



Commercial Banking Program
“defining a new generation of bankers”

Newsletter, Issue #7: May 2020

Dr. Kent Belasco, Director and Assistant Professor of Finance

Time flies, this is the completion of our third full year of the program, and it has been a most interesting one. Covid 19 has certainly changed the mode of our instruction, but we have managed effectively as, I know, you all have as well. Sadly, the loss of our dean, Dr. Joseph Daniels, was a tragedy felt by all early in the semester. Since mid-March we have been in remote mode and unfortunately had to postpone our graduation exercises. Even though we had to curtail a number of events due to social distancing, we still managed to do a few things this semester, which are described in this newsletter. At this juncture, we are planning to be on campus beginning the semester a week early and ending it by Thanksgiving to avoid the flu season. Although this is subject to change, that is the plan thus far.

Student Enrollment

We continue to grow the program. This year a total of 15 students have been admitted to the program. As you may or may not know our program is not a major but a specialized program. As such I have the benefit of being more selective of the students who are admitted into the program. They are held to a higher standard, from a grade point average, and in required courses, and must be interviewed by myself and a group of professionals before they are admitted. In addition to a statement of interest, these students graduate with a degree in finance and a concentration in commercial banking. To-date we have admitted a total of 63 students to the program, 27 of which have entered the commercial banking profession, with more in the pipeline.

Advisory Board

This past semester we added two new members to the advisory board. Mr. Mark Behrens, Chief Financial Officer of Johnson Bank, and Ms. Stacy Germano, Associate Director of Academic Relations for the Risk Management Association. I am excited to welcome both to the board. Mark has been a frequent speaker in my commercial banking classes, an evaluator of student presentations, and has been a frequent employer of student interns. Stacy and I have collaborated on educational materials, and the RMA has been most helpful with course materials, as well as networking, and other initiatives. I am delighted with their addition and with the overall composition and diversity of the advisory group. At this juncture the advisory board consists of 28 senior professionals representing a variety of sizes of commercial banks, accounting and consulting firms, professional banking associations, and law firms. Mr. Andrew Oates, senior in the commercial banking program, has been elected as the next president of the commercial banking club and will join the board as the student representative.

Activities

Unfortunately, we were not able to complete the variety of activities we normally do in the spring term, due to the pandemic. We had planned our third banking conference, “Cybersecurity in the Commercial Banking Industry: Cyber Risks, Trends, and Predictions,” in March however this was cancelled as a result of Covid 19. We are planning to conduct this conference, on October 6th, assuming our plans to be on campus continue to hold. In addition, we normally have a networking event to recruit students for the program. This is directed towards freshman and sophomores to orient them to the commercial banking industry and to the program offerings, but it was cancelled as well. We are planning more communications in late summer to reach out to this group in lieu of this event.



Fortunately, we were able to visit LaSalle Street in Chicago with my Introduction to Commercial Banking class in January. This semester we visited the Federal Reserve, BMO Harris, and Wintrust all on LaSalle Street. As you can see in the pictures, opposite, we had a sizeable group of approximately 70 students in the two sections of this course that I teach. We were most excited to have BMO Harris CEO, Dave Casper join and address the students, in addition to advisory board member Jeff Ticknor and others, as depicted below.

During the Wintrust visit Bart Johnson, Dan Harvey, and Darla Krause provided students with a glimpse of the profession and the opportunities available. Pictured below are the students on the main floor of Wintrust Bank during that trip. These visits, which I have arranged for the past several years, are very popular. Students really enjoy the experience and clearly articulate their interest and enjoyment of the experience in the reflections they write.



course presents a small business loan prospect for approval to a committee of professional bankers. Using the database of the Wisconsin Women's Business Initiative (WWBIC), each student was required to analyze and prepare a loan package for 5 different small businesses and present to the committee. These are all "live" small business loans. Throughout the semester \$5,423,300 in potential loans were analyzed, 30% of which were approved to advance. John Hazod, CFO of Townbank, in addition to a variety of commercial lenders from Townbank, former bank executive Rick Broeren from BNP Paribas, and Mike Hetzel from WWBIC, formed the

Curriculum

Obviously, this semester required significant changes to courses once social distancing began. I converted the four courses I teach to online, through Zoom and Microsoft Teams meetings and recorded and posted audio lectures for the remaining class sessions, with exams delivered online. Our Loan Portfolio course did not miss a step. We quickly converted our weekly credit committee meetings to Zoom sessions which worked very effectively. This course meets once per week, whereby each student in the

nucleus of the credit committee which provided exceptional educational experiences and commentary in preparation for the student's future careers.

This semester there were a number of changes made to the Risk Management course. In addition to utilizing some of the material provided by the Risk Management Association for foundation material, students were required to utilize a bank simulation model to manage the financial risks of the bank they were responsible for. Students were provided specific objectives to meet for capital, liquidity, interest sensitivity, and credit risks and, amidst constraints, attempt to achieve the objectives. We took advantage of the actual economic indicators in the current April environment as a very real "stress test" for them to operate within. A great experience, albeit a very challenging time.

