

Connected to Community Banking!



One Mission. Community Banks.

## CBAI E-Newsletter, sponsored by SHAZAM March 11, 2020

NEWS

EDUCATION

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### IN THE NEWS

#### NEWS FROM THE FRONT

The Spring session of the Illinois General Assembly is in full swing with more than 9,500 individual pieces on legislation up for consideration. The governmental relations team is busy vetting, researching, negotiating and staking our positions of legislation that impact the community banking profession. David Schroeder was in Washing D.C. last week meeting with federal lawmakers and regulators focusing on credit union abuses, cannabis safe harbor, CRA reform and closing the industrial loan company loophole. In Springfield, Governor JB Pritzker has introduced his 2020 budget proposal recommending \$42 billion in state spending next fiscal year based largely on the successful passage of a constitutional amendment to institute a progressive income tax. CBAI has introduced our legislative agenda including regulatory relief for community banks, updates to the Revised Uniform Unclaimed Property Law, and tax reform to help community bankers better serve small business and agricultural customers.

[NEWS FROM THE FRONT »](#)

#### How to Prepare for the Coronavirus

The Illinois Department of Public Health (IDPH) has created a webpage with resources, frequently asked questions, and updated information on the spread of the virus in Illinois.

[Visit IDPH Coronavirus Webpage »](#)

A new Main Street Matters blog post breaks down what community bankers can expect from the coronavirus and how they can prepare their banks for a possible outbreak. In the post, ICBA Director of Operational Risk Steven Estep encourages community banks to review their pandemic preparedness plans, consider third-party dependencies, and more.

[Read Blog Post »](#)

ICBA's Crisis Response and Preparedness Center offers community banks the most current information from federal and industry organizations regarding the outbreak of coronavirus, known as COVID-19. Community bankers who have questions or need assistance can contact ICBA at [crisisresponse@icba.org](mailto:crisisresponse@icba.org).

[Visit ICBA's Crisis Response and Preparedness Center »](#)

Federal financial institution regulators and state regulators recently encouraged financial institutions to meet the financial needs of customers and members affected by the coronavirus. The agencies recognize the potential impact of the coronavirus on the customers, members and operations of many financial institutions and will provide appropriate regulatory assistance to affected institutions subject to their supervision.

[See the Interagency Statement on Pandemic Planning »](#)

**CBAI is offering a FREE on-demand webinar for CBAI Members Only, titled *Pandemic Preparedness: Managing Coronavirus & Other Epidemics*, available beginning March 20, 2020.**

Is the coronavirus heading your way? Are you prepared? Do you have a contingency plan? Now is the time to focus on this spreading epidemic! With so much attention on COVID-19 in the press and around the world, financial institutions must assess whether they are prepared for staff absenteeism, reduced in-person transactions, more online activity, etc. **Go to the Members Only Section of CBAI's website beginning March 20, 2020, to obtain the link to this FREE webinar.** For more information on this on-demand webinar, please contact the Education Department at 217/529-2265.



July 12-17, 2020  
Bloomington, Illinois

Vision for Success!

2020

## FREE Harland Webinar: *The Consumers Journey Starts with a Question*

Join Harland Clarke on Thursday, March 26, 2020, for a free introduction to the Digital Brand Manager, powered by Yext.

You will:

- Learn the transformation of search and how it effects your business.
- Understand how Digital Brand Management can change how consumers discover you by managing truthful and consistent online information.
- Manage, monitor and respond to what consumers are saying about you and your business in real time and leverage the importance of online reputation.

[Learn More About Yext »](#)

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## Community Banks Again Outperform Rest of Industry

Community bank net income rose 4.4 percent in the fourth quarter from a year ago, the FDIC reported in its latest Quarterly Banking Profile. Community banks reported quarterly net income of \$6.4 billion, with more than half of all community banks reporting growth. Net interest income increased by 2.1 percent year-over-year because of strong annual loan growth, which rose 5.5 percent. The community bank noncurrent loan rate fell to the lowest point since the fourth quarter of 2006.

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## FDIC and OCC Announce 30-Day Extension of Comment Period for Proposed Changes to CRA Rules

The Federal Deposit Insurance Corporation (FDIC) and Office of the Comptroller of the Currency (OCC) extended the public comment period for proposed changes to the rules implementing the Community Reinvestment Act (CRA) until April 8, 2020. On December 12, 2019, the FDIC and OCC announced a proposal to modernize the regulations under the CRA and provided for a 60-day comment period following formal publication on January 9, 2020, in the Federal Register (85 FR 1204). The FDIC and OCC have now determined that a 30-day extension of the comment period is appropriate. Read more.

