



CBAI E-Newsletter, sponsored by SHAZAM
Edition: August 7, 2024

IN THE NEWS

CBAI Urges the CFPB to Withdraw a Flawed Proposal to Limit Banks' Ability to Accurately Calculate a Borrower's Ability to Repay

In a July 29, 2024, comment letter to the Consumer Financial Protection Bureau (CFPB), the Community Bankers Association of Illinois (CBAI) urged the Bureau to withdraw their flawed proposed rule (Proposal) which prevents credit bureaus from reporting information on medical debts and prohibits banks from using that information in calculating a borrower's ability to repay (ATR) in the loan underwriting process. Unfortunately, forcing lenders to not properly calculate a borrower's ATR put community banks in the middle of an irreconcilable regulatory conflict between their regulators who require the accurate calculation of ATR, and the CFPB which is proposing to prohibit them from considering potentially significant medical debt.

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Episode Six: Why I Did It Podcast Featuring Kevin Day

Kevin Day, president & CEO at State Bank, describes why his bank selected a new Managed Service Provider (MSP), the cost savings (it's huge!), the conversion process (your former MSP can make it easier), and customer service (very responsive). Additionally, he offers advice on managing MSP contracts.

[View Episode Six »](#)

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Karaoke Teams Announced for Foundation for Community Banking Fundraiser

Six teams have joined the competition to vie for karaoke stardom to benefit CBAI's Foundation for Community Banking! All six will perform on Friday night at CBAI's 50th Annual Convention & Expo's Live Band Karaoke Parking Lot Party. On September 20, 2024, each karaoke team will have the opportunity to perform one song at the beginning of the night. Attendees will be able to "vote" for their favorite performance by donating to the Foundation in that team's name. All fundraising dollars raised, including the entry fee, other donations solicited before the event, and "votes" on the night of the event, will be added together to determine each team's total. The karaoke team that has raised the most money for the Foundation at the end of the night will be deemed the winner! Support your favorite team with a tax-deductible donation to the Foundation!

[See List of Teams and Download Donation Form »](#)

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KASASA

Deadline to Submit Nominations for CBAI Foundation Scholarships for Children and Grandchildren of Community Bankers is August 15

The CBAI Foundation for Community Banking is proud to present three annual \$4,000 scholarships endowed by: SHAZAM®, Kasasa and Community BancService Corporation. Eligible students are children and grandchildren of community bankers and students who work at our members' community banks. (These students are not eligible for the original Foundation essay contest scholarships). Your community bank can be eligible for all three with a tax-deductible contribution/pledge of at least \$2,500 to the Foundation. The presentation of these scholarships will be held at the Annual Recognition Program during CBAI's 50th Annual Convention in Springfield. If you would like to know how your bank can become eligible for these scholarships, please view the form below or contact [Valerie](#). Nominations must be received by Thursday, August 15, 2024.

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FDIC Proposes Stricter Standards on Industrial Loan Companies

The FDIC Board of Directors advanced a proposed rule to enhance the agency's framework to supervise industrial loan companies. The proposed amendments to part 354 of the FDIC rules and regulations would set forth additional criteria the FDIC would consider when assessing the risks presented to an ILC by its parent organization and evaluating the ILC's ability to function independently of the parent organization; clarify the relationship between written commitments and the FDIC's evaluation of the statutory factors applicable to an industrial bank filing; include conversions involving a proposed ILC under section 5 of the Home Owners' Loan Act; apply part 354 to ILC parent companies if there is a change of control or merger involving the parent company; and provide the FDIC authority to apply part 354 when an ILC would become a subsidiary of a company that is not subject to federal consolidated supervision. The FDIC said the reforms are designed to mitigate risks to the Deposit Insurance Fund and to provide necessary transparency for market participants. Public comments on the proposal are due 60 days after publication in the Federal Register.

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ICBA Encourages Community Bankers to Register for Virtual EGRPRA Meeting

ICBA is encouraging community bankers to register for regulators' upcoming virtual meeting on federal banking regulations. The regulators said they will hold a virtual public outreach meeting on Wednesday, Sept. 25, as part of their latest regulatory review under the Economic Growth and Regulatory Paperwork Reduction Act. Community bankers interested in providing oral comments must register by the August 9 deadline. The outreach meeting will cover six categories of regulations, including applications and reporting, consumer protection, and money laundering.

