



## CBAI E-Newsletter, sponsored by SHAZAM April 10, 2019

[NEWS](#)

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### IN THE NEWS

#### **It's Community Banking Week in Illinois!**

**Illinois Governor J.B. Pritzker** issued a proclamation declaring April 7-13, 2019, as Community Banking Week in Illinois. The proclamation will be presented by **Lt. Governor Juliana Stratton** at CBAI's Annual Capital Conference in Springfield today. The Illinois House of Representatives also unanimously passed a resolution celebrating Community Banking Week in Illinois. CBAI is proud to celebrate and support the more than 400 Illinois community banks and thrifts in Illinois that have upheld a tradition to give back to their communities, foster local economic prosperity, and fulfill the credit needs of citizens throughout the state.

**We would love to hear how your bank is celebrating Community Banking Week!** E-mail us at [cbaicom@cbaicom.com](mailto:cbaicom@cbaicom.com) and let us know what your bank is doing. We want to share your bank's activities in an upcoming publication!

#### **CBAI Urges Regulators to Provide Maximum Capital Relief and Simplification for Community Banks**

In an April 5, 2019, comment letter to the OCC, Federal Reserve and the FDIC, CBAI urged regulators to provide the maximum capital relief and simplification for community banks. The Regulators proposed a Community Bank Leverage Ratio (CBLR) of 9%, which is permissible under recently enacted legislation (a range of between 8% and 10%). However, that level will deny approximately 600 additional community banks from the maximum allowable regulatory relief. CBAI urged the Regulators to decrease the proposed CBLR from 9% to 8%, which will more closely align it with the current regulatory capital requirements for "well capitalized" banks.

In addition, the Regulators proposed a new Prompt Corrective Action (PCA) framework for the treatment of qualifying community banks that fall below the CBLR. CBAI believes these thresholds are unnecessary, will have harmful unintended consequences, and run counter

to Congressional intent. In the unfortunate event the proposed PCA framework is implemented, CBAI recommended that, before being downgraded to “adequately capitalized”, qualifying community banks (which have opted-in to the CBLR) should receive assistance and reasonable time to either 1) return to being “well capitalized” under the new framework; 2) demonstrate that they are “well capitalized” under the current framework; or 3) opt-out and go back to complying with the more complicated risk-based capital requirements under the current framework.

[Read Comment Letter >>](#)

### **CBAI NEWS FROM THE FRONT 04/08/19**

State legislators will return to the Capitol this week before a two-week spring break begins. The end of this week marks the third reading deadline in both chambers, which means bills must be voted on and passed their original chamber before it can head to the other chamber.

[Read CBAI's NEWS FROM THE FRONT >>](#)

### **Fed's Bowman Pledges Partnership with State Regulators**

Federal and state regulators share an obligation to ensure the ongoing viability of the community banking sector, Federal Reserve Governor Michelle “Miki” Bowman said last week.

Speaking to the Conference of State Bank Supervisors, the former state banking commissioner and the first person to fill the Fed's community banking seat said she is working to build a stronger partnership between state regulators and the Fed.

“We welcome the strong lending growth that many community banks are experiencing, which is fueling job creation and sustaining our economic expansion, which in July will become the longest in U.S. history,” Bowman said. “But strong lending growth must be supported by prudent, well-managed funding plans” to manage liquidity risks.

[Read Bowman's Speech >>](#)

### **Agency Proposal Would Limit Impact of Megabank Failures**

Federal regulators have proposed a rule to limit the interconnectedness of large banking organizations and reduce the effects of their failure. To discourage the largest banks from buying large quantities of “total loss-absorbing capacity” debt, the proposal would require these entities to hold additional capital against substantial holdings of TLAC debt.

Comments will be accepted for 60 days following publication in the Federal Register.

[Read More from Regulators >>](#)



## **Free Seminar for CBAI Members on Normalizing Banking for Cannabis-Related Businesses**

The CBAI governmental relations team invites you to attend a summit presented by Illinois Treasurer Mike Frerichs on cannabis banking related issues. The Normalizing Banking for Cannabis-Related Businesses Summit is focused on the barriers unique to banking in the legal cannabis industry. Panelists, including financial institutions currently serving cannabis-related businesses, state regulators, state legislators and CBAI governmental relations staff, will have candid discussions on their varied experiences throughout the evolution of the cannabis industry in Illinois, as well as confronting banking issues raised by the conflict between state and federal law. The summit is relevant to those in banking, including CEOs, the board of directors, legal counsel, COOs, CFOs, compliance officers and risk officers. A limited number of seats are available. Contact **Jerry Peck**, SVP of governmental relations, for more information.

