

# 90 Day Note

February 2017 Vol. 30, No. 4

A Young & Associates, Inc. Publication



## The Trump Effect - My View

By: Gary J. Young, President and CEO

The election of Donald Trump has already had a significant impact on the banking industry. Most of the change is related to value based on the anticipation of the following:

1. Corporate and personal tax cuts
2. Reduced regulation or at least limited new regulations
3. Economic growth greater than in recent years
4. An increase in interest rates with the resultant increase in net interest margin

Since the election, bank stock values have increased by approximately 30%. This has begun to have an impact on mergers and acquisitions. Deal pricing has increased to over 2-times tangible book; up from 1.5-times tangible book. This is simply a result of the growing value of the buyer's stock. We anticipate a more active bank M&A market if values remain at the current levels or move higher.

What does this mean for community banks? First, the value of your community bank is somewhat determined by the value of other banks. If publicly traded banks increase in value, so will your community bank, but maybe not to the same degree. We normally believe that community bank stocks will not realize the same peaks nor valleys as a publicly traded bank. So, a 30% increase in values since the election may translate into a 20-25% increase at your community bank.

Second, President Trump has proposed a corporate tax cut to 15% from 34%. If enacted, this would create a substantial increase in net profit. As the example below indicates, if a bank had no tax-free income, the additional increase in net profit would be 28.8%.

Impact of Tax Cut		
Profit Before Tax		\$2,000,000
Tax	34%	\$680,000
Net Profit		\$1,320,000
Profit Before Tax		\$2,000,000
Tax	15%	\$300,000
Net Profit		\$1,700,000
Increase in Net Profit		28.8%

A word of caution: This increase could be reduced based on the amount of tax-free income. Bankers will need to reconsider the purchase of municipals unless the yield on municipals increases relative to taxable investments.

The issue for bank executive management and board of directors is if the proposed tax cut is enacted, what will be done with the additional income that flows

to capital? It could be used to build capital, increase dividends, increase stock repurchases, fund expansion or acquisitions, or move to the holding company to fund other investments. It is recommended that you consider these options carefully. You will want to choose the option that has a positive impact on your stock value and/or franchise value.

I believe the probability of a tax cut is extremely high. I do not believe the probability of a tax cut to 15% is as high. There will be an active debate on this legislation, and I can see a compromise reduction to between 20-25%.

### Inside This Issue:

Capital Market Commentary .....2

Phishing: Understanding the Risks and Implementing an Effective Employee Training Program.....4

CECL Update: Regulatory FAQs and Capital Planning .....6

Are You Comfortable with the Adequacy and Effectiveness of Your Bank's Credit Policy?.....7

ADA Website Compliance.....8

Capital Planning System - Updated 2/17.....10

ADA General Accessibility Accommodations Policy.....10

ADA Website Accessibility Accommodations Policy.....10

Cybersecurity Assessment Workbook.....10

Threat Intelligence Program .....10



↓ (continued on next page)

The relaxation or elimination of regulation would be beneficial to the industry. As of this writing, President Trump has discussed the elimination of Dodd-Frank which has been extremely detrimental to community banking. While there may be a reduction in compliance costs, the industry can at least assume no further increases in these costs.

A tax cut and a relaxation of banking regulations and other business regulations should increase the growth of GNP and result in an increase in interest rates. The increase in interest rates would temper margin compression, which will increase margin income at most community banks. Both of these items are good for the banking industry.

As I am sure you can tell, I am bullish on the community banking industry. But, there are factors that could derail this potential good news. These factors include the inability to realize a tax cut, worsening civil unrest in the US, terrorist activity, etc. You are encouraged to pay close attention to current events, and to take full advantage of the changing economic environment.

