



Westfield Bank Public Funds Team

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Presentation Topics:

Westfield Bank – Who We Are

Fraud Statistics – By the Numbers

Positive Pay – Check & ACH Fraud Control

Receivables Service – The Lockbox Solution



Westfield Bank – Who We Are



Creating a Better Bank

- Owned by Westfield Insurance Company
- CEO Jon Park created Westfield Bank February 2001
- His vision was to create a better bank that could out service larger rival banks at a lower cost
- Our model revolves around personal relationships with customers and key centers of influence
- Make decisions locally which allows us to be faster and more flexible than bigger institutions
- Focus on technology rather than brick-and-mortar locations



About Us

- Currently \$1.5 billion in assets
- \$108 million public fund portfolio
- 9 Locations located in Northeast Ohio
- 75% of commercial deposits are processed using RDC
- Upgraded account analysis system in 2018
- Business online account opening Q1 2019

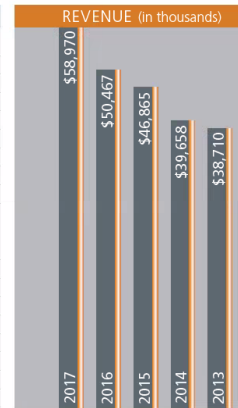


Financial Highlights

WESTFIELD BANCORP FINANCIAL HIGHLIGHTS

(Dollars in thousands)
(Unaudited)

	2017	2016	2015	2014	2013
FOR THE YEAR					
Gross Revenue	\$58,970	\$50,467	\$46,865	\$39,658	\$38,710
Operating Income*	12,319	9,003	9,512	8,008	7,875
Net Income (after tax)	12,319	8,692	9,512	6,869	7,875
Return on Average Equity*	8.40%	6.80%	7.80%	7.80%	8.70%
Return on Average Assets*	0.90%	0.70%	0.90%	0.90%	0.90%
Net Interest Margin	3.54%	3.47%	3.56%	3.60%	3.65%
Net Charge-offs to Average Loans	0.02%	0.10%	-0.03%	0.11%	0.13%
AT YEAR END					
Total Assets	\$1,439,589	\$1,293,851	\$1,142,817	\$1,036,867	\$884,700
Loans	1,131,086	1,020,779	904,675	798,074	616,515
Investment Securities	197,306	170,606	150,081	168,286	209,953
Deposits	1,014,558	979,560	869,824	765,177	673,696
Shareholders' Equity	153,429	136,731	125,549	117,165	92,187
Equity-to-Assets Ratio	10.70%	10.60%	11.00%	11.30%	10.40%
Asset Growth Rate	11.30%	13.20%	10.20%	17.20%	6.00%



WESTFIELD BANK

Expect More

- **Strategic Relationships:** True relationship banking means developing a partnership with your business and advocating for your company.
- **Customer Focus:** Take the time to understand your company including your processes and challenges. As a result, you will benefit from individualized solutions.
- **Experienced Business Consultants:** Take the time to understand your processes and challenges.



WESTFIELD BANK

How We Protect You

- Secure socket layer (SSL) protocol to safely transfer data
- Malware prevention and removal to reduce the risk of breaches
- Web browser protection to shield your online transactions
- Encryption to convert sensitive data into a secure code
- Multi-factor authentication and account alerts to add extra security



Fraud Statistics – By the Numbers



Fraud Statistics

2018 Association for Financial Professionals Fraud & Control Survey:

- 78% - over three quarters of the organizations surveyed experienced payments fraud in 2017
 - HIGHEST percentage since the survey debuted in 2005
- Checks were the payment format most frequently targeted for fraud, with 74% of attacked organizations reporting that their checks were involved. Other payment formats targeted include:
 - Wire Transfer (48%)
 - Corporate/commercial credit cards (30%)
 - ACH debits (28%)
- Business Email Compromise (BEC) continues to be popular among fraudsters with 77% of organizations experiencing fraud.