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Donate to CBAI's Community BancPac Live and Silent Auctions

The Community BancPac live and silent auctions will be held Thursday, September 19, 2024, at the Crowne Plaza Hotel in Springfield, Illinois. This event kicks off the opening night of CBAI's 50th Anniversary Convention. We are kindly asking you to consider donating an item or cash donation to help make this auction the best ever! Do you have sporting event or concert tickets? Condo/vacations? Half a cow or pig? Experiences? We also encourage you to think locally when deciding what items you will donate to the cause. What about customers that are great craftsmen, artists and retailers in your communities? The Community BancPac auction is a great way to support your customers and local businesses while showcasing the amazing products in your community. You can also make a cash donation that will allow CBAI staff to purchase popular items for the auction and credit your financial institution for the item donation.

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CBAI and Members Attend the Federal Home Loan Bank of Chicago's 2024 Management Conference

On July 25th and 26th, CBAI senior staff and many members attended the Federal Home Loan Bank of Chicago's 2024 Management Conference. Preceding the conference was a Partner Trade Association Meeting on Thursday the 25th. Association executives from CBAI and other financial services, as well as homebuilders and realtors trade associations, joined FHLB-C board members and senior staff, along with the president of the Council of Federal Home Loan Banks, to discuss a wide range of topics related to the FHLBs and its members.

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CBAI Endorses Michelle Gross for the Federal Home Loan Bank of Chicago Board of Directors

CBAI is pleased to endorse incumbent Michelle L. Gross, executive vice president/chief operating officer, information systems officer, and director of The State Bank of Bement for the Federal Home Loan Bank of Chicago 2024 Member Director Election. Gross joined the Federal Home Loan Bank of Chicago's Board of Directors in 2015 and serves in several pivotal roles, including vice chair, chair of the Human Resource & Compensation Committee, member of the Executive and Governance Committee, member of the Audit Committee, and past member of the Risk Management Committee and Operations and Technology Committee. In addition, Gross serves as a delegate to the Council of Federal Home Loan Banks on behalf of the Federal Home Loan Bank of Chicago.

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2024 Comp Survey Results Are Available for Purchase

The results of CBAI's 2024 Compensation Survey are now available! Administered by BalancedComp, the survey results are free to participants, thanks to sponsor Risk Strategies|ZALE Financial Group. Non-participants can purchase results for \$400 for CBAI members and \$600 for prospective members. If you are interested in purchasing the results, please contact [Cortni](#).

CBAI Offering Compensation Survey Zoom Webinar for Participants on August 14

CBAI's Compensation Survey administrator, BalancedComp, and sponsor, Risk Strategies|ZALE Financial Group, are offering a Zoom webinar for survey participants. Scheduled for August 14 at 1:30 p.m., the webinar is designed to discuss the compensation trends in the 2024 CBAI salary survey. The complimentary meeting, which typically lasts one hour, will include time for participant questions. If you completed the survey, check your email for the Zoom meeting invite or contact [Valerie](#) for more information.

Early-Bird Drawing for CBAI's Community BancPac Golden Ticket Raffle is August 15!

Community BancPac is offering a golden ticket raffle in conjunction with this year's annual live and silent auction at CBAI's 50th Annual Convention & Expo. Don't miss your chance to purchase a golden ticket for \$50 each! The lucky winner can select any live auction item from the BancPac auction at CBAI's convention to take home for free before the bidding begins! You must be present to win! Buy your tickets early and get entered into the early-bird drawing on August 15, 2024, for a chance to win one of the finished ends from CBAI's 50th-anniversary bourbon barrels and a bottle of CBAI's 50th Anniversary Bourbon. (You do not need to be present to win the early-bird drawing.) Contact [Jessie](#) for more information and to buy ticket(s)!

Don't Miss CBAI's Annual FedPac Baseball Game!

The annual CBAI FedPac baseball game, scheduled for Thursday, August 22, at Busch Stadium, is an afternoon match-up between the St. Louis Cardinals and the Milwaukee Brewers. Bankers can purchase tickets for \$150 - **(personal CBAI FedPac contributions)**. The cost of admission includes entry into the Skybox, food and drink. Don't come alone - bring along a rookie or veteran player from your bank. **Tickets are limited and on a first-come, first serve basis. ACT NOW** and contact [Jessie](#) for your ticket(s) today!

CBAI FedPac was created to enhance the impact of Illinois community banks in Washington, D.C. It helps us support the candidates who believe in our mission to serve our communities and customers. In addition, associate members and CBAI member banks can help underwrite this event with their generous contributions. [David](#) (847) 909-8341 will be in the dugout to answer any questions regarding sponsorships. We hope to see you at the old ball game!



