

July 2024  
Volume 50 • Issue 4

# Banknotes

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**FEATURES**

Celebrating CBSC: Decades of Solutions for Community Banks . . . . . 08

CBAI's Annual Convention Celebrates 50 Years. One Mission. Community Banks. . . . . 14

Rising BAB Redemptions . . . . . 16

Insuring to Value. . . . . 18

Checks & Balances: New ICBA Resource Aims to Combat Check Fraud. . . . . 20

2024 Annual Scholarship Program Winners Announced . . . . . 22

What is a Community Bank, and How Does it Affect the Economy? . . . . . 23

2024 CBAI Annual Scholarship Program: Member Banks' Local Scholarships. . . . . 24

CBAI's Foundation for Community Banking Announces New Fundraisers . . . . . 25

CBAI Recognition Programs . . . . . 27

CBAI's Residential Real Estate Lending Institute. . . . . 28

CBAI's 42<sup>nd</sup> Call on Washington a Resounding Success!. . . . . 29

CDD Spotlight: Bethany Winslow, State Bank of Toulon. . . . . 33

CBAI Members Celebrate Community Banking Week! . . . . . 34

AI is Already Costing Financial Institutions Millions — Here's How to Manage the Risk . . . 38

CBAI Past Chairman Spotlight: Mary Sulser, Buena Vista National Bank, Chester . . . . . 40

**DEPARTMENTS**

Coming Attractions . . . . . 42

Welcome New Members . . . . . 43

Member & Staff News . . . . . 44

Foundation Report . . . . . 45

PLEASE NOTE: Editorial and contents of this magazine reflect the records of the Community Bankers Association of Illinois (CBAI). CBAI has done its best to provide useful and accurate information, but please take into account that some information does change. E&M Consulting, Inc., publishers, and CBAI take no responsibility for the accuracy of the information printed, inadvertent omissions or printing errors. We take no responsibility regarding representations or warranties concerning the content of advertisements of products/services for a particular use, including all information, graphics, copyrighted materials and assertions included in the advertisements. The reader is advised to independently check all information before basing decisions on such information. Any views or opinions expressed in this publication are those of the authors and do not necessarily reflect the views of E&M Consulting, Inc., publishers.

PUBLISHED FOR  
**Community Bankers  
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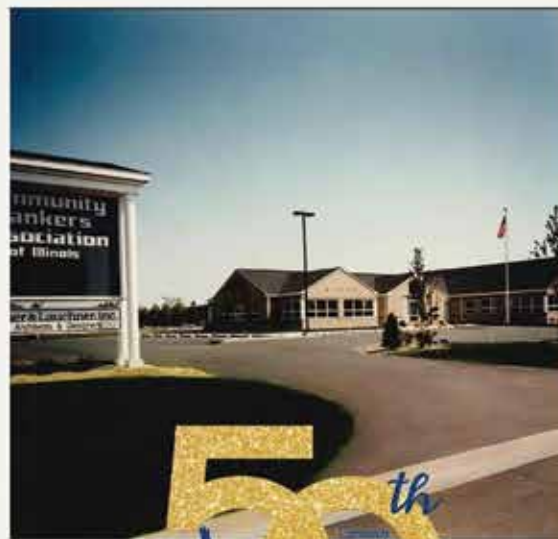


PUBLISHED BY  
**E&M Consulting, Inc.**  
 1107 Hazeltine Boulevard,  
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## CELEBRATING CBSC:

# Decades of Solutions for Community Banks

*Mike Kelley, CBSC President*

Early in 1981, the Independent Community Bankers of Illinois (ICBI), as CBAI was known at the time, established the Future Planning Committee to analyze potential services for member banks. Later in the year, the ICBI board approved the committee's slate of services and vendor recommendations. Its recommendations also included the formation of a separate corporation to provide special member services while retaining ICBI's not-for-profit status.

### **A Service Corporation is Formed, Foundational Programs Established**

The ICBI Services Corporation was incorporated in early 1982, enabling member bankers to save money via group purchasing discounts and gain improved access to essential bank services and confidence, knowing the vendors had been thoroughly vetted by their banking peers. Among the early offerings was a discount program on Brandt currency equipment provided by Welch Systems, now Data Business Equipment, Inc. In 1984, Brandt and Welch distributed approximately \$50,000 to 150 member banks, or an average of \$333 per bank, which more than paid their ICBI membership dues. Data Business Equipment is CBSC's longest-standing partnership, having spanned more than 40 years.

"Partnering with CBAI is one of the proudest achievements in our company's history. Welch Systems, Inc., now Data Business Equipment, Inc., built our brand on the commitment to serve community financial institutions, which is directly tied to the origination of our CBAI partnership. I cannot overstate how much Data Business Equipment values our relationship with CBAI and all its member banks. We are proud of what we have accomplished together since 1982 and can't wait to see what we achieve over the next 40 years." — Jeff Radtke, executive vice president, Data Business Equipment, Inc.

In 1983, ICBI Services Corporation partnered with James Baker & Associates, now The Baker Group, to promote its asset-liability management software program. At the time, asset-liability management techniques were utilized primarily by the nation's largest banks. Dr. Baker wrote the book on community bank asset-liability management and converted his principles into a software program that was accessible to community banks of all sizes.



*CBSC's Innovations Committee met with fintechs at the ICBA's ThinkTECH Accelerator program in Little Rock, Arkansas.*





Original members of CBSC's Innovations Committee in 2022.



CBSC Innovations Committee member Jason Knoedler, Bank of Springfield, at the ThinkTECH Accelerator event.

In late 1987, ICBI members approved a name change to enhance the organization's identity among the public and the banking profession. ICBI became the Community Bankers Association of Illinois (CBAI). In addition, ICBI Service Corporation became Community BancService Corporation, Inc. (CBSC).

By 1988, the CBAI/Baker partnership expanded to include bond portfolio management and securities selection and execution. In 1997, Baker affirmed its support of community banking and established an office within the CBAI Headquarters. Two Baker associates, Terry McElwee and Eric Harland, opened the Springfield office to offer asset-liability management and securities services to its growing client base within the state. Today, Baker serves more than one thousand community banks throughout the U.S.

"Some in our industry openly advocate for fewer community banks in the U.S.," said Carl Huxley, CEO at Baker. "We cannot disagree more strongly! Community banks are the lifeblood of America and the communities they serve. Show us a thriving city or town anywhere, and we promise there will be a strong community bank at the heart of that town. The Baker Group is committed to supporting community banks, the banking associations that advocate for them, and our shared mission of strengthening local communities across the country."

In 1988, CBSC forged a partnership with the John Harland Company, now known as Vericast, to provide check printing products at a discount. Today, Vericast is a premier marketing solutions company that influ-

ences consumer decisions on the selection of financial products and providers.

Later, in 1988, CBSC partnered with Bankers' Systems, now known as Wolters Kluwer FS, to offer loan and compliance forms. Today, Wolters Kluwer provides a broad range of services and solutions to help banks meet their complex and ever-changing compliance and regulatory obligations, including its Beneficial Ownership Interest Report Filing services, which assists small business customers in filing required reports with FinCEN to avoid facing financial penalties and potential criminal charges.

What started as just four important relationships during the early years of CBSC has grown to now include 27 preferred service providers, which have been meticulously vetted by the CBSC board and staff and verified as firms that represent genuine and valuable member benefits.

### Did you Know?

CBSC has many functions, including recommending products and services that help banks with income production, marketing, insurance and more.

### CBSC Pioneers New Services

In 1997, CBSC guided the construction of an electronic gateway between Community Bankers Online (CBOL), a dial-up communications network, and the Illinois Secretary of State's computer that permitted authorized CBAI members to conduct free searches of UCC and corporate filing information. For the next two years, more than 300 member banks regularly visited the site. As technology advanced, CBOL migrated to the internet.

That same year, the CBSC Board of Directors approved a partnership with FundsXpress, the first online banking and bill payment service focused exclusively on serving community-based financial institutions.

In the late 1990s, the use of debit cards at point of sale began growing at an exponential rate. With an estimated annual growth rate of 23%, debit cards were the fastest-growing type of electronic payment and were projected to surpass check and credit card transactions in just a few years.

Meanwhile, the CBSC Board became concerned that massive consolidation within the EFT industry could result in community banks losing control over the ATM and debit systems. The few remaining big-bank-owned networks could restrict small banks' access to new services and impose unreasonable and anticompetitive pricing schedules.

In April 2000, the CBSC Board partnered with SHAZAM, whose mission, ownership and leadership structure resembled its own operation. Owned by its client community-based financial institutions, banks have direct input into its product and pricing decisions, and SHAZAM is not likely to be sold. Its payment expertise and guidance would prove invaluable as rapid and radical changes to the payment system were about to create new opportunities as well as pose serious threats to community banks.

### Advancements in Payments Pose an Existential Threat

The last 20 years have seen an incredible change in the payment landscape, driven by technological advancements, consumer desire for convenience and governmental regulations.

In 1995, Netscape created the Secure Socket Layer (SSL) encryption, which made it safer to conduct financial transactions on the World Wide Web. As business started to move online, payments soon followed. PayPal, Google and Amazon were founded thereafter. By early 2000, CBSC partner FundsXpress, now Apiture, was



2021 Service Provider of the Year IZALE Financial Services (nka Risk Strategies). (L to R: Phil Aderton, Risk Strategies, Shawn Davis, CNB Bank & Trust, N.A., Carlinville, and Scott Richardson, Risk Strategies.)

providing online banking services to nearly 50 CBAI member banks.

The arrival of the smartphone in 2007 meant that people could purchase online directly from their pockets without a personal computer. This quickly led to huge developments in mobile payment technology and the creation of peer-to-peer payment systems such as Venmo and Square.

In 2011, JP Morgan Chase, Wells Fargo and Bank of America launched clearXchange, a P2P service that enabled registered customers of those three banks to send money to one another. In 2016, clearXchange was sold to Early Warning Systems, which expanded ownership to include seven of the largest banks in the country. A year later, Early Warning released the Zelle Payment System and mobile app, which replaced clearXchange. That same year, The Clearinghouse, which is owned by the nation's largest banks, launched its real-time payments (RTP) network, the first new payments system in 40 years that delivered instant payment settlement for a variety of use cases.

