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CBAI E-Newsletter, sponsored by SHAZAM

December 18, 2019

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IN THE NEWS

CBAI NEWS FROM THE FRONT

Another Illinois legislator is resigning amid pressure of an FBI investigation. If your bank rents spaces in your parking lot, the state of Illinois has a new tax for you. Federal regulators have issued new partial guidance on industrial hemp banking and CBAI has been busy in Washington, D.C., meeting with the Congressional delegation and regulators.

[Read CBAI NEWS FROM THE FRONT »](#)

Happy Holidays
From all of us at CBAI!

CBAI Leadership Bankers and Staff Attend the FDIC's Listening Session on Supervisory Appeals and Dispute Resolution Process

On December 3, 2019, CBAI leadership bankers and staff attended the Federal Deposit Insurance Corporation's Listening Session on Supervisory Appeals and Dispute Resolution Process. This session was held as part of the FDIC's efforts to enhance the Agency's transparency, efficiency and accountability. The participants offered input and recommendations regarding these processes, as well as, suggestions regarding the role the Office of the Ombudsman in resolving disagreements.

[Read Article »](#)

NCUA Rejects Stronger Consumer Protections

The National Credit Union Administration last week voted down a proposal from NCUA board member Todd Harper to create a dedicated consumer compliance exam program for large credit unions. In a comment letter dated December 9, 2019, the Community Bankers Association of Illinois (CBAI) reiterated its long-standing concern about tax-exempt credit unions' expansionist agenda. CBAI believes Congress should address the issue, however, Harper's regulatory proposal presented an opportunity for the NCUA to implement reasonable and necessary bank-like regulatory controls and protections to prevent discrimination and redlining by federal credit unions (FCU).

[Read CBAI Comment Letter »](#)

U.S. Faster Payments Council Reveals Results from Inaugural Faster Payments Barometer

The U.S. Faster Payments Council (FPC), in partnership with Glenbrook, recently released results from the Faster Payments Barometer. As part of its ongoing mission to understand, influence and drive the industry toward a ubiquitous faster payments system, the FPC conducted the survey of payments system stakeholders to gauge their views on a variety of topics related to faster payments in the United States. The inaugural Faster Payments Barometer was widely circulated and received well over 700 responses from a broad array of payments stakeholder segments including financial institutions, core processors, payment network operators and more.

[Read News Release »](#)

[View Faster Payments Barometer »](#)



Same Day ACH: A Viable Faster Payments Solution for Community Banks

Even with the emergence of new and developing faster payments clearing and settlement solutions, such as The Clearing House's Real-Time Payments network and the Federal Reserve's FedNowSM service (set to launch as early as 2022), Same Day ACH remains a growing and viable faster payments solution for community banks. In 2018, Same Day ACH volume reached 178 million transactions, an increase of 137 percent over the previous year. As a readily available faster payments option, and one that many community banks are familiar with (given that most currently receive Same Day ACH transactions), Same Day ACH serves as a practical and immediate option to support your bank's efforts to meet the faster payments needs of your business and consumer customers.

[View ICBA Payments Executive Brief »](#)

FDIC Issues Q3 State Profiles

The third-quarter 2019 FDIC State Profiles are now available online. The profiles are formatted as a quarterly data sheet summation of economic and banking conditions for all 50 states, Puerto Rico and the Virgin Islands. As of September 30, 2019, there were 422 banks headquartered in Illinois. Compared to a year ago, Tier 1 capital inched up while median return on assets and net interest margin remained steady. ICBA has created a video spotlighting how community banks outperformed the rest of the banking profession during the third quarter.

[See FDIC Report »](#)

[See Illinois Profile »](#)

[See ICBA Video »](#)

ICBA Blog: Strategies to Help Fight Back Against Card Fraud

Ten years ago, the banking profession was grappling with how best to combat the growing problem of third-party fraud. And while we've made significant progress on that front, a new threat has come to the forefront. First-party fraud, which includes synthetic identify fraud, is fraud committed by individuals who have no intent to pay and that use a mix of authentic and fabricated identity details to intentionally defraud. This type of insidious threat can be difficult to detect and report. But what we do know is that the impact is substantial.

