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Banknotes

2023 Group Meeting Tour: Faster Payments

Opportunities, Challenges and the Conversations You Should Be Having Right Now

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2023 Group Meeting Tour Set to Go!

CBAI leaders and executive staff are visiting 11 locations on the 2023 Group Meeting Tour this spring. Bankers from nearly 200 banks participate in these enjoyable and informative events each year. Consisting of a pertinent, hot-topic presentation, as well as association reports, Group Meetings provide an excellent opportunity to get the latest information on key banking issues and catch up with friends and peers. See the schedule of Group Meetings that follows and make plans now to attend!

Group Meetings consist of an optional afternoon golf tournament at a local course and a dinner meeting. Enjoy an afternoon at the links while taking advantage of networking opportunities with your peers. The Group 1 & 2 Meeting will follow a different format.

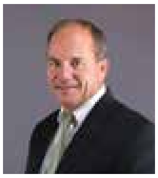
HOT-TOPIC PRESENTATION

"Faster Payments: Opportunities, Challenges and the Conversations You Should Be Having Right Now"

For the last few years, the term "faster payments" has been talked about as the industry tried to define a new set of payment rails. Now the challenge falls to your institution. How will you be using faster payments? When will your cardholders and merchants become senders and receivers? This session outlines progress on the development of faster payments, challenges in defining how "faster" impacts your bottom line and key decisions your bank will have to make to ensure it is up to speed.

PRESENTERS

Patrick Dix is vice president of strategic alliances and leads SHAZAM's relationships and partnerships with more than 70 industry organizations and trade associations. The focus of SHAZAM's strategic alliances is to support the advocacy work of association partners and ensure community financial institutions have a strong voice in the payments industry. Before joining SHAZAM, Dix spent 25 years as a broadcast journalist including 16 years as the senior morning news anchor at the NBC affiliate in Des Moines, Iowa.



Terry Dooley, executive vice president and chief information officer, is one of the nation's leading authorities in the payments industry and is regularly called upon as an expert resource for government, merchant and banking groups trying to navigate the complexities of payments. Through his participation on national boards and committees, including the Federal Reserve Payments Committee and the Secure Remote Payments Council, Dooley has helped to shape the future of payments. He continues to fight for community institutions, ensuring they continue to have a strong voice and a level playing field in the payments ecosystem.

Dan Kramer is the executive vice president of government and community affairs. Growing up in the Republic of Panama in the shadow of two dictatorships, Kramer is passionate about every voice being heard in the political process. He knows that navigating the complexity of the legislative process and the pitfalls of politics can be a daunting task, yet his experience in the payments industry and ever-growing knowledge of the political landscape provide direction for honing your message and successfully advocating for your issues. Kramer works with issues at the local, state and federal levels and oversees community affairs with government agencies, nonprofit organizations and private companies to nurture the relationships necessary for enterprise growth and success.

SKINS AND MULLIGANS

The CBAI Career Development Division (CDD) will conduct the "skins" game and sell mulligans at each of the golf tournaments with the proceeds benefiting **Community BancPac**. You can join the fun by contributing so your foursome can participate in the skins game and perhaps win the pot at the end of the tournament. You may also purchase one or two mulligans, just in case you need that extra shot to improve your team's score. Remember, this is all in fun and to raise money for a great cause, your Community BancPac.

ASSOCIATION REPORTS

The opening portion of each Group Meeting focuses on critical legislative and association issues. **CBAI President Kraig Lounsberry** provides updates on Association projects and community banking in general, and **Senior Vice President of Governmental Relations Jerry Peck** offers an up-to-the-minute report of banking-related legislative activities. As always, you can expect a candid assessment of current political issues and a perspective on those issues from the community-bank point of view.

DOOR PRIZES

CBAI will also hold drawings throughout the evening. At the beginning of each Group Meeting, one banker's name will be drawn from the list of registered bankers to receive $100 cash. At the conclusion of each meeting, CBAI will draw nine more names. The first five selected will each receive $50; the sixth and seventh individuals will receive $100; the eighth person selected will receive $250 cash. The final individual chosen will win $500! **You must be present to win all prizes.**

GOLF PRIZES

One-hundred-dollar gift certificates from the pro shop will be awarded at the host course to first-place team members as well as $50 gift certificates for the longest drive and longest putt at each Group Meeting. If more than 10 teams participate in a tournament, additional $50 gift certificates will be awarded to second-place team members and one for closest-to-the-pin.

GROUP MEETING SCHEDULE FOR 2023

Date	Group(s)	Location
May 1, 2023	10*	Annbriar Golf Course, Waterloo
May 2, 2023	11	Effingham Country Club
May 3, 2023	12*	Kokopelli Golf Club, Marion
May 8, 2023	9	Jacksonville Country Club
May 9, 2023	7	Crestwicke Country Club, Bloomington
May 22, 2023	3	Lake Carroll Golf Course, Lanark
May 23, 2023	5	Soangetaha Country Club, Galesburg
May 31, 2023	1 & 2*	Wrigley View Rooftop (Cubs vs. Tampa Bay)
June 12, 2023	6*	Spring Lake Country Club, Quincy
June 20, 2023	4*	The Oaks at River's Edge, Pontiac
June 26, 2023	8*	Mattoon Country Club

**Even-numbered CBAI Groups will hold an election for Group Director; the term of office is two years. The procedure for nominating Group Directors will be sent to all banks in each CBAI Group with the first mailing. Banks with multiple attendees must designate one person to vote.*

GROUP MEETING SCHEDULE

If the meeting in your designated group does not work for you or your staff's schedule, feel free to attend any of the other 10 meetings. Also, your bank may attend additional meetings to try out some new and fun places. Check out the schedule above, and find the date and location that best fits your schedule! ■

A Forward Look at **Faster Payments**

Terry Dooley, Executive Vice President and Chief Operating Officer, SHAZAM

Today, more than ever before, customers are looking for speed as table stakes when deciding whether to do business with a company. From same-day delivery services and two-day guaranteed shipping — to faster in-person transactions and instant person-to-person payments, the quicker the service and transaction, the better for both the business and the customer.

The good news for financial institutions (FIs) is additional faster payment options will soon be available to meet the growing needs and demands of accountholders. In the second half of 2023, a new instant payment infrastructure is expected to roll out from the Federal Reserve. The FedNow℠ instant payment system will offer FIs another way to access the faster payments infrastructure. FedNow is expected to complement the existing faster payment options of Same Day ACH, push credit to a debit card and The Clearing House (TCH) RTP® instant payment system.

Benefits of instant payments

Faster payment options differ in many ways. Some distinguishing attributes include how quickly funds are made available to the payee when settlement occurs between the sending and receiving financial institutions and the continuity of availability. To stay competitive, consider implementing one of the new instant payment options as part of your overall service offering, which will benefit your FI and your accountholders. Unlike other faster payment options, instant payments offer funds availability to the receiving accountholder within seconds of payment initiation. Instant payments are unique because the interbank settlement occurs within seconds of payment initiation for each individual payment, which eliminates interbank settlement risk and results in guaranteed good funds. Most importantly, instant payment systems are available 24/7/365.

Instant payments improve cash flow management for your accountholders, whether they are consumers, businesses or government entities. In addition, the ability to exchange electronic payment-related messages, such as requests for payment and comprehensive remittance details, supports a myriad of new payment-related use cases to meet the needs of your unique customer base. Another considerable benefit of implementing instant payments is the efficiency gains for your financial institution. Less operational support is needed for instant payments as fewer exception items need to be reconciled each day. These are just some of the ways you can improve customer satisfaction and retention, attract new customers, and reduce operational support by implementing instant payments.

Considerations before implementing faster payments

Before implementing instant payments, you should carefully consider the needs of your unique customer base and ask yourself some key questions. Do you have primarily consumer account holders who have an immediate interest in receiving instant funds availability for incoming payments such as payroll deposits, insurance claims or transfers from their non-bank digital wallet? Do you have small business accountholders who might be interested in expedited settlement for their daily point-of-sale receipts? Do you have large business clients who want to push significant volumes of instant payments to their customers, policyholders or users? Do you have a utility company or similar clients who might be interested in implementing an electronic billing and collection process? How time-consuming, complicated and costly will it be for your FI to provide instant payment solutions to meet the unique needs of these different customer groups? What third-party service providers are available to support the use cases you are considering? What is the expected return on your investment, not only in terms of incremental revenue but also enhanced customer satisfaction, retention and the ability to attract new customers? If you implement instant payments, what are the risks to your current revenue streams, such as interchange income on incoming push-to-debit card transactions? What are the risks if your competitors implement instant payments and you don't?

Participation levels explained

FedNow participants can choose from several levels of participation. If your FI serves primarily consumer and small business accountholders and you're ready to try instant payments, a good entry point is to enroll as a **receive-only** participant. Receive only tends to be a lower risk, less costly and easier to implement option. The accountholders of a receive-only participant can receive instant payments, but they can't initiate them. Examples of receive-only transactions include receipt of expedited payroll deposits and instant transfers from a non-bank digital wallet to a deposit account at your FI.

Send is the next level up from receive-only participation. In addition to meeting all the requirements for receive only, send participants have additional operating rules and obligations they must meet. The sending financial institution is responsible for verifying the identity of the sender, and they are the party that bears primary responsibility for preventing illegal, fraudulent, unauthorized or non-compliant transactions from entering the payment system. Additional legal, compliance and fraud risk are involved with being a send participant when compared to being a receive-only participant. Send participation also tends to be more costly and time-consuming to implement than receive only. For example, send participants may need to implement new automated authentication, authorization and fraud and compliance screening processes for outgoing transactions.

Send participation would serve the needs of corporate clients who want to push large volumes of instant payments, such as insurance companies sending settlements to policyholders or non-bank digital wallet providers enabling users to push instant transfers from digital wallets back to their bank accounts.
Send capabilities that appeal to consumer accountholders include account-to-account (A2A) transfers (from their account at your FI to an account they have at another FI) or person-to-person (P2P) transfers. Enhancements might be necessary to enable consumers to initiate A2A or P2P payments from your FI's digital banking application(s).

Request for payment (RFP) participation is the next level up from send participation. An RFP is a non-value, electronic message that is sent from a business, government entity or consumer to another business, government entity or consumer requesting payment. The party that receives the RFP is expected to respond by communicating their intent to pay or not pay and hopefully send an instant payment back to the entity that sent the request. The instant payment system automatically links the request for payment to the response and any incoming payment received and keeps track of all the remittance details.