Concerned that a new, faster payment system owned and controlled exclusively by the nation's largest banks posed an existential threat to the future of community banking, the CBSC Board formed the Payments Task Force in 2017 to "explore matters related to payments security and advise association leadership on positions and actions to help ensure community banks have non-discriminatory access to the evolving payments system."

After meeting with officials from NACHA, Zelle, The Clearinghouse, SHAZAM, ICBA, the Federal Reserve Bank and Fiserv, the task force concluded that CBAI should encourage the Federal Reserve to actively take a role as an operator in faster payments, like its role in ACH.

The committee, led by its chairman, Mark Field, the chairman and CEO of Liberty Bank, launched a campaign to convince the Federal Reserve to create an instant payments settlement network that offered banks an impartial alternative to The Clearinghouse and RTP. The campaign included meetings with bankers at forums, conventions and wherever they gathered. The committee members attended informational forums hosted by the Federal Reserve in Illinois, Missouri and Iowa, and they sent letters to the Federal Reserve's Board of Governors, elected officials and bank regulators describing the long-term threats to community banks and the communities they serve posed by the existence of only a mega-bank-owned real-time settlement solution.

On August 5, 2019, the Federal Reserve announced it would "develop a new round-the-clock, real-time payment and settlement service called FedNow to support faster payments in the United States."

"The Federal Reserve can reach every bank in the nation, and they will not discriminate," said Mark Field, committee chairman. He added, "FedNow ensures that all banks, regardless of size or location, will have equal access to faster payment settlement services. FedNow is certainly no panacea for banks, however. One obvious problem that we tried to get the Federal Reserve to address is that their pricing does not provide for any pass-through revenue to the 'paying bank' in a request-for-payment (RfP) transaction through FedNow. This will have the effect of providing merchants with an immediate payment guarantee, similar to a card transaction, but the bank receives absolutely nothing in return. This is an ongoing problem," Field concluded.

Terry Dooley, SHAZAM executive vice president and a member of the CBSC Payments Task Force, added, "Now, the task force should become involved in shaping decisions regarding the management of directories, pricing



2022 Service Provider of the Year IRONCORE, Inc. (L to R: Joe Carty, Andy Minneker, IRONCORE, and Kraig Lounsberry, CBAI.)

ing and access. We must ensure that community banks have fair and affordable access to the new service and prevent nonbanks from accessing the service directly from the Federal Reserve, by-passing banks."

Meanwhile, the explosive growth of cryptocurrencies, digital assets and the Federal Reserve's inclination to support the development of a central bank digital currency (CBDC) threaten to disintermediate community banks from its core deposit base, which will reduce liquidity and lendable funds in the communities they serve. The Payments Committee, now a permanent standing committee, has been working to increase banker, congressional and bank regulator awareness of the new threats posed by digital currencies.

"There is only one way in which the introduction of a CBDC will not decimate the current economic engine of private banks and the Federal Reserve working together, a system that has taken this country 246 years to perfect, and that is to limit a CBDC to be just a simple electronic representation of our current fiat currency. They must use the same distribution system as we use for currency today, with only real banks 'minting and redeeming' the digital cash for folks as they need it," explained Committee Chairman Field. "Anything beyond that, particularly if the Federal Reserve turns its back on banks and goes directly to the consumer, will destroy our industry."

Though there is still work to be done, the creation of the Payments Committee has been an invaluable addition under the CBSC umbrella.

### Not all Fintechs are the Enemy

Financial technology companies or “fintechs” have been around for a long, long time. The evolution of communication devices such as the telegraph helped transfer financial information across borders. The development of Fedwire in 1919 paved the way for the first-ever electronic funds transfer system. A century later, the term fintech has evolved to refer to maverick startups that leverage superior technology to challenge traditional banks in lending and the provision of financial services.

Many of the fintech disrupters quickly discovered that regulatory and structural considerations meant fintechs were still dependent on banks for key functions. For example, only banks may offer FDIC-insured deposit accounts. Access to traditional payment systems and card networks is generally limited to banks. Most fintechs were unprepared to comply with the required regulatory disclosures and consumer protection laws imposed on banking transactions. Banks are experts at complying with these regulatory burdens. Fintech ownership of banks is prohibited by law. As a result, fintechs have sought to offer services by partnering with banks.

Recognizing that the explosive growth of fintechs placed community banks in the digital firing line, the CBSC Board of Directors formed the Innovation Committee in August 2021 and tasked it with evaluating the fintech world and advising the board on issues, trends, policy and education, as well as recommending prospective fintech partners.

The committee, led by Andy Tinberg, president/CEO at CNB Bank & Trust, N.A., Carlinville (Oak Forest),



Service Provider of the Year award winner Patti Tobin of CBIS, A Gallagher Company. (L to R: Ryan Hillestad and Tobin, both of CBIS, A Gallagher Company.)

immersed itself in the fintech world and discovered that despite inherent threats, community bank-friendly fintechs can be powerful allies in delivering digital bank services, operational efficiencies and improved security.

In March 2022, the committee attended the Independent Community Bankers Association (ICBA) ThinkTECH Accelerator Program in Little Rock, Arkansas. The Accelerator vetted more than 400 fintechs before selecting 11 to participate in the 2022 cohort.

Over the course of three days, the committee met with the 11 fintechs that provided IT security, digital consumer lending, digital commercial deposit account opening, big data management, crypto investing and middleware solutions that enable banks to interface with its core more quickly and at a reduced cost. Additionally, the committee met with officials and investors in BankTech Ventures (BTV), a venture capital firm that has invested in several community-bank-friendly fintechs.

Committee members quickly recognized that community bank investors in the BTV fund would gain early access to a vetted network of leading and emerging technology solutions tailored to address community banks’ needs and potentially earn a return on their success. Upon its return, the committee met with the CBSC and CBAI boards and gained approval to back the fund and create a special purpose vehicle (SPV) designed to enable member institutions and accredited individual investors to invest in the BTV at a lesser dollar amount.

In eight short weeks, the SPV generated one-half million dollars from 15 investors and an additional \$2.6 million in direct BTV investments. A combined 25 investors invested more than \$3.1 million into the BTV. The Fund has invested more than \$50 million in two dozen fintechs and earned a 35% return. Additionally, investors are already gaining exclusive early access to proven, well-vetted fintechs.

Innovation has been described as a culture, not a product or task. You can’t just decide that we need to innovate, hold a staff meeting and magically, it’s done. Innovation and creativity lead to risk-taking. Successful innovation requires hard work and sacrifice. For example, community bankers who adopt new and emerging technology hope to be first to market with all the competitive benefits of being first. It also means the bank may help build the airplane while it flies. Fasten your seatbelt; there will be turbulence. Implementing new, leading-edge technology often comes with challenges. Aligning people and processes with technology and overcoming compatibility issues with legacy systems, policies and procedures can be frustrating. In response, CBSC has formed user groups to create a forum to share challenges, solutions and best practices.

**Why I Did It Podcast**

Every day, community bankers are faced with decisions regarding which new programs their banks should offer that will generate more revenue, attract new customers, reduce expenses or improve security. Then, they must determine how to select the best vendors. Navigating the journey can seem overwhelming. Sometimes, it helps to have a colleague who has been through a similar experience. That is the inspiration for CBSC’s newest resource.

Why I Did It, a new video-podcast created by CBSC, seeks to help community bankers learn from the experiences of fellow community bankers who are willing to share their stories about why they implemented new services or programs, how they selected a vendor, the implementation process and tips to make change a success.

**Frictionless Banking is Important; Passion is Critical**

For the past 42 years, new technology has threatened to disintermediate community banks from their customers. History has proven just the opposite is true. Technology

is a useful tool, but it cannot replace bankers’ passion to serve their customers and community. You don’t have to think back further than PPP when many community bankers worked 24-hour shifts to help applicants secure funding. Many weren’t your customers. They were simply people in need, and you helped them. Your passion is contagious. It motivates us every day.

CBSC’s mission has not changed from where it began 42 years ago. From four key partnerships that were the cornerstone of CBSC at its beginning and are still relevant today, CBSC has evolved to include a 35-member board, 27 preferred providers, a four-person staff that includes one calling officer, and two critical committees focused on payments and innovation. We are excited to see what the future will bring. ■

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**T**he Community Bankers Association of Illinois is excited to celebrate its 50<sup>th</sup> anniversary at this year's annual convention, "**Fifty Years. One Mission. Community Banks.**" Join us in Springfield as we reflect on the past, present and future of community banking and acknowledge those whose outstanding efforts, devotion and support have made CBAI one of the largest banking associations in the country. You don't want to miss this year's convention featuring fun-filled social events, a jam-packed Exhibit Hall with more than 80 booths, countless networking opportunities and hard-hitting educational topics.

Check out Thursday night's Welcoming Reception featuring both a live and silent auction supporting Community BancPac. Enjoy food, drinks, entertainment and an evening of special surprises to celebrate CBAI's 50<sup>th</sup> anniversary.

On Friday night, it's a parking lot party! Come on out to the tent in the Crowne Plaza parking lot and enjoy an evening of *Live Band Karaoke* benefitting CBAI's Foundation for Community Banking.

This year's Opening Breakfast Speaker is Colette Carlson, founder of *Speak Your Truth, Inc.* Carlson is a human behavior expert and keynote speaker whose laugh-out-loud presentation of "You Management: Strategies to Avoid Burn-out, Boost Resilience and Accelerate Success" is a sure-fire hit with audiences.

Saturday Night's Entertainment is *The 8South Band* based out of Nashville, Tennessee. This high-energy dance band is known for their nonstop, heavily choreographed shows that include a wide variety of music, including pop/rock, Motown/funk, hip-hop and country.

CBAI is thrilled to commemorate this incredible milestone in community banking history. You don't want to miss CBAI's 50<sup>th</sup> Annual Convention & Exposition: Fifty Years. One Mission. Community Banks., scheduled for September 19–21, 2024, at the Crowne Plaza, Springfield, Illinois. ■

For more information or to register, call Tracy McQuinn at 217/529-2265, or visit [www.cbai.com](http://www.cbai.com) today!



