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Financial Managers

update

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Balance sheet strategies

Protecting margins, growing loans essential in 2014

Institutions need to reassess balance-sheet strategies carefully to ensure that they are taking sufficient steps to protect margins and grow loans in today's environment, an industry strategist advises.

But in working to achieve this, bankers need to remember that formulating an effective ALM strategy is clearly not a situation where one size fits all, and understanding the institution's unique risk profile is the essential first step.

"There is no silver bullet—so make sure you have a good handle on your balance sheet," warns strategist Frank Farone, managing director, Darling Consulting Group, Newburyport, Mass.

Farone explained that today's interest rate environment continues to be a major factor impacting institutions' balance sheets.

"The Fed has basically told us that until the unemployment rate comes down to a certain level and GDP reaches a certain level, short rates aren't going anywhere," he said. And even when they hit certain levels of unemployment and GDP, that doesn't necessarily mean that those will be a trigger point that results in an increase in the Fed funds rate, he added.

At its most recent, Dec. 18 meeting, the Fed's monetary policy-setting committee announced that it would taper its asset-buying program by reducing the amount of bonds purchased each month to $75 billion beginning in January, down from $85 billion per month last year.

The Fed also said that it will hold the short-term federal funds target rate at its current range of zero to 0.25% "well past the time that the unemployment rate declines below 6.5%."

Immediately following the Fed's announcement, there was little

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Mobile threats

Cross-channel attacks growing

Institutions need to ensure that they are taking adequate steps to protect against growing cross-channel attacks stemming from mobile-phone vulnerabilities in today's risk-laden environment, a recent industry report warns.

Although institutions have spent billions of dollars securing their defenses with intrusion detection and protection systems, firewalls, user authentication, and other security layers, today's mobile technology increasingly enables criminals to launch more sophisticated attacks.

"The mobile channel is clearly becoming an increasingly strategic component of the bank customers' experience," a report by Trusteer, an IBM company, recently pointed out. Mobile banking continues to gain momentum, growing faster than any other delivery channel to date.

Security issues

However, the report, "Mobility on hold: get back on track with mobile risk mitigation," points out that as institutions contemplate expanding capabilities in the mobile channel, they are increasingly concerned about major security issues they face. And as a result, the deep-seated concerns about security appear to be placing a drag on what are perceived to be even greater growth potential and promises for the mobile channel, it said.

"Security concerns have justifiably delayed the introduction of more advanced

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Pursuing earnings

'Think big' in 2014

I think *Gonzo Banker* columnist Steve Williams has made some excellent points recently that we all need to consider about the importance of "thinking big" during today's challenging economic environment.

In a recent article in *Gonzo Banker*, Williams, a strategist at Cornerstone Advisors, Inc., advised that community institutions need to "think big" during what he calls an "earnings recession."

Today's industry net interest margin is 3.27%, down from 3.76% 10 years ago; and non-interest income compared to assets is 1.85%, down from 2.26% a decade ago.

As a result, he says, "Across America countless chief financial officers of banks are providing a mediocre and uninspiring view of earnings for 2014." Such views suggest: margins will be compressed in a zero-rate environment; mortgage revenues will be down substantially; checking fees and interchange have lost their growth "mojo"; compliance, tech and healthcare costs will need to be absorbed; and loan-loss provisions will have to return to normalized levels are commonplace.

Market viability

To remedy this, Williams offers some advice, believing that 2014 is a year when institutions really need to prove "market viability" and demonstrate future earnings momentum. "For bank executives, this will be a crucial time of establishing credibility with the board of directors, with the investment community, and with employees," he said.

He suggested several practical ways to accomplish this, focusing on key goals that smaller institutions should be sure to consider for 2014.

First, "hit the streets" in a diligent effort to pursue sales, Williams advised, noting that 95% of institutions are far from where they need to be in terms of team-based sales activities. One of the most important performance indicators in 2014 needs to be revenue increases generated from existing customer relationships, he said.

In addition, institutions should especially focus on pursuing new wealth management fees added through commercial and retail referrals, new cash management fees and balances added from increased joint calling, and new mortgage and home equity production generated from branch activity.

