



Community Bankers
Association of Illinois®
One Mission. Community Banks.®

Connected to Community Banking!

CBAI E-Newsletter, sponsored by SHAZAM

June 16, 2021

IN THE NEWS

NEWS FROM THE FRONT

While the spring session of the Illinois General Assembly has mostly wrapped up, the House and Senate returned to Springfield this week to take up additional measures, including an omnibus energy bill. The state passed a budget, ethics reform, and drew new maps for state legislative districts and the Illinois Supreme Court. New Congressional maps are still pending.

The CBAI governmental relations team is shifting focus to in-person grassroots advocacy across the state this summer, including legislative roundtables.

[Read Most Recent NEWS FROM THE FRONT »](#)

ICBA to Congress: Postal Banking Not the Answer

ICBA told Congress that postal banking is not the solution to reaching more unbanked Americans and lawmakers should reject such proposals. In the first issue brief in a three-part series, ICBA said community banks are committed to bringing all members of their communities into the banking system, but postal banking would merely jeopardize the U.S. Postal Service's core mission.

[Read More »](#)

Wolters Kluwer

Bring your CRA and HMDA performance into focus

- Advanced data scrubbing
- Comprehensive analytical reports
- Power mapping functionality

→

QUALITY ENDORSEMENTS
CIBC SERVICES

CBAI'S 47TH ANNUAL CONVENTION & EXPO
SEPTEMBER 23-25, 2021 CHICAGO, IL

"We're Putting the Band Back Together"

Illinois to Issue 185 Additional Cannabis Dispensary Licenses

The Illinois General Assembly passed HB 1443 which creates a three-round lottery for cannabis dispensary licenses. These licenses are for social equity applicants. The first lottery will award 75 licenses, followed by two rounds of 55 licenses each. Currently, there are only a handful of banks serving the legal cannabis industry in Illinois. This expansion in licenses will result in waves of legal businesses looking for banking relationships.

CBAI takes no position on whether cannabis should be legal or not. CBAI also does not encourage or discourage banks from servicing the legal cannabis industry. The association's position is that banks should have the option to serve the legal industry if they wish. To that end, CBAI advocated for safe harbor language in Illinois law for cannabis banking. We also support efforts at the federal level to provide safe harbor for cannabis banking, including the SAFE Act that has passed the U.S. House and awaits action in the Senate.

CBAI receives regular requests from legal cannabis businesses for lists of banks offering services to the industry. CBAI will not provide this information, as we do not publicly identify members who are actively serving the industry. Instead, we offer a blind referral system. A legal cannabis business can provide information about their business and the service they are looking for and that information is posted in the Members Only section of cbai.com. The information is equally available to all CBAI members who may have an interest in pursuing the business.

[View List of Businesses »](#)

Will Banks Catch Up with Cannabis Legalization?

When Colorado became the first state to legalize recreational marijuana in 2012, the plant was (and continues to be) illegal at the federal level. Yet several Colorado banks jumped in, quickly opening accounts. Many of those banks were promptly swarmed with U.S. Drug Enforcement Agents. Everyone from tellers to bank presidents were warned that by servicing the cannabis industry, they could be arrested and held criminally liable under federal law. Most banks quickly backed away.

[Read More »](#)

Eviction, Wage Garnishment and Foreclosure Moratoriums

Governor JB Pritzker issued a new executive order that slightly opens the door for more evictions to resume. Under EO 2021-13, issued last Friday, state and local law enforcement authorities now can enforce eviction orders that were sought before March 20, 2020. The new Executive Order also allows authorities to start enforcing eviction orders entered against tenants who are "Non-Covered" persons under the Governor's existing Executive Order on June 25. The remaining provisions prohibiting enforcement of eviction orders against "Covered Persons," unless the tenant is found to pose a direct threat to the health or safety of other tenants or an immediate and severe risk to property, remain in place.

The Executive Order also ends the moratorium on post judgement remedies, like wage garnishments on June 25. Every financial institution in Illinois makes loans that end up in default. Those loans require collection efforts to reduce charge-offs that lower their loan loss reserve, earnings, and capital. The rescission of the suspension of post-judgment remedies will benefit community banks across the state.

Foreclosure moratoriums imposed by federal GSEs including Fannie, Freddie and FHFA are set to expire on June 30. It is unclear at this point whether those moratoriums will be extended or allowed to expire. It is rumored that CFPB is considering regulations that would shut down foreclosures through the end of the year.

