

July 2023
Volume 49 • Issue 4

Banknotes

CBAI'S 49TH ANNUAL CONVENTION & EXPO



“THE GREATEST SPECTACLE IN BANKING”

SEPTEMBER 21-23, 2023
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In 2020, the global COVID pandemic set into motion a series of historically unprecedented economic policies that upended markets and financial institutions, as well as the global economy itself. Massive amounts of liquidity and stimulus by policymakers enabled a fast recovery, but financial institutions found themselves awash in excess liquidity needing to be put to work at historic lows in yield. With time, the explosion of reserves also triggered an inflationary impulse unlike anything seen in decades. The Fed has been scrambling to get back in front of events and regain control of inflation ever since. The resulting rate hikes and monetary policy tightening have been unprecedented in both speed and magnitude. Portfolio managers now find themselves with scarce liquidity and deep unrealized losses, not because of poor management or asset quality, but simply because of the enormous swing in liquidity.

This seminar will examine the challenges now faced by CEOs, CFOs, and investment officers who must navigate the next phase of these uncharted waters. Join us for an in-depth discussion of the following topics:

- **Economic and Market Update** — Review of current economic conditions and the outlook for growth, inflation, and interest rates
- **The Fed's Next Moves** — Update on the rate outlook and likely next steps for Federal Reserve monetary policy
- **Interest Rate Risk** — How to ensure you are prepared for uncertain balance sheet challenges and a constantly changing regulatory focus
- **Liquidity Risk Management** — Tools and best practices for managing liquidity risk
- **Investment Portfolio Strategies** — Adapting your strategy and finding the best relative value for the rate environment
- **MBS/CMO Market** — Balancing prepayment and extension risk in a changing environment for mortgage securities
- **Municipal Market Update** — Thoughts and strategies on managing municipal credit risk and finding the best relative value

AGENDA

Sunday, August 6

Saputo's

Cocktails 6:00 pm

Dinner 7:00 pm

Monday, August 7

Breakfast 7:30 am

Seminar 8:30 am

Lunch 11:30 am

Golf 12:30 pm

WHO SHOULD ATTEND

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

For your convenience, register for the seminar online at GoBaker.com/illinois-seminar. Call Skoshi Heron at 888.990.0010 for more information.



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





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PUBLISHED FOR
**Community Bankers
 Association of Illinois**
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advertising@eandmsales.com or
 800/572-0011 x8005.



PUBLISHED BY
E&M Consulting, Inc.
 1107 Hazeltine Boulevard,
 Suite #350
 Chaska, MN 55318
 P: 800/572-0011
 F: 952/448-9928
 www.emconsultinginc.com

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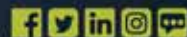


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Night To Remember



CBAI is excited about our upcoming convention, “**The Greatest Spectacle in Banking.**” Community bankers are headed to Indianapolis for CBAI’s 49th Annual Convention! Over 300,000 race fans make the pilgrimage to Indianapolis Motor Speedway every Memorial Day weekend for the largest single-day sporting event in the world — the Indy 500. Like this prestigious event, community banking is rich with



tradition, history and family. You don’t want to miss this year’s convention featuring fun-filled and exciting social events, a jam-packed Exhibit Hall with over 80 booths, countless networking opportunities and hard-hitting educational topics.

Welcoming Reception & Auctions

Take a spin around the Welcoming Reception to check out the live and silent auction items supporting Community BancPac and the Foundation for Community Banking. Enjoy food, drinks and entertainment as you bid on your favorites! Take advantage of this wonderful opportunity to support two great missions with Community BancPac and the Foundation.

CBAI Fintech Showcase Powered by the ICBA ThinkTECH Accelerator

CBAI and ICBA are excited to bring back the CBAI Fintech Showcase, powered by the ICBA ThinkTECH Accelerator! Experience live presentations from ThinkTECH Accelerator alumni, showcasing new technologies and opportunities for your bank to implement innovative new solutions. This session is designed to allow



Austin Hatch

bankers to engage with early-stage fintech companies that focus on developing products and solutions specifically for community banks and/or their customers.

Opening Breakfast Speaker

This year's Opening Breakfast speaker is Austin Hatch, who survived not one but two plane crashes as a child. Barely surviving the second crash, Hatch woke from a two-month coma and relearned how to walk, talk and eat — all while struggling with the emotional pain of losing his entire family. A year after the second crash, Hatch accepted the basketball scholarship held for him by the University of Michigan, Ann Arbor. Hatch shares his life experiences while providing a message of hope, overcoming adversity, grit and thriving.

Saturday Night Entertainment

The Saturday Night Entertainment is *Night to Remember*, which gives their audiences a taste of the best dance music from yesterday and today. Whether it's soft, slow ballads or fist-pumping chart toppers, *Night to Remember* has the capability of resurrecting decades of music at a moment's notice. This 10-member group offers a high-energy show, a dynamic stage presence and lots of powerful vocals. Their sizzle will keep you on the dance floor and give you a night to remember!

CBAI needs you to celebrate "The Greatest Spectacle in Banking" at their 49th Annual Convention & Exposition, scheduled for September 21–23, at the JW Marriott, Indianapolis, Indiana. ■

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



An advertisement for N CONTRACTS. The background is blue. At the top, the logo 'N CONTRACTS' is displayed in white, with 'The Upside of Risk' in smaller white text below it. Below the logo, the text 'WHAT DOES SUCCESS LOOK LIKE?' is written in large, white, bold letters. Underneath this text are three circular icons: the first contains a checkmark and the word 'EFFICIENCY'; the second contains a lightbulb and the words 'RISK MINDSET'; the third contains a graduation cap and the word 'KNOWLEDGE'. Below the icons, the text reads: 'Take your enterprise risk management to the next level with Risk Performance Management (RPM) for smarter, faster decision making.' At the bottom of the advertisement is a QR code with a large 'N' in the center, and the website 'NCONTRACTS.COM' is printed in white on a yellow bar at the very bottom.



The Fortress Balance SHEET AND COMMUNITY BANKING

Matt Harris, CFA, Associate Partner, The Baker Group

Seventeenth-century Europe was a period of political and social upheaval led by several powerful countries, including France, England, Spain and the Dutch Republic. Sébastien Le Prestre de Vauban, better known as simply Vauban, was a French military engineer who is considered one of the most important figures in the history of fortifications. Vauban's designs were so effective that they helped to make France the most powerful nation in Europe for over a century.

One of the key principles of Vauban's fortifications was the concept of balance. He believed that a strong fortress must have a balance of different types of defenses, each with its own strengths and weaknesses. For example, a fortress should have a strong outer wall to protect it from attack, but it should also have a moat, cannons and other defenses to provide additional protection. By balancing different types of defenses, a fortress could be more difficult to attack and more likely to withstand an attack.



Vauban

The principles of balance that Vauban outlined centuries ago are also applicable to bank balance sheet management today. A strong bank must have a balance of different types of assets, each with its own risks and returns profiles. For example, a bank should not invest all its assets in loans. It should also have investments in cash, government securities such as mortgage-backed securities, municipal bonds and other earning assets. It should properly monitor the duration of the balance sheet and potential changes in asset fair values. By having a diverse balance sheet, a bank can reduce its overall risk and increase its chances of success in weathering a recession or economic downturn. Bal-



View of Neuf-Brisach, a unique fortified octagonal town built in 1698.

ance is also important for banks when managing interest rate risk. Regardless of whether the financial institution is asset sensitive or liability sensitive, it is prudent to have stable earnings across various rate environments within approved risk limits.

In addition to balance, Vauban also emphasized the importance of preparation in his defensive tactics. He argued that a strong fortress must be well-built and well-supplied. The walls must be strong, the cannons must be in good condition, and the soldiers must be well-trained and well-equipped. By being prepared, a fortress could withstand an attack and continue to function even in the event of a siege.

The preparation and planning that Vauban implemented are also relevant to bank management as we think about the asset-liability committee. Banks are exposed to a wide range of risks, including interest rate risk, liquidity risk and credit risk. Effective risk man-

agement policies are essential for banks to protect their capital and ensure the safety and soundness of the financial system. A strong bank must have a well-developed risk management policy in place (ALM, liquidity, contingency funding plan). These plans should identify the bank's risks, assess the likelihood and impact and develop strategies to mitigate these risks. The various risk policies should also be adaptable to different business conditions and interest rate scenarios. The bank must also have a strong internal control system in place to prevent modeling issues and errors. Periodic risk assessments and stress testing of mode variables assist with this ongoing process.

