

Wednesday, May 26, 2021
To: New York Community Banks

FROM ICBA

Interoperability key to central bank digital currency: new paper

A recent [joint paper](#) from SWIFT and Accenture examines the potential impact of central bank digital currencies on international payments.

Joint Paper: In the paper, the firms recommend requirements for adopting digital currencies at scale and conclude the smart approach will be to ensure interoperability between new solutions and existing infrastructure.

Federal Reserve: Fed Governor [Lael Brainard](#) this week said factors such as digital private money and the migration to digital payments are sharpening the Fed's focus on CBDC.

Fed Paper: Fed Chair [Jerome Powell](#) last week said the Fed is planning a discussion paper for this summer on possibly issuing a U.S. CBDC.

More: ICBA offers community bank primers on [CBDC](#) and [cryptocurrency](#). Its Main Street Matters blog features recent posts on [CBDC catalysts](#) and the [evolution of Bitcoin](#).

Quarles: Fed studying changing banking practices, partnerships

The Federal Reserve is reviewing rapidly changing customer practices and patterns in the use of financial services by consumers and businesses, Federal Reserve Vice Chair for Supervision Randal Quarles told Congress.

Testimony: In his [semiannual report](#) to the Senate Banking Committee, Quarles also cited the changing relationship between banks and their nonbank partners as ripe for further review—noting each of these changes predates the pandemic.

Community Banks: Answering committee member questions, Quarles also commended community banks, saying the Paycheck Protection Program would have had difficulty working without them. He also touted the work of Community Development Financial Institutions and Minority Depository Institutions on Treasury's Emergency Capital Investment Program.

Hearing: During the hearing, committee members sparred over whether banks should or should not have to account for climate risks and whether supervising for climate risks is within the Fed's mandate.

Next: The committee is scheduled to meet again today for a [hearing](#) on Wall Street oversight featuring testimony from the heads of the largest U.S. financial firms. They are set to testify against [tomorrow](#) before the House Financial Services Committee.

IRS promotes ICBA online account opening directory

In a recent [news release](#), the IRS promoted [ICBA's directory](#) of community banks that can open accounts remotely with a starting balance of \$25 or less.

Join the Directory: Community banks can add their bank to ICBA's directory by [completing an online form](#).

Housing activity, consumer confidence remain elevated

- **Home Prices:** [Increased](#) 13.2 percent year-over-year in March, up from a 12.0 percent annual gain in February, according to the Case-Shiller index.
- **House Prices:** [Rose](#) 12.6 percent in the first quarter from the same time a year ago following a 1.4 percent increase in March, the Federal Housing Finance Agency said.
- **New-Home Sales:** [Decreased](#) 5.9 percent in April but remained up 48.3 percent from a year ago, the Commerce Department reported.
- **Consumer Confidence:** Was virtually [unchanged](#) in May, with the Conference Board's Consumer Confidence Index standing at 117.2 after rebounding sharply in recent months.

FROM OTHER SOURCES

IBANYS received the following two notices from the Small Business Administration's Upstate New York office, and wanted to share it with New York community banks:

- The Notice of Funding Opportunity for the Community Navigator Pilot has been posted to Grants.gov. Details available here: <https://www.sba.gov/partners/counselors/community-navigator-pilot-program>.
- SBA is holding a webinar on Thursday, 5/27 at 2pm for organizations interested in learning more about the Community Navigator Pilot funding opportunity created by the American Rescue Plan Act. **Please see the attached flyer for details and registration info.**

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- A small fraction of vaccinated Americans experienced "breakthrough" cases of COVID-19, and an even smaller number were hospitalized, [new data from the CDC](#) shows. As of April 30, there were a total of 10,262 breakthrough infections reported across the U.S., when about 101 million Americans had been vaccinated. The majority of those cases (63%) occurred in females and the median patient age was 58 years old. Preliminary data shows that 27% of the breakthrough infections were asymptomatic, 10% of the patients were known to be hospitalized and 2% of the patients died. Of those hospitalized, 29% were asymptomatic or hospitalized for a reason unrelated to COVID-19.
- The Centers for Disease Control and Prevention has stopped investigating breakthrough COVID-19 infections among fully vaccinated people unless they become so sick that they are hospitalized or die, [The New York Times reports](#).
- Big myths about COVID vaccines are showing real staying power among unvaccinated Americans, KFF president Drew Altman writes in today's column.