[See Executive Order »](#)



FHLBank
Chicago

**Federal Home Loan Bank
of Chicago**

Visit www.fhlbc.com

Crapo Challenges New Bank IRS Reporting Proposal

Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) pushed back against a Biden administration proposal that would require financial institutions to report information on account flows to the IRS. In a statement at a hearing on the IRS budget, Crapo said he opposes turning banks and brokers into government tax collectors and has strong concerns about the IRS collecting such data, noting that some existing reporting is duplicative. The American Families Plan proposes requiring financial institutions to report to the IRS on account flows, including bank loans, on accounts over \$600.

ICBA strongly opposes the proposal. In a statement and joint letter to the committee and in press reports, including Politico, ICBA has said the plan would create complex new reporting burdens, expose banks to penalties for inadvertent errors, and channel more information into the IRS than it can process.

[Read More »](#)

FDIC Offers Proposal Writing Webinar

The FDIC Office of Minority and Women Inclusion is sponsoring a Technical Assistance Webinar, "Proposal Writing: Things Unsaid," on Thursday, June 24, 2021, from 1:30 P.M. to 3:30 P.M. Eastern Daylight Time. The webinar will focus on best practices for competing for FDIC contracts. This is a great opportunity for veteran-, minority- and women-owned small businesses to learn more about the FDIC contracting process.

[Register Now »](#)

Join Us for a North Central Illinois Regional Legislative Roundtable and Reception

The CBAI governmental relations team will be hosting legislators and community bankers at a roundtable and reception on Tuesday, June 29, 2021, from 5:00 to 7:30 p.m. at Crate at The Cannery in Eureka, Illinois.

This casual event is an opportunity for community bankers to interact directly with lawmakers and discuss the concerns of our industry. Anyone from the bank, from directors to tellers, are welcome and encouraged to attend. Drinks and appetizers will be provided. **There is no cost for CBAI members to attend.** These events are made possible by generous sponsorships from CBSC, College Ave, ICBA and IZALE Financial Group.

[Contact Jessie for More Information »](#)



CFPB Issues FAQ on EFT and Reg E

The Consumer Financial Protection Bureau issued frequently asked questions on unauthorized transfer and error resolution provisions under the Electronic Fund Transfer Act and Regulation E. The FAQs address situations where consumers are fraudulently induced by a third party to provide account information or private network rules that conflict with the regulation.

[Read FAQs »](#)

FDIC Event on Fintech, Inclusion

The FDIC announced an event later this month focused on fintech and financial inclusion. Scheduled for June 29, "Fintech: A Bridge to Financial Inclusion," will focus on how innovative banking technologies can help reach consumers and small-business owners disconnected from the financial system.

[Read More »](#)

Swap Guidance Continues LIBOR Transition

A Commodity Futures Trading Commission panel recommended best practices for switching interdealer trading conventions from LIBOR to the Secured Overnight Financing Rate in U.S. dollar interest rate swaps. Specifically, the CFTC panel recommended that interdealer brokers change linear swap trading conventions from LIBOR to SOFR on July 26.

The Alternative Reference Rates Committee—which is implementing the LIBOR transition—said the convention switch will accelerate the shift and allow it to formally recommend SOFR term rates. The U.K. Financial Conduct Authority has said it will cease publishing LIBOR for the one-week and two-month settings immediately after Dec. 31, 2021. U.S. regulators last fall encouraged banks to cease entering new USD LIBOR contracts by that date.

[Read More »](#)

College Ave Student Loans Donates \$2,500 to CBAI's Foundation for Community Banking

The CBAI Foundation for Community Banking is pleased to announce that College Ave Student Loans has donated \$2,500 to the Foundation to become a Bronze-level sponsor. In support of the Foundation's many scholarships, College Ave is helping to secure financial assistance to deserving high school students.

College Ave is also partnering with CBAI to provide resources for college-bound students on the CBAI Foundation webpage. Through videos and blog posts provided by College Ave, students can learn more about the student loan process and tips for paying for college.

[Read More »](#)



Freddie Updates Caps on Certain Single-Family Purchases

Freddie Mac said it will limit its purchases of single-family mortgages secured by investment properties and second homes in line with its revised Preferred Stock Purchase Agreement with the Treasury Department. In July, for sellers that sell more than five loans secured by second homes or investment properties, such loans may not exceed 6.5 percent of their total monthly unpaid principal balance. That monthly cap will be set at 6 percent after July. More information is available in Freddie's guide bulletin and frequently asked questions on the change.

[Read Guide Bulletin »](#)

[Read FAQs »](#)

ICBA Continues Push Against House 'True Lender' Repeal

ICBA and other groups again urged House members to oppose a Senate-passed resolution to repeal the OCC's "true lender" rule. In a joint letter to the House following a similar message last month, the groups said repealing the OCC rule would create significant legal impediments to creating a more robust framework for providing safe and affordable credit. Instead, they said the OCC should be allowed to modify the rule.

