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HAPPY 4th OF JULY!

A reminder that EasCorp and Vertifi offices will be closed on Tuesday, July 4, 2023 in observance of Independence Day. Have a safe and happy July 4th!

Federal Reserve Names FedNowSM Early Adopters

This week, the Federal Reserve has released the names of more than 50 FedNowSM Service early adopter organizations, including financial institutions and processors, that have completed formal testing and certification in advance of the service launch in late July. This list includes both EasCorp, which will provide FedNow settlement services, and Vertifi Software, which has built a proprietary instant payments processing gateway. Most of the early adopter organizations will be live when FedNow launches or soon thereafter. The full list of certified organizations is available on the Federal Reserve Bank Services website at www.FRBservices.org.

"We are on track for the FedNow Service launch, with a strong cohort of financial institutions and service providers of all sizes in the process of completing the final round of readiness testing," said Ken Montgomery, first Vice President of the Federal Reserve Bank of Boston and FedNow program executive, in a June 29 press release. "With go-live nearing, financial institutions and their industry partners should be confident in moving forward with plans to join the network of organizations participating in the FedNow Service."

Financial pundits state that early adoption is a competitive advantage for financial institutions, evidence that they are prepared for today's and tomorrow's digital economy. The window of early adoption, they warn, may be shorter than it was for other financial services innovations, such as those following the passage of the Check 21 Act or the launch of the ACH Network. And, with widespread adoption a critical component to the success of the FedNow Service and the development of future innovations and use cases, the Federal Reserve continues to work with and onboard financial institutions planning to join in 2023 and beyond, the initial step to growing a robust network aimed at reaching all 10,000 U.S. financial institutions.

If you are interested in learning more about EasCorp's instant payments settlement services or Vertifi's instant payments solution, please contact Michael O'Brien (mobrien@eascorp.org) at 800.428.1144, Ext. 3324 to schedule an initial consultation.

Inflation Remains a Problem, but Federal Reserve Is Not Yet Done

In testimony before both chambers of Congress as part of his semiannual report and following the June meeting of the Federal Open Market Committee (FOMC), Federal Reserve Chair Jerome Powell took a hawkish stance, strongly suggesting that one or two more rate increases may be needed this year. While the FOMC's aggressive rate hikes to date seem to have brought consumer prices down from record highs, some economists believe that this easing of inflationary pressures is most likely due to supply chain recovery and the falling costs of commodities rather than the FOMC's actions.

Judging by the futures markets, bond traders have backed off from previous bets that the Fed chief could begin an easing monetary policy before the end of this year. Their new stance stems, in part, from lowered expectations that a sharp recession will happen soon. A Bloomberg survey of economists published last Friday showed a majority believe that a soft landing is possible, and that most still believe that the rate of inflation will be faster than previously thought. This is in line with comments from U.S. Treasury Secretary Janet Yellen, who, in an interview last week, said that the odds of an economic downturn this year have fallen in recent months.

Another indicator of why the Fed may push for more rate hikes this year is the resilience of the labor market, which has exhibited historically low unemployment and high employment rates despite the Fed's unprecedented rate hikes this year. Powell also mentioned to Congress that the Fed was "over-achieving" on its mandate of maximum employment, with demand for workers far outweighing supply. With a tight jobs market, the central bank can focus more on its other mandate—dragging down inflation to its stated long-term target of 2.0%. If you have any questions, please contact Kevin Peters (kpeters@eascorp.org) at 800.428.1144, Ext. 3354.

A Reminder about System Security

Last month, a vulnerability in Progress Software's MOVEit file transfer tool was exploited by ransomware operators. Please note that EasCorp and Vertifi Software do not use MOVEit software and were not impacted by this cyber attack.

This most recent cybersecurity incident does, however, provide us the opportunity to assure you of our commitment to the security of your and your members' data. EasCorp and Vertifi follow a holistic risk management framework, including internal controls, written policies and procedures for all departments, and extensive training of staff; risk oversight by an Enterprise Risk Management (ERM) committee; and independent risk assurance by independent auditors. If we are ever subject to a cyber or other security breach, you can expect timely notification and expeditious handling of, as well as frequent communication during and after, the incident.

For operational transparency, information on system controls and security processes are available to authorized users on Ease-Link and the Vertifi Customer Portal (VCP).

SAVE THE DATE

Since 1998, EasCorp's ALM Academy, presented in partnership with ALM First Financial Advisors, provided educational and professional development opportunities for staff at all levels of your organization as well as your board members.

EasCorp's 2023 ALM Academy will be held October 24 to 25 at the MHA Conference Center in Burlington, MA. *Registration opens soon.* To learn more, contact Kevin Peters (kpeters@eascorp.org) at 800.428.1144, Ext. 3354.

