

Thursday, October 21, 2021  
To: New York Community Banks

## FROM ICBA

### House bill would bar IRS reporting proposal

ICBA expressed support for House legislation to block a widely opposed IRS reporting proposal while its [campaign against the plan](#) continued gaining traction in media outlets.

**House Bill:** The [ICBA-backed](#) legislation from Rep. Drew Ferguson (R-Ga.) would bar the Treasury Department from requiring financial institutions to report the inflows and outflows of account funds. Separate [legislation](#) from Sen. Mike Crapo (R-Idaho) and Rep. Kevin Brady (R-Texas) targeting the proposal includes a similar provision.

**More from Congress:** Crapo also [asked Treasury](#) to provide information on the administration's "new approach" to the IRS proposal. He noted that while Treasury issued a fact sheet earlier this week on changes to the proposal, the policy has not seen the light of day in Congress—reflecting ICBA concerns that it would be added to budget reconciliation legislation at the last minute.

**Media:** Meanwhile, [Accounting Today](#) and the [Independent Women's Forum](#) published articles on the ICBA-led campaign against the IRS plan, adding to the growing coverage of opposition to the proposal.

**Latest:** Following proposals from lawmakers to tweak the IRS reporting plan to quell public opposition, [ICBA this week clarified](#) that no amount of updating will salvage the IRS measure.

**Call Alert:** ICBA continues urging community bankers to use its [call alert and customizable script](#) to speak out against the proposal and clarify that updating the plan will not quiet the opposition.

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

**[CALL CONGRESS NOW](#)**

### Agencies emphasize need for LIBOR transition

Federal and state financial services regulators [issued a joint statement](#) emphasizing that they expect supervised institutions with LIBOR exposures to continue an orderly transition from the reference rate.

**Details:** The joint statement includes clarification regarding new LIBOR contracts, considerations for assessing alternative reference rates, and expectations for fallback language.

**Deadline:** The statement reiterates a previous interagency statement encouraging supervised institutions to cease entering new contracts using U.S. dollar LIBOR as a reference rate by Dec. 31, 2021.

**More:** An [ICBA blog post](#) details the end of LIBOR and the impact of the pending transition on community banks.

### Quarles: Focus shifting from labor market to inflation

Federal Reserve Governor Randal Quarles [said](#) he is increasingly turning his attention from the "rapidly improving" labor market to the inflation outlook.

**Transitory Inflation:** Speaking to the Milken Institute Global Conference, Quarles said that while inflation pressures are transitory as fiscally stimulated demand outstrips temporarily disrupted supply, "'transitory' does not necessarily mean 'short lived.'"

**Outlook:** Quarles said the Fed will remain outcome based as it determines monetary policy given higher-than-normal uncertainty surrounding the inflation and employment outlook.

## OCC reports on interest rate risks

The OCC published its fall 2021 report on interest rate risk data gathered during examinations of midsize and community banks and federal savings associations. The [Interest Rate Risk Statistics Report](#) provides data on risk exposures and limits for banks by asset size and charter type, including minority depository institutions.

## Fed launches FedNow resource center

The Federal Reserve launched [FedNowExplorer.org](#) with customized educational resources to help financial institutions prepare for the launch of the FedNow instant payments service in 2023.

**Readiness Guide:** The site includes numerous tools, including a [FedNow Readiness Guide](#) to help organizations implement and use the service.

**Blog Posts:** Recent ICBA blog posts cover the [accelerated implementation](#) of FedNow and [provide a breakdown](#) of real-time and faster payments options, including FedNow, RTP, and Same Day ACH.

**More:** More information is available via ICBA's [Faster Payments Resource Center](#) and ICBA Bancard's [Payments Strategy Assessment Tools](#).

## Beige Book: Supply chain, labor shortages affecting growth

Economic activity grew at a modest to moderate rate in most Federal Reserve districts in recent weeks, according to the [Beige Book](#).

**Pressures:** Several districts reported slower growth due to supply chain disruptions, labor shortages, and uncertainty around the COVID-19 Delta variant.

**Conditions:** Consumer spending was generally up despite declining auto sales, manufacturing grew, loan demand was generally flat, residential real estate activity remained healthy, and agriculture conditions were mixed.

## FROM OTHER SOURCES

- U.S. health regulators significantly widened the nation's Covid-19 booster campaign, clearing use of extra doses of Moderna Inc. and Johnson & Johnson JNJ vaccines and saying people can get a shot that is different from what they had previously received. [https://www.wsj.com/articles/fda-authorizes-covid-19-vaccine-boosters-from-moderna-j-j-11634763535?mkt\\_tok=ODUwLVRBQSO1MTEAAAGAQdEguyyXoEDbvX2UJChABDYmLJyd3sz2LO0wOv0L2nVrg-m5Fy\\_GzJ\\_60n-JUjnWrPmXChrRHrMMvmP\\_zVInL0BqEGtXaNjlu\\_zAAZvWVrx6](https://www.wsj.com/articles/fda-authorizes-covid-19-vaccine-boosters-from-moderna-j-j-11634763535?mkt_tok=ODUwLVRBQSO1MTEAAAGAQdEguyyXoEDbvX2UJChABDYmLJyd3sz2LO0wOv0L2nVrg-m5Fy_GzJ_60n-JUjnWrPmXChrRHrMMvmP_zVInL0BqEGtXaNjlu_zAAZvWVrx6)
- The FDA action tees up a meeting of advisers to the CDC on Thursday. The recommendations of the CDC's Advisory Committee on Immunization Practices cannot alter the FDA's emergency use authorization, but influence how public health resources are directed. The advisers and CDC could still narrow the populations recommended for a boost. [https://www.rollcall.com/2021/10/20/fda-authorizes-broad-flexible-covid-19-booster-policy/?utm\\_source=morningheadlines&utm\\_medium=email&utm\\_campaign=newsletters&utm\\_content=10/21/2021](https://www.rollcall.com/2021/10/20/fda-authorizes-broad-flexible-covid-19-booster-policy/?utm_source=morningheadlines&utm_medium=email&utm_campaign=newsletters&utm_content=10/21/2021)
- The FDA has now authorized booster shots for all three U.S. vaccines — Pfizer, Moderna and J&J — and has said that Americans don't have to get a booster of the same vaccine they initially received. Only [about 15 million](#) Americans got the J&J shot, compared to the nearly 70 million who received Moderna and nearly 105 million who received Pfizer. [Go deeper. The Washington Post reports.](#)

- [NIH data](#) found that people who initially received J&J's vaccine had a [stronger neutralizing antibody response](#) if they received a Pfizer or Moderna booster than if they got a second J&J shot. J&J reported last week the second dose of its vaccine [provided 94% protection](#) against symptomatic COVID-19 cases in the United States. The J&J shot isn't waning in its efficacy, but one expert noted it probably should have been a two-dose series to begin with.
- Pfizer Inc. and BioNTech SE said a booster shot of their Covid-19 vaccine restored full protection in a large study, results that are likely to bolster the argument for giving a third dose more widely. [https://www.bloomberg.com/news/articles/2021-10-21/pfizer-biontech-say-booster-shot-restores-full-covid-protection?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQdEgvE7HN-OsHexxCnqIGSe\\_ccRa\\_BSwhFyDH09\\_HqBEOopJ0bC49\\_1ZDaABh46Xu\\_gLvTwNGPEP\\_GpYDk9BwxWnBqOLxGHL8oozJYX\\_Vhpu](https://www.bloomberg.com/news/articles/2021-10-21/pfizer-biontech-say-booster-shot-restores-full-covid-protection?mkt_tok=ODUwLVRBQS01MTEAAAGAQdEgvE7HN-OsHexxCnqIGSe_ccRa_BSwhFyDH09_HqBEOopJ0bC49_1ZDaABh46Xu_gLvTwNGPEP_GpYDk9BwxWnBqOLxGHL8oozJYX_Vhpu)
- The Delta wave continues to recede, and [vaccines for kids](#) — which could become available within weeks — will improve the situation even further, Axios senior editor Sam Baker [writes](#). The U.S. is averaging 79,000 new cases per day — a 22% drop over the past two weeks. COVID deaths have fallen by 14% over the same period, to an average of 1,600 per day. [Share this map](#)
- Experts are cautiously optimistic that the virus will continue to lose ground throughout the United States. Holiday travel will likely cause some spikes in new cases. The risk will be greatest in places with low vaccination rates, and people who aren't vaccinated will remain at risk for serious illness and death, but the U.S. as a whole is on the right track. [Check out Kavya's interactive cartogram.](#)
- The White House [released](#) its plan today to get kids ages 5–11 vaccinated, pending FDA eligibility. It secured enough supply to equip more than 25,000 pediatric and primary care offices, hundreds of school and community health clinics, as well as tens of thousands of pharmacies. [White House fact sheet](#)
- A tighter labor market is starting to benefit low-income adults, new data from "Morning Consult" suggests. Financial vulnerability fell during the last month, as the share of low-income adults who said they didn't have enough savings to cover basic savings dropped to 27.7 percent from 31.1 percent. The expiration of extra federal jobless benefits didn't seem to have a large negative impact. More here: [Income Inequality Falls to Lowest Level Since April](#)
- Senior White House officials reportedly briefed Democratic lawmakers on a potential change in pay-for strategy for President Biden's economic spending plan: To get rid of the proposed corporate tax rate hike and instead tax billionaires' assets in a proposal that would be similar to a scaled-back version of a plan supported by Sen. Warren (D-MA). The new plan under discussion would also boost Internal Revenue Service enforcement, tax companies that issue stock buybacks and "rejjig" international tax provisions to raise the minimum taxes on multinational firms, according to the people. [The Washington Post](#)
- Federal Reserve Bank of Minneapolis President Kashkari said the Paycheck Protection Program (PPP) may have made wealth inequality between white and Black Americans worse. [https://www.wsj.com/articles/feds-kashkari-paycheck-protection-program-disadvantaged-black-americans-11634766150?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQCgdLrT1a815mOXpH6C3aYfRlxRukl-JwYEaHhwrtnjiexCDBayC4WWaBv0IEIC9tPd35vJz9juzp87hf8VpXP4\\_ZJPh3t3I2KTeNqtfXvkv](https://www.wsj.com/articles/feds-kashkari-paycheck-protection-program-disadvantaged-black-americans-11634766150?mkt_tok=ODUwLVRBQS01MTEAAAGAQCgdLrT1a815mOXpH6C3aYfRlxRukl-JwYEaHhwrtnjiexCDBayC4WWaBv0IEIC9tPd35vJz9juzp87hf8VpXP4_ZJPh3t3I2KTeNqtfXvkv)
- The scaled-back spending package in Washington could still include a measure to expand or temporarily remove the cap on the federal deduction on state and local taxes (SALT). House Ways and Means Committee Chair Neal said addressing the \$10,000 limit imposed by Republicans in their 2017 tax overhaul is still on the table.

[https://www.bloomberg.com/news/articles/2021-10-20/ways-means-chair-neal-says-salt-cap-changes-still-in-play?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQCgDLoQbc9J46CcPhNE8JWxOVmmp3s20Z0OdqR4HZdDfhaIjv0S6hRSrBAFseauHu92Gnh\\_Zq6BUYPSdPp4BnQeaYCKB1mqr4YTunrWTnht7](https://www.bloomberg.com/news/articles/2021-10-20/ways-means-chair-neal-says-salt-cap-changes-still-in-play?mkt_tok=ODUwLVRBQS01MTEAAAGAQCgDLoQbc9J46CcPhNE8JWxOVmmp3s20Z0OdqR4HZdDfhaIjv0S6hRSrBAFseauHu92Gnh_Zq6BUYPSdPp4BnQeaYCKB1mqr4YTunrWTnht7)

- Employers across the U.S. are struggling to attract and retain talent, and in some areas, vaccine mandates have made it even more challenging to hold onto workers, the Federal Reserve's Beige Book said Wednesday. The central bank said vaccine mandates were "widely cited" as contributing to high labor turnover, along with child-care issues and Covid-related absences. [https://www.bloomberg.com/news/articles/2021-10-20/fed-survey-says-vaccine-mandates-contributing-to-labor-turnover?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQCgDLW7HAjsMlfSZXqlpwa3CjELYm\\_KzPLGyXdKhW3PIuLAACK2JtfISAIKaxHn0ODN6Lk-sWm\\_z4HnLoDBsgAP\\_uBnUiIk2MSatdOYSZOM1](https://www.bloomberg.com/news/articles/2021-10-20/fed-survey-says-vaccine-mandates-contributing-to-labor-turnover?mkt_tok=ODUwLVRBQS01MTEAAAGAQCgDLW7HAjsMlfSZXqlpwa3CjELYm_KzPLGyXdKhW3PIuLAACK2JtfISAIKaxHn0ODN6Lk-sWm_z4HnLoDBsgAP_uBnUiIk2MSatdOYSZOM1)
- Unemployment claims are trending near the lowest levels since the Covid-19 pandemic hit in the spring of 2020, as companies are reluctant to lay off workers amid labor shortages. Economists surveyed by The Wall Street Journal estimate jobless claims ticked up to 300,000 last week from a pandemic low of 293,000 a week earlier. [https://www.wsj.com/articles/weekly-jobless-claims-10-21-2021-11634761575?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQCgDLpYbpLPH1BficQVJpL2zAkZftxidK4YZpvX0Wd7RsAk3XDauAHq0oiBi-qwljDjiOmsZiQSCG7AzPeveY1FnmvE2VuqDEo8ETd0c\\_8m](https://www.wsj.com/articles/weekly-jobless-claims-10-21-2021-11634761575?mkt_tok=ODUwLVRBQS01MTEAAAGAQCgDLpYbpLPH1BficQVJpL2zAkZftxidK4YZpvX0Wd7RsAk3XDauAHq0oiBi-qwljDjiOmsZiQSCG7AzPeveY1FnmvE2VuqDEo8ETd0c_8m)
- How the Biden administration's focus on climate risk will affect regulators' oversight of the U.S. financial system is, slowly but surely, coming into view. In May, the administration directed federal agencies to paint a picture of the country's economic vulnerabilities related to climate change and craft policies to address them. [https://www.americanbanker.com/list/how-climate-risk-is-already-creeping-into-banking-policy?mkt\\_tok=ODUwLVRBQS01MTEAAAGAQCgDLvyopL3FPI9pTTUUFpX\\_NsOQGf8PiZ1TnZ1aSVNzJ308Ze0TvIL45ZFZ5sBQS13CD661hVqHVX\\_Eynnhu7uH1MmcTmHmMgmPNImcE-X](https://www.americanbanker.com/list/how-climate-risk-is-already-creeping-into-banking-policy?mkt_tok=ODUwLVRBQS01MTEAAAGAQCgDLvyopL3FPI9pTTUUFpX_NsOQGf8PiZ1TnZ1aSVNzJ308Ze0TvIL45ZFZ5sBQS13CD661hVqHVX_Eynnhu7uH1MmcTmHmMgmPNImcE-X)
- Democrats on Wednesday dived into the push-pull phase of their spending and tax negotiations in hopes of reaching agreement on the broad contours of a budget reconciliation package in the \$2 trillion ballpark as soon as this week. [Read more...](#)

## FROM NEW YORK

- **Beige Book: Highlights From New York Region: Banking and Finance.** Businesses in the broad finance sector indicated that activity has flattened out since the last report. Some contacts have expressed growing concern about cyber- and ransom-ware attacks, both in their own industry and among customers and borrowers. Small to medium-sized banks across the District reported that loan demand was flat overall—stronger for commercial mortgages and commercial & industrial loans but weaker for consumer loans and residential mortgages. Refinancing activity remained little changed, on net. Loan spreads narrowed for consumer loans and commercial & industrial loans. Credit standards and delinquency rates were little changed across all categories. For more information about District economic conditions visit: [www.newyorkfed.org/regional-economy](http://www.newyorkfed.org/regional-economy)
- In her weekly COVID update, Gov. Hochul reported as of Tuesday, October 19, 2021 there were 2,144 New Yorkers hospitalized with COVID-19. The 7-day percentage positivity average was 2.33%, down from 2.53% last week. Per the CDC, 86.2% of adult New Yorkers have at least one vaccine dose. So far, 26,412,510 total vaccine doses have been administered -- 58,380 over the past 24 hours. The state has launched a [new portal](#) that will house all of the state's data related

to our COVID-19 efforts. She also noted people can receive their COVID vaccine and the flu shot at the same time, urging: "[Watch our new PSA](#) encouraging everyone to get their flu shot."

- New Yorkers have adapted to the COVID-19 pandemic, carrying masks with them most places and have become comfortable eating in restaurants or going to the grocery store. At the same time, a Siena College poll released Thursday morning found New York residents have become less optimistic that the worst of the crisis, nearly 20 months in, is fully behind us. [Read More](#). The poll found nearly 80% of New York residents spend part or all of their time thinking about how to protect themselves and family members from getting the virus, [The Buffalo News reports](#).
- New York City will require its entire municipal workforce to be vaccinated by November 1 against COVID-19 or be placed on unpaid leave. Mayor de Blasio offered an incentive: City workers who get a shot by Oct. 29 at a city-run vaccination site will get an extra \$500 in their paycheck." <https://apnews.com/article/coronavirus-pandemic-health-police-new-york-new-york-city-9b0f72ad57fc9264794fcd45eb10dde2>
- Local public health departments have struggled to respond to a rise in overdose deaths and the COVID-19 pandemic over the last 20 months amid a shortfall in staffing, the organization that represents officials told state lawmakers on Wednesday. [Read more](#).
- New York City [kick off an advertising campaign](#) to lure back international tourists.
- Democratic officials in Orleans and Wyoming counties endorsed Hochul's bid for a full term as she continues to receive nods from county officials around the state, [State of Politics 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.**

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