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CBAI'S 48TH ANNUAL CONVENTION & EXPO

"COMMUNITY BANKER'S - WE'VE GOT SOME FAMOUS FRIENDS!"

SEPTEMBER 29-OCTOBER 1, 2022
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CBAI Celebrates

"Famous Friends" at the 48th Annual Convention & Expo

CBAI is excited about our upcoming convention, "Community Bankers — We've Got Some Famous Friends!" The popular song by the same name reminds us how our communities are second to none. It's all about home and the people we know. You can say hello to all your "Famous Friends" at this year's convention featuring fun-filled and exciting social events, a jam-packed Exhibit Hall with more than 70 booths, countless networking opportunities, and hard-hitting educational topics.

GOLF TOURNAMENT

Hit the links at Gateway National for CBAI's annual golf tournament on Thursday, September 29, 2022. Tall grasses, lakes, wood-tie bunkers and occasional giant cottonwoods complete the landscape. In view of the magnificent Gateway Arch, you will cross occasional stone bridges and glide on raised boardwalks through quiet wetlands. Designed by the renowned golf course architect, Keith Foster, Gateway National Golf Links remains the only true links-style course in the St. Louis metropolitan area, and it is the only public-access course in the region to feature bent grass fairways. Enjoy golf as it was meant to be played at this stunning, links-style course.

WELCOMING RECEPTION

Say hello to all of your "Famous Friends" at Thursday night's Welcoming Reception. Enjoy food, drinks, entertainment and live and silent auctions. This year, CBAI's Foundation for Community Banking will be joining Community BancPac in the auction fun! Look for live auction items to support the Foundation's scholarship programs, as well as a game of chance where everyone wins! Take advantage of this special opportunity to help support two great missions with Community BancPac and the Foundation. More information will be available soon.

Providing music at the Welcoming Reception is the Backroads Band, featuring CBAI's "famous friend" Jeff Rabenort, CBSC vice president of member services, on guitar and backup vocals. Together since the mid-'80s, all four members of the band hail from Okawville High School.

OPENING BREAKFAST SPEAKER

This year's Opening Breakfast Speaker is Holly Hoffman, who was the last remaining member of the Espada Tribe and the last woman standing on Season 21 of CBS' hit reality show "Survivor Nicaragua." Through that experience and others throughout her life, Hoffman was inspired to share her message of survival. The author of *Your Winner Within* and *Write Yourself a Note,* Hoffman acknowledges that life is made up of challenges, and we are oftentimes faced with situations that seem insurmountable. But within each of us is an ability to focus our thoughts, emotions and energy to succeed — if only we have the knowledge, tools and discipline to do so. Audience members alike walk away inspired to light the fire of successful living within themselves.

CLOSING GENERAL SESSION

Retired Lieutenant Joe Torrillo of the New York City Fire Department shares the details of his experience during the horrific day of September 11, 2001, as the Closing General Session speaker. Torrillo is a 25-year veteran of the New York City Fire Department who spent the first 15 years of his career in Engine Company 10, across the street from the South Tower of the World Trade Center. Fearing for his brother firefighters at Engine Company 10, Torrillo postponed a pre-scheduled press conference and diverted to the scene to render assistance. During the rescue operation, Torrillo was found buried alive with life-threatening injuries. But his harrowing story doesn't end there. You won't want to miss his incredible narrative from that fateful day.

SATURDAY NIGHT ENTERTAINMENT

The Saturday Night Entertainment is Liquid Blue®, a multi-award-winning international party band based in San Diego, California. "Music to Move You"® is the band's official slogan, and the audience is sure to be pumped up and excited from the first number until the finale. Honored as "America's Best Dance Band" by the National Music Awards, Liquid Blue was also named "Entertainment Act of the Year" at the 2012 Biz Bash Reader's Choice Awards as well as "Entertainer of the Year" at the 2011 Event Solutions Spotlight Awards. Locally, they've been recognized as "Best Cover Band" at the San Diego Music Awards. The band covers more than 600 songs, including a multitude of musical styles.

You don't want to miss all your "Famous Friends" at CBAI's 48th Annual Convention & Exposition, scheduled for September 29–October 1, at the Marriott St. Louis Grand, St. Louis, Missouri.

For more information or to register, call Tracy McQuinn at 217/529-2265 or visit www.cbai.com today! ■

DID YOU KNOW?
Interest rate risk measurement relies heavily on deposit assumptions, including betas.

Source: Federal Deposit Insurance Corporation (FDIC)

DEPOSIT BETAS: **LOOKING INTO THE FUTURE**

Dale Sheller, The Baker Group

Over the last two years, the banking industry has experienced massive deposit growth, which flooded banks with excess liquidity. Most of the deposits flowed in by way of non-maturity deposit accounts, with a good portion of those funds going into noninterest-bearing accounts. These low cost or "free" deposits helped propel the banking industry's cost of funds to historic lows and largely put deposit management on the backburner. Rewind to the fall of 2021, and most experts expected one or maybe two Federal Reserve rate hikes in 2022. That was then, and this is now. Today (early April 2022), the Fed is expected to raise interest rates anywhere from six to eight times throughout 2022. The pivot from the Fed came rather quickly as inflation levels have stubbornly hovered at or near 40-year highs, and the unemployment rate is nearly back to pre-COVID levels.

WHAT ARE DEPOSIT BETAS?

A very important aspect of non-maturity deposits is the price behavior. Core deposits are typically paid an "administered rate," which is a rate that is established by bank management. For most banks, there is usually a weak correlation between changes in short-term market interest rates (Fed Funds or T-Bills, for example). That correlation between the administered rate and the market rates is measured by something called a deposit beta. A classic definition would be that a deposit beta measures how responsive management's deposit repricing is to the change in market rates. For example, if market interest rates increase by 1% or 100 basis points, and over that same time period bank management increases its savings account rates by 35 basis points, the deposit beta is 35%.

INTEREST RATE RISK MODELING

Today, most institutions are asset-sensitive, and their ability to "lag and drag the Fed" with their deposit rates is critical for increasing their net interest margin in a rising rate environment. Generally, assets such as loans and investments reprice with a higher beta than deposits. Community banks get the majority of their funding from non-maturity deposits, making deposit betas assumptions key in interest rate risk modeling. Changing deposit betas on one or more large dollar volume deposit accounts can have a large impact on the output of the model. At least annually, management should review their modeling assumptions, especially key assumptions such as deposit betas. Furthermore, institutions should stress test or sensitivity test their key assumptions periodically. An easy place to start assumption stress testing is with deposit betas, specifically non-maturity deposit betas. An example would be to increase all non-maturity deposit betas to a much higher level (i.e., 75%) and reduce the time lags (i.e., one month) associated with the deposit betas. The increase in deposit betas and reduction in time lags will increase the amount of projected interest expense to be paid in rising rate scenarios.

DEPOSIT BETA HISTORY

Since 2004, there have been two Federal Reserve tightening cycles. The cycle from 2004 to 2006 saw the funds rate increase from 1% to 5.25%. For community banks (less than $10 billion in assets), non-maturity deposit betas during that period ranged between 19% and 32% depending on the account type. The most recent tightening cycle started at the end of 2015 and finished at the end of 2018. The funds rate during that period went from 0.25% to 2.50% before the Fed started cutting interest rates in mid-2019 as part of a "mid-cycle adjustment." During that period, community bank non-maturity deposit betas averaged around 12%, much lower than the previous cycle.

DEPOSIT BETAS GOING FORWARD

With the recent start of the latest Fed tightening cycle this March, all eyes are on how aggressive the Fed may be with increasing interest rates to achieve their dual mandate of price stability and maximum employment. As a result, managing the liability/deposit side of the balance sheet will come off the backburner and back into focus. The following are reasons for the potential of lower deposit betas in the current cycle.

1. **Liquidity Levels:** As of year-end 2021 call report data, banks continued to sit on over 10% in cash liquidity. With loan-to-deposit ratios at multidecade lows, on-balance sheet liquidity levels are elevated. The need for funding is far lower today than in past cycles. The excess liquidity will allow banks more flexibility in deciding whether to pay up for rate-sensitive customers or allow the deposits to leave.

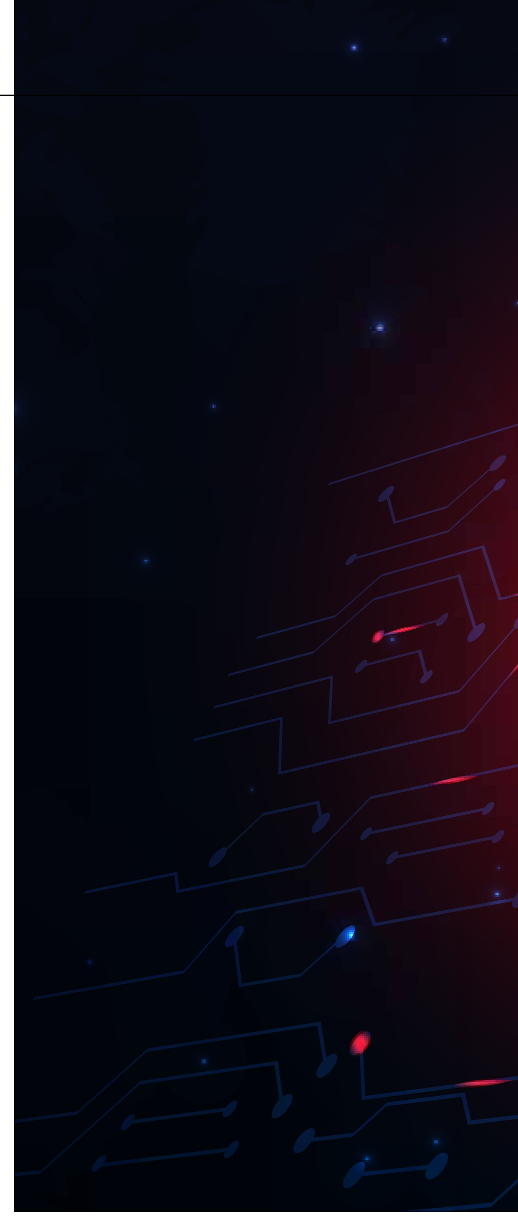
2. **Capital Ratios:** As deposits and assets grew rapidly during the pandemic, many institutions saw their capital leverage ratios drop to recent lows. Lower capital ratios have made some institutions consider shrinking assets and the runoff of rate-sensitive deposits would allow for that.

