

Good morning, Bank Slaters!

I hope all is well. I'm writing from Southern California, where I will discuss fintech at the Western Bankers Association's Lenders and Chief Credit Officers Conference.

I recently appeared on NAFCU's [CUPP podcast](#) to discuss the pros and cons of Buy Now, Pay Later. While the talk was wide-ranging, I want to share an idea that surfaced during my conversation with Ann Petros.

Let's consider linking financial literacy to BNPL products. (We discuss the idea around the 16-minute mark.)

It was a timely podcast and topic – Oct. 20 was National Be Smart About Credit Day.

Banks and credit unions interested in offering BNPL should think about requiring consumers to take a financial literacy course to qualify for an account. It could involve a walkthrough on how BNPL works, along with the underlying risks and what to avoid.

A financial literacy prerequisite would give you something to show the CFPB and other regulators to validate that BNPL can be a means of financial inclusion and bring more people into the financial mainstream. It could keep more consumers away from payday lenders and other products where we have seen crackdowns by the CFPB.

A recent study found that most people want a BNPL product from a trusted financial institution. Presumably, they'd be willing to take a course to qualify. Offering education would show good faith and good intentions.

What do you think? Is this a feasible idea? Let me know at [info@thebankslate.com](mailto:info@thebankslate.com).

Now let's take a glance at last week's headlines.

### **The Big Headline**

A [recent report](#) by DBRS Morningstar found that just 26% of executive management positions at 28 large U.S. banks were held by women in 2021. Citigroup's Jane Fraser is the only CEO. Women made up about a third of all board positions.

## **(Another) Big Headline**

The U.S. Court of Appeals for the Fifth Circuit ruled on Wednesday that the CFPB's funding structure is unconstitutional. The three-judge panel also invalidated part of the CFPB's 2017 payday lending rule. The bureau will likely appeal the decision.

## **M&A**

- Centric Financial in Pennsylvania [explored several mergers](#), including an MOE, before agreeing to sell to First Commonwealth Financial, which is also in Pennsylvania.
- Town and Country Financial in Illinois [first tried to sell itself](#) to HBT Financial in Illinois more than two years prior the companies agreed to a deal.
- U.S. Bancorp in Minneapolis is on pace to buy MUFG Union Bank in San Francisco on Dec. 1, having [secured all required regulatory approvals](#).
- Citizens Financial Services in Pennsylvania [agreed to buy](#) HV Bancorp in Pennsylvania. Citizens said it will pay \$67.4 million in cash and stock in a deal expected to close in the first half of 2023.
- City Holding in West Virginia [agreed to buy](#) Citizens Commerce Bancshares in Kentucky. City said it will pay \$61 million in stock in a deal expected to close in the first quarter.
- Western Commerce Bancshares of Carlsbad in New Mexico [agreed to buy](#) Western Bancshares of Clovis in New Mexico. The deal is expected to close in the first quarter; the price wasn't disclosed.

## **Arrivals/Departures**

- TrustCo Bank Corp NY [addeed Alex Sanchez](#), president and CEO of the Florida Bankers Association, to its board.
- MidWestOne in Iowa hired Chip Reeves [as its next CEO](#). Reeves, who will take over the role on Nov. 1, will succeed the retiring Charlie Funk. Reeves recently was president and CEO of Beach Bancorp in Florida, which was [sold](#) to First Bancshares in Mississippi.
- Hanover Bancorp in New York disclosed in a regulatory filing that Brian Finneran [will retire as its president](#) on Feb. 15.
- Green Dot said it [terminated CEO Dan Henry](#) and tapped George Gresham as his successor. Gresham will remain chief financial and operating officer until a replacement is hired.
- Central Pacific Financial in Hawaii tapped Arnold Martines, its president and chief operating officer, to [succeed Paul Yonamine as CEO](#) on Jan. 1.

- First Capital in Indiana said Frederick [will become president and CEO](#) of its bank on April 1. Frederick, First Capital's CFO, will become the company's president and CEO on July 1, succeeding the retiring William Harrod.

### **(Fin)tech**

- First Internet Bancorp in Indiana and MainStreet BancShares in Virginia [provided updates on their fintech/BaaS platforms](#) as part of their third-quarter earnings releases.
- Silvergate Capital in California is [no longer on pace to create its own stablecoin](#) in 2022. The company is continuing to work with its regulators while building out its compliance and operational "muscle."
- Atlantic Union Bankshares in Virginia is [working with a vendor](#) to understand why deposits disappeared from the accounts of some clients. The company said the issue stems from a system change by the unnamed vendor.

### **Odds & Ends**

- Organizers of the proposed AarBank in Minneapolis plan to apply to become a minority depository institution and [offer Shariah-compliant products](#). Osman Gabeire, a former executive at Silvergate Bank, would serve as CEO.
- Liberty Bank in Connecticut is the latest bank to [eliminate nonsufficient fund \(NSF\) fees](#). The bank also ended uncollected funds and certain transfer fees tied to consumer and business deposit accounts.
- Bank Irvine, a California de novo, [opened last week](#). Several other banks have debuted recently, including Bank of Burlington in Vermont (Aug. 2), Texas Traditions Bank in Katy (Sept. 6), GS&L Municipal Bank in New York (Sept. 16) and Walden Mutual Bank in New Hampshire (Oct. 5).

There you go! Hope you all have a wonderful week ahead.