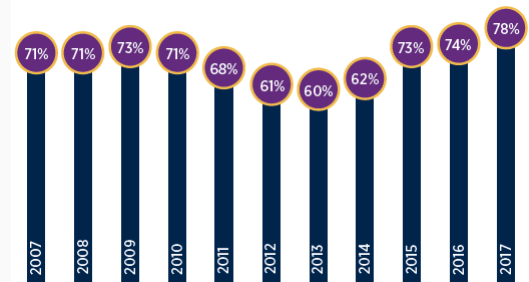


Fraud Statistics

2018 Association for Financial Professionals Fraud & Control Survey:

Historical Data

Percent of Organizations Subject to Attempted and/or Actual Payments Fraud



Fraud Statistics

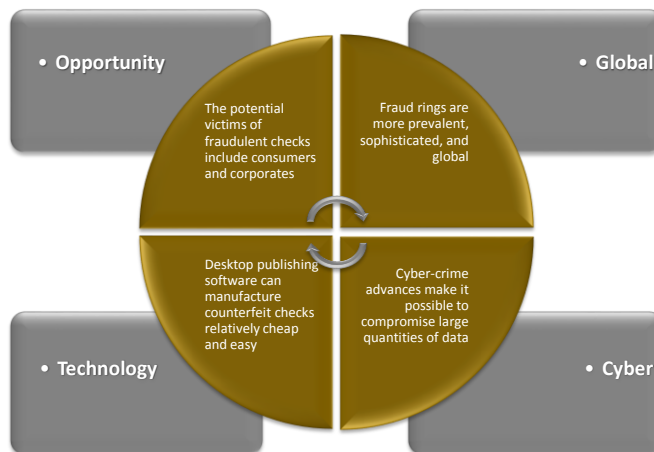
2018 Association for Financial Professionals Fraud & Control Survey:

- How long did it take to discover the fraud?
 - 47% of the organizations stated the fraud was uncovered in less than a week
 - 21% stated the fraud was discovered in between one to two weeks

- Organizations used a number of fraud prevention control services provided by banks, including:
 - Check Positive Pay/ Reverse Positive Pay
 - ACH Debit Block
 - ACH Positive Pay/Debit Filters
 - 'Post No Checks' restriction on depository account



Why Is Fraud So Prevalent?



Positive Pay – Check & ACH Fraud Control



Positive Pay-Checks

- Are your checks in good hands? Maybe not.
- Positive pay is an automated fraud detection tool offered by our treasury management application
- Check fraud continues to be the #1 type of payment fraud
- Paper checks still make up nearly 63% of B2B payments
- Check fraud simply won't go away

Positive Pay – How it Works

- Positive Pay (Bank-Match)
 - Organization creates an electronic file that contains each check generated from the A/P or Payroll accounting system.
 - This file is securely transmitted to the Bank where it is added to a master outstanding list and later matched to the actual check when it is presented for payment.
 - When a check is presented for payment, the Bank compares the check against the positive pay file. Any discrepancy (i.e. dollar amount or check number) trigger a stop in the processing of the check.
 - The Bank notifies the organization that an information mis-match has been identified and requires a pay / no-pay decision on the item.
 - A no-pay decision returns the check to the bank of first deposit and eliminates the potential loss to the company



Positive Pay-Check Advantages

- Ability to reject unauthorized payments before the loss is incurred
- Improves audit control
- Simplifies accounts payable process
- Lower cost: Reducing the potential for check fraud, positive pay can save you time, effort and real dollars
- East-to-use: The screens and menus are intuitive and east to navigate
- Enhanced security
- Email notifications