The big picture: While misinformation isn't the only factor fueling hesitancy, it's an ongoing problem the media, health leaders and trusted messengers need to chip away at. 67% of unvaccinated adults either believed or weren't sure about at least one major falsehood about the vaccines. [Go deeper](#).
- Half of U.S. adults are now fully vaccinated, less than six months after Pfizer got the first emergency authorization for a COVID-19 vaccine. More than 287 million doses have been administered in the U.S. However, just 39% of the overall population is fully vaccinated if you include people under 18. The current rate of 1.8 million daily doses reflects a decline since mid-April, Bloomberg [reports](#).
- Teens should see widespread availability before school starts in the fall. Moderna [said today](#) its vaccine is safe and 100% effective at protecting against COVID in people between ages 12 and 17, citing a Phase 3 trial of more than 3,700 participants. Pfizer's vaccine received an FDA [emergency use authorization](#) for 12- to 15-year-olds earlier this month. It already had approval for use among those 16 and older. About 14% of the nation's kids ages 12–15 have received their first shot, AP [reports](#). Among teens ages 16 and 17, that number goes up to 34%, and about 22% have had both shots.
- Pfizer plans to apply for emergency use for kids ages 2–11 in September, NPR [reports](#), and Moderna is in the trial phase for kids. The bottom line: It increasingly looks like most who want a vaccine may be able to get one by year's end.

- Isabella Casillas Guzman, President Biden's choice to run the Small Business Administration, inherited a portfolio of nearly \$1 trillion in emergency aid and an agency plagued by controversy when she took over in March. She has been sprinting from crisis to crisis ever since. "It's the largest S.B.A. portfolio we've ever had, and clearly there's going to need to be some changes in how we do business," she said. https://www.nytimes.com/2021/05/25/business/Isabella-Casillas-Guzman-sba.html?mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeDxzy1X1YVkyhenG9itrv2IUbAoT-IZYvoLGM9mFfgt1kL7ZTPXu7KEVeLd8m4xoe7qcp4fcZeYkM3JIGtZIUhhtgHEv3bRTGr9ceHjS
- The heads of large banks will tell Congress today how they've helped the unbanked and underserved communities during the pandemic. JPMorgan Chase & Co. Chief Executive Jamie Dimon will reportedly highlight that the bank "took steps" to ensure people without traditional access to banking services received stimulus payments quickly, and that it delayed payments and extended mortgage forbearance options. Bank of America CEO Brian Moynihan and Wells Fargo & Co.'s Charlie Scharf are expected to talk about their roles in the PPP. ([Bloomberg](#))
- With only months left on their current terms, Federal Reserve Vice Chairs Randal Quarles and Richard Clarida were reminded on Tuesday that their time in office may be drawing short. Quarles's tenure as the Fed's top banking supervisor expires Oct. 13 while Clarida's term ends Jan. 31, a few weeks before Chair Jerome Powell's own tenure at the helm is up. https://www.wsj.com/articles/feds-no-2-official-sees-time-approaching-for-discussion-on-cutting-asset-purchases-11621964259?mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeUffw4F1NCbIWsnBr9FZDS6yHKI76Jwf4j29wNt49jU8qIL70BahzUjDICVUW5jTGAB71VoLiQrIYaJzXG-9HzFwbkYhPI9LAe_cfBp
- A top Federal Reserve official said central bankers may begin discussing a reduction in the central bank's massive asset purchases at a coming policy meeting, as the economy recovers rapidly from last year's pandemic-induced downturn. Vice Chairman Clarida, the central bank's No. 2 official, joined a growing number of officials who have said publicly in recent weeks that the time is nearing for a shift in the Fed's guidance around its easy-money policies. https://www.wsj.com/articles/feds-no-2-official-sees-time-approaching-for-discussion-on-cutting-asset-purchases-11621964259?mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeUffw4F1NCbIWsnBr9FZDS6yHKI76Jwf4j29wNt49jU8qIL70BahzUjDICVUW5jTGAB71VoLiQrIYaJzXG-9HzFwbkYhPI9LAe_cfBp
- U.S. Senate Banking Committee Chairman Sherrod Brown (D-OH) says he is prioritizing legislation that would set a national cap on how much lenders can charge in interest as he ramps up pressure on abusive lending practices. Brown hopes to build on his victory this month in repealing a rule introduced under former President Trump's administration that consumer advocates said allowed payday and other high-interest lenders to circumvent state interest rate caps. https://www.reuters.com/business/finance/us-senate-banking-chair-plans-interest-rate-cap-bill-he-turns-up-heat-lenders-2021-05-25/?mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeedt8jkTTB8DCluBqGDc6sjyxkMRONGAatDM0OVAXsVLM57WRNxit13hB73veN9Ck54yvGO8ueFTFFsFf_HDbIMSIMfjrs69G5IewBX6s
- Prices for new and previously owned U.S. homes are surging, as strong demand continues to overwhelm the housing supply. The S&P CoreLogic Case-Shiller National Home Price Index, which measures average home prices in major metropolitan areas across the nation, rose 13.2% in the year that ended in March, up from a 12% annual rate the prior month.

