high-risk activities," if they are aware of those challenges and have a plan to mitigate and document shortfalls. "We have to be a little different than what we did in the last few decades," Eastley added. "Think about the digital asset age we are getting into, and how we can bridge that gap into digital assets and be part of that, not look on the sidelines. The sooner you get started, the sooner you can move in the process." ■




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Speaker says too many banks settling for average, must seek growth

By Sam Wilmes

Banks need to be top performing if they want to remain independent, said Roxanne Emmerich, CEO of The Emmerich Group.

Speaking April 28 at the Bank Holding Company Association Spring Seminar, Emmerich said owners who describe their bank as having a good yet unremarkable year often sell in three to five years. "Make the decision to perform at the very top because independence is not protected; it is earned through performance," she said.

Non-interest bearing deposits are won, not found, Emmerich said. While she acknowledged consumer accounts will be tough to secure, she called on bank owners to reach out to service businesses, which often have non-interest bearing accounts.

Top-performing banks command pricing, protect spreads and build leverage through creating customer value, Emmerich added. Although she predicted attracting consumers will be harder for community banks, she said smaller banks will always deliver a needed personal touch. Emmerich said 13 of the couple hundred banks in the room had a NIM over 4. The same number had an ROA over 1.

"The top quartile performing banks target, they command and they engineer," Emmerich said. 'They know who they are going to do business with. They know that when they call them, they are going to win the business. They know they are going to get that business at premium pricing. They know they are going to get that entire relationship."

Banks can raise net interest margins by attracting more top accountholders, from whom banks typically draw most of their profit. "You need to build a system to make sure you get the appointment because they love their bank, because they are being taken care of," Emmerich said. "Because they are one of the top customers over there. You are going to have to pull them away and to pull them away for 200 basis points more on the loan side."

Emmerich sees bankers with common misconceptions on the problems afflicting their operations. Some say they need to hire a new retail or lending leader, or onboard a sales training or culture firm. "I am saying this to inspire you to clean up the areas that need to be cleaned up," she said.

Too many banks are not undertaking A/B split testing, Emmerich said. The randomized experiment tests two or more types of a potential solution to see the better performer based on key metrics. "This is the way to identify the next large deposit account that will have non-interest bearing deposits; this is the best way to get the first appointment with them ... everybody's working harder, but they are not working smart," she said of the problems banks face.



Consultant Roxanne Emmerich, who has helped many banks improve their financial performance, said the key to strong ROI is securing non-interest-bearing deposits.

Emmerich described the approach some banks take to compliance surrounding emerging technology such as artificial intelligence as "learned helplessness. "It is your job to know everything about your job, whether somebody told you or not," she added. "It is your job to go find that information. But in a world of learned helplessness, it's really hard to run a high-performing bank.

"You have to figure out how to transform deposits," Emmerich added. "You have to figure out how to expand margins. You have to figure out how to build performance systems so everyone in the organization knows how they tie a profit on a daily, weekly, monthly, quarterly basis."

Emmerich's presentation comes as the number of FDIC-chartered banks dwindles, to less than 4,000 from 18,000 in the 1980s. Bankers must move beyond traditional forms of advertising, she said. Emmerich predicted it would take five-20 years for the number of chartered banks to fall below 2,000. ■

Community bankers have opportunity as small business succession looms

By Sam Wilmes

Community bankers should be involved with small business succession planning as the age of owners continues to increase, said Sandy Hanson, managing partner at market research firm Barlow Research of Golden Valley, Minn.

Hanson presented her company's research findings on April 27 during the Bank Holding Company Association spring seminar. Over half of small businesses have an owner at least 65 years old, which Hanson said has been rising since before the pandemic. The number of owners ages 45 to 64 has been falling.

More than 40 percent of owners expect control of their business to change hands in the next five years, with two-thirds wanting to sell to either an outside third party, family member or employees. Hanson estimated one-third will liquidate their businesses.