Secondly, institutions must improve their "delivery alignment." For 2014, this means doing a "reality check" on the contribution and role of branch systems, while getting more aggressive on improvements to remote delivery capabilities.

Third, improved processes and efficiencies are essential in all areas of the institution. "The lack of urgency that bankers apply to process and efficiency improvement initiatives inside their organizations is just plain sad," Williams said. "Accountability is often unclear, deadlines are habitually missed, and process and technology issues are buried deep in the bowels of the operation and rarely escalate to senior management for decisive resolution."

Fourth, focus on niche development. "As banks push each month to hit loan growth numbers, manage fees and watch expenses, it will be vital in 2014 to quietly keep working on the unique niches that can give the bank an advantage in the future," he advised.

All too often, however, institutions let a niche opportunity bounce aimlessly through their organization, and they never see it reach its potential in terms of earnings contribution, he added.

Fifth, address the issues of culture and leadership. "Many bankers in their 30s and 40s lack the breadth of experience across banking functions that the older generation gained from the classic bank training programs that no longer exist," he noted.

Bank executives should use 2014 as a year to identify future leaders in their organization, and get them more involved in development and collaboration efforts, he said. "The energy alone that is unleashed from these efforts is worth the small investment of time and money."

Finally, he ends the column saying that the next era in banking will be about who can show top-line revenue growth that leverages capital without being "nuts" about risk appetite.

Revenue growth

"Revenue growth will feel like pushing a Chevy Suburban uphill in 2014," he said. However, bankers will realize that the best predictor of future revenue growth in 2015 and beyond will be the *strategic growth* that occurs inside their organizations this year.

His perspective presents some valuable considerations to think about—I commend it to you.

Interested FMS members may take a closer look at Williams' newsletter column, by searching for "Blah" using the search function in the Industry Insights Archive on the FMS web site at www.fmsinc.org. FMU

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Financial Managers
update

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Managing social media

Final guidance aims at growing risks

Recently finalized regulatory guidance that addresses growing consumer-protection and compliance risks arising from social media activities contains several clarifications about how to assess and address such risks.

Regulators recognize that many institutions are increasingly using social media as a tool to generate new business, as it provides a dynamic environment to interact with customers.

The FFIEC's final guidance, "Social media: consumer compliance risk management guidance," spells out various risk-management expectations related to the potential legal, reputation, and operational risks associated with the use of social media.

Regulators said that institutions must take steps to manage such risks appropriately, as they would with any new process or product channel.

Evaluating risks

Since social media are a form of interactive online communication in which users can generate and share content through text, images, audio, or video, such media can take many forms. The guidance applies to all of them. Thus, each institution must evaluate the entire gamut of social media risks for itself, determining the appropriate policies to adopt in light of those risks.

Key components of an effective social-media risk management program must include:

- A governance structure with clear roles and responsibilities, where the board or senior management directs how its use of social media contributes to the institution's strategic goals
- Policies, procedures and oversight for the use and monitoring of social media to maintain compliance with all applicable consumer protection laws and regulations

Institutions that rely heavily on social media to attract and acquire new customers should have a more detailed program than those using social media only to a very limited extent. But even if an institution has chosen not to use social media, it should still be prepared to address the potential for negative comments or complaints that may arise in the many social media platforms.

Final Guidance on Social Media
FFIEC

- A due-diligence process for selecting and managing third-party service-provider relationships for social media
- Parameters for appropriate reporting to the board or senior management that enable periodic evaluation of the effectiveness of the social-media program and whether it is achieving its stated objectives
- An employee training program that incorporates policies and procedures for official, work-related use of social media, including a definition of impermissible activities

The FFIEC noted that institutions increasingly are using social media for marketing, offering incentives, facilitating applications for new accounts, inviting feedback from the public, receiving and responding to complaints from customers, and providing loan pricing.

But since this form of customer interaction tends to be informal and occurs in a less secure environment, it presents some unique challenges to institutions. Social media used to attract and interact with customers can adversely impact the institution's risk profile when there is poor due diligence, oversight or control.

