

Monday, October 18, 2021
To: New York Community Banks

FROM ICBA

State AGs join opposition to IRS reporting plan

Attorneys general from 20 states expressed opposition to the Biden administration's proposal to require banks to report customer information to the IRS.

State AGs: In a [joint letter](#), the officials said the proposal would violate consumer privacy, excessively burden financial institutions, and collect more information than the IRS could process.

Latest from ICBA: ICBA and groups such as the National Association of Realtors and U.S. Chamber of Commerce last week delivered a [joint letter](#) and supporting [document](#) to Congress dismissing efforts to modify the IRS proposal response to widespread opposition.

Call Alert: ICBA is urging community bankers to speak out against the proposal by calling their lawmakers using an ICBA [call alert and customizable script](#).

ICBA Campaign: Community bankers can also continue using customizable [email and social media content](#) to urge consumers to [contact Congress in opposition](#).

[CALL CONGRESS NOW](#)

ICBA: Credit unions shouldn't get Basel III shortcut

ICBA told the National Credit Union Administration that credit unions should first be subject to the full provisions of the Basel III regulatory capital standards before capital relief measures are considered.

Background: The NCUA's proposed Complex Credit Union Leverage Ratio would require 10% leverage when fully implemented in 2024. However, complex credit unions have yet to follow any risk-based capital requirements—including Basel III—until the CCULR begins to take effect next year.

Comments: In a [comment letter](#) to the NCUA, ICBA said:

- Community banks had to follow the provisions of the standardized approach and its risk weights long before regulators instituted the Community Bank Leverage Ratio.
- Credit unions should be required to deduct goodwill from regulatory capital calculations as an intangible asset, like community banks.
- Credit unions that engage in riskier activities, such as member business lending, should not be allowed to use the CCULR.
- Without sufficient capital requirements, many credit unions will find themselves unable to manage loan losses during the next economic downturn

More: Additional information on ICBA's credit union advocacy is available on its [Wake Up page](#).

Top stablecoin issuer fined \$41M over reserve claims

The Commodity Futures Trading Commission [fined](#) Tether, the largest stablecoin issuer, \$41 million for misleading claims that its U.S. dollar token was fully backed by reserves.

Details: The CFTC said Tether's stablecoin was fully backed for only one-quarter of a 26-month period between 2016 and 2018. The agency also announced a \$1.5 million settlement with Bitfinex for engaging in illegal retail commodity transactions.

Report: A Financial Stability Oversight Council [meeting](#) scheduled for today is set to include an update on a President's Working Group on Financial Markets report on stablecoins. The report is expected to focus on consumer and investor protection, preventing financial crimes, systemic integrity, and financial stability.

More: Recent ICBA blog posts detail [growing stablecoin risks](#) to consumers and the financial system, [how policymakers are responding](#), and what decentralized finance [means for community banks](#).

IRS issues October Child Tax Credit payments

The [IRS said](#) 36 million families received roughly \$15 billion in the fourth batch of Advance Child Tax Credit payments, most via direct deposit.

Background: Eligible families receive up to \$300 per month for each child under age 6 and up to \$250 per month for each child age 6 to 17.

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

OCC issues 2022 supervision plan

The OCC released its bank supervision [operating plan](#) for fiscal 2022. The plan provides the foundation for policy initiatives and for supervisory strategies to guide OCC staff.

Details: Among its provisions, the plan advises examiners to focus on strategic and operational planning, credit risk management, cybersecurity resilience, LIBOR transitioning, payments offerings, fintech and crypto innovation, and more.

Hearings this week on global financial system, housing

The House Financial Services Committee released updates to its October [hearing schedule](#). Hearings this week will focus on the international financial system and housing, with hearings next week set to address foreign issuers in U.S. markets and the Consumer Financial Protection Bureau.

Treasury issues guidance, data on ransomware threat

The Treasury Department issued guidance to help the virtual currency industry prevent ransomware exploitation, and it reported on 2021 ransomware trends.

Guidance: The [guidance](#) provides an overview of the Office of Foreign Assets Control's sanctions requirements and provides examples of compliance best practices.

Data: In a [separate report](#), the Financial Crimes Enforcement Network said ransomware-related Suspicious Activity Reports increased 30% from calendar year 2020 to the first six months of 2021, with the dollar value already exceeding last year's filings.

Variants: FinCEN also identified 68 different ransomware variants reported in this year's SAR data and several money-laundering typologies common among these variants.

Resources: ICBA [offers more information](#) on resources to help community banks bolster cyber and data security, including Sheltered Harbor to add a layer of protection against malware, .BANK to secure customer relationships, and more.

Blog features proven factors in fintech-community bank success

A recent [Main Street Matters post](#) spotlights proven factors that lead fintech companies to successful community bank partnerships.

Details: Looking back on three ICBA ThinkTECH programs, ICBA Chief Innovation Officer Charles Potts identifies the need for fintechs to:

- Seek ways to better understand the industry.
- Connect for relationships and feedback.

- Evolve to meet changing needs.

Deadline: The [2022 ICBA ThinkTECH Accelerator](#) program will feature virtual and in-person visits to support community bank-fintech collaborations.

Consumer sentiment dips in early October

Sentiment: The University of Michigan [index](#) of consumer sentiment dipped 1.9% in early October following a 3.6% increase in September.

Retail Sales: Increased 0.7% in September from the previous month and were up 13.9% from a year ago, [according to](#) the Commerce Department.

Business Inventories: Rose 0.6% in August and were up 7.4% from the previous year, Commerce [reported](#).

FROM OTHER SOURCES

- Former U.S. Secretary of State Colin Powell, 84, has died from COVID-19 complications. Powell, who was fully vaccinated, was the first Black person to serve as White House national security adviser, chairman of the Joint Chiefs of Staff and secretary of State. [CNN](#)
- The CDC recently [published data](#) evaluating Americans' rate of coronavirus cases and deaths by vaccine status, providing more data on which vaccines are working best and how much protection they offer relative to being unvaccinated, *Axios' Caitlin Owens writes*. As of August, unvaccinated people had a more than six times higher risk of testing positive for the coronavirus, and were more than 11 times more likely to die from the virus. https://www.axios.com/newsletters/axios-vitals-71d30d3a-62f8-4317-907d-afea9de4e74d.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosvitals&stream=top
- Among vaccinated people, those who received the J&J vaccine had the highest risk of infection and death. Those who received the Moderna vaccine had the lowest. As the Delta variant surged, breakthrough cases became more common — which stands to reason. The higher rates also explain some of the urgency behind giving some Americans booster shots, particularly older and more vulnerable individuals. https://www.axios.com/newsletters/axios-vitals-71d30d3a-62f8-4317-907d-afea9de4e74d.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosvitals&stream=top
- Advisers to the Food and Drug Administration voted last week to authorize a Johnson & Johnson COVID-19 booster shot, providing some reassurance to those who received its vaccine and face a higher risk of mild cases than other vaccinated people. [Read more...](#)
- The FDA and CDC will likely allow some flexibility for recipients of the Johnson & Johnson COVID-19 to mix and match vaccine boosters, Dr. Anthony Fauci told ABC News' [This Week](#) on Sunday. The FDA still needs to look at all the data before making a formal authorization, [he said](#). NIH data showed people who received a shot of J&J's vaccine have [a stronger neutralizing antibody response](#) if they receive an mRNA shot instead of a second J&J one.
- The U.S. "underestimated vaccine hesitancy," outgoing health chief admits. [The Independent](#)
- States can reserve COVID-19 shots for younger kids next week. [Associated Press](#)
- Louisiana just detected a new COVID-19 variant. [Deseret News](#)
- U.S. household balance sheets are in their best shape in years, giving Americans greater capacity to propel consumer spending and, in some cases, to make life-altering decisions. Across a number of measures, consumers are flush. <https://www.bloomberg.com/news/articles/2021-10-18/best->

[credit-in-years-opens-americans-path-to-big-life-decisions?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOR0YzeLwAJc3eKFYsRLOxJIwPvG4wIzhHg1w3f4kR5kdYgzznJseMPZIkEifGG4Unow8jxHv3e3ewAC3pMbrJ4XCcOJoUTkMuWZN9a08H](https://www.bloomberg.com/news/articles/2021-10-18/fed-staff-says-wall-street-is-getting-inflation-call-all-wrong?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOR0YzeLwAJc3eKFYsRLOxJIwPvG4wIzhHg1w3f4kR5kdYgzznJseMPZIkEifGG4Unow8jxHv3e3ewAC3pMbrJ4XCcOJoUTkMuWZN9a08H)

- While some officials are publicly anxious about rising prices and Wall Street has ramped up its forecasts, the Fed's staff in Washington predicts inflation will be back under 2% in 2022, according to minutes of last month's Federal Open Market Committee meeting released Oct. 13. https://www.bloomberg.com/news/articles/2021-10-18/fed-staff-says-wall-street-is-getting-inflation-call-all-wrong?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZORxT7nJGEaM7ztysBNdlkpwQ7ioJmdl1n8-8hdQUASJzP8wNuXHjF_TtZLP5oCnfluJHsjOg3zpUkXA4WbuxfEp28pSFqnwNoSGOCS6af
- The nation's largest cities had some of the lowest U.S. inflation rates in September. Among the metropolitan areas surveyed, the largest and most urban places had some of the lowest price increases. Chicago saw an increase of 4.5%, and in the New York City area there was a 3.8% increase. The Northeast region's rate was nearly a percentage point below the overall national level. https://www.wsj.com/articles/largest-cities-had-some-of-the-lowest-u-s-inflation-rates-in-september-11634299201?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOR0XVXMA30Kct3nUy7S8MuAcsvv6ZjnsVR3In4n_V5yEK0wtOIODtKiRlkxJiFRXt5vIjnDrn_fdincyVgMPsKVhV0e7P18sjhA2V-DS
- Wall Street banks have been among the biggest beneficiaries of the pandemic-era trading boom, fueled by the Federal Reserve's massive injection of cash into financial markets. https://www.reuters.com/business/wall-street-banks-set-profit-again-when-fed-withdraws-pandemic-stimulus-2021-10-15/?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOR9UEXiyHkCwxxiJJJoke4QKP3bRJJJhhcKYq75GstZX6NfyWcjZuzYOWu8ptvcJY4LAYeIopAcah79yoh12dGcVhm95Xr8iZeb4r-JXA
- The dealmakers at the nation's biggest banks are the busiest they've ever been. Interest rates are low, private equity firms flush with cash are looking for promising investments, and companies are aggressively pursuing mergers at a breakneck pace. Wall Street banks announced blockbuster quarterly profits this week from a record wave of transactions that shows no signs of ebbing. https://www.nytimes.com/2021/10/15/business/wall-street-banks-earnings-mergers.html?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOR8c8CEkP-re3W8P-QhLeuUrYth0YoaNcgeWsb8HLJIYmI7hJGEVG1e11Q1o0TUDrsKRU7be3B90F-kBJTafyDK77C0UyAIDx9rocime
- Mortgage lenders are refocusing on home buyers to drum up business during a slowdown in refinancing. Purchase mortgages reportedly made up almost half of the loans that were packaged into government-backed securities and sold to investors in the third quarter. https://www.wsj.com/articles/rising-mortgage-rates-shift-lenders-focus-to-home-buyers-11634475780?mkt_tok=ODUwLVRBQS01MTEAAAGAMkZOSOWrY-Npzt3PuCj8YMaIQz0mkxxNtPufdredOxN-T0YP2waIWuzTeQHFrCy3WKnQqtEbJKz6mAaNckO0ZSU3xT0BvJ2gY-0jMNT90ic1
- While Americans are leaving their jobs at staggering rates – a record 4.3 million quit in August alone – hundreds of thousands of workers with similar grievances about wages, benefits and quality of life are choosing to dig in and fight by going on strike, [The Washington Post reports](#).
- Republicans are signaling that they will help bail out Jerome Powell if he's renominated to lead the Federal Reserve, amid opposition and skepticism from progressives. <https://thehill.com/homenews/senate/577018-senate-gop-signals-theyll-help-bail-out-bidens-fed->

[chair?mkt_tok=ODUwLVRBQS01MTEAAAGAMlkuJ7aECrtu1Yp7P-WyQxq9Di_tc59K-sE2BNxHsQyIcuJIw2zd_yiQWxPfbAa1xefbJI4CiGILiZ6MstToPUeQG2TrLzOilHLfRoTsxfnj](https://www.foxnews.com/politics/biden-2021-10-15)

- President Biden is entering a crucial two weeks for his ambitious agenda, racing to conclude contentious congressional negotiations ahead of both domestic deadlines and a chance to showcase his administration's accomplishments...[Read More](#)

FROM NEW YORK

- The Office of the State Comptroller created a new [online tool](#) to monitor spending of federal recovery aid and COVID-19 relief programs in the State, including funds for excluded workers, childcare providers, emergency rental and homeowner assistance, and small business recovery.
- New York state officials have filed an appeal to a ruling earlier this week by a federal judge in Utica that upheld religious exemptions for health care workers amid the state's requirement that they be vaccinated for COVID-19. The appeal was made by Gov. Hochul, outgoing Health Commissioner Zucker and NYS Attorney General James to the United States Court of Appeals, Second Circuit. <https://spectrumlocalnews.com/nys/central-ny/ny-state-of-politics/2021/10/15/ny-officially-appeals-ruling-in-health-care-worker-vaccine-case>
- Gov. Hochul recently spoke with NYS Attorney General James about the state's defense of its vaccine mandate in the courts, on the same day both were in Erie County as the race for governor continues to heat up, [the Times Union reports](#).
- Another New York City child has died of COVID-19, according to data posted this week by the Department of Health and Mental Hygiene. The death raises the city's reported toll among the youngest New Yorkers to 30 ... It's the first COVID-19 fatality reported among minors (which covers ages 0 to 17 years) since public school students returned to classrooms on September 13th. <https://gothamist.com/news/nyc-reports-first-covid-19-death-child-schools-started>
- Transmission [rates are higher in less-vaccinated boroughs](#) of Staten Island and Brooklyn.
- Hundreds of people [protested in Times Square](#) against vaccine mandates.
- [In New York City](#), calls are growing for reducing COVID restrictions on high school sporting events.
- [The latest update coming from](#) the CDC means millions more Canadians will be able to cross the U.S. border next month. White House officials confirmed to members of Congress that the U.S. side of the Canadian border will reopen to vaccinated Canadians on Nov. 8 as America opens more broadly to international travelers, [The Buffalo News reports](#).
- *Capital Tonight* asked Dr. Tom Russo, an epidemiologist and chief of Infectious Disease at the University at Buffalo's Jacobs School of Medicine and Biomedical Sciences, if the nurse still needs to receive a vaccine. [Read more](#).
- The New York City Department of Housing Preservation and Development is dealing with an outbreak of Covid-19. Staff for the entire floor that was impacted were sent home and will telework until October 18th. <https://login.politicopro.com/?redirect=https%3A%2F%2Fsubscriber.politicopro.com%2Farticle%2F2021%2F10%2F15%2Fvirus-outbreak-sends-staffers-home-at-citys-housing-agency-1391878>
- A report released by state Comptroller Thomas DiNapoli found that state tax collections since the start of New York's fiscal year in April have been \$1.8 billion more than initially projected,

reaching \$7.2 billion through the end of September. DiNapoli said the better-than-expected tax receipts are a sign that New York is on the road to economic recovery. [State of Politics reports.](#)

- New York's NAACP president Hazel Dukes is [backing Gov. Kathy Hochul's campaign](#) for reelection next year. Hochul has been shoring up support as several other potential Democrats appear to be weighing primary challenges. In recent weeks, she has been backed by [state party chair Jay Jacobs](#), county committees from Long Island to the North Country, and by the [fundraising giant Emily's List](#).

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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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