By following the same concepts of balance and preparation, banks can reduce their risks and increase their chances of long-term success. On the other hand, letting the balance sheet be open to external risks that can be controlled through proper risk management is an invitation for trouble. Just as Vauban's

fortifications helped to make France the most powerful nation in Europe, a successful risk management framework can help a bank weather a recession and improve long-term earnings and shareholder value. ■

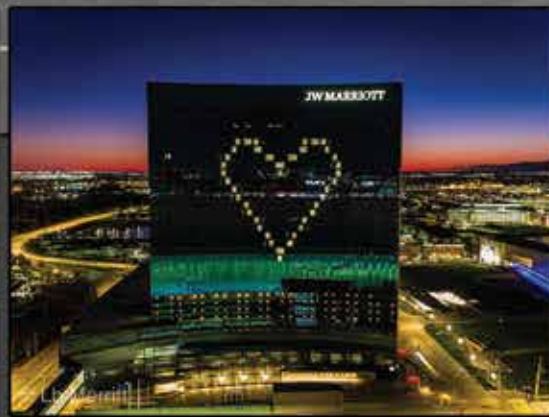


Matt Harris, CFA, is an associate partner at The Baker Group, where he serves as director of asset/liability management. He started with the firm in 2007 as

an intern while attending the University of Texas-Austin, where he earned a Bachelor of Arts degree in government and economics. In 2010, he joined the firm's Financial Strategies Group at the home office in Oklahoma City, where he works directly with bankers, examiners and auditors regarding fixed-income portfolio analysis and asset/liability management. Harris is also involved in the development and testing of The Baker Group's proprietary bond accounting and interest rate risk software. Contact: 405/415-7251, mharris@gobaker.com.

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“THE GREATEST SPECTACLE IN BANKING”



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JW MARRIOTT, INDIANAPOLIS, IN

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AI: The Last Industrial Revolution

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

So, what exactly is “artificial intelligence?” Basically, analytics and automation of big data examines huge disparate data sets to identify patterns, trends, correlations and other information that lead to insights in support of better decision-making. Think of Siri on your iPhone but more versatile with comprehensive results, like answering questions, translating languages, summarizing texts, etc.

Because of “AI’s” ability to automate routine tasks, it also has already begun to transform various industries, which is why many experts believe artificial intelligence to be the last industrial revolution of global transition in the human economy toward more efficient and stable processes, which will shift society, increase production and efficiency, improve wages for some and cause a migration of tasks. The bottom line, many worry that new technology will make jobs obsolete.

“AI” has demonstrated its viability to optimize many types of jobs, including work in customer service, automated processes and marketing. Entrepreneurs can capitalize on these technologies to develop new business plans and strategies. As a result, employers are shifting focus to different skill sets and seeking individuals who can navigate and manage “AI” systems. The influence is yet to be determined.

Adapting to change is important, and starting a dialogue about new technology is crucial to shaping its role in the job market, banking and insurance! That’s where we come in.

We need to start having conversations now and incorporate these technologies into education, training, risk management and regulation, not to mention what internal controls will become necessary for safeguarding our own proprietary information, that of customers, etc.

Four American companies at the forefront of “AI” innovation — Alphabet, Anthropic, Microsoft and OpenAI, are suggesting working with government officials to underscore responsibility and emphasize the importance of driving responsible, trustworthy and ethical innovation with safeguards to mitigate risks and potential harms to individuals and our society. All are part of a broader, ongoing effort to engage with advocates,

companies and researchers, civil rights organizations, not-for-profit organizations, communities, international partners and others on critical “AI” issues. Watch for a landmark blueprint for an Artificial Intelligence Bill of Rights.

It looks like “AI” will not be optional for community banks or insurance-related businesses. Fraud and security remain two of our biggest concerns. Today’s increased activity online remains an increased risk.

Community banks should review how “AI” can automate efficiencies into their existing compliance processes — particularly in the areas of anti-money laundering and Bank Secrecy Act compliance. This area reduces errors, increases efficiency and helps banks make informed decisions while better serving their customers.

Most all technologies are built by third-party vendors rather than in-house. Integrations can and likely will create vulnerabilities. Protections must be built into our security and risk management operating processes and remain the highest priority by chief security officers and report to any organization’s CEO. One common challenge is the accidental misuse of sensitive data or data being mistakenly revealed. Access to data should be tightly controlled by your community bank.

Ongoing communication with employees is important since they are on the front line when it comes to spotting potential issues. The root cause of any errors detected should be clearly tracked and understood so community banks can adjust the model and retrain the team as needed.

Over several decades, community banks have continually adopted the latest technology innovations to redefine how customers interact with them. Banks introduced ATMs in the 1960s and electronic, card-based payments in the '70s. The 2000s saw broad adoption of 24/7 online banking, followed by the spread of mobile-based banking in the 2010s.

Few would disagree that we're now in the "AI" powered digital age, facil-

itated by falling costs for data storage and processing, increasing access and connectivity for all and rapid advances in "AI" technologies. Neither of our industries wants to risk being overtaken by competition and deserted by customers. There's going to be a rise in customer expectations for us both. Technology giants are entering financial services as the next adjacency to their core business models. OUR personalization for the benefit of our customers is key to continued success.

Your insurance partner should have accessibility to a large pool of data which is an incredible advantage for risk assessment on your behalf. Don't hesitate to call upon its usage, not to mention calling upon financial institu-

tion expertise to help navigate insurance contracts' inability to keep up with technology. Not all insurers are equal in expertise, service, legal, prevention and so on! Together, we can enhance our automation, streamline monitoring, and simplify the insurance process. The future belongs to those of us willing to equip ourselves to read the insights. ■

For questions on this subject, please contact Community BancInsurance Services, A Gallagher Company, the exclusively endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, insurance advisor, area financial institutions director at 217/414-4485 or patti_tobin@ajg.com.

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CBAI MEMBER RECEIVES CDFI EQUITABLE RECOVERY PROGRAM GRANT

The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) recently awarded over \$1.73 billion in grants to 603 Community Development Financial Institutions (CDFIs) across the country through the CDFI Equitable Recovery Program (ERP). These funds will strengthen the ability of CDFIs to help low- and moderate-income communities recover from the COVID-19 pandemic and invest in long-term prosperity. Among those recipients is CBAI member **International Bank of Chicago**.

Founded in 1992, the International Bank of Chicago (IBC) is the largest privately-owned Minority Depository Institution (MDI) in Chicago and a Community Development Financial Institution (CDFI). IBC is mission-driven in providing affordable financing to underserved borrowers and communities to spur economic development.

As an MDI and CDFI, IBC has a strong track record of providing affordable financing to consumers, small businesses and real estate developers within Chicagoland's underserved communities. During the early stages of the pandemic, IBC made payment relief available to all of its borrowers. Shortly after the start of the Paycheck Protection Program (PPP), IBC saw that many minority- and immigrant-owned small businesses were unable to access PPP relief funding due to their lack of a relationship with a formal banking institution. As a result, IBC worked aggressively to extend outreach to these underbanked businesses to help them access critical PPP funding.

As the pandemic progressed, many banks consolidated and closed branches within the communities that IBC specializes in serving. As a result, IBC experienced an increase in inquiries for home mortgages from low- and moderate-income homebuyers. In response, IBC designed a new mortgage product to meet the community's needs.

The systemic inequality in Chicago has created large economic disparities, which were exacerbated by the pandemic between predominantly white neighborhoods and the communities of color where IBC focuses its lending. In particular, the pandemic incited extremely high levels of housing instability by drastically decreasing the availability of both affordable rental and owner-occupied housing for low- and moderate-income families in predominately minority communities.

The pandemic accelerated economic distress, especially within the minority and immigrant communities, with significant increases in housing costs along with higher unemployment levels. This led to a sharp increase in households reporting that they had difficulties paying their rent or mortgage.

Compounding the rising cost and shortage of affordable housing is a lack of access to rental and home mortgage financing within these communities. IBC has identified that the key challenges low- and moderate-income borrowers face when applying for a mortgage were low incomes, thin or no credit histories, and a limited understanding of the U.S. banking system. In response, IBC designed a mortgage product tailored to address these challenges.

Additionally, small business affordable housing developers who operate in these communities are met with challenges, such as limited collateral, uneven cash flows and other credit concerns. These developers struggle to secure financing that is affordable enough to fully cover the cost of development while maintaining the affordability of rental units for low- and moderate-income families.

IBC intends to deploy the U.S. Treasury's CDFI Equitable Recovery Program award funds as a means to support efforts in the financing of affordable rental housing development within communities hit hard by the pandemic, along with providing home mortgage lending opportunities to homebuyers in those communities through a mortgage product designed to expand homeownership among low- and moderate-income and immigrant households. The product features competitive interest rates and flexible underwriting that is coupled with homeownership education classes offered, in the borrowers' native language, through the bank and community partners.

