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Credit Unions Kids at Heart® Team Ready to Run Its 25th Boston Marathon

On April 17, 2000, nearly eighteen thousand runners lined up in Hopkinton, MA, at the starting line of the 104th Annual Boston Marathon. Since 1924, this normally quiet town was abuzz with excited crowds and expectant runners for this much-celebrated annual race. And, this year, five runners with a special and singular mission—the first Credit Unions Kids at Heart® Boston Marathon team—joined the pack.

Before CU Kids at Heart was founded in 1996, EasCorp made philanthropic contributions to Boston Children's Hospital. In 1999, CU Kids at Heart founder and former EasCorp President Jane Melchionda worked with the hospital to put together a team to run the Boston Marathon with their *Miles for Miracles* program. The credit union community enthusiastically rallied behind them. Five runners—Paul Mangum, Kelly Ann Nee, Ray Phillips, Nancy Wladkowski, and Bernie Winne—committed to a great physical and mental challenge not knowing the marathon would become a primary fundraising activity for the charity for many years to come.

The CU Kids at Heart team has changed in the last quarter century, expanding and reducing in size as charitable bibs are available, adapting to shifts in charitable giving (but never without credit union support!), and always deepening its relationships with Patient Partners and their families, many of whom participate year after year. More than 100 runners, many representing the charity's Sponsors and Participating Credit Unions, have faced the 26.2 mile route on behalf of CU Kids at Heart since 2000. Through triumphs and tragedies, injuries and achievements, they have never lost sight of a belief that research offers hope for a future where all children can thrive.

The 128th Boston Marathon, the 25th run for the team, will take place on Monday, April 15, 2024. We encourage you to visit the CU Kids at Heart website at www.creditunionskidsatheart.org to learn more about this year's team and to stay tuned for results from the race next month. To make a donation by phone, please call 800.428.1144, or to learn more about the team, please contact us at cukidsatheart@eascorp.org.

FedNow® Service Fraud Risk Management and Other Updates

In late March, the Federal Reserve hosted their first FedNow® Service Town Hall webinar of the year with an industry panel on instant payments fraud and risk management and several updates by the Fed on their own initiatives to support adoption and use of the FedNow® Service. The Fed announced that participation has grown to [over 600 certified financial institutions](#) ranging from small community banks to credit unions to some of the largest banks in the nation. The geographic reach of the service now spans coast to coast with participating financial institutions in 46 states and Washington, D.C. A poll taken during the session clocked over 1,200 attendees, primarily from financial institutions, logged on, a testament to the growing interest in, and ongoing belief in the potential of, this new service rail.

The webinar began with a look at fraud mitigation from the perspectives of two participating financial institutions and a discussion of their strategies to manage risks specific to the irrevocability and immediacy of instant payments. Ryan McNaughton, VP of Information Technology, North American Banking Company, said that his bank applies existing risk mitigation tools currently in use for other payment rails—such as velocity and transaction value limits and similar controls—to this new payment type. He emphasized the need to focus on educating a segment of users, in his case, the consumer, on the service and its risks. Jim Hunt, VP and Division Head, 1st Source Bank, spoke of their different approach, rolling out the service first to the bank's business customers and relying on the many, robust internal KYC controls applied to business accounts. Hunt noted they replicate processes and controls in place for wire transfer processing such as OFAC checks. Although it is a new service, neither institution has yet seen fraudulent activity. Both participants expressed their confidence in the existing risk management capabilities and noted that solving for any gaps moving forward will be key.

When the Fed launched its service in July 2023, a number of initial controls and capabilities were in place to assist participating financial institutions in [protecting against instant payment fraud](#), and more tools are anticipated for release this year. In this session and in prior press, the Fed alluded to some potential enhancements, including value limits customizable by use case, aggregate value or volume limits for specific periods, or centralized monitoring aimed at identifying patterns of fraud.

The Fed anticipates that 2024 will be a year of rapid adoption and service innovation, and they are themselves taking steps to advance both goals and to transition from service launch to standard operations. [Revisions to Operating Circular No. 8 \(Funds transfers through the FedNow® Service\)](#), consisting of primarily non-substantive edits and clarification to definitions, will go into effect on April 22, 2024, and the Fed has now released new tech-centric developer tools for FedNow® solutions providers or those financial institutions building their own direct integrations. The new online resource center will allow customers and solutions providers to access code and message samples to assist with service implementation and is part of a larger initiative of the Federal Reserve to encourage advances in the payments ecosystem by delivering services efficiently via APIs. Finally, in this webinar, the Fed discussed the March 14 introduction of a Federal Reserve Financial Services (FRFS) FedNow® User Group to promote collaboration and engagement among the participating financial institutions and their service providers on the FedNow® Service network.