Additional obligations, costs and risks are associated with RFP participation, especially if you enable your consumer accountholders to accept requests for payment and send instant payments in response. Consumers can easily be scammed to pay in response to a fraudulent RFP. As a result, there is concern regarding FI obligations for handling consumer disputes under Regulation E and how this applies to instant payments, which are irrevocable. An RFP use case is a utility company that sends electronic bills to their customers every month and lets them respond with an instant payment. FIs might also accept RFPs from billers and make them available to their customers within their digital banking app to facilitate instant bill payment.

Liquidity management transfer is a stand-alone participation option for FIs that want to push funds from their master account at the Federal Reserve to another FI's master account at the Federal Reserve for liquidity management purposes. This option serves the needs of FIs, correspondent banks, bankers' banks and corporate credit unions that have master accounts that are used for interbank settlement at the Federal Reserve. Liquidity management transfers have no impact on or benefit to your FI's business, consumer or government accountholders.

Get started with SHAZAM

As one of only 120 organizations selected by the Federal Reserve to participate in the FedNow Pilot, SHAZAM is ready to enable your FI's FedNow instant payment services when the Federal Reserve makes them available later this year, in addition to your TCH RTP® instant payment service now if you choose to enable both for maximum benefit to your accountholders. Our instant payment receive-only service will support the receipt of incoming payments from both the RTP and FedNow systems as soon as FedNow is ready for general market availability.

The Federal Reserve is eager to identify FIs who want to be early adopters of FedNow, and we're here to assist you through the process. A representative from SHAZAM will be sharing additional details on how to get ready for instant payments at the upcoming **2023 CBAI Payments Symposium** on March 21 in Springfield and March 22 in Lisle. SHAZAM will also be presenting **"Faster Payments: Opportunities, Challenges and the Conversations You Should Be Having Right Now,"** as the after-dinner presentation at all 11 CBAI Group Meetings this spring. If you can't make the meetings, visit our website, SHAZAM.net, and connect with a specialist to learn more and get started. ■

SHAZAM continues to represent the interests of FIs across the country, and we look forward to partnering with you.

Resource: FRBservices.org

Recommendations for Community Bank Involvement in Faster Payments

Mark Field, President/CEO, Liberty Bank & CBSC Payments Committee Chair

Since 2017, the CBAI/CBSC Payments Committee has participated in numerous meetings (both in person and virtual), public hearings and other discussions and forums to investigate and report on the development of faster payment options for community banks. We have since engaged with industry professionals across all sectors to represent the community bank perspective in this payments system improvement.

The first faster payments product to market was the Real-Time Payments™ network created by The Clearing House, an entity owned by a handful of the largest banks in the country. Our committee met with The Clearing House and determined early on that community banks would likely not be well-served by a network completely owned and controlled by our nation's largest banks. A faster payments system operated only by the nation's largest banks would place community banks at their mercy regarding program access, fee structure and future restrictions. It is certainly reminiscent of the creation of the card networks 50 years ago, where the largest banks owned and controlled the networks and the community banks helped to build brand awareness and generate consumer acceptance only to end up exactly where we started — with absolutely no ownership or control, and subject to volume-based fees that directly benefited the larger banks. For this reason, our committee immediately joined the efforts to encourage the Federal Reserve to provide a similar, competing payments system.

The Federal Reserve indicated that it had no legislative authority to create an all-new payments system, however, the Fed did outline the conditions under which it could enter this market with a solution if it met several needs-based tests. Our committee actively participated in public meetings with the Chicago and St. Louis Federal Reserve Banks and supported the concept by sending letters to our elected officials, Federal Reserve officials and through filing public comment letters all to encourage the development of a new instant payment system which would fairly and equally reach all banks, everywhere and always. We were pleased when, on August 5, 2019, the Federal Reserve announced that the FedNow service would be developed with a target "go live" date of 2023–2024 and later narrowed that date down to mid-year 2023.

During the early meetings with the "Faster Payments Task Force," which ultimately led to the creation of the U.S. Faster Payments Council, we immediately recognized that our nation's largest retailers were also actively involved in supporting the faster payment movement. We clearly understood that their involvement was centered around their desire to use such a network to displace card-based

transactions, thus turning a percentage-based interchange expense into a fixed-cost faster payment transaction. CBAI, along with a few of our committee members' banks, became founding members of the U.S. Faster Payments Council, and we continue to closely monitor new developments through those memberships. We immediately began to directly engage stakeholders from all sectors, including Boston Fed Officials who were named to lead the FedNow service, members of the Fed's Board of Governor's staff and our counterparts at the ICBA, just to name a few. We were keenly interested in the fee structure that would be proposed for the new service, particularly for the "Request-for-Payment" (RfP) service, which has the obvious potential to compete head-on with card-based transactions. The preliminary fee schedule was released in early February of 2022, just days before a scheduled virtual meeting which included our committee members and senior-most FedNow officials. Unfortunately, nowhere to be found in the fee schedule was any remuneration for banks that would be receiving the RfP requests and were being asked to immediately guarantee payments for merchants and others and then provide final settlement, all within just a few seconds. We have continued to point out the inequity of that proposition ever since, particularly considering the expectation that banks will be required to absorb all fraud losses throughout the system, again, with absolutely no source of revenue with which to offset such losses.

FedNow Levels of Participation

There are currently three different service-level options being made available under the FedNow service. They are "Receive Only," "Send and Receive" and "Request-for-Payment" (RfP). Only one of the three currently minimizes the risk to the participating bank, and that is "Receive Only." Once a bank gets involved in "sending" the credit-push transactions on behalf of its customers, they begin to have exposure to fraud losses if one of its customers later asserts, either rightfully or wrongfully, that they were duped into sending their money to a deceitful party. RfP is a special type of "send" transaction which is originated by a third-party merchant or vendor and is then subsequently authorized by the bank's account holder to go ahead and send those funds being requested. Should a bank register to participate in RfP transactions, it will see an immediate decline in card-based transactions along with the accompanying revenue that is provided to cover the costs of operating that payment network and offset fraud losses. And, again, the bank receiving the RfP request will receive absolutely nothing in return for offering that service.

How will the Request-for-Payment (RfP) service hurt banks?

- **Merchants will use it to bypass credit/debit card rails.**
- **Currently there is NO interchange passed through to the receiving bank.**
- **Your bank will have to pay to offer and operate the service, PLUS you will have to absorb all fraud losses according to Regulation E.**
- **Your bank will get paid ABSOLUTELY NOTHING for providing immediate access to your bank's DDA base to merchants and others.**

Recommendation:

The committee recommends that all banks enroll in the FedNow instant payment service and register solely for "Receive-Only" participation to allow their customers to receive payments on an accelerated basis without exposing the banks to undue risk.

Should a bank find it necessary to also offer "Send" capabilities, those services should be carefully underwritten and limited to commercial clients with whom the bank has properly assessed the risks of participation in the service. Send transactions should be priced accordingly to cover all costs of network participation, including inevitable fraud losses, and those fees will necessarily have to be properly disclosed throughout the appropriate account documentation.

Unless and until an equitable amount of remuneration can be passed through to the bank that would be receiving a request message under the RfP service, and in an amount sufficient to offset all costs of participation in the service and to cover system-wide fraud losses, the committee does not recommend that any bank participates in the Request-for-Payment service at this time. It is the sincere hope of the CBAI/CBSC Payments Committee that an equitable solution can eventually be found that will recognize the true costs of operating a symbiotic network and wherein all participants will be required to contribute accordingly for the benefits they are receiving from the service or be appropriately reimbursed for the costs they incur in allowing immediate access to their customers' accounts.

Finally, due to the ownership and control issues outlined above, the committee does NOT recommend that community banks participate in the Real-Time Payments (RTP)™ network offered by The Clearing House. ■

MYTH BUSTING:

Three Truths About FedNow

Tina Giorgio, President/CEO, ICBA Bancard

Instant payments have arrived.
In the five years since the launch of the RTP Network, volumes have steadily increased by more than 10% per quarter, and in Q3 2022, the network moved 45 million transactions valued at $19.7 billion. Of those transactions, more than 225 of RTP-enabled financial institutions are less than $10 billion in assets and on the receiving end of these payments.

In fact, every RTP-enabled community bank we've spoken with has had RTP volume within hours of going live.

This data tells a story of a steady climb in customer adoption of instant payments. And, with the FedNow launch mere months away, volume is expected to continue to grow. Community banks have an opportunity to be early adopters of FedNow and capitalize on this momentum.

But first, they need the facts. So, we're dissecting and debunking the three top myths we've heard about FedNow:

MYTH 1

Implementing FedNow will be a huge undertaking, and the management of its operational, technology and security-related considerations will be too difficult.

Truth: Receive-only implementation offers a path to start with instant payments in a streamlined, cost-effective manner.

Even banks that plan to move into instant payments origination don't have to start there; getting your feet wet with receive-only is a way to support your customers' desire to be paid instantly and phase in this new opportunity. In fact, the community banks we've spoken with in the FedNow pilot have shared that getting set up to receive was much easier than they expected. Talk to your providers for more info on how light the lift could actually be.

MYTH 2

There's no immediate demand for instant payments and my customers are not asking for them.

Truth: Industry research continues to point to customer demand for and the willingness of small- and medium-sized businesses to pay for instant payments.

According to the Federal Reserve, 60% of businesses are looking for quicker access to funds and another 57% want to be able to post immediately or automatically to customers' accounts. You don't want your customers to be disadvantaged compared to your competitors with regard to instant payments. Signing up to receive will allow your bank to create surprise and delight moments for your customers rather than having them wonder why you don't offer immediacy.

RESOURCES FOR YOU AND YOUR STAFF: RAMPING UP FOR THE FEDNOW LAUNCH WEBINAR SERIES

To complement your FedNow knowledge, ICBA Bancard has developed a five-part webinar series:

1. Delay No More: Creating Your FedNow Plan
2. FedNow Features, A Deep Dive
3. Lessons Learned from Community Banks Implementing Instant Payments
4. Preparing for 2023 and Q&A with a Fed Expert
5. Exploring Instant Payments Use Cases

For more information, visit the ICBA Bancard website at www.icba.org/bancard/latest-in-payments/strategy-and-education/instant-payments.

MYTH 3

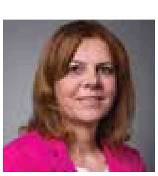
It will take years before FedNow and instant payments affect community banks.

Truth: Community banks already are being impacted by instant payments.

As RTP volume demonstrates, the use of this payment type has already begun. Once government organizations, major payroll processors, large insurance companies, and other sizable entities tap into FedNow, the volume will climb rapidly. Now's the time to get set up to receive so that you can be ready for the large organizations that will enable these payments for your customers.

