

Community Depository Institutions Advisory Council
Discussion Questions
October 1, 2019 Meeting
Federal Reserve Bank of New York

1. **Current Banking Conditions:** *What is the Council's view of the current condition of, and the outlook for, loan markets and financial markets generally? Please describe any significant changes in the creditworthiness of applicants for loans, loan demand, and lending standards in general.*
 - a. **Small Business Lending:** *Has credit availability for, and demand for credit from, small businesses changed significantly? Have lending standards for these borrowers changed?*
 - b. **Commercial Real Estate Lending:** *Have there been any changes in the Council's view of challenges in the commercial real estate market since the last Council meeting in April? How are commercial real estate loans performing compared to the Council's expectations?*
 - c. **Construction Lending:** *What is the Council's view of the availability of credit for construction and development projects? Have Council members seen any changes in the demand for construction loans since the last Council meeting in April?*
 - d. **Home Mortgage Lending:** *What changes has the Council seen in the mortgage market since the last Council meeting in April? Is a trend developing among community banks to increase, decrease, or cease home mortgage originations, and if so, what are the likely causes for and effects of this trend?*
 - e. **Consumer Lending:** *What changes have Council members seen in consumer lending?*
 - f. **Agricultural Lending:** *Have there been any changes in agricultural lending?*
 - g. **Deposits:** *Have Council members seen any changes in local deposit markets?*
2. **Economic Discussion:**
 - a. **Overall Economic Conditions:** *How do Council members assess overall economic conditions in their regions?*
 - b. **Particular Indicators:**
 - i. **Inflation:** *Are the prices of products and services rising (or declining) more or less quickly than in the recent past? Are the prices for the products and services Council members purchase rising more or less quickly?*
 - ii. **Housing:** *How have house prices changed in recent months? Have there been any changes in housing activity overall in Council members' regions?*

- iii. *Labor Markets: How have the labor markets in which Council members operate changed in recent months? In particular, assess the degree of job loss or gain (how much and in which industries). What changes to wages have Council members observed in the past year?*
 - iv. *Consumer Confidence: Is the Council seeing signs of improved consumer confidence? What is the outlook for consumer credit losses?*
3. **Faster Payments:** *At the April 2019 meeting, Council members noted that the Federal Reserve should take a proactive approach towards innovation in the payment and settlement arena to ensure a level playing field for community banks. In August, the Federal Reserve announced that it would build a new payment and settlement service for 24x7x365 real-time payments, called the FedNow Service. The new service will support banks' provision of around-the-clock, real-time payments (that is, "faster" payments) to their customers. Consistent with current Reserve Bank services, the FedNow Service will be available to banks eligible to hold accounts at the Reserve Banks. Participating banks will be able to designate a service provider or agent to submit or receive payment instructions on their behalf. Participating banks will also be able to settle payments in the account of a correspondent bank, if they choose to do so.*

What actions do Council members believe that community banks will need to take to accommodate real-time payment processing on a 24x7x365 basis within the next few years? To what extent have community banks begun to make this transition from an operational standpoint? What actions can the Federal Reserve take to assist community banks in preparation for adopting the FedNow Service? What features of the new service will be most important for community banks?
4. **Examination Practices:** *Have Council members experienced problems with recent examinations? In particular, have examination practices constrained access to credit by creditworthy borrowers? What steps can be taken to address the Council's concerns?*
5. **Regulatory Matters and the Future of Banking:** *How are recent changes in the regulatory landscape affecting the ability of community depository institutions to continue providing services to their customers? What has been the effect on the industry generally?*
6. **Additional Matters:** *Have any other matters affecting community depository institutions emerged from meetings of the Reserve Banks' advisory councils that Council members want to present at this time?*