



## CBAI E-Newsletter, sponsored by **SHAZAM** June 19, 2019

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### IN THE NEWS

#### **Community Bankers School to be Held July 14-19**

The Community Bankers School, which consists of two, one-week sessions over a two-year period at Illinois Wesleyan University in Bloomington, allows you to immediately contribute to the overall success of your bank and gives you the knowledge necessary to get ahead. The School features a nationally recognized faculty, an updated curriculum and timely topics. Topics covered during this intense week for Class I participants include compliance, accounting, commercial and consumer loan documentation, collections, bank security, auditing, investments and technology, while Class II focuses on management aspects. However, the benefits extend beyond the classroom with outside case studies, an invaluable student notebook with supplemental materials, as well as networking opportunities with peers, instructors and senior bankers.

[More Details and Register >>](#)

#### **ICBA Chairman: Fed Would Ensure Access to Real-Time Payments**

The Federal Reserve should operate a real-time settlement system to ensure access and choice for all financial institutions and customers, ICBA Chairman Preston Kennedy recently wrote in a new op-ed that appeared in American Banker. Kennedy wrote that the Fed's development and operation of a real-time gross settlement system would ensure needed competition and avoid the risk of having only one settlement service operate by The Clearing House, which is owned by the largest banks. ICBA and CBAI will continue to strongly support a Fed-operated real-time settlement system.

[Read Kennedy Op-Ed >>](#)

[Read ICBA Blog Post >>](#)

#### **CBAI is Proud to be a Founding Member of the Faster Payments Council**

The Community Bankers Association of Illinois is proud to be a founding member of the U.S. Faster Payments Council (FPC). Formed by the Fed in December 2018, the FPC is now a standalone organization whose mission is to advance the path to faster payments ubiquity in 2020, where Americans can safely and securely pay anyone, anywhere, at any time and with near-immediate funds availability. By design, the FPC encourages a diverse range of perspectives and is open to all stakeholders in the U.S. payment system. Membership in FPC is open to all stakeholders in the development of the faster payments system. More information about membership in FPC can be found at [www.fasterpaymentscouncil.org](http://www.fasterpaymentscouncil.org).

#### **CBAI Offers Preliminary Guidance on Industrial Hemp**

Last year state and federal lawmakers passed legislation paving the way for the legalization of industrial hemp. Many farmers are experimenting with this new crop and its place in Illinois agriculture is expected to quickly grow in coming years. That said, there are still many unanswered questions for community bankers on the issue. What is industrial hemp? Who is allowed to legally grow and process it? How is industrial hemp different from cannabis in the opinion of banking regulators? The FDIC and IDFPFR assure us they are working on guidance for banking industrial hemp. In the meantime, CBAI offers this preliminary guidance to help answer questions about the new laws. *Please note that these links are*

password protected behind our Members Only section.

[CBAI Preliminary Guidance >>](#)

[List of Registered Industrial Hemp Growers and Processors >>](#)



### **ICBA Forms Task Force on Credit Union Acquisitions**

ICBA announced the formation of a new task force on the disturbing trend of large credit unions buying up community banks. The ICBA Credit Union Task Force continues ICBA's long-standing call for policymakers to re-examine the credit union industry's tax and regulatory subsidies. In a news release, ICBA said the asset disparity of institutions involved in these deals underscores their inequities, while the acquisitions add to the nearly \$2 billion federal cost of the credit union industry's tax exemption.

[Read ICBA Release on Task Force >>](#)

[Read Romero Rainey's Op-Ed >>](#)

[View ICBA Call for NCUA Investigation >>](#)

### **CBAI Urges the CFPB to Increase HMDA Thresholds**

In a June 11, 2019, comment letter, the Community Bankers Association of Illinois (CBAI) urged the Consumer Financial Protection Bureau to increase Home Mortgage Disclosure Act thresholds. CBAI highlighted its longstanding interest in HMDA and its consistent advocacy with the Bureau and in Congress for higher exemption thresholds for community banks. Higher thresholds are important for the smallest institutions because of the cost and the significant amount of time required for compliance. Individually and collectively, the number of loans they originate does not have a significant impact on national trends – and community banks serve their customers and communities fairly and with respect and do not practice the predatory and discriminatory lending practices that HMDA is designed to identify and prevent.

[Read CBAI Comment Letter >>](#)

### **FDIC Finalizes Capital Simplification for Community Banks**

The FDIC board on May 28 approved a simpler risk-based capital rule for community banks that hold mortgage-servicing assets, deferred-tax assets and insignificant investments in the capital of unconsolidated financial institutions, such as trust-preferred securities. Under the new rule taking effect April 1, 2020, community banks will only have to deduct from their capital MSAs, temporary difference DTAs, and investments in the capital of unconsolidated financial institutions like TruPS if they individually exceed 25 percent of the bank's common equity tier 1 capital. The OCC and Fed are expected to quickly approve the final rule, which is nearly identical to what was originally proposed.

[Read the Final Rule >>](#)

### **Bankers See Marijuana Industry as Growth Opportunity: Survey**

In the latest Bank Executive Business Outlook Survey report from Promontory Interfinancial, more than eight in 10 respondents said the federal government should allow banks to serve businesses that sell marijuana commercially. The report provides details on this and other news, such as banker projections for the economy, thoughts on breaking up the nation's tech giants, and projections regarding loan demand, deposit competition, funding costs and more.