IBC leverages the diversity of its staff to conduct borrower outreach to hard-to-reach minority and immigrant communities that are often unbanked or underbanked. Collectively, IBC's staff speak 11 languages, including English, Spanish and Mandarin, allowing the bank to provide comprehensive banking services to large segments of Chicago's minority and immigrant population. ■

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For additional information, please check out our website at outsourcedbankingsolutions.com or steve.middelkamp@outsourcedbankingsolutions.com



Steve Middelkamp
Director of Business Development

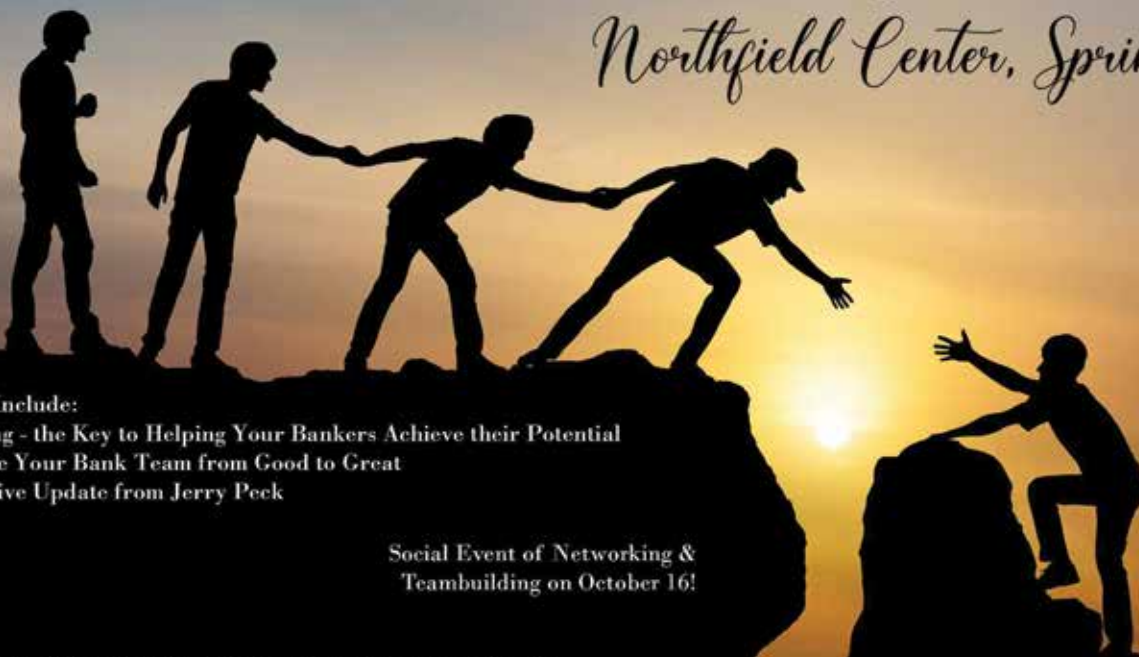


Terry Visintine
Director of Loan Review

CBAI Career Development Division Fall Meeting

October 17, 2023

Northfield Center, Springfield



Topics Include:

- Coaching - the Key to Helping Your Bankers Achieve their Potential
- Motivate Your Bank Team from Good to Great
- Legislative Update from Jerry Peek

Social Event of Networking & Teambuilding on October 16!

For more information, contact Melinda at melindam@cba.com.

2023 ANNUAL SCHOLARSHIP PROGRAM WINNERS ANNOUNCED



The CBAI Foundation for Community Banking has selected its 2023 Annual Scholarship Program winners. The program offers \$21,000 to high school seniors via an essay writing contest; \$500 is also awarded to the first-place winner's high school. This year, 79 CBAI member banks representing 205 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 **Chloe Kelly**, sponsored by **Princeville State Bank** (her winning essay follows). Her high school, **Brimfield High School**, received a \$500 award. She plans to attend Bradley University, where she will major in mechanical engineering.

Judges, who could 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: Aidan Gorman (CNB Bank & Trust, N.A., Carlinville — Oak Forest); **Joseph Leibrandt** (Prairie Community Bank, Marengo); **Drew Streckwald** (Lena State Bank); **Cole Podis** (Citizens State Bank of Milford); **Graham Wight** (Bank of Farmington/Integrity Community Bank); **Caroline Samantha Vaughn** (Goodfield State Bank); **Kylan Arndt** (The Fisher National Bank); **Thaddeus Bergschneider** (Warren-Boynton State Bank, New Berlin); **Kaitlyn Steinkamp** (Germantown Trust & Savings Bank); **Owen Stephen** (The Peoples State Bank of Newton); and **Lora Forster** (Legence Bank, Eldorado).

In addition, the following students were awarded \$500 as second-place finishers: **Grant Rafol** (Town Center Bank, New Lenox); **Kieran Madigan** (Lena State Bank); **Gwen Chattertan** (The Frederick Community Bank, Paxton); **Rylee Sullivan** (Better Bank, Peoria); **Alexis Hardy** (Rushville State Bank); **Lauren Roley** (Goodfield State Bank); **Kelsey Luth** (First Neighbor Bank, N.A., Toledo); **Ripley Zanger** (Petefish, Skiles & Company Bank, Virginia); **Anne Hicks** (State

Bank, Waterloo); **Kassidi Metcalf** (Citizens National Bank of Albion); and **Cassidy Wells** (Legence Bank, Eldorado).

Non-monetary Honorary Mentions were bestowed upon: **Jack Colgan** (State Bank of Toulon); **Cora Gullidge** (Raritan State Bank); **Emma Nelson** (Bank of Pontiac); **Isabel Shepherd** (Citizens National Bank of Albion); and **Victoria Zwilling** (Dieterich Bank).

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

CHLOE KELLY

Sponsored By: Princeville State Bank

How are fintechs impacting the banking industry?

In 2020, the global fintech market was approximately \$110.59 billion in size and is expected to increase to \$699.50 billion by 2030, according to GLOBE NEWSWIRE. Fintech is short for financial technology, ranging from banking and investment apps on your phone to online financial transactions. Fintechs are growing rapidly due to improved access to technologies like our mobile devices. Being able to open your app with a few swipes on your phone to view your finances or make investments online has become a common convenience to society. Going to a physical bank has become less and less common, especially for simple transactions like check deposits and bill payments that can be done from your phone.


Most community banks' mission is to support the local economy and its customers. Community banks provide jobs, help support local businesses through loans and help people purchase houses and cars. They help advise you on all your financial needs, making it clearer and less stressful. My experience with banking began with opening my first checking and savings accounts. The bank employee was very helpful in explaining how my accounts worked and showed me how to navigate the bank's mobile app. I find value in being able to interact with someone face-to-face to learn something new. This gave me a greater sense of understanding and made me feel that my needs were valued.

In recent years, community banks have adapted to the needs of their customers, providing them with online access to banking apps. The apps they have created are easy to navigate and make you feel well-protected. The apps allow the bank to stay true to its mission of providing for its customers while still staying relevant. Even though banks have adapted digitally, they are still able to have meaningful interactions with the community by providing a location of access. The ability to be able to go and talk to someone in person helps ease the stress and anxiety of trying to figure out finances.

Fintechs have changed the banking industry and how banks conduct business. The industry has seen a shift from face-to-face banking to offering options to manage your money from a few swipes of your phone. Community banks have adapted by providing physical and digital locations to give the customers a safety net to be able to talk to someone they trust and know

at a community bank. They have stayed true to their mission of fostering relationships with the customer to assist improved understanding of how to manage their money. ■

Chloe Kelly will be attending Bradley University where she will major in mechanical engineering and be enrolled in the Honors program. Kelly has served as a yearbook editor, is a National Honor Society member, Student Council member, Worldwide Youth in Science and Engineering (WYSE) competitor, FFA National Organization member and was Prom Committee Chair. She has competed in cross country and track all four years of high school. Kelly has volunteered for the local food drive as well as the blood drive. When she is not busy with school, volunteering or sports, she enjoys outdoor adventuring and traveling with her family.



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2023 CBAI ANNUAL SCHOLARSHIP PROGRAM:

Member Banks' Local Scholarships

The CBAI Foundation for Community Banking Scholarship Program complements your bank's local scholarship programs. One of the cornerstones of community banking is to contribute to the well-being of the local area. Here is a concrete example of that effort, totaling \$113,050 given away by CBAI members in their communities. ■

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

Apple River State Bank — Six \$1,000 and 245 \$200

Great Rivers Bank, Barry — Three \$500

First Community Bank and Trust, Beecher, IL —
One Beecher Valedictorian \$1,500
and One Peotone Valedictorian \$500

Buckley State Bank — \$500

First State Bank of Campbell Hill — Three \$500

Fairfield National Bank, Fairfield —
Five \$1,000 – One \$500 – One \$250

Flora Bank & Trust — One \$500

North Central Bank, Hennepin — Three \$100

Farmers & Merchants Bank of Hutsonville —
One \$1,000 and One \$500

Citizens State Bank, Lena — Thirteen \$500

Lena State Bank — Three \$500

Liberty Bank — Three \$500 and Two \$250

Prairie Community Bank, Marengo — One \$500

Warren-Boynton State Bank,
New Berlin — One \$1,000

First National Bank, Okawville — Two \$1,000 Good
Citizenship Awards, Two \$1,000 Kaskaskia College

Old Exchange National Bank,
Okawville — Five \$2,500

Federated Bank, Onarga — Three \$1,000

Princeville State Bank — One \$500 for Princeville
High School and One \$500 for Brimfield High School

Rushville State Bank — Four \$500

State Bank of Toulon —
One \$750, One \$500 and One \$250

The FNB Community Bank, Vandalia — Two \$500

Petefish, Skiles & Co. Bank, Virginia — Four \$500

State Bank, Waterloo — Four \$1,500 and Four \$1,000

Do you have a local scholarship that is not reflected here?

Please contact Valerie Johnston, senior vice president of communications, at valeriej@cbai.com or 800/736-2224 to get on the list for the 2023 July issue of *Banknotes* magazine.

2023 CBAI Compensation Survey



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CBAI's 41st Call on Washington: **OUR VOICES WERE HEARD!**

CBAI members joined with 700 community bankers and guests from across the country from May 14–17, 2023, 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.

