



IN THE NEWS

Illinois Legislative Session Recap

The Illinois General Assembly wrapped up their legislative session at 5 a.m. Wednesday morning. They passed a \$53.7 budget, excluded tips and taxes from interchange fees, and passed several other bills impacting community banks. Jerry Peck, SVP of governmental relations, shares a video recap of the legislative session highlights.

[Watch the Video »](#)

Friday Is Nominations Deadline for the 2024 FORVIS Award for Excellence and Innovation, Presented by CBAI

Nominations are being taken for the 2024 Excellence & Innovation FORVIS Award, presented by CBAI and the accounting firm of FORVIS. The purpose of the award is to bring recognition to banks with an outstanding and innovative product/service or program. Your bank does not need to be a FORVIS client to enter. Nominations are due at CBAI headquarters no later than Friday, May 31, 2024. Last year, the winner was Beardstown Savings, s.b. This year, your bank could be the winner! Send us your community bank’s innovative programs and unique community service projects. Your extra efforts deserve to be recognized!

Nominations can be submitted to [Valerie Johnston](#).

[Learn More About the Award »](#)

[Download a Nomination Form »](#)

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ILLINOIS LEGISLATIVE
SESSION RECAP

ICBA Offers New Member Guide on Check Fraud

ICBA recently released a community banker guide to check fraud as part of its ongoing effort to address the growing problem. "Check Fraud: A Practical Guide to Altered, Forged and Counterfeit Checks for Community Bankers" is designed to help ICBA-member community banks address check fraud, recover funds and reduce losses. A recent Main Street Matters blog post from ICBA Vice President of Operational Risk and Payments Policy Scott Anchin discusses how ICBA is working to fight check fraud, including via the ICBA Check Fraud Task Force. In a statement for a Senate Banking Committee hearing earlier this year, ICBA said large institutions of first deposit are slow to reimburse community banks for unresolved checks and cited concerns with U.S. Postal Service security.

[Download Guide »](#) *(must be an ICBA member to access this guide)*

CBAI Foundation Is Conducting a "Talent Search!"

CBAI’s Foundation for Community Banking is conducting a "Talent Search" to find karaoke teams to perform on Friday night at CBAI’s 50th Annual Convention & Expo! Five years ago, we held a "Be a Rockstar for the Foundation" karaoke fundraising event at our annual convention and now it is back by popular demand! But this time, we are searching for teams who are itching to take

the stage! To join the karaoke competition, your team must raise a minimum of \$500 for the Foundation by the **team entry deadline of July 15, 2024.**


On September 20, 2024, at CBAI's 50th Annual Convention & Expo Friday evening event, each karaoke team will have the opportunity to perform one song at the beginning of the night. Attendees will be able to "vote" for their favorite performance by donating to the Foundation in that team's name. All fundraising dollars raised, including the entry fee, other donations solicited before the event, and "votes" on the night of the event, will be added together to determine each team's total. The karaoke team that has raised the most money for the Foundation at the end of the night will be deemed the winner! So, grab your friends, warm up your pipes, and show off your talent to support CBAI's Foundation! Send your team's name, team members, and \$500 entry fee to Valerie Johnston, CBAI, 901 Community Drive, Springfield, IL 62703 by July 15!

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Illinois State Treasurer Issues Request for Proposals for Loan Guarantee Program

The Office of the Illinois State Treasurer ("Treasurer") is issuing this Request for Proposals ("RFP") for banking services for the Community Development Loan Guarantee Program ("Program"). Financial institutions that submit proposals ("Respondents") must demonstrate experience and expertise in providing effective banking services to their clients and shall submit their proposals ("Proposals") prior to 2:00 p.m. CT on July 10, 2024. The Treasurer seeks a financial institution to provide efficient and cost-effective banking services for the Program. The winning Respondent(s) ("Contractor(s)") must be authorized to conduct business in Illinois as an Illinois bank or a national bank with a presence in Illinois. In addition, the Contractor must be a member of the Federal Reserve System, have access to all services as a member bank, and qualify as an approved depository for public funds. At the time the Respondent submits its Proposal, or prior to that time, if required by law, the Respondent must have all required licenses, bonding, facilities, equipment and trained personnel necessary to perform the work specified in this RFP. The Contractor will enter into a contract with the Treasurer ("Agreement") for an initial term of four years. Upon expiration of this term, the Treasurer may elect to extend the Agreement for a period of time not to exceed a total of 10 years, including the initial four years. By submitting a Proposal, Respondent acknowledges that Contractor is prohibited from participating in this Program as a lending financial institution.

