

Agency For Change Podcast : Gerry Dunlap and Justina Roth of Farmers & Merchants Bank

Announcer:

Welcome to Agency For Change, the podcast that brings you the stories of people creating positive change in the world. We explore what inspires these changemakers, the work they're doing, and how they share their message. Each of us can play a part in change. And these are the people who show us how.

Lyn Wineman:

Hi everyone. This is Lyn Wineman, founder and chief strategist of KidGlov. Welcome to another episode of Agency For Change podcast. In the midst of the COVID-19 pandemic, healthcare workers have been on the medical front lines. However, community bankers are on the economic front lines. Today we're talking with Gerry Dunlap, president and chief executive officer, and Justina Roth, chief operations officer of Farmers & Merchants Bank about how they have been supporting the 12 Nebraska communities they serve. Gerry and Justina, it's great to have you both with us today.

Gerry Dunlap:

We're glad to be here. Glad to be a part of your podcast.

Justina Roth:

Good morning, Lyn. We look forward to this.

Lyn Wineman:

Fantastic, and good morning. Justina, this podcast has listeners from across the country who may not be familiar with Farmers & Merchants Bank. Would you start by telling us a bit more about the bank?

Justina Roth:

We are considered a large bank for Nebraska. We have 12 offices in the small communities that we serve. Kicker is, we offer products that U.S. Bank and Wells Fargo have to offer, but with the small-town feel. So, if you have an issue, we're more than happy to help. You can give us a call, or you can come on in, and we will guide you through any issue you may have.

Lyn Wineman:

You know, Justina, I'm going to disclose here that you are also our banker at KidGlov and I'm going to say, I know that to be true. If I have a problem or a question, I know that I can call, and somebody jumps in and knows who I am and helps me. And that is fantastic to have from a business standpoint. Gerry, I know that Farmers & Merchants Bank has a long history. Can you tell me a little bit more about when the bank was founded and how you grew to have a presence in 12 different communities?

Gerry Dunlap:

My family has been in banking for a substantial period of time. It began with my grandfather, Maynard Dunlap, who in the twenties, worked in a bank in Douglas, and then eventually ended up buying the

bank. And then over a period of time, they acquired other individual banks. Those banks were operated separately until Nebraska changed its laws and allowed for multibank holding companies. And at that point, several of the banks were moved to me and several went to other family members. My father came to Milford in 1950 when they acquired Farmers & Merchants Bank. After the initial merger of some of the family banks into this bank, the bank then went forward and acquired offices. It's been, always been my goal to not pay out bank profits in dividends, but rather to accumulate capital and then go ahead and expand. And so, over a period of time, we've acquired different offices with the last acquisition being the failed bank in Ericson.

Lyn Wineman:

Gerry, that's interesting. I wonder if back then, if your grandfather really realized what would become of the bank and how you would grow it into the new communities. I think that's just a great story. Now Justina, my next question is for you. All of us know that 2020 has been a really difficult year as we face a global pandemic. It's led to shutdowns, quarantining, social distancing, and that's just to name a few things. How has this impacted operations at the bank?

Justina Roth:

This is a great question. Bankers are considered frontline workers, and many people forget that about bankers. But under Gerry's leadership, we continue to operate as is. And that really stands as a testament of how we do things and how we serve our community. His goal, along with our employees, was to not create more concern, but just continue to operate. Of course, we've been practicing appropriate distancing and all that greatness, but our goal was to continue to serve. So our doors have been open and we have tried to do business as usual in all 12 offices.

Lyn Wineman:

That's fantastic. It's nice to have a level of calm from your bank when other things seem to be not as calm as they normally are. So now, I know that with the economic impacts that are in place right now, I know you have been doing a lot of things. Gerry, can you tell me more about how the bank has been helping those who have been impacted?

Gerry Dunlap:

We really enjoy helping people. So, we've spent a lot of time helping people through these times. Of course, one thing, like Justina mentioned, is that we appear, we want to appear competent and we want to help people just generally through talking to them and trying to quiet their fears. But in addition to that, we participated in the Payroll Protection Program or the PPP program. Of course, in that program, the bank is compensated for its work. We did that, but then in addition to doing the PPP program, we also helped customers obtain the EIDL loan, which is a loan directly from the SBA, which they acquire online. In many cases, we sat down and went through the applications with them, worked them through, gave them advice, and sent out memos on how to work that program. In addition to that, then we helped them with the Nebraska stabilization grants.