Topping this year's agenda was ensuring the recognition among policymakers that community banks are fundamentally different from larger, more complex, systemically risky financial institutions that are too big-to-fail or too big-to-not-insure. Community bankers applauded the White House for its support and the FDIC for its decision to exempt community banks (specifically those with under \$5 billion in uninsured deposits) from reimbursing the FDIC's Deposit Insurance Fund (DIF) for losses caused by insuring 100% of the deposits of several recent large, failed banks.

An exemption for community banks was championed by the ICBA and CBAI from the moment these large banks failed, while other financial trade associations were conflicted about and obfuscated on this critically important issue because they represent large, complex and systemically important banks. The FDIC has proposed a rule to implement the board's proposal, and CBAI will submit its comments.

During the Call and Summit, community bankers heard from United States Treasury Secretary Janet Yellen, CFPB Director Rohit Chopra, members of the House Financial Services Committee and the Senate Banking Committee, as well as several senior ICBA staff covering legislative and regulatory issues including:

- Repealing the CFPB's small business lending data collection and reporting rule;
- Strong Congressional oversight of digital assets and opposition to CBDC;
- Support for agricultural and rural America, including the recently introduced ACRE Act (H.R. 3139);
- Support Congressional review of credit union and Farm Credit abuse of their mission and oppose credit unions buying tax-paying community banks; and,
- Closing the Industrial Loan Company (ILC) loophole.



Congressman Bill Foster

Illinois community bankers visited the Hill to deliver their message directly to their members of Congress. While in D.C., CBAI also shared its recently published 2023 Federal Policy Priorities with every office of the Illinois congressional delegation.

CBAI was proud to host two CBAI Career Development Division leadership bankers for the Call on D.C. This year's chairman, Cameron Ohlendorf of First Community Bank and Trust in Beecher, said of his experience:

"This was my first trip to the Call on Washington and Capital Summit. Explaining firsthand how CFPB's rules, like small-business data collection and reporting, would harm our local small businesses or how cryptocurrency is a threat to the banking system becomes



Congressman Mike Bost



Senator Dick Durbin

more effective when sitting in a room with our representatives and their staff. It's an experience everyone should add to their calendar and one our young bankers need to see firsthand as early as possible. Effecting change in government and regulation comes not only from letters, emails and phone calls but from face-to-face conversations. I look forward to returning to D.C. again."



Congressman Darin LaHood



Congresswoman Mary Miller

Last year's CDD chair and current member of the ICBA Education Committee, Katie Ashworth of CNB Bank & Trust, N.A., Carlinville, said of her experience:

"During the Call on Washington and Capital Summit, community bankers were able to talk to influential leaders, including policymakers, industry experts and other community bankers, about a range of topics that impact community banks, as well as bring attention to the critical role that community banks play in supporting local economies and communities across the United States. The event provided an opportunity to have an

impact on the legislative and regulatory process that affects community banks. This was a valuable experience and encouraged me to stay informed about issues that our community banks are facing in today's environment. I highly encourage bank executives to allow the future leadership of their bank to attend so they can learn the value of fighting for community banks!"



Congressman Brad Schneider

The community bankers who participated in the Call on Washington enjoyed gatherings for fellowship at CBAI's Welcome Dinner and Appreciation Dinner which were made possible by the generous support of the following sponsors.

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 IZALE
 NContracts
 State Bank of Toulon

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CBAI sincerely thanks all of those who attended or sponsored CBAI's 41st annual Call on Washington. If you were not able to participate in this year's Call on D.C., please consider the opportunity in 2024.

Save the Date

Sunday, April 28–Wednesday, May 1, at the Westin Hotel (formerly the Renaissance Hotel) — the location of the 2023 Call on Washington). ■

Add Low-Cost Core Deposits in a **RISING RATE ENVIRONMENT**

As rates rise, retaining and attracting deposits is challenging. But Certificates of Deposit (CDs) may not be your best option. Discover the five advantages of using high-yield reward checking accounts in a rising rate environment — and their unique 64% Cost of Funds discount.

We're witnessing a historical rise in rates, which could cause unexpected deposit runoff for banks that aren't prepared. Getting core deposits from reward checking accounts offers an advantage over CDs while lowering expenses dramatically.

Offer a high rate without the high cost.

High-yield checking accounts allow you to offer a higher rate and save money compared to other deposit vehicles — with the added benefit of creating primary financial relationships, which lead to more non-interest income and more loans.

Kasasa partner institutions are increasing their high-yield reward accounts to 4–5% because they know their true costs will be less than 1.5%. Continue reading to see how it works through a data-driven cost comparison of a CD versus a high-yield checking account.

Inside the numbers.

Let's say your institution is looking to increase deposits by \$10 million, and let's use a 4.0% CD rate as compared to a 4.50% Kasasa Cash® account. A 4% rate on a two-year CD gives you an annual cost of \$400,000.

Kasasa Cash offers an even better rate of 4.5% on a much more liquid product. Logic would assume that this rate will cost you \$450,000 annually, but applying this simple math to Kasasa Cash doesn't account for the unique product design and strategy that brings added annual savings, reducing the true costs of the deposits.

Not magic, just math.

The unique product design of Kasasa Cash, along with the expertise and guidance of the Kasasa team, allows community banks to pay less than they would with a CD.

While the CD's Cost of Funds stays at 4%, Kasasa Cash's COF drops significantly because not all account holders qualify for the promoted rate. In this example, those that don't qualify only receive 0.05%. Those qualifying will only receive 0.25% for any balances above the predetermined cap of \$25,000. This brings the COF down to 2.30%, lowering the annual expense from \$450,000 to \$230,160 — a savings of \$219,840.

But we're not done yet.

You'll also be earning non-interest income from debit card transactions of account holders who have to complete the qualifying behaviors each month. In this example, the accounts generate \$151,559 in non-interest income.

Although Kasasa Cash has some non-interest expenses (in this example, \$53,371), you'll also be saving money on consumers using e-statements. This brings the annual expense down to \$131,972, and your effective cost of deposits down to 1.32%, which is \$268,028 less than the 4% CD.

A deeper look at the numbers.

Nationwide, reward accounts powered by Kasasa provided a 64% median "discount" on COF in 2022.* See how these reward checking accounts work to lower your annual expenses by downloading the eBook — *Playing Offense and Defense in a Rising Rate Environment*.

Curious how much low-cost core deposits your institution could grow? This calculator [BW1] can help determine your true cost of deposits and the annual expense savings you're missing out on with CDs versus a high-yield reward checking account. ■

*Kasasa analytics, 2022

Kasasa is a CBSC Preferred Provider of Technology and Marketing Solutions.

DID YOU KNOW?

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*according to the ESOP Association.

The Illinois Painted Turtle

By Emily DeNio, E&M Consulting, Inc.

Publisher's Commentary: Industry Insights

The Illinois painted turtle is native to North America's central and eastern regions. As its name suggests, the Illinois painted turtle is found in the state of Illinois and other nearby states such as Missouri, Iowa and Wisconsin.¹ Illinois painted turtles are typically small- to medium-sized, with the female being larger than the male.¹ They have a dark green or black shell with yellow or orange stripes along the edges and a bright red or orange underside.¹

Like other painted turtles, the Illinois painted turtle is an omnivore, feeding on a variety of plants and animals, such as insects, small fish and aquatic vegetation.¹ The Illinois painted turtle is considered a relatively common and widespread species and is not currently listed as threatened or endangered.²

The Illinois painted turtle is a freshwater turtle that can be found in a variety of aquatic habitats, including ponds, lakes, rivers and wetlands.¹ They prefer shallow, slow-moving water with plenty of vegetation for cover and basking sites such as logs or rocks.¹ In Illinois, they are often found in lakes and streams with rocky bottoms and plenty of submerged vegetation.³ They also use wetlands, such as marshes, swamps and bogs, for breeding and foraging.²

These turtles spend most of their time in the water, but they will also bask in the sun on logs or rocks to regulate their body temperature.² During the winter months, Illinois painted turtles will hibernate in the mud at the bottom of their aquatic habitats.² This is an important adaptation that allows them to survive in cold climates where water temperatures may drop below freezing.² The Illinois painted turtle is a highly adaptable species that can thrive in a variety of freshwater habitats as long as their basic needs for food, shelter and breeding sites are met. ■

Sources:

1. <https://dnr.illinois.gov/education/watpaintedturtle.html>
2. <https://animalia.bio/painted-turtle>
3. <https://animals.net/painted-turtle>



CBAI's Residential Real Estate Lending Institute

Eighteen bankers participated in CBAI's Residential Real Estate Lending Institute, April 11–13, 2023, at the CBAI Headquarters in Springfield. Nationally recognized speakers **David Kemp and Theron Green** from **Bankers Management Inc.**, **College Park, Georgia**, were lead instructors, and **Bill Elliott** from **Young & Associates, Kent, Ohio**, also served as faculty. ■

Row 1 (L to R)

Teresa Suter, First National Bank of Nokomis
Ashley Rahar, First National Bank of Pana
John Yoder, First Neighbor Bank, N.A., Toledo
Eva Cunningham, First National Bank of Lacon
Stacey Boualavong, United Community Bank, Chatham

Row 2 (L to R)

Amy Tebbe, Bradford National Bank
Zoye Bollinger, State Bank of Toulon
Bobbi Penn, State Bank of Toulon
Brooke Rollinson, Farmers State Bank of Hoffman
Melissa Deal, The First National Bank of Brownstown
Tailor Harms, First Community Bank and Trust, Beecher
Madison Coulter, Midwest Bank, Monmouth

Row 3 (L to R)

Tyler Womack, The First National Bank of Sparta
Nick Richardson, First Neighbor Bank, N.A., Toledo
Tyler Szatkowski, First Neighbor Bank, N.A., Toledo
Madison Adams, Farmers State Bank of Hoffman
Jayden Owens, Fairfield National Bank
Hunter Masters, United Community Bank, Chatham
Theron Green, Bankers Management Inc., College Park, GA

CBAI Recognition Programs

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

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

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

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

50 Years in Banking

If your bank has a director or employee whose professional ties to banking span 50 years, they are eligible for recognition with a handsome award. If the 50th anniversary

has already passed, an award may be purchased from the association for \$200. In addition to the award, individuals celebrating a 50th anniversary will receive coverage in *Banknotes*, CBAI’s bi-monthly magazine, and at the CBAI Annual Convention.