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House Passes Anti-CBDC Bill

House members recently voted to pass legislation restricting the ability of the federal government to introduce a U.S. central bank digital currency. The CBDC Anti-Surveillance State Act (H.R. 5403), introduced by House Majority Whip Tom Emmer (R-Minn.), passed by a bipartisan vote of 216-192. The bill, which ICBA was the first banking trade to support, was a key lobbying issue during the recent ICBA Capital Summit. The bill prohibits the Federal Reserve Banks from offering products or services directly to individuals, maintaining individual accounts, or issuing a CBDC to individuals or through an intermediary. It also prohibits the Federal Reserve and the Federal Open Market Committee from using a CBDC to implement monetary policy.

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CBAI Attends the Chicago Federal Reserve Bank's First Holding Company Symposium

On May 22, 2024, CBAI attended the Chicago Federal Reserve's inaugural Holding Company Symposium which was hosted by the Bank's Supervision and Regulations Department. Senior policymakers discussed the external and internal challenges and opportunities impacting bank holding companies. Federal Reserve Bank President and CEO Austan Goolsbee provided the opening remarks. A *Holding Company Hot Topics and Trends* discussion followed featuring the Bank's Colette Fried, AVP mergers, acquisitions and enforcements, and John Geiringer, partner in Barack Ferrazzano Kirchbaum and Nagelberg's Financial Group. Other presentations included *Adding Value: Tax Strategies* and *Cybersecurity*. A keynote was delivered by Detroit banker Kenneth Kelly, chairman and CEO, First Independence Bank, (an MDI and CDFI) who discussed bank trends and legislative and regulatory priorities. The Chicago Federal Reserve Bank's Community Bankers Symposium will be held on Friday, October 11, 2024.

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House Subcommittee Passes Draft Data Privacy Bill

The House Energy and Commerce Committee's Subcommittee on Innovation, Data, and Commerce advanced draft legislation to establish a national data privacy standard. The American Privacy Rights Act discussion draft would preempt state data security laws, though it does not include clear language exempting financial institutions subject to Gramm-Leach-Bliley Act data security standards. The bill, passed out of the subcommittee by voice vote, will now be considered by the full committee.

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Agencies Announce Next Steps in Revised Call Report

The federal banking agencies announced they are moving forward with proposals to amend certain references in call report and FFIEC 002 forms. Last fall, the agencies proposed revisions to all three versions of the call report (FFIEC 031, FFIEC 041, and FFIEC 051) and the FFIEC 002 report. After considering the comments received on these notices, the agencies are moving forward with certain proposed revisions related to replacing references to "troubled debt restructurings" with "modifications to borrowers experiencing financial difficulty." They are also proceeding with certain technical clarifications to reporting web addresses of depository institution trade names and standards for electronic signatures to comply with the call report signature and attestation requirement. Comments have been reopened on these issues and are due by June 21.

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Three Barriers to Connecting with Prospects

In today's world of banking, it is increasingly more difficult to get the attention of a prospective buyer after only a few outreach attempts. We are all busier than ever before with multi-media coming from every direction. So, how do you stay consistent (and persistent) in your outreach with a prospect while remaining sensitive to their daily lives and the distractions they face? While certainly not a new development in selling, engaging with prospects has become increasingly and dramatically more difficult. If we go back to 2009, it took around eight to 10 outreaches on average to engage with a prospect. In today's world, that number had risen to 16-18 attempts. Why has the number of outreaches required more than doubled in the last decade? There are three main reasons.

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CFPB Rule Says BNPL Lenders Are Credit Card Providers

The Consumer Financial Protection Bureau issued an interpretive rule that says "buy now, pay later" lenders are credit card providers. The rule requires BNPL lenders to provide consumers some key legal protections that apply to conventional credit cards, including a right to dispute charges, demand refunds for returned products, and receive billing statements. Comments on the interpretive rule are due by August 1.