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FDIC to Host Webinar Tomorrow on Supervisory Appeals and Dispute Resolution Processes

The FDIC will host a Listening Session webinar for bankers and other interested parties on Thursday, December 19, 2019, from 12:00 p.m. to 1:30 p.m. CST to solicit feedback regarding its supervisory appeals and dispute resolution processes for FDIC-supervised financial institutions. The session offers an opportunity for bankers and other interested parties to provide input and recommendations regarding these processes. Participants are also asked to provide suggestions regarding the role of the Office of the Ombudsman in assisting in resolving disagreements. Participants are requested to provide suggestions on information that the agency could publish on these topics.

[See FDIC Letter »](#)

[See Webinar Fact Sheet »](#)

[Read CBAI Release »](#)



It's the Holidays! Best Defenses Against Scams -- Awareness and Education

It's the holiday season, and scammers are abundant and active. It's always best to proceed with caution and confirm that requests are legitimate before responding to someone asking for personal information, money, or gift cards to resolve an urgent, yet fictitious scenario —

such as a block on your account or the threat of an arrest. Please note, it is common for scammers to pose as a person you can trust, such as a family member, government official, someone you do business with, or a charity.

If you think you may have been a victim of a scam or that your personal information has been compromised, you can place a fraud alert with your credit bureau by contacting one of the major credit reporting agencies (Experian: 1-888-397-3742; TransUnion: 1-800-916-8800; Equifax: 1-800-685-1111).

You can also visit the Federal Trade Commission (FTC) website to sign up for scam alerts, get information on the latest scams, and learn how to prevent yourself from becoming a victim.

[Go to FTC Scam Alerts »](#)

FDIC and OCC Propose to Modernize Community Reinvestment Act Regulations

The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) recently announced a proposal to modernize the agencies' regulations under the Community Reinvestment Act (CRA) that have not been substantively updated for nearly 25 years. The proposed rules are intended to increase bank activity in low- and moderate-income communities where there is significant need for credit, more responsible lending, greater access to banking services, and improvements to critical infrastructure. The proposals clarify what qualifies for credit under the CRA, enabling banks and their partners to better implement reinvestment and other activities that can benefit communities.

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OCC Highlights Key Risks for Federal Banking System

The Office of the Comptroller of the Currency (OCC) recently reported operational, credit and interest rate risks are among the key themes for the federal banking system in its Semiannual Risk Perspective for Fall 2019. The report also highlights cybersecurity and technology management as a special topic in emerging risks. The report covers risks facing national banks and federal savings associations based on data as of June 30, 2019. The report presents information in five main areas: the operating environment, bank performance, special topics in emerging risk, trends in key risks, and supervisory actions. It focuses on issues that pose threats to those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners and the public.

[Read Semiannual Risk Perspective Report »](#)

ICBA Updates Congress on Ag Credit, Warns of Farm Credit System

Last week the ICBA told the House Agriculture Committee that farm banks have stable ag loan portfolios but remain concerned about rural economic conditions. ICBA community banker Steve Handke of Kansas encouraged lawmakers to maintain a strong farm bill with robust crop insurance tools. He said total farm debt is now over \$415 billion, so a modest increase in USDA guaranteed farm loan limits is warranted, and he stressed the need to level the playing field between community banks and the tax-advantaged Farm Credit System.

[Read ICBA Release »](#)



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USDA Extends Program Deadlines by One Week

The USDA extended until December 20, 2019, the deadline for producers to enroll in the Dairy Margin Coverage and the Market Facilitation Program for the 2020 calendar year. The extensions are due to prolonged and extensive impacts of weather events.

[See USDA News Release »](#)

CFPB Ombudsman Shares FY2019 Annual Report

Wendy Kamenshine, Ombudsman for the Consumer and Financial Protection Bureau (CFPB), recently shared with CBAI the CFPB Ombudsman's FY2019 Annual Report along with an accompanying blog. New in the report is a thematic snapshot of their work and an information sheet that describes the federal financial ombudsman offices. Also included are FAQs about the Ombudsman Forum program, descriptions of two Ombudsman Forums from FY2019, and an evaluation of the Ombudsman Interactives pilot program which will now be part of CFPB's recurring programs.