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# Rising BAB Redemptions

*Dana Sparkman, CFA, Senior Vice President/Municipal Analyst,  
The Baker Group's Financial Strategies Group, Oklahoma City, Oklahoma*

Build America Bonds (BABs) were created as part of the 2009 American Recovery and Reinvestment Act (ARRA). BABs are federally taxable municipal bonds issued during 2009 and 2010 for which up to 35% of the borrowing costs are federally subsidized either through payments to the issuer (Direct-Pay BABs) or through payments to bondholders (Tax Credit BABs). The IRS estimates that more than \$181 billion of BABs were issued by state and local governments, and Bloomberg data suggests that about \$116 billion of BABs were still outstanding as of March 2024.

Direct-pay BABs often contain Extraordinary Redemption Provisions (ERPs), which are usually triggered by a material adverse change in the subsidy. The exact language varies amongst different bonds, with some having precise definitions of what constitutes a material adverse change while others contain more vague verbiage. For the latter category, it has been widely viewed that the federal subsidy cuts stemming from the Budget Control Act of 2011, commonly known as sequestration, resulted

in a material adverse change to the subsidy and, therefore, triggered the ERP.

Extraordinary redemptions of BABs have occurred each year since sequestration first started in 2013, but the amount called each year has been rather low until recently. There has been a noticeable uptick in BAB redemptions so far in 2024, and some analysts expect many more to be called later this year. Investors may be puzzled as to why issuers are choosing to redeem their BABs now if the ERP was triggered in 2013, but there are several reasons contributing to this trend:

## 1. A court ruling clarified that sequestration constituted an “extraordinary event.”

- A recent court decision (*Indiana Municipal Power Agency v. US*) supports the conclusion that federal budget sequestration cuts did, in fact, result in an extraordinary event that triggered many ERPs. This decision provided the clarity some issuers needed to proceed with redeeming their BABs using the ERP.





## 2. Make-whole call prices have fallen as market rates have increased.

- The price at which a bond may be redeemed is stated in the prospectus for each bond. It can be at par, at a premium, or at a make-whole call price. Make-whole call prices provide investors with the net present value of the future principal and interest payments, calculated using a specified benchmark rate plus a spread as the discount rate. Make-whole call options are rarely exercised because they are usually very costly for the issuer, but higher interest rates result in higher discount rates and a lower present-value payment. Hence, there is a lower call price in current market conditions.

## 3. Market dynamics favor refinancing taxable debt with tax-exempt debt.

- Municipal-to-treasury ratios, a common measure of the relative value of tax-exempt municipal bonds, for most terms, have fallen significantly, with some nearing or reaching record lows. This has enabled some issuers to find savings by refinancing taxable BABs with tax-exempt debt despite the interest rate hikes in recent years.
- Further, issuers may want to reduce the risk of additional cuts in the federal subsidy by refinancing BABs with tax-exempt debt. The chart above shows the history of the subsidy cuts according to the IRS.

The Municipal Securities Rulemaking Board (MSRB) noted in a recent brief that it has observed “a number of BABs trading in the secondary market at a significant premium to par.” Spreads have widened somewhat as these redemptions have become a more prominent issue, which indicates the market may be starting to recognize an increase in the call risk present. However, investors who own or purchase BABs at a premium price may be at risk of realizing losses due to early redemption if the issuer chooses to exercise an extraordinary redemption call option. Fortunately, today’s higher interest rate environment provides opportunities to favorably reinvest the redemption proceeds, which is rather uncommon given that redemptions are usually more frequent in falling rate scenarios.

These circumstances highlight the importance of investors researching and understanding all applicable redemption provisions, particularly when purchasing municipal bonds at prices above par. This information can be found within the prospectus and should be provided on prepurchase offering documentation as well. ■



*Dana Sparkman, CFA, is senior vice president/municipal analyst in The Baker Group’s Financial Strategies Group. She manages a municipal credit database that covers more than 150,000 municipal bonds, providing clients with specific credit metrics essential in assessing municipal credit. Sparkman earned a bachelor’s degree in finance from the University of Central Oklahoma, Edmond, as well as the Chartered Financial Analyst designation. Contact: 405/415-7223, dana@gobaker.com.*

## Did You Know?

Build America Bonds were introduced to create more jobs and encourage economic growth after the 2008 financial crisis.



# Insuring to Value

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

**W**hen reviewing the community bank's property and casualty policies for renewal, special attention should be given to the property schedule to assess the proper, current valuations of the properties since the physical plant and equipment represent a significant investment by the insured. Having proper insurance to value is an essential requirement for the continuance of replacement cost valuation under the insurance policy contract. Otherwise, coinsurance penalties could result, as well as undervalued claim compensation, etc. A common Statement of Values Exhibit is included for your reference.

Most insurers will extend the option to increase the building and/or business personal property (contents) values by 4%–6%. Property values have increased, especially during the last 12 months, primarily due to the cost of building materials. If the insurer does not receive a response from the insured to their annual inquiry, then you can plan on them automatically adjusting at the 4% option.

In addition to any change to the building or contents values, most insurers will also inquire about the number of commercial and residential loans for Mortgage E&O coverage, updated payroll for workers' compensa-

**STATEMENT OF VALUES EXHIBIT**

Loc	Occupancy	Current Bldg Value	w/ 6% Inflation Guard	w/ 4% Inflation Guard	Current BPP Value	w/ 6% Inflation Guard	w/ 4% Inflation Guard	BI/EE Value
1	Bank (Owned)							
2	Drive Up							
3	Bank (Owned)							
4	Bank (Owned)							
5	Storage/Warehouse							
6	Office (Leased)							

Name  
Effective

tion adjustments and the number of repossessed autos in the last 12 months for repo auto liability coverage.

Renewal responses/materials should be returned no later than 30 days before policy expiration to ensure timely processing.

Your insurance risk manager partner should be able to assist with a reconstruction cost analysis derived from building cost research, which promulgates rates, percentages, increases, decreases, etc.

Recent costs stabilized as inflation receded a bit. *Total reconstruction costs* in the United States, including materials and retail labor, increased an average of 4.1% from January 2023 to January 2024, according to Verisk data. This rise was slow at the beginning of the year, jumped in June and August, then slowed again at the end of the year, rising only 0.4% in Quarter 4 of 2023. Illinois residential reconstruction cost averaged 3.62% at the low and 4.11% at the high.

In comparison, commercial reconstruction costs increased 5.9% from January 2023 to January 2024 and 1.0% from October 2023 to January 2024. Commercial reconstruction costs increased in all states! For comparison, Illinois reported a low of 5.22% and a high of 5.46%.

Combined costs for material composites increased 1.4% from January 2023 to January 2024 — a major drop from their 7.8% increase the year before but also a rally following their 0.3% loss from October 2022 to October 2023. Concrete composite increased the most rapidly due to the price of fuel, which peaked in September 2023. Other trades reported: paint composite 5.0% increase, interior trim composite 4.8% increase, drywall composite 4.4% increase, roofing composite 1.0% increase, metal roofing composite 0.8% increase, carpet composite 0.7% increase, and lumber composite -12.8% correction.

Combined hourly retail labor costs increased by 6.2% from January 2023 to January 2024, a significant drop from the previous year’s 9.4% increase. The Raise and Wage Act of 2023 seems to have had a minimal impact on rising labor costs thus far. In the determination of values, please realize, of course, that there are choices in how your claim will be adjusted.

Replacement cost is essentially “new for old!” It pays for you to replace a damaged piece of property with a new piece.

Agreed value requires both the insured AND the insurer to agree on a value rather than using market value.

Actual cash value is the maximum number of dollars to be paid in the event of a loss AFTER deducting for depreciation, deterioration and obsolescence from replacement cost.

Functional replacement cost is a method of valuing assets that perform the same function but are not identical to the items being replaced. We see this frequently when a building may have historic features that would never be rebuilt as it exists today. ■

*For more information on this subject, please contact Patti Tobin, insurance advisor, area financial institutions director, Community BancInsurance Services, a division of Arthur J. Gallagher & Co., the exclusively endorsed insurance representative of CBAI/CBSC. 217/414-4485 or patti\_tobin@ajg.com.*

*Source: Verisk*  
Verisk utilizes a comprehensive research process that includes real-time feedback on reconstruction costs from tens of thousands of contractors and claims adjusters, extensive material and labor cost surveys and analysis of more than 5.8 million actual damage repair estimates for claims each year.

*This article is provided for informational purposes only and is not necessarily the views of Arthur J. Gallagher & Co.*

**Did You Know?**

The property and casualty insurance industry is one of the most influential parts of the insurance sphere, with over \$600 billion in premiums being collected annually in the U.S.

## CHECKS & BALANCES: New ICBA Resource Aims to Combat Check Fraud

Lance Noggle, Senior Vice President, Operations and Senior Regulatory Counsel, ICBA

Even with checks becoming less common to use, check fraud continues to rise. To address this issue, ICBA is providing a guide explaining how to stop that fraud in its tracks.

Checks are used much less often in this electronic age than in previous decades. The Federal Reserve processed only 3.4 billion checks in 2022, compared to 19 billion in 1993. Given that drop in usage, you would think check fraud is becoming rare. But it's the exact opposite: It's on the rise. In 2022, banks filed 680,000 suspicious activity reports related to check fraud to the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN), nearly double the number of the previous year.

ICBA is helping community banks combat check fraud with two initiatives: A check fraud working group that is looking at strategies for dealing with check fraud and a new resource called "Check Fraud: A Practical Guide to Altered, Forged and Counterfeit Checks for Community Bankers."

### Why is check fraud growing?

Check fraud jumped up during COVID-19 when the federal government mailed economic stimulus checks to Americans across the country to address the economic fallout of the pandemic. Fraudsters realized massive quantities of paper checks were in the postal system and took advantage of this volume. The temptation to steal, alter and forge checks has also grown because other types of bank fraud have become more difficult.

During the first year of the pandemic, the U.S. Postal Service Inspector General reported 299,020 mail theft complaints — an increase of 161% from the previous year. Once checks are stolen from the mail, fraudsters commonly alter them by using chemicals to remove the ink and change the amounts

or the payee names, or they simply add digits or words to the checks. These changes allow the individual to illicitly cash the altered checks.

Stealing and altering paper checks is just one type of check fraud. Creating fake checks using desktop publishing programs is another way banks get ripped off, and double deposit scams occur when someone creates and cashes an electronic substitute check and then cashes the paper check at a different institution before the substitute check clears.

