



## CBAI E-Newsletter, sponsored by SHAZAM August 14, 2019

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### IN THE NEWS

#### **Main Street Victory on Faster Payments**

In a move that was urged by community bankers, associations, including the Community Bankers Association of Illinois (CBAI), consumers and small businesses, the Federal Reserve announced that it will launch a real-time payments system. The 4-1 vote by the Federal Reserve Board was a strong affirmation of the important role the Fed has and must continue to play in the nation's payments system. CBAI has long advocated for the Fed's role in faster payments and against the monopoly of the improved payments system by The Clearing House, which is owned by and acts in the best interests of the nation's largest banks. The new service will be called FedNow.

CBAI Payments Task Force Chairman, Mark Field (president and CEO of Liberty Bank) said, "The Federal Reserve has taken an important step in the right direction. The Fed's active participation in real-time payments will assure open access and fair treatment to all community banks regardless of size, charter type or location. These are essential features for an improved payments system and important for the future community banks."

CBAI thanks the Federal Reserve Board and congratulates the members of CBAI's Payments Task Force and the many Illinois community bankers who sent comment letters and responded to action alerts urging the Federal Reserve to launch a real-time payments system. Without any doubt whatsoever – your voices made a difference.

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#### **Ncontracts: What to Do When You are Worried About Your Vendor's Finances**

No one knows when the next downturn is coming. The only thing we can do is to assume one will come sooner or later and put plans in place to mitigate the risk. Chances are your institution's balance sheet is as prepared as it can be for economic disruptions. That's the very nature of banking. But what about vendors? The vast majority of banks and credit unions rely on a variety of third-party vendors to deliver critical products and services. From cybersecurity to mobile banking to consulting services, many financial institutions (FIs) would be unable to conduct the basic business of banking if a vendor was unable to perform as contracted. Now is the time to make sure you have policies and procedures in place to ensure the ongoing financial soundness of your third-party vendors. How do you know your vendor is in trouble and what can you do if it is?

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#### **CBAI \*Updated\* Guidance on Industrial Hemp**

Industrial hemp banking continues to be a hot topic of interest to community bankers. Over 400 growers and processors have applied for licenses with the Illinois Department of Agriculture in the first year of the program. State and federal regulations continue to be written. We are steadily receiving partial insights from regulators, but there is still no definitive guidance on the subject currently available. CBAI continues to gather as much information as possible as a resource for community bankers. There are still many



immediately triggering availability of low-interest Farm Service Agency (FSA) emergency loans to eligible farmers.

Eligible Illinois farmers may use low-interest FSA emergency loans to rebuild or replace essential property, cover production costs, pay essential family living expenses, reorganize the family farm, or refinance certain nonreal estate operating debts. To qualify, the farmer must show a production loss of 30% or more in 2019 caused by the disaster.

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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 is 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](#) or 800-736-2224.

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### **Banks Ease Loan Standards for Small Firms: Survey**

Banks generally left standards unchanged for commercial and industrial loans to large and middle-market firms, while easing standards for small firms, the Fed reported. According to the agency's senior loan officer survey, banks tightened standards over the past three months on commercial real estate loans and credit card loans.

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### **Be a Rock Star for the Foundation at CBAI's 45th Annual Convention & Expo**

This year's Friday night activity at CBAI's 45th Annual Convention and Expo is a tented parking lot party at the Crowne Plaza. Included in your registration fee, this fun, interactive event features a karaoke fundraiser benefitting the CBAI Foundation for Community Banking scholarship program. You can sing, nominate a friend, or support a fundraising team to help a great cause! Two teams will be going head-to-head to see who can raise the most money for the Foundation.

We will begin accepting donations soon, so watch for an announcement on the fundraising teams. Donations will also be taken throughout the event and in the exhibit hall on Friday. All donations are 100 percent tax deductible. **The Friday night event is sponsored by The Baker Group, BankOnIT, Federal Home Loan Bank of Chicago and Quad City Bank & Trust.**

[Details Here >>](#)



## Check Out the New Job Postings on CBAI's Career Center

Check out the Career Center on CBAI's website for new job postings. A free benefit for CBAI members, the Career Center allows banking institutions to view or post classifieds and engage in discussions on banking issues. They are listed most recent to oldest. If you would like to post a job opening in CBAI's Career Center, please contact **Valerie Johnston** at 217/529-2265.

[Visit CBAI's Career Center >>](#)

## Comp Survey Webinars Scheduled for August 27 & 29

CBAI's Compensation Survey administrator, BalancedComp, and sponsor, IZALE Financial Services, are offering two webinars for survey participants. Scheduled for August 27, at 10:30 a.m., and August 29, at 1:30 p.m., the webinars are designed to discuss survey findings and examine compensation trends in the industry. The complementary webinars, which typically last one hour, will include time for participant questions. Login instructions will be sent to survey participants.

It's not too late to purchase survey results! Non-participant CBAI members can purchase the results for \$300. Contact **Valerie Johnston**, CBAI SVP Communications, at 800/736-2224.

## CBAI LEGAL: Negligence Defenses to Unauthorized Payment of a Check

Scenarios in which an account holder's negligence contribute to forgery or other wrongful negotiation of a check provide defenses for the bank against wrongful payment and an obligation to credit the account due to an "unauthorized" transaction.

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 <p>They reach for a dream. You are the solution.</p> <p><b>FHLB Chicago</b> Federal Home Loan Bank of Chicago www.fhlbc.com</p>	 <p><b>CBAI'S 45TH ANNUAL CONVENTION &amp; EXPO</b></p> <p>THERE'S NO PLACE LIKE A COMMUNITY BANK</p> <p>SEPTEMBER 19-21, 2019 CROWNE PLAZA, SPRINGFIELD, IL</p>
<p>Don't wait, register today!!! <a href="#">Register Here &gt;&gt;</a></p>	

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

## NEWS FROM SERVICES

### The Baker Group: Baker Market Update

Data takes a backseat to discord as civil unrest in Hong Kong has caused the airport to be temporarily closed. This does nothing to calm the nerves of markets already distressed over ever-growing trade tensions with China. For those with a higher tolerance for stress and anxiety, more malaise can be found on the other side of the equator.

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### **CSI: A Beginner's Guide to Social Media Compliance for Financial Institutions**

Social media channels provide financial institutions with a unique opportunity to engage in helpful two-way communication with customers, prospects, employees and critics. However, communicating with customers through social media carries its own regulatory and compliance concerns, especially for financial institutions. Is social media considered advertising? Which regulations dictate what institutions can and can't say? The answers are not cut and dry but understanding the compliance framework around social media is a critical first step toward lowering your organization's risk.

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### **CBIS: Why D&O Insurance?**

Directors and Officers Insurance, often called "D&O", is liability insurance payable to the directors and officers of a company, or to the organization itself, as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers. Such coverage can extend to defense costs arising out of criminal and regulatory investigations/trials as well. In fact, often civil and criminal actions are brought against directors/officers simultaneously. Intentional illegal acts, however, are typically not covered under D&O policies. It has become closely associated with broader management liability insurance, which covers liabilities of the corporation itself, as well as the personal liabilities for the directors and officers of the corporation.

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CBSC Preferred Providers

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