Ryan Morfin: Welcome to NON-BETA ALPHA. I'm Ryan Morfin. On today's episode, we have John Steinmetz, the CEO of Vista Bank, a Texas bank that has been very involved in growth, but also making sure PPP loans get to small and medium size businesses. This is NON-BETA ALPHA.

John, welcome to the show. Thanks for joining us today.

John Steinmetz: Thank you, Ryan. Appreciate the opportunity to be with you today.

Ryan Morfin: So John, you run a bank here in Texas, and I wanted to chat with you a little bit today about the future of banking, and your views on the economic environment that we're in. Vista Bank is a growing fast, strong bank here in Dallas, Texas. You've really grown the bank over the last few years, maybe you can talk a little bit about the banking sector prior to this pandemic, and what the banking sector is poised to do after the summer.

John Steinmetz: Sure. Well, let me begin by thanking you and your viewers for allowing me to visit with you today. You obviously are dressed more appropriate. I've wondered oftentimes if you sleep in a tie. Now I know that that is absolutely the case. It is Saturday morning, and here at the Steinmetz household, I'm going to be sporting the old Vista Bank hat. But as you know, Ryan, Vista started in 1912. We started out as an Ag bank. I joined the organization in October of 2007, world's greatest time to get a bank, diversify and growing. And how I think that applies to the organization today, is that it was a family-owned Row Crop Bank primarily focused on COD and about 58 million in assets today. We're Dallas-based. We've moved the domicile to Dallas, and we're just over a billion one in assets.

So we have had some strategic growth, primarily through multiple markets entering into commercial, but what we really did see was that '07 start was much like what we're seeing today. And there are a lot of changes that are taking place in the industry, but also in the country in every facet. And that's where we saw the greatest opportunity for those with dry powder. And those, quite frankly, that had the grit to dig in and battle during what are, certainly, most challenging times, personally and professionally, today for the country.

Ryan Morfin: And so, banks take a longer term perspective. What's your view? Credit's obviously shifted pretty quickly in everybody's portfolio, just given the unemployment spike and the next-level effects of unemployment, and then the damage consumer. What's your view on how credit's been impacted across the economy?

John Steinmetz: You broke up for a little bit there, but I think what you're asking is, what was the shifting credit market looking like. And I think, to be real honest, it's probably too early to say. The Fed issued a guidance that allowed banks to put borrowers on a deferment, or IO, a modification without doing a TDR, trouble debt restructure. And so what that allowed us to do was, it allowed the industry, the financial services industry, banks in particular, to go out and modify loans to help borrowers during the COVID pandemic, and then ultimately what we're struggling with today. So, what I believe is, that kicked the can down the road until probably the third or fourth quarter.

I believe we'll see the true impacts of COVID in Q1. The market obviously responded well yesterday, due to unemployment numbers not being as strong as analysts expectations. But, it's going to be difficult to say where we're going to be, but I think that if PPP and some of the other stimulus programs do work, and we're hopeful they do, it'll be shortened U... I'm not sure I believe in completely the V, but I think that the U can be a lot sharper than the U.

Ryan Morfin: You mentioned the PPP program. What were your thoughts about that? They put a lot of money out really quickly, jaw dropping, quantum leap of stimulus that we've never seen before. How did that go, in your opinion, from a bank standpoint?

John Steinmetz: Well, I think it was very timely. It was imperfect. As you and I discussed, we were having this conversation on the exchange a couple weeks ago. It was a very eloquent program put together, with changes every day. But, what I think it gave people was, the time that was necessary to allow their business to keep folks employed.

I've said all along, it was a great stimulus program, but what it was, was it was an even better unemployment program. I think we saw the impacts of PPP and the success of PPP yesterday with the unemployment numbers. I believe that PPP will, the Payment Projection Program, will allow small businesses to keep folks employed. And as you know, in your industry, with as many folks as you have, the most valuable asset any of us have is the human asset. So, when we take them out of our companies, and put them on the unemployment line, not only do they lose a incredible opportunity to stay with the company, oftentimes that they want to stay with, but also, we lose very well-trained, regardless of the industry, regardless of the sector, great people.

So, I just think it's going to be something that hopefully we look back in time and think, man, it was imperfect, there's no doubt there was a ton of problems, there was fraud that has taken place, but at the end of the day I'm hopeful that it does make an impact for us [inaudible 00:06:24]...