Only 9 percent of owners who plan to offload their business have told their bankers, she added. Hanson said small business owners could be concerned about the impact on their line of credit if their banker knew of their plan.

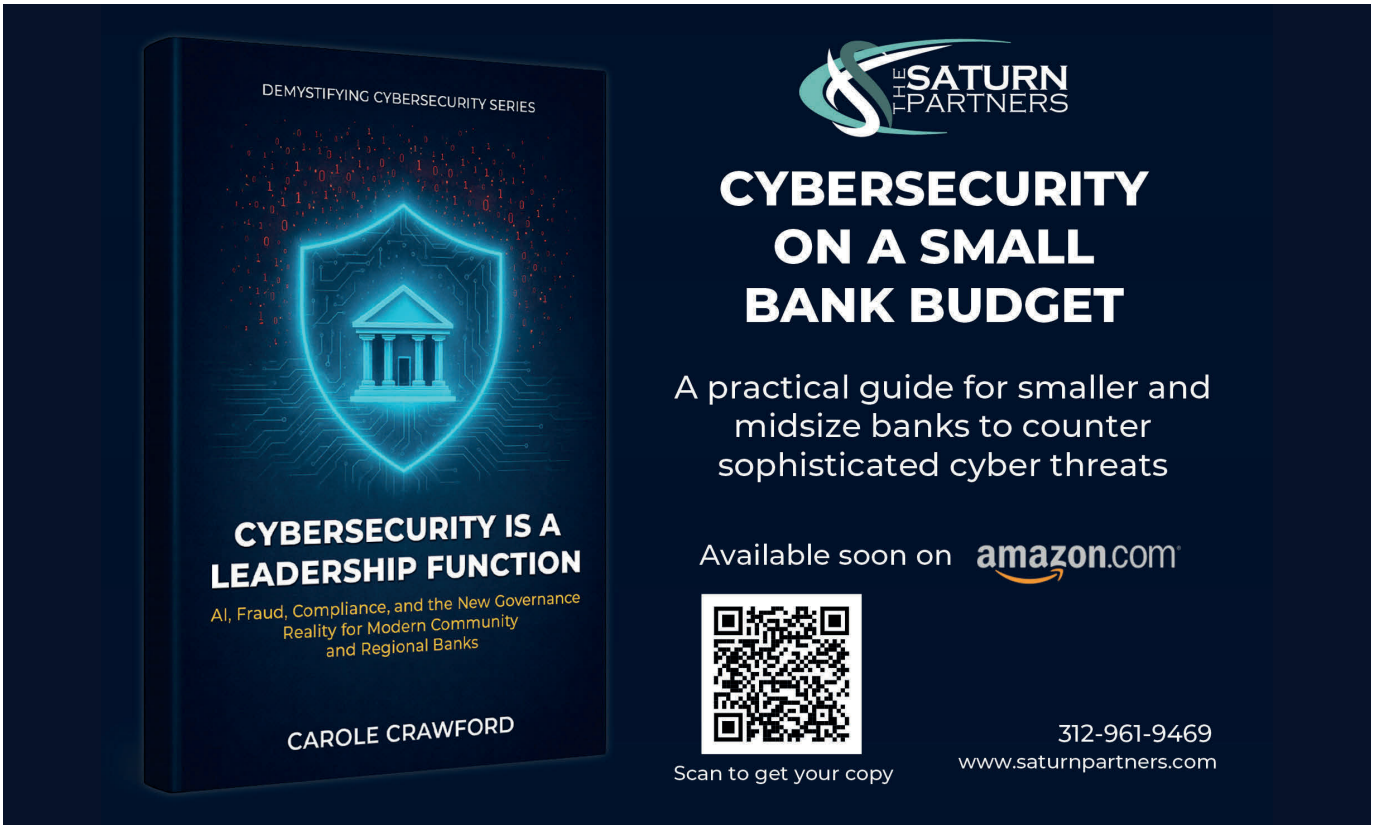
Banks not involved in the succession process lose out on wealth management opportunities along with the chance to meet the new buyer. To attract small business customers, Hanson said banks can capitalize on their pricing advantage and focus on digital usability, not just features. They can also formalize proactive outreach expectations and invest in payments as a core strategy, she added.