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CBAI Foundation Announces a "50 for 50" Anniversary Fundraiser

In honor of CBAI's golden anniversary, the Foundation for Community Banking is spearheading a special "50 for 50" Campaign. There are several different ways you can choose to participate. You can make a bank donation in honor of the 50th anniversary, such as \$500 or \$5,000, or any \$50 increment you wish. Another option is to encourage your staff members and/or board members to make a \$50 donation to the Foundation in honor of CBAI. Banks can also choose to offer to match staff donations up to \$500, \$5,000 or any amount they choose. You can also increase your bank's current accumulated donation to the \$5,000 mark, which is the silver donation level, or celebrate CBAI's golden anniversary by becoming a gold-level sponsor.

Contributions in any amount are greatly appreciated! All banks, associate members and individuals donating to this campaign will be recognized in Banknotes magazine. Banks and associate members reaching the \$5,000 Silver level or \$10,000 Gold level during CBAI's golden anniversary year will also be recognized on social media, with a news release, and at CBAI's annual convention. **All donations are 100% tax deductible!**

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CBAI Publishes 2024 Spring Associate Member Directory

CBAI's 2024 Spring Associate Member Directory is now available! Take advantage of this vital resource to find vendors for all of your purchasing and consulting needs. The directory is divided into three sections:

- By category of business/product/service;
- Alphabetical by firm name; and
- Preferred services of Community BancService Corporation (CBSC), a division of CBAI.

The Associate Member Directory is distributed twice annually via e-mail and is also available on our website at www.cbai.com. The website version will be continuously updated as new firms join membership. If you would like a hard copy, please contact [Valerie](#). [See Directory »](#)

New Podcast: How Fintechs and Community Banks Can Work Together

The latest episode of ICBA's "Independent Banker" podcast highlights how fintechs can elevate community banks. In an interview with host Charles Potts, Finov8r Consulting CEO Allan Rayson and Senso.ai CEO Saroop Bharwani discuss how fintechs can accelerate community banks' digital transformation and how fintechs must adapt to meet the needs of community bankers.

[Listen to ICBA's Podcast »](#)

FDIC's Gruenberg Says He'll Step Down Once Successor Is Confirmed

FDIC Chairman Martin Gruenberg said he is prepared to step down from his responsibilities at the agency once a successor is confirmed. Gruenberg said he will continue to fulfill his responsibilities as chairman, including the transformation of the FDIC's workplace culture, until a successor is confirmed. He said he has faithfully carried out the FDIC's mission since he joined the board in August 2005. Gruenberg testified twice last week before Congress at regulatory oversight hearings that largely focused on reports of misconduct at the FDIC. Following media reports, an independent review overseen by a special committee of the FDIC board found the agency failed to provide a workplace safe from misconduct and that management's responses have been insufficient.

House Financial Services Committee Chairman Patrick McHenry (R-N.C.) and other Republican lawmakers have called on Gruenberg to resign in the wake of the reports. Senate Banking Committee Chairman Sherrod Brown (D-Ohio) on Monday called on President Joe Biden to immediately nominate a new chairman and for the Senate to act on that nomination without delay.

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Fed's Barr Discusses Tiered Regulations

Federal Reserve Vice Chair for Supervision Michael Barr said the Fed's capital, liquidity and resolution regulatory components are tiered to the greater systemic risks posed by the largest banks. In Florida, Barr noted that small community banks are subject to a simple leverage capital ratio and no liquidity or resolution requirements, while global systemically important banks, or G-SIBs, are subject to multiple measures of capital adequacy, long-term debt requirements, and liquidity rules. ICBA and CBAI urge Congress and the regulatory agencies to expand and refine a tiered regulatory and supervisory system that recognizes the significant differences between community banks and large, complex institutions. The House Financial Services Committee last week advanced bills supporting a tiered regulatory approach.

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CFPB Plans to Extend 1071 Compliance Deadline Following Court Ruling

The Consumer Financial Protection Bureau said it plans to extend the compliance deadline on its 1071 small-business data collection and reporting rule following a Supreme Court ruling that ended a temporary injunction on the rule. In a notice on its 1071 page, the CFPB said it plans to issue an interim final rule to extend the compliance deadlines to account for the 290 days

that elapsed between the July 31, 2023, start of the injunction and the high court's decision last Thursday in CFPB v. Community Financial Services Association of America. It also plans to extend the compliance deadline to July 18, 2025, for the highest-volume lenders; Jan. 16, 2026, for moderate-volume lenders; and Oct. 18, 2026, for the smallest-volume lenders.