3. **Deposit Mix:** Institutions are funded more heavily by non-maturity deposits than ever before. Historically, time deposits cost banks more in interest expenses than non-maturity deposits. Less reliance on time deposits should have a favorable impact on the cost of funds going forward.

4. **Other Qualitative Factors:** Let's face it, average depositors don't expect much return from their bank deposit accounts. With prolonged periods of historically low interests since the Financial Crisis, many depositors are content with getting a debit card and free bill pay.

During the current cycle, financial institutions' ability to manage their cost of funds is going to be extremely critical given the rapid decline of asset yields the industry experienced during the pandemic. My crystal ball doesn't work any better than anyone else's, but the liquidity and current funding mix in the banking industry should allow for deposit betas and the overall cost of funds to remain relatively low. ■

Dale Sheller is a senior vice president in the Financial Strategies Group at The Baker Group. He joined the firm in 2015 after spending six years as a bank examiner with the Federal Deposit Insurance Corporation. Sheller holds a bachelor's degree in finance and a master's degree in business administration from Oklahoma State University, Stillwater. He works with clients on interest rate risk management, liquidity risk management, and regulatory issues. Contact: 800/937-2257, dsheller@gobaker.com.



Dynamic 2022 **Cyber Insurance** Market Requires Several Perspectives

Patti Tobin, Producer, Financial Practices Division,
Community BancInsurance Services, A Gallagher Company, Springfield, IL

On the heels of the most rapidly changing year for cyber insurance coverage to date, the first quarter of 2022 showed no signs of yielding that distinction to its predecessor.

Ransomware led the way last year in cyber insurance claims frequency and severity for most insurers. The threat of data release and distributed denial of service (DDoS) attacks have added complexity and expense to ransomware claims, and insurers took notice.

With many ransom attacks going unreported, government officials, along with the FBI, are looking to mandate disclosures. Within the past year, three bills have been introduced: the "Ransomware Disclosure Act," the "Cyber Incident Reporting Act," and the "Cyber Incident Notification Act." They all have a similar aim to require the disclosure of cyberattacks and/or ransom payments. With bipartisan support, 2022 appears to be the year we'll likely see such legislation passed.

The most common cause of data breaches was pilfered user credentials, which were responsible for 20% of breaches in 2021, costing an average of $4.37 million each. 2021 saw the highest average cost of a data breach in 17 years, with the cost rising from $3.86 million to $4.24 million on an annual basis, according to the IBM Cost of Data Breach Report 2021.

DID YOU KNOW?

Between June 2016 and December 2021, domestic and international exposed dollar losses from Business Email Compromises (BECs) totaled over $43 billion.

Source: Federal Bureau of Investigation Internet Crime Complaint Center

The COVID-19-powered shift to remote work had a direct impact on the costs of data breaches. The average cost of a data breach during the pandemic was $1.07 million higher where remote work was a factor in causing the breach, IBM reported.

Phishing attacks were connected to 36% of data breaches in 2021, due in part to the COVID-19 pandemic. As might have been expected, threat actors were observed tweaking their phishing campaigns based on what's making the news at any moment in time, according to the Verizon 2021 Data Breach Investigations Report.

As organizations continue to increase their reliance on internet connectivity for every part of their operations, these attacks impose crippling disruption to operations, finances and even physical safety.

The insurance community has played a pivotal role for organizations to take their information security defenses more seriously. If they want cyber insurance coverage, they have to comply with minimum standards — which are far more in-depth than before.

Social engineering and fraudulent payments accounted for 54% of total reported incidents in the small to medium enterprise (SME) segment. These types of claims are often highly preventable with the most basic, non-technical checks and balances in place.

Loss ratios have continued to put pressure on the available capacity for cyber insurers. Capacity restrictions have been felt in additional ways, including a temporary pause in new business writings from some markets and/or the elimination of high limits by others. At the same time, increased rate is dependent upon industry, risk posture and prior loss experience.

As the sophistication and accuracy of outward-facing network scamming technologies continue to improve, some insurers are rewarding those risks by showing best-in-class controls. For larger organizations, carriers are increasingly involving outside cybersecurity consultancy firms to bolster their expertise as they identify best-in-class risks and move away from those believed to present the greatest risk.

Insurers understand that increasing rates alone will not ensure the cyber insurance market's sustainability. Finding the right combination of rate, under-

writing discipline, retention and limits management will be required.

Be prepared for a move by many carriers to shorten timelines for a quote. Staffing inadequacy is a real problem, as demand has outpaced many carriers' ability to keep up. The constantly evolving pace of new threats means carriers want as much time as possible to account for the next discovered systemic vulnerability. Shorter windows afford them more time to incorporate relevant exclusions when they feel it appropriate.

Information sharing between the private and public sectors will continue to be critical in the fight against cybercrime of all varieties. The crisis in Russia and Ukraine is already impacting underwriting in the cyber insurance community. Insurers are concerned that sanctions imposed on Russia will lead to an increase in cyberattacks emanating from the region. This new environment could lead to an explosion in the volume of people who turn to ransomware as a means to support themselves. The isolation that Russia now faces has the potential to create a perfect safe haven for cybercriminals.

Given the situation in Ukraine, discussions around war exclusions in cyber policies have taken on renewed importance. Most cyber insurance policies specifically exclude war but offer carve backs for acts perpetrated electronically. Still, details such as the ability to determine attribution and the definition of "war" are among the topics that contribute to a sense of ambiguity, and insurers are seeking to provide additional clarity in their wordings.

The first quarter of 2022 has seen wider adoption of restrictive policy language by some insurers in areas such as Common Vulnerabilities and Exposures (CVE) identified by the National Institute of Standards and Technology (NIST), systemic risk or aggregate risk, end of life (unsupported) software and a continued pullback in available limits — often across all insuring agreements — for any loss stemming from a ransomware attack.

Ransomware claims typically trigger multiple insuring agreements in a cyber insurance policy beyond extortion, including business interruption, data restoration forensics and legal and notification expenses, when the claim also involves unauthorized access to personally identifiable information. For this reason, insurers are often moving beyond just the ransom payment itself when sub-limiting coverage. It is important to look closely at the fine print as these terms and conditions continue to change.

THE FIVE P'S

Changes in the process, players, products, pricing and political landscape associated with the cyber insurance market will continue to challenge agents, brokers and insurers in the months to come. We see the insurance community playing a pivotal role in driving the improvement of information security defenses among both public and private sector organizations.

The heightened errors and omissions (E&O) exposure for insurance agents who are not well-informed about the frenetic pace of change in this market is extensive. Now, more than ever, it's important to partner with a trusted broker with extensive experience in navigating these changes. ■

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In Memoriam

Barry Douglas Free

Dr. Barry Douglas Free, 95, was welcomed into heaven on April 11, 2022, surrounded by his family. He was born on March 18, 1927, in Stettler, Alberta, Canada, the son of Lena and Douglas Free. He grew up in Canada; however, in high school, he spent one year in Petersburg, Illinois, living with his uncle, Dr. Thomas Plews. He married Dolores Moser on August 7, 1955, and established a home in Petersburg.

He obtained his medical degree in 1952 from the University of Ottawa, Canada. Upon completing his formal education, he returned to Petersburg to assist Dr. Plews with his medical practice. With the assistance and encouragement of town leaders, he established Menard Medical Center. Under his leadership, the medical center grew to include a pharmacy and four physicians. Menard Medical Center continues to serve the community to this day. As much as he loved being a physician, he also enjoyed being an entrepreneur. He served as a member of the board of trustees at the National Bank of Petersburg (aka, Alliance Community Bank) and eventually served as the chairman of that board. He became chief of the medical staff at Memorial Medical Center and served on the Medical Executive Committee. He later served on the board and became the chairman of the board of directors at Memorial Medical Center. Together, with Dr. Robert Schafer, they renovated the old PORTA High School building into a health club and an apartment complex, owned a nursing home and pharmacy in Petersburg and for a few years, they owned a herd of cattle. He and his late wife loved to travel and traveled the world with family and friends. He enjoyed collecting antiques and spent endless hours at various auction houses where they made many friends. Other pastimes that he enjoyed were watching Illini sports with his wife, gardening and reading. He was a longtime member of the Central Presbyterian Church in Petersburg, Illinois.

He was preceded in death by his parents and wife. He is survived by his four children, four grandchildren and six great-grandchildren. Children are Deborah (Rodney) Davis, Petersburg; Barbara Free, Petersburg; Cynthia (Michael) Rohman, Prosperity, South Carolina; and Kenneth (Valerie) Free, Petersburg. Grandchildren and great-grandchildren are Ashley (James, Jillian, and Everly) Kveton, Petersburg; Stephanie (Kyle, Hayes and Auggie) Wankel, Petersburg; Daniel (Mary Allen and Eleanor) Rohman, Irmo, South Carolina; and Kyle (Courtney and Crawford) Rohman, Lexington, South Carolina. He would now say that "he is floating on a cloud in heaven." ■

HOW CBAI PARTNERED WITH ICBA THINKTECH ACCELERATOR TO FURTHER COMMUNITY BANK INNOVATION

Charles E. Potts, Executive Vice President and Chief Innovation Officer, ICBA

Community Bankers Association of Illinois (CBAI) is no stranger to fintech collaborations, but the idea of helping shape fintech offerings tailored to community banks was too intriguing an idea to pass up, said Mike Kelley, President of Community BancService Corp., Inc., the services arm of CBAI.