Ryan Morfin: Yeah. It's seemed to have worked. Obviously it's not a perfect plan, especially when you throw that kind of money out the door that fast. But you mentioned fraud. What was the type of fraud? Were people just faking payroll statements, or...? What type of fraud do you think existed? What are they saying?

John Steinmetz: Well, any time you have a government program, any program, whether it's government or not, you're going to have people that understand how to beat the system. We saw some, and declined some false tax statements. This program was designed to be efficient, and I think it was. But, at the same time, banks had to respond as quickly as possible, while at the same time ensuring that safety and soundness was applied. Primarily, it's documentation. Did these entities exist? But, I think the treasury did a great job of making some outlines that allowed us to really clearly identify what was and what wasn't. And all we can hope is that we've all done, as a nation, the best job possible, as a sector of banking, to allow us to continue to grow, and supply these individuals the much needed money to keep their folks off the unemployment line.

Ryan Morfin: Yeah. Unemployment is definitely enormous today. What is your view, and your banks view, on where we are in the economic cycle? You said you don't think a V shape is coming, it's more like a U shape. Do you think there's more stimulus programs coming? And then, is that what's going to bridge us to this U shape recovery?

John Steinmetz: Okay, so the first question was really, do I feel like the... What was the first question? I'm sorry. It was...

Ryan Morfin: No. The first question is, do you think there's... Where are we I guess, in the cycle? How long do you think it's going to take for the recovery to really take [crosstalk 00:08:24]?

John Steinmetz: Sure. So, as your industry, clearly, watches daily, we were in a long bull run. We were poised for some type of correction. What may be unique in this case is, that this was ultimately what set the correction in place.

Are you there?

Ryan Morfin: Uh-huh (affirmative). Yep. I'm here.

John Steinmetz: Yeah. So, maybe we were there, in a position where the correction was set for us, versus something that came along that was unexpected. I do believe, and I do feel personally as an editorial comment, that this correction will be faster than others because of technology, because of the things that you and your firm are doing to communicate. On a daily basis we know, at any given time I can pull up on my phone and know exactly how many assets an individual loan officer has, what their past due ratio is, what the profitability is, and I think that that's a distinct advantage over where we were even seven years ago.

Five years ago, we as an organization sat around the board room and said, hey, is there still a place for community banks? And I'll be honest with you Ryan, I wrestled with whether or not Fin Tech's was the future of banking, and if too small to be successful was even more relevant than too big to fail.

So, what we have seen through this pandemic is, and in particular PPP, I want to give praise to all of the community banks out there. This is no knock on the big banks but look, we stepped up to save Main Street. And as you know, being in the market, as Main Street goes Wall Street follows. It's not the other way around. So, the PPP program in particular, assisted us in keeping Main Street solvent, and banks, community banks in particular, went out and made loans to small businesses that ultimately were able to do it.

As of yesterday, we did 1,706 loans, Payment Protection Program loans. They range from $281 to 700... I'm sorry. $7.8 million. $281 loan, someone took the time to get a $281 loan. So, as we feel sorry for ourselves at times, just keep in mind these are people that... I believe, only community banks would do a loan for $281. And I'm proud of the fact that we, regardless of where someone was on the socioeconomic cycle, their race or gender, we were here to help, and I believe because of that, what we're seeing today is, we're seeing the impact as the companies come back together. So, community banks are needed, but I do believe scale is going to be everything over the next 10 years. And we're going to see, at least in Texas, probably one of the greatest consolidation of banks upon this recovery as we've seen in our generation.

Ryan Morfin: Yeah. No doubt Main Street needed help. It seems like from the analysis, that maybe half of the jobs we've lost won't come back. So, these small businesses had their balance sheet wiped out. I think part of the genius of the PPP program is that it really injected equity into balance sheets really quickly to keep people... Give them some time to digest what was going on. But, those companies that don't survive, they're going to be replaced by new companies, that's the beauty of the American dynamic and environment that we're in. But they're going to need to get access to credit. So, going forward, how do you think the credit markets, or the access to capital for small businesses is going to change? Is it going to be more difficult, or do you think these would be good opportunities for new businesses to start a new company?