Spotlight on Directors

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

Patron of Community Banking

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

Criteria for this special designation:

- Bank is a member in good standing, having paid its most recent dues assessment;
- Bank has been represented at three of the past five CBAI Annual Conventions;
- Bank has been represented at Capital Conferences and/or Calls on Washington for three of the five most recent years;

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

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

What is an API, and How Can it Help My Financial Institution?

Jake Gutting, Ncontracts

What is an API?

An API (application programming interface) is a tool that makes it possible for one software product to talk with another and share data. It's the plumbing that connects them so that data can move from one platform to another.

How do APIs work?

A lot of people use the analogy of a waiter in a restaurant. There's a menu of options (also known as a developer portal). You can choose from the menu of options, and the waiter (API) delivers your choice to the kitchen (the software you need information from). The kitchen handles all the cooking, and, in the end, you get a beautiful meal. And you'll consistently get that same beautiful meal every time you order it.

Now, let me give you an example. Think about Uber. Uber uses maps, but they don't make maps. That's not what they are good at. They're good at helping people find a ride.

Uber uses the Google API for maps. Rather than reinvent the wheel, Uber connects with Google Maps to get that data.

What are the benefits of an API?

One benefit is security. Rather than having people go through login pages and download data, the process is now in a controlled state between two software products, so it's inherently more secure.

There are also efficiency gains. Entering data into multiple locations is not a good use of your team's time. An API automates that process, saving a lot of time.

Another benefit is the cleanliness of the data. When you enter data in one place and the systems transfer it back and forth — instead of having a person enter it in multiple locations — it makes for cleaner data.

What can an API do for my institution?

That's the big question.

- Check on the status of all your vendors before paying any invoices through your accounts payable (AP) system.
- Get on-demand reporting on high-risk vendors into your CRM, IT ticketing system and other tools.
- Populate new cards in your task management tool so that your team can stay in its native platforms and still make updates or understand workflows.

- Enter employee service activity for Community Reinvestment Act (CRA) tracking into a form that feeds into fair lending software.
- Pull down a list of vendors and their addresses into reporting tools.
- Sync lists of employees and their contact information between your organization and your business continuity planning provider.

What role does Ncontracts play in APIs?

I think of Ncontracts as the third-party risk management equivalent of the map. We are a risk and compliance toolkit.

This is especially helpful for institutions that use a variety of tools, workflows, and reporting mechanisms and need to share data. We house that data and create APIs so that information can be easily shared with other platforms.

Are there different kinds of APIs?

There are several kinds of APIs. An Open (or Public) API is accessible by the public and can be used by anyone, so they have few restrictions. Private APIs are used in highly secure environments, often internal to an organization, so they have tighter access controls.

Ncontracts uses what we call managed APIs. Like an open API, we want to create a framework where an institution can develop our API and use it in a way that's meaningful to it. However, access to the Ncontracts APIs is controlled much like a private API whereby customers using our products must register and get approved for access to these APIs for their developers to create custom integrations.

We call them “managed” because we control access to the API — it's only available to our customers, not the general public.

We also offer turnkey APIs. Instead of having people program the API, you might only need a technical person for a few hours to hook it up to your system. We've done the rest of the work to make the data flow. We've done most of the heavy lifting for you. An example of that is Single-Sign-On (SSO) for seamless access to our products from within your network or the Ncontinuity Connector for ADP Workforce Now®. ■

Ncontracts, a CBSC Preferred Provider, is a leading provider of compliance and risk management solutions to the financial services industry.

DID YOU KNOW?

APIs offer flexibility, allowing companies to make connections with new business partners, offer new services to their existing market and, ultimately, access new markets that can generate massive returns and drive digital transformation. www.ibm.com/topics/api

*according to the ESOP Association.

Add Low-Cost Core Deposits in a Rising Rate Environment



SPONSORED | As rates rise, retaining and attracting deposits is challenging. But CDs may not be your best option. Discover the 5 advantages of using high-yield reward checking accounts in a rising rate environment — and their unique 64% Cost of Funds discount.

We're witnessing a historical rise in rates, which could cause unexpected deposit runoff for banks that aren't prepared. Getting core deposits from reward checking accounts offers an advantage over CDs while lowering expenses dramatically.

Offer a high rate.

Without the high cost.

High-yield checking accounts allow you to offer a higher rate and actually save money compared to other deposit vehicles — with the added benefit of creating primary financial relationships, which lead to more non-interest income and more loans.

Kasasa partner institutions are increasing their high-yield reward accounts to 4-5% because they know their true

costs will be less than 1.5%. Continue reading to see how it works through a data-driven cost comparison of a CD vs a high-yield checking account.

Inside the numbers.

Let's say your institution is looking to increase deposits by \$10 million. And let's use a 4.0% CD rate as compared to a 4.50% Kasasa Cash[®] account. A 4% rate on a two-year CD gives you an annual cost of \$400K.

Kasasa Cash offers an even better rate of 4.5% on a much more liquid product. Logic would assume that this rate will cost you \$450K annually but applying this simple math to Kasasa Cash doesn't account for the unique product design and strategy that brings added annual savings, reducing the true costs of the deposits.

Not magic, just math.

The unique product design of Kasasa Cash, along with the expertise and guidance of the Kasasa team, allows community banks to pay less than they would with a CD.

While the CD's Cost of Funds stays at 4%, Kasasa Cash's COF drops significantly because not all account holders qualify for the promoted rate. In this example, those that don't qualify only receive 0.05%. Those that do qualify will only receive 0.25% for any balances above the predetermined cap of \$25K. This brings the COF down to 2.30%, lowering the annual expense from \$450K to \$230,160 — a savings of \$219,840.

But we're not done yet.

You'll also be earning non-interest income from debit card transactions of account holders who have to complete the qualifying behaviors each month. In this example, the accounts generate \$151,559 in non-interest income.

Although Kasasa Cash has some non-interest expenses (in this example, \$53,371), you'll also be saving money on consumers using e-statements. Bringing the annual expense down to \$131,972, and your effective cost of deposits down to 1.32%. Which is \$268,028 less than the 4% CD.

A deeper look at the numbers.

Nationwide, reward accounts powered by Kasasa provided a 64% median "discount" on COF in 2022.* See how these reward checking accounts work to lower your annual expenses by downloading the eBook — *Playing offense and defense in a rising rate environment*.

Curious how much low-cost core deposits your institution could grow? This calculator [BW1] can help determine your true cost of deposits and the annual expense savings you're missing out on with CDs versus a high-yield reward checking account. ■

*Kasasa analytics, 2022

UNPACKING THE PATH to Today's Instant Payments

Tina Giorgio, President/CEO, ICBA Bancard

When it comes to digital payments, we've come a long way. Back in the late '90s and early 2000s, we experienced a digital renaissance. Electronic payments became more accessible via new ACH standard entry class (SEC) codes; online payment solutions launched for specific purposes — remember when PayPal was for eBay alone? — and online banking became a thing. Now, global mobile payment transactions are valued at over \$2 trillion, and more than three-quarters of consumers cite their preference for banking digitally.

The long and winding road that led us to where we are today was peppered with payments system innovation. From ACH introducing check conversion, online payment and same-day options to card networks upgrading to EMV technology and contactless solutions, the payments landscape has evolved in line with the needs of the consumers and businesses it supports.

The Path to Innovation

But you know what they say, hindsight is 20/20. At the time, these innovative technologies brought with them a corresponding level of friction for bankers. Common refrains questioned the need for e-check options at all; how to secure online banking; and whether consumers would utilize the systems once the infrastructure was built. They were all valid questions but ones wrought with anxiety, intensity and debate.

Nearly 70% of consumers feel it is an important satisfaction driver to have access to enhanced, faster payment capabilities, and nearly nine in 10 businesses expect to be ready to make and support instant payments in the near term.