If you would like to discuss this article or strategic planning, please call me at 330.678.0524 or on my cell at 330.283.4121. You can also reach me at [gyoung@younginc.com](mailto:gyoung@younginc.com). □

---

## Capital Market Commentary

### 2017 Forecast and 2016 in Review

*By: Stephen Clinton, President, Capital Market Securities, Inc.*

In a year where surprises and ups and downs in the market were a regular occurrence, 2016 ended pretty well for most investors. We started the year with the worst market slump to begin a year in history, followed by a second market correction in the spring. We saw oil prices plummet. Britain's unexpected vote to leave the European Union caused further turmoil in the market. The year ended with the unexpected election of Donald Trump.

For the second year in a row, the Fed raised interest rates in December. This increase, along with forecasts for three rate hikes in 2017, signaled the Fed's belief that the economy is strong enough to withstand a gradual normalization of interest rates.

New jobs continue to be created and the unemployment rate in January was 4.8%. The low unemployment rate is one reason the Fed decided to start moving interest rates higher. Fed policy makers in December said that the unemployment rate in the long run should sit in the 4.5% to 5% range.

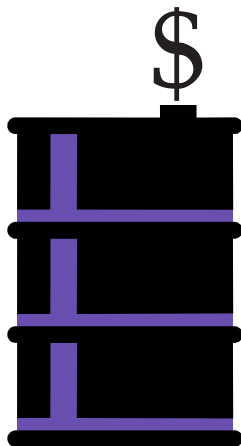
Heading into 2017, there is a great deal of uncertainty around the world. In the U.S., the election of President Trump, along with a Republican controlled Congress, has stimulated stock prices. Investors expect reductions in tax rates and less government regulation. Additionally, President Trump has promised an economic stimulus plan which is expected to add to GNP. The uncertainty surrounding these initiatives, along with the potential implications of planned renegotiation of trade relationships, could surprise the market.

#### 2017 Forecast

As we enter 2017, there are a number of items worth monitoring:

- **Economic Growth.** Last year we predicted that U.S. economic growth in 2016 would be in the 2% range. Our prediction was on the mark. Our prediction for 2017 is a 2-3% growth. We recognize that this recovery is now into its eighth year, which is far longer than the average 58-month recovery since the end of World War II. We believe that the Trump Administration and Republican controlled Congress will be able to enact a reduction in taxes which should promote heightened investment by businesses. We also anticipate that regulations will be reduced which will also lead to greater business activity.
- **Housing.** Home prices continued to climb in 2016. The S&P/Case-Shiller Home Price Index rose 5.6% in the 12 months ending in November. The press





release noted, “with the S&P/Case-Shiller National Home Price Index rising at about 5.5% annual rate over the last two-and-a-half years and having reached a new all-time high recently, one can argue that housing has recovered from the boom-bust cycle that began a dozen years ago. The recovery has been supported by a few economic factors: low interest rates, falling unemployment, and consistent gains in per-capita disposable personal income. Thirty-year fixed rate mortgages dropped under 4.5% in 2011 and have only recently shown hints of rising above that level.” We think that home price increases will decelerate in 2017, due principally to higher mortgage rates.