So, as you set your community bank's FedNow plan in place, continue to educate yourself on the service and its opportunities [see sidebar above]. Consider the ways in which your customers can derive value from receive-only transactions, and then start on that journey. Talk to your current and prospective providers about timing and costs. And then set yourself up to receive instant payments.

Because the time for action has arrived. ■



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

Cyber Insurance Market Begins to **Stabilize**

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

According to John Farley, managing director, U.S. Cyber Practice for Arthur J. Gallagher & Co., the cyber insurance market is beginning to stabilize.

After three years of hardening conditions, from a premium perspective, cyber insurance buyers are seeing smaller rate increases and, in some cases, even flat renewals. This is assuming, however, that the insured has 100% Multi-Factor Authentication.

There are clear signs that we will not be reverting to the soft market conditions of a few years ago. First, the offered products cover less with new restrictive policy wording imposed by several carriers in 2023. Secondly, the strict underwriting control requirements mandated last year will persist while the demand for capacity appears to continue to outpace supply. Finally, there is a growing concern among cyber insurance markets regarding systematic cyber risk, where the focus remains on quantifying a potentially catastrophic cyber event and estimating the probability of one occurring. This underlying concern will likely persist through 2023 and work to support the current conditions that will maintain the tenants of a challenging cyber insurance marketplace.

In the first quarter of 2022, the FBI released its 2021 Internet Crime Report detailing all 2021 losses. The FBI reported potential ransomware losses exceeding $6.9 billion. Also in the report were commonly reported incidents including business email compromise (BEC) and the criminal use of cryptocurrency. Of note, while ransomware made the headlines, the FBI reported that BEC schemes resulted in 19,954 complaints with an adjusted loss of nearly $2.4 billion.

In February of 2022, we saw the conflict between Ukraine and Russia erupt, which stoked the fears of a larger global cyber conflict that could potentially impact organizations exposed to collateral damage, if not targeted directly by Russia. Fortunately, those concerns never manifested, and the cyber market breathed a sigh of relief. As 2022 progressed, the frequency and severity of ransomware attacks leveled off and by some estimates, trended downward. According to one report, ransomware attacks in the first nine months of 2022 declined by 31% year-over-year — a considerable factor in 2022 slowing the dramatic upward climb in rates from the year before.

We also noted some long-awaited good news for the market in the Fitch Ratings report that was released in June. Specifically, Fitch noted robust growth in the cyber insurance market and improved cyber loss ratios amongst carriers.

Some key findings in the Fitch report reflected the fact that cyber underwriting profits improved while there was a noted increase in cyber insurance adoption amongst insurance buyers:

- Losses increased by over 300% since 2018. Still, 2021 premium growth exceeded the change in incurred losses and the stand-alone cyber loss ratio improved to 65% from 72% a year earlier.

- Fitch estimates that stand-alone and packaged cyber statutory direct written premiums increased by 74% in 2021 to nearly $5 billion compared with 9% growth for the P&C industry overall.
- Stand-alone cyber coverage increased by 92% in 2021.

According to the SEC, all publicly-traded companies must adhere to important new mandates, among other requirements such as mandatory cybersecurity incident disclosure and required disclosures of company policies to manage cyber risks.

Key Cost Amplifiers include remote workforce, IoT or OT environment impacted, security skills shortages, lost or stolen items, third-party involvement, compliance failures, cloud migration and security system complexity.

Key Cost Mitigators include an artificial intelligence platform, DevSecOps approach, formation of an IR team, extensive use of encryption, employee training, extensive tests of the IR plan, business continuity, insurance protection, participation in threat sharing and identity and access management.

Underwriters remain laser-focused on several controls, including multi-factor authentication, endpoint detection and response, privileged access management and employee training incident response planning, along with other key cybersecurity controls.

Reinsurers have taken center stage on the important topic of capacity as it is viewed as imperative to the growth of the cyber insurance market. Cyber models do not have the luxury of analyzing multiple billion-dollar losses over a significant timeframe and are challenged by a quickly shifting peril as the threat landscape evolves.

Vendors will need to continue to improve cyber loss quantification from both a single insured and a large number of insureds stemming from a wider systemic type of cyber loss event.

U.S. regulators' heightened regulatory risk will continue to permeate the 2023 cyber marketplace. Several agencies are considering legislating or starting to enforce new rules that would require companies to report cyber incidents. The current focus will remain on critical infrastructure for financial services.

The U.S. government will continue efforts to assist the general public with emerging threats and resiliency advice through alerts. Congress has even urged the Treasury and Homeland Security to address the possibility of a potential government backstop to support the cyber insurance market, similar to the TRIA program that stabilized the property insurance market after 9/11.

The market will certainly expand but will do so carefully with dynamic cyber insurance policy terms and creative efforts for capacity expansion. Underwriters will partner with vendors from the cybersecurity and compliance arenas while keeping a close eye on how the U.S. government may play a part in its overall growth. In summary, we see the potential for significant growth in the cyber insurance market in 2023 and in the years to follow. As the cyber insurance marketplace continues to mature, it will follow a path to form a more cohesive alliance with both cybersecurity and government sectors as cyber threats evolve. ■

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.

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

The Greatest Spectacle in Banking

CBAI's 49th Annual Convention & Exposition

Community bankers, start your engines! CBAI's 49th Annual Convention & Expo is being held **September 21–23, 2023,** in Indianapolis!

Over 300,000 race fans make the pilgrimage to Indianapolis Motor Speedway 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.

Community bankers take the green flag and run all 200 laps of the race for their customers and communities, making all the necessary pit stops along the way. Whether it is providing a home loan, stepping up with a sponsorship, organizing a charity drive, helping someone save for college or run their own business, community bankers want to see their customers in the victory lane, drinking the celebratory cold bottle of milk.

CBAI needs you for this incredible edition of "The Greatest Spectacle in Banking." So, get your tickets, meet us at the track and get ready to qualify, because you don't want to miss CBAI's 49th Annual Convention & Expo, September 21–23, 2023, in Indianapolis!

Opening Breakfast Speaker

CBAI is pleased to announce Austin Hatch with his presentation "Grit & Thriving" as this year's Opening Breakfast Speaker. Hatch's story is one of tragedy, incomprehensible loss and triumph. On Labor Day of 2003, Hatch, who was eight years old at the time, was flying with family from Northern Michigan to Ft. Wayne, Indiana. As they were preparing to land, the aircraft crashed and burst into flames. His father threw him out of the plane to save his life. Although his father went back into the flames attempting to rescue the rest of his family, Hatch's mom, Julie, sister, Lindsay, and brother, Ian, did not survive.

Hatch's dream was to play basketball for The University of Michigan, his mom's alma mater, and he worked hard on his skills and began to have success on the court. On June 15, 2011, Coach Beilein offered him a full scholarship to play basketball for The University of Michigan, which he accepted. It was a dream come true. Nine days later, on June 24, 2011, Hatch, his father and stepmom Kimberly, whom he affectionately referred to as his "second mother," were flying to Northern Michigan to have a celebratory weekend. As they were preparing to land, the aircraft crashed, and his dad and stepmom were killed on impact. Hatch suffered severe injuries and was nearly killed.

After being in a coma for more than two months, Hatch had to relearn how to walk, talk, eat and basically how to live his life. With the help of many, many people and against the odds, Hatch persevered and was able to make a solid comeback to take the place at The University of Michigan that was held open for him.

Ten years later, Hatch is a graduate of The University of Michigan and a full-time motivational speaker with a message about thriving in the midst of adversity. He believes that part of the reason he survived two plane crashes, endured tragic losses and made a great recovery, is to help others. He has been sharing his story and message to inspire others to overcome the adversity they are facing. We all face challenges every day, and he believes that it is his purpose to help others find ways to thrive in the midst of adversity.

Saturday Night Entertainment

One of the best-kept secrets from the Hoosier State is the award-winning, five-star, high-energy dance show band, *Night to Remember*. With sizzle, punch and finesse, this band has dazzled audiences from around the country since 2014 — that's why they're called "the party starters!" Night to Remember gives its 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!

Make plans now to attend CBAI's 49th Annual Convention & Expo on September 21–23, 2023, in Indy! This convention promises top-notch speakers, pertinent and timely education, camaraderie and exciting social events!

For more information and to take advantage of early-bird pricing, visit www.cbai.com. ■

Community Banks Offer 401(k) Plans to Small-Business Customers

Community banks are partnering with the CBAI 401(k) MEP (Multiple Employer Plan) to provide small businesses access to a proven 401(k) plan. The strategy is proving to strengthen the banks' relationship with its customers and prospects while offering a valued financial service.

Bradford National Bank, a $500-million, full-service community bank with six locations, rolled out the CBAI 401(k) MEP late last year for its commercial businesses.

"We've received a pretty good response," said Mike Ennen, president and CEO at the 155-year-old bank. "Our businesses have been pleased with the program. Many are new to offering 401(k) plans and instituted the program to comply with the Illinois Secure Act."

The Illinois Secure Choice Act now requires every Illinois employer with five or more employees to offer its own retirement program or facilitate the state-sponsored plan. Employers who do not meet the required deadlines may be subject to enforcement, including financial penalties. As a result, employers now have the added responsibility of choosing a plan that's right for their business and that employees find beneficial.

Ennen said the bank knew that CBAI had partnered with Midwestern Securities and Pentegra to provide CBAI member banks with access to a 401(k) MEP. The MEP enables participating banks to outsource their 401(k) plan fiduciary responsibilities and liabilities, reduce administrative burdens, and share plan costs, which provides potential cost savings. The MEP is overseen by a committee comprised of banks participating in the MEP. The banks have direct input into plan structure, funds menu, etc. The CBAI 401(k) MEP powered by Midwestern Securities has been a CBSC Marketing Partner since 2013.

Inclusion in the CBAI 401(k) MEP is not only for CBAI member banks. Banks have the option to offer participation to their small-business clients and prospects, as well. To help the small businesses in its market area comply with the Illinois Secure Choice Act, Bradford National Bank did exactly that. Working with the in-house financial advisor at Bradford Wealth Management, the bank identified businesses that would benefit from the program. From there, the response has spread by word of mouth. The CBAI 401(k) MEP has proven to be a good fit for a wide range of businesses, including construction companies, farm clients and even a pet-service business.

Onboarding a new employer into the plan takes approximately 90 days. Most employees signed up for the MEP at their place of business. Ennen said, "Pentegra handled the process seamlessly and provided a nice level of service. It was reassuring to know that they would get customers onboarded and it would be done right." He added, "Pentegra charges an annual fee, but it is very reasonable."