The guidance requires institutions to identify potential risk areas, ensuring that they are aware of their responsibilities to oversee and control these risks. Also, an institution's risk-management program must be commensurate in size and complexity with the risks presented by the types of social media in which the institution is involved.

Institutions that rely heavily on social media to attract and acquire new customers should have a more detailed program than those using social media only to a very limited extent. But even if an institution has chosen not to use social media, it should still be prepared to address the potential for negative comments or complaints that may arise in the many social media platforms—and this entails providing guidance for employee use of social media.

Compliance mandates

Regulators stressed that since the laws mentioned in the guidance do not contain exceptions regarding the use of social media, an institution must comply with all applicable laws and rules, just as it does when engaging in similar banking activities through other media.

For example, social media may be used to market products and originate new accounts. Thus, when

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Balance sheet strategies

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movement in the 10-year Treasury rate, indicating that the move had already been priced into the bond market.

However, Farone pointed out that earlier in 2013, market concerns about the possible tapering of the Fed's quantitative-easing program created a significant amount of volatility on the longer end of the yield curve. As a result, there was a very big selloff since last April on the longer end, and a pretty significant steepening of the curve.

"The steeper curve resulted in higher margins for nearly every institution out there," he said.

Farone explained that as the longer end of the yield curve gets steeper, prepayments and refinances slow down, and institutions are able to get higher yields on loans and investments. "And at the same time, there was no pressure on the short end of the curve," he said.

For example, he noted that client institutions of his firm in most cases have not needed to raise rates on any of their deposits. "It's almost the equivalent of a restaurant being able to charge more for its meal when their cost of food isn't going up, but actually continuing to go down," he said.

Nonetheless, he noted that many institutions have reached their inherent floors on funding costs—some are as low as single digits, and nine to 15 basis points is their overall cost of funds. "So there is really no room to go on the funding side," he said.

"Meanwhile, the steeper curve has provided significantly higher levels of income—so now we're starting to see margins widen out," he said. "The key is: at what point do short rates start to move, where banks will start to feel some pressure on their deposit costs?"

If you listen to recent statements by top Fed officials or look at the forward yield curve, he said, "it doesn't look like short rates are going to move any time soon—and as far out as 2015 or beyond."

"Historically, the longer end of the curve moves in advance of the shorter end of the curve—and then it's just a matter of how much of a time lag and to what degree," he said.

So for many institutions, this has enabled them to continue to have wider margins, build capital, and for many, to roll down the curve in the investment portfolio.

However, Farone quickly added that along with its beneficial impact, the steepening curve also brought with it a definite down-side. "For many institutions, that rapid increase in rates on the longer end of the curve created a lot of pain on the value of investment portfolios," he said. "So where many institutions had unrealized gains in their investment portfolio, they have quickly gone to unrealized losses."

This generated significant concern and anxiety among not just bankers, but also the regulatory community. "The unrealized losses, I think, created a little bit of panic among bankers and regulators," he said. As a result, regulators issued a new financial institution letter, reminding institutions to be careful about the impact of rising rates.

"For many bankers it's a conundrum," Farone said. While the higher level of long-term rates creates higher levels of earnings moving forward, it also creates anxiety over the value at risk in the investment portfolio. And so bankers have to ask themselves: what's more important to our organization—is it earnings at risk or value at risk, he said.

He noted that sometimes there is a tendency among many bankers to lose sight of what's funding their investments. "And so it would serve bankers well when they look at that unrealized loss in the investment portfolio to also look at the unrealized gain in their deposit base," he said.

Another impact of the steepening curve was felt in the residential mortgage market. "This increase in rates has basically caused the fixed-rate residential mortgage market to come to a screeching halt," he said. So for many institutions that generated a lot of fee income from originating and selling fixed rate mortgages, that activity has slowed significantly.

Given the challenges, Farone suggested several strategies to consider for generating loans.

First, some institutions that had significant loan pipelines in the past are now originating and holding all fixed-rate production as an alternative to either going to cash, or going out and buying investment securities, he said.

Secondly, many bankers intent on growing loans are focusing on the adjustable-rate mortgage market. For example, five-one ARMs have become very popular among some; and for others, five-five ARMs also are attractive alternatives.

