

QUARTERLY NEWSLETTER FOR ICBA CERTIFIED COMMUNITY BANKERS



CERTIFIED BANKER SPOTLIGHT



JEFFREY A. BIEGEL

Assistant vice president and an ICBA Certified Community Bank Security Officer at Charter Bank in Eau Claire, Wis. He has been certified in bank security since 2001.

Q. Tell us a bit about your background. How did you get here?

A. I started in 1981 with a company called Thorp Finance. They were a consumer lending business and taught you how to make consumer, second mortgage, and in some cases agriculture loans. They provided great training in lending, collections, and "skip tracing."

Over my career, I have worked for two finance companies, two savings and loans, and two banks in my forty-one years of working in the business. In all the moves, all I had to do was to adapt

Will the Cyber Incident Reporting for Critical Infrastructure Act of 2022 Help or Confuse Financial Institutions?

President Biden has signed into law the bi-partisan Cyber Incident Reporting for Critical Infrastructure Act of 2022. Under the act, federal agencies and businesses, including financial institutions, which are considered part of the U.S.'s critical infrastructure, will be required to report cyber-attacks within 72 hours, and ransomware payments within 24 hours, to the Cybersecurity and Infrastructure Security Agency (CISA). Under the act, CISA is given the authority to subpoena organizations that fail to report cybersecurity incidents or ransomware payments. Organizations that fail to comply with the subpoena can be referred to the Department of Justice. It is important to note that CISA will be given two years after enactment of the law to propose rules and an additional 18 months to enact them. Expect more detail and clarity to come.

BREACH NOTIFICATION RULE

While the new act is significant in terms of setting notification standards for entities identified as part of U.S. critical infrastructure, the impact on banks may be less significant due to the Federal Banking Regulators 36-

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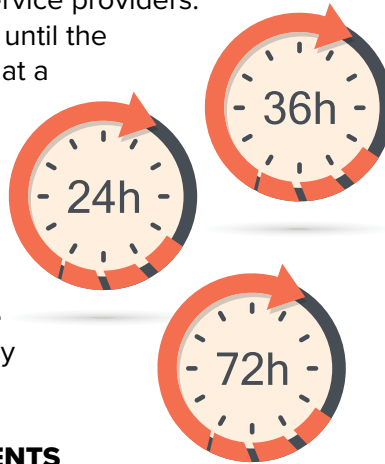
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hour cybersecurity breach notification requirement that went into effect on April 1, 2022 and banks must comply with by May 1, 2022. Under the rule, banks and bank service providers, are required to notify regulators of an incident that rises to the level of a “notification event” within 36 hours. Keep in mind the 36-hour breach notification rule has not been adopted by the NCUA at the time of this publication.

Beyond the differences in notification requirements “72-hours” versus “36-hours” there is also the difference in terminology, “cyber-attack” versus “notification event”. These differences are likely to cause some degree of confusion with banks and bank service providers.

The 36-hour notification clock does not start until the bank or bank service provider determines that a notification event has occurred. Under the rule, the agencies stated they anticipate “banks will take a reasonable amount of time” to determine whether a notification event has occurred. Under the Cyber Incident Reporting for Critical Infrastructure Act of 2022 critical infrastructure entities are required to notify CISA within 72-hours if they are experiencing a cyber-attack.



NOT SO FAST ON RANSOMWARE PAYMENTS

One thing is clear, ransomware payments must be reported within 24-hours. Financial institutions should keep in mind that on Sept. 21, 2021, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) issued an “Updated Advisory on Potential Sanctions Risks for Facilitating Ransomware Payments.” OFAC may impose civil penalties for sanctions violations based on strict liability, meaning that a person subject to U.S. jurisdiction may be held civilly liable even if it did not know or have reason to know it was engaging in a transaction with a person that is prohibited under sanctions laws and regulations administered by OFAC.

PREPARATION AND TESTING ARE KEY

CLA recommends development and testing of a robust incident response and reporting program. Cyber-attacks whether perpetrated by cyber criminals or nation state actors represent significant threats to the U.S. Financial Sector.



