



CBAI E-Newsletter, sponsored by **SHAZAM** May 22, 2019

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IN THE NEWS

NEWS FROM THE FRONT

There are three weeks left in the Illinois General Assembly's spring legislative session and there is much to be done. At the top of the list is a budget for fiscal year 2019/2020. Governor JB Pritzker is also pushing for: a constitutional amendment to replace the flat income tax with a graduated rate; the legalization of recreational cannabis and sports gambling; and an infrastructure bill that will increase existing taxes and create new taxes.

We are also engaged in a multitude of other legislative issues including reporting of data breaches, paid sick leave and the FDIC deposit rate caps.

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Illinois Congressman Mike Bost Introduces Bill to Raise USDA Loan Limits

CBAI and ICBA Support BALE Act

Legislation supported by CBAI and ICBA to raise loan limits on USDA farm loans was introduced last week by Illinois Congressman Mike Bost (R-12). The bipartisan Beginning Agriculturist Lifetime Employment (BALE) Act would initially raise limits to \$2.5 million and increase them incrementally to \$3.5 million, with levels above \$2.5 million slightly reducing the guarantee percentage. The current farm bill limit for USDA guaranteed loans is \$1.75 million. Cosponsors of the legislation from Illinois include Congresswoman Robin Kelly (D-21) and Congressmen Rodney Davis (R-13) and Darin LaHood (R-18).

[Read Release >>](#)

CBAI Urges Federal Reserve to Support Community Banks in Amending Reg D

In a comment letter dated May 13, 2019, CBAI urged the Board of Governors of the Federal Reserve System to promulgate an amendment to Regulation D that supports the use and interest payment levels on required and excess reserve balances from traditional financial institutions (e.g., community banks). All institutions which are eligible to invest and earn interest on Reserve Balances must be subject to the same robust regulation and supervision as community banks; and no "eligible institution" should be permitted to benefit from an unfair competitive advantage, further the concentration banking assets, or potentially destabilize the financial system – which could damage the traditional community banking business model, our financial system, the economy and American taxpayers.

[Read Comment Letter >>](#)



CBSC Partners with Ncontracts: CBAI Members Now Have Improved Access to Risk Management Solutions

CBAI and its business services subsidiary, CBSC, recently announced that it has partnered with Ncontracts to provide member banks with improved access to risk management solutions. Ncontracts provides its software and services to a rapidly expanding customer base of more than 1,300 financial institutions located in all 50 states and U.S. territories. The company’s powerful combination of software and services enables financial institutions to achieve their risk management goals with user-friendly, cost-saving solutions – providing seamless integration for total risk management backed by dedicated support, unlimited training, and guaranteed accuracy.

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CSBS Commences National Survey of Community Banks

CSBS has begun the annual process of surveying community banks on their economic condition, regulatory impacts and business plan. CBAI encourages banks to participate in the survey.

This is the sixth year of the CSBS National Survey of Community Banks. It canvasses hundreds of community banks across the country, providing truly a unique opportunity for them to have their voices heard. The data from these surveys provides a rich tableau of the challenges and opportunities these institutions face and is useful information for both policymakers and researchers. The National Survey went live on April 15 and closes on June 30.

[Read Release >>](#)

[Access Survey >>](#)

Two CBAI Members Named to ICBA’s “Best of the Best” Top Performing Community Banks List

ICBA’s annual list of the year’s top performing community banks was recently announced, which included two CBAI-member banks. **Park Ridge Community Bank** was honored in the \$300 million to \$1 billion asset category; and **Heartland Bank and Trust Company, Bloomington**, was recognized in the more than \$1 billion asset category. ICBA compiled this year’s rankings with the aim of recognizing community banks that are consistent high performers. Using FDIC data, they considered return-on-assets (ROA) figures from 2016, 2017 and 2018, with 2018 carrying the most weight. They then divided the community banks into three broad segments based on asset size, and ranked each segment based on their three-year weighted average ROA.

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CBAI Supports “Capitol Community” Events

Community bankers are well known for supporting events and charities that help build strong communities. CBAI shares those values and works hard to demonstrate that philosophy in our governmental relations efforts. Through generous Community BancPac donations, CBAI was able to

support two such events in Springfield. The first was a volunteer effort to bring more than 130 foster children from around the state to the capital city for a unique opportunity to visit their Capitol and job shadow legislators for the day. We also continued our sponsorship of the annual House vs. Senate softball game.

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The De Novo Niche: Discovering Hidden Markets

Ten years ago, the banking industry endured one of its gravest disruptions: the 2007-2008 financial crisis. Perhaps no other data point illustrates the lasting impact more than the drop in total banks, from 7,381 (pre-crisis) to a much more consolidated 4,805 today. Slowly, de novos are making a comeback nationwide.

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CBAI and ICBA Back Reintroduced TAILOR Act

CBAI and ICBA expressed support for newly reintroduced legislation that would promote tiered banking regulations. The TAILOR Act of 2019 (H.R. 741), introduced by Rep. Scott Tipton (R-Colo.), would require banking agencies to tailor regulatory actions based on the risk profile and business model of affected institutions.