John Steinmetz: You know Ryan, one thing I've always been impressed with, about your firm and you is, that you're always looking a little further down the line than a lot of folks. I've done a number of interviews surrounding this area and no one's really asked about where credit is going to be tomorrow. I do believe credit is going to be a little more challenging to access. I do believe that one of the challenges.

I had a chance to visit with the treasury department and secretary's office, about this issue at hand. One thing you can not do is, you can not burden the banks, the financial services sector, to be police, ultimately a program that the government did, for the right reasons, because what we will is, we will pivot and we will take care of what needs to be taken care of.

However, what that's going to do is, that's going to take you away from being able to help other small businesses grow and businesses have the access and the capital that they need to grow. Wall Street can issue more debt. They can put out sub debt, and they can put out more equity, but a lot of these Main Street businesses just don't have the access to the capital. So, I think that's where Vista is going to position ourselves. We are going to do everything from automation, just like we did on the forgiveness side, to ensure we're as efficient as possible. Because what we want to do is, we want to help businesses like yours, and those out there, not only be as strong today and you've ever been, but also, play a small part in your success in the future. So, we are open, we are dry powder, and we are prepared to deploy it to those that are looking to grow. And ultimately that's [inaudible 00:13:50] back on track.

Ryan Morfin: Do you think... Is there talk amongst the policy circles that the banking sector, regulatory environment that we went in to, post the financial crisis of 2008, [inaudible 00:14:03] and all that, is that going to be reformed or do...? What kind of changes to the regulatory environment do you expect to help spur more business?

John Steinmetz: One of the advantages of being in my 40s is that I did not experience the banking crisis of the 80s. One of the disadvantages of being in my 40s, is that I did not experience the banking crisis of the 80s. But I will tell you from a regulatory standpoint is, I got in this industry in 2002, post 9/11, the Patriot Act, BSA, we've always been in a highly regulated industry. And quite frankly, we're okay with that. I think it's an advantage that Vista Bank has. I think it's an advantage that many banks around the country posses. A lot of these regulations are in place for the right reasons.

Do we need reform? Sure we need reform. Is there areas that can be improved? Sure. But, as I sit in my home today, there's reform and areas for improvement under my own roof. So, I think that what we're going to see is, we're going to see, under different administrations, we're going to see a ways and a means to ensure that Main Street... Because this is not a partisan issue, we've got to make sure that these small businesses are in a position to one day become Wall Street companies, because they all started there. That is what we're really focused on. We're focused on playing by the rules that are given to us, and doing it well.

Ryan Morfin: Yeah. And it seems like the banks are in very good shape, right? There's good reserves. But we started seeing some of the bigger banks start to really aggressively increase reserves for losses on their credit portfolios. Do you think that's going to accelerate throughout the year? That additional reserves are going to be needed. Or do you think that we've seen the worst and things are going to start to calm down a bit?

John Steinmetz: No, you make a great point. Banks after The Great Recession, the capital requirements were increased. So, where you saw banks with five to seven percent, now they're at eight to 10, 11, 12% in some cases on their two to one capital. As it pertains to the lines for loan loss and reserves, I do think it's prudent to increase your reserve. We took, in the first quarter, just based on quantitative measurements based specifically around the economic conditions, and we did put additional reserves up against it. That's not because we were immediately expecting a loss, that had as much to do with the fact Ryan, that we see the economic conditions somewhat decreasing, and therefore we're doing it. A lot of banks, I'm hearing, are beginning to put more of their earnings, in particular in 2020, towards their allowance, so that we can ensure that we have adequate reserves in place. And I think you'll see that with Vista Bank as well.

Ryan Morfin: One interesting question that came up in a different interview we had is, people aren't really using cash as much anymore, and I think this pandemic is probably going to accelerate that. So, payment processing, technology and credit cards seem to be more important than ever. How has your bank been looking at that different space?

John Steinmetz: There's no doubt, and what we are seeing today, low interest rate environment, we are having to say more technology less people. And more technology less people, is going to allow us to be operationally more efficient long term. It does have a cap X in the short term. But, with these, likely, low interest rate environment we have to do that.

More importantly what COVID has done is it has created a very unique opportunity, as you know, [inaudible 00:18:01] Vista we have a number of locations with 15 locations, and probably eight of those are in rural parts of Texas. And some of those folks were the same ones that came into the bank every day. Well, when COVID was at it's peak, the lobby was closed, except for by appointment only. So at that time, we really were able to convert some of the holdouts per se, to go and try our technology and our app.