By John Moeller, principal, IT, and Cyber Leader for Financial Services, CLA

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my lending and collecting capabilities to the policies, practices, and procedures of the new financial institution.

I have held positions of lender, in charge of safety and security in a branch, indirect paper buyer, and am currently AVP/Security Officer for Charter Bank. I have been with them for over twenty-seven years.

Q. How do you keep track of what you have to do?

A. This might be a little old fashioned, but a note pad and pen work for me. I note what needs addressing, i.e., messages, telephone calls, and any other pertinent information. I then cross items off as completed.

Q. Take us through a typical workday.

A. My position is what I call a “hybrid” position. I am currently responsible for physical security and security training of employees, facilities management, delinquency, other real estate owned (foreclosures), supply procurement, loan floor plan monitoring, and various senior management requests.

The part that I enjoy most about this position is that no two days are alike. I have somewhat of a routine when I first arrive, but after that, it’s game on! I may be working on a physical security issue and the next minute a facility issue. Or I am taking a call from

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Why Small Businesses See a (Use) Case for Instant Payments

According to the [Federal Reserve](#), nine in 10 businesses (or 29.25 million) expect to be able to send and receive instant payments by 2023.

Fortunately, in many cases, community-based financial institutions have begun the process to meet these needs: A recent study conducted by [Cornerstone Advisors](#), found that 31% of the community banks surveyed plan to implement real-time payments in 2022—a 120% increase over the number of banks that have already rolled out real time payments.

For the quarter of community banks (26%) that do not know when they will implement instant payments, now is the time to start planning. This is particularly important considering roughly two-thirds of small businesses report that access to faster payments will factor into any decision to switch banks in the future, according to the Fed.

PENT-UP DEMAND

Real-time payments have been rising steadily in importance for small businesses over the past few years; however, this intensified focus has been fueled by the pandemic and small business experiences since March 2020.

More than ever before, cash flow is king with small businesses. In fact, almost 75% of micro businesses and 60% of larger businesses cite it as a top concern. And when you consider the findings of a November 2021 [PYMNTS.com/Ingo Money study](#), which found that nearly a third of ad

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a customer and discussing a potential fraud issue or a delinquent mortgage.

Whatever “fire” is the hottest, that’s the one I deal with first.

Q. What tools, software, or resources are you unable to live without?

A. I cannot live without Word or Excel programs as well as the training that ICBA (Independent Community Bankers of America) offers, the Wisconsin Bankers Association, and all the private webinars, seminars, and meetings that are available to me.

Q. Can you share a challenge you are working on or trying to solve?

A. I am currently working through reviewing security events, practices, and procedures to maintain a safe environment for all.

Q. What is the best advice you have for other people in your role?

A. If you are a newly appointed security officer, first become a Certified Community Bank Security Officer. Second, when you can obtain a list of members that attend training sessions or conferences, use those contacts for advice. Develop a rapport with the presenters and other bank security officers. Use them as a resource. If the presenters say it’s okay to call or email them, use that information to help you. You grow into

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hoc receivables were paid late and 60% of those were over a month behind—having instantaneous, irrevocable payments becomes even more attractive.

The study also found that 54% of small-to-medium businesses would be willing to pay a fee to receive instant payments. This is further substantiated by a March 2022 Mercator Advisory Group report noting, “while consumers are not always convinced that they need to pay for real-time payments, billers are, and they are willing to pay for a transaction that can instantly reconcile and provide them with irrevocable funds.”



Experts agree bill payment will be an early driver of instant payments volume. Federal Reserve research revealed that 45% of businesses see recurring or ad-hoc bill pay as a chief use case. In addition, Mercator Advisory Group predicts continued growth in instant bill payments, due in part to a rise in transactions on networks like Zelle, where consumers are using the service to pay microentrepreneurs like landscapers, beauticians, and nannies. Other attractive use cases include business-to-business (B2B) supplier payments and just-in-time payments; payroll and expedited payroll; and account-to-account (A2A) transfers and cash concentration.

NEXT STEPS

With National Small Business Month as a backdrop in May, community banks have a natural opening to survey their small business customers and find out more about their instant payments' interests.

This feedback will help your bank determine how to align its forthcoming instant payments roll-out with the unique needs of your small business customers.

