

ICBA News Watch this week / US Weekly Bell

Week 06 October 2014

Regulation

FHFA Extends Comment Deadline for FHLBank Proposal

As requested by ICBA and other industry members, the Federal Housing Finance Agency [extended the comment period](#) for a proposed rule to revise the requirements for financial institutions to apply for and retain membership in the Federal Home Loan Banks.

Among its provisions, the proposed rule would require all members to hold 1 percent or 10 percent of their assets in home mortgage loans at all times. The FHFA extended the comment period to Jan. 12, 2015. The proposal will have far-reaching impacts on the ability of community banks and other FHLB members to continue to access low-cost funding.

ICBA staff and members of the ICBA FHLB Task Force will meet with FHFA officials later this month to discuss community bank concerns with this proposed rule. In a [2011 comment letter](#) on the FHFA's advanced notice of proposed rulemaking, ICBA raised concerns over the regulatory burden imposed by the proposal and urged the agency not to advance it. [Read ICBA Extension Request.](#)

Regulators

Top Regulators Meet with Obama at White House

Financial regulators met with President Barack Obama at the White House to discuss the implementation of Wall Street regulatory reform. The [White House said](#) participants discussed new capital standards, the Volcker rule and coordination through the Financial Stability Oversight Council. The heads of the FDIC, Federal Reserve, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau and other agencies attended the meeting.

Online

.Bank Domain Launching in 2015

The .bank domain will be available in mid-2015, according to [fTLD Registry Services](#). The registry service this week announced a contract with the Internet Corporation for Assigned Names and Numbers to operate the generic .bank top-level domain. ICBA participated in the formation of fTLD, which in May 2012 applied with ICANN to offer the domain.

Congress

ICBA, Coalition Advocate Fixes to Wall Street Reform

ICBA and a coalition of other trade associations [urged the Senate](#) to consider and pass H.R. 5461, House-passed legislation to fix some of the unintended consequences of Wall Street reform. The legislation contains the text of three House-passed bills, including an ICBA-backed measure to allow community banks to retain debt securities of collateralized loan obligations issued before Jan. 31, 2014

Senators Ask DOJ to Revise Operation Choke Point

Members of the Senate Banking Committee called on the Justice Department to answer extensive questions regarding its Operation Choke Point initiative. The [letter to Attorney General Eric Holder](#) noted that community banks have lost valuable customers because of the program. Operation Choke Point targets third-party payment processors and their financial institutions that process payments for businesses engaged in higher-risk, legal activities. ICBA has repeatedly called on the DOJ to suspend Operation Choke Point and has supported legislation to rein in the initiative.

Interchange

Survey: Consumers Seeing No Savings from Durbin Amendment

On this week's third anniversary of the implementation of the Durbin debit interchange amendment, consumers have seen none of the savings they were promised by retailers. The Electronic Payments Coalition, of which ICBA is a member, released a survey that shows 94 percent of consumers have seen prices that have increased or remained the same over the past three years.

"When Congress interferes in a fight between two industries over who pays what, it is almost always consumers who lose," ICBA President and CEO Cam Fine said. [Read More.](#)

Federal Reserve

Community Banker Tapped to Head Fed Council

The [Federal Reserve Board](#) announced the members of its Community Depository Institutions Advisory Council and the president and vice president of the council for 2015. John B. Dicus of Capitol Federal Savings Bank in Topeka, Kan., will serve as president. The CDIAC advises the board on the economy, lending conditions, and other issues of interest to community depository institutions.

Fed Officials Debate Changing Interest Rate Guidance: Minutes

Some Federal Reserve officials expressed concern with the agency's interest rate guidance, [according to minutes](#) of the Federal Open Market Committee's latest meeting. Several participants said the current guidance that short-term interest rates were likely to stay low for a "considerable time" could be misunderstood as a commitment rather than as dependent on economic data. The committee chose not to change the guidance, in part because some members were concerned that such a change would be misinterpreted as a policy shift.

Magazine

Buhrmaster: ICBA Represents the Independent Spirit

ICBA's official credo espousing independent banking and committing to its defense remains as relevant today as it ever has, ICBA Chairman John Buhrmaster wrote in the October issue of ICBA Independent Banker. Community banks fight not just for their businesses, but for the pillar of individual economic opportunity, he wrote in his monthly [From the Top column](#).

The October issue of ICBA Independent Banker, which is available at www.independentbanker.org, also features articles on regulation and compliance, community bank social media activity, and more. [Read More.](#)

Security

Shellshock Fact Sheet on ICBA Data-Security Toolkit

A [fact sheet](#) on the impact of the Shellshock bug on financial institutions is available on [ICBA's online data-security toolkit](#). The document from PhishLabs offers background on the bug, available patches, and options to mitigate vulnerabilities. [ICBA's online toolkit](#) offers resources community bankers can use to respond to security breaches.

Thriffs

OCC Continues OTS Guidance Integration

The [Office of the Comptroller of the Currency](#) applied to federal savings associations certain OCC guidance and rescinded several Office of Thrift Supervision documents.

Blog

Fine: Regulatory Capture Old News for Community Banks

A new report on the New York Fed's deference to the megabanks it regulates is making waves in Washington, but it is old news to community bankers, ICBA President and CEO Cam Fine wrote.

In [his latest blog post](#), Fine wrote that ICBA and community bankers have been saying for years that the regulatory playing field is heavily tilted in favor of the megabanks. Fine's blog post follows a ProPublica report on the agency's "regulatory capture," in which regulators are co-opted by the banks they oversee. "We appreciate the investigative reporting, with its secret recordings and bureaucratic inertia in the face of Wall Street power," Fine wrote. "But, please, tell us something we don't know." [Read the Blog Post.](#)

In the News

Report: Millennials a Good Fit for Community Banks

The millennial generation does not like the biggest banks, opening an opportunity for community banks, according to a new study featured in National Journal. The [study](#) found that one-third of millennials are open to switching banks in the next 90 days, and four in 10 of the generation's most hated brands are large financial firms.

The [National Journal report](#) quotes several ICBA community bankers and cites their efforts to attract millennials through social media, mobile banking and the industry's locally focused model.

ICBA Discusses Basel III Preparation, Frustration

While community banks are well-prepared for Basel III, they aren't happy about the efforts required to get there, [American Banker reported](#). There are few noncompliant community banks, though the capital standards have required them to expend considerable resources.

The report features interviews with ICBA Chairman John Buhrmaster, ICBA Bank Operations and Payments Committee Chairman Sam Vallandingham, and ICBA Executive Vice President and Senior Regulatory Counsel Christopher Cole.

Education

Learn Bond Basics at ICBA Bond Academy

The ICBA Bond Academy is designed to provide community bankers with the knowledge needed to plan, create and manage effective community bank portfolios. Scheduled for Nov. 3-5 in Memphis, Tenn., the academy will provide the tools to develop and manage a high-performance portfolio that more than meets the needs of management, directors and regulators. [Learn More.](#) [Register Today.](#)