H.R. 741 would expand on the gains of the S. 2155 regulatory relief law enacted last year. The TAILOR Act has been introduced in previous Congresses and passed the House Financial Services Committee in 2017, during the 115th Congress.

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Last Chance to Submit a Nomination for the 2019 Excellence & Innovation BKD Award, Presented by CBAI

Nominations are now being accepted for the 2019 Excellence & Innovation BKD Award, presented by CBAI. This award recognizes CBAI member banks that go above and beyond to demonstrate their commitment to their customers, employees, shareholders and the community through innovative outreach programs. Institutions may nominate themselves and do not need to be a BKD client to participate. **The deadline to submit is Monday, June 3, 2019.** The winner will be announced at CBAI's 45th Annual Convention & Expo, September 19-21, 2019. The winning institution receives \$1,000 donation to the charity of its choice as well as an award symbolizing its innovation and excellence.

[See More Information >>](#)

[Download Entry Form >>](#)

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** or by phone at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

CBAI LEGAL: This and That

This CBAI LEGAL column touches on a few unrelated topics that have been the subjects of recent inquiries

from CBAI Members.

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Commercial Lending Institute Set for June 17-19

This three-day institute provides your commercial lenders with a solid foundation for producing and managing a quality loan portfolio. It focuses on analytical tools such as ratio, financial and cash flow analysis, as well as commercial loan structuring to enhance repayment capacity. Topics covered on day one include financial-statement review and credit and ratio analysis. Review of corporate income tax returns, asset-conversion cycle analysis, and cash-flow analysis are among the topics on day two. Day three examines financial forecasting, commercial loan documentation, and writing credit memos. Jeffery Johnson, president and founder of Bankers Insight Group, Atlanta, Georgia, heads this faculty. He is joined Robert M. Swartz, CPA and partner, and Gary Genenbacher, CPA and partner, both of BKD, llp.

[Learn More and Register >>](#)



Register for CBAI's 45th Annual Convention & Expo today to receive early-bird pricing!
[Register Here >>](#)

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

NEWS FROM SERVICES

SHAZAM Announces New Credit Card Program

SHAZAM's new credit card program is configured to pass 100 percent of the direct revenue through to the financial institution, including interest, interchange and cardholder fees. "By expanding our services to include a credit card program, SHAZAM's rounded out its full-service suite of debit and credit solutions to community banks and credit unions," said David Grace, SHAZAM's senior vice president of business development. "Our credit card service allows community financial institutions flexibility to create a program that best fits their needs," he said.

[Additional Information >>](#)

CBAI Connected to Community Banking is sponsored by SHAZAM

SHAZAM ACH: BETTER VALUE AND SERVICE

Reduce payments processing time and lower your provider

costs with **ACH services from SHAZAM**. Our ACH solution allows you to process a wide range of transactions so you can attract new corporate accounts while staying compliant with NACHA and OCC.

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BankOnIT: Was Your BSA Officer Targeted?

Recently, a number of fraudulent emails were sent to BSA officers at banks and credit unions across the country. The fraudulent email looked like it was sent by a BSA officer at a credit union; however, the email was actually sent by an attacker. This type of email threat, known as Spear Phishing because it is intentionally crafted to target specific individuals, is becoming more prevalent and more dangerous.

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CSI: Rise of Machine Learning Podcast

For CSI's *Fintech Focus* podcast episode, *Rise of Machine Learning*, we spoke to an AI/machine learning expert from Basis Technology, who explained the advantages of these technology innovations. Advancements in machine learning benefit employees in many industries, including finance. So, what can financial institutions gain from machine learning and AI right now?

[Listen Now >>](#)



Investment News from The Baker Group: Baker Market Update

The trade war is starting to hit home as many American farmers are expecting a farm aid package from the Trump administration to compensate for the economic damages. Major agricultural exports to China have been on a steep decline since early 2018. A small bright spot emerged from the trade talks recently as the Trump Administration said it would put off, for 180 days, a final decision on whether to impose broad tariffs on automobile and auto-part imports.

[See Baker Market Update >>](#)

Harland Clarke: How to Plan for High-Volume Inbound Events: Success Strategies for Contact Center Leaders

Get new insight into inbound events, their impact on your bank operations, and best practices to deliver a seamless organizational and account holder service experience.

[View Webcast >>](#)

CBIS: Community Banks' Pollution & Lending Exposure on OREO Properties

Superfund is a United States Federal Government program designed to fund the cleanup of sites contaminated with hazardous substances and pollutants. Sites managed under this program are referred to as "Superfund" sites. The Comprehensive Environmental Response, Compensation and Liability Act enacted by Congress December 11, 1980, or CERCLA, is a commonly known "Superfund." This is the primary United States Federal Law which imposes liability for investigation and possible remediation of contaminated properties. Under CERCLA, property owners can be held liable without regard to fault! In the mid 90's, the Act was amended, providing a secured creditor exemption for the owner/operator liability, on the condition that they did not "**participate in the management of the facility.**" Community banks, therefore, are at risk for this type of claim due to OREO properties, acquisitions and lending.

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