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## Bowman to Community Banks: Stay Engaged on FedNow

The Federal Reserve should empower community banks to engage in responsible innovation and is doing so with the FedNow real-time payments platform, Fed Governor Michelle "Miki" Bowman said. Speaking at the Atlanta Fed, Bowman said community bankers were vital advocates for FedNow and encouraged them to continue engaging the agency as it develops the service.

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## Register Now for CBAI's 36th Annual Capital Conference

Illinois community bankers make the trip to Springfield to join in our annual show-of-force at the Capitol advocating for the community banking profession. The day starts with a meeting of the Legislation and Regulation Committee where bankers set the legislative priorities for CBAI's state and federal lobbying efforts. After lunch, bankers load onto buses to visit with their local legislators at the Capitol with a focus on educating members of the General Assembly about the community banking profession and our legislative concerns.

This event is scheduled for Wednesday, April 22, 2020. Luncheon will be held at the Sangamo Club and the evening reception will be held at the Wyndham Springfield City Centre. Early-bird pricing is \$100 per institution, will jump to \$150 per institution after April 1.

[Read More and Register Today »](#)

## CBAI Announces Golf Outing Location for the 46th Annual Convention & Expo

CBAI is pleased to announce the Golf Outing at CBAI's 46th Annual Convention & Expo on September 24, 2020, will be held at Brickyard Crossing Golf Course in Indianapolis. Voted one of America's Top 100 Public Golf Courses by *Golf Digest*, the Brickyard Crossing has four holes inside the oval and 14 holes adjacent to the backstretch of the Indianapolis Motor Speedway and is always in immaculate condition. Designed by noted golf course designer Pete Dye, the 18-hole, par 72 course utilizes Dye's signature railroad ties as well as large slabs of concrete along creek beds. The concrete was reused after the racetrack's walls were torn down and replaced with a cutting-edge safety barrier. While the golf might pale in comparison to taking a turn at over 200 mph in an Indy car, it is nonetheless quite a thrill to play on this hallowed ground. Additionally, the Brickyard Crossing is one of only a few venues in the country to host PGA, LPGA and Champions tour events.

[Visit Brickyard Crossing Golf Course Webpage »](#)

## "Too Big to Fail" Is Alive and Wells

While Washington debates whether Wells Fargo's \$3 billion fine for defrauding customers with phony accounts is sufficient, the larger question of what to do about the nation's persistent too-big-to-fail problem must remain the focus. If a community bank were to behave similarly, it would have been shut down entirely long ago, its leadership financially ruined and facing prosecution. Wells Fargo officials will surely face tough questions from Congress at the three committee hearings on the settlement scheduled for March, but the fine itself is roughly equivalent to the megabank's profits for the fourth quarter alone.

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## Fintechs are Banking's Transformers, and Banks Aren't Ready

LendingClub is acquiring Radius Bank. Varo Money is acquiring a charter to become a bank. The Transformers are coming. Meanwhile, banks are stuck. Stuck with branch networks. Stuck with batch systems. Stuck with paper processes. In a world that's rapidly moving from

the physical to the virtual, banks are stuck in the past. But, after years of inertia, customers are becoming unstuck. Of consumers between the ages of 25 and 44, an **average 28% of those surveyed** said they would be “very” or “extremely” interested in switching their primary bank account. This would not have been the case just a few years ago.

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### **Mnuchin: Cannabis Conflict “A Problem”**

Treasury Secretary Steven Mnuchin told lawmakers that the lack of banking access for cannabis-related businesses is a problem. Testifying before a House Appropriations subcommittee, Mnuchin said the IRS has had to build entire rooms to take in large amounts of cash from businesses that remain unbanked, reflecting safety risks caused by conflicting state and federal laws. Mnuchin made similar comments last year in the run-up to House passage of ICBA-advocated legislation to create a safe harbor for financial institutions that serve these businesses in states where cannabis is legal. Senate passage remains a top 2020 priority for CBAI and will be a key issue at next month’s Call on Washington.

### **Senators to Regulators: Don’t Criticize Banks for Ag Loan Concentrations**

An ICBA-supported bipartisan letter by Sens. John Thune (R-S.D.) and Tammy Baldwin (D-Wis.) urges financial regulators not to be critical of community banks if they have a high concentration of ag loans in their lending portfolios. “We are concerned that policies like arbitrary concentration limits can restrict a financial institution’s lending to struggling farmers and ranchers,” the senators said. The FDIC recently noted in its 2019 Risk Review report that 31 percent of farm banks hold an ag loan concentration of more than 300 percent of capital.