Yet here we stand on the other side of those innovations, offering remote deposit capture via our mobile apps, P2P payment solutions and so much more. In fact, Same Day ACH accounted for more than \$1.7 trillion in transaction value in 2022, amounting to an average of 2.8 million payments per day. We may have had our fair share of hurdles to get to this point, but we have arrived.

Lessons for Today

I raise these points not for a sense of nostalgia and pride (we should celebrate how far we've come), but to call out that we very well may be at a similar crossroads. When we talk about instant payments, I hear a lot of the same concerns: Will my customers even use it? How do I protect my bank and customers against fraud? Again, all the correct questions to ask, but not to the detriment of action, a conclusion supported by the research.

Nearly 70% of consumers feel it is an important satisfaction driver to have access to enhanced, faster payment capabilities, and nearly nine in 10 businesses expect to be ready to make and support instant payments in the near term.

Not to mention that your competitors plan to implement these faster payments solutions. In fact, the 2023 Faster Payments Barometer from the U.S. Faster Payments Council found that by 2025, nearly 90% of surveyed organizations plan to have introduced at least one of the two real-time payments rails (FedNow or RTP). That finding suggests not so much a case of "They're doing it, so I must, too," as it signals the potential for a lost opportunity if you don't pursue faster payments.

A New Leg of the Journey

With that in mind, I encourage you to consider how instant payments may align with your business strategy. Take the time to process how you can respond to market demand, balancing it with those important strategic questions on volume, costs, revenue and risk. And check out ICBA Bancard's resources to support you — including webinars, blog posts and more — particularly as some of them may directly address your concerns.

But determine how instant payments factor into your next steps as a community bank. Because if history is any indicator, a few years from now, we'll be talking about the next big thing, with instant payments as a widely implemented solution in the rear-view mirror. ■



Tina Giorgio is ICBA Bancard President and CEO. She can be reached at tina.giorgio@icba.org.

CBAI MEMBERS CELEBRATE

COMMUNITY BANKING WEEK!

The Community Bankers Association of Illinois held the 33rd Annual “Illinois Community Banking Week” on April 2–8, 2023, during National Community Banking Month. Community Banking Week highlights the longstanding tradition of local hometown community banking. We urge consumers, entrepreneurs, farmers and legislators to learn more about community banks, their role in building stronger communities and the quality products and services they provide — all with the relationship banking experience that customers can expect from a local financial institution.

“The theme this year was *‘Moving Forward Together,’* said **CBAI Chairman Doug Parrott, president/CEO, State Bank of Toulon.** “The Community Bankers Association of Illinois members statewide believe that Community Banking Week is the perfect opportunity to spotlight not only the importance of community banks but their strength, viability and resiliency. Community banks play a vital role in the success of individuals and businesses alike and are well-capitalized and well-positioned to serve their customers and communities. Community banks are committed to helping customers who have been financially impacted by any economic hardship. As community bankers, we are always looking for new ways to work together with our customers to help them move forward in positive ways.”

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

Raritan State Bank celebrated all month long! The bank kicked off the month with a giveaway sign-up, bank trivia on Facebook and a coloring contest that continued throughout the month for kids and adults. During week two, they solicited food pantry donations and gave away a shop local gift certificate. They even borrowed some shopping carts from the local grocery store for food pantry collections to go along with the CBAI theme this year!

Week three focused on Teach Children to Save, whereby the bank teamed up with the local school. The weekly giveaway included guessing how many pennies were in their Kiddie Banks. They also offered a bank tour to local first graders and gave each of them a Kiddie Bank.

Week four celebrated National Library Week by asking the community to bring their pennies to the bank to donate to the library, which the bank matched. They also offered a Family Game Night basket giveaway and a cash prize for coloring contest winners.



The Harvard State Bank made short sleeve polos with the ICBA bank's local logo. Staff wore the shirts on Fridays throughout the month in honor of Community Banking Week, as well as Community Banking Month.

Farmers State Bank, Elmwood, celebrated by giving back all week long! Monday kicked off a week-long food drive. Anyone who donated non-perishable food items was entered into a drawing for Knox County Fair concert tickets. On Tuesday, a local coffee shop set up in front of the bank to provide customers with a free cup. Nominations for “favorite local business” were taken on Wednesday and Thursday. Customers could nominate a local business that makes the most impact on the community, and the winner received \$500 from the bank. Free car washes from a local business were offered on Friday, and contest winners were announced.

Princeville State Bank (PSB) had a week full of fun things for staff and customers alike! The bank gave out cookies daily from a local customer's ice cream shop at both of its locations. They provided coloring sheets for kids to bring back in exchange for a treat. Customers participating in a coloring contest were entered into a prize drawing. They also offered a social media contest called “Where's Ricki?” Ricki, the bank's mascot, was photographed hiding in places around Princeville. People who commented with his location were entered into a prize drawing.



The bank also held “dress-up days” all week with a prize drawing for participants. Monday was Sports Day, Tuesday was Spirit Day, Wednesday was Superhero Day, Thursday was Hawaiian Day and on Friday, staff members wore their new PSB shirts. The bank handed out freshly popped popcorn all day at each location on Friday, as well.

North Central Bank, Hennepin, focused on their community all week. They helped hand out 300 meals at Hall Township Food Pantry, conducted free blood pressure and glucose screenings, offered free coin counting, provided coupons for free popcorn at the county track meet and held a drawing for a wreath and planter of spring flowers at each branch.

Eureka Savings Bank celebrated by offering drawings for gift cards to local businesses. Plus, kids making a deposit during the week got to spin the prize wheel!

Itasca Bank & Trust Co. deposited \$25 into any children's savings account opened during the week. They are also celebrated by offering some complimentary gifts, including locally made treats!



Grundy Bank staff spent a morning of CBW volunteering with We Care of Grundy County to help pack emergency food boxes.

Employees of **First National Bank in Pinckneyville** took the opportunity to read to second graders at the local school district.

Longview Community Bank offered traditional celebrations of the "guess how many" game, coloring contest and blood drive, as well as additional activities.

The First National Bank in Amboy's President and CEO Colleen Henkel took to the local airways to talk about community banking.

First Federal Savings Bank, Ottawa, offered educational podcasts during Community Banking Week.



State Bank, Waterloo, provided treats for integral parts of its communities all week long, including offering coffee for healthcare workers, soda and water for teachers, donuts for first responders and gently used board games, arts and crafts, and home décor items for residents at local senior living facilities.



The Frederick Community Bank, Paxton, held a "Design an Ad" contest for students in grades third through fifth. Winners earned a pizza party from the bank for their entire homeroom class. Winning ads were placed in the local paper.

Community bank members helped animals in need, as well! **The Apple River State Bank** staff raised money for Safe Haven Animal Rescue and **Goodfield State Bank** hosted a cat adoption event as one of its many Community Banking Week activities!

Southern Illinois Bank kicked off Community Banking Week by sharing treats with a deserving group of local teachers!



State Bank of Toulon made it a month-long celebration with tons of activities, donations and drawings.

- **Week One:** Diaper Drive, "Dinner on Us" basket lobby drawing, coloring page contests for littles and Random Acts of Kindness Week
- **Week Two:** Food drive, shop local, local community basket lobby drawing
- **Week Three:** Humane Society Drive, Shred Week, Garden basket lobby drawing, Earth Day
- **Week Four:** Teach Kids to Save Day, National Library Week, Book Drive, "Travel Survival Kit" lobby basket drawing

Longview Bank & Trust provided a nice treat for the community and supported a small business when they provided free taco coupons from a local restaurant.

After a tornado caused extensive damage to Robinson and the surrounding areas on the Friday night prior to CBW, **First Robinson Savings Bank, N.A.**, immediately stepped up!

The bank had an open tab for meals at two local restaurants for all public safety officials and first responders. **Peoples State Bank of Newton** helped out those impacted by the devastating storms, not only collecting donations but matching them! The bank also took time during the week to teach local students about banking.



For the third straight year, **Casey State Bank** donated \$250 to 30 different local nonprofits during Community Banking Month through its “30 Days of Giving.” They also took to the local airways to talk about community banking.

First National Bank & Trust Company, Clinton, initiated its fifth year facilitating Junior Achievement (JA) with over 68 classrooms in grades K-8. Junior Achievement is the world’s largest organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness and financial literacy through experiential, hands-on programs.

Farmers State Bank of Hoffman celebrated Community Banking Week by giving away two sets of all-inclusive St. Louis Cardinals tickets, as well as offering a basket raffle and free goodies!



Beardstown Savings, s.b., cleaned up local parks and the Marina during the week. The bank also offered daily prize opportunities, sweet treats and drawings for gift cards to local restaurants.

Peru Federal Savings Bank provided popcorn and cookies all week long and raffled off a basket of goodies.

Community First Bank of the Heartland kicked off CBW by announcing its sponsorship of the upcoming Jefferson County CEO Trade Show. Each CEO student developed a business plan and launched their own start-up business.

In addition to more than 100 giveaways and a children’s contest, **Germantown Trust & Savings Bank** spotlighted a local business every day of Community Banking Week!

To celebrate the week, **Arcola First Bank/Tuscola First Bank/Arthur First Bank** took boxes of donuts to its city administration and police department, purchased financial literacy books for the classrooms in its communities and sponsored the community Easter egg hunt. They also gave away prizes, including a five-day pool pass to the local pool, gift cards to local businesses and financial literacy gift baskets.