Although most of the new adopters are local businesses, there has been one other notable conversion to the program. According to Ennen, "We had been recommending the CBAI 401(k) MEP to all of our clients. Seeing how the program worked made us realize that we weren't getting good service from our current provider for our own employee retirement plan. Having already worked with Midwestern Securities on wealth management services and with Pentegra on the 401(k)s with our customers, we realized that we should be using it ourselves. So, we recently switched the bank's 401(k) plan to the CBAI MEP." He concluded, "There was no need to evaluate other providers because we were familiar with Pentegra and we knew exactly what we were getting."

Ennen would recommend other banks offer the program to their business clients, as well. "Do it if you can," said Ennen. "It's a competitive job market and businesses need help attracting and retaining staff. This has been a good fit for us and our customers. Being able to offer it has deepened our relationship with those businesses." ■

5 Five Steps for Easing into ERM

Michael Carpenter, Ncontracts

Building out an enterprise risk management (ERM) program can be overwhelming for financial institutions and others in the financial services industry. Risk management is a broad umbrella covering a wide range of risks, including operational, cybersecurity, compliance, reputation and financial risk, among others. With so many areas to cover, it's hard to know where to begin or how to get it all done.

One common mistake banks, credit unions, mortgage companies and fintechs make when faced with an overwhelming task like building out a risk management program is to kick the can down the road. They decide they are too busy, and the job is too big, so they'll dig in once things quiet down.

This creates two problems:

Problem #1: A quieter time isn't coming.

We all like to imagine that a simpler, quieter time is just down the road. We just need to reach a deadline or milestone and we'll have plenty of time to tackle our backlogged to-do lists.

The problem is that a quieter time isn't really coming. When Aristotle said, "nature abhors a vacuum," he probably wasn't talking about project management, but he may as well have been. New projects are always coming to take the place of those that are finished. It's rare to finish a project and then wonder "What should I do next?" The next thing has already been defined and mapped out. There is no pause.

Problem #2: Waiting can expose the institution to unknown amounts of risk.

The goal of risk management is to identify, assess, measure, mitigate and monitor risk to ensure your financial institution isn't taking on too much or too little risk. Your institution's risk exposure needs to align with its risk tolerance.

The longer you wait to build out a risk management program, the longer your institution is exposed to unchecked risk.

Five Tips for Simplifying Your ERM Program Buildout

Now that you know why you shouldn't put off building out your ERM program, let me show you the five things you need to know to get the job done.

1. You don't have to do it all at once.
Rome wasn't built in a day, and your risk management program doesn't have to be either. Like any project, risk management should be broken down into phases. For example, you might decide that it will take three years to completely fully build out your risk management program — but that doesn't mean you won't get any value from the program for at least three years.

Any time you manage risk, you're helping your institution. Whether it's compliance risk, cybersecurity or corporate governance, each building block of risk management will help make your institution stronger and more resilient.

Choose one approach to risk management and start.

2. Decide where to begin.
When building out a risk management program, there are two recommended approaches to choose from:

- Start with a strategic goal or initiative. When starting with the goal in mind, begin by identifying all the objectives and hurdles. What do you need to do? What might prevent that from happening?
- Start with the highest inherent risk (i.e., the risk that exists naturally when there are no safeguards in place to avoid trouble).

Both approaches help you "right size" your risk management. Often it makes the most sense to start with a strategic goal or initiative and then define inherent risk.

Whichever route you choose, gather and update existing risk assessments to determine the highest inherent risks and identify the controls in place.

3. Leverage your data to assess risk.
Risk management empowers your institution to evaluate threats and opportunities to better understand how significant a risk is, how well it's being controlled and what else, if anything, needs to be done to better manage it.

Starting with areas of high inherent risk not only makes risk management more manageable but also maximizes the value of your risk management investment by helping you remediate risks that could have a major impact on your institution.

Sure, you could start with something small and easy, but if it's not going to have a big impact on your risk profile, you're better off starting with something else.

Inherent risk is best understood with relevant, recent and quantifiable data, including test results, audits and exams. Have you had feedback from examiners about your BSA (Bank Secrecy Act) program? Or maybe your institution has identified risks relating to data security, vendor management, regulatory compliance UDAAP (Unfair, Deceptive or Abusive Acts or Practices) and fair lending or attracting and retaining employees?

Use the available data to identify and prioritize areas with the greatest inherent risk. Then identify the controls that help mitigate the risks.

DID YOU KNOW?
ERM is a top-down strategy that aims to identify, assess and prepare for potential losses, dangers, hazards and other potentials for harm.

www.investopedia.com/terms/e/enterprise-risk-management.asp

4. Dig into controls.
Once you identify inherent risks and the controls to mitigate them, it's time to identify key controls (controls that are automated or expected to prevent a risk).

Decide who will assess these controls and when, remembering that some controls are provided by vendors and may have already been reviewed by your vendor management program. Go through one cycle of control assessments to get a feel for how effective the process is and how well it works with other areas of risk management including business continuity and compliance.

It's also a good idea to create key performance indicators (KPIs) to help measure risk (and whether you are within your institution's risk tolerance) and progress toward strategic goals.

5. Work your way through areas of lower inherent risk.
Once you've knocked out your biggest areas of inherent risk, continue down the list. Knock out other high-risk areas working your way down to other, less critical areas of risk. By now, you'll have learned what works best for your institution, so it should go quicker and more smoothly.

Since risk management touches every area of a financial institution, each new area added to the program will build on what was already created, making the program stronger and more effective.

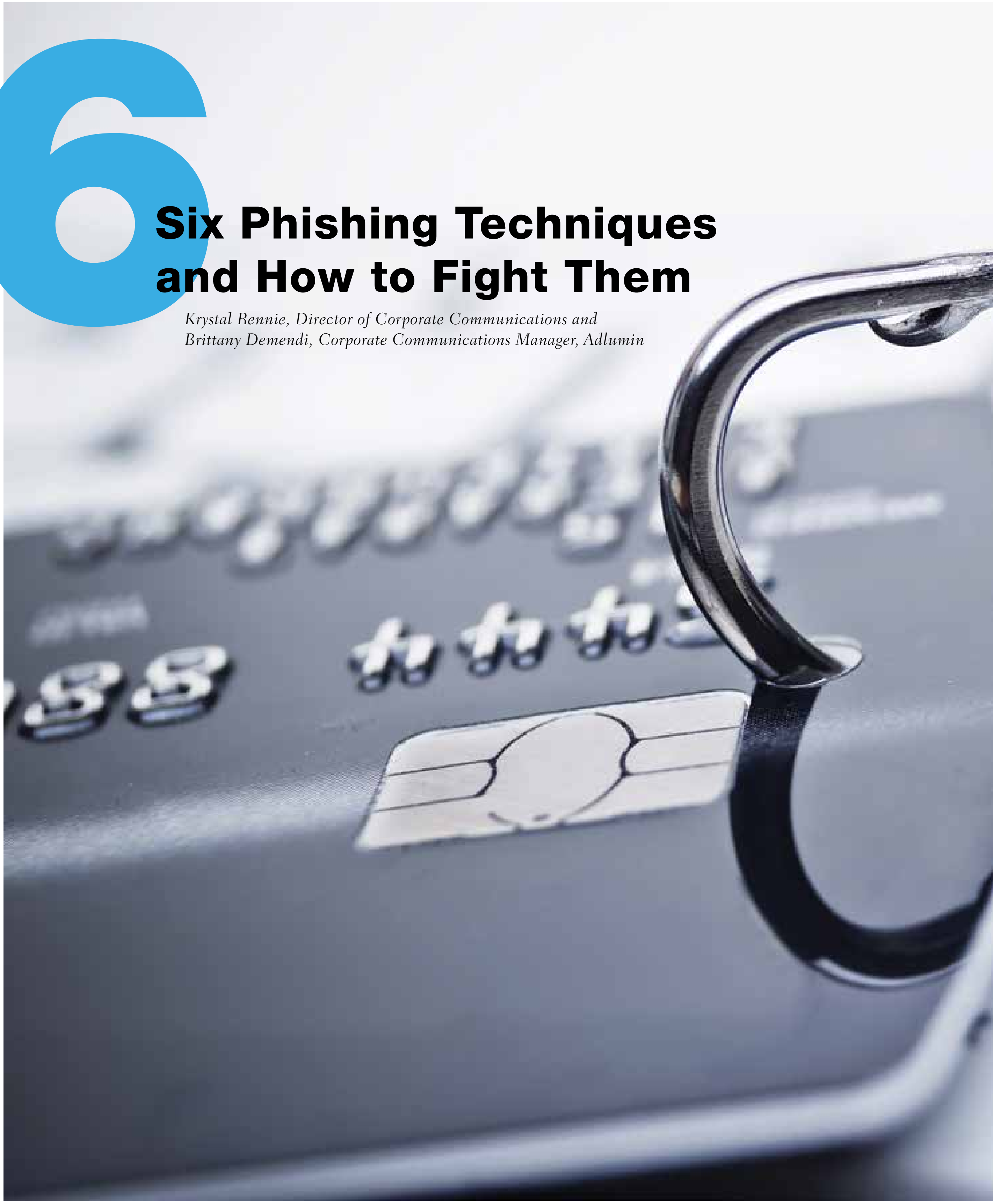
Risk management is a cumulative activity. As you build out the program and expand into different areas, your institution will benefit from having a more well-rounded view of risk and the information the board and management need to make more informed strategic decisions.

Don't let analysis paralysis stop your financial institution from adopting enterprise risk management. Know that your ERM build-out is a journey — one that will take a while but will offer many rewards along the way. It's okay to ease into risk management. ■

6

Six Phishing Techniques and How to Fight Them

Krystal Rennie, Director of Corporate Communications and Brittany Demendi, Corporate Communications Manager, Adlumin



Recently, we took a 360-degree view of phishing to examine various types of attacks and how harmful they can be to businesses. This blog will zoom in on a subsection of those attacks and talk more about six specific methodologies behind phishing.

You might already know that phishing attacks are increasing in popularity, and cybercriminals are finding new creative ways to strike. If you have had access to an email, phone or social media account in the last decade, you have most likely been exposed to a phishing attempt.

When most people think of phishing, they think of email. This is often reinforced by awareness training and testing programs that disproportionately cover email-based campaigns. Unfortunately, this emphasis often neglects to consider other forms equally effective as tricking recipients into surrendering confidential information.