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### **Social Media Influencer Promotes Community Banks for Small Businesses**

Community banks are featured by social media influencer Brooke Wegner in a new blog post about how community banks support small businesses. The blog post on Wegner’s Blushing Momma website discusses why she chose to bank with a community bank. She notes that community banks offer personalized service and support for her local community, including charities she’s passionate about.

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### **You Could Win \$100 Just for Liking Us!**

Like CBAI on Facebook by March 31, 2020, and we will enter you into a drawing for \$100! Visit us on Facebook at [www.facebook.com/CommunityBankersofIL](http://www.facebook.com/CommunityBankersofIL). (If you have previously liked our Facebook page, you are already automatically entered in the drawing!)

Then, let us know what your bank is doing! From community events to recent hires and retirements, let us know the happenings at your bank! We want to share your news with community bankers around the state on our Facebook page! Contact Valerie Johnston at [valeriej@cba.com](mailto:valeriej@cba.com) or tag us in your Facebook post!

[Visit Our Facebook Page »](#)



### **Agencies Finalize CECL Policy Statement**

Federal regulators issued a final interagency policy statement on the Financial Accounting Standards Board’s Current Expected Credit Loss standard. The statement describes the measurement of expected credit losses using the CECL methodology and updates concepts and practices in existing supervisory guidance.

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### **Order Free Marketing Materials for Community Banking Week in Illinois!**

April 5-11, 2020, is the 30th Anniversary of Community Banking Week in Illinois! This year’s theme is “**Always Community-Focused.**” Invite the friends and neighbors of your community bank to help celebrate the independent spirit that is the hallmark of locally-run banks. For your FREE marketing kit, contact Bobbi Watson at [bobbw@cba.com](mailto:bobbw@cba.com) today!

[Learn More »](#)

### **Five Trends to Watch in Bank Branches, and the Broader Retail Impact**

In today’s landscape, traditional banks are being challenged on several fronts to maintain their customer base. Institutions are still decommissioning branches at a record pace, as well as opening newer, targeted locations to better serve their customers. While the ideal branch is now smaller and more digitally focused, this industry shift is taking place incrementally due to the large number of existing branches across all markets.

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### **Visa Says Fuel-Pump EMV Upgrades are “Doing Pretty Well,” But Others are Skeptical**

With just over seven months to go before a crucial liability shift, just how well is the conversion of U.S. gasoline pumps to accept EMV chip cards going? It depends on whom you ask. Visa Inc. says it's progressing nicely. "I think we're actually doing pretty well," Julie Scharff, Visa's vice president for consumer products, said Wednesday. "Ten percent of automated fuel dispenser transactions in the U.S. right now, according to Visa's data, are chip-on-chip."

Chip-on-chip refers to a transaction in which the payment-accepting device reads an EMV card's chip. By October, AFDs at gas stations and convenience stores are supposed to be chip-ready. Otherwise the merchant acquirer—and ultimately the merchant—will bear the cost of counterfeit fraud, which chip cards are highly effective at thwarting, from chip card transactions at pumps capable only of reading magnetic stripes.

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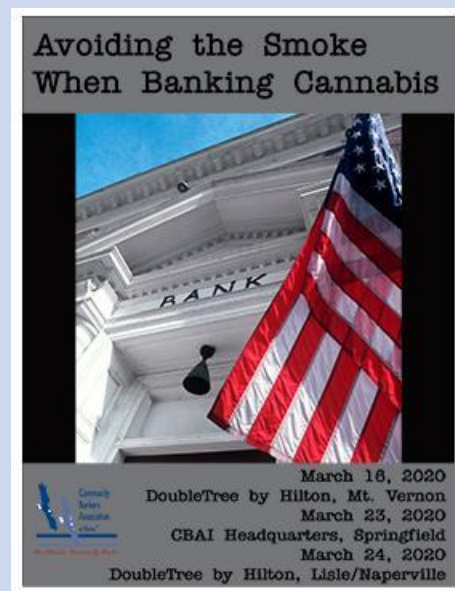
### Participate in the "Dress Down" Campaign Benefitting CBAI's Foundation Scholarship Program