[Free Registration Available Here >>](#)

## **New-Home Sales Jump as Incomes Edge Up**

New-home sales rose 4.9 percent in February from the previous month and were up 0.6 percent from the same time a year ago, according to the U.S. Census Bureau. Separately, personal income rose 0.2 percent in February following a 0.1 percent drop in January, while personal spending edged up 0.1 percent in January, the U.S. Commerce Department said.

Meanwhile, consumer sentiment rose in March following a decline in February, according to the University of Michigan consumer survey. The index rose 4.9 percent to 98.4 in March but remained down 3 percent from a year ago.

[See Census Bureau Report >>](#)

[Read Commerce Department Release >>](#)

[See University of Michigan Survey >>](#)

## **Submit a Nomination for the 2019 Excellence & Innovation BKD Award, Presented by CBAI**

Nominations are now being accepted for the 2019 Excellence & Innovation BKD Award, presented by CBAI. This award recognizes CBAI member banks that go above and beyond to demonstrate their commitment to their customers, employees, shareholders and the community through innovative outreach programs. Since 1999, CBAI and BKD have honored financial institutions for their efforts to build a healthy future for themselves and their communities by developing an innovative way to serve customers or enhance corporate citizenship. Institutions may nominate themselves and do not need to be a BKD client to participate. **The deadline to submit is Monday, June 3, 2019.** The winner will be announced at CBAI's 45<sup>th</sup> Annual Convention & Expo, September 19-21, 2019. The winning institution receives a \$1,000 donation to the charity of its choice as well as an award symbolizing its innovation and excellence.

[See More Information >>](#)

[Download Entry Form >>](#)



### **Group Meeting Registration Now Open for Groups 1, 2, 4, 7, 8, 9, 10, 11 & 12**

CBAI leaders and executive staff are visiting 11 locations on the 2019 Group Meetings Tour this spring. Bankers from nearly 200 banks participate in these enjoyable and informative annual events. For this year's after-dinner presentation, an analyst from The Baker Group provides an update on market conditions, Fed policy, regulatory hot-topics and industry trends for community banks. The opening portion of each Group Meeting will focus on critical legislative and association issues. CBAI President Kraig Lounsberry provides updates on Association projects and community banking in general, and SVP of Governmental Relations Jerry Peck offers an up-to-the-minute report of banking-related legislative activities.

Consisting of an optional golf outing and a dinner meeting, each Group Meeting provides an excellent opportunity to get the latest information on key banking issues and catch up with friends and peers. (Note: The Groups 1 & 2 meeting follows a different format). Make plans now to attend!

[See Schedule >>](#)

### **FDIC: Examiners Find Gaps in Tech Provider Contracts**

The FDIC issued a Financial Institution Letter with examiner observations about gaps in financial institution contracts with technology service providers. The guidance notes that some contracts lack sufficient detail on the rights and responsibilities for business continuity and incident response, which might require financial institutions to take additional steps to manage these areas.

[Read More >>](#)

### **Agencies Release HMDA Application Data**

Regulators published Home Mortgage Disclosure Act data for approximately 5,400 financial institutions. This is the first year in which additional data reported by certain institutions under the 2015 HMDA rule will be available. The Modified Loan Application Registers contain loan-level information for 2018 on individual HMDA filers, modified to protect privacy. Later this year, additional information will be published related to HMDA, including a complete loan-level dataset and disclosure reports. These will be accompanied by an article highlighting key trends.

[Read More >>](#)



### **Community Bank Marketing Conference Set for April 24 in Springfield**

The 2019 Community Bank Marketing Conference is designed to help community bank professionals learn to communicate in today's social media world. The keynote speaker is Eric Cook, digital strategist, WSI, Battle Creek, MI. His first session, "Can You Hear Me Now? Communicating in Today's Social World," explores some of the new ways to participate in the "communication process" and get heard. In his closing session, "Community Banking and the Amazon Effect (Five Ways to Evolve Your Culture – The Amazonification of Community Banking)," Cook shares five ways your bank can begin to change its culture to evolve, communicate and deploy a successful Amazon-like experience. Other topics include "Stop Selling and Start Connecting: Why Your Marketing Program Isn't Working," with Patrick Dix, vice president – strategic alliances, SHAZAM, Johnston, IA; "Marketing to the Buyers' Journey to Activate at the Point of Excitement," with Bryan Adler, co-founder & CEO, Vetter, New York, NY, and "The Five Steps to an Effective Marketing Strategy," with Dan Novalis, president & owner, 2Novas, St. Louis, MO. The agenda also includes a Marketing Roundtable Session, which allows participants to interact and learn from each other on specific marketing topics of their choosing.

