



## CBAI E-Newsletter, sponsored by SHAZAM July 17, 2019

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### IN THE NEWS

#### **CBAI ACTION ALERT: Urge Congressional Investigation into Credit Union Abuse!**

CBAI continues to call on Illinois community bankers to urge their Members of Congress to investigate the trend of tax-exempt credit unions buying taxpaying community banks. This disturbing trend is accelerating, with two having been announced in Illinois alone. These acquisitions are fueled by the growing credit union tax subsidy that discriminates against community banks and further erodes an already stressed Illinois income tax base.

[Please Take Action NOW >>](#)

[Read the New Report >>](#)

[Access Additional ICBA Resources >>](#)

#### **Lawmakers Continue Pressing Fed on Faster Payments**

CBAI's and ICBA's push for Federal Reserve leadership on real-time payments continued bearing fruit during Fed Chairman Jerome Powell's second straight day of congressional testimony. Ahead of Powell's testimony before the Senate Banking Committee, Ranking Member Sherrod Brown (D-Ohio) sent him a letter encouraging the Fed to quickly develop an alternative real-time-payments network. In the letter, which also focuses on Facebook's planned Libra digital currency, Brown asked whether the Fed has evaluated the potential negative impact of not offering an alternative system for small financial institutions and their customers.

[Read One-pager Provided to Congressional Staff >>](#)

[Read letter to Fed Chairman Jerome Powell >>](#)

#### **NContracts: Simplify Risk Management and Make Examiners Happy**

Click on the link below to register for a free informational webinar on how Ncontracts' secure solutions can help your bank with all aspects of risk management. Ncontracts' risk and vendor management software and services enable your community bank to achieve its risk management goals with user-friendly, cost-saving solutions. The webinar will give an overview on how their product suite can help your bank with vendor/contract management, enterprise risk management, business continuity planning, and regulatory and lending compliance management. Register for the July 29 session by [clicking here](#) or register for the session on July 30 by [clicking here](#).

#### **Agencies Finalize Volcker Rule Exemption**

Federal regulators issued a final rule implementing a CBAI and ICBA-advocated provision of the S. 2155 regulatory relief law exempting most community banks from the Volcker Rule. The final rule conforms with statutory language exempting community banks that have less than \$10 billion in assets and trading assets and liabilities that are no more than five percent of total assets.



### **Pace of New Bank Formations Increasing in 2019**

De novo activity is strong for the second year in a row across the nation. The Federal Deposit Insurance Corporation approved applications for 14 new banks in 2018. Eight banks have opened this year, and seven other organizing groups have submitted paperwork. Regulators, including FDIC Chairman Jelena McWilliams, have sounded more receptive to new-bank formation. For the past several years, CBAI has often urged regulators, especially the FDIC, to ease the process of new bank formations and encourage new charters. "I do not profess to know what the right number of banks in the U.S. is, but I recognize that, like many competitive industries, a dynamic banking sector needs new startups entering the marketplace," McWilliams recently stated.

[Read Opinion Piece >>](#)

### **Results of the 2019 CBAI Compensation Survey Now Available**

The wait is over! The results of the 2019 CBAI Compensation Survey are now available. And, once again, participants received the results for free, thanks to sponsor **IZALE Financial Group**.

CBAI is confident that community bankers will be very pleased with the report, professionally prepared by **BalancedComp**. Pages are linked for ease of navigation. Compensation is indexed by city of participant. And the analysis provided is more complete than ever before. Thanks go out to nearly 200 community bankers who took the time to complete the Survey. Non-participant CBAI members can purchase the results for \$300. Contact Valerie Johnston, CBAI SVP Communications, at [cbaicom@cbaicom.com](mailto:cbaicom@cbaicom.com) or 800/736-2224.

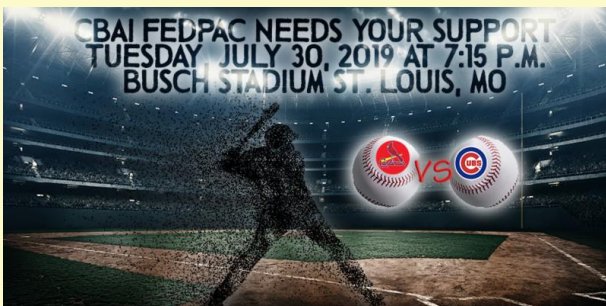
### **Trump Plans New Fed Nominees**

President Donald Trump said he plans to nominate **Judy Shelton** and **Christopher Waller** to the Federal Reserve Board. Shelton is U.S. executive director for the European Bank for Reconstruction and Development. Waller is director of research at the Federal Reserve Bank of St. Louis.

### **Call Reports Due July 30**

Call reports for the June 30 report date are due by Tuesday, July 30. A final rule expanding eligibility to use the FFIEC 051 Call Report during the first and third quarters takes effect on July 22. That rule applies to institutions with less than \$5 billion in total assets that also meet certain other criteria.

[Read More >>](#)



### **Powell Signals Looming Rate Cuts**

Federal Reserve Chairman Jerome Powell told Congress that while the economy performed "reasonably well" during the first half of the year, low inflation and economic "crosscurrents" are weighing on activity. Powell testified that the outlook remains solid, but economic momentum has slowed – signaling that cuts

to benchmark interest rates could come as soon as this month.

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### **Chicago Fed: Ag Land Values Remained Steady in First Quarter**

Agricultural land values for the Seventh Federal Reserve District remained stable in the first quarter of 2019, with average farmland values unchanged from a year earlier. There was a one percent increase in “good” farmland values from the fourth quarter of 2018 to the first quarter of 2019, according to the survey responses of 168 District agricultural bankers. The amount of farmland for sale in the three- to six-month period ending with March 2019 was slightly higher than in the same period ending with March 2018, even as the demand to purchase agricultural land was a bit lower.

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### **Community BancPac Hosts Downstate Legislative Roundtable and Sporting Clay Shoot**

You’re invited to join Southern Illinois lawmakers, the CBAI governmental relations team, and fellow community bankers for a legislative roundtable at the World Shooting Complex in Sparta, Illinois, on August 22, 2019. This is an opportunity to meet directly with lawmakers and discuss key issues affecting the community banking profession. Following the meeting, those interested are invited to join us for an afternoon on the sporting clay course. This free event designed to promote networking and relationship building. Shooters of all experience levels are welcome. To reserve your spot or for more information please contact Jessie Schmidt at [jessicas@cbaicom.com](mailto:jessicas@cbaicom.com) or 800-736-2224.

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### **Fed Warns of Synthetic Identity Fraud**

The Federal Reserve warned of a growing trend in which fraudsters combine real and fictional information to establish synthetic identities they use to purchase high-value goods and services on credit. In a new white paper, the Fed said synthetic identity payments fraud leaves little recourse to victims because the identities are not real, making it difficult to trace the perpetrators.

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### **CBAI’s 45th Annual Convention Slated for September 19-21**

EXHILARATED. CHARGED-UP. MOTIVATED. REFRESHED. That’s how you’ll feel after attending CBAI’s 45th Annual Convention and Exposition to be held September 19-21, 2019, at the Crowne Plaza, Springfield, IL. This year’s convention features hard hitting educational topics, a huge exhibit center and fun-filled social events. Take a few minutes to look through the pages of the brochure which describes all activities and get registered today!!!

[More Information and Registration Here >>](#)

### **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 2019 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.

## How to Put Millennials (or any Target Group) in your Advertising's Crosshairs

As banks move from traditional to digital media, what's often overlooked is the ability to customize the content of each campaigns to speak directly to each target group. We frequently hear that bankers are just not sure digital will work in their market. But we've heard this from markets of all shapes and sizes: small, large, low competition, heavy competition, you name it. Truth is, digital will work in your market if it's set up properly; it just takes some heavy lifting at the beginning to do it right.

[Read More >>](#)

## CBAI LEGAL: Guarantees Under the U.C.C. and Interpretive Letters

Section 3-419 of the Uniform Commercial Code provides the statutory clues for determining how loan guarantees will be treated. Several Interpretive Letters of the State Division of Banking explain and supplement that statute.

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NO PLACE LIKE  
A COMMUNITY BANK**

**SEPTEMBER 19-21, 2019**  
**CROWNE PLAZA, SPRINGFIELD, IL**

Don't wait, register today!!!  
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[VIEW CBAI's EVENTS CALENDAR HERE](#)

## NEWS FROM SERVICES

### The Baker Group: Baker Market Update

Chairman Powell's relationship with Congress is a little warmer and fuzzier than it is with some Administration members and this week's two-day testimony on Capitol Hill went off without a hitch. But it was a somber Jay Powell who broke the news to legislators that our economy may have a few hitches in its git-along. As the Chairman lamented about trade uncertainty, muted inflationary expectations, declining business spending, softness in global manufacturing, weakness in housing, the Brexit dilemma, and the approach of the federal debt ceiling, it became clear to all that at least one rate cut will soon be coming our way.

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### ***CBAI Connected to Community Banking is sponsored by SHAZAM***

#### **THE VALUE OF MEMBERSHIP**

You may know SHAZAM as a national financial services provider — but, did you know we're also a nonprofit led by our members? Leaders from our participating financial institutions make up our board of directors, so every decision is made for the benefit of your business. Our focus is on your success, not shareholder profits. Come experience the advantages a membership with SHAZAM has to offer.

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## **NContracts: Are Your Vendors Doing Everything They Promised? Find Out with These Three Types of Vendor Monitoring**

Your vendors have promised a lot. More than just providing products and services, they've promised to keep your data safe and their systems backed up. They've promised to carry insurance and follow applicable laws and regulations. While it's obvious when a product or service is delivered – the lawn is cut, or a new sign is delivered – it's much harder to tell if a vendor is following policies and procedures and meeting the less visible obligations. How do you know whether your vendors are actually doing what they say they are doing?

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## **CBIS: State of Illinois New Retirement Savings Program “Illinois Secure Choice”**

The State of Illinois is rolling out a new retirement savings program called Illinois Secure Choice. This program is for employers that do not already offer a retirement savings plan and it is intended to help employees save their own money for retirement through payroll deductions.

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