Though the volume of government checks sent through the mail has slowed since COVID-19, the criminal appetite for check fraud has not diminished, as shown by the number of Suspicious Activity Reports filed in 2022 and a February 2023 FinCEN alert issued to financial institutions about the rise in check fraud incidents.

### What can you do?

The new written check fraud resource from ICBA guides community banks on how to limit check fraud and what to do if their institution or customers are impacted by a check fraud incident.

For example, in "Appendix 2: Mechanisms for Preventing Check Fraud," community bankers can find practical advice on slowing the problem. Strategies discussed in the guide include training employees to identify check fraud, educating customers on ways to prevent fraud, and issuing checks with anti-fraud prevention characteristics.



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The guide also provides suggestions on how banks can limit their liability, such as requiring customers to provide notice of invalid checks in a timely manner, including language in account agreements that limit consequential damages and requires customer cooperation, and recommending that business customers use Positive Pay or the FedPayments Reporter Service.

### **Clarifying responsibility**

Another key issue that the resource addresses is who is responsible when check fraud occurs — the bank of first deposit (which accepted the check), the paying bank (which holds the account from which the check was issued) or another party in the check clearing process.

Generally, the liability exists with the party that has the best opportunity to spot the fraud. For example, a change in the amount of the check or the name of the party to whom the check is written is typically the responsibility of the bank of first deposit since, presumably, that bank could have noticed the alteration when the check was presented. On the other hand, in the case of a counterfeit check or a check with a forged signature, liability lies with the paying bank because that institution is more likely to recognize those forms of fraud.

The ICBA guide provides a useful summary of this issue with details on each type of check fraud. The guide further explains possible legal defenses against liability for paying on an altered or forged check. In one case, a paying bank may claim that another party in the check-clearing process failed to exercise “ordinary care” when cashing the check or that a company issuing a check failed to establish appropriate internal controls over employees with check-writing authority.

This new resource is an important first step in helping community banks understand how to navigate instances of check fraud. Additionally, ICBA’s newly formed Check Fraud Working Group is developing a checklist that members will be able to use when a customer presents a claim of check fraud, and other resources are in the planning stages.

These efforts will never prevent check fraud, but they can assist community banks’ response to this costly problem. ■

*Lance Noggle is the senior vice president of operations and the senior regulatory counsel for ICBA.*

*Find ICBA’s guide to fighting check fraud at [icba.org](http://icba.org).*




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## 2024 ANNUAL SCHOLARSHIP PROGRAM WINNERS ANNOUNCED

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The CBAI Foundation for Community Banking has selected its 2024 Annual Scholarship Program winners. The program offers \$21,000 to high school seniors via an essaywriting contest; \$500 is also awarded to the first-place winner's high school. This year, 75 CBAI member banks representing 241 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 **Nora Hammer**, sponsored by **Harvard State Bank** (*her winning essay follows*). Her high school, **Oregon High School**, received a \$500 award. She plans to attend Illinois State University, Normal, where she will major in special 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: **Gregory Kotsiviras** (CNB Bank & Trust, N.A., Carlinville – Oak Forest), **Molly Amendt** (Lena State Bank), **Brooklyn Stadel** (The Frederick Community Bank, Paxton), **Sophie Muir** (Better Banks, Peoria), **Sophia Shaffer** (State Street Bank and Trust Co., Quincy), **Mariam Zuehls** (Goodfield State Bank), **Ella Hazzard** (The Fisher National Bank), **Delaney**

**Lines** (Williamsville State Bank & Trust), **Madisyn Wienstroer** (Old Exchange National Bank, Okawville), **Jason Nguyen** (Citizens National Bank of Albion), and **Libby Conkle** (City National Bank, Metropolis).

In addition, the following students were awarded \$500 as second-place finishers: **Madison Lynch** (Town Center Bank, New Lenox), **Kortney Kudronowicz** (Apple River State Bank), **Cole Noreuil** (Bank of Pontiac), **Jillian Bennison** (State Bank of Toulon), **Maggie Standford** (Liberty Bank), **Elsa Olmstead** (Goodfield State Bank), **Luke Nelson** (First Federal Savings & Loan Association of Central Illinois, S.B., Shelbyville), **Griffin Ames** (Alliance Community Bank, Petersburg), **Jacob Schaper** (Collinsville Building & Loan), **Vishnu Rangoonwala** (Community First Bank of the Heartland, Mt. Vernon), and **Max Davis** (Legence Bank, Eldorado).

Nonmonetary Honorary Mentions were bestowed upon **Paige Ackman** (Rushville State Bank), **Ethan Endress** (Litchfield National Bank), **Mason Oliver** (Scott State Bank, Bethany), and **Ava Peterson** (First Bank of Manhattan).

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



# What is a Community Bank, and How Does it Affect the Economy?

Nora Hammer | Sponsored By: Harvard State Bank

**W**alking in and being greeted with a smile, the teller asking if you know what college you are going to, and sending home a sucker for your younger brother because they know he loves them is what a community bank is to me. A community bank represents small-town values and relationships. I grew up going to the local bank with my mom and listening to her and the staff talk about their children, what is going on in their lives and maybe a little bit of banking. Our community bank is where we could get copies made, listen to the local farmers talk about their crops and get advice about how to budget at a young age. All of these things added up to show me what building relationships and trust look like. Even as a kid, I felt welcomed and felt a sense of community and belonging when I went to the bank with my mom.

As I have gotten older, I also recognize the importance that a community bank plays in regard to the local economy. Community banks are more invested in the towns and cities they are located in compared to large corporate banks. You see this in how they sponsor local sports teams, walk in the town parade, support small businesses through loans and resources, and help support the local school through presentations and sponsoring students for a variety of reasons. Many people who work in a community bank also live in the same community. They contribute to the success of the town both professionally and

personally. Community banks are more than just loans, wealth management and checking accounts. Contributing to the economy is not just about money; it is investing in people and the town they represent.

***Contributing to the economy is not just about money; it is investing in people and the town they represent.***

Community banks offer relationship-based banking, decisions with the community in mind, local networking and collaborative lending all for small businesses around the community. The benefits for individuals of community banking are personalized attention, a full list of services, lower fees, higher ethical standards and stability. All of these things are important to run a community bank that truly holds and supports the town. ■

*Nora Hammer will be attending Illinois State University, Normal, in the fall. She is excited to be majoring in special education and to be in the honors program. Nora is passionate about giving to others and has shown this through her volunteer work with the National Honor Society, representing her community as the Let Freedom Ring Queen, being selected as first runner-up Junior Miss Ogle County, and being involved with a mission trip to Tennessee with her church youth group. Over the last four years, she has been a cheerleader, assisted with wrestling stats and has been involved in a variety of school events. This fall, Hammer was chosen to be one of the representatives from her high school to attend a back-to-school event at the White House with the 2022 Illinois Teacher of the Year. In her free time, Hammer loves spending time with her family, attending concerts and traveling.*

# 2024 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 contributing to the local area's well-being. Here is a concrete example of that effort, totaling \$83,050 given away by CBAI members in their communities.

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



**Bank of Pontiac** – Eight \$1,500

**Bradford National Bank, Greenville** – Nine different high schools in the area, 18 \$1,000

**Community First Bank of the Heartland, Mt. Vernon** – 10 \$500

**Flora Bank & Trust, Flora** – One \$500

**First State Bank of Beecher City** – Four \$750 for Beecher City High School, two \$750 for Cowden Herrick School and one \$1,000 to Lake Land College

**German American State Bank, German Valley** – Six \$1,000 to local schools in the community

**Great Rivers Bank, Barry** – One \$500 for Pittsfield, one \$500 for Barry and one \$500 for Liberty

**Lena State Bank** – Two \$500

**Longview Community Bank, Mt. Pulaski** – One \$500

**North Central Bank, Hennepin/Ladd** – Three \$100

**Old Exchange National Bank, Okawville** – Five \$500

**Prairie Community Bank, Marengo** – One \$1,000

**Princeville State Bank** – One \$500 for Princeville High School and one \$500 for Brimfield High School

**State Bank of Toulon** – One \$250, one \$500 and one \$1,000

**State Bank, Waterloo** – Three \$1,000 and four \$1,500

**The Frederick Community Bank, Cissna Park** – Mr. and Mrs. D.A. Memorial Scholarship \$4,000, payable \$500 per semester

**The Frederick Community Bank, Paxton** – Mr. and Mrs. D.A. Frederick Memorial \$8,000, payable \$2,000 per year, and Mrs. Nancy Frederick Sweet Memorial Scholarship \$4,000, payable \$1,000 per year

**The Harvard State Bank, Oregon** – One \$500 and one \$1,000 ■

*Do you have a local scholarship that is not reflected here? Please contact Valerie Johnston, senior vice president of communications, at [valeriej@cbaicom](mailto:valeriej@cbaicom) or 800/736-2224 to get on the list for the 2025 July issue of Banknotes magazine.*



## CBAI's Foundation for Community Banking Announces New Fundraisers



### “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.

How can you help the Foundation celebrate CBAI's 50<sup>th</sup> anniversary?

- Make a bank donation in honor of the 50<sup>th</sup> anniversary, such as \$500 or \$5,000, or any \$50 increment you wish.
- Encourage your staff members and/or board members to make a \$50 donation to the Foundation in honor of CBAI.
- Offer to match staff donations up to \$500, \$5,000 or any amount you choose.
- Increase your bank's current accumulated donation to the \$5,000 mark, which is the Silver donation level.
- Celebrate CBAI's golden anniversary by becoming a Gold-level sponsor. Increase your bank's accrued donation to the \$10,000 Gold-level sponsorship.

Contributions in any amount are greatly appreciated! All banks, associate members and individuals who are donating to this campaign will be recognized in the *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. (Donors of \$2,500 or more are also recognized on the Foundation Wall in the West Conference Room at the CBAI Headquarters and on the CBAI website.)

Your charitable donations to the Foundation may be made by community banks — their employees, officers and directors — and corporate supporters. **All donations are 100% tax deductible!**



### KARAOKE COMPETITION FUNDRAISER

CBAI's Foundation for Community Banking is conducting a "Talent Search" to find karaoke teams to perform on Friday night at CBAI's 50<sup>th</sup> Annual Convention & Expo! Five years ago, we held a "Be a Rockstar for the Foundation" karaoke fundraising event at our annual convention, and now it is back by popular demand! But this time, we are searching for teams who are itching to take the stage!