For example, as 30-year fixed mortgages were recently going for about 4.50%, five-five ARMS were at 2.75% to 2.99% and were seen as "very popular instruments" that many of Farone's clients have been offering.

That's where they're getting a lot of their volume, as opposed to the fixed rate at 4.50% or 4.75%—and that's due largely to the steepness of the curve, he said.

Third, another option is to focus on doing second mortgages or aggressively-priced home equity loans. Farone explained that the home-equity loan market over the past five years basically had been shrinking, because anybody who had any equity in their home would just refinance the whole loan and wrap it all into a first mortgage.

"But now that everybody has refinanced their mortgage over the last several years if they had equity, any incremental loan demand coming from that household is in the form of home equity lines," he said. "We're starting to see that ramp up again."

Fourth, another strategy used by one of his banking clients has been to focus on offering 15-year mortgage loans on a one-year, adjustable-rate basis with the initial rate of 1.75%, a margin of 2.25% over the one-year FHLB advance rate, and a lifetime cap of 4.75%. "That's been a very popular product for one of my clients," he said.

On the commercial side, it continues to be a borrowers' market, he noted. "So many banks are scrambling for loans that there is still a lot of irrational pricing on the commercial side."

Because of the yield curve steepening, lots of commercial

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Mobile threats from page 1

mobile capabilities because bankers fully understand that any missteps in the mobile channel could be catastrophic to adoption and usage by consumers and businesses," it explained.

This reluctance by institutions stems primarily from the concern over deploying capabilities with exposure to unknown fraud risk. "Even if institutions can accurately identify security issues associated with new features for mobile banking and payments, mitigating controls have not been readily available in the market," the report said.

But it also warned that as institutions introduce broader capabilities for money movement into the mobile channel, cyber criminals will intensify their attacks, invent new techniques, and continually challenge fraud prevention professionals who try to keep this channel safe.

The report explained that cyber criminals attack vulnerabilities on mobile devices not only to gain access to mobile banking and payment accounts, but also to access online banking accounts through the mobile browser.

Delivery silos

"Cyber criminals have learned that financial institutions are challenged to discover cross-channel fraud because of the 'siloed' nature of delivery channels and their related fraud-detection systems and support organizations," it explained.

As a result, the number of cross-channel attacks within the online channel is increasing, as are online-and-mobile cross-channel attacks. "The primary concern in the mobile channel is a coordinated account takeover attack that involves both the online and mobile channels," it stressed. "Cyber criminals access accounts via the mobile channel for one key reason—mobile device ID limitations."

This scheme is enabled by the tendency among institutions to use the same user name and password combination in both the online and mobile channels, and also to use the same challenge questions as password reminders, the report explained.

The report explained that cyber criminals attack vulnerabilities on mobile devices not only to gain access to mobile banking and payment accounts, but also to access online banking accounts through the mobile browser. Cyber criminals have learned that financial institutions are challenged to discover cross-channel fraud because of the "siloed" nature of delivery channels and their related fraud-detection systems and support organizations. As a result, the number of cross-channel attacks within the online channel is increasing, as are online-and-mobile cross-channel attacks.

Report on Mobile Banking Security Threats
Trusteer

Criminals can bypass the mobile web site and connect to the full online banking site via the mobile browser to access all features available in the bank's online banking application—including adding new bill payees, it said.

In a typical attack scheme, for example, criminals use phishing and malware to steal credentials from a victim's personal computer. They then log in to the bank using a mobile device and a native mobile browser (not a mobile banking app). But the bank cannot uniquely identify the device, because the criminal's iPhone looks exactly like the victim's iPhone.

"The criminal's login attempt will not trigger any risk indicators, and a fraudulent transaction is just a matter of time—this is exactly where security silos fail," the report said.

Fraud mitigation

"Because mobility introduces unique risks, a new fraud mitigation approach is essential," it explained. It's clear that data across both the mobile and online channels must be considered in order to consistently and accurately identify mobile risks.

Unquestionably, the only mobile risk engine that can successfully identify all relevant risks is one that ingests risk factors for devices, as well as accounts, in the online and mobile channels to perform a real-time mobile risk assessment, the report said.