At the end of this month, after three years, we're revamping our website, we're revamping our app, and we're going to continue to reform what is ultimately being driven by the consumer. So, technology is allowing us to compete with the big banks, but there is still, as I mentioned earlier, too small to be successful, so I think where that number used to be a couple hundred million two years ago, I believe it's a billion today. So, we are focused on investing in the technology. We have an incredible operations team. We spent, as a board, more money, from an operational technology perspective, in the last two and half years, than we probably have spent in 106 years. And just putting us in a position where we are a community bank with a FinTech tilt. That's where I believe at the end of the day, people are going to feel most comfortable doing business.

Ryan Morfin: And the cap X decisions that everybody's going to have to make to really digitize their business is going to, I think, really be the differentiator. One area though that just continuously becoming a board issue is, cyber security. How has cyber security changed during your tenure as CEO, and where do you think it's going for FinTech and the financial institutions?

John Steinmetz: Well, I'll tell you, cyber security is an issue that we face as we hold this interview. We have probably had two attempts... Just based on the law of averages, while we're having this interview we've probably been attempted to be breached twice. I'm the first CEO outside of the family that previously owned, controlled this company in 105 years out of our 108 year... I guess it's been 104 years out of 108 years of existence.

Cyber security was not something that they focused on. It was, you had to make the loans and then you had to collect on those loans, and then redeploy the capital. Well today, it's an area that we spend the most amount of time. And it's probably where we've had our biggest losses is... It's not probably, it is, with cyber. So, we have to continue to invest in these walls, but as our former Governor in Texas once said, if you build a wall that's 12 feet, they're going to build a 13 foot fence. And that's very similar to cyber. The minute you patch one hole... These are some of the most talented cyber criminals in the world, from all over the world. And they can reach out to anyone. So, this is no different than your business, it's one that we all have to invest in, and continue to invest in. And it's an unfortunate reality of today, and it's something that I suspect in our lifetime, probably won't change.

Ryan Morfin: What is your view on digital assets and some of these digital currencies? The New York State Controller is starting to put some regulatory guidance, the SCC is putting guidance. What does the banking sector think of these cryptocurrencies?

John Steinmetz: You know Ryan, I always want you to be able to trust whatever information I provide to you, and I tell you, I just don't know enough about cryptocurrency to really provide your listeners and your viewers a very educated response. I would just say that what we're doing is monitoring what the Federal Reserve and the Treasury are putting out on it, and when it is a demanded product that our consumers demand, Vista Bank will pivot and be a part of that industry. But as it stands today, we'll leave it to the banks like Silvergate and the incredible companies that are out there doing it, and hopefully keep up with it as it transitions.

Ryan Morfin: Yeah. No, that's interesting. We aren't touching it either. We think it's a little too early. There's a lot of people... I think there's a lot of hype, a lot of talk about it, but I don't think governments are ever going to give up control of the monopoly on Fiat, so I think if I was a betting man I'd be willing to bet on the US government maintaining control. But-

John Steinmetz: You know Ryan, I heard something the other day that surrounded that and they said, when Auto Max or AutoNation came along and they were going to disrupt the auto industry by doing, online, you could come out, test drive vehicles, and then you could order it and they could bring it in, at the end of the day people still want to kick the tire. So, I do believe this applies to our industry. We are going to see branch rationalization and consolidation, there's no doubt in my mind. You have to be efficient. But, at the same time, if you invest in gold you want to be able to go and hold that gold in your hand, and I believe that people still are going to want to go their bank and be able to possess, not everyone, but most folks are going to want to be able to possess, or see, wherever their money is being held, and that's why we've been somewhat cautiously optimistic that branches will still hold a place in society.

Ryan Morfin: What is the math around... How do you size, we need a branch here, we need a physical location here, how do you look at corporate real estate from a bank's perspective, given the digitization of the consumer's habits?

John Steinmetz: Sure. Well, it's actually changed quite a bit in the last 90 days, just seeing how many folks need to be in a location. You can basically take a look at FTEs to assets and a location needs to be able to at least maintain 25 million in loans to help offset the expenses. But I'll tell you, one of the challenges that you're seeing, as much as anything, that COVID really accelerated was, succession planning in smaller rural parts of the entire county. I've spoke with CEOs outside of Texas in our industry, and what we're seeing is the migration to suburban areas outside of communities of 2,000 plus, and so that's becoming the biggest challenge that Vista's having is, where do we find that next leader for the community that's going to lead the organization and help grow the communities that we serve. So I think that's playing as much of an impact as any. But, at the end of the day, the equation's just total assets to FTEs, and that's something that we can quantify pretty easily.