So, when ICBA extended an invitation to CBAI to participate as a mentor during the 2022 ICBA ThinkTECH Accelerator program, Kelley was eager to get started. "When we dove a little deeper into the Accelerator, we realized the opportunity to identify promising fintech companies and work with them to offer community bank-specific feedback to refine their solutions."

The state association recently established its own innovation committee, and its participating bankers made plans to attend the Accelerator as a group. In mid-March, 11 Illinois-based bank CEOs made the trip to visit the Accelerator at The Venture Center in Little Rock, Arkansas.

ON-SITE ACCELERATOR EXPERIENCE

The diverse group — with bank assets from $100 million to $1.5 billion and market segments just as varied — from rural agricultural areas to metropolitan cities and their suburbs — came ready with their list of

questions. In addition, different core providers were accounted for in the mix, so beyond varied customer bases, attending bankers also covered the gamut of operational considerations.

"It was a huge benefit to be in a group as we could bounce ideas off of our fellow bankers," said attendee Andrew Black, president and CEO of $115 million-asset Princeville State Bank in Princeville, Illinois. "Our innovation committee learned so much from the two days we had there, and it further energized us for future discussions."

Andrew Tinberg, senior executive vice president and chief banking officer at $1.6 billion-asset CNB Bank & Trust, N.A., Carlinville, also attended and said the enthusiasm onsite was contagious. "I experienced a sense of excitement about the future of community banking that I haven't felt in quite a while. To see 11 companies dedicated to providing unique solutions specifically to community banks was just awe-inspiring."

In addition to meeting with the cohort as a group, each bank was also afforded one-on-one time with cohort participants to address their specific questions and further explore opportunities and challenges within their market.

"That was truly where the [rubber] met the road as we were able to challenge individual cohort participants to ascertain the appropriateness of their innovation to our individual and unique applications," Tinberg explained.

VISIT ROI

Conversations were fruitful, as bankers pointed to immediate action steps coming out of their visit.

"We have already contracted with one of the cohort participants and are in early-stage implementation with them, and we just had a kick-off call with a second," said Tinberg. "My team is [also] looking at solutions offered by two others in the cohort to address specific challenges within our organization. And we are committed to watching two more as they grow and develop their offerings to determine if they may be vendors we want to partner with in the future."

"I'm also happy to report that we have signed with one company from the cohort for a late Q2 launch," said Black. CBAI also extended invitations to the cohort and past participants to sign up for membership so they could get in front of other like-minded community bank institutions, Black noted.

From any measure, the Accelerator visit proved to be time well spent for banks looking to expand their innovation outlook, said participants.

"The entire experience of visiting the Accelerator was so rewarding it is permanently on my agenda going forward," Tinberg said. "The camaraderie experienced when visiting with other bankers, to hear their challenges and some of the solutions that have worked for them was in and of itself worthy of the visit."

While this year's Accelerator program is in the rearview mirror, ICBA's innovation journey continues. I'll be taking our innovation show on the road, attending state conventions and industry conferences to showcase our cohort alumni's reimagined community-bank-centric solutions.

For more information on the ThinkTECH Accelerator, visit icba.org/thinktech/accelerator. ■

Charles E. Potts is ICBA executive vice president and chief innovation officer. He can be reached by email at charles.potts@icba.org.

Four Ways Marketing Will Look Different in the Near Future

CW Warwick, VP of Consumer Marketing, and Thomas Shields, VP of Marketing Enablement, Kasasa

Achieving success in marketing has always required agility and a willingness to try new things. Now won't be any different: You should expect the unexpected, and plan for what you can.

At Kasasa, we're responsible for supporting hundreds of community financial institutions (CFIs) with our products, services and consulting, so we take a hard look at the future and how it's most likely to affect our industry. And while we wish we had a crystal ball for the unexpected stuff, this article will cover some topics that Kasasa's marketing leadership can see right now and that you should plan for in the near future.

At least four shifts are happening in the marketing world that will make now a time for strategic adaptation. Smaller financial institutions may feel these changes more acutely than large ones. But no institution will be able to avoid the consequences entirely.

1. Third-party cookie tracking is going away.

Odds are that, unless you were deeply involved in the world of marketing technology, programmatic media buying or consumer data aggregation, this statement doesn't carry a lot of weight. But it's crucial. Here's why.

Cookies are very small files that accumulate on your computer or device when you browse the internet. A "first-party cookie" allows website operators to remember your preferences and tailor your experience when you return to their site later. Third-party cookies enable your browsing behavior to be aggregated into large data sets and used to serve you ads across a wide variety of websites.

Thanks to legislation such as the California Consumer Privacy Act (CCPA), consumers will soon have to give explicit permission for their browsing data to be tracked and shared. In effect, this limits the simplicity and easy data access that advertisers have relied on for years. However, it does not mean the end of first-party cookies or the ability to precisely target an audience with ads.

Few consumers knew their behavior was being tracked because the digital advertising industry was allowed to do so without permission, including buying and selling the resulting data. It was an unregulated industry worth billions of dollars, and it was built on data that most people had no idea they were generating or that was influencing their buying habits.

Once third-party cookies are fully retired, consumers' data will be far safer and more secure. And your community financial institution can lean into the change.

You already serve as a trusted guardian of people's financial lives. It only makes sense that you would support increased privacy and security for their data as well. And by some estimates, a quarter of consumers will continue to allow their data to be tracked and aggregated — that means the future will still include some of the tactics we've relied on for years.

There are options for you to build your audience and implement marketing tactics that are traceable and preserve the privacy of your account holders and target audience.

WHAT COMMUNITY FINANCIAL INSTITUTIONS CAN DO.

The most important action item here is to acknowledge that third-party cookies are going away and pivot to marketing tactics that don't rely on them so heavily, such as direct response marketing. Some CFIs may not even experience a change at all because they didn't rely on the third-party data ecosystem at the beginning.

2. Social media isn't what it was, and it isn't going away.

Facebook (or Meta, as the company is now officially called) has been a massive player in the digital advertising space, not just within its social media platforms but across the entire internet. That era is winding down, precipitated by Apple's changes to advertising tracking within iOS and evidenced by Meta's falling stock price.

Many people are scrutinizing big tech companies such as Meta, Twitter and Google to see if their platforms and policies cultivate division and negative societal effects. As with most novel technologies, that question has more to do with how people use the platforms than how they are structured. But it's still worth looking at the situation objectively and making sure that how you use social media aligns with your values — it's a decision that each business must make for itself.

WHAT COMMUNITY FINANCIAL INSTITUTIONS CAN DO.

Whatever the changes to social media advertising or the public opinion about big tech, the platforms themselves are crucial for connecting with consumers and growing your audience. And they will continue to offer valuable marketing opportunities because they have become virtual neighborhoods where consumers spend time. Your institution can and should create visibility in these neighborhoods, just like you do in physical neighborhoods.

And the more connected you are to your audience on social media, the more effective your marketing efforts will be as a whole.

3. Video is more important than ever.

Video has dominated social media platforms in recent years. The rise of TikTok may

DID YOU KNOW?

Legislation like the CCPA offers the right to opt-out of the sale of personal information collected through cookies.

Source: State of California Department of Justice Office of the Attorney General

Continued on next page...

even represent a peak in the use of video. You can see TikTok's influence across Facebook, Instagram, Twitter and Snapchat.

In 2020, Americans spent 15 minutes a day watching videos on their smartphones. When you're talking about 10- to 30-second clips, that's a LOT of videos by different creators.

WHAT COMMUNITY FINANCIAL INSTITUTIONS CAN DO.

Seek to add value and build trust with your audience. The key to posting videos to social media is to create content that aligns with your brand. As a community financial institution, you can reach people with meaningful content, even if your team is small and wearing lots of hats.

4. 1-to-1 conversations can be your secret superpower.

While digital advertising is undergoing an uncomfortable shift, direct response advertising and communication are enjoying newfound relevance. Direct response advertising methods typically include physical mail, email and telephone outreach. Email marketing is an effective channel that is troubled by unreliable metrics — another consumer-friendly privacy shift initiated by Apple (to the dismay of many marketers). It's worth maintaining a dynamic email program, but the emphasis will probably shift toward firmer metrics such as click-through rate.

Physical mail is bouncing back in a huge way thanks to the use of QR codes and personalized URLs (PURLs). It is possible to send a unique QR code to every consumer in a database and have incredibly accurate reporting on who scanned the code and visited your site. This degree of visibility is every marketer's dream!

Although the phrase "telephone outreach" may trigger thoughts of family dinners interrupted by pushy salespeople, the landscape has changed in huge ways. Today, SMS/text messaging has become an incredible channel for holding 1:1 conversations with consumers, and it's a channel that consumers want to use.

"There are options for you to build your audience and implement marketing tactics that are traceable and preserve the privacy of your account holders and target audience."

To be clear, we're not talking about using shortcodes to build lists of phone numbers to broadcast promotional text messages. We're talking about the ability to single out individual account holders and talk with them over a text message. A common example of this is a loan officer who is collecting the necessary documents to close an auto loan or mortgage. Another example would be talking with an account holder who has fallen victim to fraud and needs help securing their account information ASAP.

WHAT COMMUNITY FINANCIAL INSTITUTIONS CAN DO.

Consumers want to feel seen and heard, especially by the financial institution that holds their money. 1:1 communication channels such as SMS texting help you meet those consumers where they are, and you don't even need employees to use their personal phone numbers to facilitate the exchange.

With the right technology partner, communicating over text message is secure, convenient and builds trust with your account holders. Best of all, it is equivalent to calling them on the phone, so it isn't governed by the same regulations (such as requiring explicit permission and opt-out mechanisms) as broadcasting promotions to a shortcode list.