- **Unemployment.** The unemployment rate peaked at 10% in October 2009. At the time, more than 15 million Americans were actively looking for a job but couldn’t find one. Since then, the figures have roughly halved: As of December, the unemployment rate was 4.7% and about 7.5 million were officially unemployed. At the current level of unemployment, the economy is considered at near full employment. This makes finding skilled laborers difficult. This equates into paying higher wages to attract workers and/or spending more money training workers. We believe that unemployment will remain in the Fed’s targeted range in 2017 as the new Administration will strive to continue job growth.
- **Oil Prices.** Oil prices are now above the \$50 per barrel price. One reason for the higher oil price is the agreement by OPEC members to lower their output. Rising oil prices have led to a growth in shale oil production in the U.S. This led analysts to predict that 2017 will be the comeback year for shale oil after two years of cost-cutting and bankruptcies. The stabilization of oil prices and improved outlook for shale oil is good news for the banking industry, especially those who have incurred losses on their oil-related loans. We think oil prices will remain near current levels. The increasing production from shale oil and the new Administration’s favorable policies toward oil exploration and pipeline building will increase supply, offsetting OPEC’s reductions.
- **Industrial Production.** U.S. manufacturing activity accelerated in January, the fifth consecutive monthly pickup. The Institute for Supply Management said its purchasing managers index rose to 56.0 in January from 54.5 in December, the highest level for this factory gauge since November 2014. A reading over 50 indicates expansion in the sector; below 50 suggests contraction. U.S. vehicle sales recorded a second consecutive annual high in 2016, selling 17.5 million vehicles. We envision manufacturing to remain stable. We expect the gains from favorable governmental policies towards business to be somewhat offset by other factors.
- **Imports-Exports.** The trade gap in the United States increased by \$2.9 billion to \$45.2 billion in November of 2016. It was the biggest trade deficit since February. With talk of tariffs and renegotiated trade agreements, it will be interesting to see where the trade deficit goes in 2017 and beyond.
- **Consumers.** Consumer confidence recorded a 15-year high in December. Buoyed by the election of President Trump, consumers are anticipating that the new Administration will deliver on Mr. Trump’s campaign’s promises.
- **Inflation.** The Fed’s preferred measure of inflation rose in December to the strongest reading in over two years. The measure of consumer inflation rose 1.6% from a year earlier. We anticipate that inflation will increase in 2017 due to the pressures on wages as the economy is at near full employment and commodity prices remain under upward price pressures.
- **Political Uncertainty Abroad.** In Europe, the emerging Italian banking crisis and political uncertainty in France are adding stress to the European Union already rocked by Brexit. China’s slowing economy also has implications to U.S. trade opportunities.

### Market Update

The overall stock market ended up nicely in 2016. The Dow increased 13.42% in 2016, while the S&P 500 Index was up 9.53%. Short-term interest rates ended 2016 with the 3-month T-Bill at 0.51%. The 10-Year T-Note ended the year at 2.45% compared to 2.27% at December 31, 2015.

Bank pricing outperformed the overall market decline in 2016. The KBW Bank Index rose 25.60% for the year. Banks with assets between \$1B and \$10B recorded the highest increase, moving up approximately 40%.

### Merger and Acquisition Activity

Merger activity in 2016 was lower than the activity in 2015. In 2016, there were 244 announced mergers of banks and thrifts compared to 282 deals in 2015. In terms of deal size, the total assets of sellers totaled \$188 billion in 2016 compared to \$459 billion in 2015. Pricing on 2016 bank sales was comparable to 2015's pricing, recording a median price to book multiple of 133% and a price to earnings multiple of 19.5 times. We believe that 2017 will see increased merger activity. Bank buyers are better positioned to meet bank seller price expectations due to their improved market prices.

### Interesting Tidbits

As has been our custom from time to time, we like to pass along various items that we have seen that you might enjoy reading.

- According to the Financial Stability Board (a group of worldwide financial regulators), the total value of assets controlled by mutual funds, hedge funds, money market funds, and exchange-traded funds make up 40% of the assets in the global financial system.
- Ten years ago, some 6,700 Americans turned 65 every day. The number is now 9,800 Americans, and it will rise to 11,700 by 2026. An aging population not only pushes up federal spending on health care and retirement, it also shrinks the tax base and may lead to slower rates of growth in personal income and household spending.