Beyond that, now is the time to get your team up-to-speed on all things instant payments. Taking the time to thoroughly understand offerings now will be key as you move into implementation. In the words of Mercator Advisory Group's Sarah Grotta, “For participants in the financial services market, preparing for real-time and faster payments is a matter of when, not if.”



By Tina Giorgio, president and CEO, ICBA Bancard

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this position. Don't try to do everything at once. It may become overwhelming. You take it one step at a time.

Q. What are you currently reading?

A. I occasionally read stories by Zane Grey or about the old west days.

Q. Who are the people who help you get things done?

A. How much time or space do I have to discuss this? I cannot say enough about my immediate supervisor and all employees of the financial institution I work for today. They all help me get things done.

Q. What is your favorite thing about the ICBA Security Institute or the Annual Current Issues Certification Conference?

A. Without a doubt, my favorite part is getting together and discussing the issues at hand that concern all of us as security officers. That goes for the instructors too! It is great to see groups getting together again after COVID and renewing friendships that don't really grow over a computer screen.

FAST FACTS

Charter Bank

charterbank.bank

\$1.1 Billion Assets

Eau Claire, Wis.



Save Your Spot at ICBA's Annual Current Issues Certification Conference

The Annual Current Issues Certification Conference is a four-day conference that focuses on key issues and trends related to auditing, BSA/AML, regulatory compliance, and security and fraud.

Register now for enlightening presentations, insightful Q&A, plus the opportunity to learn from and engage with your peers and instructors. Attend one day or all four, to stay in-the-know and earn group live CPE to maintain your certification

DAY 1	DAY 2	DAY 3	DAY 4
Auditing Issues	Lending & Deposit Compliance Issues	BSA/AML Issues	Fraud & Physical Security Issues

VIRTUAL AND IN-PERSON OPTIONS

Annual Current Issues Certification Conference—In Person
Sept. 26–29
Bloomington, Minn.

Annual Current Issues Certification Conference—Virtual
Oct. 17–20, 2022

Learn more and register at icba.org/seminars

800-422-7285 | communitybankeruniversity@icba.org

Remember to Report Your CPE Credits!

It's always a good idea to report your CPE credits into your ICBA Online Certification Portfolio as soon as possible to head off end-of-year scrambles—or forgetting entirely.

LOGGING YOUR CPE CREDITS IS EASY!

- » Access your ICBA profile and log in
- » In the “My Account Links” box, select “My Certification Portfolio”
- » Report your CPE credits earned in 2022



TIP: When entering CPE credits, be sure to upload supporting documentation in your Online Certification Portfolio showing that you participated in these events—including ICBA events.

Both NASBA and our certification board closely monitor CPE activities and require we collect supporting documentation for all CPE entries. Your documentation can be a certificate of attendance/completion, agenda with copy of your registration receipt, or other supporting documentation to validate your participation.

2022 Certification Dates

Community Banker University is thrilled to announce that many of our certification institutes will be offered in both virtual and in-person classroom settings! Earn Group Live CPE at both virtual and in-person events.

VIRTUAL INSTITUTE DATES

Audit Institute	May 17–19 and May 24–26 [must attend both weeks]
Compliance Institute	June 7–9 and June 14–16 [must attend both weeks]
Risk Management Institute	June 27–29
BSA/AML Institute	Aug. 9–11
Credit Analyst Institute	Aug. 16–19
Annual Current Issues Certification Conference	Oct. 17–20

IN-PERSON INSTITUTE DATES

Commercial Lending Institute	Aug. 21–26	Bloomington, Minn.
Bank Security Institute	Aug. 29–31	Bloomington, Minn.
Consumer Lending Institute	Sept. 11–14	Bloomington, Minn.
Audit Institute	Sept. 18–23	Bloomington, Minn.
Annual Current Issues Certification Conference	Sept. 26–29	Bloomington, Minn.
Credit Analyst Institute	Oct. 2–5	Bloomington, Minn.
IT Institute	Oct. 16–20	Bloomington, Minn.
BSA/AML Institute	Nov. 7–9	Dallas, Texas

Learn more and register at icba.org/seminars

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