

Thursday, June 17, 2021  
To: New York Community Banks

## FROM ICBA

### **Agency response to ransomware affects community banks: blog**

Escalating attacks against critical infrastructure are bringing renewed focus to the role of cryptocurrencies in facilitating criminal activity, which has implications for community banks, ICBA's Brian Laverdure writes in a new [Main Street Matters post](#).

**Considering Crypto:** While policymakers work to tackle crypto's role in ransomware, ICBA is calling for harmonized regulations to ensure strong, clear, and consistent oversight of cryptocurrency service providers, Laverdure writes.

**Impact:** "Community banks stand to benefit from clearly defined guardrails that allow them to explore new opportunities to meet customer needs, evaluate new technologies, and safely grow into cryptocurrencies and other emerging areas," he writes.

### **[READ THE POST](#)**

### **FDIC announces tech sprint to reach unbanked**

The [FDIC announced](#) a "tech sprint" designed to explore new technologies to help banks meet the needs of unbanked individuals and households.

**Sprint:** The tech sprint from the agency's tech lab, FDITECH, will challenge participants to identify better resources and tools to help reach unbanked households.

**Participants:** Banks, nonprofits, academic institutions, and others are invited to participate, with registration opening in a few weeks.

### **CFPB resumes Military Lending Act exams**

The Consumer Financial Protection Bureau issued an [interpretive rule](#) that resumes examination activities related to the Military Lending Act.

**Background:** The MLA limits the annual percentage rate on many loans to military borrowers to 36 percent, bars lenders from requiring military borrowers to arbitrate disputes or waive their rights under any state or federal law, and more.

**Reversal:** The interpretive rule reverses a 2018 decision by the CFPB—then led by Acting Director Mick Mulvaney—that discontinued MLA-related examination activities.

### **ICBA chairman responds on IRS reporting plan**

In a [new LinkedIn article](#) this week, ICBA Chairman Robert Fisher expressed deep concerns with the Biden administration's plan to require financial institutions to report customer bank account information to the IRS.

**Details:** The president and CEO of Tioga State Bank in Spencer, N.Y., wrote that new data-reporting requirements would infringe on the privacy of bank customers, drive customers out of the banking system, create complex new reporting burdens, and expose community banks to penalties for inadvertent errors.

**Background:** The American Families Plan proposes requiring financial institutions to report to the IRS on account flows, including bank loans, on accounts over \$600. ICBA has strongly opposed the proposal since it was issued in April. [Read the article](#).

### **White House launches Child Tax Credit webpage**

The White House launched a [new resource center](#) on the Advance Child Tax Credit with the first round of payments starting next month.

**Background:** The American Rescue Plan increased the maximum Child Tax Credit in 2021 to \$3,600 for children under the age of 6 and to \$3,000 per child for children between ages 6 and 17.

**Payments:** Eligible families will receive a payment of up to \$300 per month for each child under age 6 and up to \$250 per month for each child age 6 and above.

**Schedule:** The IRS will pay half the total credit amount in advance monthly payments scheduled for July 15, Aug. 13, Sept. 15, Oct. 15, Nov. 15, and Dec. 15.

**More:** Additional information is available on ICBA's [frequently asked questions](#) on the payments and via the [IRS website](#).

### **Waters announces Digital Assets Working Group**

House Financial Services Committee Chairwoman Maxine Waters (D-Calif.) [announced](#) the launch of a Digital Assets Working Group of Democratic committee members. The working group will examine digital assets and how to devise legislation to support responsible innovation that protects consumers and investors while promoting financial inclusion.

### **Fed projects stronger 2021 economic, inflation growth**

The Federal Open Market Committee [voted to hold](#) benchmark interest rates at a range of zero to 0.25 percent while the Fed upgraded its [economic outlook](#). The Fed raised its projected 2021 GDP increase to 7 percent from 6.5 percent in March while increasing its expected 2021 inflation index growth to 3.4 percent from 2.4 percent.

### **Fed extends U.S. dollar swap lines**

The Federal Reserve [extended](#) its temporary U.S. dollar liquidity swap lines with nine central banks through Dec. 31. These arrangements were first announced in March 2020 to ease strains in global dollar funding markets and the effect of such strains on the supply of credit.

### **Housing starts rise, permits drop**

Housing starts rose 3.6 percent in April and were up 50.3 percent from the same time a year ago, the Commerce Department [reported](#). Building permits dropped 3 percent but remained up 34.9 percent from last year.

## **FROM OTHER SOURCES**

- While California and New York, celebrated their reopenings this week, hospitalizations in parts of Missouri are surging and cases are rising sharply in Texas, illustrating the challenges the country faces this summer. One major concern is the highly contagious and potentially more severe delta variant of the coronavirus that originated in India. While health officials say the vaccines are effective against it, the fear is that it will lead to outbreaks in states with lower vaccination rates. [“Vaccine effort turns into slog as infectious variant spreads,”](#)
- Federal Reserve officials on Wednesday moved up their expectations for when they will first raise interest rates from their current rock-bottom levels, a sign that a healing labor market and rising inflation are giving policymakers confidence, [The New York Times reports](#).
- Behind the Headline Numbers: New Data Shows Pandemic-Crushed Industries Are Driving Inflation Fears. Factors driving inflation should be temporary, Fed Chairman Powell said yesterday, again brushing off fears of higher inflation: "The prices that are driving that higher inflation are from categories that are being directly affected by the recovery from the pandemic and the reopening of the economy." That's reflected in consumer views of the economy, according to Morning Consult economic data. Inflation expectations grew the most for consumers in the "trips and vacations" category. Inflation expectations also grew in areas experiencing supply bottlenecks, notably in home repairs, improvements or renovations. [Powell Believes Inflation Spike Will Remain Concentrated in Pandemic-Hit Sectors. So Do U.S. Consumers](#)
- The Fed now expects inflation to reach 3.4% this year, up from its previous forecast of 2.4%, and anticipates it could hike interest rates twice in 2023. That's also faster than its earlier estimate, which didn't see higher interest rates until 2024. After the policy-setting committee kept interest rates unchanged, Fed Chairman Powell said he expects price increases in some categories to be temporary, but that "inflation could turn out to be higher and more persistent than we expect." [The Washington Post](#)
- Treasury Secretary Yellen told a Senate Finance Committee hearing President Biden's proposed policies, including paid family leave and reducing emissions, would help the country address economic structural challenges such as wage inequality, saying "now is fiscally the most strategic time" to make investments in these areas. Yellen responded to Republican concerns that