The OCC rule, which ICBA supported in a comment letter last year, creates a standard to determine when a bank is the "true lender" when partnering with a third party. Under the rule, banks are deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date. The Senate resolution, which the Senate passed by a 52-47 vote last month, would repeal the rule under the Congressional Review Act, which allows lawmakers to invalidate federal rules and limits agencies' ability to issue a similar rule in the future.

[Read More »](#)

CONNECT WITH CBSC PREFERRED PROVIDERS



The Baker Group: Baker Market Update

As the dust settles at the end of this week, we've learned a couple of things about the tone and temper of the bond market. For one, US Treasuries are firmly in the "this won't last" camp with respect to inflation. Despite an eye-opening spike to a 28 year high for core consumer price inflation, the yield on the 10yr T-Note fell below 1.50% to the lowest levels since early March. For now, the 3.8% reading for core CPI is widely viewed by bond market professionals as well as Fed officials as a "transitory" knock-on effect of the US economy's reopening from the COVID-19 pandemic.

[Read More »](#)

Ncontracts: Ask a Risk Manager: How Can Risk Management & Compliance Work Together?

How can risk management and compliance work together as partners at a financial institution? There's no one better to ask than someone who has worn both of those hats. Enter Denise Guira, senior vice president of integrated risk at \$5.2 billion MIDFLORIDA Credit Union in Lakeland, Florida. Denise spent 17 years in compliance before transitioning to risk

management in 2017, giving her keen insights into how risk management and compliance can support each other. She shared these insights in a recent episode of the Ncast podcast, talking with Ncontracts Vice President of Compliance Stephanie Lyon about what it takes to really integrate risk and compliance management. (You can listen to this episode, or any of these podcasts featuring industry experts, anytime on-demand.)
Read an edited excerpt of that conversation.

[Read More »](#)

SHAZAM's Christensen to Serve Second Term as Board Member on US Faster Payments Council

SHAZAM, Inc., a nationwide provider of financial services to community banks and credit unions, is proud to announce that Kevin Christensen, senior vice president of market intelligence and data analytics, was elected a second time to serve a three-year term as a member of the 2021 U.S. Faster Payments Council (FPC) board of directors. Appointed in 2015, Christensen was the organization's first executive director and chairman, and he currently serves on the executive committee and finance committee. Over the years, as a member of the Faster Payments Task Force, he led the interoperability work group and was a member of the editorial board. Following the work of the task force, Christensen was elected to the Governance Framework Formation Team. The work group was responsible for developing the operating vision for the U.S. Faster Payments Council, of which SHAZAM is a founding sponsor.

[Read More »](#)

Harland Clarke: Businesses Use Checks...Just Ask Them!

Forty-two percent of B2B payments are made by check. Recent research shows just how important checks are to the financial operations of small businesses. However, more than half of businesses don't order checks from their financial institution. Financial institutions that want to serve this vital customer segment should take note of this gap and develop a check program that engages small businesses and meets their needs. Check out the infographic to learn more about the relationship between small businesses and checks.

[Learn More »](#)

Kasasa: Get Your Marketing Noticed (and Drive Loans) with Seasonal Campaigns

The economy seems to be recovering from more than a year of pandemic and stay-at-home orders. And it's time for community financial institutions to evaluate their marketing efforts in a new light. Interest rate margins are still slim enough to fit into skinny jeans, and that situation won't reverse overnight. However, there is a risk that institutions will have to cut expenses so steeply that they end up missing out on the very consumers they need for healthy, sustainable growth. By reducing marketing efforts, institutions have reduced their visibility to consumers, and by focusing heavily on borrowers, they risk alienating the type of account holders who are likely to open a deposit account first, and then pursue a lending relationship soon after.

[Read More »](#)

Ncontracts: Small FIs, Big Plans: Maximizing Compliance & Risk Management Resources at Small Financial Institutions Webinar on June 30

Smaller financial institutions may have fewer resources for tackling compliance and risk management than larger FIs, but they are just as determined to get things right. The trick is to find ways to make processes more efficient. In this webinar, we'll take a closer look at the compliance and risk management challenges faced by smaller financial institutions to help them better align their resources with their goals. Whether your FI has a part-time compliance or risk officer, takes a divide and conquer approach, outsources these functions, or relies on one hero to get it all done, you'll leave this webinar with insights into how your FI can run a lean, but effective program.