Phishing.org gave a highlight of popular phishing techniques, and below is a quick rundown of a few popular methods:

#1: Email

Email is the most common form of phishing, and it occurs when cybercriminals often send emails with phishing URLs to collect sensitive information. According to a Forcepoint article, "an email may present with links that spoof legitimate URLs; manipulated links may feature subtle misspellings (double 'nn's replace a 'm' or uppercase 'i' replaces lowercase 'l') or use of a subdomain." Once access is gained through these links, criminals can successfully launch an attack.

More sophisticated email phishing uses infected attachments and contains evocative content encouraging recipients to open the attachment, automatically downloading malicious code. These emails can use positive messages, such as prizes or hefty discounts, or negative ones, such as complaints or lawsuits. They often appear to come from an authority to add weight to the recipient's need for immediate action.

#2: SMS and Text Messages

SMS and text messages are utilized when cybercriminals use text messages to target individuals to get them to disclose personal information via a link that would lead them to a phishing website and expose their information to the attacker.

During the early stages of COVID-19 and work-from-home measures, executives were targeted through their assistants who received fake text messages from their boss. These themes often involved the fake boss reporting a stolen device, a new phone number and an email. Once a persistent connection was made, the criminals would ask for confidential information in the hopes the assistant would surrender it over text.

#3: Web-based forgery

Web-based forgery is a very sophisticated phishing technique, as it uses fake websites to fool users. According to Phishing.org, this technique is "also known as 'man-in-the-middle,' the hacker is located between the original website and the phishing system. The phisher traces details between the legitimate website and the user during a transaction. As the user continues to pass information, it is gathered by the phishers, without the user knowing about it."

One ransomware gang used fake Microsoft Office 365 log-in prompts to collect credentials and then passed the legitimate log-in information to Microsoft servers to complete the log-in creating a seamless and expected transaction. The victims were oblivious to the credential scrape.

#4: Malvertising

Malvertising involves malicious advertising with active scripts created to download malware or force undesired content into your networks. The most common and popular methods of malvertising include Adobe PDFs and Flash. You should steer clear if you have seen these advertisements pop up on your browser.

#5: Content Injection

Content Injection occurs when the cybercriminal maliciously alters a portion of content hosted on a reliable website. This will mislead the user and make them go to a page that leads them outside their intended website. Once they land on that redirected page, they will be asked to enter personal information.

The criminal group, Gootloader, used this technique to solicit the credentials of executives and professionals looking for templates, tools and other planning resources.

#6: Keyloggers

Keyloggers use a specific kind of malware to recognize and record (or log) user keyboard input. The information collected is sent to cybercriminals so that they can decipher passwords and gain access to other types of personal information.

In one case, criminals used keystroke loggers to tailgate financial transactions and stole $1.9 million from a tech start-up in 24 hours. The money was moved to banks in China, Russia and Turkey and was never recovered.

How to Combat Phishing Techniques

The first step to protecting yourself and your organization from falling victim to these phishing techniques is learning to spot them, which can be done through consistent training. In other words, by implementing a Proactive Defense Program. As we know, knowledge is power. Teaching employees to feel confident in their ability to report a phishing scheme can be the difference between temporarily shutting down operations, an organization folding and conducting business as usual. The advantages and benefits are endless. Educate employees on how to recognize cyber threats, the types out there, and what actions to take when they encounter one.

It is evident that IT staff already carry a heavy load, so many turn to third-party services to implement and manage security awareness testing and training. These pieces of training deliver real-world scenarios and context-rich security awareness programs in line with the organization's security operation center services. So, what can an organization expect from a Proactive Defense Program?

1. **Train employees internally for security threats in your industry.**
   Phishing campaigns are built with themes that imitate real-world phishing email styles quarterly, attempting to entice employees to browse an unknown website or open an infected attachment, the campaign targets employees with privileged access or that perform critical functions. The mock phishing emails expose high-risk users and an organization's vulnerabilities. Specific employee emails are tracked with their campaign results.

2. **Monitor training and test for understanding of key security concepts.**
   Following each quarterly phishing campaign exercise, on-demand training is set up for all employees. Enrollment notifications are sent to all users to track their completion activity and notify them if they still need to complete their training. It is suggested to customize training content.

3. **Implement additional security training by a third-party expert.**
   A third party will take responsibility for implementing and setting up Security Awareness Training to ensure the organization can comply with its industry regulations and set policies. In addition, organizations can upload company-specific policies. Employees are assigned the policies and must agree to or acknowledge to develop policies to complete their training. Required training supports vertical and segment framework, which includes:

   - Sarbanes-Oxley reporting requirements
   - NIST
   - HIPAA (Health Insurance Portability and Accountability Act of 1996)
   - ISO
   - PCI (Payment Card Initiative)
   - FFIEC CAT

4. **Remediate non-compliant employees with security awareness testing.**
   High-risk users who open an attachment, click a link, or fail a phishing email campaign should be required to attend remedial training campaigns. These campaigns include additional programs to help empower them with more practice and knowledge in addition to tailored and informed training suggestions based on the campaign results.

5. **Hold continuous training that has a repeatable process.**
   Working with a third-party service gives an organization dedicated experts to manage all aspects of delivering campaigns, collecting the results and reporting on employee activity to support awareness training and recommendations. Security awareness has become a must-have within every organization, regardless of industry. These services solve the human element in cybersecurity by educating employees and properly training them to report suspicious activity by requiring them to agree or acknowledge to set policies to complete training. ■

Contact our experts if your team is ready for a demo of Adlumin's Managed Detection and Response Plus Platform extended risk management and security services. Visit https://adlumin.com/contact.

Nominations for the Excellence and Innovation FORVIS Award are Now Being Accepted!

Nominations are being taken for the 2023 Excellence & Innovation FORVIS Award, presented by CBAI and the accounting firm of FORVIS. The purpose of the award is to recognize banks with an outstanding, innovative product/service or program. Your bank does not need to be a FORVIS client to enter. Nominations are due at the CBAI headquarters no later than Friday, June 2, 2023.

Last year, the winner was The First National Bank in Tremont. This year, your bank could be the winner! Enter your bank now!

You can find the nomination form at www.cbai.com or send an e-mail to the CBAI Department of Communications at cbaicom@cbai.com. We hope to receive your nomination soon!

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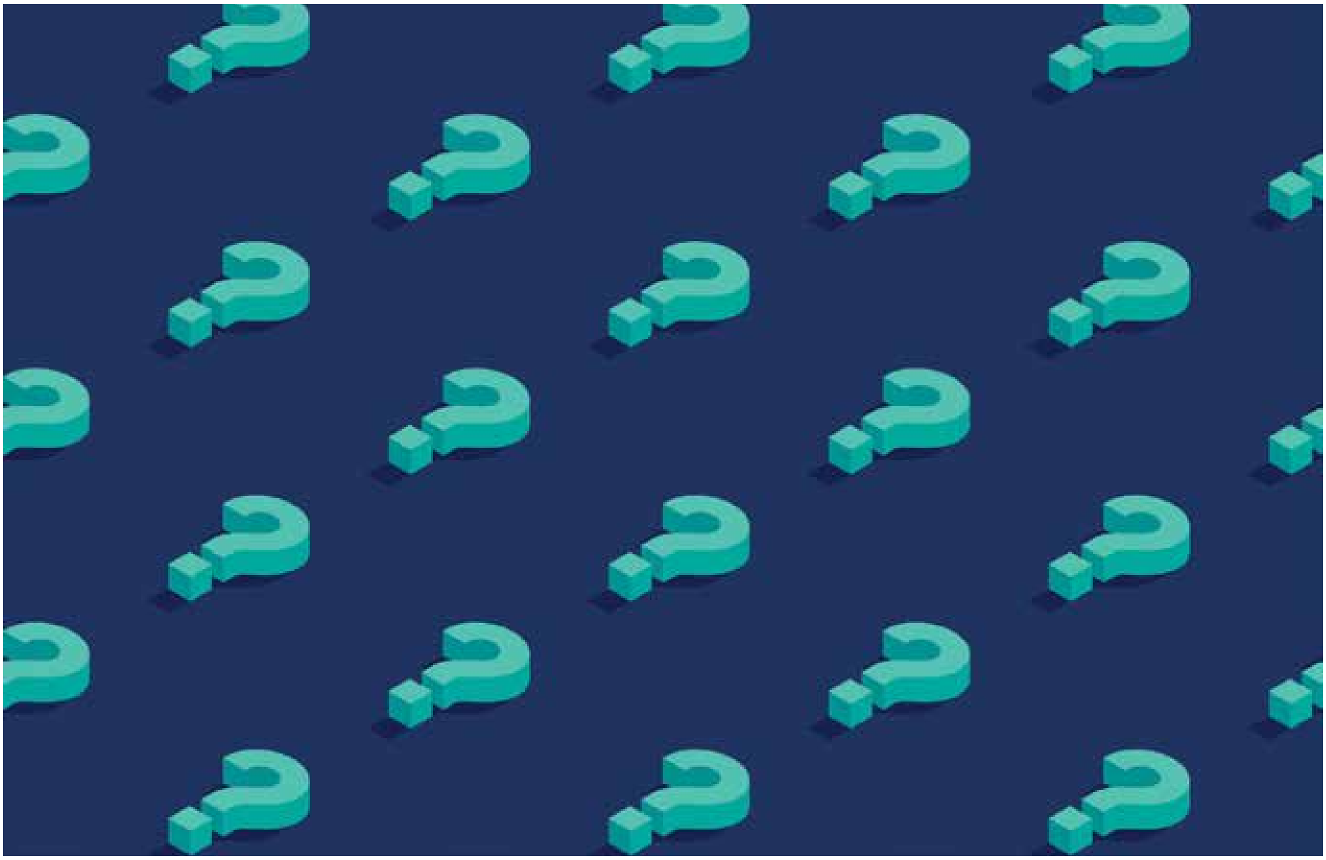
Addressing Community Banker Questions on **Overdrafts**

Cheryl Lawson, EVP of Compliance, JMFA



As I have been visiting community banks across the nation, several questions have been posed to me. Here are a few that may offer some helpful guidance:

Question: Are we still at risk of penalties and litigation even if we don't offer a formal overdraft service?

Answer: Yes. Even if you do not offer a formal overdraft program, you are still subject to fines and penalties related to the assessment of fees due to multiple representments and AP/SN.

Banking regulatory bodies have been taking a closer look at overdraft practices — specifically represented transactions and those that are "authorized positive, settled negative" (AP/SN).

