

Friday, July 16, 2021
To: New York Community Banks

FROM ICBA

ICBA: Postal banking designed to fail

Postal banking is a risky venture for which the U.S. Postal Service is ill suited, ICBA told Congress in its latest issue brief.

Issue Brief: In the [second issue brief](#) on postal banking in a three-part series, ICBA said:

- USPS does not have the know-how to succeed in the inherently complex world of consumer banking.
- Legislative mandates would undermine revenues.
- USPS would likely fail at increasing access for the unbanked and generating revenues to support postal operations

Previous Brief: In its [first brief](#) delivered to Congress last month, ICBA said postal banking is not the solution to reaching more unbanked Americans and would merely jeopardize the USPS's core mission.

Pushing Back: CBA has consistently opposed postal banking, including in an [open letter to Congress](#) earlier this year.

Next: ICBA's next postal banking brief will focus on more realistic and viable alternatives to postal banking to reach the unbanked.

[READ THE BRIEF](#)

IRS distributes \$15B in Child Tax Credit payments

The [IRS said](#) the first monthly Advance Child Tax Credit payments were worth roughly \$15 billion and reached about 35 million families.

Payments: Roughly 86 percent of Thursday's payments were sent by direct deposit. The payments of up to \$300 per month for each child will continue through the rest of the year.

Resources: The IRS's [Eligibility Assistant](#) helps families determine eligibility for the payments, and its [Update Portal](#) enables recipients to update their bank account information to receive the monthly payment.

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

ICBA urges agency collaboration on digital assets

ICBA [called for](#) interagency collaboration to provide more clarity on how existing regulatory frameworks will apply to digital assets, including cryptocurrencies.

Comments: Responding to an FDIC request for information, ICBA said:

- Regulators should apply a consistent approach to support a level playing field and consumer protections.
- The OCC is the only banking regulator that has produced detailed guidance on crypto-related services, leaving community banks not regulated by the OCC at a competitive disadvantage.
- The lack of information from the FDIC and other regulators may have a chilling effect on responsible innovation.
- Cross-industry engagement is needed to consider all possible uses, benefits, and risks of digital assets in banking, with the Faster Payments Task Force a prime example of industry stakeholder cooperation.

More: ICBA offers a community bank primer on [cryptocurrency](#) and a recent Main Street Matters post on regulators' [crypto response](#).

FASB to pursue further CECL improvements

The Financial Accounting Standards Board [this week agreed](#) to add a project to its technical agenda to investigate the suspension of troubled debt restructuring accounting for entities that have adopted the Current Expected Credit Losses accounting standard.

TDR Project: FASB said the TDR accounting designation and disclosures do not provide stakeholders with valuable information while causing considerable expense for preparers.

TDR Background: TDR accounting has largely been suspended during the pandemic through congressional action and has become a confusing part of loan modification accounting as community banks assist customers.

PCD Project: FASB also agreed to add a project on accounting for impairment of assets acquired in a business combination amid the confusion surrounding purchased credit deteriorated, or PCD, assets.

PCD Frustration: The differences in accounting for PCD and non-PCD assets have caused many stakeholders to express frustration with trying to understand the correct accounting model to apply.

More: FASB also will continue to seek codification improvements in the CECL disclosures surrounding credit loss write-offs and recoveries by year of origination.

ICBA urges grassroots on rural lending tax relief

Following the recent Senate introduction of legislation to provide rural lending tax relief, ICBA is calling on community bankers to urge their lawmakers in both chambers of Congress to co-sponsor the measure.

Grassroots: Community bankers can use ICBA's [Be Heard grassroots action center](#) to urge support for the Enhancing Credit Opportunities in Rural America (ECORA) Act (H.R. 1977/S. 2202).

Details: The ECORA Act would exempt from taxation interest income on ag real estate loans and loans for rural housing in towns with a population of 2,500 or less.

Impact: The bill would allow banks to offer lower interest rates to their farm and rural home mortgage borrowers, helping sustain and revive rural economies affected by the pandemic. [Contact Congress now.](#)

LIBOR panel hosting symposium next week

The Alternative Reference Rates Committee scheduled for July 21 its fourth in a series of events on the LIBOR transition.