As early adopters of the FedNow® Service and active participants in the FedNow® Service community, we will share information and news related to the instant payments rail as it becomes available. We encourage you and your teams to participate in these industry conversations and to continue to educate yourselves on this service and its potential to serve your members and communities. For more information about EasCorp's instant payments settlement service or Vertifi's instant payments gateway, or if you have any other instant payments questions, please contact Michael O'Brien at 800.428.1144, Ext 3324 or mobrien@eascorp.org.

Is Inflation Falling Fast Enough for the Fed?

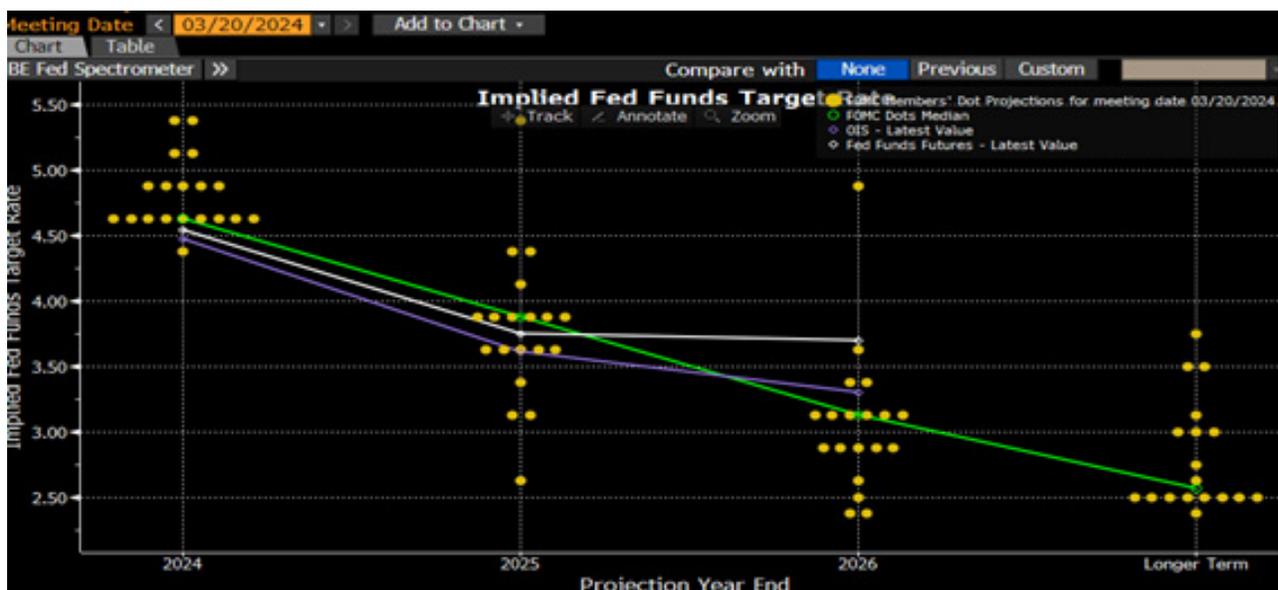
At their March 21 meeting, the FOMC announced it would keep the federal funds target rate in a range between 5.25% and 5.50%, where it has been since July of 2023. Along with the decision, the Fed released their Dot Plot projections, with the median projection predicting three quarter-percentage point cuts by the end of 2024, the first expected cuts since the COVID-19 pandemic began in March 2020. In his post-meeting remarks, Fed Chair Jerome Powell said he still expects the cuts to come this year provided the data cooperates. Futures markets are pricing with nearly 75% probability that the first cut comes at the June 11-12 meeting.

Although both GDP and labor markets remain resilient, one area of the economy could give the Fed some pause—inflation—which has not fallen as quickly as expected. January's personal consumption expenditures showed prices increased 2.4% annually, an improvement from 2.6% in December 2023, but still above the Fed's long-term goal of 2.00%. In February, Atlanta Fed President Raphael Bostic, a voting Committee participant, said the data showed that hitting the central bank's 2.00% inflation goal would be difficult. "They've come in higher than people hoped, but if you look over the long arc, the line is still going down," Bostic told an audience at a banking conference. "That's an important thing to keep in mind."

The CPI in February unexpectedly rose 3.2% annually, with food prices remaining the most stubborn part of the index. It was certainly a huge improvement from the 40-year high of 5.6% in February 2022, but was still higher than the 2.8% that was widely expected. Bostic recently admitted that he is one of the outliers on the anonymous Dot Plot graph, and that, as certain portions of the consumer basket continue to rise, he only expects one rate cut this year.