FDIC Proposes New Rules on Brokered Deposits

The FDIC recently issued a proposed rule to revise regulations on brokered deposits following the recent failure of the nonbank deposit broker Synapse Financial. Citing the impact of the FDIC brokered deposit framework adopted in 2020, the agency said the rule would simplify the definition of "deposit broke"; eliminate the "exclusive deposit placement arrangement" exception; and revise rules on the primary purpose exception, or PPE, and require regulators to consider the third party's intent in placing

customer funds at a particular depository institution. Public comments on the proposal are due 60 days after publication in the Federal Register.

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FinCEN Issues Notice to Bank Customers on Beneficial Ownership Requirements

The Financial Crimes Enforcement Network issued a notice to customers of financial institutions about reporting beneficial ownership information, or BOI. The Corporate Transparency Act requires certain entities, including many small businesses, to report to FinCEN information about the individuals who ultimately own or control them. The notice provides answers to questions about reporting BOI to FinCEN under the CTA and providing BOI to financial institutions in connection with federal customer due diligence requirements. FinCEN encouraged financial institutions to share the reference guide with business customers who may be required to report BOI.

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GOA: Payment Scams Are a Growing Problem

The Government Accountability Office (GOA) said scams are a significant and growing problem for U.S. individuals and businesses, noting that scams involving fake investment opportunities rose from \$3.31 billion in 2022 to \$4.57 billion in 2023. In "Payment Scams: Information on Financial Industry Efforts," the GAO reviewed the types of fraudulently induced payments and discussed how financial institutions and peer-to-peer payment companies mitigate the impacts of these scams. The report covers the difference between authorized and unauthorized transactions as well as who may be responsible for repaying money lost to a scam. The financial services industry recommends a multisector approach—including telecommunications, social media, and law enforcement—to address fraudulently induced payments.

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FDIC Requests Feedback on Uninsured Deposits

The FDIC board of directors approved a request for information on deposit data that is not currently reported in the call report or other regulatory reports, including for uninsured deposits. Citing the impact of uninsured deposits on the failures of Silicon Valley Bank and Signature Bank of New York, the request seeks information on the characteristics that affect the stability and franchise value of different types of deposits and whether additional reporting could enhance monitoring, inform analysis of additional deposit insurance coverage for certain types of deposits, and improve risk sensitivity of deposit insurance pricing. The FDIC encourages comments from all interested parties, including depository institutions, consumer groups, trade associations, and others, within 60 days of publication in the Federal Register.

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Donate Today to CBAI Foundation's "50 for 50" Anniversary Fundraiser

In honor of CBAI's golden anniversary, the Foundation for Community Banking is spearheading a special "50 for 50" Campaign. There are several different ways you can choose to participate. You can make a bank donation in honor of the 50th anniversary, such as \$500 or \$5,000, or any \$50 increment you wish. Another option is to encourage your staff members and/or board members to make a \$50 donation to the Foundation in honor of CBAI. Banks can also choose to offer to match staff donations up to \$500, \$5,000 or any amount they choose. You can also increase your bank's current accumulated donation to the \$5,000 mark, which is the silver donation level, or celebrate CBAI's golden anniversary by becoming a gold-level sponsor.

Contributions in any amount are greatly appreciated! All banks, associate members and individuals donating to this campaign will be recognized in Banknotes magazine. Banks and associate members reaching the \$5,000 Silver level or \$10,000 Gold level during CBAI's golden anniversary year will also be recognized on social media, with a news release, and at CBAI's annual convention. **All donations are 100% tax deductible!**

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NEWS FROM SERVICES

The Baker Group: Second Quarter Bank Trends Webinar

Community bank balance sheets have experienced unprecedented changes and volatility since the pandemic as trillions of dollars of stimulus flooded the system during a time of historically low interest rates. The Fed has aggressively hiked interest rates and that has had an impact on margins, liquidity and overall bank performance. This webinar will examine the most recent community banking trends using the latest call report data so you can see how your recent balance sheet changes compares to others. Webinar is set for Wednesday, August 14, at 10:30 a.m. CDT.

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Advantage Powered by JMFA: Redefining Overdraft Protection in Community Financial Institutions

Overdraft protection is a contentious topic for most community bank leaders, and rightfully so. The Consumer Financial Protection Bureau's (CFPB) scrutiny of overdraft programs has become a constant presence in this year's events and meetings, both on the agenda and in the hallways. As we all eagerly await the CFPB ruling on overdraft fees, they face the complex task of balancing regulatory expectations, consumer needs, market competition, and the realities of service-based noninterest income.

