## Community Depository Institutions Advisory Council Discussion Questions March 5, 2021 Meeting Federal Reserve Bank of New York

## **Economic Discussion:**

**a. Overall Economic Conditions:** How do Council members assess overall economic conditions in their regions?

## b. Particular Indicators:

- i. <u>Inflation</u>: 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. <u>Housing</u>: How have home prices changed in recent months? Have there been any changes in overall housing activity in Council members' Districts?
- iii. <u>Labor Markets</u>: How have the labor markets in which Council members operate changed in recent months? In particular, please assess the degree of job loss or gain (and, in which industries). Please highlight in particular the impact of the pandemic on employment in the communities in Council members' Districts. What changes to wages have Council members observed over the past year?
- iv. <u>Consumer Confidence</u>: Are Council members seeing any signs of improved (or declining) consumer confidence? What is the outlook for consumer credit losses?
- **2. Current Banking Conditions:** What is the Council's view of the current condition of, and the outlook for, loan markets and financial markets in general?
  - a. Small Business Lending: Have small business credit availability and demand changed significantly? Have lending standards for these borrowers changed given the impact of the pandemic on small businesses? Please comment on any observed increase in small business closures that may not be captured in the aggregated data and the impact of those closures on community depository institutions and the communities in Council members' Districts.
  - **b. Commercial Real Estate Lending:** Have there been any changes in the Council's view of challenges in the commercial real estate market in view of the pandemic's impact? How are commercial real estate loans performing compared to the Council's expectations?
  - c. Construction Lending: What are Council members' perspectives on the availability of credit for construction and development projects? Have Council members seen any changes in the demand for construction loans since the Council's last meeting in November 2020?

- d. Home Mortgage Lending: What changes have Council members seen in the mortgage market? In particular, to what extent is the pandemic impacting mortgage lending (and/or servicing) by community depository institutions? Do Council members see any ongoing trends? How, if at all, is regulation impacting the participation of community depository institutions in this market?
- e. Consumer Lending: What changes have Council members seen in consumer lending through the course of the pandemic? Please share your views generally on borrowers' payment capacity in light of any changes observed in labor markets as discussed above in item 1.b.iii.
- **f. Agricultural Lending:** Have there been any changes in agricultural lending?
- **g. Deposits:** What changes have Council members seen in local deposit markets? Describe these changes by segments (retail, small business, and corporate). What are Council members' expectations for the coming year with respect to deposit levels? Please also comment on how the growth in bank reserves will impact banks and their borrowers.
- 3. Technology. How are Council members integrating digital technologies into their operations and strategic plans? To what extent will members pursue partnerships with financial technology companies to implement those plans? What are the most significant opportunities and challenges community depository institutions face in taking advantage of technological advancements? In particular, please comment on challenges related to third party risk management and how regulation might better address these challenges.
- 4. Examination Practices: Have Council members experienced problems with recent examinations? Have examination practices contributed to constrained access to credit by creditworthy borrowers? What steps can be taken to address the Council's concerns? What are the Council's views on the agencies' response to banks' forbearance practices during the pandemic? Has there been an impact on bank credit quality? What credits are most at-risk? What are banks doing to monitor and mitigate credit losses?
- 5. Legislation and Regulatory Matters: How are recent changes in the statutory and regulatory landscape, including those made in response to the pandemic, affecting the ability of community depository institutions to continue providing services to their customers? In particular, please comment on the impact of the interagency guidance issued in May 2020 addressing lending principles for making responsible small dollar loans and the renewal of the Paycheck Protection Program enacted as part of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021. What have been the effects on the industry generally?
- **6. Additional Matters:** Do Council members wish to present any other matters affecting community depository institutions that have emerged from meetings of the Reserve Banks' advisory councils?