

Friday, October 8, 2021
To: New York Community Banks

FROM ICBA

ICBA concerns with OCC nomination make headlines

The New York Times covered [ICBA's concerns](#) with the nomination of Cornell University law professor Saule Omarova for comptroller of the currency.

Details: [The article](#) cites ICBA concerns with Omarova's proposals to overhaul the banking system and says ICBA's concerns could threaten her confirmation.

Quote: "The core of all of this and the source of our most significant concerns is we look at everything that she has said or written publicly, there are bold ideas that essentially look at eliminating the banking system as we know it today," ICBA President and CEO Rebeca Romero Rainey told the paper.

Background: ICBA expressed concerns following President Joe Biden's announcement last month that he [intends to nominate](#) Omarova to head the OCC.

Proposals: In a [news release](#), ICBA cited her proposals to:

- Migrate the retail banking system to the Federal Reserve.
- Establish government banking Fed Accounts that the Fed is not legally permitted to offer.

Next: ICBA remains in conversation with policymakers about the nomination.

Senators ramp up opposition to IRS reporting plan

Congressional pushback against the reconciliation package's ICBA-opposed IRS reporting proposal continued with commentary from Senate leaders.

What's New: In an [op-ed](#) running throughout Kentucky, Senate Majority Leader Mitch McConnell (R) said the proposal would threaten consumer privacy while burdening community banks. Separately, Sen. Tommy Tuberville (R-Ala.) issued a [news release](#) citing ICBA's support for his bill to block the plan.

Campaign: ICBA continues calling on community bankers to use its customizable [email and social media content](#) to urge consumers to [contact Congress in opposition](#) to the plan, which an ICBA poll found 67% of voters oppose.

Call Alert: In addition to the consumer campaign, community bankers can call their lawmakers using an ICBA [call alert and customizable script](#).

Press Hits: The ICBA-led consumer campaign has generated substantial coverage in recent days, including in the [Wall Street Journal](#), [Glenn Beck Program](#), [Bloomberg](#), [Newsweek](#), and more.

Financial Stability Board issues stablecoin progress report

The Financial Stability Board issued a [progress report](#) on its implementation of high-level recommendations on regulating "global stablecoin" arrangements.

Details: The report says:

- Implementation across jurisdictions is still at an early stage.
- Jurisdictions' different approaches could risk regulatory arbitrage and market fragmentation

Guidance: The Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions this week separately issued [joint guidance](#) clarifying that international standards for payment, clearing, and settlement systems apply to stablecoin arrangements.

Next: The U.S. President's Working Group on Financial Markets is expected to issue recommendations on regulating stablecoins as soon as this month. Meanwhile, the Federal Reserve Board is working on a separate report to seek public input on stablecoins and a U.S. central bank digital currency.

Background: 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](#).

Brainard breaks down climate scenario analysis

Financial regulators are developing climate scenario analysis to model the possible financial risks associated with climate change and to assess the resilience of financial institutions and the financial system to these risks, Fed Governor Lael Brainard said.

Speech: In [remarks](#) to a Boston Fed conference on stress testing, Brainard cited:

- Transition risks arising from changes in policies, technology, and consumer and investor behavior.
- Physical risks of damages caused by increasingly frequent and severe climate-related events as well as chronic changes, such as rising temperatures and sea levels.
- Sudden asset price changes that could lead to financial instability.

Treasury releases climate action plan

The Treasury Department [released](#) an action plan to guide its efforts to adapt and increase its resilience to the effects of climate change. The Climate Action Plan establishes five focus areas, including addressing the climate change impact on department operations and ensuring a climate-focused approach to managing Treasury's real property portfolio footprint.

Consumer credit rises 4% in August

Consumer credit [increased](#) at a seasonally adjusted annual rate of 4% in August, the Federal Reserve reported.

Details: Revolving credit, which includes credit card spending, increased at an annual rate of 3.6%. Non-revolving credit, such as auto and student loans, rose 4.1%.

FROM OTHER SOURCES

- America registered disappointing job growth for the second month in a row. Just 194,000 jobs were [created](#) in September, a significantly slower pace than the 366,000 number a month earlier. Economists had been hoping and expecting to reach at least 500,000. Private-sector employment growth was OK, if not great, in September. The big disappointment came in the public sector, especially teachers. Women dominate the teaching profession, and they've been [leaving the job market](#).
- Local government school districts lost 144,000 jobs in September, with a further 17,000 job losses at the state level.
- Bars and restaurants saw essentially no growth in September, repeating their weak showing from August. They had been driving the recovery this year, with an average gain of 197,000 jobs per month from January through July.
- After two successive disappointing months of job growth, economists are now pinning hopes on the October job report to show what the economy is capable of as the Delta variant recedes. The unemployment rate dropped sharply to just 4.8%, from 5.2% in August, and unemployment for Black Americans dropped even faster, to 7.9% from 8.8%. . .but, the low unemployment rate can be taken as a warning that not a lot of Americans are looking for work.

- The Senate voted 50-48 to approve a measure that would raise the government's debt limit through Dec. 3, following an agreement reached by Senate Majority Leader Schumer and Senate Minority Leader McConnell. The measure will move to the House, where it's expected to pass when representatives return to Washington on Tuesday. [Bloomberg](#)
- Democrats will likely drop hundreds of billions of dollars in proposed tax increases on the rich as they scramble to shrink the size of their “reconciliation” package, which is good news for moderates but bad news for progressives, [Politico reports.](#)
- Filings for jobless benefits last week fell for the first time in four weeks, as employers continue to eschew layoffs amid a tight labor market. The Labor Department reported Thursday that initial unemployment claims, a proxy for layoffs, fell 38,000 in the week ended Oct. 2 to a seasonally adjusted 326,000, from a revised 364,000 the prior week. https://www.wsj.com/articles/weekly-jobless-claims-10-07-2021-11633557625?mkt_tok=ODUwLVRBQS01MTEAAAF_skILbzGsV5R7HDVasLq5_2jbF6Loi3pFS3qf3QQhRtXdcpMZoWE2vKBhdjllK1XHKSxiRaHEml3MilAw37QxL7bqVDI0pKc7Jf9a_fvBx8e
- Federal Reserve officials are likely to keep a keen eye on Friday's employment report, as their two jobs — trying to foster full employment while also keeping a lid on inflation — increasingly prove to be a balancing act. https://www.nytimes.com/2021/10/08/business/economy/fed-jobs-full-employment-inflation.html?mkt_tok=ODUwLVRBQS01MTEAAAF_skILav9239LZlIIJShTTeHQBT5_w_o03W2yEzKNxQyNJ2Bl-cw60vPrOJwdFWqX3cnRp4hc0i1Ewlj1y-nXDi8g62hmvVyL_6WmcDaB29L
- The Treasury Department said state and local governments that have yet to disburse most of their federal rental assistance funds will need to document how they plan to combat bottlenecks, and will have until Nov. 15 to avoid losing the aid. Treasury's requirements are in new guidance explaining how it will reallocate rental assistance unused as of last Thursday. https://www.politico.com/news/2021/10/07/treasury-puts-pressure-on-states-localities-to-speed-up-rental-aid-515577?mkt_tok=ODUwLVRBQS01MTEAAAF_skILbtgP5r84e2X5Vx7hXwf7M4o6Mpbo_8N8UNPvMDAJFIyfxJDvmbVeQcnnSkqTZ96DTBnAikoIvqa4ZNkhA9zixVSzQWwViATQc30nNXO
- Capital One Financial Corp. delayed reopening its offices until sometime next year as the delta variant continues to upend banks' plans to fully repopulate workplaces across the U.S. Capital One has decided it won't attempt to forecast a specific date for a "full-scale reopening." Employees will be given 30 days' notice before any decision is made. https://www.bloomberg.com/news/articles/2021-10-07/capital-one-won-t-reopen-its-offices-until-sometime-next-year?mkt_tok=ODUwLVRBQS01MTEAAAF_skILfWjSkobDqnVPx9xn6gW7e7gQluz82JoTJKBP7ymeO9_Qekn-LkGPUAUBGUp-FjjKUjK05IUHB-Hu1DeMwfI9yGtDC6YHLuLejIz9id

FROM NEW YORK

- Empire State Development and the NYS Department of Financial Services (DFS) announced the first awards from the New York State Community Development Financial Institution (CDFI) Fund to support access to safe and affordable banking services in historically underserved and low-income communities across the state. The CDFI Fund has a multi-year \$25 million state commitment. <https://dingo.telicon.com/NY/library/2021/2021100739.PDF>
- The SBA's inspector general found that the agency's Economic Injury Disaster Loan (EIDL) program paid \$4.5 billion more than it should have because administrators didn't follow internal

policies. 534,000 recipients of at least \$1,000 didn't provide their Employee Identification Number, which meant they should have been limited to just \$1,000, and many applicants who didn't include an identification number received the \$10,000 maximum allowed through the program -- with some falsely saying they had as many as a million employees. [The Washington Post](#)

- A month and a half in, Gov. Kathy Hochul has largely made good on her promise to purge state government of Cuomo loyalists. But that doesn't mean she has fully cleaned house, with a few Cuomo holdovers remaining. [Who's left and who got the boot?](#)
- Gov. Hochul has spent her first month and a half in office recruiting people with progressive and downstate bona fides, signing popular legislation and deCuomofying things. But the [honeymoon phase can't last forever.](#)
- [RELEASE: HOCHUL'S FIRST 45 DAYS...](#)
- [DEWITT: In first 45 days she has dealt with big challenges...](#)
- [HOCHUL: I swept out Cuomo crew, like I said...](#)
- Top aides to then-Gov. Andrew Cuomo sought a job in the Biden administration for then-Lt. Gov. Kathy Hochul so they could remove her from the gubernatorial ticket ahead of his planned bid for a fourth term in 2022, [The Washington Post reports.](#)
- New York landlords can apply for \$125 million in state funding to cover unpaid rent connected to tenants who were ineligible for the federally funded rent relief program, [Gannett Albany reports.](#)
- Thousands of home health workers could lose their jobs under New York's latest COVID-19 vaccine mandate requiring they get shots by Friday. The mandate covers about 270,000 workers in home health care services, and at least 11,900 said they would rather quit or be fired than comply, according to the Home Care Association of New York State. <https://www.lohud.com/story/news/coronavirus/2021/10/07/nys-vaccine-mandate-looms-thousands-home-health-workers/6033787001/>

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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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