Ryan Morfin: Capital One's got... They've changed the format of their banks. Do you think the branch format is going to change tremendously in the future, or will we still in 10 years, have tellers behind the desk, and bank managers? How do you see the future of branch experience evolving?

John Steinmetz: No. I think Capital One is really changing the landscape for banks in general. I'm not sure it will be something that will be integrated throughout all of North America, or beyond, immediately. But I absolutely think there will be a time... As you come to Vista Bank today, and I wish this was different, you're now back behind plexiglass. There was a time when there was bars in front of the windows, back in the day. So now, you're with plexiglass... What's the difference between plexiglass and what you and I are doing? And with the integrated automated machines that we can get today, I think that you're probably going to see more what Capital One is introducing to society, integrated as a sector. And it's something that we are actively looking at, because we want to serve the communities that maybe, don't have the asset quality.

So what it could do, is it could allow you to actually enter communities that don't hit those ratios that we discussed earlier, and really serve people where they are. And that's what people want. But, at the end of the day, I'm not so sure that this isn't your bank long term, right? I ran to the coffee shop earlier and didn't bring my wallet, and was able to do a complete transaction. So, I think that's where, going back to your BitCoin and cryptocurrency and everything else, I do think there's going to be some transitions that take place, and branches are going to be one of them. But it's not going to be something, in my opinion that, you can't, at some point, whether you drive 30 minutes or an hour, I think at some point people are going to want to know that there is still an institution that stands, but I could be wrong about that.

Ryan Morfin: No, I think you're right. I think we, as a society, realize the importance of grocery stores. Amazon had some troubles fulfilling shopping requests, and you needed to get to a grocery store to get your food. You didn't want to depend on an Amazon truck not showing up. So I think, just in time inventory's probably going to move to just in case. So I think people are going to be more supportive of physical, tangible retail services, including banking. Well, shifting gears a little bit, more of a policy question too. I know Libor is going to be ending, and how is that going to impact the capital markets and the lending sector? And what is the benchmark going to be going forward for floating rate debt? How's the financial system reacting to this?

John Steinmetz: I've always been somewhat surprised that the US has put any emphasis on Libor. We have a prime system and the prime system works. I've always said Libor is nothing more than prime minus, and it's a fancy way of saying finance versus finance. So, obviously it changes on a more daily basis, and some would argue is a better reflection of the current market conditions. But, at the end of the day, I just don't see this being something that's very disruptive. It's going to take us back to the way that we do business in the US, for the most part, on a prime system, and Libor will have to phase out. It is phasing out. I think... What is the deadline? You probably know when it's effectively phased out. Isn't it 2022 maybe, or 21?

Ryan Morfin: Yeah. I think it's coming in Q1 of 21, I'll have to check. But yeah, it is. It's coming around the corner. There's billions and billions of dollars of debt that's tied to the Libor benchmark, and you're right, prime works. I don't know why people aren't just moving to that-

John Steinmetz: Well, and I think they're going to have to fairly transition folks to a new system, to a new measurement. And prime minus is... We know how often our Fed meets and that's when prime moves, and people all can anticipate that. I don't think it's going to be as disruptive as a lot of people are saying. And I think that's quite frankly, why you're not hearing more concern. We heard more about our computers would crash in 2020, than this entire monetary grading system on Libor. So, hopefully we'll see that transition well.

Ryan Morfin: One question is, after the financial crisis, the banking system went through obviously, a huge shock, and there was a lot of consolidation. And then the Fed came in, and the banking regulators came in and created this frame work of these stress tests. Have those been working? Are those accurately providing enough cushion in the banks? Or are they too conservative or...? What is the conversation amongst bankers today? What does the future of the stress tests look like? And is it burden, or is it a welcomed piece on infrastructure for you guys?