To join the karaoke competition, your team must raise a minimum of \$500 for the Foundation by the team entry deadline of July 15, 2024. (We encourage teams to continue to fundraise as much as possible prior to the karaoke event.)

Then, the competition really heats up. On September 20, 2024, at CBAI's 50<sup>th</sup> Annual Convention & Expo Friday evening event, 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.

If you like, your "50 for 50" donation can be designated to support any team participating in the Foundation's 2024 karaoke competition fundraiser! Please just indicate which team(s) you would like to support with your donation!

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 raises the most money for the Foundation at the end of the night will be deemed the winner of the coveted "golden microphone" award, which comes with recognition for each team member, unparalleled bragging rights and enviable *Banknotes* and social media publicity!

Don't worry, like at our previous karaoke event, if you choose not to join the competition, but would like to sing, you can still do so after the team performances for a minimal Foundation donation. You will also still be able to donate to nominate someone else to sing.

All performances will have a full live band accompaniment by Live Band Karaoke of Chicago. With a list of hundreds of songs, they play every genre you can think of — rock, pop, heavy metal, hip-hop, Motown, country, R&B, soul, disco, blues, punk and more! Find a song list at [www.cbai.com](http://www.cbai.com), or email [valeriej@cbai.com](mailto:valeriej@cbai.com).

Watch [www.cbai.com](http://www.cbai.com), CBAI's e-newsletter and our social media channels for an announcement about participating teams in July! ■

### YOUR SUPPORT WILL HELP MAINTAIN THE THREE TYPES OF FOUNDATION SCHOLARSHIPS:

#### **CBAI Annual Scholarship Program**

Via an essay-writing contest on a topic about community banking, high school seniors from across the state compete. CBAI offers 11 \$1,000 scholarships, 12 \$500 scholarships and one \$4,000 scholarship to the statewide winner — EVERY YEAR! There is no cost to your bank to participate!

#### **Scholarships for Children and Grandchildren of Community Bankers**

SHAZAM®, Kasasa and Community BancService (CBSC) scholarships are given annually for \$1,000 per year for up to four years. Winners are chosen from banks that have pledged or donated a minimum of \$2,500 to the Foundation. Eligible students are children or grandchildren of community bank staff or directors or part-time community bank employees.

#### **Scholarships to the Community Bankers School**

Four two-year scholarships for bankers to attend the Community Bankers School are available annually. Winners are chosen from banks that have pledged/donated a minimum of \$2,500 to the Foundation. They are endowed by the Federal Home Loan Bank of Chicago, The Baker Group, CBAI Career Development Division (CDD) and Howard & Howard Attorneys.

The more than \$40,000 in annual scholarships awarded every year are endowed entirely by your contributions. Please help us continue to offer these invaluable scholarships by contributing to the Foundation.

# CBAI Recognition Programs

**I**t 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, they are eligible for recognition with a handsome award. If the 50<sup>th</sup> anniversary has already passed, an award may be purchased from the association for \$150. In addition to the award, individuals celebrating a 50<sup>th</sup> anniversary will receive coverage in *Banknotes*, CBAI’s bimonthly magazine, and recognition at the CBAI Annual Convention.

## Spotlight on Directors

CBAI’s bimonthly 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 they approach board duties.

## Patrons 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 the 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 e-mail at [cbacom@cbai.com](mailto:cbacom@cbai.com) today! We want to acknowledge the achievements of our member banks and bankers!*



## CBAI's Residential Real Estate Lending Institute

Eighteen bankers participated in CBAI's Residential Real Estate Lending Institute, April 22–24, 2024, at CBAI Headquarters in Springfield. Nationally recognized **David Kemp & Theron Green** from **Bankers Management Inc., College Park, Georgia**, were the lead instructors. **Sharon Bond** from **Young & Associates, Kent, Ohio**, also served as faculty. ■



### Row 1 (L to R)

1. Cathy Johnson, Fairfield National Bank
2. Jessica Bakken, Longview Community Bank, Mt. Pulaski
3. Tonya Scarborough, CNB Bank & Trust, N.A., Carlinville
4. Lori Keigher, First Trust Bank of Illinois, Kankakee
5. Luigi Fabi, First Federal Savings Bank of Champaign-Urbana

### Row 2 (L to R)

1. DaiLynn Baker, Granville National Bank
2. Cherree Withrow, Fairfield National Bank
3. Leslie Walker, Longview Community Bank, Mt. Pulaski
4. Kayla Crabtree, The FNB Community Bank, Vandalia
5. Elaine Aylesworth, Longview Community Bank, Mt. Pulaski

6. Steven Farmer, Murphy-Wall State Bank & Trust Company, Pinckneyville

7. Amanda Campbell, Guardian Savings Bank, Granite City
8. Shawne Woodard, The First National Bank in Tremont

### Row 3 (L to R)

1. Tim Graves, Streator Home Savings Bank
2. Jarrett Lagle, The Fisher National Bank
3. David Kemp, Bankers Management Inc., College Park, GA
4. Robert McBride, Illini State Bank, Oglesby
5. Brent Borger, Citizens National Bank, Mascoutah
6. David Randall, Buena Vista National Bank, Chester
7. Daniel Wickline, Longview Community Bank, Mt. Pulaski

# CBAI's 42<sup>nd</sup> Call on Washington a Resounding Success!

Community Bankers Association of Illinois (CBAI) members joined with hundreds of community bankers and guests from across the country from April 29–May 1, 2024, to deliver our important legislative and regulatory priorities to policymakers in Washington, D.C. Again, this year, CBAI's Call on Washington was held in conjunction with the Independent Community Bankers of America's (ICBA's) Capital Summit.



During the Call and Summit, community bankers heard an inspiring presentation from Dave Fishwick, whose story of being the first community bank to be chartered in England in nearly 150 years was the subject of the highly successful Netflix movie *Bank of Dave*.



The Call and Summit attendees received briefings from the ICBA legislative and regulatory policy staff in breakout sessions covering supervisory issues, regulatory issues and Capitol Hill priorities. A late afternoon session included a fireside chat with ICBA President Rebecca Romero Rainey, FDIC Chairman Martin Gruenberg and CFPB Director Rohit Chopra. The following morning, attendees heard from Congressman French Hill (R-Ark), vice chairman of the House Financial Services Committee.

Again, this year, CBAI sponsored the chair of the Career Development Division (CDD) to attend the Call and Summit. This has been a priority of CBAI for many years to encourage young bankers to get involved in advocacy for the benefit of themselves professionally, their community bank, and the community banking profession. Delaina Zellers, vice president and compliance officer of the German-American State Bank, German Valley, and chair of CDD, said of her experience in D.C.:

*"This was my first year attending the Call on Washington and Capital Summit, and it did not disappoint! I have worked in community banking for the past 12 years, and you quickly realize the important role that community banks play within our local markets, providing critical banking services to small businesses and agriculture and offering customer service that other financial institutions cannot match. Advocating for issues that have an impact on our banks and communities directly with our representatives and their staff can lead to meaningful changes in legislation and the regulatory environment. Organizations like ICBA and CBAI are advocating to ensure that community banks can continue to thrive and provide essential banking services. The passion of these community bankers is unmatched!"*

The community bankers who participated in Call on Washington enjoyed gatherings for fellowship at the ICBA's Welcome Reception, the final evening's gala at the Smithsonian's National History Museum and CBAI's Appreciation Dinner, which was made possible by the generous support of the following sponsors:

- American Metro Bank, Chicago
- Conference of State Bank Supervisors
- Community BancService Corporation
- First National Bank in Pinckneyville
- First National Bank in Tremont
- Federal Home Loan Bank of Chicago
- IRONCORE, Inc.
- Ncontracts
- State Bank of Toulon
- State Street Bank & Trust Co., Quincy
- SHAZAM®



Topping this year's priorities, which CBAI members discussed during their Hill visits, were:

- Supporting rural America and the ACRE Act,
- Ending regulatory overreach,
- Closing the Industrial Loan Company Loophole,
- Restricting the sale of mortgage "Trigger Leads,"
- Opposing credit card routing mandates,
- Opposing the Federal Reserve's issuance of CBDC directly to consumers,
- Reigning in credit unions and Farm Credit System lenders, and,
- Supporting a safe harbor for legal cannabis banking.



CBAI sincerely thanks all of those who attended and/or sponsored CBAI's 42<sup>nd</sup> annual Call on Washington. If you were not able to participate in this year's Call on Washington, please consider the opportunity in 2025.

**Save the Date**

CBAI's Call on Washington and ICBA's Capital Summit — May 12–15, 2025. ■

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CDD SPOTLIGHT

# ▶ QUESTIONNAIRE



**Bethany Winslow**  
State Bank of Toulon

*“It is so important to not let success or obstacles define or deter you — learn from them and always strive to better yourself and your situation. We are always evolving.”*

**What do you find the most challenging about your job?**

Working for a community bank, I wear many hats and have varying responsibilities. It is challenging but also very rewarding.

**What do you find the most rewarding about your job?**

Being in human resources, I am people oriented and love being a part of a team working toward common goals. In addition, I love being challenged and learning new things. There is never a day that is the same, and this appeals greatly to me.

**What quote most inspires you and why?**

“Success is not final; failure is not fatal: it is the courage to continue that counts.”  
— Winston Churchill

It is so important to not let success or obstacles define or deter you — learn from them and always strive to better yourself and your situation. We are always evolving.

**How did you get involved with CBAI?**

Our bank has always been very involved with CBAI, and we encourage our employees to be a part of all aspects offered through CBAI.

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

I used to do TV commercials for my college.

**What are the biggest challenges your community bank faces today, and what are you doing to combat these challenges?**

Our biggest challenges are current legislation that is unfavorable to community banks, staying relevant in a time of online convenience-based technology that takes away from face-to-face community banking services, and tight margins. We actively reach out to our legislators and go to Washington, D.C., to advocate for community banks. We promote our services and customer service through social media platforms, as well as being involved in our communities to build personal relationships with customers. We keep active in community involvement through sponsorships, participation and donations.