Symposium: The [SOFR Symposium](#) on the Secured Overnight Financing Rate will focus on current initiatives and the ARRC's progress toward formally recommending SOFR term rates.

More: A recent [Main Street Matters post](#) details the end of LIBOR set for Dec. 31 and the impact of the pending transition on community banks.

Biden nominates Culver for Farmer Mac board

President Joe Biden this week [nominated](#) former Iowa governor Chet Culver to serve on Farmer Mac's board of directors. Culver previously served on the Farmer Mac board during the Obama administration.

FROM OTHER SOURCES

- U.S. Surgeon General Vivek Murthy issued a warning against health misinformation, saying falsehoods spreading quickly online have subjected large numbers of Americans to avoidable illness and death. The [surgeon general's advisory](#) comes amid a rise in [coronavirus](#) cases as some Americans resist getting vaccinated against the virus despite the widespread availability of shots in the United States. <https://www.washingtonpost.com/politics/surgeon-general-vivek-murthy-issues-advisory-on-dangers-of-health-misinformation-amid-rise-in-covid-19->

[cases/2021/07/15/a3e6d5ae-e591-11eb-8aa5-5662858b696e_story.html?mkt_tok=ODUwLVRBQS01MTEAAAF-TkwmEIsRf3N8sJuOwfk1LywRCB625XPfLKkvpZeuX4F0xSjmeZpcnEqL0XCd423_qHAMMT2iESAnaYvtMxPnPmnCxnFjCYiiV8IG1n42hZBg](https://www.bloombergenvironment.com/2021/07/15/a3e6d5ae-e591-11eb-8aa5-5662858b696e_story.html?mkt_tok=ODUwLVRBQS01MTEAAAF-TkwmEIsRf3N8sJuOwfk1LywRCB625XPfLKkvpZeuX4F0xSjmeZpcnEqL0XCd423_qHAMMT2iESAnaYvtMxPnPmnCxnFjCYiiV8IG1n42hZBg)

- Wall Street leaders are pressing ahead with bringing employees back to the office, and resume something that resembles normal work life as soon as possible, even as they keep a wary eye on Covid-19 variants. [Wall Street Itches for Office Return as Variants Muddy Recovery](#)
- Federal Reserve Chairman Powell suggested in his testimony before the Senate Banking Committee Thursday that the Fed will probably end up requiring banks to conduct tests to judge their vulnerability to the effects of climate change, noting: "My guess is that's a direction we'll go in but we're not ready to do yet." https://www.bloomberg.com/news/articles/2021-07-15/powell-says-fed-likely-to-require-banks-to-test-for-climate-risk?mkt_tok=ODUwLVRBQS01MTEAAAF-Ti51PPhiO80ie-m3CUkmrq3YVGnsYsYbcydGNufuxz9dBLH9JZZKbbH9rmmLOtGGzAT4Z9evZWEDxGdj0gECrJuqyEaH3QMjywtY5MMHOWoJ
- Treasury Secretary Yellen said the question of whether to nominate Federal Reserve Chairman Powell for a second term is a conversation for her and President Biden and declined to give her opinion in a televised interview. She did say the Fed has done a "good job," without elaborating. Secretary Yellen expects the U.S. economy will see "several more months of rapid inflation," expects prices ultimately will fall back to more normal levels, and cited market-based inflation measures as proof that longer-term expectations remain in check. However, she expressed concern about the impact on lower-income homebuyers at a time when housing prices are soaring. <https://www.cnbc.com/2021/07/15/yellen-sees-several-more-months-of-rapid-inflation-worries-about-impact-on-home-buyers.html>
- The Senate confirmed Nellie Liang, a former Federal Reserve economist and founder of the central bank's division of financial stability, as the Treasury undersecretary for domestic finance, where she will oversee fiscal policy. Liang last year outlined a plan to strengthen the market for U.S. Treasury securities, which experienced turmoil at the onset of the coronavirus pandemic lockdowns in March 2020. [The Wall Street Journal](#)
- The FDIC, the Fed and the OCC are seeking comment on proposed guidance that offers a risk-management framework for third-party relationships, the agencies said this week. https://www.wsj.com/articles/u-s-banking-regulators-seek-comment-on-third-party-relationships-guidance-11626393421?mkt_tok=ODUwLVRBQS01MTEAAAF-Ti51PHLNQH4bdxmSNWs-9Kdbq-dO_k3eTncol1k31VDPQF8naN_6FVnmwwWWL6qbnuJQT31b3l6yOSuw_rBqaZ3HkWAFwq7tfzN5n-caciFDk
- What are the biggest U.S. banks are telling us about the state of the economy? Consumer spending is returning to pre-pandemic levels, and borrowing appears poised to rise. Markets are cooling, but deal making is as hot as ever. Still, the recovery remains vulnerable. https://www.wsj.com/articles/how-is-the-economy-doing-heres-what-banks-say-11626308450?mkt_tok=ODUwLVRBQS01MTEAAAF-Ti51PNIrPIJU_W1k6OPW2YL4WWPnNjPDHlqzaDMIBx8d_7iKGmp2Enf28ZHIPAxo9-JZVO7qg-74kZ8jtOJ0PkdczkQzuqtjWQ6Cz-lh9Sd
- The U.S. Commerce Department reported Friday morning that U.S. retail sales [rose 0.6%](#) in June from May, beating expectations of a 0.4% decline. Retail's overall recovery [has been uneven](#), driven in part by stimulus checks, reopening patterns and seasonal demand changes. https://www.axios.com/retail-sales-june-330335cd-c9ec-4019-9f8a-51b6185a160a.html?stream=future&utm_source=alert&utm_medium=email&utm_campaign=alerts_business
- A new [analysis](#) by Morning Consult economic analyst Kayla Bruun released today says roughly 3.5 million people who left the workforce during the pandemic plan to return to work within the next year, with almost two-thirds hoping to find a job within three months. For more, read Leer's latest analyst note here: [Expiring Unemployment Insurance Could Add Up to Nearly 2 Million](#)