[Read the Survey Report >>](#)



### **Bowman: Fed Hears Community Banks on Faster Payments**

Federal Reserve Governor Michele "Miki" Bowman said she has heard from community banks on the need for the Fed to play a central role in faster payments. Testifying before the Senate Banking Committee, Bowman said the agency is actively deliberating whether it should have a role in delivering real-time payments. CBAI and ICBA strongly support a Fed-operated real-time settlement system. In a December **comment letter**, ICBA said Fed leadership on faster payments would ensure access to financial institutions of all sizes and the customers they serve.

[Read More >>](#)

### **FDIC Warns of Unaffiliated Website**

The FDIC cautioned bank customers about FDICconnect.com, an unaffiliated website that advertises itself as a consumer-focused provider of FDIC pass-through insurance for bank deposits. The website is not affiliated with the FDIC, which operates FDICconnect.gov to connect the agency with financial institutions.

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### **Bank of Springfield's Jason Knoedler Named to ICBA's 40 Under 40 List**

The June issue of Independent Banker<sup>®</sup> magazine features "40 Under 40" emerging community banking leaders recognized by their peers. Among those named to the list is **Jason Knoedler, 38, EVP and vice chairman of the board at Bank of Springfield**. Independent Banker asked community bankers to nominate emerging leaders under the age of 40. The cover story features short profiles of the young innovators who are making waves in the industry but still manage to keep their communities front and center.

[Read More >>](#)

### **Register by June 30 to Receive Early-Bird Pricing for CBAI's 45th Annual Convention and to Be Eligible for Prize Drawings**

Registration is open for CBAI's 45th Annual Convention & Expo, scheduled for September 19-21, 2019, at the Crowne Plaza, Springfield. Expert speakers on the hottest community banking topics fill an education agenda featuring 20 break-out sessions. This year's Opening Breakfast Speaker is **Craig Zablocki**, whose success in using humor and a lighter approach has encouraged and inspired thousands of people internationally and in all 50 states. Also on the agenda are the Welcoming Reception with BancPac Live and Silent Auction, a jam-packed Exhibit Hall with more than 90 booths, the Annual Business Meeting Luncheon, and much more. The Closing General Session speaker is **Ben Nemtin**, New York Times bestselling author of *What Do You Want to Do Before You Die?* and star of the MTV show, "The Buried Life."

[Don't Wait - Register Today >>](#)

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Agricultural Lenders School  
July 30 - August 1, 2019  
SHAZAM Education Center, Spfld



Small-business optimism returned to historically high levels in May, according to the National Federation of Independent Business. NFIB's Index rose 1.5 points to 105, eclipsing levels that preceded winter's 35-day partial government shutdown.

[See NFIB Index >>](#)

## Trade Issues Slow Mid-America Growth for May

*Trade War Making Purchasing More Difficult*

The May Creighton University Mid-America Business Conditions Index, a leading economic indicator for the nine-state region stretching from Minnesota to Arkansas, fell to a still solid reading signaling positive, but slowing growth for the region over the next three to six months. The Index declined to 54.3 from April's 55.9, the second straight decline in the overall index but the 30th straight month the index has remained above growth neutral 50.0.

[Read More >>](#)

## 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 [cbacom@cbai.com](mailto:cbacom@cbai.com)** or by phone at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

## CBAI LEGAL: Conventional Subrogation Preserves Senior Mortgage Status

A recent Illinois Appellate Court ruling addressed the circumstances under which "conventional subrogation" substitutes a refinancing lender's lien in the place of the original senior lienholder and ahead of any junior mortgagee that had recorded its mortgage prior to that of the refinancing lender.

[Read More >>](#)

## Wishing for More Regulatory Tailoring? You'll Love Risk Management

In a world where bankers feel overwhelmed and disadvantaged by a seemingly one-size-fits-all regulatory environment, there remains one place where a financial institution has the freedom to do things its own way. It's a place where best practice dictates that a financial institution's size, business lines, geography and complexity be the deciding factor in how a program is structured. This magical place is called risk management.

[Read More >>](#)



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A COMMUNITY BANK**

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

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## NEWS FROM SERVICES

### The Baker Group: Baker Market Update

The FOMC meeting and rate decision should be the centerpiece of this week's financial news events. Unless, of course, that spotlight is stolen by developing geopolitical events; Iran and Hong Kong among the most prominent hotspots. As of this morning, the market implied the probability of a rate cut is around 20% as the current recovery cycle is poised to become the longest in America's history.

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### **CBAI Connected to Community Banking is**

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### **READY TO CHANGE YOUR CORE EXPERIENCE?**

SHAZAM offers core software solutions specifically designed for community banks. SHAZAM Core Services is a configurable and scalable end-to-end platform offering the latest in core banking software. We also understand your needs may include flexible API solutions — and we can help!

[Click to learn more if you're ready for a true core partner >>](#)

### **Ncontracts Launches New Compliance Management System, Ncomply**

CBSC preferred provider Ncontracts, the leading provider of integrated risk management solutions for financial institutions, is announcing the launch of their new Compliance Management System (CMS), Ncomply. Ncomply is a full-fledged compliance management system designed to streamline regulatory compliance by interpreting regulations and keeping up with changes; offering cross-departmental collaboration; maintaining organized records needed to produce reports for examiners and board meetings; and keeping track of policy changes, approvals and training activity.

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### **CBIS: Employer Issues with Marijuana in the Workplace**

None of the new marijuana legislation in the State of Illinois contains employment protections for recreational marijuana users. Furthermore, Illinois does not limit an employer's right to enforce a zero-tolerance marijuana policy. Employers have a direct threat if employees perform a safety-sensitive job.

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