Gerry Dunlap:

Under those grants, businessmen could obtain up to \$12,000 in money grants directly from the State of Nebraska. So, we sent out memos, and helped people fill out those applications, and worked through that. That's now coming around for a second round. And so, we've again contacted people, calling many of the people who would, again, qualify. A lot of businesses can't qualify again, but definitely restaurants

can, so we contacted them. Also, they opened up the grants to cosmetologists, massage studios, and similar businesses. And since this was the first time, we called them, identified our customers, and advised them to go ahead and submit the grants. On the other side, we've done forbearance where customers are unable to make their payments. We have a large portfolio of student loans and many of the student loans now are in forbearance because of the lack of income caused by COVID.

Lyn Wineman:

Wow. You know, I can speak from experience. A lot of the economic relief packages have been very helpful, but also very overwhelming to, particularly small businesses, who may not have an accounting staff there that really understands all the forms. I know I've heard stories of bankers working long days, nights, and weekends, to help their customers meet the requirements and make the deadlines. I think that really is the picture of being on the front lines there. Now, Justina, I am really curious to know, as a result of the pandemic, I know you are staying open and keeping calm and keeping things going. But I'm curious to know if you're seeing shifts in how your customers are interacting with the bank as a result of the pandemic.

Justina Roth:

Yes, we have seen a shift and fewer people are coming into the bank, they use our drive-thrus and whatnot. But the biggest shift has been to our mobile banking. And it goes back to that question, "How are we different?" We have a lot of mobile banking products, from mobile deposit, to PDP, and external transfer, just to name a few. Our mobile deposit numbers have significantly increased this year and we have a lot of new enrollees in mobile banking and internet banking. So, it's kind of pushing us to go more digital, and it's also providing us more education. That customer service is really coming into play, because customers are calling and asking how to use the products, while a year ago they never cared about mobile deposit. There has been a greater mobile increase.

Lyn Wineman:

This has really pushed, it's pushed a fast adoption of mobile and digital products that will probably stay with us, to a certain extent, after the pandemic. But won't it be great to have the day when everybody just feels free to come back into the bank again?

Justina Roth:

Yes.

Lyn Wineman:

That would be fantastic, so...

Gerry Dunlap:

We'd love to see them again, coming back in.

Lyn Wineman:

I know you develop relationships with people that come in, and you say hi, and just get to know them really well, so... Now, Gerry, you mentioned that earlier this year the acquisition of Ericson State Bank. And this was prior to the pandemic, and it was national news because it was actually the first bank

failure in the United States in the year of 2020. What has that experience been like? And what are you doing to help support the community of Ericson?

Gerry Dunlap:

Well, it's been a real education for both Justina and I. The bank was a little different in the way it failed, and so we have joined that, although it has been a lot of work. Of course, we offered the Payroll Protection Program, the grants that we talked about earlier, and the SBA loan direct up there. And that was a market that probably was underserved in those areas. A lot of the banks up there were smaller and didn't really participate in the PPP program. So that was a situation where we were able to work with them, and it worked out well. When we initially bid on the purchase of the bank in Ericson, we had a lower bid. The FDIC came back and told us that we needed to bid more if we wanted to buy the bank, which we did do. That had the effect of keeping the bank open, because if we had not increased our bid, the FDIC would have closed the bank and paid out the deposit.

Gerry Dunlap:

What we did is, we kept the bank in the community, and as Justina mentioned, we offer products up there that, again, a lot of the smaller banks do not offer, they had not been available. A good example would be mobile banking because the distances are so great up there, that mobile banking, the convenience of it, taking a picture of your check and depositing it, it was a real success. We are going to, in fact, we've just knocked a hole in the wall in the bank building up there, we're going to install an ATM. There's one other ATM in the community, but it is a pay one and not always available to the customer. So, we're going to go ahead and install an ATM into the community. We made a lot of loans, that brought a lot of the loans, and so we've made a lot of loans to customers up there.