**What is your favorite initiative that your bank has implemented to support your community?**

We generously donate to our schools, 4-H Fairs, colleges, local parades, golf outings, etc., and we help our customers in any way we can by going above and beyond. We also implement a full month of community banking activities, including donations to local charities, customer giveaways, cleaning up our communities and outreach and promotions for local small businesses.

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

I'd prefer to be a beach bum, but most likely, since I have a double major in business and psychology, I would have pursued a career helping people in the mental health field. ■

# CBAI Members Celebrate *Community Banking Week!*

The Community Bankers Association of Illinois (CBAI) held its 34<sup>th</sup> Annual “Illinois Community Banking Week” on April 7–13, 2024, during National Community Banking Month. The purpose of Community Banking Week is to highlight the long-standing tradition of local hometown community banking. We encouraged 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.

“CBAI members statewide believe that Community Banking Week is the perfect opportunity to spotlight the strength, resiliency and importance of community banks,” said **CBAI Chairwoman Sheila Burcham, market president of Bradford National Bank**. “The theme this year was *Your Success is Our Success*. Community banks play a vital role in the success of individuals and businesses alike. At a community bank, our fundamental mission is to support our communities in any way we can because their success is our goal. We are proud to be champions and cheerleaders for our communities because the success of our customers and local businesses is how we measure our success. When our communities thrive, we all thrive. As community banks, our number one priority and greatest accomplishment is a strong and prosperous local economy.”

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

## T-shirt Fundraiser

One way some of our member banks celebrated was by supporting CBAI’s Foundation for Community Banking t-shirt fundraiser in honor of CBAI’s 50<sup>th</sup> Anniversary. The front of the shirt featured CBAI’s 50<sup>th</sup> anniversary logo in the upper corner and the back featured the 2024 theme for Community Banking Week, “Your Success is Our Success.” Nearly 20 banks purchased these shirts for their staff members. They were a great option for dress-down/jean days and were a perfect way to celebrate Community Banking Week/Month in style!





**Solar Eclipse**

A solar eclipse coincided with Community Banking Week, and several of our member banks took full advantage. **Jerseyville State Bank** and **First National Bank in Taylorville** were among the banks that gave away “solar” themed treats like Moon Pies, Sun Chips, Milky Ways, Starbursts, Cosmic Brownies and more! **Community First Bank of the Heartland, Mt. Vernon**, provided solar eclipse keep-sakes to customers.

**Bank of Hillsboro** employees showed support for local small businesses by wearing their apparel. Staff members wore shirts featuring local businesses.

**Raritan State Bank** honored Community Banking Week by going above and beyond for their community during their month-long celebration. The bank raised money for the local library, collected donations for the food pantry and animal shelter, held a pet adoption event and much more.

**The Fisher National Bank** had something special every day of Community Banking Week. Not only were there multiple treats and giveaways for customers, but they also showed gratitude to local heroes of the police and fire departments by giving them gift baskets. They also held a contest where customers could guess the amount of money in the piggy bank and handed out free seed packets to help beautify the community.

Once again, **Casey State Bank** celebrated Community Bank Month with “30 Days of Giving.” Each day during the month of April, a local nonprofit organization received a \$250 donation from the bank. This has become an annual Community Banking Month tradition at Casey State Bank.

**State Bank of Graymont** celebrated with sweet treats for customers. It also marked the 25<sup>th</sup> anniversary of their Pontiac West location.



**Midwest Bank, Monmouth**, had daily events planned for Community Banking Week, including Color Your Community Day, Nonprofit Donation Day, Making Change Day, Taste the Town Day, and Sweets and Greet Day. On Nonprofit Donation Day, the bank invited individuals to nominate a local nonprofit on Facebook. Three nonprofits won a \$100 donation each.

**The Frederick Community Bank** held a golf raffle and gave away cookies at their branch locations.

**Legence Bank, Eldorado**, asked individuals to nominate someone who makes a positive difference in the community. The bank gave away five \$100 gift certificates to local businesses to recognize these outstanding community champions.

**Princeville State Bank** had a jam-packed week of activities. The bank hosted a local food truck at two locations, provided sweet treats from a local bakery at each location all week long and held a “Where’s Ricki” contest with prizes. Ricki, the PSB mascot, visited local businesses all week long, and the bank was also able to help support those businesses by giving away a gift card for each location he visited. Bank staff also dressed up for the theme days and held a jeans day featuring the CBAI 50<sup>th</sup> Anniversary Community Banking Week tees.



**Farmers National Bank of Griggsville** not only offered daily prize contests for Community Banking Week, but they also shared important tips on avoiding financial scams and more.

**Longview Bank** celebrated by giving back to their communities. They held a food drive at all 12 locations in honor of Community Banking Week.

Every year, **Southern Illinois Bank** selects a deserving organization and shows them how much they are appreciated. This year, they focused on the librarians and libraries in their area.

**First National Bank of Sparta** used Community Banking Week as an opportunity to recognize others, including thanking local law enforcement, firefighters and city workers with special t-shirts.



**Security Savings Bank, Monmouth**, got local kids involved in the Community Banking Week fun, holding a design-a-dollar bill art contest with prizes.

Community bankers are very generous with their time, and **The FNB Community Bank, Vandalia**, employees are no different. The bank highlighted employees who donated their time to different community organizations and showcased their involvement. The bank also offered Facebook contests throughout the month of April, including a \$50 gift card to the winner’s favorite local restaurant.

Employees of **Community Bank, Winslow**, and their families took the opportunity during Community Banking Week to help pack snacks for the Snack Pack program. The Snack Pack Program of Clinton County provides weekend food for kids to take home from school.

As part of a very full week of Community Banking Week activities, **Farmers State Bank, Elmwood**, offered free car washes, which not only helped out community members but also supported a local business. CBAI associate member **Golden Rule Coins** visited the bank and provided appraisals of coins, currency and gold jewelry. Other activities included offering a free shred day, hosting a local coffee truck in the bank parking lot, and providing an open house with cookies and refreshments. The bank staff got in on the fun by holding Spirit Week with themed dress-up days, including sports day, farmer day and decade day. All week, FSB employees donated

\$2 per day to wear jeans. They donated the money collected to celebrate Rebel, the city of Elmwood's K-9 officer, on his retirement with toys and treats.



Financial literacy is so important! **Grundy Bank** took time during Community Banking Week to educate their local youth and prepare them to make smart financial decisions as adults.

**Bank of Gibson City** held a full week of prizes and giveaways to celebrate Community Banking Week.

**State Bank of Toulon** had so much planned in April to celebrate Community Banking Month! Here are just some of their activities:

- Senior Care Drive
- Shred Day
- Humane Society Drive
- Coloring Contest
- Spring Break Survival Basket Giveaway
- Free Hot Dogs and Chips Lunch
- "Fun Fridays" with Staff Dress-Up Themes
- Gift Card Giveaways to Local Businesses
- and More!

State Bank staff also wore their CBAI Community Banking Week t-shirts.



**First National Bank of Steeleville** held a create-an-ad contest for local kids geared toward students in third through fifth grades. One winner in each grade won \$100 and a class pizza party. The winning ads were published in the local paper and on the bank's Facebook page.

**Washington State Bank** celebrated Community Banking Week with a spin-it-to-win-it game with prizes!

**Rushville State Bank** wrapped up Community Banking Week with a Customer Appreciation Day with sweet treats from a local bakery and giveaways.

**CBAI** wanted to get in on the fun of Community Banking Week, as well! We made gift bags for each attendee at our live events during the week and held drawings for CBAI anniversary/Community Banking Week t-shirts and other CBAI swag.



These are just a few of the many examples of the wonderful ways our members celebrated Community Banking Week in 2024. 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, the philosophy of our community banks is "Your Success is Our Success!"

We look forward to next year's celebrations! Community Banking Week is scheduled for **April 6–12, 2025**. Complimentary marketing materials will be available from CBAI in January 2025! ■



## AI is Already Costing Financial Institutions Millions — Here's How to Manage the Risk

*Paul Viancourt, Ncontracts*

**Y**ou may think that artificial intelligence (AI) is a development your financial institution can worry about another day, but that's a mistake. AI risk has already cost financial institutions millions — even at institutions that haven't directly implemented AI technology.

From AI-enabled fraud perpetrated using deepfakes to the regulatory consequences of not adequately overseeing vendors using AI, the risk is real. Fortunately, there are strategies for managing AI risk.

### **AI is Rewriting the Bank Fraud Playbook**

As if protecting against check fraud and illegal wire transfers weren't enough, financial institutions must now worry about AI impersonation scams. AI has given a boost to synthetic fraud, which uses a mix of real and fake credentials. Meanwhile, deepfake technology lets fraudsters manipulate audio and video to imitate others.

While the code behind deepfake AI is complex, deepfake technology is surprisingly easy to use. Websites allow unsophisticated scammers to impersonate celebrities, heads of state and business leaders. In Hong Kong, an employee transferred more than \$25 million to fraudsters after attending a video "meeting" with their prominent CFO and colleagues. The problem? The entire thing was a hoax, using realistic deepfake video and audio. The company didn't discover it was a scam until after sending the payment.

A survey by behavior biometrics company BioCatch found that 51% of financial institutions lost between \$5 million and \$25 million to AI threats in 2023, and only 3% reported losing nothing. Bankers expect this number to increase.

Considering that many people still fall for email phishing scams, deepfakes demand our attention — they're phishing emails on overdrive. What would happen if one of your employees received an urgent call or request for a video conference from a scammer pretending to be the president of a nearby bank? Do you have employee training and cybersecurity awareness programs to deal with the threat of AI fraud and its potential impact on your bottom line? Financial institutions need controls to manage this risk.

### **Wells Fargo Under Fire for AI Underwriting Discrimination**

A recent class-action lawsuit against Wells Fargo contends (among other things) that the bank's AI-based underwriting system wrongly denied mortgage applications from Black, Hispanic and Asian borrowers or offered them higher rates than white consumers.

Wells Fargo already paid \$3.7 billion to settle a consumer compliance suit in 2022 in addition to another \$250 million civil penalty from the Office of the Comptroller of the Currency (OCC) for abusive mortgage practices in 2021. Now, the bank is paying lawyers to defend against a class action suit that could result in a very expensive settlement.



“Considering that many people still fall for email phishing scams, deepfakes demand our attention — they’re phishing emails on overdrive.”