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Bowman Encourages Community Bank Feedback on Third-Party Guide

Federal Reserve Governor Michelle Bowman encouraged community bankers to provide feedback on federal regulators' recently released guide for community banks on managing risk in third-party relationships. "I have yet to be convinced that the guide will effectively reduce the burden on smaller banks to comply with our third-party risk management guidance," Bowman said during a speech in Nashville, Tenn. The 23-page guide focuses on third-party relationships related to technology, risk management, human capital and more. It includes sections on planning, due diligence and contracts as well as an appendix that lists government resources. It also says third-party relationships present varied risks that community banks are expected to appropriately identify, assess, monitor and control.

[See Guide »](#)

FHFA Requests Input on FHLBank System Mission

The Federal Housing Finance Agency issued a request for input on the mission of the Federal Home Loan Bank System. The agency is requesting input from the public on three categories of questions, including updating the regulatory statement of the FHLBank System's mission to better reflect its appropriate role in the housing finance system; developing metrics and thresholds to evaluate mission achievement; and identifying how the FHLBanks could incorporate incentives for members with a strong and demonstrable connection to the FHLBank System's mission. Comments are due by July 15.

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Wipfli: Using Technology in Novel Ways to Address the Aging Population

AgeTech is a term that describes technology designed, created or enhanced to benefit the aging population. There is a demographic shift coming. According to the World Health Organization, "Between 2015 and 2050, the proportion of the world's population over 60 years will nearly double from 12% to 22%." This shift creates an opportunity to help our population navigate financial and physical health using the latest technology, the most obvious applications being home health, digital health, wealth tech and fintech. Venture capitalists are forming funds to invest in products and services in AgeTech. A recent TechCrunch article highlights the optimistic view of the longevity industry: "By 2030, the 50-plus market is projected to swell to 132 million people, who are projected to spend an average of \$108 billion every year on tech products." The AgeTech Collaborative from AARP is working to connect entrepreneurs, investors and industry leaders together to support innovation in the AgeTech Space.

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NEWS FROM SERVICES

CBSC Newest Episode of Why I Did It Podcast Featuring Doug Parrott

Why I Did It podcast seeks to help community bankers learn from the experiences of fellow community bankers who are willing to share their stories about why they implemented new services or programs, how they selected a vendor, the implementation process, as well as tips to make the change a success.

Episode three of Why I Did It podcast features president and CEO of State Bank of Toulon, Doug Parrott. Parrott describes how SHAZAM responded to a skimming fraud incident saving his bank, and other area banks, an untold amount of money in potential fraud losses, and why he has been a customer for 42 years.

[Listen to Episode Three »](#)



[Visit Website to Listen to All Episodes »](#)

Vericast Report: Anatomy of a Banking Customer

One size does not fit all. If financial institutions want to build a broad base of loyal customers, they'll have to embrace personalization. But first, they must understand how different generations and segments approach banking so they can deliver the products, services and messages that will appeal to their varied expectations. Download this report to learn what we discovered when we interviewed banking customers about what they want from their financial institution, including why financial institutions shouldn't sleep on Gen X; why some people think cash is making a comeback; what Gen Z wants most from financial institutions; and why it's critical to build trust with millennials now.

[Learn More »](#)

Ncontracts Q & A: Understanding IT Audits at Financial Institutions

David Gonzalez is an audit expert with Ncontracts with more than 20 years of experience in the industry. From compliance officer to internal auditor to risk officer, he has spent his career evaluating the effectiveness of risk management and compliance programs and working to improve them.

Gonzalez applies his knowledge to develop Ncontracts solutions, including building out our model content library for our Nverify audit management solution to include model audits, model compliance reviews and control testing. In this Q&A, David shares his insights into IT audits and cybersecurity, including advice on how an auditor who isn't a technology SME can effectively audit IT.

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Wolters Kluwer Webinar: Beneficial Ownership Reporting and Your Small Business Customers

Don't miss this complimentary webinar!