New advisory board member Tom Grottko of Crowe, and his colleagues provided an extremely unique applied educational opportunity during the course. Students were able to review the actual results of a technology survey performed by Crowe, to develop benchmarks for assessing Technology risk and efficiency of an actual bank client of Crowe's. The objective was to develop a "findings" report, for the client, of opportunity and risk related areas that could provide improvements and opportunities. Again, another hands-on experience which provides students with very "real-world" experience.

Finally, I continue to use a bank simulation for my introduction to commercial banking class. The simulation affords student teams the opportunity to literally run a bank as the key management team, culminating in an earnings release of the results. The primary purpose for the simulation is to aid the understanding of more abstract concepts that, left to lecture alone, would not provide the depth of understanding as would through actual application. Recognizing what it takes to meet capital requirements, how to fund a bank through deposits, repos, and other instruments, and achieve a positive outcome provides students with an experience that normally would not be available until well into a bank career.

All of these changes and additions continue to make the program unique. These courses are developed to educate bankers, understand the economic ramifications, determine and evaluate risks, and contribute to financial stability and economic success.

Support

The Commercial Banking Program continues to be self-funded, thanks to the generous support of our Founders, Advisory Board Members, and Friends of the Program. Your continued contributions are so important and allows me to create even more unique "applied" opportunities for our students. This not only helps to ensure students exceptional careers but it provides the industry with knowledgeable financial professionals, and helps to "define a new generation of bankers." I appreciate your contributions and ongoing support.

Please support our program by clicking on the link below and selecting "Commercial Banking Program Operating Fund" from the drop down box, and contribute any amount you can to support our efforts.

<https://give.marquette.edu/business>

Exposure and Results

During the semester, graduate Jack Richardson, of the program, was awarded the Outstanding Senior in Finance designation, a significant accomplishment, congratulations to Jack.

This year 9 students graduated from the program in May. Normally, we would have a reception for the students and I would share a group picture of the graduates. However, due to social distancing this has not been possible, so I am sharing a collage of pictures of the graduating students, below. Graduating students include Jack Richardson, Sean Smith, Katie Doherty, Milad Hosseini, Vince Rios, David Murphy, Dhruva Murali, Brendan Schmidt, and Gurpreet Gill (not pictured).

This has been a challenging year in a few ways, although we are close to 90% placed of students graduating, these positions and internships have been challenging due to the pandemic. We continue to work towards

placement this summer and are hopeful that opportunities will present themselves yet this summer. Overall, 93% of our students have been placed upon graduation, thus far.

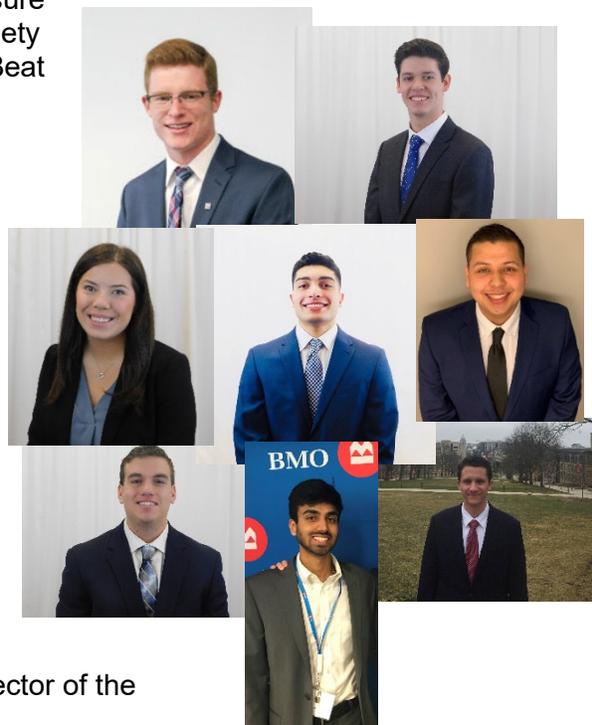
In addition, the program and Marquette University continue to gain exposure through interviews I have participated in with NPR Marketplace, on a variety of banking topics, and through a recent article on Cybersecurity in BankBeat (May, 2020).

Plans

We have many plans for the advancement of the program and for contributions to the industry. I am currently under contract with Cognella Publishing to write a text book for my Introduction to Commercial Banking course. I hope to have that completed by the end of the year and ready for publication at the start of 2021.

Dependent upon the pandemic and progress therefrom we hope to travel to Washington DC to visit the Federal Reserve and hopefully meet some of the governors. Advisory board member Doug Gordon, of Waterstone Bank will arrange this, if possible, social distancing permitting. In addition, we continue to plan a trip to Zurich Switzerland next May for program students as well.

Please don't hesitate to reach out to me directly at Dr. Kent Belasco, Director of the Commercial Banking Program, and Assistant Professor of Finance at: kent.belasco@marquette.edu, 414-288-6882 (office) or 630-817-8270 (mobile) or visit our website at <https://www.marquette.edu/business/banking/>



Thank you for your continued support! Have a great and safe summer and I look forward to hearing from you soon!

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