CBAI encourages your bank to hold a "dress down" day for your staff benefitting CBAI's Foundation for Community Banking scholarship program. Choose any day in 2020 and ask your employees to donate a minimum of \$5 to the Foundation to dress casually. Participating banks will be recognized for their support in Banknotes magazine and at CBAI's convention! Your donations help fund the Foundation's 31 scholarships offered every year to high school seniors, the children and grandchildren of community bankers, and CBAI's Community Bankers School students. (All Foundation donations are 100% tax deductible). To find out more information on participating in "Dress Down for the Foundation," contact Valerie Johnston at [cbaicom@cbaicom.com](mailto:cbaicom@cbaicom.com) or by phone at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

### CBAI LEGAL: Junior Mortgagee's Payment of Installment Owed to Senior Mortgagee

Illinois' Mortgage Act specifically addresses the authority for, and the result of, payment by a junior mortgagee of an installment in default on a loan secured by a prior mortgage.

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## MORE UPCOMING EDUCATIONAL TRAINING

### Asset/Liability Management: Investments, Liquidity and Interest-Rate Risk Set For March 25 in Springfield

After three years of hiking rates, the Federal Reserve pivoted sharply by cutting rates three times in the second half of 2019. Finding a balance between interest rate risk, liquidity and performance has never been more critical. You can improve your liquidity position by holding a lot of cash, but performance suffers. You can increase performance with long term fixed rate assets, but may have to take on significant IRR to get there. Managing any one of these issues in isolation is easy, but managing all three simultaneously is a challenge that all community banks must face. This program explores the unique relationship between IRR, liquidity and performance and gives you specific ideas about how to manage all three simultaneously. We begin with a discussion of the current economic environment and the outlook for Federal Reserve monetary policy before looking at recent banking industry trends including a high performance banking analysis. Discussions include topical regulatory and reporting issues related to interest rate risk, liquidity and investments.

[Learn More and Register Today »](#)

### **CBAI's Seminar for the Community Bank Attorney to be Held March 27**

CBAI is pleased to offer the "Seminar for the Community-Bank Attorney" on March 27 in Springfield. To help community-bank attorneys obtain the latest information regarding the myriad of legislative, legal and regulatory mandates facing community banks, as well as to meet the Supreme Court of Illinois-ordered requirements for Minimum Continuing Legal Education (MCLE), CBAI developed this comprehensive one-day education session. This seminar utilizes the expertise of several attorneys who specialize in banking law related topics. CBAI has applied for 5.5 hours of MCLE credit. Any attorney who sits on a community bank board of directors, acts as legal counsel to a community bank, or has an interest in these topics would benefit from attending.

[Learn More and Register Today »](#)

[VIEW CBAI's EVENTS CALENDAR HERE](#)

## **NEWS FROM SERVICES**

### **The Baker Group: Baker Market Update**

A long time ago, in a galaxy far, far away, the first Friday of every month was a time when even the most indifferent of observers might come in to the office a little early just to see if the latest Jobs Report contained any surprises. But that was then, and this is now, and nowadays, economic fundamentals have been replaced by epidemiological ones as fearful investors seek shelter from the sickening storm. As luck would have it, storm shelters don't yield much and despite this morning's enthusiastic report from the Bureau of Labor Statistics, Treasury yields are falling even faster than airline stocks.

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### **Kasasa: The Scoop on Social: Strengthen and Lengthen Ties to Your Customers**

Where should community financial institutions turn to build deep consumer engagement in 2020? The answer is simple: social media. With consumers spending an increasing amount of time on social networks and social messaging every day, social media must be a key focus within a financial institution's digital marketing strategy. Banks who invest in this form of digital engagement observe an improved customer experience and shortened sales cycles.

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Did you know that SHAZAM's marketing team is also an award-winning agency? Our team of copywriters and graphic designers can create multi-channel campaigns, animations, print collateral and even wrap a car with messaging that suits *your* needs, with *your* branding. Need a simpler marketing piece? No problem, we work with clients on jobs of all sizes. Our experienced professionals can offer you top-tier agency services at 50% less than the average agency. [Contact us](#) for a no-obligation quote today!

### **CBIS: More 401(k) Suits Expected after Recent Supreme Court Ruling**

The Dow Jones News Service recently reported on a recent Supreme Court ruling from Wednesday, February 26, 2020, involving the case against Intel Corp. alleging problems in its 401(k) plan. More suits are expected as a result over fiduciary breaches. Current statistics indicate employees have launched a wave of lawsuits that have resulted in multimillion-dollar settlements against plan sponsors for plans with high fees.

[Read More from CBIS »](#)

[CBSC Preferred Providers](#)

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