2022 is an opportunity to upgrade your marketing and impress your audience.

If you haven't already, take some time to document the marketing outcomes you'd like to see in the near future. This will create a landmark you can use to measure against and help reorient your strategy as needed. In the world of marketing, there are always new shiny objects that will distract you from the bigger goal if you allow them to.

Now is also a good time to examine your marketing ecosystem and find out how dependent you are on third-party cookies for your campaigns. If you don't rely on that type of data, then you don't need to feel concerned about the coming changes. If you do depend on third-party data to run marketing, then you can get a head start on finding alternative partners and technology to hit your objectives.

After nearly 20 years of supporting community financial institutions, we've survived some major changes and helped our clients do the same. The current landscape won't be a cakewalk for anyone who uses digital advertising, but it can launch your institution into a much more sustainable, consumer-friendly way of communicating and growing your business.

If you'd like to hear more about upcoming marketing changes, you can hear directly from the experts on Kasasa's podcast, Thinking Outside the Vault. Our episode on marketing is available on Apple Podcasts, Stitcher, Google Play, Spotify and Pandora, along with the rest of our catalog of episodes. ■

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THREE WAYS

TO KEEP YOUR COMPLIANCE TEAM **HAPPY**

Michael Berman, President, Ncontracts

Compliance is a difficult job in any financial institution. Compliance teams are challenged to stay ahead of growing cybersecurity threats, keep personally identifiable information (PII) private, stay current with changes in state and federal compliance rules, control costs and keep up with the actual (not just the promised) capabilities of compliance technology.

It's no surprise then that the best compliance personnel are in high demand, according to a recent *Wall Street Journal* article, making it more important than ever to keep your compliance team happy.

HERE ARE THREE WAYS TO DO SO:

1. Be as efficient as possible. Higher wages, better benefits and regular bonuses are all great and certainly an incentive for employees to stay in their current jobs — but it's not enough. Employees want modern technology and the right tools to do their jobs effectively, efficiently and without headache.

This is especially the case for compliance teams. Compliance team members, like others throughout your institution, are constantly being expected to do more with less. Even if staff size remains the same, the growth of cyberattacks and the nuances of compliance rules keep growing.

Automation helps lower the burden on staff while keeping them engaged in meaningful work. A compliance management system can automatically handle the mundane chores of updating dates, compliance training status and other details, enabling staff to concentrate on more challenging and interesting tasks.

2. Offer remote work opportunities. Remote work was necessary during the height of the pandemic. Employers and employees alike found that they could be just as productive, if not more so, working in a remote environment — there is no time lost to commuting, employees can focus on work with fewer disruptions and they can take care of home and family commitments in the middle of the day without needing to take the full day off, and so on.

Remote work options also enable bankers and other employers to reduce their corporate brick-and-mortar footprint. A smaller footprint also means smaller utility costs.

While you may want your compliance team at your headquarters or in physical branch offices some of the time, there are those you may need in the office rarely, if at all. This not only allows you to hire employees from anywhere in the country and broaden your talent pool, but it also means you may keep employees who are thinking of relocating and would otherwise change jobs in doing so. A recent study by Flexjobs found that not allowing remote work is a top 5 reason (43%) for employees to quit their jobs.

3. Provide solid — and ongoing — training and support. With heightened competition for compliance staff, the perfect candidate for your team — one with compliance experience and an eye for detail — may not be available. Yet there are likely smart candidates with little or no compliance experience that could make valuable additions to your staff with the proper training.

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But training shouldn't stop there. To retain employees, you must support them with technology that automates continued training, offering compliance team members the ability to not only keep up with current rules and regulations but also advance their knowledge to help with upward mobility in the institution.

According to a recent SurveyMonkey study, roughly 86% of employees say that job training is important to them, with nearly three out of every four (74%) willing to learn things outside of work hours to improve their job performance. Meanwhile, only about half (52%) of employees think their employer provides the right amount of training.

HAPPY EMPLOYEES MAY MEAN FEWER COSTS

According to a study by U.C. Berkeley, it costs an average of $4,000 above salary and wages to hire a new employee. That cost rises to $7,000 when it comes to replacing management-level employees and professionals. For compliance professionals, that cost is likely even more.

By keeping your compliance team happy, you retain them and avoid the time and expenses required for hiring recruiters, vetting resumes, posting job openings, etc.

Additionally, you keep their knowledge. Your current staff knows your policies, procedures and documentation requirements, the status of compliance tasks they are implementing, and where your institution is in its digital transformation process.

The current staff also has familiarity with your current technology systems, including the compliance management system that can keep all documentation in order so any authorized person on the compliance team can locate it.

This knowledge is critical and will be yet another expense (in the form of training) for your institution if you're unable to keep your current team happy. ■

Michael Berman is president of Ncontracts, a CBSC Preferred Service Provider. He can be reached at michaelberman@ncontracts.com.

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COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

Recognition Programs

It is a privilege to honor the careers of member bankers who have left a significant footprint on the community banking profession and their own communities with their tireless efforts, dedication and hard work. One such recognition bestowed by CBAI is the Distinguished Member Award.

Distinguished Members have contributed to community banking with an extraordinary expenditure of time, money and/or effort. They have acted as "ambassadors" for community banking, ultimately making a positive impact on the profession.

Nominees for the Distinguished Member designation must be retired or otherwise uninvolved in the day-to-day operations of a bank; have worked for a bank or other entity related to the financial services profession for a minimum of 20 years; and, if they worked for banks, those banks must be active members of CBAI at the time of induction. Candidates must be approved by the CBAI Board of Directors.

CBAI's Recognition Program also acknowledges the achievements of member banks and bankers through its 50 Years in Banking Award, Spotlight on Directors, and Patron of Community Banking designation.

50 YEARS IN BANKING

If your bank has a director or employee whose professional ties to banking span 50 years, he or she is eligible for recognition with a handsome award. If the 50th anniversary has already passed, an award may be purchased from the association for $200. In addition to the award, individuals celebrating a 50th anniversary will receive coverage in *Banknotes,* CBAI's bi-monthly magazine, and at the CBAI Annual Convention.

SPOTLIGHT ON DIRECTORS

CBAI's bi-monthly magazine, *Banknotes,* regularly features stories about inside or outside directors who have interesting stories to share. The story may center on a hobby or avocation, how the person came to join the board or how he/she approaches board duties.

PATRON OF COMMUNITY BANKING

Some member banks have a history of advocacy for CBAI by supporting it through specific, measured involvement in all association departments and events. The "Patron of Community Banking" award has been created to recognize these banks:

Criteria for this special designation:

- Bank is a member in good standing, having paid its most recent dues assessment;
- Bank has been represented at three of the past five CBAI Annual Conventions;
- Bank has been represented at Capital Conferences and/or Call on Washington for three of the five most recent years;
- Bank has been represented at three of the five most recent Group Meetings;
- A representative of the bank has sponsored at least one new CBAI member or associate member;
- Through corporate donations, personal donations or a combination of the two, the bank has contributed a combined annual total of at least $750 to Community BancPac and/or FedPac during the three previous years;
- A bank representative has served on the board of directors of the CBAI corporate family or one of its standing committees for at least one year in the previous five years;
- Bank has earned at least 12 education-related credits in the previous year. Credits are awarded in varying amounts for seminars, forums, schools, webinars and the Career Development Division (CDD);
- Bank has utilized at least six services of CBSC;
- Bank has pledged/donated a minimum of $500 to the CBAI Foundation for Community Banking.

Do you know someone at your bank who is deserving of one of these recognitions? Contact Valerie Johnston at CBAI at 800/736-2224 or by email at cbaicom@cbai.com today! We want to acknowledge the achievements of our member banks and bankers! ■

CBAI MEMBERS CELEBRATE

COMMUNITY BANKING WEEK

The Community Bankers Association of Illinois celebrated the 32nd Annual "Community Banking Week in Illinois" on April 3-9, 2022, during National Community Banking Month. Community Banking Week highlights the long-standing tradition of local hometown community banking. We urge consumers, entrepreneurs, farmers and legislators to learn more about community banks, their role in building stronger communities and the quality products and services they provide — all with the relationship banking experience that customers can expect from a local financial institution.

"The theme this year was '*Lending a Helping Hand,'*" said **CBAI Chairman Jeff Bonnett, president/CEO, Havana National Bank.** "The Community Bankers Association of Illinois members statewide believe that Community Banking Week is the perfect opportunity to spotlight the importance of community banks. Community banks are committed to helping customers who have been financially impacted by the COVID-19 crisis or any economic hardship. They play a vital role in the success of individuals and businesses alike. As community bankers, we are always looking for new ways to lend a hand in our communities and make a positive impact."

CBAI member banks found many great ways to celebrate this important week!

State Bank, Waterloo's way of "lending a helping hand" during Community Banking Week was to collect comfort items for U.S. troops stationed overseas. The troops adopted by the bank are friends of an employee's brother, who is also a service member. This effort was promoted on local media outlets, on social media and through a customer email. On Thursday, all State Bank employees were invited to donate an item or items of their choice in exchange for dressing in casual camo attire.

Germantown Trust & Savings Bank purchased 115 $10 gift cards from local businesses around Clinton County. These businesses are current customers of GTSB and include restaurants, bars, hair salons and local shops. Customers were invited to enter their names into a drawing during the week at all four branches for their chance to win.

Casey State Bank celebrated Community Bank Month with "30 Days of Giving" by donating $250 each day during the month of April to charities or not-for-profit organizations that serve their local communities of Casey, Lawrenceville, Martinsville, Marshall and Robinson. Recipients included the Casey, Marshall and Martinsville Fire Departments, Crawford County Humane Society, Casey Historical Society, Lawrenceville VFW, Martinsville Public Library, Casey-Westfield Band Boosters and many more.