Hanson described other report findings. Easy-to-use online banking and a conveniently placed branch were equally important for customers, Hanson said. The top three online banking features customers listed included being able to view a detailed 90-day account history; telephone support for service-related inquiries; and an online bill pay option.

Eighty percent of small businesses used branches last year, with a similar number utilizing digital channels. More than half reportedly preferred the branch to make and transfer currency, and for check deposits and wire transfers.

Hanson said banks with fewer than $4 billion in assets had the highest small business satisfaction ratings, with 78 percent. That number fell to 69 percent for banks with $1 billion to $50 billion in assets, dropping to only half for those with more than $50 billion.

She attributed the popularity of small banks to their call centers, willingness to stick with small businesses even in times of financial challenges, and relatively efficient loan application process. ■





Banks buying credit unions?

Why strong banks may need to move before it's too late

By Matthew Doffing

Banks don't often buy credit unions. But it might interest bank buyers to know: Depending on the state, many charters — banks and credit unions — are running out of financial oxygen. A bank with strong capital could acquire these charters, or it could acquire accountholders through better deposit pricing and technology.

Some 865 of the 8,837 banks and credit unions studied by Engage fi had high pressure to sell. Some 651 are credit unions, or 14.7 percent of the 4,417 credit unions analyzed. Another 214 are banks, or 4.8 percent of the 4,420 banks analyzed.

Across Nebraska, Montana, North Dakota, South Dakota, Minnesota, Iowa, Wisconsin, and Illinois, 63 credit unions and 41 banks were placed on a watchlist for selling pressure. Within that broader group, 11 institutions fell into the higher-pressure category, where financial data suggests they may have no other option than to sell or merge. That group includes six credit unions and five banks. (Obtain an M&A profile on your region at go.engagefi.com/ma)

Here's why these institutions offer bank buyers an opportunity for growth, even though more than half are credit unions.

Buy the Charter or Buy the Market?

A bank has purchased a credit union before. First Bank of Berne, Ind., acquired Adams County Credit Union, Monroe, Ind., in 2020. Not only did the acquisition close, it appears to have had no negative effect; the bank was $714.3 million in assets at the time and is now $1.09 billion.

Think Mutual Bank, now known as Think Bank, based in Rochester, Minn., was also formerly a credit union. It converted to a federal mutual savings bank in 2007 from a federal credit union charter. Think Bank's conversion suggests a technical pathway that could allow credit unions to sell to banks.

Bank buyers, however, do not need to undergo what M&A attorneys say would be a very convoluted process to acquire a credit union. Share accounts at credit unions are, well, quite similar to actual shares. Instead of outright acquisition, pursue those shares and in effect buy the credit union. Engage fi's analysis suggests the two industries have a fairly target-rich environment for buying, merging, or taking over a market. Many credit unions, and the banks as well, that are under high pressure to sell could not stop the latter approach.

Engage fi's study defined "pressure to sell" using five years of trended FDIC or NCUA data, from 2021 through Q3 2025, back-tested against 74 mergers announced in 2025. The model correctly identified stress signals in acquired institutions months before deals were announced.

The study separated institutions into two types of pressure to sell: Those on the "watchlist" are struggling and may not have the financial wherewithal to fund modern technology and prevent deposit attrition at the same time. The smaller "highly likely to sell" group faces so much strain that a sale or merger is increasingly no longer optional. These institutions are no longer choosing between technology investment and deposit retention. They can afford neither.

Bank buyers can win members as customers with technology, attractive rates, or both, and it may cost much less than a direct acquisition.

A Closing Window

Another facet for bank buyers to consider on credit unions with pressure to sell: They are likely to become an entry point to the market for a much larger credit union.