### Capital Market Services

Young & Associates, Inc. has a successful track record of working with our bank clients in the development and implementation of capital strategies. Through our affiliate, Capital Market Securities, Inc., we have assisted clients in a variety of capital market transactions. For more information on our capital market services, please contact Stephen Clinton at 1.800.376.8662 or sclinton@younginc.com. □

## Phishing: Understanding the Risks and Implementing an Effective Employee Training Program

*By: Mike Detrow, CISSP, Senior Consultant and Manager of I.T.*

Assessments show that the human element is always the weakest link in the security chain. It is not uncommon for a community bank to fare well during external network vulnerability scans due to appropriately configured firewall rules controlling inbound traffic and/or limited internally hosted services. While controls may be implemented to mitigate technical vulnerabilities, humans are still susceptible to social engineering attacks such as phishing. This vulnerability may be compounded by community banking values, such as customer service and employee accessibility. One example of employee accessibility is placing employee email addresses on the bank's website. While it is not a bad practice to provide employee contact information on the bank's website, placing email addresses directly within a webpage, rather than utilizing a contact form to hide the email address from automated tools and website visitors, simplifies the email address harvesting process.

One of the activities that we perform during the majority of our vulnerability assessments is a social engineering test, where we send a phishing email to the client's employees to evaluate the effectiveness of the bank's information



security training program. Through our assessments, we frequently demonstrate the ease with which an attacker can convince multiple employees to visit a malicious link or provide information system login credentials.

Many community banks utilize technology service providers for services such as email hosting, loan documentation, document imaging, and online mortgage applications. These services are often accessed through a web browser. As a result of the phishing emails that we send during our assessments, we are typically able to obtain email login credentials. If the bank is using a hosted email service with webmail capabilities, we can then use the provided login credentials to access an employee's email account and view any non-public data that the employee has sent or received. You may be thinking, "No worries here, we have a policy that instructs employees not to send customer information through unencrypted email so they are surely following this policy." Even so, it is very common to see customer information sent through unencrypted email between bank employees and in some cases between bank employees and customers.

Even if no customer information is sent through email, there is still plenty of other useful information within an employee's email box. Some examples of this useful information include bank policies, employee schedules, and welcome emails with temporary login credentials for accessing web-based services. By obtaining a list of the web-based services available to the compromised email account's owner, we can now access the websites for these services and use the password reset function which sends a link to the compromised email account to allow a new password to be set. We now have access to this web-based service which will provide access to a significant amount of customer information depending on the type of service provided. In addition, systems that rely on the user's email address for the purpose of one-time passwords or password recovery would be compromised.

The compromised email account scenario above is just one example of the result of a phishing email. Some other examples of phishing emails include links to malicious websites for the purpose of installing malicious code onto the visitor's workstation, and emails that instruct the recipient to perform a task such as sending a wire transfer to the attacker.

## Phishing Training

While many community banks provide some form of phishing training to employees on an annual basis, this training usually consists of a policy review or a few examples of phishing emails during a presentation. This type of training is not as effective as exposing employees to actual phishing emails throughout the year.

To assist community banks with their employee training program, Young & Associates, Inc. offers a quarterly Phishing Training service. The intent of this service is to simulate real-world phishing scenarios during the normal business day and require each employee to respond individually to the email. Employees that respond negatively can receive additional training from a supervisor or materials can be provided after a link is clicked or after credentials are provided. Unlike do-it-yourself services that require someone at your institution to develop their own phishing scenarios, send emails and monitor the results, our consultants do all of the work. Our consultants will send the phishing emails, monitor the results, and provide a report of the results to your institution's management team.

Our consultants will work with your institution to develop a customized phishing training program for your employees which will establish:

- Expectations for the training program
- A baseline of the effectiveness of the current employee training program based on the first quarterly email
- A schedule for sending the remaining quarterly emails
- Increases to the complexity of each remaining email
- Development of ongoing training materials

For information about our Phishing Training service, please contact Mike Detrow at 1.800.525.9775 or send an email to [mdetrow@younginc.com](mailto:mdetrow@younginc.com). □



## CECL Update: Regulatory FAQs and Capital Planning

By: Tommy Troyer, Executive Vice President

The new calendar year (and new fiscal year for many of you) presents many opportunities for community banks. It also means that time continues to march forward, and therefore that the implementation of CECL (the Current Expected Credit Loss model) continues to draw nearer. Most community bankers now know that CECL represents a significant and fundamental change in the meaning and calculation of the ALLL and when CECL becomes effective for their institution (2020 or 2021, depending on whether a bank is an “SEC filer” or not). However, it also seems that too many community banks have still not begun with any seriousness the preparations necessary to ensure an effective and efficient implementation.