https://www.wsj.com/articles/u-s-home-price-growth-accelerates-in-march-11621947742?mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeP6xy7S4zXMrewbUinr8BCKJQ9M-881XMty_cE0esXYSEkTC9dUffA19r29JGBD_28oyzGL79OMysAxFE1L43D7i5AQBKGZsnR71DAm2

- One hundred twenty-five years ago, the Dow Jones Industrial Average made its debut. The index of 12 smokestack companies closed that first trading day, May 26, 1896, at 40.94. Since then, the Dow has evolved with the U.S. economy, giving investors from Wall Street to Main Street a measure of financial markets through the Great Depression, two world wars and all the events that shaped the 20th and early 21st centuries. It has risen an average of 7.69% each year and notched 1,464 record closes, according to Dow Jones Market Data. It climbed above 100 in 1906, topped 1000 in 1972 and crossed 10000 in 1999. Just this year, as the U.S. economy continued [to shake off its pandemic-induced slowdown](#), the Dow bounded [above every milestone](#) from 31000 to 34000. https://www.wsj.com/articles/dow-jones-industrial-average-celebrates-125-years-as-wall-streets-bellwether-11622001661?mod=hp_lead_pos5&mkt_tok=ODUwLVRBQS01MTEAAAF9R4VVeUkw_zg2U4QelUtPpsaCC_JgALQuMauTGzuxuv6oyFbkjSy_aUskUO9YIg8tgC1ZWa6U_Q162iaDYC8z_xvS4yXzzey_VGKxsBpKQ6jZ

FROM NEW YORK

- Governor Cuomo announced that New York's \$2.4 billion relief program to pay the back rent of tenants will begin accepting applications on June 1, bringing relief to worried real estate groups that had implored lawmakers to get the program under way, [The City reports](#).
- Tenants and landlords who were financially affected by the COVID-19 pandemic will have access to billions of dollars in aid from New York under a program announced Tuesday by Gov. Andrew Cuomo. [Read More](#)
- Western New York is getting close to leaving the pandemic stage of the coronavirus outbreak, yet challenges remain – and among the most important is how to convince more people of the need to get vaccinated, [The Buffalo News writes](#).
- [A potential moment of bipartisanship](#) on Capitol Hill could also be a big economic driver in New York.
- [An attorney who has specialized](#) in COVID rules says it will become harder to not be vaccinated.
- Governor Cuomo has nominated Nassau County District Attorney Madeline Singas and Administrative Judge Anthony Cannataro to the New York State Court of Appeals, [according to his office](#).

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**