



CBAI E-Newsletter, sponsored by SHAZAM

Edition: June 12, 2024

## IN THE NEWS

### NEWS FROM THE FRONT

In a backroom deal, retailers convinced the governor to insert language in the state budget package limiting interchange fees. The governmental relations team has prepared a full recap of the spring legislative session. Find out what bills passed, what bills failed and how they will impact community banks. We also take a deep dive into the state budget. We highlight several meetings with the Federal Reserve and look forward to summer events including legislative roundtables and convention.

[Latest NEWS FROM THE FRONT »](#)

### CBAI's Concerns About Check Fraud Were Raised in a Publication of the National Association of Anti-Financial Crimes Professionals

On June 6, 2024, an article was published by the Association of Certified Anti-Money Laundering Specialists (ACAMS) on their [moneylaundering.com](https://www.moneylaundering.com) website. ACAMS is the largest international membership organization for anti-financial crime professionals. The article, titled **Online Account Creation Enabling Fraud, Small Banks Claim**, highlighted the Community Bankers Association of Illinois' (CBAI) concerns about deposit account check fraud.

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### FDIC-Insured Institutions Reported Net Income of \$64.2 Billion

Reports from 4,568 commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) report aggregate net income of \$64.2 billion in first quarter 2024, an increase of \$28.4 billion (79.5 percent) from the prior quarter. A large decline in noninterest expense because of several substantial, non-recurring items recognized by large banks in the prior quarter, as well as higher noninterest income and lower provision expenses this quarter, contributed to the quarterly increase. These and other financial results for first quarter 2024 are included in the FDIC's latest Quarterly Banking Profile recently released.

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### Deadline is July 15 for CBAI Foundation's "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 entry form and fee to **Valerie Johnston**, CBAI, 901 Community Drive, Springfield, IL 62703 by July 15!

[Read More »](#)

[See Song List »](#)

### **CSBS Seeking Community Bank Survey Responses**

The 2024 Conference of State Bank Supervisors' (CSBS) Annual Survey for Community Banks is open. The deadline for community banks to respond is Sunday, June 30. CSBS recently published a blog post highlighting the findings of the 2023 survey, especially as they relate to community banks' product pricing influence.

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### **Credit Union Bank Acquisitions Break Record Halfway Through 2024**

Credit union acquisitions of taxpaying community banks have reached an annual record less than halfway through the year, according to a new report. S&P Global reported that total target assets of banks selling to credit unions has reached \$7.21 billion in 2024, well above the 2022 record of \$5.15 billion. The 12 deals so far this year also put 2024 on pace to exceed the 16 acquisitions in 2022.

Community bankers can use ICBA's Be Heard grassroots action center to call on their members of Congress to hold a hearing on credit union policy. Additional resources are available on the ICBA website.

[Read S&P Global Report »](#)

[Read ICBA News Release »](#)

### **FDIC, CFPB Hearings This Week**

**Wednesday:** The Labor Department published the Consumer Price Index for May at 8:30 a.m. ... The Senate Banking Committee held a hearing on the Consumer Financial Protection Bureau's semi-annual report to Congress at 9:45 a.m. ... The House Financial Services Committee held a hearing on FDIC misconduct and workplace culture at 10 a.m. ... The Federal Open Market Committee released its latest interest rate decision at 2 p.m.

**Thursday:** The Labor Department releases its May Producer Price Index at 8:30 a.m. ... The House Financial Services Committee holds its hearing on the CFPB's semi-annual report at 10 a.m.

**Friday:** The University of Michigan releases its preliminary June consumer sentiment index at 10 a.m. ... Federal Reserve Governor Lisa Cook addresses the American Economic Association at 7 p.m.

### **Illinois Banker Selected for ICBA's 40 Under 40**

This month's Independent Banker magazine recognizes the sixth annual "40 Under 40" list of emerging community bankers who are making a difference in their communities. Among the 40 recognized is **Jack Tinberg, commercial loan officer, CNB Bank & Trust, N.A., Carlinville (Oak Forest)**.

At their respective community banks, the award winners offer new perspectives and implement high-tech solutions. Candidates were judged on character, leadership, community involvement, and innovation. The June edition of Independent Banker also includes articles on succession planning, check fraud, leadership, AI and more.

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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](http://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 »](#)

### **FDIC Issues Scam Alerts on 'Pig Butchering'**

The FDIC's Office of Inspector General issued alerts to banks and consumers on "pig butchering," a growing investment scam. The alerts outline how the scam works, spotlight red flags for banks to monitor, and offer tips on mitigating risk and reporting suspicious activity. Under the "pig butchering" scam, criminal syndicates target consumers through online channels and use cryptocurrencies to defraud victims and launder the proceeds. It earned its name because the scam resembles fattening a hog before slaughter. The estimated impact of this fraud exceeds many other major financial crimes, including business email compromise. The FBI's 2023 Internet Crime Complaint Report revealed that investment scams claimed the most substantial losses out of all crimes tracked by the agency, with crypto-related investment fraud accounting for almost 90% of last year's total \$4.57 billion losses.

[Read Bank Alert »](#)

[Read Consumer Alert »](#)

[Read FBI's 2023 Internet Crime Complaint Report »](#)

### **FDIC Warns Consumers About Banking with Third Parties**

The FDIC warned consumers that their deposits may be at risk if they open an account with a nonbank company, even if that company claims its deposits are FDIC-insured. In the latest edition of FDIC Consumer News, the agency says the easiest way for consumers to have confidence that their money is safe continues to be opening an account directly with insured depository institutions. However, consumers are increasingly choosing to open accounts through nonbank companies that say they will deposit consumers' money in an FDIC-insured bank, the agency said. The FDIC warned that nonbank entities may not be eligible for FDIC deposit insurance coverage because "ownership" of the money isn't always clear when a third party is involved.

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## CFPB Issues Rules for 1033 Standard Setters

The Consumer Financial Protection Bureau issued a rule that codifies the criteria for being recognized by the bureau as a standard-setting organization under the bureau's 1033 rule on sharing consumer financial data. The CFPB's rule would require standard-setting bodies to demonstrate openness, transparency, balanced decision-making, consensus, and due process and appeals; creates a procedure for standards-setting bodies to apply to be recognized by the CFPB for five years, at which point their status would need to be reviewed; and is not the final 1033 rule, with more substantive provisions to be finalized this fall.

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## NEWS FROM SERVICES

### CBSC's Why I Did It Podcast

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.

[Visit Website for All Episodes of Why I Did It »](#)

### CBSC and Wolters Kluwer Offer Beneficial Ownership Reporting for Small Business Customers Webinar

On May 30, 2024, CBSC and Wolters Kluwer created a 40-minute webinar covering highlights of the new law that requires small businesses to file Beneficial Ownership Information (BOI) with FinCEN and a solution that your bank may offer to help them comply and avoid severe financial and criminal penalties. This webinar discusses details of the BOI filing requirements, penalties for non-compliance, and a demonstration of Wolters Kluwer's new solution that helps small business file and avoid penalties. You will hear from two CBAI member bankers who beta tested the program. They report the onboarding is easy, WKFS-developed promotional materials are informative, and business customers have quickly completed required filings. If you were unable to attend and would like to view a recording of the webinar, please use [this link](#) and **Passcode:** \$a&9nKRQ

[See Webinar Slides »](#)

### Adlumin: Ransomware Mitigation Strategies for Community Banks

Ransomware attacks are constantly evolving and becoming more sophisticated, posing a growing threat to community banks. It's essential for banks to stay informed and proactive in safeguarding their data and systems. Learn about how ransomware is delivered and discover effective strategies to mitigate these risks.

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### Ncontracts: Regulators Crank Up the Heat on BaaS Banking: What Does This Mean for Third-Party Risk Management?

Banking-as-a-Service (BaaS) faces an unusual predicament. As regulators become more aggressive in issuing enforcement actions against fintech banks, the desire for these partnerships remains strong. The rush to enter BaaS has slowed somewhat following a spate of regulatory actions in 2023 and 2024, but partner banking is still appealing to many financial institutions. The BaaS model is too enticing to abandon. With its high growth potential, financial institutions must adapt to evolving regulatory requirements. The winners will be those who develop strong oversight and risk management programs tightly integrated into their banking-as-a-service operations. Successful BaaS banking will require a blend of expertise and more mature systems and processes for managing third-party risk.

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### CBIS: Fraudulent Transfer Instructions

We get numerous inquiries from community banks regarding coverage in the event of a fraudulent transfer instruction, especially wire requests. The gist of the coverage is intended to cover the bank's loss from having, in good faith, transferred money on deposit in a customer's account, or a customer's certificated Security (ies), in reliance upon a fraudulent transfer instruction via voice, fax, email or other form of electronic instruction. We caution everyone to read the FI Bond requirements which typically need such a request to reasonably appear to have originated from a customer, an employee acting upon instruction of a customer, or another financial institution acting on behalf of a customer with authority to make such instructions.

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## MORE UPCOMING EDUCATIONAL PROGRAMS

### **Cubs vs. Cardinals Game! All Are Invited to CBAI's Group Meeting at Wrigley View Rooftop!**

Join us for the Chicago Cubs vs. St. Louis Cardinals game on Friday, June 14th, at the Wrigley View Rooftop. This event includes food, drinks and an awesome afternoon of baseball on one of the premier rooftops! We would love to see you there. If you have any questions or to register, please contact [Tracy McQuinn](#) at 800/736-2224.

[Register Today »](#)

### **Register NOW for CBAI's 50th Annual Convention & Expo! Special Early-Bird Pricing Through June 30**

In 2024, the 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 Today »](#)

### **CBAI's 2024 Community Bankers School to Be Held July 14-19 in Bloomington**

CBAI's Community Bankers School is an intensive program designed for today's community bank professionals. You gain background and experience for broader responsibilities and greater effectiveness; a broad understanding of the overall deposit, credit and investment functions of a community bank; the opportunity to compare and share experience with peers, instructors and senior bankers; an appreciation for customer service and an active business development program; and insight into a community bank's overall operations responsibilities and techniques for integrating technology into the bank's strategic plan. The invaluable student notebook contains course outlines, supplemental reading materials, as well as exhibits and sample forms. Attendees can immediately contribute to the overall success of the bank! The deadline to enroll is July 1, 2024, so register today!

[Register Today »](#)

### **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 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 from 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 ensure your audit program is viewed favorably by your examination team.

[Register Today »](#)

CBAI Educational Calendar

A green poster with a background of US dollar bills. The text is white and reads: "AUDITING THE BANK SECRECY ACT TWO-DAY SEMINAR", "Understand essential BSA audit categories and strategies for a comprehensive review program", and "June 25 & 26 -- CBAI Headquarters in Springfield".

**AUDITING THE BANK SECRECY ACT**  
**TWO-DAY SEMINAR**  
Understand essential BSA audit categories and strategies for a comprehensive review program  
June 25 & 26 -- CBAI Headquarters in Springfield

A dark poster with a white arrow pointing upwards. The text is white and reads: "Breakthrough to Excellence!", "Community Bankers School July 14-19, 2024", "Illinois Wesleyan University", "Bloomington, Illinois", and "cbs Community Bankers School".

*Breakthrough to Excellence!*  
*Community Bankers School*  
*July 14-19, 2024*  
*Illinois Wesleyan University*  
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