Positive Pay-File Specs

Sample Positive Pay File Layout

115617,1,06/09/08,"SMITH, EDWARD",224.45
 115618,1,06/09/08,"HUNT, SUSAN",52.25
 116395,1,09/09/08,"MILLER, CHRISTINE",59.72
 120675,1,10/09/09,"AKRON UNIVERSITY",4000.00
 121108,1,11/06/09,"JONES, SEAN",383.01
 123952,1,07/29/10,"LITTLE, RICHARD",6.36
 124942,1,10/21/10,"RHODES, ROBERT",205.25
 124964,1,10/25/10,"BURNS, STEVE",55.99
 125148,1,11/08/10,"JOHNSON, LORAIN",33.75
 128681,1,10/07/11,"GATES, JOSEPH A.",95.85
 129192,1,11/15/11,"STONE, SCOTT",144.49
 129626,1,12/21/11,"XYZ MANUFACTURING",3638.90
 130384,1,02/29/12,"DAUGHERTY, TODD",300.30
 130634,1,03/30/12,"AT & T",105.54
 130661,1,03/30/12,"JEREMIAH, PAUL E.",120.99
 130798,1,04/12/12,"HALL, CHARLES",45.67
 130812,1,04/12/12,"BEST BUY",169.95
 130831,1,04/12/12,"PET SUPPLIES PLUS",20.96
 130863,1,04/17/12,"LONG, STAN",341.50
 130881,1,04/17/12,"SMITH, SHANNON",25.10
 131032,1,04/26/12,"TREASURER -STATE OF OHIO",1000.00



Positive Pay – ACH

- Automated Clearing House (ACH) debit fraud is the risk that a transaction will be initiated or altered in an attempt to misdirect or misappropriate the funds.
- ACH fraud is relatively simple to perpetrate:
 - ACH is easy to process by banks
 - ACH is a widely-accepted transaction
 - ACH offers flexibility for a variety of payment applications
- Any ACH debit may post to your account if no proactive fraud prevention measures are in place.
- Critical elements of ACH fraud – the account number and the routing number can be obtained from any given check.



ACH Positive Pay-Advantages

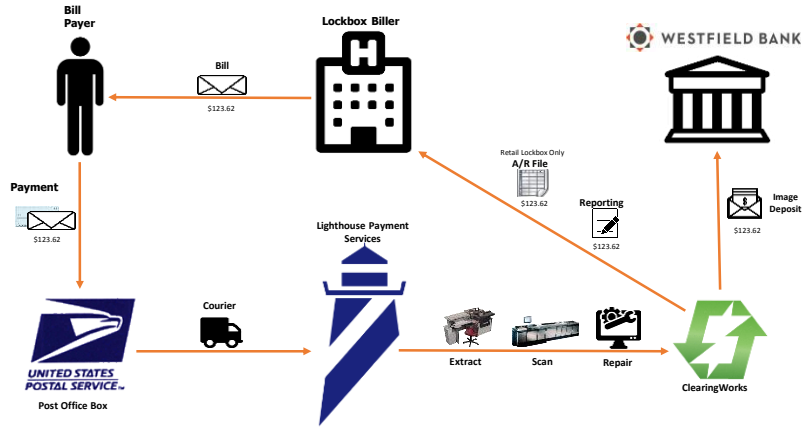
- Added layer of security and control
- Easily accept or reject ACH items before they post to your account
- Easily integrated with account reconciliation programs
- Allows multi-users access from multiple locations



Receivables Service – The Lockbox Solution



Lockbox Process Flow



Wholesale vs. Retail

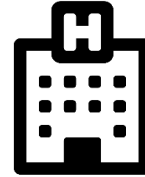
- Wholesale Lockbox
 - Low volume of transactions
 - Larger dollar transactions
 - Non-automated
 - Data entry



- Retail Lockbox
 - High volume of transactions
 - Lower dollar amount transactions
 - Highly automated
 - Little data entry



Why Lockbox? Value Proposition for Bank Clients



- Speeds up processing time for payments
 - Improves cash flow
 - Automates and improves accounts receivable reporting
 - Decreases Days Sales Outstanding (DSO ratio)
- More secure payment management process
 - Digitizes all transactions; access 7 years of payments from your desktop with web-based interface
 - Review, repair and/or reject exception items
 - Multiple levels of user access and security
- Cost effective
 - Reduces administrative tasks and improves staff productivity
 - Decreases the potential for theft, fraud and error by removing the process from the office



Market Differentiators

- No need to change – it is customized to your processing needs
- Integrated Wholesale and Retail processing
- “State of the Art” Processing
- Flexibility
- On-line Decisioning
- Integrated Receivables Processing
- Remote Lockbox