We continue to urge community banks to begin taking the steps necessary to prepare for CECL. Please call or email me if you would like to discuss. Below, we briefly discuss two aspects of planning for CECL implementation.

### Regulatory FAQs Issued

On December 19, 2016, the federal financial regulators released interagency FAQs on CECL. While there is not a lot of information in the FAQs that would be considered to be new by someone who had been closely following the CECL standard and regulatory statements regarding the standard, the FAQs provide a very effective summary of some of the most important considerations regarding CECL. We would especially direct bank management’s attention to Question 22, which describes the actions regulators believe banks should be taking to “plan and prepare for the transition and implementation.” The 10 bullet points listed by the regulators in response to this question are very similar to what we have been recommending to community banks in articles and educational settings over the past 18 months.

One of the most urgent bullet points relates to evaluating data availability and considering changes to data collection processes. Because CECL requires estimating the lifetime losses expected from the loan portfolio rather than incurred losses (as required under current rules), the loss and recovery data that most community banks utilize in their allowance methodology today, at least in its current format, will not be appropriate for implementing CECL without some adjustments.

### Capital Planning and CECL

The final bullet point in the list of items that the regulatory agencies are encouraging banks to undertake is to “evaluate and plan for the potential impact of the new accounting standard on regulatory capital.” Like so much else in the FAQs, this statement is a reiteration of what regulators have been saying for some time. It is expected that a bank’s allowance level will increase when CECL is implemented (the magnitude of the increase may vary significantly across banks). This increase will occur via a reduction in retained earnings, and thus Tier 1 capital will decline by the amount of the increase. Depending on a bank’s situation and whether any changes to regulatory capital rules are made (sound advice is to plan as if there will be no changes), the increase in the allowance under CECL could also reduce Tier 2 capital because of the cap on the amount of the allowance that can be included in Tier 2 capital.

As banks embark on capital planning exercises, they should ensure that their plan will allow them to meet all of their regulatory capital targets even after making a conservative assumption about the impact of CECL to capital. As CECL implementation draws closer, a bank’s estimate of CECL’s impact to capital should become more precise (as preparation for CECL should include a parallel-run of the CECL methodology) which should allow a more refined incorporation of CECL into the capital plan. For most community banks, the impact of CECL on capital will be notable but by no means huge. Therefore, most banks that are comfortably above relevant regulatory targets should be fine.

A final note about CECL and capital involves a bank’s assessment of the level of capital that it determines to represent capital adequacy based on its assessment of its risk profile. While banks should not expect regulatory capital targets to change, it is completely justified for a bank to contemplate lowering its internally-defined level of capital adequacy upon the implementation of CECL.

“One of the most urgent bullet points relates to evaluating data availability and considering changes to data collection processes.”



The logic for doing so is as follows:

*Capital is held for a number of reasons. Currently, one of those reasons is to absorb expected credit losses which have not yet been incurred, and which therefore are prohibited from being reserved for in the ALLL under current GAAP. Upon the implementation of CECL, GAAP will require that all expected credit losses (even those that have not been incurred) be reserved for in the ALLL. Thus, the capital previously needed for this purpose will move from capital to the allowance, where it still represents the same amount of ultimate loss-absorbing capacity for the bank, and thus the minimum amount of capital needed for capital adequacy will decline by a corresponding amount.*

For example, a bank with a target Tier 1 leverage ratio of 8.25% prior to CECL may determine that, upon implementation of CECL and with no changes to the bank's risk profile, 8.00% may be an appropriate target ratio.