An **October 2022 Circular** from the Consumer Financial Protection Bureau (CFPB) focuses on "unanticipated overdraft fee assessment practices," which they define as occurring when:

> *" . . . financial institutions assess overdraft fees on transactions that a consumer would not reasonably expect would give rise to such fees. [. . .] Even if a consumer closely monitors their account balances and carefully calibrates their spending in accordance with the balances shown, they can easily incur an overdraft fee they could not reasonably anticipate because financial institutions use processes that are unintelligible for many consumers and that consumers cannot control."*

This points directly to fees related to how your bank handles represented items and AP/SN transactions.

The CFPB signaled its intention to ramp up supervision around fair lending laws and unfair, deceptive and abusive acts and practices (UDAAP); other regulatory bodies have made similar announcements. In addition to closely examining decision-making practices in pricing, advertising and other areas, the

Bureau examiners will look at other processes — as defined in your program disclosures — and the impact of fees.

It is also important to keep in mind, the FDIC issued guidance specifying that their supervisory response "will focus on identifying representment issues and ensuring the correction of deficiencies and remediation to harmed individuals."

And, while the Office of the Comptroller of the Currency (OCC) has not officially released any statements, they have historically followed the FDIC's lead.

So, even without a formal overdraft service, your bank may still face examiner scrutiny. Regulating bodies want financial institutions to address the issue proactively. This means you cannot afford to take a wait-and-see approach. Is your financial institution ready for this type of in-depth audit — or are you leaving your bank open to risk?

Question: Do consumers really have a need for overdraft services?

Answer: Yes. Although it's not an ideal situation to have an overdrawn account, research continues to show that many consumers have a need for short-term liquidity.

Recent research shows that **three in five consumers are living paycheck to paycheck,** and nearly **one in five struggle to pay their bills.** Even people making $100,000 to $150,000 (more than double the nation's median income) are now living paycheck to paycheck.

Another study reveals that **77% of Americans feel anxious about their financial institution.** Everything points to widespread financial instability, especially in this economically challenging time.

The need is already there. So, the real question is, **"Do you have an effective overdraft solution to offer your account holders?"**

A compliant, pro-consumer overdraft program provides a valuable service to your account holders while remaining above regulatory scrutiny. It's also:

- Easy for your account holders to understand
- Straightforward for your staff to explain
- Fully disclosed and transparent
- Well-communicated
- Fair and unbiased
- Responsible
- Inclusive of daily caps, de minimis and other allowances
- Closely monitored to ensure best practices

Although many complexities must be addressed and the right resources must be in place to manage the program, it's an extremely important service for account holders to be able to access.

A compliant, pro-consumer overdraft program should NOT encourage your account holders to overdraw or mismanage their checking accounts. It should be offered responsibly by your financial institution and used responsibly by your account holders. The goal of the service should be to provide a short-term solution for your account holders, so they don't have to look elsewhere for assistance and financial peace of mind.

The reality is that most consumers experience short-term cash flow needs at some point during their lives. And now is an especially difficult time for many Americans. So, while some may choose to discontinue offering the service, it doesn't eliminate the consumer need. It only puts account holders in a more difficult position — having to find help elsewhere, when a better option would be to go through their financial institution.

As a financial institution, keeping reality and current economic conditions in mind and offering the services that account holders need is mutually beneficial. Isn't the better option for account holders to know they have a trustworthy and reliable safety net if they need it?

Stay Proactive

By providing transparent, useful, consumer-friendly services, you'll minimize risk and strengthen customer relationships. And that's extremely important for community banks, whose account holders have come to see them as a partner in their financial health. And as a partner, you don't want to turn someone away at a time when they may have a short-term need.

Contact us for answers to your questions about maintaining a fully-disclosed overdraft program. ■

Cheryl Lawson has more than 30 years of experience in information technology and financial operations, as well as consulting, communications, training and project management. She serves as JMFA's principal compliance liaison for regulatory requirements of overdraft services, including consumer protection issues, and strategies that enhance safety and soundness.

JMFA, the experts in delivering consumer-friendly overdraft solutions, has earned the trust of the financial services industry by providing effective recommendations and data-driven results for decades. To address your evolving needs and answer pressing questions on overdraft compliance and best practices for delivering more value to your account holders, contact the experts at JMFA.

Celebrate Community Banking Week in Illinois!

Community Banking Week in Illinois is coming up on April 2–8, 2023, and April is National Community Banking Month. This is a perfect opportunity to spotlight the importance of community banks. Help us celebrate the invaluable contributions community banks make to their local economies. Community bankers regularly assist customers who are facing unforeseen economic hardships. Whether it's a pandemic, layoff, strike or other unexpected personal economic emergency, community bankers will always work with their customers, be it individuals, small businesses, farmers or local governments, to find ways to weather the storm together. The theme of this year's Community Banking Week in Illinois is "Moving Forward Together." Community banks are committed to their communities and play a vital role in the success of individuals and businesses alike. They are always looking for new ways to work together with their customers and their communities to keep moving forward and make a positive impact.

There are many ways to celebrate. Below are some ideas your bank may be able to use to successfully promote Community Banking Week in Illinois. The Community Bankers Association of Illinois wishes to thank you in advance for any visibility your bank can afford this important event.

Jean Days (or Dress-Down Days)

Every Friday in April, allow your staff to wear jeans (or at least dress down) for a small fee (i.e., $5 per person per Friday). Then, give funds to local charity(ies) and/or make a tax-deductible donation to the CBAI Foundation for Community Banking, which endows all of CBAI's annual scholarships.

Facebook Contests

Hold contests on Facebook and offer prizes to the winners. Facebook contest ideas include:

- What is your favorite thing about our community?
- How many pennies are in the piggy bank pictured?
- April is National Humor month. Ask customers to send in their favorite joke, and post the winners on social media.

Support Local Business Customers

Send the winners of your Facebook contest a gift card to a local restaurant or shop. This is a great way to support local establishments and your business customers.

Order lunch or bakery items from a local restaurant and treat your community's hospital staff, emergency responders, teachers, etc. This not only thanks a very deserving group of individuals but helps your small business customers.

Highlight a different business customer on Facebook every day.

Get Kids Involved

Visit your local schools and provide a financial literacy session for students. For younger grade levels, have bank employees come into the classroom and read to the students.

Hold a contest where kids are asked to draw a picture of your bank or create a banking-related poster. Have them bring in pictures of their completed project and share the winners (or all submissions) on your Facebook page and/or website. Award a savings bond a day.

News Releases

Community Banking Week is a perfect time to send out a news release on how your bank supports individuals and businesses. Let the media know how community banks work together with their customers and communities to help them keep moving forward in positive ways. Let's blanket the media with encouraging news stories with a positive focus on community banks!

Customer Communications

Use Community Banking Week artwork in communications with customers. Utilize your bank newsletter and social media to promote your activities, contests, and/or giveaways for the week. Share your plans with your local media, as well.

Community Banking Week is the perfect time to remind customers of why community banks are important to the survival of the local economy. Send a customer email and/or a letter to the editor explaining the importance of community banking.

Open House Events

Invite customers to an open house at your bank and provide treats from a local bakery or restaurant. Offer a drawing for a free product or service purchased by the bank from a local small business customer such as a lawn care service, florist, nursery, car wash, bowling alley, pet groomer or hair salon. Hold a blood drive or offer free blood pressure checks at the bank with the help of your local hospital or Red Cross. Hand out giveaways such as bank-logoed stress balls, pens, mugs or other bank logo items.

Special Products/Services

Now is an excellent time to piggyback on the momentum of Community Banking Week with the introduction of a new product or service. You may wish to offer a special package for new accounts; you may want to tie in with special services for small businesses; you may even want to offer a special rate for loans or savings instruments during this period only. This is a great time to promote your online and mobile banking services. Encourage your customers to take advantage of these options or to sign up now if they haven't already. Your bank may also wish to take advantage of Community Banking Week as an opportunity to again emphasize safety and soundness or to elaborate on a special feature of your bank.

Small-Business Accounts

Get your officer-call program in high gear with targeted accounts. The point is, while community banks are in the spotlight, you have an excellent opportunity to also develop business relationships.

April is also:

- Keep America Beautiful Month & Lawn and Garden Month (Arbor Day in Illinois is always the last Friday in April; Earth Day is always April 22. Give away flower or vegetable seed packets at your drive-up; have a drawing for landscaping services; plant flowers or trees in a local park; or take flowers to the residents of a local nursing home with help from a local florist.)
- Poetry Month (hold a poetry contest)
- National Food Month (feature local restaurants; give away gifts cards from local restaurants or grocery stores; hold a canned food drive to support a local pantry)
- Books to Brighten Young Minds Month & School Library Month (donate books or funds to your local school or community library/libraries)
- Community Spirit Month (show your community pride by wearing gear representing local schools and sports teams)
- Animal Cruelty Prevention Month & National Pet First Aid Month (hold an adopt-a-pet event)

For your FREE digital marketing kit, including lobby posters, radio scripts and PSAs, color and black-and-white ads, letter to the editor and more, contact Kim Cordier at kimc@cbai.com. Hard copies of the Community Banking Week poster and other marketing materials are also available upon request. ■

Share with us how your bank is celebrating! Email us with your plans! Tag us in your Facebook posts!

We want to share what your bank is doing with CBAI members statewide on social media and in Banknotes magazine. Contact Valerie Johnston at valeriej@cbai.com.

2023 Ag Lenders' Conference

CBAI's annual Ag Lenders' Conference, held on February 1, helped participants develop the skills and tools to better understand the issues affecting the bank's farm and agribusiness customers and to meet their credit needs. There were awesome discussions held between the bankers and the speakers throughout the day. The on-demand recorded session is still available for purchase and allows your bank to train your ag lenders on their own time with unlimited views from unlimited computers for up to six months. Please contact Melinda at CBAI 800/736-2224) or via email at melindam@cbai.com for more details.

Topics covered in this one-day conference included a look at a variety of issues facing agricultural lenders. Dr. David Kohl, professor emeritus of agricultural and applied economics, Virginia Tech, Blacksburg, Virginia, kicked off the conference with the session "Agriculture and Ag Lending Outlook" followed by Eric Snodgrass, principal of atmospheric science, Nutrien Ag Solutions, Champaign, Illinois, and his session, "Weather Outlook & Forecasting for 2023;" followed by "Credit Decisions in Uncomfortable Economic Times" with Dr. Kohl; and "Carbon Markets: A Policy Primer" with Lauren Lurkins, director of environmental policy, Illinois Farm Bureau, Bloomington, Illinois. The day wrapped up with Adam Nielsen director of national legislation and policy development in the governmental affairs and commodities division, Illinois Farm Bureau, Bloomington, Illinois, with the session "Farm Bill Update."