Among high-risk credit unions, the typical institution holds just $33 million in assets. Three-quarters hold less than $373 million. High-risk banks show similar patterns. The typical high-risk bank holds $80 million in assets, with three-quarters below $130 million.

Here's the reality. Whether an institution is on the watchlist or the highly-likely-seller list, technology investment and deposit spending are either a tradeoff — or neither is financially realistic.

A $200 million institution evaluating technology upgrades confronts real numbers. New core system: $5 million. Digital banking platform: $2 million. Annual cybersecurity enhancement: $1 million. Total investment: $8 million, or 4 percent of assets. Over three years, that's $2.7 million annually allocated to technology rather than reserve building. If the organization can actually afford investments in technology, its ability to pay competitive rates on deposits goes to zero — and high-likely institutions already tend to experience annual deposit declines.

Compare that to a merger. Pressure-to-sell institutions can merge with a $2 billion institution that's already invested in technology and can spread costs across ten times the asset base. That economic logic is compelling and creates a pull for sellers — bank or credit union — toward M&A.

For bank buyers in markets where smaller institutions are running out of oxygen, the options are clear: buy or merge with pressured charters, win their accountholders directly, or risk becoming the smaller player after a larger institution moves in. ■

President's observations, Continued from page 7

topics of the day. We look for things that are familiar enough to be of interest, yet new enough that many of us still have questions about what they mean for community banking.

If you have topics you would like to see covered at a future BHCA seminar, be sure to contact our managing director, Tom Bengtson with your idea. I guarantee he will seriously consider it. And if you are an associate member, I encourage you to propose session topics. You are likely in contact with bankers from throughout the region, if not the country, and much of what you hear on a regular basis may be real news to everyone else.

Be assured that work is already underway for our Fall Seminar, which is set for Oct. 5-6 at the same hotel, the Westin Galleria Hotel in Edina, Minn. While Fall has traditionally been focused on M&A and bank valuation, we will be diversifying our agenda with other relevant topics. Watch your email and our website at www.theBHCA.org for details as they become available over the coming weeks. I look forward to seeing you this fall! ■



Community bank leaders are being forced to make big decisions faster—with less room for error. Growth strategies, M&A opportunities, and technology investments are no longer theoretical conversations; they're real choices with real implications for performance, risk, and relevance.

From Insight to Action is built for that moment.

Holding Company Transaction Report

Here are selected recent bank holding company filings with the Federal Reserve Banks of Chicago, Minneapolis, Kansas City and St. Louis:

▷ Luminate Capital Corporation, Minneapolis, has elected to become a financial holding company.

▷ Notice filed by Gregory Westra, Rock Valley, Iowa, to retain 10 percent of Premier Holdings, Ltd., Rock Valley Iowa; and together with others to acquire 25 percent or more of Premier Holdings, which controls Premier Bank, Rock Valley.

▷ Independent Bank Corporation, Grand Rapids, Mich., filed to merge with HCB Financial Corp, Hastings, Mich., and thereby acquire Highpoint Community Bank, Hastings. Independent Bank, Grand Rapids, filed to merge with Highpoint Community Bank. As a result of the merger, Independent Bank will establish several branches.

▷ The EJH Trust 2021, Wichita, Kan., and others filed to retain and acquire shares of Fidelity Financial Corp and thereby acquire shares of Fidelity Bank, NA, both of Wichita.

▷ Mary Jean Berg Buford, Ordway, Colo., authorized to acquire shares of Lindoe, Inc., and thereby acquire shares of The Gunnison Bank and Trust Company, Gunnison, Colo. Additionally, Mary Jean Berg Buford Living Trust and others authorized to acquire shares of Lindoe, Inc., and thereby acquire shares of The Gunnison Bank and Trust Company.

▷ First State Bank and Trust Company, Inc., Caruthersville, Mo., filed to merge with Senath State Bank, Senath, Mo., and to establish branches at the locations of Senath State Bank's main office and branches.