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KlariVis: Unlocking Harmony: How Data Unites Your Bank's C-Suite

The success of a financial institution, especially a community bank, hinges not just on its strategic initiatives, but also on the cohesion of its management team, empowered by a data-driven C-suite. A unified management team can drive innovation, eliminate silos to improve efficiency, and enhance decision-making. One of the most powerful tools to achieve this unity is data. By leveraging data analytics and business intelligence solutions effectively, community banks can foster a collaborative environment where every decision is informed, transparent and aligned with the organization's strategic goals.

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CBIS: Practical Protection for Second Mortgages and HELOCs

By now you've likely seen it firsthand – nationally, new mortgages are down due to current interest rates and home prices continue to appreciate. For those already in their "forever" home, many are seeking ways to put that growing equity to work. As a result, many lenders are revisiting their second mortgage and home equity offerings to ensure they retain existing relationships and create new ones by meeting this need. Has this been on your radar in recent months?

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MORE UPCOMING EDUCATIONAL PROGRAMS

CBAI's 50th Annual Convention & Exposition – Register Now!

The Community Bankers Association of Illinois is celebrating its 50th anniversary in 2024! Join us for CBAI's 50th Annual Convention & Exposition, scheduled for September 19 – 21, 2024, in Springfield, Illinois. This year, as we reflect on the past, present and future, we must acknowledge and celebrate the amazing group of community bankers who have supported the mission of community banking. This year's theme, "Fifty Years. One Mission. Community Banks." features an exciting educational agenda of breakout sessions, a jam-packed exhibit hall, and numerous social events, including a Friday night "Live Band Karaoke" parking lot party supporting CBAI's Foundation, and so much more! You do not want to miss this incredible milestone in community banking history!

Take a few minutes to look through the pages of the convention brochure which describes all the activities. Then, fill out the registration form and return it with payment to CBAI. To ensure accommodation availability, hotel reservations should be made by August 21, 2024. Room reservations received after this date are confirmed on a "space-and-rate available basis." When you call for reservations, be sure to identify yourself as a CBAI convention attendee. For more information, please visit www.cbai.com!

[Download Brochure and Register »](#)

[View Special Message from CBAI Chairwoman Burcham and Special Events Chairman McShane »](#)

Register Now for CBAI's 2024 Cybersecurity Conference

CBAI is pleased to offer the "2024 Cybersecurity Conference," scheduled for August 13, 2024, or via on-demand recorded session. This conference features targeted solutions to meet the demands of community banks. It is designed for you, your management team, and your operations/technology staff. The on-demand recorded session option is available for those who are unable to attend the live date or if you would like to train the entire staff. Topics include: *Cybersecurity Leadership: Cultivating A Culture of Best Practices*; *The Power of Generative AI in Banking: Benefits, Challenges, & Risks*; *How to Choose the Right Middleware Tech for Your Bank*; *AI's Impact on Cybersecurity*; *The Good, the Bad, & the Ugly*; and *Helping Employees Recognize Social Engineering Threats -- Best Practices for Staff Training and Testing*.

[Register Today »](#)

Basic BSA to Be Held August 21 & 22 in Springfield

CBAI is pleased to offer "Basic BSA" (Bank Secrecy Act) on August 21 & 22, 2024, at CBAI Headquarters in Springfield, IL. This seminar is recommended for newer BSA officers, compliance officers, senior management, internal auditors and others wishing to refresh or learn about the basics of the BSA. As the role of the Bank Secrecy Act continues to expand, it impacts almost every aspect of banking. It is difficult to find a bank employee who does not have some BSA responsibility. The Basic Bank Secrecy Act Training Program is a two-day program designed to thoroughly cover the basics of the BSA. The course is designed for attendees who have limited knowledge of BSA requirements or those needing a review of BSA fundamentals.

Although the board of directors is ultimately responsible for BSA, each bank must have a BSA officer to oversee the day-to-day BSA program. Bank staff need to be able to support the BSA officer and program effectively. Attendees leave the program with a basic understanding of the five key elements (pillars) of an effective BSA compliance program and an understanding of all appropriate reporting standards required by the Act. The presentation includes a brief discussion of the BSA/AML (Anti-Money Laundering) risk assessment and related topics. The primary focus of the institute is to assure that all attendees understand the basic requirements for a sound BSA compliance program, based on the regulation and core examination procedures.

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CBAI Educational Calendar

CBAI's ANNUAL CONVENTION & EXPO

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September 19 - 21, 2024 • Springfield, IL