New Fed Research on Market Readiness for Faster Payments

Two new studies, conducted during the second half of 2022 and published by the Federal Reserve Financial Services in May, offer insight into businesses' and consumers' interest in and expectations of faster payments. Data shows that the majority of businesses and consumers are using traditional faster payments rails, defined here as instant payments, push to card, Same Day ACH, and digital wallets, all of which credit the payee within seconds or up to a few hours. In addition, 70% of businesses and consumers expressed that they prefer accessing those payment rails through their primary financial institution—good news for credit unions already taking steps toward FedNowSM Service adoption.

“Access to faster payment options, including instant payments, is now seen as indispensable rather than a nice-to-have,” said Connie Theien, head of industry relations for Federal Reserve Financial Services, in a press release issued on May 24. “Given the move to a 24/7 economy and strong, growing use of faster payments, it is timely that the Federal Reserve’s FedNow Service will be available in July for financial institutions of all sizes to use to provide instant payment services to their customers.”

Senior decision-makers from more than 2,000 businesses, ranging from micro businesses (< \$1M) to very large manufacturers (> \$250M) and including nonprofits, retail, trades, and real estate, stressed that payment speed, choice, and control remain primary drivers of their adoption of faster payments. Businesses expect faster payments to support key use cases— invoicing automation, remittance processing, payroll, and other funds transfers— and to improve efficiencies. Almost all businesses reported that, while they are generally satisfied with their current payments services, their future faster payments decisions would be based on cost, security, and network reach. Surveyed businesses are eager to see how payments capabilities may expand in the coming years, modernizing to address key use cases, and what digitally-oriented value added services their banks and credit unions develop to their benefit.

Data from the consumer survey shows that mobile options are gaining ground over cash and checks, varying by use case and most heavily concentrated on P2P and bill pay uses as these services have dominated the consumer payments market. Still, 40% of consumers indicate little to no interest in using faster payments, citing concerns about fraud, data privacy, and not wanting to register for more apps. The full data shows opportunities for financial services providers to better educate the public about faster payments as well as to build payments services, ideally with fraud protections and account verification capabilities, and within their existing digital banking service portfolio, that evolve with the increasingly digital and on-demand economy.

Full reports of the corporate and consumer surveys are linked in the press section of the FRB Services website at www.frbservices.org/news/press-releases and are also provided behind Ease-Link and VCP for authorized users. If you are interested in learning more about EasCorp's instant payments settlement services or Vertifi's instant payments solution, please contact Michael O'Brien (mobrien@eascorp.org) at 800.428.1144, Ext. 3324.

Gap Letter Now Available

In March 2023, EasCorp and Vertifi published their 2022 Statements of Standards for Attestation Engagements, no. 18 (SSAE) 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 of January 1, 2022, to December 31, 2022. These reports are available on the Due Diligence pages of our websites for anyone with an EasCorp- or Vertifi-issued digital certificate and Due Diligence authority. On June 2 the companies posted online their Gap (or Bridge) Letters for the SOC 1 and SOC 2 reports representing controls for the period between the end of its review period and close of the calendar year. For more information, please contact Implementations and Support (support@vertifi.com) at 800.428.1144, Ext. 2.

ACUSO Spotlight: June Meeting Explores Modern Leadership

Last month, the Association of Credit Union Senior Officers (ACUSO) hosted its mid-year session focusing on trending human resource topics. The meeting entitled “Leadership Qualities for the Future of Work” provided a forum to discuss the behaviors and qualities required of leaders as credit unions find new ways to work with their employees and engage their members. Over 40 senior credit union officers joined the dialogue and enjoyed the opportunity to network and to exchange HR best practices and ideas to deepen these connections.

The opening session, Positive Leadership, presented by Lizzie Linn Casanave, Assistant Professor of Philosophy at Merrimack College and celebrated speaker on the science of happiness, offered tips to how to help employees achieve their highest potential, flourishing at work and reaching new levels of effectiveness with elevated energy. She shared steps for collaborative problem solving and ideas on how to promote a growth mindset.

Karen Wood, ACUSO Board of Directors and CFO/SVP, Triangle Credit Union, reviewed the economic indicators that shed light on the state of the economy and highlighted local economic trends drawing on data from a custom ACUSO Member Performance Report. She stated that the economy remains volatile due, in part, to persistent inflation, rate increases, slower credit union lending, and reduced consumer spending. With consumer confidence down and the driving forces behind consumer spending, such as pandemic stimulus, starting to fade, it is expected that credit union balance sheets will be affected.

The final session featured a panel discussion on What Makes a Meaningful Mentor. Led by Kelly Johnson, Public Relations Specialist, Digital Federal Credit Union, and Marina Theberge, Mentoring Recruiter & Retention Specialist, LUK, Inc., the discussion served as a reminder that there is always a need for mentors. Professional success and personal fulfillment in life can be powerfully furthered by a wise mentor committed to helping their friend or colleague develop. These local practicing mentors shared their experiences, illuminating the cherished connection between mentor and mentee, and offered a roadmap for developing an enriching relationship with a lifelong impact.