John Steinmetz: Stress testing is, I think very... Well, we stress test every day. And I think that it is a... Is it a burden? Sure. It's a burden when your not doing it on a regular basis. But, anyone should be stress testing a lot of areas of their life. So, for a bank to not be required to stress test... In fact, we're now looking at going back to... And this was counsel that was given to me. Go back and look at the 80s, go back and look at the .com bust, there are some similarities, even though one had to do with real estate and one had to do completely with technology.

Then also, where is it at? So, we're going to stress test our portfolio, I think that's why you're seeing a lot of the banks put up a reserve, additional reserves against it. As we said it, it's really hard to tell who is and who isn't going to pay when this is all over. But, if you're prepared, you have the adequate reserves, you've done the necessary stress testing. So, I really commend... Even though it does take time and it is sometimes a challenge. I commend the stress testing requirements that are in place today, and I think it makes us a better system long term. That's where you'd speak to some and they would say it's just another added burden added by the regulatory bodies, but... There's very few regulations that are in place today that weren't put in place for the right reasons, and our job if we're going to do any reform, is to make sure that they still make common sense, and apply to a rational resolution if [inaudible 00:32:17] accurately.

Ryan Morfin: What do you think the political environment's going to look like I guess, for banks in the future? I know, unfairly, the banking sector sometimes has been put in the cross hairs of certain parties. You guys are the ones that are going to help give access to credit to the new set of entrepreneurs in this recovery. What is the banking sector trying to do to maintain or manage a fair reputation from the politicians?

John Steinmetz: Sure. Well, I think it's not received undue and unfair scrutiny. Look, our sector is divided amongst many. You've got FinTech, you've got large corporations, community banks and if you look at the PPP program, and the unemployment numbers that came out, I could argue that the bankers, around the country, were working around the clock. I spent a total of four and a half days not working in the office. Many, many, many bankers in our organization pulled all nighters that they haven't pulled since college. Some of these folks being in their late 50s, to ensure that Main Street business owners are able to get the money before quote unquote it runs out on the PPP loan.

So, I'm hopeful that... Look, politicians on both the left and the right recognize that these are first responders. At the end of the day, when the Fed had to push out... Or the treasury wanted to push out a bunch of money to the hands of those that needed it most, the banks stepped up. And that was community banks and big banks. So, I'm hopeful that some of the rederick that's just used during campaign season, but then spills over after because their trying to keep up some campaign promise, that we begin to look at what is really, again, useful, and makes common sense.

I hope I'm answering your question, but what I really want to say is, look, banks are playing a very strong part in society. And not all banks got bail outs, not all banks were part of the sub prime credit market, and I'm not sure even those banks that did get bail outs were a part of that, that they intentionally did it as oftentimes they're described as. That does not apply to everyone, obviously, but let's give folks, some of it, the benefit of the doubt if we can.

Ryan Morfin: Yeah. No doubt the banking sector saved a tremendous amount of jobs by turning that PPP program out the first wave, and then the second. And you're right, they don't get a lot of credit. But, I'm hoping that gets brought up, how many jobs were saved and businesses were saved. And hopefully, small business owners step up and actually make that heard, because I do concur. A lot of people worked tirelessly to save those businesses. So given that you're in Texas, and you're a bank in Texas, can you share some of your views from the oil patch and what's happening there? How is that going to impact the banking sector, given maybe, the over leverage that has occurred in that sector in the last decade?

John Steinmetz: Yeah. This is one that's a bit odd to me, and history tends to repeat itself over and over. As oil goes in Texas, Texas goes. As Texas goes we'd like to think sometimes the nation goes, because we are an economic stimulator. Oil is important to our economy, and it's important to the economy as a whole. And I think Independence is showing that. But I believe that what we're going to see today is that, the volatility is really impactful to all areas, and every business in our state and in our country. It's not a Texas issue, this is one that impacts us all. We want to see fair and equitable gas prices, at the same time, it is challenging for a lot of banks.

Fortunately Vista does not spend a lot of it's capital in the oil sector today. But let me tell you, when it was popping Ryan, there were people asking us, "Why are y'all not doing more in energy?" It's just too volatile for our size organization, but when you get larger, it's one that you have to be in, and I think the banks are doing a better job because of what you mention either, higher capital requirements. And that's why you're seeing banks rebound, even with some of the larger energy exposure. In the end, I'm hopeful that what we see is... We see banks handle this type of commodity exposure. And that's going to make the industry as a whole, better, long term.