During Community Banking Week, **Farmers State Bank, Elmwood**, had its annual Spirit Week, with themed dress-up days including Holiday Day, Decade Day and Wacky Wednesday. Bank customers could be entered into a drawing for a $100 gift card to the local car service center. Free car wash vouchers for the local car wash were provided by the bank on Wednesday. The FSB staff donated money in exchange for a jeans week for Rebel the Elmwood K-9 and updated the police department's old coffee maker with a more modern machine. They also presented to the Elmwood Fire Department & BYE Ambulance Service a dinner for all the volunteers and employees at their monthly meeting. To conclude the week, FSB partnered with two local fourth-grade classes to plant daffodils for the residents at Country Comfort Retirement Home, including a personalized note for each one. The bank also hung helping hands on their windows, representing just a few of the organizations the bank lends a hand to throughout each year.

To honor the Community Banking Week theme of "Lending a Helping Hand," **Alliance Community Bank** asked their staff to share ways they "lend a helping hand" throughout the communities they serve as well as to local organizations or causes that are important to them. Each day of the week they shared a few of their responses on social media. Examples included volunteering for the Menard County Jaycees, Farmingdale Parent Teacher Club, Land of Lincoln Workforce Innovation Board, Family Service Center Board, Athens Lions Club, Menard County Fair, Petersburg Athletic Association, Menard County United Fund, Make-A-Wish Foundation, Menard Animal Protection and many more!

Milledgeville State Bank lent a helping hand to some furry friends! To raise awareness for shelter pet adoption, Granny Rose Shelter visited the bank to help connect customers with their fur-ever friends. Local veterinarians from Milledgeville Veterinary Clinic were also in attendance with handouts, pet information and special treats! Milledgeville's bank lobby offered treats for two-legged and four-legged friends alike.

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North Central Bank, Hennepin, celebrated the week in several ways, including free coin counting, a kids' coloring contest, daily giveaways, raffles, community banking facts and more!

During Community Banking Week, **Arcola First Bank** wanted to celebrate its small businesses and remind everyone to shop local. Individuals were invited to stop by one of its three banking centers to receive a reusable grocery bag to use when shopping at their favorite local businesses. Participants posting pictures on Arcola's social media page had a chance to win one of five $20 gift cards from local businesses.

Devon Bank set up tables at their Chicago, Wheeling and Glenview branches with small giveaways, cookies and water bottles. They also offered $5 "Jean Fridays" to their employees for the month of April. The donations were given to Family Matters, a local nonprofit organization that partners with youth, families and communities to cultivate a way of living in the world that develops strong relationships, meaningful communication and safe environments for courageous social change.

Farmers National Bank, Prophetstown held a giveaway to help with the crazy spring weather in Illinois. The prize included an umbrella, captain's chair, stocking hat, baseball cap, koozie, coffee tumbler, sunglasses, picnic basket and a $50 gas card.

These are just a few of the many examples of the wonderful ways our members celebrated Community Banking Week in 2022. We commend you for finding such creative ways to showcase what community banking is all about this year. During Community Banking Week and all year long, our members are always "Lending a Helping Hand!"

We look forward to next year's celebrations! Community Banking Week is scheduled for April 2–8, 2023. Complimentary marketing materials will be available from CBAI in January of 2023! ■

CBAI BANKERS ATTEND ICBA CAPITAL SUMMIT

David Schroeder, SVP Federal Governmental Relations, CBAI

CBAI members returned to our nation's capital after a two-year COVID-19-restricted absence to attend ICBA's 2022 Capital Summit. This was an opportunity for Illinois community bankers to meet virtually and in person with the staff of their elected officials and hear from congressional leadership, federal banking regulators and ICBA policy experts, while also enjoying the long-overdue fellowship of community bankers from across the country.

The Capital Summit agenda included presentations by the ICBA Chairman Brad Bolton, Rebecca Romero Rainey (president and CEO), Karen Thomas (senior executive vice president, government relations and public policy), and Paul Merski (group executive vice president, congressional relations and strategy). ICBA highlighted recent community bank successes like stopping the advance of the IRS reporting proposal, removing harmful capital gains and death tax provisions from the Build Back Better Act, and being the only national financial trade group to publicly oppose the U.S. Senate confirmation of Professor Omarova to be the next Comptroller of the Currency (OCC). Community bankers also attended informative regulatory breakout sessions by the Federal Reserve, FDIC and the OCC, and listened to a Q&A session between the ICBA's Rebecca Romero Rainey and Rohit Chopra (director of the CFPB.)

Community bankers were briefed prior to their Hill visits, which, with some of the COVID-19 restrictions still in place, were a combination of both in-person and virtual meetings. During these meetings, CBAI members lobbied against direct SBA lending, promoted tax/competitive fairness by encouraging members to cosponsor the Enhancing Credit Opportunities in Rural America Act of 2021 (ECORA Act of 2021), supported the Secure and Fair Enforcement Banking Act of 2021 (SAFE Banking Act of 2021) which would permit banking cannabis-related business in states where it is legal, urged closing the Industrial Loan Company loophole, supported a congressional review of credit unions and Farm Credit System lenders to examine their unfair competitive advantage against taxpaying community banks and highlighted the need for comprehensive policymaking oversight of digital assets including cryptocurrency and stablecoins. The community bank positions on these issues of importance to Illinois community banks were clearly and strongly delivered.

Illinois community bankers had the opportunity to share fellowship at CBAI's Welcome and Appreciation dinners and at the ICBA-sponsored evening event at the Museum of the American Indian. CBAI thanks the generous sponsors of this annual federal advocacy event, which included the Federal Home Loan Bank of Chicago, Community BancService Corporation, and IZALE Financial Group. ■

2022 ANNUAL SCHOLARSHIP PROGRAM **WINNERS ANNOUNCED**

The CBAI Foundation for Community Banking has selected its 2022 Annual Scholarship Program winners. The program offers $21,000 to high school seniors via an essay writing contest; $500 is also awarded to the first place winner's high school. This year, 77 CBAI member banks representing 212 students participated in the contest, which is a **free CBAI member benefit.**

The first-place scholarship of $1,000 each year for up to four years of higher education was awarded to **Abigail Reiser,** sponsored by **Goodfield State Bank** (her winning essay follows this page). Her high school, **Washington Community High School,** received a $500 award. She plans to attend the University of Wisconsin — Whitewater, majoring in sociology and communications to teach higher education.

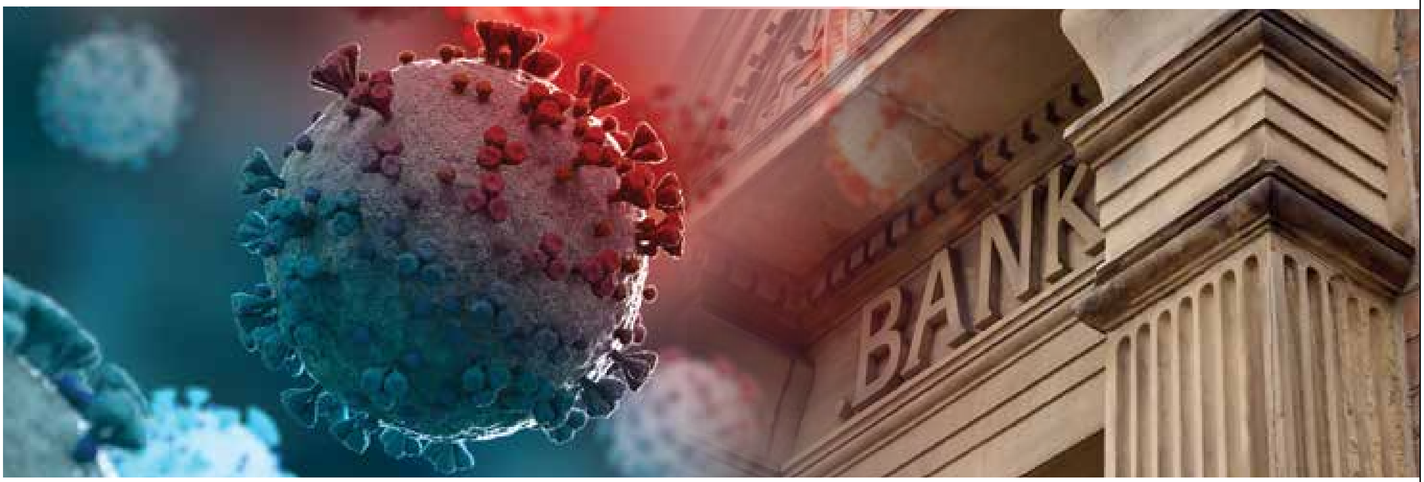
Judges, who had the ability to award an additional $1,000 in each of the remaining 11 CBAI groups, which encompass the entire state, bestowed the following $1,000 first-place gifts: **Lauren Snelgrove** (Prairie Community Bank, Marengo); **Samuel Fogarty** (State Bank of Graymont); **Kendall Bennison** (State Bank of Toulon); **Andree Ambrosius** (Rushville State Bank); **Ashton Fifield** (First Neighbor Bank, N.A., Toledo); **Abbie Hasty** (CNB Bank & Trust, N.A., Chapin); **Noah Newton** (State Bank, Waterloo); **Adelynn Murphy** (Dieterich Bank, Effingham); and D**ylan Stanley** (Legence Bank, Eldorado).

In addition, the following students were awarded $500 as second-place finishers: **Sierra Simecek** (Prairie Community Bank, Marengo); **Mitchell Galyen** (Citizens State Bank of Milford); **Blake Orwig** (State Bank of Toulon); **Autumn Speckhart** (State Street Bank and Trust Co., Quincy); **Benjamin Bushue** (Scott State Bank, Bethany); **Jason Cruise** (Petefish, Skiles & Company Bank, Virginia); **Evan Muehler** (State Bank, Waterloo); **Serena Buzzard** (Dieterich Bank, Effingham); and **Regan Basso** (Legence Bank, Eldorado).