Persistent inflation has already pushed last year's expectations for a first rate cut at the March meeting. If inflation continues to level out, it may push the expectations back from June as well, and other FOMC voters may join Bostic in his concerns.

If you have any questions, please contact Kevin Peters (kpeters@eascorp.org) at 800.428.1144, Ext. 3354.



Annual Meeting Keynote to Answer Your AI Questions

Credit union executives are talking about the benefits, risks, and current and future applications of artificial intelligence in financial services. AI is evolving at a rapid pace and AI-augmented technology is now used for member engagement and service, back office efficiencies and expanded operational capacity, data and predictive analysis, risk modeling, and more. Are there tools your credit union should be using? Do you have the right expertise on staff or are you working with the right vendors? Do you understand the risk, legal, ethical, and compliance frameworks related to AI, from data privacy and consumer protections, to model bias, authentication methods, and fraud?

Executive teams from EasCorp's member credit unions are invited to attend the 46th Annual Meeting and Member Conference for a keynote address by Dr. Usama Fayyad, Executive Director of the Institute for Experiential AI at Northeastern University. This eye-opening talk will provide a framework for future strategic discussions and will give you insight into the realities and myths of AI in financial services.

Officials from EasCorp's member credit unions are invited to register now on the News and Events page of EasCorp's website. Registration for the full program, including the keynote address, is \$75 per person. Fees may be deducted from your EasCorp account. You may attend the business meeting only free of charge. If you have questions, please contact us at 800.428.1144 or admin@eascorp.org.

Important Information about Moyamoya Disease

Monday, May 6, 2024, marks the second year of observance of Moyamoya Disease Awareness Day in Massachusetts, and Credit Unions Kids at Heart[®] and its Participating Credit Unions will again organize awareness-raising activities throughout the Commonwealth. Research on Moyamoya conducted at Boston Children's Hospital is one of the fundraising initiatives that the charitable organization supports, and we join them in supporting the hospital in raising awareness of this dangerous condition.



Moyamoya disease is a rare and progressive neurological disease in which the blood vessels that supply blood to the brain narrow, greatly reducing blood flow. "Moyamoya" means puff of smoke and describes how the blood vessels look when seen on an X-ray or other medical imaging. If left untreated, it can lead to severe strokes that can cause long term effects including cognitive and sensory impairments, communication disorders, visual disturbances, behavioral problems, and may even be fatal. People of any age can develop the disease, but it is often diagnosed in school aged children.

It is important to know the signs of Moyamoya because early diagnosis and intervention can radically impact a patient's prognosis. In young children, the disease may present as stroke symptoms, such as slurred speech, headaches, and seizures. In young adults or older people, it may also cause bleeding in the brain. For both children and adults, surgery is the only way to reduce the risk of stroke, but, if treated surgically, patients have an excellent recovery rate and go on to lead normal, active lives.

To learn more about CU Kids at Heart's 2024 Moyamoya research initiatives, please contact Deirdre Zaccagnini (cukidsatheart@eascorp.org) at 800.428.1144, Ext. 3347.



Remote Deposit Capture Helpful Tips and Tricks

April is tax time, and DeposZip's Treasury Check Verification tool can help you mitigate potential losses associated with fraudulent tax refund checks or duplicate check presentment. Use this tool to test the validity of U.S. Treasury issued items, get real-time status results from the U.S. Treasury database, and automate the administrative review queue and funds availability for these items. To learn more, or if you need assistance, please contact the Implementations and Support Department (support@vertifi.com) at 800.428.1144, Ext. 2.

UPCOMING EVENTS

The Credit Unions Kids at Heart® Team Runs
the 128th Annual Boston Marathon
Monday, April 15, 2024

Moyamoya Disease Awareness Day
Monday, May 6, 2024
Please join EasCorp and Vertifi in recognizing
the day in the workplace on Monday, May 6.

**EasCorp's 46th Annual Meeting
& Member Conference**
Tuesday, May 14, 2024
The Conference Center at Waltham Woods
860 Winter Street, Waltham, MA
Registration is now open online at www.eascorp.org.

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

Upcoming Nacha Rules Changes

Nacha has announced a set of amendments, effective June 21, 2024, to its *Nacha Operating Rules* to address a variety of minor issues, including rewording to resolve common misunderstandings about the requirements or to better clarify terminology. Nacha asserts that these changes will have "little-to-no impact on ACH participants and no significant processing or financial impact." More information is available on the Nacha website. If you have questions, please contact the Implementations and Support department (support@vertifi.com) at 800.428.1144, Ext. 2.



35 Corporate Drive
Suite 300
Burlington, MA 01803
781.933.9950
800.428.1144

www.eascorp.org
www.vertifi.com

