Minutes of the regular meeting of the
Community Depository Institutions Advisory Council
11:00 a.m. – 2:30 p.m., Friday, October 10, 2014
Federal Reserve Bank of New York
33 Liberty St., New York, NY

Present:

Robert G. Allen, President and CEO, Teachers Federal Credit Union
John R. Buran, President and CEO, Flushing Bank and Flushing Financial
Michael J. Castellana, President and CEO, SEFCU, Council Chair
Lisa M. Cathie, President and CEO, Ulster Savings Bank
Martin A. Dietrich, President and CEO, NBT Bank, N.A. and NBT Bancorp, Inc
Jose Rafael Fernandez, President, CEO, and Vice Chairman, Oriental Bank and OFG Bancorp
James W. Fulmer, Chairman, President and CEO, Tompkins Bank of Castile
Saleem Iqbal, President and CEO, Habib American Bank
Katherine J. Liseno, President and CEO, Metuchen Savings
Mary D. Madden, President and CEO, Hudson Valley Federal Credit Union
Thomas J. Shara, President and CEO, Lakeland Bank & Lakeland Bancorp, Inc.
John F. Trentacosta, President and CEO, Newtown Savings Bank

Federal Reserve Bank of New York staff:

Richard Charlton
Christine Cumming
William Dudley
Rodney Garratt
Jack Gutt
Miette Levine
Jamie McAndrews
James Orr
Rae Rosen
William Sabado
William Schaefer
Roseann Stichnoth
Luis Uranga

Ms. Stichnoth called the meeting to order at approximately 11:00 a.m.

1. Presentations to Council Members

   Mr. Rich and Mr. Orr discussed the national and regional economic outlook.
   Mr. Garrett gave a presentation on virtual currencies.

2. Discussion

   After a brief recess, Mr. Dudley joined the group for the luncheon discussion. Members were asked to comment on current banking conditions, overall economic conditions, payment systems, banking examination practices, and current and future regulatory matters.

   Overall, institutions reported a more positive second and third quarter for 2014, with better
credit quality and borrowers in a stronger position. Members noted, however, that margin compression continues to present an issue.

Members generally reported that small business lending remains low, though business conditions have improved. Members noted increased competition among commercial real estate lenders, while levels of construction lending are varying greatly by region. Reports of demand for home mortgages were mixed, though auto lending is strong and very competitive. Deposits, however, remain mostly flat.

Turning to general economic conditions, members agreed that conditions are improving, though concerns were expressed over rising healthcare costs. On the payments side, members noted the continued growth in the popularity of mobile payments and emergence of new payment platforms.

In the discussion of examination practices, some members gave perspectives on examinations by multiple regulators and the cost of regulatory compliance.

The group’s discussion of regulatory and other matters touched on the future value and composition of branches and continued concerns over cybersecurity and the cost to depository institutions of data breaches.

The meeting adjourned at approximately 2:00 p.m.