▷ Peoples Bank & Trust Co., Troy, Mo., filed to establish a branch in Moscow Mills, Mo.

▷ Providence Bancshares, Inc., Dakota Dunes, SD, filed to become a bank holding company through the acquisition of Nebraska State Bank, Bristow, Neb., and Nebraska State Bank, Lynch, Neb.

▷ Stryv Bank, Wichita, Kan., filed to establish a branch in Wichita, Kan.

▷ Brian Schoenborn, Saint Joseph, Minn., authorized to acquire shares of Kensington Bancorp, Inc., and thereby acquire shares of Kensington Bank, Kensington, Minn.

▷ Gary Hamm and Tarah Hamm, both of Gravette, Ark., authorized to join the Steele Family Control Group to acquire shares of Stark Bancshares, Inc., and thereby acquire shares of Grand Missouri Bank, Bolivar, Mo.

▷ The Blake Schultz Irrevocable GST Trust and others filed to acquire shares of Luana Bancorporation and thereby acquire shares of Luana Savings Bank, both of Luana, Iowa

▷ George R. Rouse Trust and others authorized to acquire shares of Great American Bancorp, Inc., and thereby acquire shares of First Federal Savings Bank of Champaign-Urbana, Champaign, Ill.

▷ Notice filed by the Dierberg Milne Foundation, Ellen D. Milne, trustee, both of Santa Barbara, Calif., and others to acquire shares of FB Corporation, and thereby acquire shares of The San Francisco Company and First Bank, all of Creve Coeur, Mo.

▷ GEBSCO, Inc., Mondovi, Wis., filed to acquire Rushford State Bank, Rushford, Minn.

▷ Charter West Bank, West Point, Neb., filed to establish a branch in Gretna, Neb.

▷ Olmsted Holding Corporation, Rochester, Minn., authorized to merge with Riverland Bancorporation and thereby acquire Riverland Bank, both of Jordan, Minn.

▷ The Leon E. Langemeier GST Exempt Bridger Company Stock Family Trust of Red Lodge, Mont., filed to acquire shares of The Bridger Company and thereby acquire shares of Bank of Bridger, NA, Bridger, Mont.

▷ Southern Bank, Poplar Bluff, Mo., filed to establish a branch in Overland Park, Kan.

▷ The Zachariah Spalj Escrow Trust and others of Baxter, Minn., filed to acquire shares of Deerwood Bancshares, Inc., Baxter, and thereby acquire shares of Deerwood Bank, Waite Park, Minn.

▷ Fulda Bancorporation, Inc., Britton, SD, filed to acquire Root River State Bank, Chatfield, Minn.

▷ Brent R. Padgett Irrevocable Trust filed to acquire shares of Padgett Agency, Inc., Greenleaf, Kan., and thereby acquire shares of The Citizens National Bank, Greenleaf.

▷ GreatAmerica Holdings, Inc., Cedar Rapids, Iowa, filed to become a bank holding company by acquiring Heritage Bank, Marion, Iowa and merging with GreatAmerica Interim National Bank, Cedar Rapids. Additionally, GreatAmerica Holdings Inc., filed to engage in certain nonbanking activities. Concurrently, the Bank proposes to establish a *de novo* Edge Act Corporation.

▷ The Stephen M. Calk 2025 Trust with Bernard Banks as trustee, both of Houston, Texas filed to become a savings and loan holding company by acquiring National Bancorp Holdings, Inc., Chicago.

▷ Security Financial Bank, Durand, Wis., authorized to open a branch in Eau Claire, Wis.

▷ VisionBank of Iowa, Ames, authorized to open a branch in Ames.

▷ North Salem State Bancorporation, North Salem, Ind., filed to acquire 13.08 percent of Tru-County Bancorp and thereby acquire an interest in Tri-County Bank & Trust Company, Roachdale, Ind. ■

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