

# Inside EasCorp



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## DeposZip Boot Camp 2018 Now Online

Remote deposit capture (RDC) has gained widespread adoption in its first decade, and has even grown notably in the last two years alone. As industry momentum and regulatory shifts drive significant technological innovations in the RDC landscape, EasCorp's subsidiary Vertifi Software remains an industry leader with its proprietary and patented service DeposZip®.

On Thursday, June 28, 2018, Vertifi presented its DeposZip Boot Camp 2018 to an online audience of current RDC service users. The annual Boot Camp is designed to refresh service users' training on the platform's many, flexible tools for registration, posting, reporting, and more. This year, service users learned how to leverage the system's customizable controls and features to balance risk, efficiencies, and performance. Attendees also learned how the system's new, optional rear endorsement validation tools may better enable financial institutions to protect themselves from end user misuse and associated financial losses as outlined in the July 1 Regulation CC amendments.

Vertifi's Implementations and Support (formerly Technical Support) staff answered a variety of questions from the engaged audiences, including some on risk profile settings, available user data, item review processes, and, as expected, restrictive endorsements.

The Vertifi Image Processing (VIP) Libraries v.7.5 are now in the hands of your mobile banking vendors. Timelines for release and implementation of v.7.5 features vary by vendor; please contact your vendor to inquire when these tools will be available.

If you have any DeposZip questions, please contact Darlene Howlett ([dhowlett@vertifi.com](mailto:dhowlett@vertifi.com)) at 800.428.1144, Ext. 3353.



In observance of Independence Day, EasCorp and Vertifi offices will be closed on Wednesday, July 4, 2018.

Have a safe and happy July 4<sup>th</sup>!

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## Wild Weather and Unexpected Events: Contingency Plans and Preparedness

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Last month, the Federal Reserve System's Cash Product Office published an article on preparedness in the event of service disruptions due to a weather event. June 1 marks the start of hurricane season in the United States, and, in this article, the Fed warned that while systems around currency supply are designed to be resilient, an extreme weather event along the U.S. coastline could still greatly impact the cash supply chain. In the event of a catastrophic storm—one that affects transportation routes, for example—coordination and communication with the Federal Reserve, armored carrier services, and other cash management service providers is critical. If you utilize EasCorp's Coin and Currency Service for cash management, for example, EasCorp would assist in keeping you informed and operational.

Service disruptions come in many forms. Both natural events and man-made incidents can threaten business operations in direct and indirect ways: from building damage to phone and internet connectivity issues, from employees' safety concerns to their ability to work or communicate to their employers during an incident or in its aftermath, from service outages to contaminated currency. Just as your building or its infrastructure may be impacted by a weather event, so too might the Federal Reserve offices or other industry partners.

Consider the impact, for example, of Hurricane Katrina in 2005. More than ten years later, the city of New Orleans and its surrounding area are still recovering; its demographic and business landscape have vastly changed. Katrina was one of the deadliest storms in US history, and the response to and aftermath of this storm revealed many weaknesses in both the disaster preparedness of the city and the nation, as well as in their infrastructure, including the financial systems. Ultimately, many argue, it took coordination by government agencies and policymakers, whose response was from the top-down, *and* business and community organizations, whose recovery efforts worked from the bottom-up, to right the city again.

Well-designed business contingency plans consider the impact of many kinds of service interruptions, and include key considerations and appropriate response actions for all those variations. Identify, assign, and properly train those employees who will serve as your points-of-contact for customer care or specific business services, communications, security, or other roles. Maintain accurate contact lists, including phone numbers, email addresses, and website addresses, for key industry partners, government agencies, and service providers, and develop a plan to notify them of business disruptions as they occur. Consider how you will communicate with your staff and your customers in the event of an emergency or other disruption.

To learn more about EasCorp's Coin and Currency Service, please contact Andrea McManus ([amcmanus@eascorp.org](mailto:amcmanus@eascorp.org)) at 800.428.1144, Ext. 3325, or Correspondent Services at Ext 4.

### ACUSO Considers Leadership in Times of Crisis

For the past 30 years, the Association of Credit Union Senior Officers (ACUSO) has provided engaging, career enhancing educational programs. The group's November 15 members' meeting will feature two timely and insightful sessions. First, a member of the faculty of the National Preparedness Leadership Institute, a joint program of Harvard T.H. Chan School of Public Health and Harvard Kennedy School, will speak to the concept of meta-leadership. Next, the group will participate in a Cyber Attack Strategic Response Exercise led by Chris Howard, Senior Vice President, Callahan & Associates. To inquire about membership eligibility or attendance at this and other ACUSO programs, please contact Robin DeBlosi ([rdeblosi@vertifi.com](mailto:rdeblosi@vertifi.com)) at 800.428.1144, Ext. 3315.

