

Connected to Community Banking!

Community  
Bankers  
Association  
of Illinois®

One Mission. Community Banks.

## CBAI E-Newsletter, sponsored by SHAZAM December 4, 2019

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### IN THE NEWS

#### **2019 Community Bank Directors' Conference Scheduled for Next Wednesday**

*Still time to register for this popular annual event!*

**CBAI is pleased to offer the 2019 Community Bank Directors' Conference on December 11, 2019, at the Crowne Plaza, Springfield.** Being a member of a community bank's board of directors is a challenging and rewarding experience. The community bank director has duties to the institution, its stockholders, its depositors, and he or she has responsibilities to the public-at-large. To meet these duties and responsibilities, a director must be knowledgeable and active. Join us at CBAI's Annual Directors' Conference! CBAI gathered top banking experts to make this comprehensive, one-day conference a must-attend.

[Register Today »](#)

#### **CBAI Members Attend Federal Reserve's Community Bankers' Symposium**

On November 22, 2019, the Federal Reserve Bank of Chicago hosted its 14th Annual Community Bankers' Symposium titled **Bringing it Home**. The Symposium was a joint effort among the Federal Reserve Bank of Chicago, Federal Deposit Insurance Corporation and the Office of Comptroller of the Currency, and the Federal Home Loan Bank of Chicago sponsored a dinner for CBAI members on Thursday evening before the Symposium.

[Read Article »](#)

#### **ICBA Releases Summary on Bill to Close ILC Loophole**

ICBA released a summary of new legislation that would close the ILC loophole, which allows commercial interests to own full-service banks and avoid federal consolidated supervision. Under the CBAI and ICBA-supported Eliminating Corporate Shadow Banking Act of 2019, which was recently introduced by Senate Banking Committee member John Kennedy (R-La.), ILCs would no longer be exempted from the Bank Holding Company Act definition of "bank."

[View the Summary »](#)

#### **CBAI Members Quoted in Creighton University Rural Mainstreet Economy Report**

CBAI Second Vice Chairman Jeff Bonnett, president of Havana National Bank, and Jim Eckert, president of Anchor State Bank, were both quoted in the Creighton University Mainstreet Outlook for October.

[Read Report and Comments from Both Bonnett and Eckert »](#)

Happy Holidays  
From all of us at CBAI!

## **Faster Payments: An Overview of Options for Community Banks**

Faster payments options are abundant, with new offerings emerging and launching regularly. While all faster payments options have one thing in common—moving money and information faster—there are often distinct differences or subtleties when comparing today's various faster payments offerings.

For community banks, recognizing and understanding these differences can be important when trying to determine or evolve your faster payments and digital payments implementation strategy.

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## **Community Banks Outperform Rest of Profession in Q3**

Community bank net income rose 7.2 percent to \$6.9 billion in the third quarter of 2019, the FDIC reported in its latest Quarterly Banking Profile. Pretax return on assets rose 3 basis points to 1.51 percent, the highest rate for community banks since third-quarter 2006. Growth in net interest income (4 percent), noninterest income (16.4 percent), and securities sales (675.1 percent) were responsible for the annual increase in profitability. Overall, the banking profession reported a 7.3 percent decline in net income from a year ago. The decline was largely due to nonrecurring events at three large institutions, with 62 percent of all institutions reporting a year-over-year increase in net income.

[Read More »](#)

## **Banks Pass Credit Unions on Satisfaction, Deposit Rates**

Banks outperformed credit unions for the first time in the history of the American Customer Satisfaction Index. Banks scored 80 on the index, topping credit unions' score of 79. Community and regional institutions led the way with a score of 83, while national and super regional banks scored 78.

Separately, *CU Today* reported last week that banks are paying more for deposits than credit unions for the first time since 2007, indicating that credit union growth could be slowing.

[See Satisfaction Index Results »](#)

[Read CU Today Article »](#)

[Read Moebs Report »](#)

## **Farm Finances Continue to Weaken: Kansas City Fed**

Farm credit conditions in the Federal Reserve's Tenth District continued to deteriorate in the third quarter of 2019, according to the Federal Reserve Bank of Kansas City. Farm income and loan repayment rates declined modestly despite a slight increase in the price of some agricultural commodities and support from government payments. District bankers said agricultural economic conditions were influenced by uncertainty about crop production, agricultural trade and other factors.

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## **A Tale of Two Strategies: Core Deposit Growth Versus Loan Growth**

Funding concerns have shifted for community banks, and a close look at the 2019 Conference of State Bank Supervisors (CSBS) National Survey of Community Banks shows the current focus is the importance of deposit growth and funding risks.

[See Full Analysis »](#)

## **OCC Reduces 2020 Assessments on National Banks and Federal Savings Associations**

The Office of the Comptroller of the Currency (OCC) is reducing the rates in all fee schedules by 10 percent for the 2020 calendar year. The 2020 reduction is in addition to the 10-percent reduction in the General Assessment Fee Schedule rates that the OCC implemented for the 2019 calendar year. The reduction in rates reflects increased operating efficiencies that the agency has achieved over the last several years.