A special thank you to Illinois State Treasurer Michael Frerichs for attending the CBAI Ag Lenders Conference and providing an update to Illinois community bankers on the Ag Invest program.

CBAI thanks the members of our Ag Lenders' Subcommittee for their expertise and assistance in developing and promoting this year's Ag Lenders' Conference. ■

Illinois State Treasurer Michael Frerichs and Olivia Bradley, Legence Bank, Eldorado

Eric Snodgrass, Nutrien Ag Solutions

Dr. David Kohl, Virginia Tech

Illinois State Treasurer Michael Frerichs

Dr. Kohl

AG LENDERS' SUBCOMMITTEE

Chairman: Doug Smith, President
Farmers National Bank of Griggsville

Jennifer Beard, President
Farmers State Bank, Elmwood

Doug Blunier, Senior Vice President
State Bank of Toulon

Quint Harmon, Executive Vice President
Pioneer State Bank, Earlville

Kerry Hoops, Senior Vice President
German-American State Bank, German Valley

Alan Hoskins, Executive Vice President
Legence Bank, Eldorado

Tom Schnelt, Vice President – Commercial & Ag Lender
Jersey State Bank, Jerseyville

CBAI Career Development
Division Spring Meeting
March 27-28, 2023
Oak Brook, IL

Beth Z "Your Nerdy Best Friend" is the featured speaker along with Greg Ohlendorf on Fintech

For more information, contact Melinda at melindam@cbai.com or at 800/736-2224.

CDD SPOTLIGHT

QUESTIONNAIRE

Chris Barrett

Division President/Senior Lender
Petefish, Skiles & Co. Bank, Virginia

What do you find most rewarding about your job?
I love that as a community banker, I can be involved in many different aspects of our bank. I find it very rewarding to not just be limited to one department or area. I also really enjoy being able to assist my local community and customers.

How did you get involved with CBAI?
Our bank utilizes several educational programs that CBAI offers. I am a graduate of CBAI's Community Bankers School, and our bank continues to rely on this program to educate our future leaders. Our bank also enjoys the annual convention for its great speakers and networking opportunities. I became a CDD member years ago, and have found great value in this program. Our bank has recently become an associate member of CBAI, offering a correspondent mortgage lending channel to other community banks.

What is something most people don't know about you (or your bank)?
I don't feel like many banks know we offer a correspondent mortgage banking program. We began assisting other community banks in 2013 and have never really marketed our product or services. We have grown over the years just by word of mouth and through bankers and their networks. We have been able to assist other banks by providing mortgage documentation and an avenue to offer fixed-rate products to their local communities without having additional personnel expenses and training programs. This service has allowed other community banks to offer services and products that would otherwise be very costly to provide.

What are the biggest challenges your community bank faces today, and what are you doing to combat these challenges?
Like most community banks, we struggle with staying up-to-date on all the technological improvements that our customer base wants. As a small institution, it is difficult to be on the leading edge with limited resources and employees who wear many hats. With ever-changing regulations, having a partner like CBAI has proved to be very beneficial. Competition is always a challenge as more and more companies compete for products typically offered by banks. Having this network of community banks that can get together and discuss these challenges and solutions is vital to our future success.

What is your favorite initiative that your bank has implemented to support your community?
Our bank donated $150,000 for our 150th anniversary in 2020. We were able to help many of our local not-for-profit organizations, community groups and local school districts.

If you weren't in banking, what would you be doing, and why?
After working in banking, I would most likely move into investment advising or financial planning. I've enjoyed working on the lending side of finance but have always been interested in investments. I love working with the public and enjoy customer interaction. ■

"We have been able to assist other banks by providing mortgage documentation and an avenue to offer fixed-rate products to their local communities without having additional personnel expenses and training programs."

The 2023 CBAI Compensation Survey is Now Online!

Results Are FREE for Members That Participate

Is your bank competing effectively with your peers to recruit and retain the top talent in today's job market? Acquire dependable data to formulate a strategic compensation and benefits plan that is equitable and competitive.

Complete the **2023 CBAI Compensation Survey** now and receive the results at no cost. National compensation experts, BalancedComp, have partnered with CBAI to:

1. **Ease the process of participating — possible to complete in under 30 minutes;**
2. **Increase the survey's relevance to today's banking environment; and**
3. **Enhance the resulting data's usability.**

Survey results remain confidential and free to CBAI member participants, thanks to sponsor **IZALE Financial Group**. Go to **www.cbai.com** to link to the survey. The deadline to participate is Saturday, **April 15, 2023.**

Split Decision Among Mortgagors in Foreclosure Case

Jerry Cavanaugh, CBAI General Counsel, Springfield, IL

In the case of Ocwen Loan Servicing, L.L.C. v. DeGomez, Guadalupe DeGomez (Mortgagor #1) and Teresa Trujillo (Mortgagor #2) were served with a foreclosure summons by Ocwen Loan Servicing (Loan Servicer). Both Mortgagors failed to appear at the hearing, so the trial court judge entered a default order against them that authorized a judicial sale of the property. The trial court subsequently entered an order confirming the judicial sale in October of 2010.

Nearly eight years later, in September of 2018, both Mortgagors filed a petition to vacate the 2010 default judgment against them on the grounds that the summons served upon them was insufficient, and thus the trial court had never accomplished jurisdiction over them that would allow the default judgment and judicial sale. The summons was titled: Ocwen Loan Servicing, L.L.C. v. Guadalupe DeGomez, but failed to identify Mortgagor #2 as a Defendant. Because any case in which a procedural technicality is at issue requires fact-specific analysis, it is time for my legal disclaimer:

> ***The description of the outcomes of any case(s) referenced in this column is for informational purposes only, and does not represent any legal advice or recommendation as to any course of action that a bank should, or should not, take in a specific situation. Any actual dispute between a bank and a customer regarding any banking relationship calls for consultation with, and reliance on, actual legal advice from the bank's own attorney.***

Mortgagor #2 argued that because she was never identified in the summons as a Defendant, the summons was insufficient to achieve judicial jurisdiction over her. Mortgagor #1 tried a similar argument, but his argument was that he was not properly identified as the Defendant on the face of the summons. In 2019, the trial court ruled that a partial settlement had rendered some of the Mortgagors' requested remedies to be moot but ruled against the Mortgagors on issues and damages unresolved by the settlement. The Mortgagors appealed to the Illinois First District Appellate Court.

The Appellate Court first ruled against the argument of Mortgagor #1 that the summons was insufficient to obtain jurisdiction over him because he was not identified as a Defendant on the face of the summons. The Appellate Court noted that the face of the summons **did** provide the case name as "Ocwen Loan Servicing L.L.C. v. DeGomez," and since Mortgagor #1 must have known that he was not the Plaintiff, the Appellate Court concluded that he was charged with the knowledge that he **was** the Defendant, and the Appellate Court refused to promote form over substance by agreeing with Mortgagor #1 that the technicality regarding the placement of his name on the summons was insufficient. On the other hand, the fact that Mortgagor #2 had not been identified on the summons as a Defendant was a different matter because the purpose of a summons is to put a defendant on notice of the case being brought against her/him and failure to notify her/him that (s)he is a defendant who needs to prepare for the suit is fatal to jurisdiction by summons. With regard to Defendant #2, the Appellate Court found that no jurisdiction had been attached by the 2010 summons.

The Appellate Court then went on to address the topic of "laches." A statute of limitations is a definite, objective, identifiable time frame because it is codified in the written law. "Laches," on the other hand, is a subjective, judicially determined ruling based not in a written statute but in the concept of fairness or "equity." The Appellate Court found that laches also applied to defeat Mortgagor #1's appeal because he had waited from 2010 until 2018 to challenge the 2010 judgment and judicial sale and his lack of diligent pursuit of his purported claim had disadvantaged other parties and thus failed the "equity" test.

As to Mortgagor #2, the Appellate Court ruled that the lack of jurisdiction did not give her a free pass to delay asserting her rights for eight years; instead, the Appellate Court held that it is a case-by-case call as to whether the lack of diligence outweighs the jurisdictional problem and a party that has "knowingly slept on his or her rights" faces the burden of establishing that (s)he should be excused from more reasonable attentiveness to his or her cause, and Mortgagor #2 had not met that burden. ■

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

ALM in 2023: Revisiting Economic Value of Equity (EVE)

Jeffrey F. Caughron, Senior Partner, The Baker Group LP

Bank balance sheets were adversely affected in multiple ways by the speed and magnitude of the rising rate environment in 2022. Most noticeable was the effect on investment portfolios, which experienced significant depreciation in market value, some to the point where capital became severely stressed and access to liquidity restricted. The problems had nothing to do with asset quality, poor lending practices or anything credit related. It was entirely a function of the mathematics of rising interest rates. Even banks that owned nothing but U.S. Treasuries experienced heavy unrealized losses. This fact and the lessons learned point out the critical importance of reliable tools and sound processes for managing liquidity and interest rate risk.

Asset/liability management (ALM) is the coordinated process of defining, measuring and managing the financial risks faced by bank balance sheets including price risk, liquidity risk and interest rate risk. Interest rate risk specifically is the risk to earnings or capital arising from movements in interest rates. Bank managers most often focus on the risk to earnings and income rather than capital. Capital at risk, however, is an important point of focus for sound macro-management, and it's something that warrants a deeper understanding.

Managing capital at risk involves measurement of the economic value of equity or EVE. This concept gauges the impact of interest rate changes on fair market values of asset, liabilities and equity. Using discounted cash flows and standard valuation methodology, EVE captures the change in economic value of the bank even though that change may not be reflected in the bank's accounting books and records.

Consider the underlying market value of bonds in the investment portfolio. We all know that if interest rates rise, bond prices fall. This is the manifestation of price risk. If we're focused only on bonds in isolation, though, we can't know how the rate changes affect the overall economic value of the balance sheet. After all, loans and deposits also have an economic value just like bonds. If market interest rates rise sharply, then existing fixed-rate loans will be worth less from an economic standpoint. Indeed, any financial asset or liability — anything with a cash flow — will have an underlying value that fluctuates as interest rates move up and down. Whereas the value of assets will move inversely to interest rates, the value of liabilities will move directly with rates. This is because existing fixed rate deposits become more valuable to the institution if market interest rates rise.