[Register Here »](#)

CBIS: Financial Institutions Spring/Summer Insurance Market Update June 2021

With nearly two quarters of 2021 in the books, we continue to see a challenging market environment for financial institutions, meaning banks of all sizes, brokerage, mortgage and insurance enterprises. Across most coverage lines, insureds are experiencing a rise in rates with no one single event as a driving factor, but rather, multiple forces contributing to premium increases. These elements vary a bit within a given coverage line, but ultimately are propelled by issues consistent among insurers: COVID-19 losses, social inflation, natural disasters, cyber threats and more. Compounding the matter is the insurance industry's inability to offset these results through investment income, as a result of a continued low interest rate environment.

[See Market Update »](#)



I DECIDED TO PARTNER WITH SHAZAM

We're the only nationwide independent debit network, processor and core provider supporting community banks. As a leader in the industry we have a simple mission:

Strengthening community financial institutions.

Fed Outlines Instant Payments Fraud Considerations

The Federal Reserve released an article on fraud management considerations to evaluate when preparing for instant payments. The article says the speed, finality, and round-the-clock nature of instant payments provide opportunities for fraudsters and require organizations to review fraud-fighting tactics and prepare.

[Read More »](#)

Participate in the CBAI Foundation for Community Banking's 25th Anniversary Campaign!

In 2021, we are excited to celebrate the 25th anniversary of CBAI's Foundation for Community Banking. Established in 1996, the Foundation has bestowed an incredible \$550,000 in scholarships to deserving college-bound students since its inception. Additionally, more than \$70,000 has been awarded to CBAI member bankers to attend the Community Bankers School. The Foundation annually offers three types of scholarships, with more than \$40,000 allocated to students every year. A total of 31 annual scholarships are provided to high school seniors statewide through our essay contest, to the children and grandchildren of community bankers, and to Community Bankers School attendees.

We want to continue the success of the Foundation and ensure that we can maintain the 31 annual scholarships for many more years to come. In order to do that, we need your help. To celebrate the Foundation's silver anniversary, CBAI is spearheading a special "25 for 25" Campaign. There are several different ways you can choose to participate. **Contributions in any amount are greatly appreciated!** All banks, associate members and individuals donating to this campaign will be recognized in Banknotes magazine. **All donations are 100% tax deductible!**

[Read More »](#)

CBAI LEGAL: Foreclosure, Free Houses and Facebook

A June 7 opinion from an Illinois Appellate Court rejected the arguments of mortgagors-in-default that: (1) they were entitled to keep their house without making future payments after they were victorious in the first attempted foreclosure against them; and (2) reliance on a Facebook page constituted sufficient factual evidence to support their defense against a subsequent (and ultimately successful) foreclosure.

[Read Most Recent CBAI LEGAL »](#)

Advanced BSA Conference

July 13, 2021 at CBAI Headquarters



Focusing on all applicable BSA activity over the last 18 months.



2021 Frontline Branch Live E-Classroom Series ~or~ On-Demand Recorded Session
REGISTER NOW!

MORE UPCOMING EDUCATIONAL PROGRAMS

Registration Now Open for Group 1 & 2 Meeting

On Thursday, June 24, 2021, Group 1 & 2 of the Community Bankers Association of Illinois will hold its Annual Spring Group Meeting at Arlington International Racecourse, Arlington Heights. The festivities begin at 2 p.m. with cocktails, buffet and horse racing. A short business meeting with the election of the Group 2 Director will be held. Door prizes will be awarded throughout the day. You must be present to win. Join CBAI on June 24th to experience this great venue one last time! Despite a 93-year history in Chicago, the track is closing permanently after the 2021 season.

[Register for the Group 1 & 2 Meeting »](#)

Early-Bird Pricing at CBAI's Annual Convention & Expo Ends June 30

Registration is now open for CBAI's 47th Annual Convention & Expo, scheduled for September 23-25, 2021, at the Marriott Marquis, Chicago, IL. Expert speakers on the hottest community banking topics fill an education agenda featuring 20 break-out sessions. This year's Opening Breakfast Speaker is Christine Cashen, who delivers a fast-paced, hilarious program with useful content that makes her a sought-after speaker worldwide. Also on the agenda are the Welcoming Reception with BancPac Live and Silent Auction, a jam-packed Exhibit Hall, the Annual Business Meeting Luncheon, and much more. The Closing General Session speaker is Vallie Collins. Collins shares the details of her experience during the flight and rescue of the event that has become known as the "Miracle on the Hudson" in the hope that the experience inspires and motivates all to treasure each and each day because "every day is a lucky day!" Don't wait! Register today for early-bird pricing and receive a significant discount to attend CBAI's annual showcase event! You won't want to miss it!

[Register Today »](#)

[VIEW CBAI's EVENTS CALENDAR](#)

