

Wednesday, July 14, 2021
To: New York Community Banks

FROM ICBA

Agencies propose guidance on third-party relationships

Federal banking regulators [proposed interagency guidance](#) designed to help banks manage risks associated with third-party relationships, including those with fintech entities.

Guidance: The proposed guidance:

- Offers a framework of sound risk management principles.
- Promotes compliance with all applicable laws and regulations.
- Accounts for the level of risk, complexity, and size of the banking organization and the nature of the third-party relationship.

More: Open for a 60-day comment period, the proposal would replace each agency's existing guidance on this topic and would be directed to all institutions supervised by the agencies.

ICBA Position: ICBA [has urged](#) the agencies to provide more substantive guidance to help establish consistent expectations governing third-party relationships.

IRS issuing 4M more unemployment benefit refunds

The [IRS said](#) it will issue another round of refunds this week to nearly 4 million taxpayers who overpaid their taxes on unemployment compensation received last year.

Background: The American Rescue Plan law excluded up to \$10,200 in 2020 unemployment compensation from taxable income calculations. Any tax overpayment will be either refunded or applied to outstanding taxes owed.

Payments: For the latest round, the roughly 4 million taxpayers due an adjustment will receive an average refund of \$1,265.

Fed changing coin-allocation system

The [Federal Reserve said](#) it is refining its coin-allocation methodology to use individual endpoint order data to calculate unique weekly coin order limits.

New Approach: Under the new system taking effect with orders placed this Friday, July 16, for pick-up on Monday, July 19:

- Allocation levels will continue to be based on recent order volume, U.S. Mint coin production levels, and Reserve Bank deposit levels.
- Each coin ordering endpoint will be assigned a unique order limit by denomination, based on its average weekly ordering activity in 2021 prior to the May 3 allocation implementation.
- Current endpoint groups (S, M, L, XL, XXL) will be eliminated.
- All endpoints will be able to view their unique limits by denomination within the FedLine Cash application when placing coin orders.

Contact: Questions can be directed to local FedCash Services customer support representatives or Federal Reserve account executives, with more information on the [Fed's Contact page](#).

Resources: The U.S. Coin Task Force, on which ICBA serves, continues to offer resources through the [#GetCoinMoving campaign](#) encouraging consumers to help alleviate coin circulation challenges.

ICBA raises deposit placement concerns over FDIC proposal

ICBA commended the FDIC for a proposal to clarify rules on misrepresenting deposit insurance status and misusing the agency's name and logo, though it raised concerns about the impact of the proposal on deposit placement networks.

Background: With expanded opportunities for financial product marketers to misrepresent deposit insurance, the FDIC proposal:

- Defines applicable financial products.
- Provides specific examples of prohibited conduct.
- Details the process for submitting inquiries and complaints.
- Identifies investigation procedures.
- Compares informal resolution and formal enforcement.

ICBA Position: In its [comment letter](#), ICBA asked the FDIC to allow placement networks to note that deposits will be placed at one or more insured depository institutions even if the specific institutions are not known at the time of placement.

FDIC board meeting next week

The FDIC board of directors [scheduled a meeting](#) for next week to discuss a proposed rule on simplifying deposit insurance rules for trust and mortgage servicing accounts. Scheduled for 10 a.m. (Eastern time) this Tuesday, July 20, the meeting also will include a vote on proposed revisions to the standardized approach for calculating derivatives exposures.

Small-business optimism improves in June

The NFIB index of small-business optimism [increased](#) 2.9 points in June to 102.5, the first time the index exceeded 100 since November 2020. The NFIB said small-business optimism is rising as the economy improves, though a record number of employers continue to report few or no qualified applicants for open positions.

Consumer prices continue rise in June

The Consumer Price Index [increased](#) a seasonally adjusted 0.9 percent in June, the largest one-month change since June 2008, the Labor Department reported. The CPI is up 5.4 percent over the past 12 months, the largest increase since August 2008.