Non-monetary Honorary Mentions were bestowed upon: **Cameron Grohle**r (Buckely State Bank); **Mallory Johnson** (Federated Bank, Onarga); **Anna Hagan** (Citizens State Bank of Milford); **Cole Nicholas Brower** (Princeville State Bank); **Noah Hopkins** (Better Banks, Peoria); **Tori Scales** (Williamsville State Bank and Trust); **Kennedy Gallaher** (Brown County State Bank, branch of United Community Bank, Mt. Sterling); **Madison Purchis** (Alliance Community Bank, Petersburg); and **Morgan Ahle** (First National Bank in Carlyle).

The CBAI Foundation for Community Banking sincerely thanks all the students and bankers who participated. ■

CBAI Foundation For Community Banking



How Has the Response of Community Banks Differed From That of the MegaBanks During the Global Pandemic?

Abigail Reiser, Sponsored By: Goodfield State Bank

Relationships. Service. Value.

Community banks embrace these three attributes as they strive to serve local customers' best interests, needs and desires. During the global pandemic, the necessity for community banks was even more apparent as businesses scrambled to determine how they would make a profit amid a quarantined society that was limiting spending. Community banks played a pivotal role in helping local businesses stay afloat. These banks utilized the Paycheck Protection Program (PPP), which went into effect as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Authorized by The Small Business Association, the PPP provided forgivable loans to businesses as long as they kept their workers on the payroll and met other requirements.

Community banks distinguish themselves from the megabanks by nurturing their close-knit relationships with customers. During the global pandemic, small business owners gravitated toward community bankers, because localization better accommodates the unique characteristics of their town and the camaraderie of its people. Townsfolk share experiences in countless social and civic activities — from bowling leagues to little league baseball, and from community service organizations to private charitable groups. In contrast, megabanks aren't as familiar with their customers due to the one-dimensional communication that often lacks face-to-face interaction.

Community banks service their customers at a preeminent level that heightens performance and satisfaction. These banks depend on the success of the businesses within their town, thus they're the most prosperous when the local economy is doing well. Oftentimes, there's a smaller group of local investors who own the community bank. These local investors will spend money on local businesses, contributing to their profits. It's common to see banks providing funds for schools or sponsoring local events, because they want to help other community stakeholders. This pattern exemplifies the cyclical nature of community banking. On the other hand, megabanks operate on a much larger scale. The money goes into a pool that is funneled into the banks' corporate centers. Since megabanks function on a national level, shareholders are scattered throughout the country and profits are dispersed over large regions compared to a community bank's condensed distribution of profits.

When analyzing the value of community banks versus megabanks, the necessity for community banks during the global pandemic is evident. Community banks helped small businesses stay afloat, which allowed for the revival of the local economy. When people are spending money on local businesses, community banks are also reaping the profits. As a result, the relationships individuals form with local bankers not only prove beneficial for the camaraderie of the town, but it aids in the growth of the local economy during a period of uncertainty. A community bank may provide a better compass for navigation than the weather vane of a megabank. ■

Abigail Reiser will be attending the University of Wisconsin — Whitewater, majoring in sociology and communications to teach in higher education. She has also committed to play golf at UWW. Reiser has served as vice president of the Student Council, as well as a member of the National Honor Society, Class Executive Boards, the Washington Leadership and Community Service Club and as feature editor of The Advocate student newspaper.

2022 CBAI ANNUAL SCHOLARSHIP PROGRAM:

MEMBER BANKS' LOCAL SCHOLARSHIPS

The CBAI Foundation for Community Banking Scholarship Program complements your bank's local scholarship programs. One of the cornerstones of community banking is to contribute to the well-being of the local area. Here is a concrete example of that effort, totaling $234,300 given away by CBAI members in their communities.

(Awards made by cash, check or account deposit unless otherwise indicated.)

- Citizens National Bank of Albion — $250; $500; $750
- Apple River State Bank — Five $1,000; 169 $200
- Liberty Bank, Barry — $500
- Great Rivers Bank, Barry — $500
- The First National Bank of Beardstown — $2,000
- First Community Bank and Trust, Beecher, IL — One Beecher Valedictorian $1,500, One Peotone Valedictorian $500
- First State Bank of Beecher City — One $750 and One Lake Land College $1,000
- Buckley State Bank, Buckley — $500
- First State Bank of Campbell Hill — Two $500
- The Bank of Carbondale — Two $500
- Dewey Bank — Two $100
- Fairfield National Bank, Fairfield — Five $1,000; One $500; One $250
- State Bank of Graymont — One $250 and One $100
- North Central Bank, Hennepin — Two $200
- Farmers State Bank of Hoffman — Two $500
- Farmers & Merchants Bank of Hutsonville — One $1,000 and Two $500
- Jersey State Bank, Jerseyville — $2,250
- Liberty Bank, Liberty— $500
- Prairie Community Bank, Marengo — $500
- Citizens State Bank of Milford — $125; $100; $75
- Liberty Bank, Payson — $250; $500
- Princeville State Bank, Princeville/Peoria — One $250 Princeville High School and One $250 Brimfield High School
- First National Bank, Okawville — Two $1,000 Good Citizenship Awards; Two $1,000 Kaskaskia College
- Old Exchange National Bank, Okawville — Five $500
- Federated Bank, Onarga — Four $500
- Marquette Bank, Orland Park — 60 $2,500
- Rushville State Bank — Four $500
- First National Bank of Steeleville — Six $1,000 (In Memory of Arthur Werre, Jr. Scholarship)
- State Bank of Toulon — $250; $500; $750

Do you have a local scholarship that is not reflected here? Please contact Kim Cordier, administrative assistant, at kimc@cbai.com or 800/736-2224 to get on the list for the 2023 July issue of *Banknotes* magazine.

2022 CBAI COMMUNITY BANK MARKETING CONFERENCE

CBAI held its annual Community Bank Marketing Conference in April at Erin's Pavilion in Springfield. The conference was designed to help community bank marketing professionals learn to keep banking human; grow their social media presence in 2022; build individual and organizational resilience; stand out against fintechs and megabanks; and find the keys to marketing success in 2022. Community bank marketing professionals from across the state benefited from expert speakers, pertinent and informative topics and peer networking. A mini exposition with the latest products and services benefiting the community bank and its marketing efforts enhanced the experience.

The keynote speaker was Jim Perry, senior strategist at Market Insights, a consulting firm with expertise in strategic planning, branding, marketing and culture. Perry opened the conference with "Keeping Banking Human," which explored how to strike a balance between automation and human connection since interaction has moved to digital technology during the pandemic.

Next on the agenda was "Social Media in a New Era" with Katryna Kirby of Social Kat Co., who shared with bankers how COVID-19 changed the way businesses used social media. She discussed why it is important for your bank to be active and consistent on Facebook and Instagram. Kirby also shared top trends to engage followers and grow a social media presence.

Jim Perry returned to the podium before lunch, with a session entitled "How to Build Individual and Organizational Resilience," in which he offered tips to help improve personal well-being and create a competitive advantage for the organization.

Starting the afternoon session, Dan Novalis of 2Novas presented "How to Use Hyperniches to Stand Out Against Fintechs and Megabanks," in which Novalis walked through the steps of finding opportunities and generating ideas to stay competitive against fintechs.

Closing out the conference was "Keys to Marketing Success in 2022" with Jim Perry, who explored ways to keep your marketing less susceptible to emerging threats in the future.

Back by popular demand was the marketing roundtable discussion, providing participants an opportunity to interact and learn from each other while discussing specific marketing topics. Attendees were able to pre-select discussions from topics including digital marketing, hot products/technology, community events/planning and social media.

"Jim Perry was excellent, and I thoroughly enjoyed Dan's metrics," said Hayley McAllister of Collinsville Building & Loan Association. "I liked all the marketing information and Katryna's session on creating videos and digital marketing," commented Amber Miller of Princeville State Bank.

EXHIBITING FIRMS:

2Novas
401 Pine Street
St. Louis, MO 63102
Marketing & Advertising Services
Dan Novalis
314/743-6691

CBAI's Foundation for Community Banking
901 Community Drive
Springfield, IL 62703
Endows the Association's Annual Scholarships for High School Seniors and the Children and Grandchildren of Community Bankers
Valerie Johnston
217/529-2265

Community BancService Corporation (CBSC)
901 Community Drive
Springfield, IL 62703
Access to Top Quality Products and Services
Mike Duke
217/529-2265

Leap Strategic Marketing
N27W23957 Paul Road, Suite #200
Pewaukee, WI 53072
Marketing & Advertising Services
Laura Bonesteel
262/436-4080

***Regency 360**
917 First Street
Sherman, IL 62684
Office Supplies, Printed Products, Inventory Management
John Bybee
217/653-4028

*CBAI or CBSC Preferred Service

THANK YOU TO THE CBAI MARKETING SUB-COMMITTEE MEMBERS:

Tracy Bedeker, First Federal Savings Bank, Ottawa, Chairperson

Logan Blind, First National Bank, Steeleville

Amy Golightly, North Central Bank, Hennepin (Ladd)

Stacey Huls, The Gifford State Bank

Stephanie Pearson, Northwest Bank, Rockford (Loves Park). ■

Conference attendees learn useful social media tips from Katryna Kirby to take back to their banks.

Keynote speaker Jim Perry offers excellent information as he connects with Conference attendees.

Dan Novalis of 2Novas (right) leads a roundtable session of marketing professionals.

CDD SPOTLIGHT

QUESTIONNAIRE

Nicholas Allison

Ag/Commercial Loan Officer, Fairfield National Bank

What do you find most challenging about your job?

