

Tuesday, February 22, 2022  
To: New York Community Banks

## FROM ICBA

### Brainard: CBDC must preserve financial intermediation

Federal Reserve Governor Lael Brainard laid out several key considerations as [policymakers debate](#) a possible U.S. central bank digital currency.

**Speech:** In [public remarks](#), Brainard said policymakers must explore:

- Whether a CBDC could complement private-sector digital asset innovations by preserving safe and effective elements of the present financial system.
- Design features that would preserve financial intermediation, such as by offering a non-interest-bearing CBDC and limiting the amount of CBDC end users could hold or transfer.
- How to preserve the strength and safety of U.S. currency internationally given its role as a global payment instrument.

**Background:** The speech follows recent Federal Reserve reports on a potential U.S. CBDC, which ICBA's Nasreen Quibria spotlights in a new [Main Street Matters blog post](#).

[READ MORE](#)

### What to know about crossing a CRA asset threshold

A new [ICBA issue brief](#) breaks down what community banks need to know about moving into a new Community Reinvestment Act asset-size categorization.

**Details:** With the pandemic pushing some community banks past asset-size thresholds sooner than expected, the brief from ICBA Director of Regulatory Legal Affairs Mickey Marshall discusses:

- The increased regulatory expectations associated with changing CRA classifications.
- Strategies to successfully manage these growing pains and demonstrate compliance. [Read more.](#)

## FEDERAL MATTERS

- Less than a year after Democrats in Congress approved a half-trillion dollars in aid to state and local governments, many red, purple and blue state governors and state legislators are contemplating a long list of tax cuts -- including in New York, where Gov. Hochul is proposing a \$2 billion tax cut including cuts in property taxes.  
[https://www.politico.com/news/2022/02/21/state-tax-cuts-00009451?mkt\\_tok=ODUwLVRBQS01MTEAAAGCwHeyO9RXBjgMrr11L2E19jf4I1bl\\_5bDG48JXKqaeQdQodLU1XIKrnmZndMDR6tI8bN8cRTDnGDCZEL1zB2y8uIF8VfnjuU5IQQ7eU8eBmbK](https://www.politico.com/news/2022/02/21/state-tax-cuts-00009451?mkt_tok=ODUwLVRBQS01MTEAAAGCwHeyO9RXBjgMrr11L2E19jf4I1bl_5bDG48JXKqaeQdQodLU1XIKrnmZndMDR6tI8bN8cRTDnGDCZEL1zB2y8uIF8VfnjuU5IQQ7eU8eBmbK)
- Fed Governor Bowman didn't rule out a half percentage-point increase in interest rates in March if inflation persists. She said it was important to see "how the economy develops and understand whether or not things are improving or getting worse," but that "at this point I think it's too soon to tell." Fed Governor (and nominee for Vice Chair) Brainard and New York Fed President Williams said they were prepared to move on a rate hike next month, although Williams said "a big step at the beginning" might not be necessary. [Bloomberg](#)

## NEW YORK STATE MATTERS

- A new Siena College poll found that a majority of New Yorkers want the state to wait for more information before the Hochul administration decides whether to lift a statewide mandate on mask-wearing in schools, [State of Politics reports](#).

- The Siena poll also found Gov. Hochul maintained her early lead in the Democratic gubernatorial field: 46% of registered Democrats said they would vote for her if the primary was held today, unchanged from January. New York City Public Advocate Jumaane Williams had 17 %, up from 11%. Rep. Tom Suozzi (L.I.) had 9%, up from 6 percent. [Siena poll: Hochul retains primary lead, while voters back bail overhaul.](#)
- GOP gubernatorial candidates' favorable/unfavorable ratings are essentially unchanged since last fall. Andrew Giuliani has a 28-47% rating with all voters (47-28% among GOP); Rep. Lee Zeldin's rating is 18-20% with all voters (27-16% among GOP), and former Westchester County Executive/2014 GOP gubernatorial nominee Rob Astorino's rating is 18-14% with all voters (21-13% among the GOP.) Today, millionaire businessman Harry Wilson, who ran unsuccessfully for State Comptroller in 2010, announced he is running for the GOP gubernatorial nomination, <https://spectrumlocalnews.com/nys/buffalo/ny-state-of-politics/2022/02/22/businessman-harry-wilson-launches-campaign-for-governor>. . .and, there is an online petition effort to draft former GOP Gov. [George Pataki](#) to run. <https://nypost.com/2022/02/21/former-ny-gov-george-pataki-76-urged-to-run-again/>
- COVID hospitalizations in New York state are at their lowest point since before Thanksgiving. According to the latest numbers released by the governor's office, the number of people hospitalized with COVID-19 dropped by 171 over the past day to 2,640. The number of active hospitalizations dropped below 2,750 for the first time since Nov. 27 on Saturday. The state's COVID-19 positivity rate is currently 1.54%. [Read more. Lt. Gov. Brian Benjamin announced on Twitter that he tested positive for COVID-19.](#)

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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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