For years, the Consumer Financial Protection Bureau (CFPB) has cautioned financial institutions against making lending decisions using black-box algorithms without providing a specific justification for denials. AI has only enhanced this issue.

ECOA violations expose financial institutions to expensive lawsuits, especially when regulators uncover institution-wide fair lending deficiencies. Relying on AI and other models for credit decisions elevates the risk of examiners discovering widespread fair lending violations.

Discrimination isn’t the only risk. As the CFPB points out, ECOA protections require creditors to provide Adverse Action Notices (AANs) with specific and accurate reasons for loan denials, something that might be beyond some AI system capabilities.

One thing is clear: artificial intelligence will increase fair lending risk. The alibi of “the computers made us do it” will satisfy neither regulators nor lawyers.

If your institution is using AI underwriting models (or any algorithm), make sure you’re checking your work.

### AI Risk Lurks in Third-Party Relationships

When the FDIC entered a consent order with a New Jersey bank last year for fair lending compliance violations, commentators interpreted this as a “shot across the bow” aimed at AI-centered partner banking. While the consent order didn’t come with a financial penalty, it requires the bank to get regulatory approval before offering new fintech products to consumers.

This requirement comes with a big cost. Regulatory approval can take a long time and puts pressure on compliance resources that may already be stretched thin. It could significantly limit the bank’s growth and how it serves its customers. It narrows their strategic options and takes away tools for responding to market needs.

BaaS banks must be diligent about AI risk from fintech partners as they incorporate AI features into their products and services. It’s a matter of gaining (and maintaining) a competitive advantage in an increasingly crowded marketplace. It’s important to ask if and how your vendors are using AI technology so your institution can make informed decisions about the risk the partnership presents.

### Managing AI Risk

Financial institutions are still grappling with how to manage AI risk effectively. At a minimum, they’ll need the following:

**AI Risk Policies:** Financial institutions need to create AI risk policies around information security, privacy and third-party risk management. This includes AI risk assessments, a challenging task because of the way AI risk permeates throughout an institution — touching everything from vendor management and lending compliance to IT security. Financial institutions need to make sure they have the tools to assess AI risk, evaluate the control environment and ensure risk is effectively mitigated. A spreadsheet won’t cut it.

**Reinforced Employee Security Training:** Financial institutions should invest in training materials and cybersecurity awareness programs, including advice on how to identify phishing attempts, deepfakes and other AI-related fraud (including identifying customers who may be victims of deepfakes). Frontline workers are often the first to identify and report scams, so ensure you have a system for reporting potential fraud and where they can look up relevant policies and procedures. A dedicated employee engagement platform is one way to do this.

**Third-Party Risk Management:** Ensure your third-party risk management (TPRM) program assesses AI risk when evaluating potential vendors and fintech partners. You need to understand the risk and ensure there are sufficient controls.

**Model Risk Management:** With model risk management, financial institutions can implement processes and controls specific to AI risk. These should be integrated into your existing enterprise risk management and third-party risk management systems and risk models.

**Compliance Management:** How does your institution stay informed regarding new regulations? The agencies have demonstrated their commitment to containing the AI threat. FIs will benefit from a solution that helps them navigate AI regulatory guidance.

AI risk is not a problem for the future. Financial institutions are already facing monetary repercussions. As artificial intelligence continues to evolve, FIs will need policies, processes and solutions to confront the challenges (and seize the opportunities) this technological marvel presents. ■

### Did you Know?

Deepfake media, since its inception in 2017, can now include artificial image, video, audio and text.



## CBAI Past Chair Spotlight

### Mary Sulser

*Director, Buena Vista National Bank, Chester  
CBAI Chairwoman 2011–2012*

#### **When did you serve as chair of CBAI?**

I served as chair in 2011–2012.

#### **What was your position and bank at that time?**

I was executive vice president at the Buena Vista National Bank (BVNB) at that time. I became president/CEO on April 1, 2014, which was my 20<sup>th</sup> anniversary at the bank.

#### **How long have you been in community banking?**

I have been in community banking for 41 years. I began my career in 1983 in a small Missouri bank. I joined BVNB in 1994 and stayed until my retirement on April 1, 2022. During my career, I was involved in all levels of banking, starting as a teller. My goal was always to learn as much as I could and never pass up an opportunity for advancement.

#### **How/why did you become involved with CBAI and the CBAI Board?**

I was introduced to CBAI through the Young Bankers Division (YBD), now known as the Career Development Division (CDD). I knew immediately that the association was the right fit for me and the bank. I became active in the association, first serving on committees and then progressing in leadership roles on the local, regional and state levels. Through CBAI, I also had the opportunity to serve on various ICBA committees.

#### **What did you enjoy the most about serving as chair?**

I enjoyed working with the CBAI staff and creating lifelong friendships with bankers throughout the state.



**“I was introduced to CBAI through YBD (CDD) in 1996 and knew immediately that the association was the right fit for me and the bank.”**

**What are the most memorable events or accomplishments from your tenure?**

During my time in leadership, we saw many changes, including adding a lobbyist on the national level and appointing a new CBAI president. I enjoyed working to gain legislative victories for community banking. I also enjoyed being a part of bringing new products and services to the members. I always say that being a part of CBAI has provided me and the bank much more than I gave to them.

**How has community banking changed since your chairmanship?**

I feel there are so many more challenges with finding the right people, technology changes and regulatory oversight. This definitely accelerated as a result of the pandemic.

**How has CBAI changed since your chairmanship?**

I don't think the organization has changed as far as representing community banking or the amazing leadership and staff. I am very happy to see bankers who volunteer for leadership roles to make sure the association and representation remain strong.

**What are your expectations for the future of community banking and the association?**

I expect that the association will continue to represent community banks, which are an integral part of the economic welfare of the communities they serve.

**What are you doing now?**

I am enjoying retirement immensely! I enjoy having time to spend with family and do the things I love. Being retired has allowed me to spend considerable time in New Orleans helping out with the two newest grandsons. I remain on the boards of the holding company and the bank, as well as the hospital. Being a banker, I serve as treasurer for the Village of Kaskaskia (the first state capital of Illinois). ■

**Save the Date!**

**All Day Conference**  
November 7, 2024  
Crowne Plaza  
Springfield

**Evening Social Event**  
November 6, 2024  
Real Ax Throwing  
Springfield

**CBAI'S 2024  
Women in Community Banking  
CONFERENCE**

For more information, contact Jennifer Nika at [jennifern@cba.com](mailto:jennifern@cba.com) or 800.736.2224

# COMING ATTRACTIONS

## AUGUST 2024

- 1 Understanding Call Report Regulatory Capital** 🎧
- 1 ICBA Seminars: Identifying & Addressing Distressed Loans Seminar** — Livestream Event
- 2 CEO Forum Group V** — Chicago Marriott, Naperville
- 6 ATR/QM Rules: Documenting Compliance** 🎧
- 7 Branch Manager Group B Meeting** — Grizzly Jack's Grand Bear Resort, Utica
- 7 HR Group C** — Grizzly Jack's Grand Bear Resort, Utica
- 7 CEO Forum Group I** — Shazam Education Center, Springfield
- 7 The Business Banking Blues: Handling Business ACH Exceptions** 🎧
- 8 HR Group F** — Chicago Marriott, Naperville
- 8 Advertising Compliance Part 2: Electronic Advertising, Including Social Media, Internet & Texting** 🎧
- 9 HR Group A** — Shazam Education Center, Springfield
- 11–14 ICBA Seminars: Credit Analyst Institute** — Embassy Suites, Grapevine, TX
- 12 Senior Lender Group V** — Chicago Marriott, Naperville
- 13 CBAI's Cybersecurity Conference** — Shazam Education Center, Springfield
- 13 Senior Lender Group II** — CBAI West Conference Room, Springfield
- 13 Vendor Due Diligence & Effective Vendor Management** 🎧
- 14 Senior Lender Group I** — CBAI West Conference Room, Springfield
- 15 Senior Lender Group III** — CBAI West Conference Room, Springfield
- 15 CBSC & CBAI Board Meeting** — Shazam Education Center, Springfield
- 15 Managing & Monitoring High-Risk Account Holders** 🎧
- 16 Senior Lender Group IV** — CBAI West Conference Room, Springfield
- 18 ICBA Seminars: Commercial Lending Institute** — Embassy Suites Minneapolis Airport
- 19 CFO Forum Group II** — Shazam Education Center, Springfield

- 20 Marketing Groups A, B & C** — Shazam Education Center, Springfield
- 20 Opening Deposit Accounts Online: Rules, Risks & Best Practices** 🎧
- 21–22 Basic BSA** — Shazam Education Center, Springfield
- 21 Record Retention in the Digital Age: What to Keep, When to Destroy, What Holds Up in Court?** 🎧
- 22 CEO Forum Group II** — Doubletree by Hilton, Mt. Vernon
- 22 CEO Forum Group IV** — Grizzly Jack's Grand Bear Resort, Utica
- 22 Recognizing Employment Law Red Flags: Supervisor Training** 🎧
- 27 Changing or Closing Deposit Accounts for Consumers & Businesses** 🎧
- 27–29 ICBA Seminars: Bank Security Institute** — Embassy Suites Minneapolis Airport
- 28 Capital Planning in Uncertain Times** 🎧
- 29 Common Problems in Opening & Lending to Trusts** 🎧
- 30 CEO Forum Group VI** — Shazam Education Center, Springfield

## SEPTEMBER 2024

- 3 Proper Handling of Government Reclamations & Garnishments** 🎧
- 4 Operations/Technology Group C** — Shazam Education Center, Springfield
- 4 Deposit Compliance Deep Dive: Beyond the Basics of Reg CC, Reg DD, Reg E, UDAAP & More** 🎧
- 5 CEO Forum Group III** — Shazam Education Center, Springfield
- 5 Operations/Technology Group E** — Grizzly Jack's Grand Bear Resort, Utica
- 5 Confidential & Sensitive Information Policy: Safeguarding the Privacy & Integrity of NPI, PII & Business Records** 🎧
- 6 Operations/Technology Group B** — Chicago Marriott, Naperville
- 8–13 ICBA Education: Audit Institute** — Embassy Suites Minneapolis Airport
- 10 Operations/Technology Group D** — Doubletree by Hilton, Mt. Vernon