[Jobs This Year](#). Bruun's analysis on retirees, homemakers and disabled adults heading back to work is here: [Over 3 Million Adults Plan on Re-entering the Labor Force Within 12 Months](#).

FROM NEW YORK

- [Prime Minister Justin Trudeau said on Thursday](#) Canada could start allowing fully vaccinated Americans into Canada as of mid-August for non-essential travel and should be in a position to welcome fully vaccinated travelers from all countries by early September.
- The delta variant now accounts for the majority of new COVID-19 cases in New York City – becoming the dominant strain in less than five months, [Gothamist reports](#).
- Families yesterday began receiving the first monthly payments from a dramatically expanded child tax credit, which is estimated "to help lift 250,000 children out of poverty in New York alone," [Chalkbeat reports](#). President Biden said the child tax credit would be one of the measures he would be "most proud of" once his term is up. [Politico](#)
- Governor Cuomo will be interviewed Saturday by investigators probing allegations of sexual harassment and misconduct leveled against him by multiple women. The interview, to be conducted in Albany, was first reported by [The New York Times](#). Officials in the administration have also been questioned by investigators in recent weeks.
- Sexual harassment allegations, an impeachment inquiry and other scandals haven't deterred donors from contributing to Governor Cuomo's campaign coffers. He's reportedly raised \$2.5 million in contributions over the past six months, [the Daily News reports](#).
- Taxpayers have shelled out nearly \$800,000 to the lawyers representing Governor Cuomo and his top aides in their defense against charges that the administration withheld data pertaining to COVID-19 deaths in nursing homes and misused state resources, [the New York Post reports](#).
- New York schools in the coming weeks will reopen and officials from the Biden administration on down to local teachers union officials hope all students will be able to attend in person. But there are questions over how the logistics of how schools, stretched thin by more than a year of crisis and uncertainty, will do so as the summer reaches the midway point. [Read More](#)
- The MTA is facing questions about how it will bring back riders this fall who fled the system at the height of the global COVID-19 pandemic – and there is no clear leader to steer the agency through it, [Politico New York reports](#).

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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)**