FROM OTHER SOURCES

- New Covid-19 cases are on the rise in a number of states across the U.S., worrying health officials and epidemiologists as many Americans remain unvaccinated and the highly transmissible Delta variant spreads. https://www.wsj.com/articles/u-s-covid-19-case-counts-have-doubled-in-recent-weeks-11626198501?mod=hp_lead_pos7&mkt_tok=ODUwLVRBQS01MTEAAAF-Q_fcVaj5eFd79OG6COq6CeR92tsPAbz-3I9H-cQrjv79f57qBnl1FzzHRc39yueVJSLxzCqNHrUf0RqL8kw8Tdzf7wPB6SNnhX9kgi4rGkpH
- Top Democrats announced that they had reached agreement on an expansive \$3.5 trillion budget blueprint, including plans to pour money into addressing climate change and expanding Medicare, among an array of other Democratic priorities, [the Times reports](#).
- The U.S. Labor Department said the Consumer Price Index, a measure of inflation, rose 5.4% in the year as of June. The Biden administration publicly noted that much of the increase was due to temporary supply problems, such as the prices for used cars and trucks, although aides inside the White House in recent weeks are thinking that price increases could stay for a year or longer, two officials said. ([The New York Times](#))
- Democrats on the Senate Budget Committee have agreed to a \$3.5 trillion health care and antipoverty plan, falling short of earlier calls for \$6 trillion in spending from progressives, including Sen. Bernie Sanders (I-Vt.), who chairs the committee and endorsed the plan last night. The legislation is expected to be fully paid for, according to Sen. Mark Warner (D-Va.), a member of the panel, and will include tax increases on corporations and wealthy Americans. ([The Wall Street Journal](#))
- The U.S. budget deficit narrowed to \$2.2 trillion during the first nine months of the fiscal year from the same period a year earlier, with the gap between spending and revenue shrinking as the recovery from the pandemic-induced slump boosted tax collections. Outlays for the first three quarters of the government's budget year rose 6%, to \$5.3 trillion, the Treasury Department said Tuesday. https://www.wsj.com/articles/u-s-budget-deficit-narrowed-to-2-2-trillion-in-first-nine-months-of-fiscal-year-11626199200?mkt_tok=ODUwLVRBQS01MTEAAAF-Q-BZ976GBHULOTnzzCIy9FKT3o-7lwNvtiagiCoa4AYr0tTD4FI1X6DNhbIbxnLd_5_STDE93eIYvp8YILmdqrSXLzaZSy80Sv31HCqXz5b
- Homeowners saw an opportunity last week and seized it. A sudden and unexpected drop in mortgage rates sent borrowers to their lenders in droves, hoping to save on their monthly

payments. https://www.cNBC.com/2021/07/14/weekly-mortgage-refinances-spike-20percent-after-interest-rates-drop.html?mkt_tok=ODUwLVRBQS01MTEAAAF-Q-BZ9yH2iZUyx11M_YUknpuguHdM4jUdn7Itlf_W1qIu7RV8MqNrsQd-BIlg3ZTvtLg584zxA8OrRvAlzwpqnn2bXNR0i53T2-wWcm21Y-DcG

- Senate Democrats, including Majority Leader Schumer, plan to reveal a draft bill today to end the federal prohibition on marijuana - a move that comes as 18 states have already legalized pot for recreational use. [Politico reports](https://www.nbcnews.com/politics/congress/senate-democrats-rolling-out-draft-bill-end-federal-marijuana-ban-n1273895?mkt_tok=ODUwLVRBQS01MTEAAAF-Q_fcVg6f2FeOFQjLUxMpz2ipw0ZYA8MGpDLAI5L-xUTDggKRb15x6LoPeh3T7E9LosMZOCe0fzD4OwrrPxpADGr69EwNSYMywUNG7JmsNaEk). . . https://www.nbcnews.com/politics/congress/senate-democrats-rolling-out-draft-bill-end-federal-marijuana-ban-n1273895?mkt_tok=ODUwLVRBQS01MTEAAAF-Q_fcVg6f2FeOFQjLUxMpz2ipw0ZYA8MGpDLAI5L-xUTDggKRb15x6LoPeh3T7E9LosMZOCe0fzD4OwrrPxpADGr69EwNSYMywUNG7JmsNaEk
- Banks have placed big bets that personalization, sleek digital capabilities and competitive prices will entice the roughly 1 in 5 customers who plan to leave their existing provider in the next year to open accounts at new institutions. Recent "Morning Consult" data indicates, however, that the No. 1 reason customers switch is data protection. [Read more](#).

FROM NEW YORK

- The federal government's count of the COVID-19 death toll in New York has 11,000 more victims than the tally publicized by the Cuomo administration, which has stuck with a far more conservative approach to counting virus deaths, [The Associated Press reports](#).
- It will be weeks before New York issues any payments from the state's \$2.4 billion COVID-19 rent relief fund, adding to delays in a program that has been beset by technical glitches with its online application portal, [The Associated Press reports](#).
- [One week after the city's ticker-tape parade](#) to show appreciation for front-line workers, home care workers rallied for better wages to reflect the sacrifices they say they make every day.
- [A boost to the bank accounts for many eligible families](#) is on the way as part of the expanded child tax credit program.
- A divide between who has the tools and [a high-speed connection to the Internet](#) and who doesn't has long existed, but the pandemic made clear how important a digital connection is to education, medicine and business. Remote learning, working from home and telehealth were all possible during the pandemic, but only for those with working hardware and bandwidth. https://www.timesunion.com/news/article/Survey-will-make-way-for-broadband-access-in-16312446.php?utm_source=newsletter&utm_medium=email&utm_content=headlines&utm_campaign=tu_capitolconfidential&sid=5931844b24c17c09a3f12af2

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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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