### Conclusion

Young & Associates, Inc. is closely following CECL and what it means for community banks. We have presented and will continue to present educational offerings on CECL through various state banking associations. We are also prepared to provide consulting services to help assist community banks in the preparation process. This can include helping banks understand the types of methodologies that can be acceptable means of estimating lifetime losses under CECL and the types of data that will be needed to support such methodologies.

To discuss CECL further, contact Tommy Troyer at [ttroyer@younginc.com](mailto:ttroyer@younginc.com) or 1.800.525.9775. □

---

## Are You Comfortable with the Adequacy and Effectiveness of Your Bank's Credit Policy?

Credit policies may be the most important tool for the board of directors and bank management to define an institution's underwriting standards and credit risk appetite. Underwriting standards are receiving increased scrutiny and the adequacy of bank credit policies is an important regulatory consideration.

Even so, many credit policies at community banks have been in place for a long time, with only small or ad hoc updates put in place as needed.

Young & Associates, Inc. offers a Credit Policy Review service that will:

- Evaluate the adequacy of your bank's credit policy and make recommendations for enhancements
- Assess the content of your credit policy against regulatory expectations
- Compare the bank's specific risk limits to what is common across the industry
- Determine where your bank's risk appetite stands relative to your peers
- Evaluate the effectiveness of your policy's layout, language, and internal consistency

By entrusting your credit policy review to us, your bank can save the time and money required to effectively research and develop your credit policy on your own. Our lending team has reviewed credit policies at many community banks around the country and is made up of former bank CEOs, senior lenders, and examiners who bring a wealth of knowledge and a practical perspective to each credit policy review we perform. In addition, the volume of loan review work we complete for community banks, the lending education and training we provide, and our monitoring of regulatory statements and publications ensure that we remain current on safety and soundness issues and points of emphasis.

Contact Tommy Troyer today to learn more about our Credit Policy Review service at 1.800.525.9775 or [ttroyer@younginc.com](mailto:ttroyer@younginc.com). □

---



# ADA Website Compliance

## What You Need to Know

By: Mike Lehr, HR Consultant

We've been receiving many inquiries regarding the accessibility of websites to individuals with disabilities. In this article, we provide some background, compliance guidelines, audit pointers, and types of tests to consider when assessing and working toward ADA compliance.

### Background

Title III of the American Disabilities Act (ADA) codifies accessibility requirements. The Department of Justice (DOJ) enforces the ADA. The DOJ has stated clearly that ADA applies to websites of businesses and organizations who use the internet to facilitate access to their goods and services. Banks fall into this group. Their websites must comply with ADA.

Two problems have arisen, though. First, there are no specific ADA regulations applicable to websites. Moreover, the DOJ does not plan to write any before 2018. Second, this has not stopped plaintiff law firms and advocacy groups from litigating. In fact, such action is on the rise. Many of our clients have started to receive demand letters from such law firms. They state our clients' websites do not comply with ADA.

### Compliance Guidelines

If there are no regulations, how does a bank comply? For now, there are two sources of guidance:

1. The DOJ has endorsed the World Wide Web Consortium's (W3C) Web Content Accessibility Guidelines (WCAG 2.0). There are three levels (A, AA, AAA). Level AA applies to banks.
2. The United States Access Board is the second source. It set guidelines for the federal government known as Section 508 Standards. They are similar to WCAG 2.0, and future revisions of Section 508 seem to be moving even closer to them.

### Audit Pointers

So, how does a bank find out if it complies with these guidelines? Many are relying upon their website vendors. Most times these vendors employ software designed to test compliance. In our audits, we find these tests insufficient.

#### *Images and Their Meaningless and Duplicative Text*

The above guidelines have too many interpretive elements to be coded effectively in software. For instance, software can't determine whether an image conveys content or is purely decorative. In other words, only using the software will encourage a state of over-compliance or one of missing items. That's why when we use software tests, we use them as tools or guides, not determinants.