Strategies that address only one set of risk factors simply cannot reliably and conclusively detect all fraud in the mobile channel.

Thus, a protection strategy must take into account device risk factors, account risk factors, and cross-channel correlation. "Because the key to protecting the mobile channel is to realize that it is deeply connected to the online channel, effective protection must consider risk indicators that span both channels," the report stressed.

You may review other perspectives on strategies to address security threats related to mobile devices by accessing the risk management and operations categories within the Industry Insights archive on the FMS web site at www.fmsinc.org. FMU

Regulatory and Accounting Checklist

These proposals may be accessed through the FMS Web site at ***www.fmsinc.org.*** *Go to the Members Only section and follow the Regulations/Proposals link for direct access to the following documents.*

Liquidity Coverage **Comments Due**: Jan. 31, 2014	**FDIC/Fed/OCC:** The Fed, FDIC and OCC jointly proposed a rule that would require minimum liquidity requirements for banks with total consolidated assets of $250 billion or more. It would mandate holding high-quality, liquid assets that can be converted easily and quickly into cash.
Diversity Practices **Comments Due**: Feb. 7, 2014	**CFPB/FDIC/Fed/NCUA/OCC/SEC:** Six agencies proposed joint regulatory standards for assessing the diversity policies and practices of entities regulated by those agencies. The proposed standards would include organizational commitment to diversity and inclusion.
Debt Collection **Comments Due**: Feb. 10, 2014	**CFPB:** The CFPB issued an ANPR to obtain information and comments that the agency will use in the development of regulations pertaining to debt collection.
Restrictions on Sales of Assets of a Covered Financial Company **Comments Closed**: Jan. 6, 2014	**FDIC:** The FDIC proposed rules to prohibit entities that have, or may have, contributed to the failure of a "covered financial company" from buying a covered financial company's assets from the FDIC.
Capital Planning and Stress Testing **Comments Closed**: Dec. 31, 2013	**NCUA:** The NCUA proposed rules mandating credit unions with $10 billion assets or more to conduct annual stress tests, and to develop and maintain capital plans.
Financial Reporting of Development Stage Entities **Comments Closed**: Dec. 23, 2013	**FASB:** The FASB issued an exposure draft proposal that would improve relevance and reduce complexity of financial reporting for public and private organizations that are "development stage entities."
Auditor's Report on Audit of Financial Statements **Comments Closed**: Dec. 11, 2013	**PCAOB:** The PCAOB proposed changes to the auditor's reporting model for public companies that would include a requirement for auditors to identify and describe "critical audit matters."
Flood Insurance **Comments Closed**: Dec. 10, 2013	**Fed/FCA/FDIC/NCUA/OCC:** Five agencies proposed joint regulatory changes on flood insurance pertaining to loans secured by property located in special flood hazard areas. The rules cover private flood insurance, the escrow of flood insurance payments, and the forced placement of flood insurance.
Pay Ratio Disclosure **Comments Closed**: Dec. 2, 2013	**SEC:** The SEC proposed regulations to require all companies to report the ratio between total pay of the CEO and median pay of all other employees.
Revised Risk Retention Rule **Comments Closed**: Oct. 30, 2013	**Fed/FDIC/FHFA/HUD/OCC/SEC:** Six agencies proposed a revised rule that would require sponsors of securitization transactions to retain risk in those transactions. The measure revises a previously proposed rule issued in 2011 under the Dodd-Frank Act.
Qualified Mortgage Definition **Comments Closed**: Oct. 30, 2013	**HUD:** The HUD proposed a rule to define a "qualified mortgage" that would be insured, guaranteed or administered by HUD, including single-family forward mortgages insured by the FHA.

Balance sheet strategies

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borrowers that previously were looking at terms of anywhere from 15 to 25 years are now shortening up to 10-year fixed rate deals. But that situation can be a problem for some institutions, since many have internal policies that basically prohibit them from going out longer than five years fixed on the commercial side.

Bankers, more than ever, need to give customers what they want and should reconsider their policies, Farone advised. Being able to accommodate the customer is essential in today's competitive environment.