A new regulation is in effect as of January 1, 2024, that requires the majority of small businesses to file Beneficial Ownership Information (BOI) reports with FinCEN, a new government agency within the Department of the Treasury. While some small business owners are hearing about this requirement from their CPAs or attorneys, many, if not most, are entirely unaware. This is where you, their trusted partner, can help.

This 45-minute complimentary webinar will review the legislation and demonstrate the new Wolters Kluwer BOI reporting tool designed to simplify the reporting process for your small business customers. The program is provided at no cost to your financial institution, creates fee income for your bank, and is simple to implement without creating any additional burden on your banks front-line staff.

Webinar: Thursday, May 30, 2024 | 10:00 am CT

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CBIS: Difference Between Deductible and Self-Insured Retention

As private consumers, we're accustomed to having a deductible on our automobile or homeowner's insurance. We understand, of course, when we have a claim, our deductible is *deducted* from our claim settlement. In contrast, risk management under Professional Lines Insurance such as a Financial Institution Bond, Executive Package Policy, or Cyber Liability Policy are different. Insureds typically have a deductible on the FI Bond but a self-insured retention on the other claims-made D&O and Cyber. Why is that?

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MORE UPCOMING EDUCATIONAL PROGRAMS

Early-Bird Registration Is Open for CBAI's 50th Annual Convention & Expo Through June 30

In 2024, Community Bankers Association of Illinois is celebrating its 50th Anniversary! Registration is now open for CBAI's 50th Annual Convention & Exposition, scheduled for September 19 – 21, at the Crowne Plaza in Springfield. CBAI is excited to celebrate this incredible milestone in community banking history. Don't wait! Register today for early-bird pricing and receive a significant discount to attend CBAI's showcase event! You won't want to miss it!

[Register Now »](#)

Loan Portfolio Management Offered June 11 in Springfield or Via On-Demand Recorded Session

CBAI is pleased to offer "Loan Portfolio Management" seminar to be held Tuesday, June 11, 2024, at CBAI Headquarters, Springfield, and/or via on-demand recorded session. Managing a community bank's loan portfolio occurs at three levels: the highest level is the board of directors and executive management. The lending department manager or senior lender take on additional duties, while at a third level the day-to-day performance of the lenders is critical. This course looks at the key roles and duties at all three levels. The greater focus is on the lender level, since that is the starting point for effective, overall management.

Successful lenders can achieve sales goals and maintain credit quality at the same time. It doesn't happen by accident, nor does it require a workaholic approach to the job. The key is organizing your individual portfolio along the theme of streamlining the credit process to maximize the marketing process. The result is better service to your most important customers and prospects on an individual basis. Bonus: Given the current environment, this course also will cover effective ways lenders can market for deposits. Richard Hamm of Advantage Consulting & Training, Huntsville, AL, leads this program.

[Register Now »](#)

Register for HR Legal Topics for 2024 & Beyond on June 12 in Springfield

CBAI is pleased to offer "HR Legal Hot Topics for 2024 & Beyond" seminar scheduled for June 12, 2024, at the CBAI Headquarters in Springfield. All human resources personnel as well as bank presidents/CEOs would benefit from this seminar. Management-Side Labor & Employment Attorney Jeff Risch of Amundsen Davis LLC will present a timely discussion on the very latest local, state and national legal developments impacting HR and personnel management in 2024 and beyond.

[Register Now »](#)

Auditing the Bank Secrecy Act Scheduled for June 25 – 26 in Springfield

A financial institution's Bank Secrecy Act (BSA) program continues to be under close scrutiny in today's regulatory environment. An inadequate BSA program almost certainly brings an administrative action – either formal or informal – against the financial institution. One area receiving criticism by examiners is the bank's annual independent review of BSA. This course focuses on the major categories of audit that are required in any BSA audit. Attendees are provided with a worksheet prior to attending the class which helps guide our presentation. No one is identified by name or bank, but the information is vital to the presentation. Attend this seminar to review the adequacy of your BSA review program, whether it is completed internally or externally. This seminar provides information on a comprehensive approach to completing a thorough BSA audit, and the BSA Exam Manual requirements are discussed at length to assure your audit program is viewed favorably by your examination team.

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CBAI Educational Calendar





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