Scott State Bank, Bethany, held a bank-wide food drive with a Kentucky Derby theme in honor of Community Banking Month, entitled Race to End Hunger. Employees were divided into six teams with one jockey (team captain) and a group of owners (team members). They worked together to collect food, encouraging community participation. The different bank locations decorated a race board to keep track of each team’s advancement. There were incentives including cash prizes, location lunches and a daily double. The event concluded with a race broadcast on Facebook Live. The items collected at each location went to their local food pantry. This year, more than 1,500 items were collected!

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Pan American Bank, Chicago, made a donation to Our Lady of Mount Carmel's food bank in celebration of Community Banking Week. The food bank program provides essential resources to those in need, especially during the recent surge in demand. The bank's donation directly supported the purchase of fresh fruits, canned goods, frozen meat and other necessities to make healthy and nutritious meals.

Pan American also offered 30-minute consultations with their expert business bankers during Community Banking Week for entrepreneurs seeking guidance on setting up the financial structure for their new business and for those looking to take their business to the next level. The bank worked with individuals to understand their business goals, help identify potential financial roadblocks and provide recommendations for moving forward.



In honor of Community Banking Week, **CBAI** wanted to take the opportunity to show our appreciation to some of the wonderful community bankers we serve! We celebrated by treating our members attending education sessions at the CBAI Headquarters during the week to some goodies and handing out CBAI umbrellas on a rainy day!

These are just a few of the many examples of the wonderful ways our members celebrated Community Banking Week in 2023. We commend you for finding such creative ways to showcase what community banking is all about this year! During Community Banking Week and all year long, our members and their communities are always "Moving Forward Together!"

We look forward to next year's celebrations! Community Banking Week is scheduled for **April 3–9, 2024**. Complimentary marketing materials will be available from CBAI in January 2024! ■



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Adam Luechtefeld
Vice President/Senior Lending Officer
First National Bank of Okawville

What do you find most challenging about your job?

I'm sure this is a common theme, but keeping up with new and changing regulations is one of the most difficult tasks of my job. It's even more frustrating when the change contradicts the way something has been working for a long time or when it flies in the face of common sense.

What do you find most rewarding about your job?

The best part of my job is helping customers achieve their financial goals, whether it's loaning money to buy a first car or first house, helping a business grow or restructuring debt to help a customer get through tough times. It's a great feeling knowing that I've made a positive impact on their lives.

What quote most inspires you and why?

"All we have to decide is what to do with the time that is given us." — JRR Tolkien.

I tend to think of this quote when I'm overwhelmed or stressed. I can either let myself be overcome, or I can try to make the most of the situation and not worry about things that I can't control.

How did you get involved with CBAI?

I attended the Ag Lenders Conference a couple of weeks before I was scheduled to start at the bank. I was hired as an ag lending officer, so my boss thought it would be beneficial for me to attend even though I had zero on-the-job experience. It worked out great, as I was able to use some of the information right away at my new job. Since then, I've gone to many training meetings, attended the Community Bankers School and several annual conventions. CBAI does a great job bringing talented professionals to train and present at its meetings.

What is something most people don't know about you (or your bank)?

My great-great-grandfather, John Frank, chartered The First National Bank of Okawville in 1920. My grandfather, William Frank, held the position of president here at the bank and was also involved with CBAI during its early years. I had a career as an actuary for many years, but the appeal of community banking drew me back to the bank.

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

Being a small community bank makes it difficult to offer all the features that our customers would like. The extra expense of adding new technology is hard to justify when you have a small customer base. Another challenge we face daily is new avenues of fraud that hit the bank. Fraud is a constant battle that keeps us on our toes.

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

I grew up on a farm, and I still farm with my dad and stepbrother when I'm not at the bank. If I weren't banking, I would get more involved with the farm and grow the operation. ■

In the loving memory of

IVAN DONNER, STATE BANK OF TOULON



Ivan E. Donner, 88, of East Moline, Illinois, passed away on Sunday, April 16, 2023, at Clarissa C. Cook Hospice House, Bettendorf, Iowa.

Ivan was born September 22, 1934, in Ford County, Illinois, in the farm home of his parents, Edward Lee and Marie (Beck) Donner. He graduated from Gibson City High School in Gibson City, Illinois, and served two years in the U.S. Army. He married the love of his life, Phyllis J. Schlickman, on September 22, 1957, in Gibson City. He began his career in banking in 1959, working at banks in Gibson City and Streator, before retiring as president of the **State Bank of Toulon** in Stark County in 2002. Ivan was active in the community as a mason, Shriner, Lion's Club member, and Abilities Plus board member, along with numerous community banking committees. He enjoyed hunting, fishing and golf.



Phyllis Donner and Doug Parrott

Ivan is survived by his beloved wife, Phyllis; two daughters and a son-in-law: Prudence Donner of South Lake Tahoe, California, and Christine and Joe Lavin of Moline; a daughter-in-law, Kim Donner of Streator, Illinois; seven grandchildren: Adam Yoder, Doug (Samantha) Donner, Allison (Dave) Ruff, Max (Erin) Donner, Ben Donner, Carlie Lavin, and Joe Lavin; six great-grandchildren; and many nieces and nephews.

He was preceded in death by his parents; his son, Bryan Donner; and three siblings: Jessie Roesch, Juanita Bennett and Delmar Donner.

Ivan was elected as the seventh president of State Bank of Toulon in January 1990. He led the effort to purchase the Galva Branch of Norwest Bank in 1996 and also purchased the "old" Kewanee National Bank, presently known as Kewanee Branch of First of America Bank, in 1997. Under Ivan's leadership, assets grew to more than \$125,000,000 and deposits to over \$100,000,000. He retired from the bank in 2002 and from the board of directors in 2009.



(L to R) Doug Blunier, Jake Anderson, Michael Rumbold, Mark Rewerts, Pat Sullivan, Christine Lavin, Nichelle Morey, Phyllis Donner, Joe Lavin, Craig Lounsberry, Doug Parrott

Ivan was extremely involved with CBAI, being named the association's Outstanding Member in 1998. He was instrumental in the creation of the Foundation scholarship program and committed State Bank of Toulon (SBT) as the first-ever donor. SBT recently made a generous donation in Donner's name to CBAI's Foundation for Community Banking in the amount of \$10,000.

SBT's President/CEO Doug Parrott honored Ivan's family at the CBAI Group Meeting in Galesburg in May with a beautiful tribute to the incredible community banker and mentor. Ivan's wife, Phyllis, and daughter and son-in-law, Christine and Joe Lavin, were in attendance.

"Ivan was like another father to me. He gave me the pride of being a community banker and instilled in me how important it was to give back to the industry. This has always been my motive for being active in the CBAI and ICBA. He is very proud of how the work that the CBAI Community Banking Foundation has evolved over the years, and we felt an honor befitting him would be most appropriate," said SBT President/CEO Doug Parrott.

We want to thank Ivan Donner and the State Bank of Toulon for the wonderful generosity shown to the Foundation since its inception. Ivan's support of this scholarship program from day one and the bank's continued support has helped facilitate more than \$600,000 in scholarships for Illinois students during the past 27 years. Thank you hardly seems adequate, but we are immensely grateful. ■

Member News

Jackie Hanlon retired from **OSB Community Bank** on April 28, 2023, after nearly 41 years with the bank. She began her banking career on November 8, 1982, as a teller with the Marseilles Building & Loan Association, the predecessor of Twin Oaks Savings Bank. She joined the OSB family in January 2015 when OSB acquired Twin Oaks and has served as assistant vice president of the bank and its Marseilles branch manager for more than eight years. While it saddens her that her long and rewarding career in community banking is coming to an end, Hanlon is looking forward to spending more time with her husband Jim, their two daughters, and their five grandchildren. Congratulations on an outstanding banking career!

First National Bank and Trust Company, Clinton, hosted speaker and author Tasha Schuh who addressed local middle and high school students in DeWitt and Piatt County in April. Schuh's talk educates, inspires and builds resilience for mental and emotional health. The presentation was part of the bank's Promise motivation speaker series visiting 1,015 students in grades 6-12 at Blue Ridge, Maroa-Forsyth, DeLand-Weldon and Clinton schools.

BankORION is pleased to announce the addition of **Jeremy S. Schuette** as the chief credit officer. Schuette joins BankORION with numerous years of banking and lending experience. He spent many years as a chief credit officer in and around the Quad Cities region.

State Bank, Freeport, recently promoted **Chris Schneiderman** to president/CEO. Schneiderman began his banking career with Bank One Wisconsin and joined State Bank in 2002. He has held such roles as senior vice president, executive vice president, and president. Schneiderman is a graduate of the University of Illinois and the University of Wisconsin Graduate School of Banking.

David Dodson retired as president/CEO of **Peoples State Bank of Colfax** on June 30, 2023. **BJ Wesson** has been named the bank's new president and CEO. Dodson has been a community banker for more than 40 years, beginning with Mackinaw Illinois Bank and joining Peoples State Bank of Colfax in December 1984.