Processing & Controls

- Individual P.O. Boxes
- Pick-ups starting at first available till P.O. is done
- Mail opened, extracted and sorted on Triple Cuts
 - Each piece “candled” to ensure contents are extracted
- Random reviews of opened and prepared mail for appropriate sorting and batching
- Negotiability review performed on check



Processing & Controls

- Batches processed on high speed transports
- Program controlled processing
- Customized processing according to customer instructions
- Scan line check digit routines
- CAR/LAR processing with validation to scan line
- Items endorsed and sprayed with audit trail
- In-line imaging of remittance, check, and any correspondence



Processing & Controls

- Balancing according to your instructions
- All work picked up today processed today
- Systematic control of transmissions
 - FTP
 - HTTPS
 - E-mail
- Automatic delivery of reports
 - E-mail
 - FTP
 - HTTPS
 - Paper

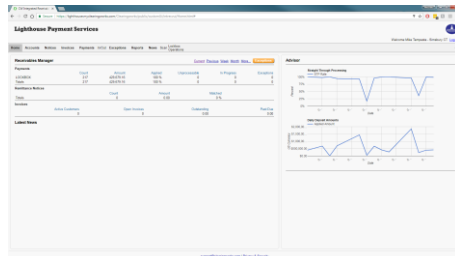
Check Detail Listing

Check Number	Check Amount	Check Date	Check Type	Check Status	Check Balance
20181001	1	10/01/2018	DEPOSIT	OK	100.00
20181002	1	10/02/2018	DEPOSIT	OK	1700.00
20181003	1	10/03/2018	DEPOSIT	OK	20.00
20181004	2	10/04/2018	DEPOSIT	OK	10.00
20181005	4	10/05/2018	DEPOSIT	OK	170.00
20181006	2	10/06/2018	DEPOSIT	OK	100.00
20181007	1	10/07/2018	DEPOSIT	OK	100.00
20181008	1	10/08/2018	DEPOSIT	OK	100.00
20181009	1	10/09/2018	DEPOSIT	OK	100.00
20181010	1	10/10/2018	DEPOSIT	OK	100.00
20181011	1	10/11/2018	DEPOSIT	OK	100.00
20181012	1	10/12/2018	DEPOSIT	OK	100.00
20181013	1	10/13/2018	DEPOSIT	OK	100.00
20181014	1	10/14/2018	DEPOSIT	OK	100.00
20181015	1	10/15/2018	DEPOSIT	OK	100.00
20181016	1	10/16/2018	DEPOSIT	OK	100.00
20181017	1	10/17/2018	DEPOSIT	OK	100.00
20181018	1	10/18/2018	DEPOSIT	OK	100.00
20181019	1	10/19/2018	DEPOSIT	OK	100.00
20181020	1	10/20/2018	DEPOSIT	OK	100.00
20181021	1	10/21/2018	DEPOSIT	OK	100.00
20181022	1	10/22/2018	DEPOSIT	OK	100.00
20181023	1	10/23/2018	DEPOSIT	OK	100.00
20181024	1	10/24/2018	DEPOSIT	OK	100.00
20181025	1	10/25/2018	DEPOSIT	OK	100.00
20181026	1	10/26/2018	DEPOSIT	OK	100.00
20181027	1	10/27/2018	DEPOSIT	OK	100.00
20181028	1	10/28/2018	DEPOSIT	OK	100.00
20181029	1	10/29/2018	DEPOSIT	OK	100.00
20181030	1	10/30/2018	DEPOSIT	OK	100.00
20181031	1	10/31/2018	DEPOSIT	OK	100.00



Customer Service & Research

- Phone and email customer service support
- Web based customer access to all payment data and images
 - Search transactions by any captured data field
- Same day responses to customer service inquiries



Other Features

- Support for OCR, MICR and Bar Code
- Stop file processing
- Customizable data entry options
- Mark sense processing for:
 - Address changes
 - Remittance sorting
 - Additional amounts (donations, penalties, etc.)
- Support for ad hoc instructions
- Support for credit card payments
- Ability to process “check and lists” from bill payment services
- Ability to process multiple payment types paid with one check
- Ability to process check only payments
- Can deliver images via PDF Report, via online interface, or burned to CD-ROM



Q & A

