

CASE STUDY

Pinnacle Bank on owning
CRA compliance



Sue Kocsis is Pinnacle Bank's CRA/fair lending officer. Image: Pinnacle Bank

Pinnacle Bank is a regional bank that has 144 full-service branches and sponsors schools with Banzai across six states. Each area has its own unique needs and culture, which means individual branches have their autonomy and report to one central financial literacy leader for Banzai implementation.

Behind this large operation is Sue Kocsis, a CRA/fair lending officer. She is Pinnacle Bank's leader on implementing Banzai throughout all four of the bank's charter areas, on promoting financial literacy within her own organization, and on complying with CRA in Pinnacle Bank's largest charter area: Nebraska, Kansas, and Missouri. Most noteworthy about Sue's leadership is the way she has used Banzai's full potential to involve Pinnacle Bank's branches.

BY THE NUMBERS

Pinnacle Bank has seen continued usage and new teacher sign-ups in a steady growth pattern since 2016. It has averaged 131 students per school across its market.



**SCHOOLS
SPONSORED**



**TEACHERS
SERVED**



**STUDENTS
EDUCATED**

CRA COMPLIANCE

Individual CRA examiners often interpret CRA differently than banks, and that's where tension occurs. CRA exams have a reputation of being opaque and subject to individual interpretation, but Sue Kocsis has cultivated a strong relationship with her CRA examiner, who has given clear guidance to Pinnacle Bank.

The Community Affairs Department at the US Department of the Treasury gives some clear guidance, too:

Examples of bank support for financial literacy that may receive positive consideration under CRA include:

Investments in, or contributions to a program, activity, or organization that provides financial services education programs targeted to low- and moderate-income individuals.

Providing bank staff to serve as educators in financial literacy programs targeted to low- and moderate-income individuals.¹

In the case of Pinnacle Bank's CRA compliance, Banzai has contributed in a huge way. Pinnacle Bank sponsors Banzai for many schools, including those in which most students qualify for free or reduced-cost lunch. According to findCRA and government publications, this sponsorship strategy is necessary and effective:

According to the CRA Inter agency Questions and Answers Regarding Community Reinvestment, banks can rely on the fact that services or other CRA activities conducted with schools where the majority of students qualify for free or reduced lunch under the USDA's programs meet CRA qualifications. As outlined by the banking regulatory agencies in Q&A _12(g)(2),² along with any other examples of income-based qualification for individuals, students meeting this USDA lunch program guideline are considered a targeted income group for CRA.³

1. Community Affairs Department, Comptroller of the Currency Administrator of National Banks, US Department of the Treasury. "Community Developments: Fact Sheet." August 2012. <https://www.occ.gov/topics/community-affairs/publications/fact-sheets/fact-sheet-financial-literacy.pdf>
2. findCRA Knowledge Base. "\$_12(g)(2) Community Service Examples," findCRA. November 27, 2016. https://www.learnkra.com/knowledge-base/%C2%A7_-12g2-community-service-examples/
3. Brian Waters, President & Co-Founder, findCRA. "Quick CRA Question." Email. August 7, 2018.

Banzai has played an important role in obtaining donation and service activity credit for CRA, thanks in part to the enthusiastic involvement of Pinnacle Bank's branch employees.

Even better, the bank receives service activity credit when a representative visits classrooms to teach students personally.

“Our [CRA] examiner had discussed Banzai with her colleagues and then sent her request for advice to DC. DC confirmed and quoted the CRA regulation that the institution must provide on-site training by bank employees to receive service activity credit,” Sue explains.⁴

To facilitate service activity, Banzai’s grading interface for teachers has a function that lets them request in-class presentations, which makes it easier for individual branches to get in touch with schools and earn that service activity credit. In addition, Banzai provides supplemental classroom activity kits. The first activity is “Interview a Pro,” which encourages teachers and students to interview a bank representative to answer questions about personal finance. These sessions also help the bank earn service hours.

Combining Sue’s efforts with Banzai’s resources, they were able to get organization-wide buy-in. Whatever sponsors’ efforts are, Banzai magnifies them.

The US Department of the Treasury released one memo this year recommending that banks partner with financial education professionals:

Providing children with access to their own bank accounts, and other types of hands-on learning such as through simulated economic activities . . . hold substantial promise to improve financial knowledge, confidence, and interest in financial action. Increasing the professionalization of financial education, counseling, and coaching seems likely to yield sustainable positive progress and outcomes. Banks should be encouraged to partner with and invest in professional experts who could deliver these services, rather than simply relying on existing bank staff.⁵

It’s clear that Banzai has played an important role in obtaining donation and service activity credit for CRA, thanks in part to the enthusiastic involvement of Pinnacle Bank’s branch employees.

4. Sue Kocsis interviewed by Bryce Peterson, July 25, 2018. Video conference. Interview cited throughout.

5. US Department of the Treasury to the Board of Governors of the Federal Reserve System, FDIC. Memorandum. “Community Reinvestment Act—Findings and Recommendations.” April 3, 2018. 16. Emphasis added. <https://home.treasury.gov/sites/default/files/2018-04/4-3-18%20CRA%20memo.pdf>



Pinnacle Bank headquarters in Omaha, Nebraska. Image: Pinnacle Bank

Best Practice: **INVOLVING BRANCHES**

Immediately after partnering with Banzai, Kocsis promoted Banzai to every branch. Banzai helped the implementation process by holding training sessions with all stakeholders as needed. Even though Banzai is turnkey and entirely automated once branches choose their schools, she wanted every branch to benefit from the program. All the while, Banzai was doing all of the marketing and outreach to the schools to help get teacher buy-in. Combining Sue's efforts with Banzai's resources, she got organization-wide buy-in. Whatever sponsors' efforts are, Banzai magnifies them.