The most challenging or frustrating part of my job would be the ever-changing regulations. The bank I work at has grown quite a bit over the last seven years that I have been there. With growth, there seems to be ever-increasing oversight and regulatory requirements. I like to say that community banks pay for the sins of big banks. I believe it is good to have controls in place, but often the customer doesn't understand why I have to ask for more and more each year or why I can no longer do things the same way my predecessor did 10 years ago. I am a 27-year-old ag lender, and so another challenge has been the roller coaster of the ag economy and working through difficult conversations and decisions with customers that are old enough to be my parents or grandparents.

What do you find most rewarding about your job?

The most rewarding part of my job would be seeing customers succeed and developing relationships with my customers. I enjoy seeing businesses and farms grow and helping make dreams come true. I take pride in my loan portfolio and in getting to know my customers. You really do build a relationship and often a friendship with the customers. I believe having a good relationship with my borrowers also makes difficult conversations easier.

What quote most inspires you and why?

A quote that has stuck with me is, "You can't have a million-dollar dream with a minimum wage work ethic." — Stephen C. Hogan.

Life isn't fair and sometimes people do get lucky, but this quote is inspirational to me because it is true. Everyone can have big dreams and high hopes, but if you aren't willing to put in the work, that million-dollar dream likely won't come true. A better tomorrow may come at the expense of today.

How did you get involved with CBAI?

I have worked at the bank since 2015 and have been to a number of seminars and classes. I got more involved after attending the Community Banker School in 2016 and 2017. I really enjoyed the school and got to know several people across the state. I then joined CDD and have attended some of the spring and fall meetings since. I enjoy the programming and social functions that CDD puts together for those meetings, and it is nice to see familiar faces.

What is something most people don't know about you?

My wife calls me nerdy, but I am a big *Harry Potter* fan. I have all of the books and movies and have read and watched them numerous times. I own *Harry Potter* Christmas decorations, cups, blankets, Scentsy wax warmer, etc.

If you weren't in banking, what would you be doing, and why?

If I wasn't in banking I would be farming or working in agriculture in some capacity. It is all I know and something I truly enjoy. Before I worked at the bank, I worked for some local fertilizer companies and farmers. I have a degree from SIU Carbondale in ag business and had fully planned to continue with the fertilizer company after college until the bank position became available. Still today, I keep my CDL active, and I help some friends who farm. ■

R. Kelly and Citations to Discover **Assets in Illinois**

Jerry Cavanaugh, CBAI General Counsel, Springfield, IL

R. Kelly was a popular R&B and Hip-Hop artist, songwriter and music producer. More recently, he has also assumed the title of convicted felon. His professional career and personal biography would not have drawn CBAI Legal Link's attention until the case of Midwest Commercial Funding v. Robert Sylvester Kelly was decided by the First District Illinois Appellate Court (the Appellate Court) earlier this year.

The case involved competing interests in royalties payable to Kelly by Sony Music Holdings (SONY). Two parties were simultaneously seeking to secure a lien against those royalties by filing citations to discover assets upon SONY pursuant to Illinois' Code of Civil Procedure (CCP). The first judgment debtor had won a $4-million civil suit against Kelly as a sexual assault victim (Victim). The second creditor had won a $3.5 million civil suit against Kelly for breach of a commercial lease (Lessor).

A citation to discover assets, when made in the form set forth in the CCP, imposes a lien not only on the judgment debtor's existing assets in the possession of the recipient of the citation, but also on assets " …to which he or she may be entitled, or which may thereafter be acquired by or become due to him or her." The citation lien effectively freezes the assets otherwise payable to the judgment debtor and places the accounts/assets under the jurisdiction of the court; the holder/payor of the assets must not transfer or allow removal of assets except as and until directed by the court.

Just as in the case of garnishments, the citation does not attach as a lien on "exempt" assets (e.g., social security benefits). Also, the recipient of the citation may allow withdrawal or transfer of amounts that exceed twice the amount of the judgment debt. For example, if SONY's royalties payable to R. Kelly exceeded $8 million (i.e., double the amount of

Victim's civil judgment) SONY could allow transfers that did not reduce the citation "hold" to beneath $8 million. Because of the court supervision over citation-covered amounts and the possibility of contempt of court and/or financial liability to the judgment creditor if the recipient of the citation screws up, it is imperative that the bank (or other citation recipient) involve legal counsel whenever dealing with a citation to discover assets. Citations to discover assets are addressed in Section 2-1402 of the CCP and the two Supreme Court Rules of Practice and Procedure pertaining to email service mentioned above are Rules 11 and 12.

Back to the case . . .

Victim's citation to discover assets was mailed (first class mail) to SONY on August 17, 2020. Two days later, Lessor mailed its citation to SONY, also via first-class mail, but on that same August 19, 2020, date, Lessor also emailed a copy of its citation to a staff attorney at SONY. The issue, then, was whose citation attached to the SONY royalties first. The trial court ruled in favor of Lessor, relying on an Illinois Supreme Court Rule of trial practice and procedure stating that legal "service" by U.S. mail is deemed to be accomplished four days after mailing, while service via email is deemed to be accomplished on the date of transmission of the email.

On appeal, however, the Appellate Court overturned the trial court's decision, explaining that the trial court's reliance on the email date-of-transmission effectiveness was misplaced because before the trial court could apply that email timing Rule there was a condition precedent that email was an available method of service for citations to discover assets. The Appellate Court focused on a separate Supreme Court Rule which states that not only is email a permissible method of service to parties to the litigation or non-parties who have made legal "appearances" in the litigation, but email is actually the required method of service (subject to exceptions that are not relevant here). In this case, however, at the time that Lessor sent its email service on August 19, 2021, two days after the mailing by Victim, SONY was neither a party to the case nor had it made any legal "appearance," either pro se or through an attorney; therefore, the Supreme Court Rule had not authorized Lessor to accomplish delivery of service via email on August 19, 2020, and because Lessor's service through the U.S. mail trailed Victim's mail by two days, Victim accomplished service on the citation to discover assets at SONY ahead of Lessor. ■

Legal Link is a free CBAI member benefit. For answers to your general, banking-related legal questions, contact CBAI General Counsel Jerry Cavanaugh at 800/736-2224 (IL only), 217/529-2265 or jerryc@cbai.com or CBAI Paralegal Levette Shade at levettes@cbai.com.

JULY 2022

7 **Countdown to ATR/QM Changes Effective October 1, 2022: Preparing Policies & Processes**

10–15 **Community Bankers School** — Illinois Wesleyan University, Bloomington

12 **Deposit Operations Comprehensive Compliance, Including BSA**

13 **Vendor Due Diligence & Effective Vendor Management**

14 **Understanding Call Report Regulatory Capital Standards Ratio**

19 **Advanced Beneficiary & RMD**

20 **Powers of Attorney In-Depth: Good Faith, Fraud & Fiduciary Capacity**

20 **Things That Keep Boards Up at Night**

22 **CEO Forum Group VII** — Chicago Marriott Naperville

25 **IT Audit: How to Prepare & Read the Report** — Shazam Education Center, Springfield

26–28 **Ag Lenders' School** — Shazam Education Center, Springfield

26 **Record Retention Rules for Zoom, Microsoft Teams, Slack & Other E-Collaboration Platforms**

27 **Branch Manager Group A** — CBAI West Conference Room, Springfield

27 **New ACH Rules Effective 9/30/22: Nested Third-Party Sender Roles & Risks**

27 **Elevating Your Fraud Prevention Strategies**

28 **Checking Account Signature Cards: CIP, IRS & Disclosures**

28–29 **Credit Analyst: Level One** — CBAI West Conference Room, Springfield

AUGUST 2022

2 **4th Quarterly Compliance Meeting** — Crowne Plaza Hotel, Springfield

2 **CEO Forum Group I** — Shazam Education Center, Springfield

2 **Emerging Payments: Embracing Same Day ACH, RTP & FedNow**

3 **4th Quarterly Compliance Meeting** — Chicago Marriott, Naperville

3 **CDD: Creating an Effective Program from the Frontline to the Backroom**

4 **HR Group D** — Drury Hotel, Mt. Vernon

4 **Security Collateral Part 1: Forms UCC-1 & 3: Filing, Perfection, Amending & Terminating**

5 **HR Group B** — Shazam Education Center, Springfield

8 **Senior Lender Group V** — Chicago Marriott, Naperville

9 **Senior Lender Group II** — Shazam Education Center, Springfield

9 **Managing a Borrower's Business Through a Loan Agreement**

10 **Senior Lender Group I** — Shazam Education Center, Springfield

10 **E-SIGN Act: Electronic Loan Document Delivery**

10 **Characteristics of Strong Risk Assessments: Tools to Monitor & Report Results**

11 **Senior Lender Group III** — Shazam Education Center, Springfield

11 **CEO Forum Group III** — CBAI West Conference Room, Springfield

11 **Compliance with E-SIGN, E-Statements & E-Disclosures**

11 **CECL Implications for Planners & Procrastinators: Deadline January 1, 2023**

12 **Senior Lender Group IV** — Shazam Education Center, Springfield

12 **CEO Forum Group V** — Chicago Marriott, Naperville

16 **2022 Website Optimization & Content Strategy Bootcamp** — Shazam Education Center, Springfield

16 **Mission TRID: Overcoming Examiner-Cited Mistakes**

16 **Transitioning Away from LIBOR: Preparation & Practicalities**

17 **Marketing Groups A, B & C** — Shazam Education Center, Springfield

17 **Managing Zoom, Microsoft Teams, Slack & Other Collaboration Platforms with Effective E-Policies**