Addressing the IRR implications of such longer term, fixed-rate loans, he explained that some institutions have sufficient capacity in their balance sheets to absorb and put on such fixed-rate assets. But others may not have that same level of capacity, and thus should consider using hedging strategies with derivatives to mitigate that risk.

"More and more community institutions are exploring and using derivatives to offset an exposure on the longer term asset base," he said. "Without that, they are at a huge disadvantage from a pricing standpoint."

For those that are not willing to accommodate the longer term fixed-rate loan deals, they might have to "get more aggressive in terms of price on the variable-rate side," Farone said.

Given the steepening of the yield curve, the pricing on longer term rates has increased significantly. So, what some banks have done is approach the borrower directly and explain the implications of the longer term rate, pointing out that "if we come down to six years or seven years, you can save quite a bit—because that curve is so steep," he said.

Thus, in effect, they have been able to sell the borrower into options that would have less duration.

And still other institutions have begun offering three-year, fixed-rate loans more aggressively, given the expectation that "the Fed is likely to stay down here for an extended period of time." Some of them have rates as low as 2.75% to 3.0% on three-year adjustable-rate loans on the commercial side, he said.

As for the deposit side, Farone said the "great unknown" at this point is: when the economy does recover, what happens to the massive amount of deposits that flowed into the banking industry for the purpose of deposit insurance during the recession?

Institutions will certainly need to project how their deposit base will behave when rates begin to rise on the short end of the curve. It's not unreasonable to expect some outflows, with some believing that as much as 25% of current non-maturity deposits will become rate-sensitive, he said.

You may review more ALM strategies in the Industry Insights archive on the FMS web site at www.fmsinc.org. FMU

Managing social media

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used to do either, an institution must take steps to ensure that advertising, account origination, and document retention are performed in compliance with applicable consumer protection and compliance laws and regulations, the FFIEC said.

Also, if social media are used to facilitate a consumer's use of payment systems, an institution must observe the laws, regulations, and industry rules regarding payments that may apply, including those providing disclosure and other rights to consumers.

Privacy rules

Privacy rules have particular relevance to social media when an institution collects, or otherwise has access to, information from or about consumers, because activities that result in dissatisfied consumers, or negative publicity, could harm the reputation and standing of an institution, even if the institution has not violated any law, the FFIEC stressed.

Institutions also must be aware that employees' communications via social media—even through their own personal social media accounts—may be viewed by the public as reflecting the institution's official policies, or may otherwise reflect poorly on the institution, depending on the form and content of the communications.

Since such situations can subject a bank or credit union to compliance and reputation risk, appropriate policies should address employee participation in social media that implicates the institution.

Critics of the new guidance argue that it falls short in terms of addressing the growing threats from "social-engineering" type attacks aimed at bank employees to obtain login credentials. The failure to address such risks is problematic, since many attacks waged against employees with privileged access to banking systems start through social media, the critics say.

Account takeover

However, regulators do stress that since social media are vulnerable to account takeover and the distribution of malware, institutions should ensure that the controls they utilize to protect systems and safeguard customer information from malicious software adequately address social media usage.

Interested FMS members may review the guidance and other perspectives on social media in the Industry Insights archive on the FMS web site at www.fmsinc.org. FMU

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March 18-19	FDICIA 363: Pragmatic Solutions
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This popular two-day seminar offers the perfect primer in Call Report basics. Providing a unique approach with both a business and accounting focus, Call Report Boot Camp is specifically designed for community institutions that are required to file the quarterly FORM FFIEC #041.

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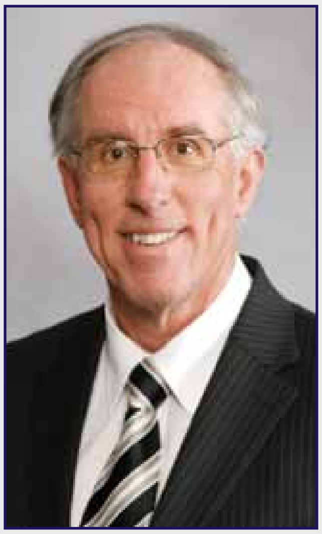
For complete details on these programs and how to register visit **http://www.fmsinc.org/calendar**.