Bank of Springfield (BOS) recently welcomed **Dustin Mardis** as community bank president. Mardis brings more than 27 years of banking experience to BOS and most recently worked as a senior vice president at a community bank. In his role at BOS, his responsibilities will be focused on building loan relationships in the Bloomington-Normal area. Mardis holds the professional designation Certified Lender Business Banker with the Institute of Certified Bankers as well as Char-

tered Financial Consultant through The American College. He specializes in commercial, construction, and industrial lending as well as commercial real estate.

Bank of Springfield (BOS) also recently welcomed **Becky Preston** as community bank president. Preston will help serve current customers while also expanding loan opportunities in the Champaign area. She previously served as market president for First State Bank and brings 20 years of banking experience to BOS.



(L to R) Sam Scott, Nancy Mueller, Tod Jeffers

Nancy Mueller, Scott State Bank, Bethany, celebrated 50 years in community banking on May 25.

Itasca Bank & Trust Co. recently appointed three new board members. **Hubert Cioromski** is the owner and CEO of Troy Realty Ltd., a family-owned and operated commercial and residential

real estate company, serving the Chicagoland area for more than 60 years. **Jessica Mazza** is the senior managing director, deputy chief auditor at TIAA. She has over two decades of experience in the financial services industry in the Chicagoland area, primarily in internal audit and consulting roles. **John Skoubis** is a partner with Skoubis Alikakos LLC, a law firm in Schaumburg. He has over three decades of practicing law in the Chicagoland area.



(L to R) Lauren Koch and John McCormick

Lauren Koch, Eureka Savings Bank, retired at the end of May after 57 years with the bank. Koch began working part-time in 1967 while attending Illinois Valley Community College (IVCC). After graduating from IVCC, she continued to work at the bank and began opening accounts and performing secretarial work. She was also

responsible for putting records on the bank's first computer. She started in the loan department in 1982 and has handled clerical work, processing, lending, compliance, etc. She most recently provided post-closing reviews. ■

Staff News



(L to R) Peck and Lounsberry

In April, **Megan Peck**, vice president of governmental relations, celebrated 15 years of service with the association. She was presented with a recognition pin from CBAI President/CEO **Kraig Lounsberry**.

In June, CBAI President/CEO **Kraig Lounsberry** was honored for 15 years at the association. Lounsberry joined CBAI as senior vice president of governmental relations and was promoted to president in 2018. ■



Lounsberry

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Digital Banking

Foundation Report

State Bank of Toulon made a \$10,000 contribution to the Foundation in memory of **Ivan Donner**, former president/CEO of the bank, who was instrumental in the creation of the Foundation scholarship program and committed State Bank of Toulon as the first-ever donor.

First National Bank of Raymond made a \$1,500 donation to the Foundation.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **Sheila Burcham**, Bradford National Bank; **Travis Clem**, South Porte Bank, Marion; **Dan Graham**, Flora Bank and Trust; **Mary Jo Homan**, First National Bank in Pinckneyville; **Chad Martin**, Goodfield State Bank; **Doug Parrott**, State Bank of Toulon; **Alan Stremlau**, Illini State Bank, Tonica; **David Stanton**, PeopleFirst Bank, Joliet; **Jim Weast**, Warren-Boynton State Bank, New Berlin; and **Bill Wubben**, Apple River State Bank, Scales Mound.

The Foundation received \$40 from CBSC and CBAI board members as a result of the "dress-down" board meeting in April.

As of the *Banknotes* publication date, the following individuals, banks and groups have contributed to the Foundation's Sumo Wrestling Fundraiser:

Raymond Altmix, The Bank of Marion

Gary Genenbacher, FORVIS

Patrick McShane, American Metro Bank, Chicago

Karin Parrott, State Bank of Toulon

Lori Pieper, Community State Bank, Galva

Mark Reuschel, State Street Bank and Trust Co., Quincy

Martin Rowe, Legence Bank, Eldorado

Kathy Ruholl, Dieterich Bank

Jason Semple, Dieterich Bank

Larry Sweat, Warren-Boynton State Bank, New Berlin

Amy Thiede, Prairie Community Bank, Marengo

Colette Tope, First National Bank of Ava

CBAI's Career Development Division

First National Bank of Raymond

First Neighbor Bank, N.A., Toledo

Goodfield State Bank














Liberty Bank

The Gerber State Bank



Tompkins State Bank, Avon

We have also received several anonymous cash donations from our Group Meetings and CEO Forums. ■

JULY 2023

- 6 Powers of Attorney & Deposit Accounts: Variations, Permissions, Red Flags, Multiple Signers 
- 6 Accounting Foundations for Lenders 
- 9–14 The Community Bankers School — Illinois Wesleyan University, Bloomington
- 11 Designing the Compliance Audit — Shazam Education Center, Springfield
- 11 Strategic Planning for Community Banks 
- 13 Website Compliance: Best Practices & Common Issues 
- 13 Successful Skip Tracing Techniques for Locating Borrowers & Recovering Collateral 
- 14 CEO Forum Group VII — Chicago Marriott, Naperville
- 18 Vendor Management Workshop — Shazam Education Center, Springfield
- 18 Call Report Preparation: Avoiding Common Errors 
- 18 Unpacking Adverse Action Requirements 
- 19 Branch Manager Group A — Shazam Education Center, Springfield
- 20 BSA Overview for Non-Transactional & Support Staff 
- 20 Treasury Management: A Powerful Tool to Increase Deposits & Fee Income 
- 25–27 Ag Lenders School — Shazam Education Center, Springfield
- 25 Proven Steps to Successful Business Development: Prospects, Scripts, Overcoming Objections & Measuring Performance 
- 26 New Rules Impacting 7a Lending & SBA Update 
- 27 Supervisor 101 — CBAI Conference Room, Springfield
- 27 OFAC & Reg E Compliance with FedNow & RTP Payments 
- 31 Senior Lender Group V — Chicago Marriott, Naperville
- 31 Opening Nonprofit Accounts Compliantly 

AUGUST 2023

- 1 4th Quarterly CBC Program — Crowne Plaza, Springfield
- 1 Senior Lender Group II — CBAI West Conference Room, Springfield
- 1 CEO Forum Group I — Shazam Education Center, Springfield
- 1 Fraud Series: Old-School Check Fraud; New RDC Tricks 
- 2 4th Quarterly CBC Program — Chicago Marriott, Naperville
- 2 Senior Lender Group I — Shazam Education Center, Springfield
- 2 IT Audit Options: How to Choose the Right One for Your Institution 
- 2 HR Group E — CBAI West Conference Room, Springfield
- 3 CEO Forum Group IV — Grizzly Jack's Grand Bear Resort, Utica

- 3 Senior Lender Group III — Shazam Education Center, Springfield
- 3 HR Group D — Drury Hotel, Mt. Vernon
- 3 Marijuana Policy & Best Practices: Handling Employee Medical & Recreational Use 
- 4 HR Group B — Shazam Education Center, Springfield
- 4 Senior Lender Group IV — Shazam Education Center, Springfield
- 8–9 Basic BSA — Shazam Education Center, Springfield
- 8 What Reg E & the Nacha Rules Mean to You, Including Dealing with Discordant Rules 
- 8 Auto Loan Delinquencies: Reducing Defaults & Maximizing Recoveries 
- 9 Train-the-Trainer — CBAI West Conference Room, Springfield
- 9 Force-Placed Auto & Mortgage Insurance: Placement, Management, Guidance 
- 10 HR Group A — Shazam Education Center, Springfield
- 11 CEO Forum Group V — Chicago Marriott, Naperville
- 11 HR Group C — Grizzly Jack's Grand Bear Resort, Utica
- 11 Branch Manager Group B — Grizzly Jack's Grand Bear Resort, Utica
- 15 Debt Resolution Series: Working with Troubled Loans: Extensions, Deferments, Re-Aging, Refinancing & Incentives 
- 17 CBAI & CBSC Board Meetings — Shazam Education Center, Springfield
- 17 Measuring the ROI of Your Digital Marketing Strategy 
- 17 Job-Specific Compliance Training for Deposit Operations 
- 22 Marketing Groups A, B & C — Shazam Education Center, Springfield
- 22 Operations/Technology Group D — Drury Hotel, Mt. Vernon
- 22 Workout & Liquidation of an SBA Loan 
- 23 Digital Transformation Demystified — Shazam Education Center, Springfield
- 23 Operations/Technology Group A — CBAI West Conference Room, Springfield
- 23 SARs & Cyber Crimes 
- 24 CEO Forum Group II — Drury Hotel, Mt. Vernon
- 24 Debit Card Payment Fundamentals 
- 25 CEO Forum Group VI — CBAI West Conference Room, Springfield
- 28 CEO Forum Group VIII — Shazam Education Center, Springfield
- 29 CBAI's Cybersecurity Conference — Shazam Education Center, Springfield
- 29 The Green Book & Government Payments Explained 
- 30 Five Steps for E-SIGN Compliance 
- 31 Record Retention & Destruction Policy & Timeframes 

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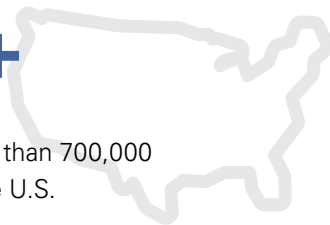
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