The ACUSO meeting on September 20 will include the organization's Annual Meeting, and a discussion of the evolution of payments, including reflections on the first months of the FedNowSM Service. This instant payment infrastructure enables payments in seconds with immediate funds availability and settlement finality. Registration for this meeting will open in August.

To learn more about ACUSO programs or membership, please contact us at ACUSO@eascorp.org.



Win Up to \$5,000 in the Helicopter Ball Drop

On Monday, September 11, Credit Unions Kids at Heart will hold its annual Helicopter Ball Drop, releasing 500 individually numbered golf balls onto the 1st hole of Tedesco Country Club. The ball that lands in, or comes closest to, the hole wins half the proceeds from golf ball sales. The remaining proceeds go toward the organization's mission to help children lead healthy and happy lives. To purchase one or more entries at \$20 each, contact us at cukidsatheart@eascorp.org or call 800.428.1144.

Assessing Your Instant Payments Readiness

With the FedNowSM Service set to debut this month, many credit unions are evaluating how instant payments will fit into their long-term payments strategy, and asking when is the right time to adopt the service. Timing will depend on a credit union's business, operational, and technology readiness, and their implementation roadmap may be impacted further by the readiness and availability of critical vendors.

The first step towards FedNow Service adoption is education, ensuring that your team fully understands the design, requirements, and potential applications of the service, and the differences between the use cases for and functionality of FedNow versus other payment rails. The Federal Reserve's FedNow Explorer website at <https://explore.fednow.org> should be your primary resource for up-to-date articles, infographics, educational videos, and more. The U.S. Faster Payments Council offers an Instant Payments Adoption Readiness Self-assessment toolkit for financial institutions at <https://fasterpaymentscouncil.org/Self-Assessment-Toolkit>. Additionally, EasCorp's 4-part *Instant Payments Academy* introduced the service and then covered a broad set of considerations that will inform a credit union's instant payments strategy. These videos are now available on Ease-Link and the Vertifi Customer Portal (VCP) for authorized users, and direct links to YouTube can be made available upon request to members of your staff without digital certificate access.

Next, credit unions should ask how FedNow instant payments will fit with their current payments offerings, future payments ecosystem, and member service priorities. Are you looking to both send and receive FedNow transactions, allowing you to offer new value-added services, or to receive them only? What capabilities do you want to offer and which potential use cases do you hope to address? Will these services be for business or consumer use? Will you use instant payments for your own internal payment transactions, e.g. bill pay? If you choose to begin as receive only, how will you communicate the benefits of this availability to your members?

Following these strategic discussion, credit unions should assess the capacity of their existing legacy systems and walk through their business practices and operational procedures. How will you handle your instant payment settlements? Whether settlement is managed by a correspondent such as EasCorp or you will settle directly through your credit union's Fed account, your team will need to review your accounting and investment procedures and evaluate your liquidity needs. Remember that you may select only one settlement point for your transactions, so this early decision will determine several downstream decisions.

Because instant payment transactions post individually and, as their name suggests, within seconds, a real-time connection to your core solution is required for the FedNow payment flow. In evaluating your technology readiness, first reach out to your core processor to see if they have developed, or plan to build, their own FedNow connectivity or if they have established any integrations through a third-party. Speak openly with your representatives about your needs to ensure their solution will work with other programs, e.g. accounts payable software or P2P applications, that are a good fit for the instant payment rail. If they do not have a FedNow connection established, they may be able to work directly with you and your vendors to build real-time connections. Then contact your digital banking provider to see if they are building any business- or consumer- facing instant payment solutions. Even if neither vendor has begun development, Vertifi may be able to assist. Vertifi's solution for the FedNow Service will manage formatting and exchange of payment messages with the FedNow Service's network. Vertifi can provide two additional software components: a core specific adapter and a RESTful web service to communicate with the online/mobile banking platform. Vertifi, or any of your selected vendors, will help you connect with a representative from the Federal Reserve, as needed, to complete the required paperwork. Your Fed representatives and your vendors will help you develop realistic timelines for design and implementation of your new FedNow Service solution.

To learn more about EasCorp's instant payments settlement services or Vertifi's instant payments solution, please contact Michael O'Brien (mobrien@eascorp.org) at 800.428.1144, Ext. 3324.