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## Fed Releases Reserve Bank Fee Schedules

The Federal Reserve Board approved 2020 fee schedules for payment services provided by the Federal Reserve Banks. The reserve banks estimate the price changes will result in a 2.4 percent average price increase. They project they'll recover 100.2 percent of their priced services costs in 2020.

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## Agencies: Banks No Longer Required to File SARs on Hemp-Related Businesses

Four federal agencies in conjunction with the state bank regulators issued a statement clarifying the legal status of hemp growth and production and the relevant requirements under the Bank Secrecy Act (BSA) for banks providing services to hemp-related businesses. As advocated by ICBA and CBAI, banks will not be required to file suspicious activity reports for customers solely because they are engaged in the growth or cultivation of hemp.

[Read Press Release »](#)



## FHFA Raises Conforming Loan Limits and Announces "Deemed Issuance" Ratio for 2020

The Federal Housing Finance Agency (FHFA) increased the maximum conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac in 2020. The limit for one-unit properties in most parts of the country will rise to \$510,400, an increase from \$484,350 in 2019. The FHFA also announced the "deemed-issuance" ratio for trading the Uniform Mortgage-Backed Security in 2020. The ratios for Fannie and Freddie are set for 60 and 40 percent, respectively.

[Read FHFA Release on Loan Limits »](#)

[Read FHFA Release on UMB Securities »](#)

## Hidden Cam Above Bluetooth Pump Skimmer

Tiny hidden spy cameras are a common sight at ATMs that have been tampered with by crooks who specialize in retrofitting the machines with card skimmers. But until this past week, hidden cameras hadn't been heard of being used at gas pumps in tandem with Bluetooth-based card skimming devices.

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## CBAI LEGAL: Opposite of "Relationship Banking" Model Can Be Expensive

A hallmark of community banking is our subscription to a "relationship banking" model where customers are not assembly line gadgets to be tossed in a heap among other gadgets. Evidence of how expensive the nameless, faceless assembly line model can be was made evident by a recent judgment of more than \$1.1 million for the negligent and "indifferent" handling of a \$135,000 mortgage debt in Chapter 13 Bankruptcy.

[Read CBAI LEGAL »](#)

## Shield Compliance Raises \$5M Series A Funding, Brings Compliant Cannabis Banking to New States

Shield Compliance has signed new agreements to provide its compliance management platform to financial institutions serving legal cannabis markets in Colorado, Illinois, Massachusetts, Michigan, Ohio and Washington. Combined with its partnership with a multi-state MRB payroll processor, the company now serves all states with legalized cannabis sales programs.

Shield also announced a \$5 million Series A funding round led by Copia Investments, bringing the company's post-money valuation to \$20 million. Building on its \$5 million seed round in March, the funds will be used to support the continued development of the Shield Data Hub while increasing the pace of deployment at financial institutions across the U.S.

[Read More About Shield Compliance »](#)

[Read More on Shield Data Hub »](#)



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## NEWS FROM SERVICES

### The Baker Group: Baker Market Update

Despite last week's upgraded estimate of Q3 GDP to 2.1% from 1.9%, early forecasts for Q4 are universally less than 1%. If this economy can get more consumptive oars in the water, a better outcome may await the American economy.

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### START PLANNING FOR YOUR ANNUAL ACH EXAM

The Nacha operating rules make billions of transactions safe and secure every year. Are your ACH operations in compliance with Nacha rules? SHAZAM is uniquely qualified to perform your required annual ACH exam and review your ACH policies and procedures. Plus, we've expanded the scope of the ACH exam beyond the Nacha Operating Rules & Guidelines to include Reg E, UCC4A and the FFIEC Guidance. [Contact us to learn more or schedule.](#)

### Free Shipping and Handling on all Wolters Kluwer IRA and Mortgage Paper Orders!

Calling all CBAI members – Save money while stocking your inventory for 2020!

[Order your paper products](#) today using **CODE: CBAI**. You'll receive free shipping and handling on all orders placed by December 15, 2019!

**Harland Clarke: Delivering a Better Brand Experience Wherever Customers Search**



The success of your financial institution depends on consumers finding their way to your “front door,” be it at a physical or digital location, with compelling, accurate, consistent and real-time information about your brand. At the moment of intent — when prospects are ready to take action — it’s imperative you are discoverable. Whether they are looking to know, go, or do, you want to make sure consumers receive the best possible experience with your brand every time they search for you — or you risk losing business to the competition.

[Download the White Paper »](#)

### **CBIS: It’s That Time of Year Again for Winter Preparedness!**

Winter storms can bring extreme cold, freezing rain, ice, snow, high winds, or a combination of all of these conditions. This guide is designed to help you properly prepare for a winter storm and know how to protect yourself before, during, and after one. Not only can a severe winter storm impact your safety, but it may also prevent you from being able to make it safely into the office. Preparing yourself will ensure you can work remotely at a moment’s notice.

For questions regarding this subject, please contact Community BancInsurance Services, a division of Arthur J. Gallagher & Co., the exclusively-endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, Insurance Advisor, Area Financial Institutions Director at 217/414-4485 or [patti\\_tobin@ajg.com](mailto:patti_tobin@ajg.com).

[Read More from CBIS »](#)

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