Ryan Morfin: Are you guys still doing a lot of Ag loans? What is the health of the American farmer today? How are they doing?

John Steinmetz: I would say... I can only speak to a couple of sectors because that's where we really spend most of our time, but... Agriculture's always going to be a challenge. Economies of scale matter in our country today, but I would say that I've seen it worse. I've certainly seen it better. But, for where we are today, the economic stimulation that the farmers and the producers have received, I think, has assisted those folks be in the best position possible. They're buying some of the large equipment that helps have a supply chain in various other areas.

But, I think food and fiber is the backbone of our country. It's more important than what you and I do every single day. So, I'm hopeful that we continue to support our Ag producers, so that they can in turn support us. Because one thing we do know Ryan, is that we do not want to be dependent on other countries for food or fiber, like we have been for energy. And regardless of your party affiliation, where you believe on the political scale, it is good for the United States of America to not be dependent on any other country. Can we produce things elsewhere for less? Absolutely. And that creates a competitive landscape that allows us to get things for less. But at the end of the day, the United States of America is strong enough to where it should be able to supply itself, and we have the natural resources to do that.

Ryan Morfin: Yeah. No doubt this pandemic has really I think, strategically put at the top of the agenda, what supply chain needs to come back to the US and what's too critical to trust to allies or pure competitors. Given the environment that we're in, maybe, what are some silver linings that you see in the banking sector, or in the economy, that make you optimistic about America?

John Steinmetz: Well, let me say, I am extremely optimistic about our sector, about your sector, and about America as a whole. I think that, certainly we're going to see some challenges, but is civilization as we know it coming to an end? Absolutely not. Look, are we taking on more debt by having these stimulus programs? Sure. But, how is it relative to the rest of the world, and are we positioning ourselves to be as strong as possible?

I genuinely believe the US has a lot of issues today that we will tackle over the next 20 years, but I am extremely encouraged by the entrepreneurism that I've seen through this time. I've seen entrepreneurs step up like never before. I've seen community bankers in Hamlin, Texas make loans to people in Austin, and let me tell you something, Hamlin and Austin are ying and yang. But, we've pulled together, much like after 9/11. There was a rallying cry that came through this.

The silver lining to me is that, we were on a long bull run, and we were going to have some type of correction, and I'm hopeful that what this has done is rattled the cages of our country, and allowed us to pull together and recognizing, shop local, support your company. There is a place for community banks. The silver lining for us is, five years ago we were sitting around the board room and we didn't know whether or not there was really a place for us. Today I will tell you, there is absolutely a place for community banks. We are the the [inaudible 00:40:58] Main Street, and so hopefully we can work together to try to only make this country better.

Ryan Morfin: Well, a funny question for you. Who's your favorite Fed governor? If you have one.

John Steinmetz: That's not a funny question, that's a trick question because it comes back to you. Let's just say that, those that truly take in the banking sector as a whole.

Ryan Morfin: Yeah. I think my favorite, just listening to him speak, is Dick Fisher here, from Dallas. That guy's been just calling it real for a long time. Yeah. What about... Any books you've been reading over the summer, or things that have peaked your curiosity?

John Steinmetz: Well, The Outsiders is a good one. Outsiders is a book that talks specifically about thinking on a contrarian view, and how you can do things differently. I think Audible's a great resource. As we've been just out, there's no reason you have to listen to music, you can get educated. But I would encourage you, and maybe anyone else, to check out Outsiders. It's not one that gets enough attention, and actually it points on some really good attributes, that quite frankly, you already possess. When are you going to write your first book?

Ryan Morfin: I'll tell you what, I've got some ideas but I don't know if they're adventurous. I'm pretty nerdy and go deep in the brush. But John, I appreciate you joining us. We'd love to have you back in the months ahead. And thanks for all the hard work I know you guys have been doing to keep small entrepreneurs and businesses afloat over the last few months.

John Steinmetz: Well thank you, Ryan. I appreciate the opportunity to speak on behalf of Vista, and thanks for everything that you're doing for not only the financial services sector, but all of your amazing, amazing team have done for this community. So, thanks for everything you're doing and have a great day brother.

Ryan Morfin: Thanks John. Thank you for watching NON-BETA ALPHA and before we go, please remember to subscribe and leave us a review at Apple Podcast or our YouTube channel. This is NON-BETA ALPHA, and now you know.

John Steinmetz: