



# FINANCIAL INSTITUTIONS TODAY

*News and topics of interest to financial institutions regulated by the Department of Banking and Finance*

July 2021

## Inside this issue:

- Implementation of "Information Technology" Rating for Credit Unions 2
- FDIC and CFPB Release Enhanced Version of Money Smart for Older Adults 3
- NASCUS State System Summit 3
- Speaking Engagements 3
- Applications 4

## Annual Assessment Notices - Banks and Credit unions

The bank and credit union annual assessments are due no later than September 30th. The assessment will be emailed to each institution's primary contact from [GADBF@micropact.com](mailto:GADBF@micropact.com) at the beginning of September with the appropriate invoice. Please be on the look out for this email. The Department will initiate an ACH debit for the assessment fee for regulated banks and credit unions unless stated otherwise in the body of the assessment notice. The assessment fee for holding companies will need to be paid independently through the Department's online portal. If you do not receive the annual assessment email at the beginning of September, please contact your Supervisory Manager.

## FFIEC Information Technology Examination Handbook Update

The Federal Financial Institutions Examination Council (FFIEC) has issued the Architecture, Infrastructure, and Operations (AIO) booklet, which replaces the Operations booklet. The AIO is a part of the FFIEC Information Technology Examination Handbook. A link to the AIO can be found [here](#).

## SCALE CECL Tool for Community Banks

The States have partnered with the Federal Reserve and Financial Accounting Standards Board (FASB) to issue a tool to assist community banks in implementing the Current Expected Credit Losses (CECL) accounting standard. The Federal Reserve developed a tool known as the Scaled CECL Allowance for Losses Estimator or "SCALE". SCALE is a spreadsheet-based tool that draws on publicly available regulatory and industry data to aid community banks with assets of less than \$1 billion in calculating their CECL allowances. The members of State Supervisory Processes Committee (SSPC) evaluated the tool over the past few months and approved state participation.

On July 6, 2021, the Federal Reserve issued a statement announcing the plan to issue SCALE this summer and the awareness training being offered. A link to the press release can be accessed [here](#).

## Second Quarter 2021 Community Bank Sentiment Index Released

The Conference of State Bank Supervisors (CSBS) released the second quarter 2021 Community Bank Sentiment Index (CBSI) results on July 8, 2021, collecting data from community banks across the nation during the month of June. The results showed a sentiment index of 115 points, the same as the first quarter.

“Community bankers expect future business conditions to improve and profitability to be higher,” said CSBS Senior Economist Tom Siems. “On the flipside, community bankers remain concerned about potential burdensome regulation and anticipating the Fed’s monetary policy decisions might cause more economic harm than good.”

The CBSI captures on a quarterly basis what community bankers nationwide think about the future. Participant answers are analyzed and compiled into a single number; an index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

Key findings from the second quarter 2021 results include:

- At 115, the Q2 2021 CBSI is the same as last quarter but 25 points higher than a year ago.
- The monetary policy component changed the most from the previous quarter, falling seven points from 96 to 89, suggesting that the Federal Reserve’s monetary policy decisions are more negatively impacting community banker outlooks in the coming year.
- Regulatory burden remains the greatest concern for community bankers. The current value of 26 signals community banker anxiety that bank regulation could be more heavy-handed in the future; however, this reading improved by 5 points from last quarter’s historic low of 21.
- The franchise value component also increased by 5 points to 155, returning to the average quarterly level recorded in 2019 and significantly above the low of 98 computed one year ago during the depths of the 2020 recession.

For more on the CBSI, visit <https://www.csbs.org/cbindex>.

## Implementation of “Information Technology” Rating for Credit Unions

The Department recently communicated the implementation of the Information Technology, or “IT”, rating to be evaluated separately from the Management component with credit union examinations beginning on January 1, 2022. As the impact of information technology continues to grow in complexity and importance, assigning a separate safety and soundness IT rating is appropriate. The evaluation of the IT component will consider the size and complexity of the credit union. The IT rating includes evaluation of the assessment, internal controls, and audit review of information technology; management oversight of IT acquisition, development, and operations; development and acquisition of appropriate information technology solutions; and support and delivery of technology services in a secure environment. Management must also comply with existing NCUA rules and regulations for IT security compliance.

The implementation of this change will not increase burden for credit union staff or result in any additional examiner expectations. Extensive NCUA, Interagency, and Federal guidance has been issued which outlines expectations for overseeing an effective information technology program.

The following list highlights a sample of existing regulatory guidance for managing information technology:

FFIEC Uniform Rating System for Information Technology – <https://www.federalreserve.gov/boarddocs/srletters/1999/sr9908a1.pdf>

FFIEC IT Handbook – <https://ithandbook.ffiec.gov/it-booklets.aspx>

Interagency Guidelines Establishing Information Security Standards (NCUA Rules & Regulations, Part 748, Appendix A&B) – <https://www.ncua.gov/files/letters-credit-unions/LCU2006-07ENC.pdf>

Interagency Guidelines Establishing Information Security Standards – <https://www.fdic.gov/regulations/laws/rules/2000-8660.html>

Further, the Department will publish a bulletin article next month providing further detail on the implementation of the IT component. Any questions can be submitted to Supervisory Manager Kevin Vaughn at 770-986-1645 or [KV Vaughn@dbf.state.ga.us](mailto:KV Vaughn@dbf.state.ga.us).

## FDIC and CFPB Release Enhanced Version of Money Smart for Older Adults

The Federal Deposit Insurance Corporation (FDIC) and the Consumer Financial Protection Bureau (CFPB) announced the joint release of an enhanced version of the financial education curriculum, *Money Smart for Older Adults*. The enhanced version includes a new section to help people avoid “romance scams” and an updated [resource guide](#). The enhancements to *Money Smart for Older Adults* are based on stakeholder feedback and recent research conducted by the FDIC and CFPB.

Romance scams commonly occur when a scammer creates a fake profile on a dating site or app, strikes up a relationship with a target, and asks for money. According to the [Federal Trade Commission](#), reported romance scam losses in 2020 reached a record \$304 million, up about 50 percent from 2019. People ages 40 to 69 are the most likely to report losing money to romance scams. People age 70 and older reported the highest individual median losses at \$9,475. Some romance scams also happen in person. These can involve older adults who are socially isolated or dependent on others to assist them. The scammer can be a person they meet at places such as church, community centers, or in social groups.

In addition, the FDIC and CFPB have released a newly created [informational brochure on COVID-19-related scams](#).

*Money Smart for Older Adults* is a free curriculum that includes an instructor guide with presentation content, speaker tips, hands-on activities, presentation slides, and a resource guide for participants. The resource guide can also serve as a stand-alone handout for distribution to libraries, senior centers, senior housing centers, and at senior information fairs and other events. All materials are provided free of charge and can be ordered in bulk for community-wide distribution.

[Click here](#) to download the *Money Smart for Older Adults* training materials from the FDIC or [order free handouts](#) and other [resources for older adults](#) from the CFPB.

## NASCUS State System Summit

The National Association of State Credit Union Supervisors (NASCUS) is hosting the State Summit from August 17<sup>th</sup> through 18<sup>th</sup>. The State Summit will be held virtually this year. The Summit agenda has some informational topics, including:

- Employment Trends: What is the New Reality?
- The Changing World of Real Estate and Mortgage Lending
- Economic Landscape: 2021 and Beyond

The [agenda](#) and [registration information](#) are available online. Please feel free to share this information with your credit union peers.

If you would like more information about NASCUS, please visit their website at <https://www.nascus.org/>. If you would like additional information about the Summit, contact NASCUS Vice President of Education Isaida Woo at [isaida@nascus.org](mailto:isaida@nascus.org).

## Speaking Engagements

On August 25, 2021, Deputy Commissioner for Supervision Melissa Sneed will be speaking on a panel discussing “Current BSA and Fraud Trends” for the GBA’s program “The BSA Experience.” Further information can be found [here](#).

Supervisory Manager Kevin Vaughn will be participating on a Regulatory Panel for the CBA Cyber Risk Summit held on August 19, 2021 at the Hyatt Regency, 2 West Bay Street, Savannah, Georgia. Additional information can be found [here](#).

## ACTION ON APPLICATIONS FOR THE MONTH

The following is a summary of official action taken by the Department on certain applications by Georgia state-chartered financial institutions, petitions for certificate of incorporation of financial institutions, and other matters of interest during the month of July 2021:

### **FINANCIAL INSTITUTION MERGERS**

| <b><u>FINANCIAL INSTITUTION</u></b>       | <b><u>MERGED INSTITUTION</u></b>          | <b><u>APPROVAL<br/>DATE</u></b> | <b><u>EFFECTIVE DATE</u></b> |
|---|---|---------------------------------|------------------------------|
| Bridgeway Credit Union<br>Phenix City, AL | Members United Credit Union<br>Albany, GA | Denied<br>07/19/2021            |                              |
| Pinnacle Bank<br>Elberton, GA             | Liberty First Bank<br>Monroe, GA          | Pending                         |                              |

### **APPLICATIONS TO CHANGE LOCATION**

| <b><u>FINANCIAL INSTITUTION</u></b>    | <b><u>CHANGE LOCATION OF</u></b>   | <b><u>APPROVAL<br/>DATE</u></b> | <b><u>EFFECTIVE<br/>DATE</u></b> |
|--|--|---------------------------------|----------------------------------|
| First Port City Bank<br>Bainbridge, GA | From: 201 South Woolfork Street<br>Donalsonville, Georgia 39845<br>Seminole County<br><br>To: 208 East 3rd Street<br>Donalsonville, Georgia 39845<br>Seminole County                 | 03/04/2021                      | 07/12/2021                       |
| Oconee State Bank<br>Watkinsville, GA  | From: 1755 North Brown Road<br>Suite 125<br>Lawrenceville, Georgia 30043<br>Gwinnett County<br><br>To: 2055 Sugarloaf Circle<br>Suite 50<br>Duluth, Georgia 30097<br>Gwinnett County | 07/12/2021                      |                                  |
| Ameris Bank<br>Atlanta, GA             | From: 3700 Roswell Road<br>Atlanta, Georgia 30342<br>Fulton County<br><br>To: 3724 Roswell Road<br>Atlanta, Georgia 30342<br>Fulton County   | 07/13/2021                      |                                  |

### **APPLICATIONS TO ESTABLISH A BRANCH OFFICE**

| <b><u>FINANCIAL INSTITUTION</u></b>    | <b><u>BRANCH OFFICE</u></b>   | <b><u>APPROVAL<br/>DATE</u></b> | <b><u>EFFECTIVE<br/>DATE</u></b> |
|--|---|---------------------------------|----------------------------------|
| Barwick Banking Company<br>Barwick, GA | 1200 Plantation Island Drive<br>Suite 110<br>St. Augustine, Florida 32080 | 05/19/2021                      | 07/12/2021                       |

### **APPLICATIONS FOR BANK CONVERSION**

| <b><u>FINANCIAL INSTITUTION</u></b>      | <b><u>APPROVAL<br/>DATE</u></b> | <b><u>EFFECTIVE<br/>DATE</u></b> |
|--|---------------------------------|----------------------------------|
| United Community Bank<br>Blairsville, GA | 06/23/2021                      | 07/01/2021                       |

## SUBSCRIBE TO RECEIVE THIS PUBLICATION

**Subscribe to Receive this Publication:** Notice of this publication is delivered to interested parties via e-mail. To subscribe to this publication as well as other items of interest, please visit our website at <https://dbf.georgia.gov/>.

### Department of Banking and Finance

2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341-5565  
Phone: (770) 986-1633

The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, international banking organizations, and bank holding companies that own Georgia state-chartered financial institutions. The Department also has responsibility for the supervision, regulation, and examination of Merchant Acquirer Limited Purpose Banks chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage brokers, lenders and processors, mortgage loan originators, consumer installment loan companies, check cashers, sellers-issuers of payment instruments, and money transmitters.

**Our Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

**Our Vision** is to be a willing and able partner with our regulated entities in order to support vibrant economic growth and prosperity in Georgia.