IN THE BEGINNING

Sue promoted Banzai to her branches in a few ways:

- Marketing Banzai to the whole organization, top-down;
- Demonstrating the course product to stakeholders; and
- Explaining what community outreach activities qualify for CRA.

Banzai gave them hope that the money they were spending was going to go to a better cause than to activities that wouldn't earn them any [CRA] credit at all.

SUE KOCSIS
PINNACLE BANK

First, Sue created fliers using information from the Banzai website and sent them to every branch manager and possible stakeholder. Then she announced the new partnership with Banzai in the Compliance department's newsletter.

Banzai provides complete support to sponsors and teachers via phone, email, live chat, and with comprehensive documentation.⁶ To make it even easier for branches, Banzai employees conducted personal product demos for stakeholders at various branches and showed them how the software works, what it teaches, and so forth. Employees then had the opportunity to try Banzai themselves.

Pinnacle Bank branches were already spending time and resources toward earning CRA credit, but it was hard to know whether their efforts qualified under the CRA. "Banzai gave them hope that the money they were spending was going to go to a better cause than to activities that wouldn't earn them any [CRA] credit at all," Sue recalls.

Banzai also brought enterprise-ready marketing and curriculum resources that were beyond Pinnacle Bank's ability to offer, Sue points out:

The outreach was bigger. We could reach more individuals in a classroom setting than we could ever reach just doing this on our own. Our financial education [before Banzai] was inconsistent among branches—few branches offered it while others did not, and courses were not always conducted on a regular basis, which may not have had a long-term benefit for some students. It's hard to measure success without feedback or grading system.

It's clear from Pinnacle Bank's experience that if an FI wants to promote financial literacy in its community in a big way, it will need a unified curriculum that can be implemented anywhere. Leaving individual branches to come up with their own curriculum is not only impractical but also wasteful. This claim is especially true in organizations like Pinnacle Bank, where smaller branches don't have the budget or staff size to support a financial literacy program of their own. Instead, those branches simply allocate their financial literacy budget toward the schools they want to sponsor with Banzai.

6. See help.teachbanzai.com.

IN THE THICK OF IT

Now that Pinnacle Bank is up and running with Banzai, branches want to know how Banzai is progressing. They get involved in a few ways:

- Teaching in classrooms in their area;
- Highlighting good feedback from students and teachers for other stakeholders to see; and
- Reaching out to teachers individually.

To keep her CRA contacts at each branch involved, Sue uses the analytics in Banzai Manager—online analytics software that tracks usage and orders—to tell those contacts when they have a teacher who wants a classroom presentation.

“Banzai is still going strong! More branches are getting involved which means more educators are signing up to teach the course this year. Most recently, the Thermopolis, Wyoming Branch sponsored 3 schools: Hot Springs County High School (3 teachers), Thermopolis Middle School, and Ralph Witters Elementary School. A total of 180 books have been ordered. A press release announcing the branch’s involvement is scheduled to be released in their local newspaper in early March.”

In addition, new orders are coming in weekly.

Newsletter excerpt announcing the progress of Banzai implementation. Source: Pinnacle Bank

She also forwards teacher and student feedback to branch employees who request it.

Because Pinnacle Bank’s service area is so large, Sue relies on individual branches to go out to schools and give presentations. This approach is more personal, so the students get to know their local bank better. Over the course of its sponsorship, Pinnacle Bank has had more than 70 classroom presentation requests.

Sue also shares student and teacher feedback and other Banzai success stories in monthly newsletters for the Compliance department. She publishes how many teacher orders they’ve had, classroom presentations, and worthwhile feedback, which lets stakeholders at Pinnacle Bank know that the program is performing.

Sue also compiled a summary of hours logged in the course app for each sponsored school, and all of the teacher and student comments. One noteworthy school in Cheyenne, Wyoming, logged over 1,300 hours using Banzai. Since that newsletter in 2017, the same school has increased to more than 2,500 hours of student usage—an almost 100 percent increase in just one year. “There’s no way in the world a bank could teach that many hours and also have a lasting effect on students,” Sue says.

Sue also reminds us of the important role teachers have played: “I think it’s important that teachers are given recognition, as well. Without the teachers, the program would not be what it is today. Without the support of these teachers, Pinnacle Bank

“On behalf of my students at Johnson Junior High School I would like to thank you for sponsoring the Banzai program. It is an excellent program that gives my students an introduction to real world money topics. The program is easy to understand and use, and is also engaging for most students. Thanks again for your sponsorship of this program.

Amber Mathisen
Family and Consumer Science Teacher
1,316.7 student hrs logged in Banzai

Excerpt from a compilation of teacher and student feedback. Source: Pinnacle Bank

would not be as successful in providing financial literacy opportunities.” These teachers’ support has amounted to 8,218 student hours—an impressive number for just two years of sponsorship.

TWO-PRONGED APPROACH

Banzai is a simulation that students actually engage with. It’s also a self-sustaining service that can go as big and wide as sponsors want, with analytics that streamline marketing coordination within large organizations. By involving branches in Pinnacle Bank’s charters, and by understanding effective CRA compliance, Sue Kocsis at Pinnacle Bank is implementing Banzai to its fullest potential—and winning in the process.

Banzai!

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