[See CFPB Ombudsman's FY2019 Annual Report »](#)

[Read Ombudsman's Blog »](#)

Seven Factors That Affect Used Agriculture Equipment Values

When you're buying, selling or appraising farm equipment, there's more to consider than you might think. The equipment market has become somewhat volatile as far as prices go, and that's created the need for real-time data to help you make better decisions. There are a few important factors to take into consideration when determining the value of farm equipment.

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CBAI LEGAL: Foreclosure Notification and Chocolates

The title of this CBAI LEGAL column may seem odd, but the alternate working title was "CBAI LEGAL Goes to the Movies." Two recent court decisions are addressed in this column, the first dealing with mailing of foreclosure notification and the second more of a look at a whimsical case so frivolous that even the U.S. Court of Appeals seemed surprised to face it.

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UPCOMING EDUCATIONAL TRAINING

Compliance Institute: Operations Offered January 14 & 15 at CBAI

Community banks are constantly faced with a bewildering array of ever-changing regulations. In response to this training need, CBAI is pleased to present the Compliance Institute this January & March. An introductory course for those compliance officers who are either new to banking or new to their positions, this institute is designed to provide a comprehensive understanding of the major regulatory compliance regulations that have been determined to be "must-knows" for all compliance officers. The school has been divided into two sessions, Operations/Deposit Compliance and Lending Compliance. Bill Elliott, CRCM, senior consultant and director of compliance education, and Sharon Bond, CRCM, consultant, both of Young & Associates, Inc., Kent, Ohio, lead this institute.

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Advanced Analysis of Tax Returns to be held January 22 in Springfield & January 23 in Lisle

Advanced Analysis of Corporate & Personal Financial Statements & Tax Returns is designed to address the needs of bankers, credit analyst treasury personnel, cash managers and marketing officers by developing a basic understanding of financial documents. This is required to obtain an overview of the financial condition and credit worthiness of potential and existing clients. Jeffery Johnson, president and founder of Bankers Insight Group, Atlanta, GA, leads this seminar.

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CBC Program: Auditing Flood - Avoiding that \$2,133 Fine Set for January 28 & 29

The presentation will focus on audit techniques for the entire Flood process, and exactly what to look for when performing the Flood audit. It seems as if monthly there is a bank somewhere paying out a lot of money for Flood violations – and we would prefer that it not be you. The primary focus of the seminar will be on the process of auditing your flood program, both at loan origination and loan servicing. Flood errors can happen almost any time – and the object is to assure that errors are kept to a minimum. Included will be a discussion of the requirements for both public and private flood insurance. Worksheets will be included for all subjects presented.

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NEWS FROM SERVICES

The Baker Group: Baker Market Update

Now that it appears a Phase One Trade Agreement (POTA) between China and the U.S. has been reached, where will investors go for headline grabbing rumors? Are investors left to operate in the barren wilderness of fundamental measurements and technical patterns without the speculative elements of conjecture and innuendo to guide and mislead them? How fun is that?!

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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.](#)

Wolters Kluwer: Risk and Regulatory Compliance Survey Findings

Notable regulatory compliance and risk challenges remain high in a number of key areas for U.S. banks and credit unions, according to the results of the 2019 Regulatory & Risk Management Indicator survey conducted by CBSC preferred provider Wolters Kluwer. This year's survey generated a Main Indicator Score of 95, a 10-point increase from the 2018 score, that was influenced by concerns about the impact of Home Mortgage Disclosure Act (HMDA) rules; cybersecurity, credit and compliance risks; and an increased level of regulatory agency fines.

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CBIS: Fraudulent Payment Instruction vs. Cyber Insurance

We've all heard of fraudulent payment instruction scenarios and the panic they can cause among financial institutions. As community banks, you always try to be certain funds are sent to the correct party. However, this can become difficult when the perpetrator impersonates a legitimate party. From an insurance perspective, we call this social engineering, corporate account takeover or social deception fraud.

[Read More from CBIS »](#)

[CBSC Preferred Providers](#)

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