Gerry Dunlap:

As far as the city is concerned, the city wants to repair and paint their water tower, and we've committed to loan money for that. Currently the village of Ericson and their fire department is building onto their firehouse, and we agreed to loan money for that. We've really tried to support the community. Also, we've been contacted by the superintendent of schools up there, and they want to establish a daycare center in Ericson. I went out and negotiated with a property owner to buy a building, and then we're going to work with the community up there to hopefully obtain grants through the Nebraska Department of Economic Development, to build a daycare center in Ericson. The important thing is, that the reason the school districts are so concerned about it is, they want their school district to survive. And so, they want to start with a daycare center and get the kids used to coming to their daycare center, and then hopefully move on into the schools.

Lyn Wineman:

I appreciate you sharing those stories and those examples, because I think those really illustrate how a community bank can support a community in so many ways. Gerry, I know you have a long legacy, both you and your family, of being community focused. What has inspired that in you?

Gerry Dunlap:

What we really try to do is help people. I really enjoy helping people. And also, we enjoy working with businesses and seeing those businesses grow. And I know we've kind of worked with your business and are seeing you succeed, and we're glad to see that. And it just...you feel you've really done something if

you started a business and that business has grown or become successful. Same thing with farmers or individuals who we can loan money to and then see them prosper. We really enjoy seeing that happen.

Lyn Wineman:

Thanks, Gerry. I do have to mention, I do really appreciate that. I mean, having a good bank and a good banker is an important part of the success formula for being a growing small business. Thank you for that. Justina, we've heard a lot of great things about the work you've been doing this year. Could you just sum up for us, what makes Farmers & Merchants bank special?

Justina Roth:

I really believe it's that community atmosphere. We talk a lot about it, but I firmly believe in the small acts of kindness. We go and send cards to people. We try to do activities that maybe other banks aren't doing that just sets us apart. My example is, we have more cards than we know what to do with, but we send birthday cards, anniversary cards, get well, new baby, whatever it may be, that's kind of our small touch. And we get a lot of compliments back like, "Hey, my bank actually sent me a personalized card." And, to me, that's what makes us special, is just the small acts.

Gerry Dunlap:

We're also planning a trunk or treat. And so that, I think is something that a lot of banks don't do.

Lyn Wineman:

I think that's fantastic. You've got to take care of the kids and families in your communities. So, a lot of people have told me this next question is the hardest question that I ask, but we pride ourselves on having this podcast be something that is inspiring. And I love inspiring quotes. Gerry and Justina, could you each give us a few of your own words of wisdom that can serve as inspiration to others?

Gerry Dunlap:

Well, I guess some of the things that I think about are, we want to help people, we want to always be positive, we don't want to be negative. We want to come up with new ideas and then have the courage to push those out, move forward so that we can further help our customers. And the last thing I would say is that we would rather do what is right than be members of the right clubs. So, we try to do what is right, and we don't really care so much about having the perfect association or the perfect customer.

Lyn Wineman:

Wow, that's great. Justina, how about you?

Justina Roth:

I firmly believe in shine. So, in every challenge, no matter if it's good or bad, just remember to shine because you're going to make a difference to someone.

Lyn Wineman:

Oh, that is great. That is really true, I think, especially now. A kind word, a nice note, a smile, that's one of the things I struggle with, wearing masks during the pandemic, is because people can't see me smile at them. And I didn't realize how important that was to me. Justina, how can people find out more about Farmers & Merchants Bank?

Justina Roth:

They can check out our website, bankfmb.com, or we are on social media with Facebook, LinkedIn, or Instagram.

Lyn Wineman:

Fantastic. Gerry and Justina, I appreciate you taking time out of your busy schedules. I know you're working on that second round of economic stimulus and all sorts of other things, but I appreciate you and all that you're doing to take care of the communities that you serve.

Justina Roth:

Well, thank you, Lyn. We appreciate you as well.

Gerry Dunlap:

Thank you for letting us participate.

Announcer:

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