economic spending proposals would add to the federal debt by saying that the administration plans to pay for the proposals with "a fairer tax code" that includes higher taxes on wealthy Americans and corporations. [The Wall Street Journal](#)

- Worker filings for initial unemployment benefits have in recent weeks dropped closer to what economists consider a normal range as they have reached fresh pandemic lows, a sign Covid-19's impact on the labor market is continuing to recede as employers shed fewer workers. Initial jobless claims for the week ended June 12 are projected to decline to a new pandemic low of 360,000, from 376,000 for the week earlier, according to economists surveyed by The Wall Street Journal. [https://www.wsj.com/articles/weekly-jobless-claims-06-17-2021-11623895321?mkt\\_tok=ODUwLVRBQS01MTEAAAF9uNa-9Uo6aKY5F4IAi1fZ0GLMsEVTiuhcGvgPJAmrXv3Drxc6RLUhaQ9buAVj-0FFtFK0qgZbiQWVcYkkT0HaTBmP6j6GwOMOVq5bXXaRv9LI](https://www.wsj.com/articles/weekly-jobless-claims-06-17-2021-11623895321?mkt_tok=ODUwLVRBQS01MTEAAAF9uNa-9Uo6aKY5F4IAi1fZ0GLMsEVTiuhcGvgPJAmrXv3Drxc6RLUhaQ9buAVj-0FFtFK0qgZbiQWVcYkkT0HaTBmP6j6GwOMOVq5bXXaRv9LI)
- The June 30 expiration of federal moratoriums on evictions of renters and foreclosure of homeowners has understandably set off alarm bells. On June 16, Harvard's Joint Center for Housing Studies issued a report warning that "millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure." [Fewer Americans Fear Eviction or Foreclosure as Moratoriums End](#)
- Companies that made it through the pandemic in one piece now have a major new problem: Axios reports [more than a quarter](#) of their employees may leave. Workers have had more than a year to reconsider work-life balance or career paths, and as the world opens back up, many of them will give their two weeks' notice and make those changes they've been dreaming about. [https://www.wsj.com/articles/forget-going-back-to-the-officepeople-are-just-quitting-instead-11623576602?mod=trending\\_now\\_news\\_pos2](https://www.wsj.com/articles/forget-going-back-to-the-officepeople-are-just-quitting-instead-11623576602?mod=trending_now_news_pos2)
- The U.S. House and Senate of Representatives have voted to make Juneteenth a federal holiday every year on June 19, sending the bill to President Biden for his signature. The Senate vote was unanimous; in the House, 14 Republicans voted against it, and two members did not vote. The measure would make Juneteenth -- which commemorates June 19, 1865, the day slaves in Galveston, Texas, finally learned that they had been freed by the Emancipation Proclamation, more than two years after the fact. [Read more.](#)

#### FROM NEW YORK

- [New York is starting to close down some](#) COVID testing and vaccination sites as demand slows.
- A large hospital system decided to mandate the COVID-19 vaccine for its 48,000 workers in the state, potentially forging a path for other employers to do the same, [The Journal News reports.](#)
- Unemployed New Yorkers say they are waiting weeks without benefits while trying to get in touch with the state Department of Labor, despite the department having spent more than \$193 million on [private sector services to address the issue.](#)
- New York Republicans are calling for an end to the broad powers granted to Cuomo under the state of emergency following what amounted to a victory lap Tuesday heralding the rollback of most – but not all – remaining pandemic restrictions, [the Times Union reports.](#)
- In an op-ed, New York Daily News columnist says New York has been making slow, halting moves in the direction of creating a public bank – a publicly owned financial institution that would facilitate financial services – but it's "long past time" to get it done. [Errol Louis writes in the Daily News.](#)
- The Aid and Incentives for Municipalities (AIM) program provides state aid to all of New York's cities — other than New York City — and 137 towns and villages. AIM provides state aid to all of New York's cities — other than New York City — and 137 towns and villages. AIM aid been flat for years, and critics argue it's no longer equitable. This past legislative session, a bill was passed to create a task force to re-examine the funding formula for municipalities. S5418c/A6601a) establishes an AIM redesign task force

comprised of stakeholders and lawmakers. The taskforce would analyze the formula and recommend changes. [Read More](#)

- State lawmakers in the final days of the legislative session approved a package of measures meant to bolster protections for consumers with credit card debt in the wake of a pandemic-induced recession that stretched household budgets. [Read More](#)
- New York's new law requiring paid sick leave has been in effect, but one former labor leader is concerned workers haven't been able to access the benefits. Now a state lawmaker and retired labor official in the Capital Region are teaming up to call for a study of the law and how effective it has been. [Read more.](#)
- [Citi Field](#) and the [U.S. Open](#) tennis tournament will both be returning to full fan capacity.

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

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