- 10–12 ICBA Seminars: Fraud Seminar** — Livestream Event
- 11 Operations/Technology Group A** — Shazam Education Center, Springfield
- 11 Check Fraud & Scams** 📺
- 12 ICBA Seminars: Bank Director Forum - Session 3** —  
ICBA Livestream Event
- 17 Unpacking E-SIGN Compliance for Loans & Deposit Accounts** 📺
- 17–19 ICBA Seminars: Advanced IT Seminar** — Livestream Event
- 17 ICBA Education: Community Bank Treasury Management Seminar** —  
Livestream Seminar
- 18 Executive Committee Meeting & Past Chairman’s Council Meeting** —  
Crowne Plaza Hotel, Springfield
- 18 Traditional & Roth IRAs Part A:  
Eligibility, Contributions, Rollovers & Transfers** 📺
- 19–21 CBAI’s 50<sup>th</sup> Annual Convention & Exposition** —  
Crowne Plaza Hotel, Springfield
- 19 Debt Service Coverage Calculations in Underwriting** 📺
- 23–26 ICBA Seminars: Annual Current Issues  
Certification Conference** — Livestream Event
- 24 Common Mistakes in Consumer Collection** 📺
- 24–26 ICBA Seminars: Consumer Lending Institute** — Livestream Event
- 25 Avoid Adverse Action Danger Zones: Requirements  
& Responsibilities After Loan Origination**
- 26 Top 10: Focusing on the TRID Issues that Matter Most** 📺
- 29–3 ICBA Seminars: IT Institute** — Embassy Suites, Grapevine, TX
- 30–3 ICBA Education: Enterprise Risk Management Institute** —  
Embassy Suites Minneapolis Airport

**Welcome Members**

**NEW BANK MEMBER**

Streator Home Savings Bank  
Heather Scott, Vice President/Compliance/IT

**NEW ASSOCIATE MEMBERS**

**Athena CF LLC**  
Jay Redlingshafer, Partner  
9651 Clayton Road, Suite #2-A  
Ladue, MO 63124  
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Member FINRA/SIPC

# Member News

**Terry McElwee** has retired from **The Baker Group**. We are grateful for his 26 years of leadership and service to CBAI and our member banks. During his tenure, McElwee helped open the Springfield headquarters of The Baker Group, grew the staff to six brokers and served as a senior partner for the past 14 years. We appreciate the time he spent building and growing our partnership with The Baker Group into one of our most important Association relationships. We wish him the best as he looks forward to spending more time in Florida and with his family.



Kidd

**June Kidd** recently retired as president/CEO of **The First National Bank in Tremont**. Kidd began her career as a teller/bookkeeper at New Holland Farmers Bank in 1978. During her 41-year career, she experienced virtually every facet of banking. Kidd joined The First National Bank in Tremont in

2004 and was promoted to president/CEO in 2017. She will remain on the bank's board of directors.



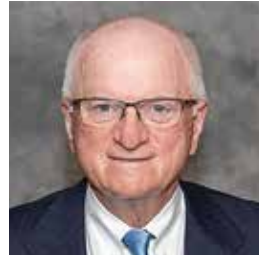
Dickey

**Josh Dickey** succeeded Kidd as the bank's president/CEO. He started his banking career in 2009 as a teller for United Community Bank in Chatham. In 2013, he joined the First National Bank in Tremont as a loan officer, where he focused on mortgage lending. He is a graduate of CBAI's Community Banker's School and

holds a bachelor's degree in political science from Southern Illinois University, Edwardsville.

**BankORION** is recently announced the addition of **Mike Ducey** as a vice president, mortgage loan originator. Ducey joins BankORION with many years of mortgage loan experience in the Quad Cities area. Ducey started as a mortgage lender in 2001 and specializes in finding solutions and strategies for clients in all facets of the mortgage lending cycle, from first-time home buyers and new construction to retirement buyers. Ducey graduated with a Bachelor of Science from Graceland University, Lamoni, Iowa.

**Peoples State Bank of Newton** recently announced the retirements of **Greg Ikemire** and **Mark Dougherty** from the bank's board of directors, both having served the bank and its community for more than 50 years. Ikemire began his career with the bank in June 1973 and was promoted to the office of president/CEO in 1986. He was also appointed to the board



Dougherty



Ikemire

of directors in that same year. Ikemire retired from his role as president in 2016 but has continued to serve as a director of the bank since that time. Dougherty joined the bank in January 1973 and, in 1986, was appointed to the board of directors as well as promoted to executive vice president and senior credit officer. He retired from his day-to-day role at the bank in 2014 but continued to serve as a director until his recent retirement.

**Becky Brown** recently retired after a 33-year career in commercial loan administration, the last 11 years with **Grundy Bank**.

**Al Powers** recently retired after 19 years of dedicated service to **First Bank of Manhattan**.

**Loretta Wells**, receptionist, retired from **Buena Vista National Bank, Chester**, on May 31, 2024.

**The State Bank of Pearl City** and **Mount Carroll Banking Center** recently announced the promotion of **Michael Smith** to executive vice president. Smith has been with the bank for more than 26 years.

**Janine O'Daniel** retired from **Security Savings Bank, Monmouth**, after 33 years of service.

**Cindy Kappel**, **First State Bank, Mendota**, branch manager at the Streator location, retired on May 31, 2024. She started working at FSB in 1996 as a customer service representative. ■

## Staff News



**Lesa Black**, vice president of member services, retired from the Community BancService Corporation on July 1, 2024. Black had served as a calling officer for banks in the northern Illinois region for 11 years. She will continue in the community banking profession as a director at Princeville State Bank. ■

# Foundation Report

**Prairie Community Bank**, Marengo, held jeans days for a staff donation every Friday during Community Banking Month, which raised \$500 for the Foundation.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **David Albin, Longview Capital Corporation, Newman; Sheila Burcham, Bradford National Bank, Irvington; Will Coolley, Longview Capital Corporation, Newman; Dan Graham, Flora Bank and Trust; Mary Jo Homan, First National Bank in Pinckneyville; James Lampe, II, Germantown Trust & Savings Bank; Chad Martin, Goodfield State Bank; Doug Parrott, State Bank of Toulon; Ken Scott, Preferred Bank, Casey; Jason Semple, Dieterich Bank, Effingham; David Stanton, PeopleFirst Bank, Joliet; Alan Stremlau, Illini State Bank, Tonica; Andrew Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest).**

The Foundation received \$99 from CBSC and CBAI board members as a result of the “dress-down” board meeting in April.

## T-SHIRT FUNDRAISER PARTICIPANTS

### Member Banks

The First National Bank in Amboy  
 Atlanta National Bank  
 Preferred Bank, Casey  
 Beardstown Savings, s.b.  
 Millennium Bank, Des Plaines  
 Farmers State Bank, Elmwood  
 Flora Bank & Trust  
 Goodfield State Bank  
 North Central Bank, Hennepin  
 Farmers & Merchants Bank, Hutsonville  
 Prairie Community Bank, Marengo  
 First National Bank of Okawville  
 First National Bank in Pinckneyville  
 Princeville State Bank  
 Rushville State Bank  
 Fidelity Bank, Savanna  
 Scott State Bank, Bethany

State Bank of Toulon  
 Bank of Yates City

### Associate Members

Ryan Anselment, Quad City Bank & Trust  
 Joe Carty, IRONCORE, Inc.  
 Gary Genenbacher, FORVIS

### Individuals

Julie Beveridge, Jennifer Marantz and Steve Raupp, Bank of Springfield  
 Rick Hiatt, Morton Community Bank  
 Lori Pieper, Community State Bank, Galva  
 Jim Shafer, The First National Bank in Tremont  
 Andy Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest)

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*CDD Fall Meeting  
October 22, 2024  
Aeries Winery, Grabton, IL*

#### Topics Include:

- A Present Look at the Future of Community Banking
- The Continued Prevalence of Community Banking
- The Thin Line Between Running & Ruining A Bank
  - Economic Update
  - Legislative Update

**Social Event of  
Networking on October 21  
More Details Coming Soon!**

For more information, contact Melinda at [melindam@cbaicom](mailto:melindam@cbaicom)

# The Baker Group Is **COMMITTED** to **COMMUNITY** Banks

45<sup>th</sup> ANNIVERSARY

The Baker Group was founded by a community banker in 1979 with the express purpose of serving and supporting community banks nationwide. Over the last forty-five years, our commitment to that mission has not wavered. We now help more than one-thousand community banks across the country manage their balance sheets, interest rate risk, and investment portfolios.

Some in our industry openly advocate for fewer community banks in the U.S., going so far as to say we should have just a few dozen mega banks. *We cannot disagree more strongly!*

Community banks are the lifeblood of America and the communities they serve. Show us a thriving city or town anywhere and we promise there will be a strong community bank at the heart of that town, lending to small businesses, helping farmers, donating to charities, and supporting the community in countless ways. Without community banks, America as we know it would look much different, and not in a good way.

Community banks reflect the communities they serve—whether suburban, rural, interurban, agricultural, resort, military, or any other demographic. They are the backbone of these distinct micro-economies that abound throughout this great country. As long as these diverse communities exist, the need will remain for local institutions that understand the nuances of each specific community, from deposit products, to lending programs, to cash management. Without community banks, many customers would be left with an inefficient cookie-cutter banking system not structured to meet the unique needs of the communities they are supposed to serve.

The Baker Group remains committed to supporting community banks, the banking associations that advocate for them, and our shared mission of strengthening local communities across America. We are customer focused and industry responsive, providing honest and insightful guidance through strategic balance sheet and investment solutions.

Join us at CBAI's 50th Annual Convention & Expo in Springfield, IL, on September 19-21, 2024.

Join us at our 45th Anniversary Interest Rate Risk and Investment Strategies Seminar in Scottsdale, AZ, November 7-8, 2024.

Visit [www.GoBaker.com](http://www.GoBaker.com) or call Dale Sheller at 844.213.0486 to find out how The Baker Group can assist your community bank in defining and meeting your unique financial objectives.



## The Baker Group

Springfield, IL

Scottsdale, AZ

[www.GoBaker.com](http://www.GoBaker.com) | 844.213.0486


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# Banknotes

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ASSOCIATION OF ILLINOIS  
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