So, how do we calculate economic value of equity? Remember from the standard accounting relationship that "assets equals liabilities plus owners equity." If we can calculate the fair market value of assets and liabilities, then we can simply back into the value of equity capital. Moreover, if we can project the changed value of assets and liabilities under different rate environments, we can measure projected changes in EVE as well. This is precisely what we do when we measure interest rate risk from the economic perspective.

Monitoring changes in the economic value of equity is valuable in that it provides a comprehensive measurement of interest rate risk. It captures the effects of optionality and other important influences on value not contained in static accounting-type reports. The economic valuation method also reflects those sensitivities across the full maturity spectrum of the bank's assets and liabilities.

EVE relies on methodological and calculation assumptions, most notably the discount rate assumptions used to calculate the present value of assets and liabilities. It is relatively easy to calculate the market value of a bond with a fixed rate of interest and a fixed maturity. It is considerably more difficult and far less objective to calculate the economic value of a savings account with no fixed maturity and an administered rate subject to change by bank management. That's why institution-specific assumptions must be based on the unique characteristics of each bank. A robust bank-specific "open/close" study is preferable for most banks. A cookie-cutter approach can give misleading results.

Measuring interest rate risk involves tracking dynamic and complex relationships within a bank's balance sheet. To do it properly, we must have good input, reasonable assumptions and sound methodology. The calculation and monitoring of changes in the economic value of equity is an important part of the process. And in the final analysis, we cannot properly manage the financial risk of our bank without a clear understanding of the big picture.

Jeffrey F. Caughron is a senior partner with The Baker Group LP. Caughron has worked in financial markets and the securities industry since 1985, always with an emphasis on banking, investments and interest rate risk management.
Contact: 800/937-2257, jcaughron@GoBaker.com.

Welcome Members

NEW BANK MEMBER

Pan American Bank & Trust, Melrose Park
Frank Cerrone, President/CEO

NEW ASSOCIATE MEMBER

JMFA
Jennifer Simmons, VP
National Alliances
1415 North Loop West, Suite #500
Houston, TX 77008
301/452-0803
jennifer.simmons@jmfa.com
www.jmfa.com
Overdraft and Contract Negotiation Consulting

NEW FRIEND OF COMMUNITY BANKING MEMBER

Gary Bohner, Decatur, IL

Foundation Report

North Central Bank, Hennepin, made a $500 contribution to the Foundation.

The Baker Group, Springfield, Illinois, made a $1,000 donation to the Foundation.

Chad Martin, Goodfield State Bank, donated $50 to the Foundation.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **Jennifer Beard, Farmers State Bank, Elmwood; Sheila Burcham, Bradford National Bank; Will Coolley, Longview Capital, Newman; Rich Eckert, Beardstown Savings, s.b.; Dan Graham, Flora Bank and Trust; Rick Hiatt, Illinois Society of Professional Farm Managers and Rural Appraisers; Mary Jo Homan, First National Bank in Pinckneyville; Doug Parrott, State Bank of Toulon; Michael Radliff, FNB Community Bank, Vandalia; David Stanton, PeopleFirst Bank, Joliet; Alan Stremlau, Illini State Bank, Tonica; Amy Thiede, Prairie Community Bank, Marengo; Dianna Torman, OSB Community Bank, Ottawa;** and **Jim Weast, Warren-Boynton State Bank, New Berlin.**

The Foundation received $160 from CBSC and CBAI board members as a result of the "dress-down" board meeting in December. ■

MARCH 2023

1 **Commercial Loans: Workouts, Restructuring & Reducing Loan Losses**

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

2 **CEO Forum Group VIII** — CBAI West Conference Room, Springfield

2 **IRA Series: IRA Beneficiary Designations & Distributions Part A: Proper Handling, Responsibilities & Compliance**

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

6 **RTP & FedNow FAQs**

7–9 **Commmercial Lending Institute** — Shazam Education Center, Springfield

7 **Marketing Group A** — Live Meeting via Zoom

7 **Agricultural Lending Basics**

7 **Escrow Excellence: From Loan Estimate to Annual Analysis**

8 **Operations/Technology Group C** — Shazam Education Center, Springfield

8 **Marketing Group B** — Live Meeting via Zoom

9 **Operations/Technology Group E** — Grizzly Jack's Grand Bear Resort, Utica

9 **Marketing Group C** — Live Meeting via Zoom

9 **BSA Officer Part 2: BSA Reporting to the Board**

12–16 **ICBA Live** — Hilton Hawaiian Village, Honolulu

14 **Call Report Seminar** — Shazam Education Center, Springfield

14 **Visa Debit Card Chargebacks: Rules, Rights & Challenges**

15 **Operations/Technology Group A** — Shazam Education Center, Springfield

15 **Handling Difficult People: Warning Signs & Effective Tactics**

20 **ACH Risk Assessments for RDFIs & ODFIs**

21 **2023 CBAI Payments Symposium** — Shazam Education Center, Springfield

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

21 **Standard Flood Hazard Determination Form Line-by-Line**

22 **2023 CBAI Payments Symposium** — Chicago Marriott, Naperville

23 **Asset/Liability Management: Investments, Liquidity & Interest-Rate Risk Seminar** — Shazam Education Center, Springfield

23 **Supervisory Priorities 2023**

27–28 **CDD Spring Meeting** — Chicago Marriott, Oak Brook

27 **2023 ACH Rules Update, Initiatives & Instant Payments**

28–29 **Lender's Comprehensive Guide to Mortgage Loan Compliance** — Shazam Education Center, Springfield

28 **Credit Analysis Series: C&I Lending for CRE Lenders**

29 **Provisional Credit Under Reg E: Rules, Best Practices & FAQs**

30 **Bank Operations Bootcamp** — Shazam Education Center, Springfield

30 **IRA Series: IRA Beneficiary Designations & Distributions Part B: Successor Beneficiaries & Deaths After January 1, 2020**

APRIL 2023

4–5 **Compliance Institute: Lending** — Shazam Education Center, Springfield

4 **The Sleepers: Risks of Safe Deposit Boxes, Mobile Banking, Prepaid Cards & RDC**

5 **Real Estate Construction Loans Start to Finish: Consumer & Commercial; Unique Issues & Landmines**

6 **Cryptocurrency Workshop** — Shazam Education Center, Springfield

6 **Opening Accounts Online: CIP, CDD, Documentation & Beneficial Ownership**

11–13 **Residential Real Estate Lending Institute** — Shazam Education Center, Springfield

11 **Check Returns: Past the Point of Redemption**

12 **Cryptocurrency Regulatory Expectations & Guidance**

13 **Introduction to Call Report Preparation**

18 **Cannabis Banking: Hemp, MRBs & CBD Business Update**

19 **A to Z on Endorsements**

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

20 **Debt Resolution Series: Lessons Learned from the FDCPA Collection Rule Changes**

21 **CEO Forum Group VII** — Chicago Marriott, Naperville

24–25 **Compliance for New Lenders** — CBAI West Conference Room, Springfield

24 **Effective Management of Credit Report Disputes**

25 **Branch Management for Leaders** — Shazam Education Center, Springfield

25 **RDFI Returns: 2 Business Days vs. 60 Calendar Days — Understanding the Difference**

26 **CBAI's 2023 Security Officer Workshop** — Shazam Education Center, Springfield

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

27 **Credit Analysis Series: Collateral Analysis: Evaluation, Weaknesses & Monitoring Value**

CBAI Webinar

Member News

(L to R) Rabenort, Tice and Zach Flinn, president, West Central Bank, Ashland

Gaileh Tice, West Central Bank, Ashland, is celebrating 50 years in community banking. Tice was recently presented with an award to commemorate the occasion by Jeff Rabenort, CBSC vice president of member services.

The **Bradford National Bank** Board of Directors announced five staff promotions, according to bank president, Michael Ennen.

- **John Keeven** has been promoted to vice president and senior lending officer and will manage the loan program for the bank.
- **Jeff Hasenmyer** has been promoted to vice president and will continue to oversee deposit operations at all the bank's locations.
- **Brandon Camp** has been elevated to assistant vice president and manages the bank's information technology programs.
- **Chris Plog** has been promoted to assistant branch manager of the bank's Idler Lane location in Greenville.
- **Corinne Mueller** has been promoted to fill the new loan operations supervisor position.

Guardian Savings Bank, Granite City, is pleased to announce the hiring of **Scott Schindler,** business development officer, as the newest member of their team. Schindler brings over 19 years of banking experience to the company and has a specialty in home loans.

Itasca Bank & Trust Co. recently welcomed **Ivonne Galeno** as a loan processor and **Mark Sommerville** as a wealth manager in the Investment Department.

Darren W. Jones recently joined **Security Bank, s.b., Springfield,** as executive vice president and chief lending officer. Jones has worked in the banking industry for more than 23 years, with 21 years in commercial lending.

Bank of Springfield (BOS) and Iowa State University recently teamed up with the American Cancer Society to Set the Screen to help save lives through a cancer screening campaign. Set the Screen is the mission focus of Coaches vs. Cancer's annual Suits and Sneakers Week, which took place January 23 through January 29. This multifaceted campaign brings together coaches and CEOs to call attention to the significance of health equity in every community by highlighting the critical importance of cancer screenings.

First National Bank & Trust Company, Clinton, along with the Clinton Community School District and Clinton Community Education Foundation, recently opened a student-run Maroons Branch at Clinton Elementary. The student bank is designed to introduce the economic concept of saving money at an early age and reinforce this idea throughout the elementary, middle and high school curriculum. In addition, the bank demonstrates saving money should be part of a student's future financial plan.

Mark Dougherty, The Peoples State Bank, Newton, recently celebrated 50 years in community banking. He served many different roles at the bank during his first 13 years and in 1986 was promoted to executive vice president and senior credit officer. He served in this role full-time until his retirement from the bank in January 2014. Dougherty was appointed to the board of directors in 1986 and continues to serve the bank and shareholders in that capacity. He was presented a commemorative award from CBAI to recognize his accomplishment.

Bradford National Bank recently announced that **Amy Tebbe** will serve as a lending officer at the bank's Greenville location. Tebbe is a 2008 graduate of Mulberry Grove High School and a 2012 graduate of SIU Carbondale with a degree in agri-business economics. She will primarily work in consumer lending assisting residents with residential real estate and personal loans. She will also be able to assist first-time home buyers as well. ■

Staff News

(L to R) Wheaton and Kelley

In January, **Judy Wheaton,** CBSC executive assistant, celebrated 20 years of service with the association. She was presented with a recognition pin from **CBSC President Mike Kelley.** ■

Banknotes
COMMUNITY BANKERS
ASSOCIATION OF ILLINOIS
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