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## Mind the Gap: The Fed Funds Rate and the IOER

by Kevin Peters, CFA, Assistant Vice President, Investment Services

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In response to the financial crisis of 2008, the Federal Reserve tried to boost an underperforming economy by both cutting rates and by implementing a monetary policy known as "quantitative easing," which meant, in this case, a large-scale purchase of bonds. To pay for the bonds, the Fed created vast new bank reserves. However, the Fed soon discovered that their old tools of adding to or reducing reserves had less impact; with so much money on hand, banks had far less need to borrow from each other overnight. And, starting in 2008, Congress allowed the Fed to pay banks for the surplus cash they store at the central bank. So, to influence the effective Fed funds rate, the Fed looked to the interest on excess reserves (IOER) rate.

In theory, if the fed funds rate were to climb above the IOER rate, firms would withdraw reserves and lend them to other financial institutions at that higher rate. But that increase in the supply of reserves available for loans would then push the fed funds rate back down to the IOER level. Since it began raising rates, the Fed has kept the top of its target range aligned with the IOER.

However, in recent months, the effective rate has crept closer to its ceiling. Fed officials and many analysts believe that a burst of Treasury bill sales, nearly \$350 billion in the first quarter, flooded an already saturated short-end market, driving a spike in bill yields. Other key overnight rates pushed higher, especially in the market for repurchase agreements. And, as other short-term assets became more appealing than interbank lending, the availability of funding lessened, putting upward pressure on the Fed effective rate.

In an effort to nudge the effective rate back toward the middle of their band, at their last meeting on June 13th, Fed officials lowered the interest on excess reserves rate relative to the upper bound of the fed target range by 5 basis points, raising the IOER rate by only 20 basis points.

Ultimately, if the fed funds rate does continue to creep higher relative to the top of its target band, officials will have to decide if a post-normalization environment requires a new policy framework, or perhaps the return to an old one.

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## Gap Letter Now Available

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In March 2018, EasCorp and Vertifi published their 2017 Statement on Standards for Attestation Engagements, no.18 (SSAE 18) and Reporting Controls at a Service Organization (SOC 1, Type 2), as well as Vertifi's Report on Controls at a Service Organization Relevant to Security, Availability, and Confidentiality (SOC 2) for the period January 1, 2017, to December 31, 2017. These reports are available at [www.eascorp.org](http://www.eascorp.org) and [www.vertifi.com](http://www.vertifi.com) for anyone with an EasCorp- or Vertifi-issued digital certificate.

On June 15, EasCorp and Vertifi published their Gap (or Bridge) Letter for their SOC 1 and SOC 2 reports representing controls for the period between the end of its 2017 review period and the end of the calendar year. The 2017 Gap Letter is available in the Due Diligence section of [www.eascorp.org](http://www.eascorp.org) and [www.vertifi.com](http://www.vertifi.com) to anyone with an EasCorp- or Vertifi-issued digital certificate.

For more information, please contact Diane Johnstone-DeRosa ([djohnstone@vertifi.com](mailto:djohnstone@vertifi.com)) at 800.428.1144, Ext. 3342, or Deirdre Zaccagnini ([dzaccagnini@eascorp.org](mailto:dzaccagnini@eascorp.org)) at Ext. 3347.



## Remote DeposZip® Capture Helpful Tips and Tricks

Did you know small business RDC adoption is growing? DeposZip is a one-stop RDC solution for financial institutions looking to expand their reach in this market. This robust administrative platform allows you to create and manage business risk profiles, each with its own risk tolerance formula and deposit limit criteria, as you would for consumer accounts.

To learn more, contact Darlene Howlett ([dhowlett@vertifi.com](mailto:dhowlett@vertifi.com)) at 800.428.1144, Ext. 3353.



## WIN UP TO \$5,000!

*One lucky golf ball is all it takes!*

A highlight of the Credit Unions Kids at Heart® Annual Invitational Golf Tournament is the Helicopter Ball Drop when 500 numbered golf balls rain down on the 1<sup>st</sup> hole from a hovering helicopter!

The golf ball that comes closest to the hole wins half of the ball sales! The remaining proceeds support CU Kids at Heart's mission to help children lead happy and healthy lives. Only 500 gold balls are sold at \$20 each. You do not have to be present to win this up to \$5,000 cash prize!

To purchase your chance, or to learn more about CU Kids at Heart, please contact Deirdre Zaccagnini ([dzaccagnini@eascorp.org](mailto:dzaccagnini@eascorp.org)) at 800.428.1144, Ext. 3347.

## UPCOMING EVENTS

The Association of Credit Union Senior Officers  
Thursday, September 13, 2018  
MHA Conference Center  
Burlington, MA

Credit Unions Kids at Heart®  
Invitational Golf Tournament  
Monday, September 17, 2018  
Tedesco Country Club  
Marblehead, MA

The Association of Credit Union Senior Officers  
Thursday, November 15, 2018  
MHA Conference Center  
Burlington, MA

*For more information or to register for the events above, please visit the News & Events page on [www.eascorp.org](http://www.eascorp.org).*



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