[See Brochure >>](#)

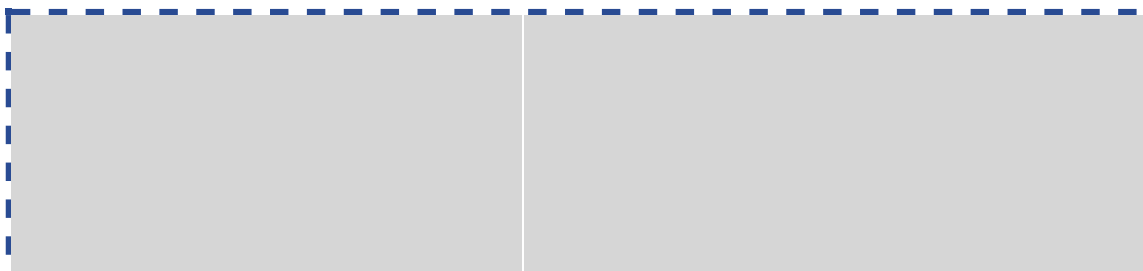
[Register Online >>](#)

### **Deposit Documentation Slated for April 23-25**

Offered in three locations, this seminar defines the governing rules, regulations, and laws affecting deposit documentation. Each of these regulations, laws or guidelines have aspects that relate to the initial disclosures, but the emphasis of this class is on the how and why. Many activities of tellers and customer-service representatives are driven by these regulations, but too often circumstances can make it difficult for those employees to apply the regulations because they don't know the details. This seminar describes the requirements, explains the basic principles in a straightforward manner, and then draws on real-life experiences to explore how to apply those principles. Tellers, head tellers, new-account representatives and anyone opening accounts or dealing with customers on the deposit side would all benefit from attending this seminar. **Tim Tedrick CRCM, CRP, and partner at Wipfli LLP, in Sterling, IL,** leads this program.

[See Brochure >>](#)

[Register Online >>](#)







Registration is now open for CBAI's 45th Annual Convention & Expo, scheduled for September 19-21, 2019, at the Crowne Plaza, Springfield, IL.

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 Here >>](#)

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

## NEWS FROM SERVICES

### Baker Market Update

Stock prices and bond prices have slipped just a bit, but that's unlikely to ruin anyone's day. Reports that a Sino-American trade deal is close to some kind of resolution hasn't been able to compensate for Boeing's loss of altitude as more orders for the still-grounded 737 Max are cut or cancelled. British Prime Minister May might wish she could cancel the whole Brexit issue altogether, but that's not the hand she's been dealt.

[See Baker Market Update >>](#)

### EXPAND YOUR BRAND LOYALTY AND BUILD REVENUE WITH SHAZAM CREDIT CARD SERVICES.

SHAZAM is excited to announce that we're launching SHAZAM Credit Card Services. Our well-rounded and competitively priced program will support issuing your choice of Visa® or Mastercard® credit cards while giving you the ability to customize the program for your cardholders! Plus, you'll earn 100% of the revenue from interest.

[Contact us today to learn more! >>](#)



### CBAI LEGAL: State and Federal Privacy Comparison

A Division of Banking Interpretive Letter from 2001 equalized the privacy of customer records exceptions in the Illinois Banking Act with the federal Gramm-Leach-Bliley exceptions, but some nuances still distinguish the State and federal standards.

[Read CBAI LEGAL >>](#)

## **CBIS: What to Do in the Event of a Weather-Related or Fire Emergency**

Is your bank prepared for weather-related or fire emergencies? It is critical that you review your building emergency procedures and become familiar with the building layout, location of the nearest exits, designated assembly area, and emergency contact numbers. Find out best practices to keep your staff and customers safe in the event of a tornado, flash flood or fire.

[Read More from CBIS >>](#)

[See a List of Our Preferred Providers](#)

### **More CBAI Education Programs:**

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Federal Financial Institutions Examination Council

AICPA  
SOC  
Association to Advance Collegiate Schools of Business International

Community Bankers Association of America

LRS  
Lending Risk Review Service

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