Join the 2024 Credit Unions Kids at Heart® Team

Founded in 1996 and organized by EasCorp, Credit Unions Kids at Heart® (CU Kids at Heart) is a Massachusetts-based 501(c)3 charitable organization that reflects the credit union industry's core belief in cooperation and collaboration in service of a greater good. Its mission is simple: CU Kids at Heart seeks to help children lead healthy and happy lives. Since its founding, CU Kids at Heart has raised over \$9 million to fund important and life-changing research on pediatric neurological disorders conducted at Boston Children's Hospital, Beth Israel Deaconess Medical Center, and their research affiliates. CU Kids at Heart values each and every donation it receives and appreciates the special commitment made by its Boston Marathon Runners.

Each year, the Team's Participating Credit Unions will sponsor Runners, employees who are willing to commit to a rigorous training schedule and meet and exceed the individual fundraising goals. In addition to showing their philanthropic commitment, Participating Credit Unions with a sponsored Runner enjoy opportunities for employee and member engagement through in-branch or online fundraising events and promotions on behalf of their Runner and Team stories shared on their website, social media, and/or in their newsletters.

Because they are running with a charity bib, interested parties do not need to meet the Boston Marathon qualifying times. Prior running experience is not required but is recommended for most. Runners of all levels and ability receive training from qualified coaches and are expected to join organized runs throughout the Greater Boston area. They are paired with Patient Partners, past or current patients of Boston Children's Hospital, who inspire their run and with whom they form special bonds. And, they receive additional support and instruction for Marathon weekend.

If you represent a Participating Credit Union and have potential runner for the Team, please contact Jane Melchionda at cukidsatheart@eascorp.org or Deirdre Zaccagnini (dzaccagnini@eascorp.org) at 800.428.1144, Ext. 3347.

Are You Up for the Challenge?

Join the Credit Unions Kids at Heart All-Ability Challenge. This virtual event is a celebration of health and kindness. Participants can run, walk, roll/race, cycle, perform good deeds, or set their own physical challenge while collecting donations to support CU Kids at Heart's 2023 fundraising goals. Participants must complete their challenge by August 2. Contact us at cukidsatheart@eascorp.org to learn more.

Ease-Link Changes Signal Arrival of Instant Payments

In preparation for the July 2023 launch of the FedNow Instant Payment Service, on July 6, EasCorp will release several enhancements to its Ease-Link customer portal designed to support settlement of instant payment transactions. The Transaction History Tab of the Daily Transaction Account screen has been redesigned for improved usability with transactions listed by category, and total debits, total credits, and net value for each category. The Daily Transaction Recap screen will now include the current total of instant payment net debits and credits. In addition, EasCorp will post an updated settlement timeline to reflect the shift to 7-day processing of Ease-Sweep balance transfers.

Full details of these enhancements have been distributed to members with account access authorization. If you have any questions about or would like a review of these changes, please contact Andrea McManus (amcmanus@eascorp.org) at 800.428.1144, Ext. 3325. For more information on EasCorp's instant payment settlement service, please contact Michael O'Brien (mobrien@vertifi.com) at Ext. 3324.



Remote Deposit Capture Helpful Tips and Tricks

Did you know that several deposit history, auditing, and statistical reports may be downloaded from the Reports screen of the DeposZip administrative portal?

Statistical reports show who your end users are and how they use your RDC program and are essential for tracking channel performance. Look for use patterns by monitoring the total items submitted and dollar value of those deposits month to month or seasonally. Gain insight into the items held for administrative review, the reasons they are held, and the members impacted by these holds. Use these reports together to monitor trends, fine-tune risk profile configurations, reduce the deposit review queue, and increase end user satisfaction.

To learn more, please contact the Implementations and Support Department (support@vertifi.com) at 800.428.1144, Ext. 2, or contact the Sales team (sales@vertifi.com) for a DeposZip performance review.

UPCOMING EVENTS

Association of Credit Union Senior Officers
Wednesday, September 20, 2023
Annual Meeting &
The Newest Payments Rail
MHA Conference Center, Burlington, MA

Wednesday, December 6, 2023
Meet the Regulators
MHA Conference Center, Burlington, MA

EasCorp's Invitational Golf Tournament
Benefitting Credit Unions Kids at Heart®
Monday, September 11, 2023
Tedesco Country Club, Marblehead, MA

ALM Academy
Presented in Partnership with ALM First
Tuesday, October 24 - Wednesday, October 25, 2023
MHA Conference Center, Burlington, MA

*For more information about the events listed above,
please call 800.428.1144, Ext. 3300
or email to admin@eascorp.org.*

Holiday Coin & Currency Reminder

In observance of Independence Day, all Federal Reserve offices will be closed on Tuesday, July 4, 2023. As a reminder, cash orders prepared by the Federal Reserve Bank must be placed two business days in advance of delivery (e.g., orders must be placed by 11:30 a.m., ET on Monday for Thursday delivery). If you have any questions regarding your cash orders, please contact Taylor King at 800.428.1144, Ext. 3516 or the Payment Systems Department, Ext. 4 in advance of the holiday.



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