Over-compliance might not seem bad except that it creates an undue hardship, especially for those with sight impairments. Using a screen reader to view a website helps to explain this. Too much text, especially repetitive text, makes using a website harder, not easier. Again, decorative images are a good example of over-compliance. If there is no alternative text (alt text) for the image, the software red flags it. Yet, in the above guidelines, adding alt text to decorative images goes against the guidelines and the spirit of ADA.

On the other extreme, take an image that has a caption. If the alt text just repeats the caption or something similar, it's just repetitive. Again, it passes the software test but not the user one. Often, this does not make sense until one actually views the website using a screen reader. There are free screen readers. There are also very expensive ones. Yet, it's quite an experience to hear what a website looks like to someone who can't see it. The screen reader will drive the user crazy if it reads a lot of duplicative and meaningless text.





“The room for interpretation is very broad here. There are no regulations, just guidelines. These two factors make this area ripe for litigation.”



younginc.com  
1.800.525.9775

Just imagine how hard it would be to view a website if it had a lot of useless and repetitive images. They get in the way of accessing what one might really need. Again, it will pass a software test, but will not be ADA compliant.

In these cases, the fix is simple. If the image is decorative or the text duplicative, insert left and right double quotes (“”) in the alt text field. This will satisfy the software and encourage screen readers to skip the image. (Note: if “” does not pass the software test, inserting a space [“ ”] might.)

#### *Logins, Videos, Slideshows, and Audio*

Beyond this simple fix, there are more complex ones:

- Login screens and login boxes
- Video and audio
- Slideshows

Logins present difficulties if there are pop-up boxes or screens with multiple logins such as for different accounts (i.e., personal, business). Alt text or login text is needed to clarify that a login exists and which one is which. Again, software can only read that you have text. It can't say if it is good text.

Video and audio provide other complications. If video has no audio it needs text. If it has audio, it still needs text.

Also, one must be able to pause all moving elements. That is why I list slideshows separately. We find that many forget that these are moving elements and thus forget that they must comply with the same guidelines as video and audio.

Again, in all three complex fixes, the software can only tell if something is there. It cannot tell how well it serves the purpose of accessibility. There is a fine line between text and elements that improve accessibility and those that worsen it.

#### **Types of Tests**

In the end, a combination of software and user tests make for the best audits of website accessibility. Again, there are free screen readers out there. Try some. I guarantee an eye-opening experience. It might even be worthwhile to purchase an upgrade just so internal compliance efforts are better here.

Another worthwhile investment is to make connections with local groups supporting individuals with disabilities. Sight-impaired individuals will likely have their own screen readers. On occasion, we employ such individuals. We observe them navigating websites, a sight-impaired test.

Finally, do your homework on the resources and experts out there. Research the internet. Our research has shown that some online services are related to law firms. If a website shows up as non-compliant, the law firm might receive the information. Later, the bank receives a demand letter. Be careful.

Most importantly, when a vendor tells you that the website is compliant, or a law firm tells you it is not, find out how they arrived at that conclusion. What test(s) did they run: software, user, or sight-impaired? The room for interpretation is very broad here. There are no regulations either, just guidelines. These two factors make this area ripe for litigation. History is proof. The first occurred in 2008, and more is coming.

#### **For More Information**

Young & Associates can assist banks with assessing and working toward their compliance with ADA website accessibility requirements. For more information on ADA Website Accessibility Compliance or how Young & Associates, Inc. can assist your bank in this area, please contact me at 1.330.777.0094 or [mlehr@younginc.com](mailto:mlehr@younginc.com). □

Young & Associates, Inc. has developed 2 new customizable bank policies to help your bank assess and work toward ADA compliance. See page 10 for details.

### Capital Planning System - Updated 2/17

Assess capital adequacy in relation to your bank's overall risk and develop a customized capital plan for maintaining appropriate capital levels in all economic environments. **Our 2017 Update addresses the impact of growing cybersecurity risks, as well as the impact of the anticipated tax reduction from a capital planning perspective.**

*Allows you to:*

**Develop a Base Case Scenario** in which minimum capital adequacy standards are established.

**Identify and Evaluate Risk for Your Bank.** Parameters in this analysis have been field-tested in our work with banks over the years and closely resemble adequacy standards established in consent orders.