Call for Nominations: 2014-2015 Board of Directors

A Call to Serve

Your association is seeking nominations for its 2014 – 2015 Board of Directors. For committed financial institution professionals, it's a unique opportunity to network with industry leaders, advance your career, give back to your profession, and ultimately, play a role in determining FMS' values, vision, benefits, products, services, and strategic initiatives.

Application Deadline: January 31, 2014
Visit www.fmsinc.org/BOARD



Richard L. Rowe, CPA, Chair
2014 Nominating Committee

What positions are open in 2014 – 2015?

We are seeking nominations for Vice Chairman (one-year term), and four Directors at Large (two-year terms).

What's in it for me?

The benefits are unlimited. Just a few are the opportunity to:

- Build leadership and board-level skills that will be essential as you continue your career development
- Meet, work with, and learn from industry leaders and peers
- Build life-long professional and social relationships with other board members, all motivated by the same goals: to enhance their personal development and the value of FMS to its members and the industry
- Help determine the structure of the society, its strategic direction, its organizational and volunteer structures, its annual operating plan, and its yearly budget
- Stay abreast of the significant forces confronting the industry, and play a role in insuring that individuals and institutions are prepared to respond to those challenges
- Give a bit of yourself back to your profession and your industry

What criteria must nominated candidates meet?

You must be an FMS member with appropriate leadership and management experience. We will look for commitment to FMS and your profession, and a sufficient clarity of thought and purpose.

Who is the ideal board candidate?

There is no single "ideal" board candidate. Instead, we want our board to include individuals with diverse work, life, social and educational backgrounds so that we can make well rounded decisions that reflect our entire membership. While obviously financial institution or financial institution vendor experience are important, a willingness and ability to think strategically are of paramount importance.

What do board volunteers do?

You think. You plan. You strategize. You direct. You evaluate.

You help build and maintain FMS' unique position as a member-driven provider of information, education, and networking opportunities to financial institutions finance, accounting, risk management, and internal audit professionals throughout the country.

While FMS has a full time staff of nine, the insights and knowledge that volunteers bring to the table are the key ingredient of FMS' success. Volunteer perspectives and needs are blended with the knowledge and skill of the FMS staff to insure that members receive eminently practical and relevant information and education that help them develop professionally and enhance the performance of their financial institutions.

Do I have time for board service?

Absolutely! The board meets in person only twice a year — once in conjunction with the annual Finance and Accounting Forum for a half a day on the Saturday of the conference; and once on a Saturday in November for three quarters of a day, typically in Chicago. The board also meets twice a year via conference call.

While the time commitment is not onerous, it is important that individuals are willing to stay attuned to industry developments and trends and their impact on our membership, to be prepared for meetings, and to provide thoughtful input to discussions and decisions.

2014 Nominating Committee

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To run for one of the open positions, you will need to complete an application form at **www.fmsinc.org/BOARD**, or request one from Aletha Galloway at the national office — (800) 275-4367, or email alethag@fmsinc.org — and return the completed form to the national office by January 31, 2014.

More comprehensive information about the board's role, positions, qualifications, terms, meeting dates and financial support is available in the same area of the website. We encourage you to review it before applying, and to obtain a commitment supporting your involvement from your institution.

In addition, should you want additional information about an office before making a decision to run, don't hesitate to call members of the current Board of Directors or Dick Yingst, President/CEO, for additional insight. They are all listed on the website and will be happy to discuss the responsibilities of the various positions with you.

2014 Nominating Committee

A Nominating Committee is appointed yearly by the FMS Immediate Past Chairman and is composed of seven individuals — its Chairman, the Immediate Past Chairman of the Society, and six individuals who are current or former board members and well acquainted with the Society's mission and the operations of the board.

The Nominating Committee listed on the left will select the candidates who will be elected to office in June 2014 at The Finance and Accounting Forum in Orlando, Florida.

Application Deadline: **January 31, 2014**

Visit www.fmsinc.org/BOARD