

Breakout 2:
**Building and Scaling
a Best-In-Class
Cannabis Banking
Program**

Stacy Litke

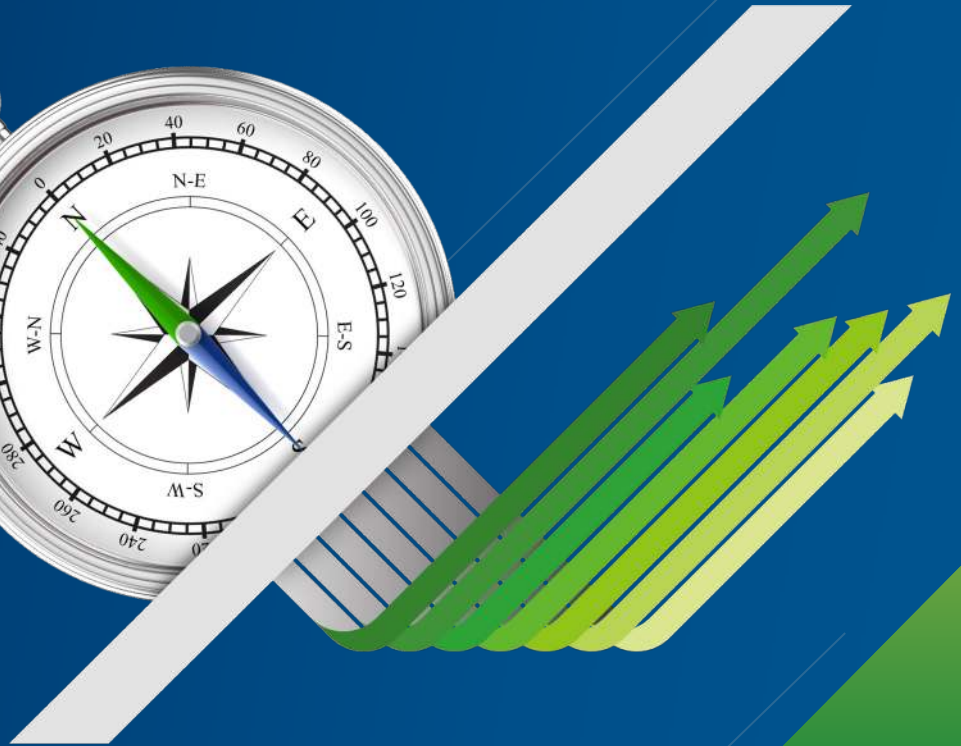
Green Check Verified

Josh Lanouette

Northern Bank & Trust Company



Cannabis Banking: Building and Scaling a Best-in-Class Program



Northern Bank
Bank Director Audit & Risk Conference
June, 2023

Your presenters

Exploring the process of building and automating a cannabis banking program from launch, customer acquisition, and growth.



Josh Lanoutte

VP Head of Financial Crimes
Northern Bank



Stacy Litke

VP Banking Programs
Green Check Verified

Northern Bank

- Founded in 1960
- Headquartered in Woburn, Massachusetts
- 13 locations across Eastern Massachusetts
- Local presence, national market
- \$3 billion in assets

Northern Bank's Cannabis Banking Program

Northern Bank's

Journey to cannabis banking

Impetus for Program:

Asked by DOB to explore the idea.

Initial Discussions with Critical Partners and CRBs

Examiners, auditors and potential clients, DOB

Program Development

Policies, procedures and offerings

Establish CRB Relationships

Open accounts and verify activity



Formal Initiative
Initial Risk Assessment
Partner Selection

Board Approval
Understanding the opportunity

Staff Training
Guidance, regulations and operations

Program Management
Ongoing Assessment

Goals and Objectives for Program – “If we’re going to do this, why?”

- Strategic goals:
 - Best Business Bank is key strategic goal
 - ‘Speciality Banking’ is part of business already
 - Wouldn’t be able to achieve goal while excluding one segment of local industry
- Specific tactical goals:
 - Goals for deposits? Caps to monitor concentration risk (% of deposit base)
 - Goals for fee revenue? \$2,000 per month initial fee ask

Business Case: Prior to Board Approval

- Executive research
- Audit and Risk Assessment of proposed program
- Brought to board for discussion and approval
- Launched program one week later

Getting to Work: After Board Approval

- Communicate, implement and train
- Internal policies and procedures were in place prior to board approval
- Relationship managers and word-of-mouth

Pricing

- Competition in crowded market
- Started at \$2,000 per month, dropped fees multiple times
- Current fee is \$0 per month

Examinations

- FDIC Safety and Soundness
- Massachusetts DOB
- No longer considered high risk customers

Evolution and Growth

- Defensive posture, intense scrutinization
- Rebuilt from perspective of strength
- Ready to move program to technology platform
- National opportunity reviewed
- Continued focus on Massachusetts, will consider Connecticut next
- Not lending to cannabis businesses today, but will lend to principles

Branding and Messaging

Marijuana Establishments

We understand the unique nature of your business. We created a specialty banking program specifically for you to help you save time and focus on what's most important - growing your business.



SPECIALTY CHECKING

Checking product for primary and secondary operating accounts.

Online Financial Reporting

Cashless - ATM Services

Smart Safe

Cash Transport

Dedicated Relationship Manager

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SPECIALTY INVESTOR MONEY MARKET

Investor funds money market account.

Online & Mobile Banking

ACH Origination

Wire Transfer (USD Only)

Remote Deposit Capture (RDC)

Dedicated Relationship Manager

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ESCROW ACCOUNT

Cannabis Control Commission required escrow account.

No monthly fee

Online and mobile banking

Wire transfer (USD only)

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Our Partner: Green Check Verified

- Green Check Verified was founded in 2017 by a team of technology, banking, and regulatory experts.
- GCV has a proven track record of partnering with financial institutions to build and scale compliant cannabis banking programs for more than 100 clients across the US.
- GCV's mission is to build trusting relationships between financial services providers and legal cannabis businesses to fuel growth while minimizing the time, cost, and risk required to maintain compliance.
- GCV's Banking Compliance team is staffed with former bankers with nearly 90 years of combined BSA/AML, KYC, Compliance. Analytics and Operations experience.
- Technology platform allows collection of due diligence documents and key data points from sales systems and core banking data to provide insights into activity, and overall program efficiency and scalability.

Q&A



THANK YOU