18 **CBAI & CBSC Board Meetings** — Shazam Education Center, Springfield

18 **HR Group A** — CBAI West Conference Room, Springfield

18 **WSUD vs. Stop Payment: Definitions, Differences, Compliance**

19 **Branch Manager Group B** — Grizzly Jack's Grand Bear Resort, Utica

19 **HR Group C** — Grizzly Jack's Grand Bear Resort, Utica

23 **Adding the "Wow Factor" to Credit Analysis**

24 **Maximizing Recoveries on Charged-Off Loans**

25 **Reg CC Check Hold Requirements & Funds Availability**

26 **CEO Forum Group IV** — Grizzly Jack's Grand Bear Resort, Utica

30 **Operations/Technology Group D** — Drury Hotel, Mt. Vernon

30 **CBAI & FDIC Directors Workshop** — Northfield Center, Springfield

30–31 **Basic BSA Institute** — Shazam Education Center, Springfield

30 **The Way Forward to MORE Time: How to Manage Your Time, Instead of It Managing You**

31 **A Cryptocurrency Primer for Banks: Guidance, Risks & Red Flags**

CBAI Webinar

Staff News


Workman and Lounsberry


Schmidt and Lounsberry

Several CBAI corporate family staff members celebrated anniversaries this spring. **Tracy McQuinn,** senior vice president of education and special events, celebrated her 25th anniversary with the association. Stacy Workman, vice president of operations and communications, was recognized in May for 15 years of service. Jessie Schmidt, an administrative assistant in the governmental relations department, was recognized for her 15 years with CBAI in June. All were presented recognition pins from **CBAI President Kraig Lounsberry.**

Jennifer Nika, vice president of education and special events, welcomed her first granddaughter and third grandchild on April 21, 2022. Quinn Sue is the daughter of Tony and Jessica Nika. ■

Welcome Members

BANK MEMBER

BETA Bank (De Novo Digital Bank — in organization)
Chicago, IL

ASSOCIATE MEMBERS

Community Bankers Webinar Network
825 Great Northern Boulevard, Suite #203
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Larry Williams, President
406/442-2585
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Webinars for Community Banking Associations

Core10, Inc.
660 Bakers Bridge Avenue, #100
Franklin, TN 37067
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tyler.brantley@core10.io
Digital Lending, Deposit Account Opening and Core Connectivity Provider

DocFox
78 SW Seventh Street, Suite #800
Miami, FL 33130
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Digital Business Onboarding

KlariVis
2480 Electric Road, Suite #210-A
Roanoke, VA 24018
Kim Snyder, CEO & Founder
540/685-2559
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Financial Analytics Software Platform for Banks

Loman-Ray Insurance Group, LLC
107 West Watson
Tolono, IL 61880
Brady Smith, Insurance Producer
217/485-5626 ext. 703
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brady@lomanray.com
All Lines of Insurance, Including Association Group Health for Financial Institutions

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7525 SE 24th Street, Suite #510
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Financial Services Software and Services

NYDIG
510 Madison Avenue
New York, NY 10014
Marc Feuerstein, COO, Business Development
877/277-4161
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marc.feuerstein@nydig.com
Bitcoin Financial Services and Technology Platform, Providing Custody, Execution and Other Bitcoin-Related Services

Quilo
Don Shafer, Co-Founder & Chief Evangelist
972/793-2996
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Digital Consumer Lending Platform

Continued on next page...

Welcome Members Cont'd

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& Conference Coordinator
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AI-Enabled Cyber Security Platform Products with 24/7 SOC

Stratman Solutions
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Bank Software

Tipton Systems
5725 Manchester Avenue
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Community Bank Equipment Vendor

Unifimoney, Inc.
100 Shoreline Highway, Building B,
Suite #100
Mill Valley, CA 94941
Joe Swint, VP of Sales
www.unifimoney.com
joe.swint@unifi.money
Multi-Asset Digital Wealth Management Platform for Financial Institutions

Save THE Date!

CAREER DEVELOPMENT DIVISION

Fall Meeting | Peoria, IL
October 17–18, 2022

More information will be release over the summer!
Contact Melinda at melindam@cbai.com for more information.

Member News

Northwest Bank, Rockford, recently celebrated its 50th anniversary. **Theodore "Ted" Ingrassia, Jr.,** the original founder, spoke at the bank's milestone event, along with **President Tom Walsh.**

Gordon Gregson

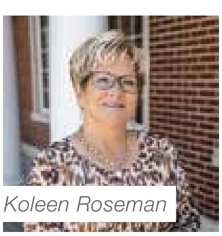
Gordon Gregson recently retired from **State Bank, Waterloo,** after a 45-year career. Gregson served the bank as a teller, bookkeeper, computer operator, cashier and most recently as Executive Vice President of lending during his tenure.

First National Bank and Trust Company, Clinton, is pleased to announce **Lance White** as the new vice president of ag and business banking. White has more than 25 years in commercial, consumer and mortgage lending in community banking. He also has a broad background in the areas of loan administration, compliance and operations.

Rich Eckert, Beardstown Savings, s.b., was recently named one of *BankBeat* magazine's Rising Stars. Each summer, *BankBeat* honors Rising Stars in Banking. Candidates for the award are bankers who have made outstanding contributions to their bank, industry and community, and who are poised to continue to make substantial contributions for years to come.

Allied First Bank, Oswego, was named to ICBA's list of top-performing community banks of 2021.

Maureen "Mo" Kelley recently joined **The Baker Group** as an account executive in the Springfield office. She has previous experience providing service to community bank clients as a correspondent banking officer with Quad City Bank and Trust in Central and Southern Illinois. She graduated from the University of Kentucky, Lexington, with a double major in marketing and advertising as well as a focus in account management.



Koleen Roseman

Koleen Roseman recently retired from **Gifford State Bank.** A seven-mile bike ride became a 47-year career. In 1975, when Koleen Roseman got her income tax refund in the mail, she and a friend rode their bikes the seven miles from Rantoul to Gifford, where Roseman opened a savings account at The Gifford State Bank. After being hired as summer help, Roseman continued to impress management and work her way up the ladder. The forward thinker has been an integral part of the bank's success. With Roseman's time, knowledge and dedication, she has assisted in the growth of the bank from asset size to adding three branches. The executive vice president has been the face of the Gifford State Bank for many years. Over the years, Roseman has had an extensive impact on the communities it serves. Whether it was buying a new home, starting a business, or working through a hard time, Roseman has always been willing to "lend" a helping hand. Every special event, Roseman either attends or has helped plan. She was influential in starting The Gifford State Bank Country Christmas Craft Show in 1982. This was far from "just a job" for Roseman as she has invested 47 years' worth of hard work and dedication to the bank. Her fellow employees are going to miss her dearly but wish her well in this next adventure! ■

Foundation Report

Beardstown Savings, s.b., recently donated $2,500 to the Foundation, becoming a bronze-level sponsor.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **Will Coolley, Longview Capital Corporation, Newman; Kevin Day, State Bank, Waterloo; Carol Jo Fritts, First Neighbor Bank, N.A., Toledo; Rick Hiatt, Hiatt Enterprises, LLC, Pontiac; Mary Jo Homan, First National Bank in Pinckneyville; David Loundy, Devon Bank, Chicago; Chad Martin, Goodfield State Bank; David Pirsein, First National Bank in Pinckneyville; Ken Scott, Preferred Bank, Casey; David Stanton, PeopleFirst Bank, Joliet; Alan Stremlau, Illini State Bank, Tonica; Dianna Torman; OSB Community Bank, Ottawa; Jim Weast, Warren-Boynton State Bank, New Berlin.**

The Foundation received $195 from CBSC and CBAI board members as a result of the "dress-down" board meeting in April ■

Interest Rate Risk and Investment Strategies Seminar

August 1, 2022 | Springfield, IL

Illini Golf and Country Club

AUG

Springfield, IL
Illini Golf and Country Club
1601 Illini Road
Springfield, IL 62704
217.546.2830

WHO SHOULD ATTEND

Financial institutions' CEOs, CFOs, investment officers, board members, and those who are directly or indirectly responsible for financial management functions will benefit from this seminar. ***There is no cost for this seminar.***

AGENDA

Sunday, July 31, 2022
Saputo's
Cocktails 6:00 pm
Dinner 7:00 pm

Monday, August 1, 2022
Breakfast 7:30 am
Seminar 8:30 am
Lunch 11:30 am
Golf 12:30 pm

CPE SPONSORS

3 hours of Economics and Finance CPE credits will be earned for your attendance.

Two years after the pandemic left financial institutions drowning in excess liquidity at historically low interest rates, the industry faces a new challenge... rising interest rates. The Fed has quickly pivoted from supporting the economy to fighting inflation and institutions are now facing the first rising rate environment in years. Regulators have watched with concern as loan and investment durations extended to record highs in a search for yield and will have a renewed focus on the Investment Portfolio and Interest Rate Risk Management. Portfolio managers can no longer be reactive, but must be proactive in managing their investment portfolio and balance sheet in the face of rising rates and a flattening yield curve. This seminar will examine all of these concerns and present actionable strategies to better prepare your institution for the uncertainty ahead.

Join us for an in-depth discussion of the following topics:

- **Economic and Market Update** — Review of current economic conditions and the outlook for growth, inflation, and interest rates
- **The Powell Pivot** — Update on rate hikes, tapering, and the outlook for Federal Reserve monetary policy
- **Interest Rate Risk** — How to ensure you are prepared for the heightened regulatory focus coming in the years ahead
- **Liquidity Risk Management** — Best practices for managing liquidity risk as rates rise
- **Investment Portfolio Strategies** — Adapting your strategy and finding the best relative value for rising rates and a flattening yield curve
- **MBS/CMO Market** — Balancing prepayment and extension risk in an uncertain mortgage rate environment
- **Municipal Market Update** — The latest on managing municipal credit risk and finding the best relative value

Register online at **GoBaker.com/illinois**. For more information call Skoshi Heron at 888.990.0010.

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Oklahoma City, OK | Austin, TX | Dallas, TX | Houston, TX
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Banknotes

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ASSOCIATION OF ILLINOIS
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