**Stress Test Capital** by loan classification (as recommended by the FDIC and OCC).

**Perform Contingency Planning** for stressed events. All assumptions are stressed to determine the amount of capital needed and possibilities for increasing capital are examined.

**Generate Your Capital Plan in as Little as 1 Day!** Data from the Microsoft® Excel spreadsheets can be easily transferred directly into a Word document that can be customized to fit the unique circumstances at your bank. Sample language and suggestions for changing the narrative are provided.

**First Year License Fee (#304) – \$1,095**

**Update/Annual License (#306) – \$495**

### American with Disabilities Act (ADA) General Accessibility Accommodations Policy (#328) – \$125

Describes the bank's intention to ensure that its services are accessible and accommodating to individuals with disabilities. Includes a policy statement; roles and responsibilities of bank board, executives, committees, and employees; grievance processes; and contact for inquiries, questions, assistance, and general information.

### American with Disabilities Act (ADA) Website Accessibility Accommodations Policy (#327) – \$125

Addresses the need of the bank's website to provide equal treatment to all its customers and the public under Title II of the ADA, the Rehabilitation Act of 1973, and Department of Justice (DOJ) web accessibility directives in accordance with Web Content Accessibility Guideline (WCAG) 2.0 Level AA and the United States Access Board's Section 508 Standards. Includes a policy statement which is suitable for public documents; policy application; roles and responsibilities; complaint process for improving accessibility and accommodations; and contact for inquiries, questions, assistance, and general information.

### Cybersecurity Assessment Workbook (#310) – \$249

Evaluate your institution's Inherent Risk Profile and identify your current Cybersecurity Maturity Level using the FFIEC's Cybersecurity Assessment Tool. Allows you complete the tool and generate the needed summaries for analysis and board reporting.

- **Inherent Risk Profile:** Includes 5 worksheets for the 5 categories of inherent risk identified in the Cybersecurity Assessment Tool. Includes a summary worksheet to identify an Overall Inherent Risk Profile.
- **Cybersecurity Maturity Level:** Includes 5 worksheets for the 5 domains identified by the Cybersecurity Assessment Tool. A summary worksheet for each of the five domains allows the reviewer to identify the maturity level for each domain.

#### *Easy to Use and Understand*

All required data entry is completed through the use of simple drop down boxes and provisions are included to allow the reviewer to enter notes and comments as needed throughout the workbook. Colorful summaries simplify analysis and can be included for board reporting.

### Threat Intelligence Program (#324) – \$299

*Includes:*

- **Threat Intelligence Program:** Documents the requirements for the institution's threat intelligence program, including threat intelligence sources, the monitoring process, the analysis and response process, documentation requirements, and the reporting process
- **Threat Tracking Summary Worksheet:** Microsoft® Excel-based workbook for tracking threat notifications and responses
- **Threat Tracking Detail Worksheet:** Microsoft Word-based worksheet for tracking details about the threat analysis and response process performed for each specific threat
- **Information Systems Event Management Policy:** Policy template that documents the requirements for information systems event management procedures
- **Event Management Procedures for Specific Systems Worksheet:** Excel-based workbook for documenting the event management procedures for each information system

*System Requirements: Microsoft Word 2007 and Excel 2007 or higher*

For more information concerning any of these articles or products, visit us at [www.younginc.com](http://www.younginc.com) or call 1.800.525.9775.

*This publication is designed to provide accurate and authoritative information concerning the subject matter covered. In publishing this newsletter, neither the author nor the publisher is engaged in rendering legal, accounting, or other professional advice. If legal, accounting, or other expert assistance is required, the services of a professional competent in the area of concern should be sought.*

Copyright © 2017 By Young & Associates, Inc.